

**RULES
OF
DEPARTMENT OF COMMUNITY AFFAIRS**

**CHAPTER 110-38
GEORGIA STATE SMALL BUSINESS CREDIT INITIATIVE 2.0
PROGRAM**

**SUBJECT 110-38-1
GEORGIA STATE SMALL BUSINESS CREDIT INITIATIVE 2.0
PROGRAM REGULATIONS**

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110-38-1-.01 Name.

The name of this program is the Georgia State Small Business Credit Initiative 2.0. This program is divided into five sub-programs as follows: the Georgia Loan Participation Program, the Georgia Small Business Credit Guarantee Program, the Georgia CDFI Program, the Georgia Venture Capital Program, and the Georgia Equity Direct Program.

Authority: O.C.G.A. § 50-8-3; §50-8-8.

110-38-1-.02 General Scope and Purpose.

(1) The American Rescue Plan Act of 2021 (ARPA) reauthorized and amended the Small Business Jobs Act of 2010, codified at 12 U.S.C. § 5701 et seq., to provide \$10 billion to fund the State Small Business Credit Initiative (SSBCI) as a response to the economic effects of the COVID-19 pandemic. SSBCI is a federal program administered by the Department of Treasury (Treasury) that was created to strengthen capital programs that support private financing to small businesses. Pursuant to ARPA, Treasury allocated a potential funding amount of \$199,616,860 to the State of Georgia for SSBCI 2.0.

(a) On November 4, 2022, Treasury approved the State’s application with an executed SSBCI Allocation Agreement (Allocation Agreement), which included proposals for five programs. The Georgia Department of Community Affairs (DCA) through the Georgia Housing and Finance Authority’s (GHFA)¹ economic development powers and GHFA Economic Development Financing, Inc. (GHFA EDFI) plan to use the \$199,616,860 in SSBCI funds (the Allocated Funds) in five state administered SSBCI Programs. Treasury approved the Georgia Loan

¹ The Department of Community Affairs (DCA) was created as a Department of the Executive Branch of state government. The Georgia Housing and Finance Authority is an instrumentality of the State of Georgia and a public corporation performing an essential governmental function. GHFA is assigned to DCA, and all operations are performed by the personnel of DCA. GHFA is listed as a Contracted Entity on the Georgia SSBCI Application.

Participation Program (GA LPP) for \$70,000,000, the Georgia Small Business Credit Guarantee Program (SBCG) for \$19,616,860, the Georgia CDFI Program (GA CDFI) for \$60,000,000, the Georgia Venture Capital Program for \$30,000,000 and the Georgia Equity Direct Program for \$20,000,000.

(b) Operation of the five programs under the Georgia State Small Business Credit Initiative is subject to the U.S. Treasury SSBCI Capital Program Policy Guidelines, SSBCI Capital Program National Compliance Standards, SSBCI Capital Program Reporting Guidance, the Treasury-approved Georgia SSBCI application, and the Allocation Agreement between Treasury and Georgia. The last annual reporting date with Treasury is March 31, 2028, which may be extended by Treasury. The Secretary of Treasury shall complete all disbursements and remaining obligations before September 30, 2023, according to the SSBCI 2.0 statute under ARPA.

(c) DCA, as the lead SSBCI-designated implementing entity authorized pursuant to the Allocation Agreement, shall be responsible for overseeing the five approved programs and ensuring compliance of the programs with all Treasury requirements. The approved Contracted Entities under the Allocation Agreement are Georgia Housing and Finance Authority, GHFA Economic Development Financing, Inc. and IG Fund, LLC (Invest Georgia). Invest Georgia will operate under a memorandum of agreement with DCA and GHFA EDFI to administer the two venture capital programs – the Georgia Venture Capital Program and the Georgia Equity Direct Program.

(d) Pursuant to 12 U.S.C. § 5702(c)(1), each state that is approved for participation in the SSBCI will receive its allocation of main capital funds in three disbursements (tranches) as follows: 33 percent, 33 percent, and 34 percent. The transfer of the first 33 percent occurs promptly following the receipt of the fully signed Allocation Agreement. As a precondition to receipt of the second and third disbursements, each state must, among other things, certify to Treasury that the state has expended, transferred, or obligated 80 percent or more of the prior disbursement of allocated funds to or for the account of one or more approved programs that have delivered loans or investments to eligible businesses.

(e) SSBCI is expected to, in conjunction with new small business financing, create billions of dollars in lending and investments to small businesses that are not getting the support they need to expand and create jobs. ARPA provided for a \$6.5 billion main capital allocation, \$1.5 billion allocation for business enterprises owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses), \$1.0 billion incentive allocation for SEDI-owned businesses, \$500 million allocation for very small businesses (VSBs), and \$500 million allocation for technical assistance funding. The \$199,616,860 funding allocated to Georgia included \$109,140,449 from the main capital allocation, \$8,678,471 from the VSBs allocation, \$53,346,483 from the SEDI allocation and \$28,451,457 from the incentive allocation for SEDI-owned businesses. Each state's SEDI allocation must be expended for SEDI-owned businesses. Georgia was not required to create a separate program for SEDI-owned businesses. However, Georgia must maintain records of the total amounts of its SSBCI funds that are expended for SEDI-owned businesses for loans, investments, or other credit support. States that demonstrate "robust support" for SEDI-owned businesses will be able to access their incentive allocation for SEDI-owned businesses in the second and third tranches. Each state should aspire to expend a certain percentage (the SEDI Objective) of its SSBCI funds for meeting the needs of the SEDI-owned businesses within its jurisdiction. Georgia's SEDI Objective is 53.48%.

(f) Under Georgia's three SSBCI loan programs, credit facilities are extended to eligible small businesses in Georgia by lenders (banks, credit unions and CDFIs). Lenders will undergo a review process to ensure adequate commercial lending experience, financial and managerial capacity, and operational skills.

(2) **Scope and Purpose of the Georgia Loan Participation (GA LPP) Program.** The Georgia Loan Participation Program is designed to increase lending to eligible small businesses by lenders to diversify their risk through shared exposure with the State. Lenders approved for participation in GA LPP will sign a Master Loan Participation Agreement with GHFA Economic Development Financing, Inc. GHFA EDFI is a wholly owned subsidiary of GHFA and dedicated to economic development.

(a) GA LPP will utilize SSBCI funds to purchase up to 25% of a loan originated by a participating lender to an eligible small business borrower. Underwriting is performed by the primary lender, then shared with the Department of Community Affairs (DCA) to streamline the approval process of the purchased participation. The GA LPP can purchase up to 30% of a loan originated by a CDFI depository lending institution or a minority depository institution (MDI). A written commitment letter is executed between the primary lender and GHFA EDFI; the lender closes the loan and sells the position to GHFA/DCA. The primary lender performs debt servicing and shares proportional debt payments with DCA. Interest rates, maturity, collateral, and other loan terms are negotiated with the borrower and determined by the lender. GHFA/DCA will be in a subordinate lien position, and the primary lender will have first claim to all recoveries until its losses are covered.

(3) **Scope and Purpose of the Small Business Credit Guarantee (SBCG) Program.** Under the SBCG Program, credit facilities are extended to eligible small businesses by lenders that have entered into a Lender Program Participation Agreement (PPA) with GHFA EDFI. The PPA provides that qualifying lenders may enroll a qualified credit to an eligible small business in the credit guarantee program for eligible business purposes that meet the eligibility criteria described in 110-31-03. The SBCG Program will reimburse from SSBCI funds 50% of losses incurred on an enrolled credit by a lender that is not in material default of the PPA. Guarantee funds will generally be available to lenders on a first-come, first-served basis.

(4) **Scope and Purpose of the Georgia CDFI Program (GA CDFI).** The GA CDFI Program is a companion loan program among the non-depository Community Development Financial Institutions (CDFIs) and the private lending institutions. The program is designed to provide access to capital to small businesses in order to create job opportunities in low- to moderate-income, minority and other underserved communities. CDFIs will provide access to capital to the borrowers, gap financing for the banks, low interest rates and attractive terms. Georgia businesses will be able to receive significant incentive to start projects, expand operations, improve facilities, purchase equipment or access working capital. CDFIs are encouraged to participate in projects with a private leverage of 10:1, with no less than a private leverage of 1:1.

(a) Invest Georgia will administer the two venture capital programs as a Contracted Entity under a Memorandum of Agreement with DCA and GHFA EDFI. Invest Georgia is an instrumentality of the State of Georgia and has authority under O.C.G.A. § 10-10-10 to operate venture capital programs intended to increase the amount of private investment capital available for Georgia-based businesses.

(5) **Scope and Purpose of the Georgia Venture Capital Program (GA VC Program).** The GA VC Program will help grow venture capital for small businesses at the earliest stages of development, which Invest Georgia will operate as a multi-fund program. The Memorandum of Agreement with Invest Georgia will highlight the objectives of the GA VC Program including improving regional entrepreneurial and investment ecosystems that support economic growth, innovation development and job creation.

(6) **Scope and Purpose of the Georgia Equity Direct Program.** The Georgia Equity Direct Program will provide an attractive source of capital for investments in startups and eligible businesses. Investments will be made alongside diverse venture funds, non-profit seed funds, angel funds and other investors that present a compelling economic development case. Invest Georgia will manage the co-investment program, which will provide flexibility for supporting a diverse portfolio of small businesses.

Authority O.C.G.A. §50-8-3; O.C.G.A. §50-8-8.

110-38-1-.03 Eligible Applicants and Activities.

Each lender or investor must obtain an assurance from the borrower affirming:

- (1) The loan or investment proceeds must be used for a “business purpose.” A business purpose includes, but is not limited to, start-up costs, working capital, franchise fees, and acquisition of equipment, inventory, or services used in the production, manufacturing, or delivery of a business’s goods or services, or in the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. SSBCI funds may be used to purchase any tangible or intangible assets except goodwill. The term “business purpose” excludes acquiring or holding passive investments in real estate; the purchase of securities except as permitted in certification (2)(d) below; and lobbying activities (as defined in Section 3 (7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended (2 U.S.C. § 1602 (7))).
- (2) The loan or investment proceeds will not be used to:
 - (a) repay delinquent federal or state income taxes unless the borrower or investee has a payment plan in place with the relevant taxing authority; or
 - (b) repay taxes held in trust or escrow, e.g., payroll or sales taxes; or
 - (c) reimburse funds owed to any owner, including any equity investment or investment of capital for the business’ continuance; or
 - (d) purchase any portion of the ownership interest of any owner of the business, except for the purchase of an interest in an employee stock ownership plan qualifying under section 401 of the Internal Revenue Code, worker cooperative, or related vehicle, provided that the transaction results in the employee stock ownership plan or other employee-owned entity holding a majority interest (on a fully diluted basis) in the business.

- (3) For a borrower participating in the loan/credit program only, the borrower is not:
 - (a) an executive officer, director, or principal shareholder of the lender;
 - (b) a member of the immediate family of an executive officer, director, or principal shareholder of the lender: or
 - (c) related interest or immediate family of an executive officer, director, or principal shareholder of the lender.

- (4) The borrower or investee is not:
 - (a) a business engaged in speculative activities that profit from fluctuations in price, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business through the normal course of trade; or
 - (b) a business that earns more than half of its annual net revenue from lending activities; unless the business is (1) a CDFI that is not a depository institution or a bank holding company; or (2) a Tribal enterprise lender that is not a depository institution or a bank holding company; or
 - (c) a business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or
 - (d) a business engaged in activities that are prohibited by federal law or, if permitted by federal law, applicable law in the jurisdiction where the business is located or conducted (this includes businesses that make, sell, service, or distribute products or services used in connection with illegal activity, unless such use can be shown to be completely outside of the business's intended market); this category of businesses includes direct and indirect marijuana businesses, as defined in SBA Standard Operating Procedure 50 10 6; or
 - (e) a business deriving more than one-third of gross annual revenue from legal gambling activities.

- (5) For an investee participating in a venture capital/equity program:
 - (a) The investee is compliant with the venture capital program conflict of interest standards set forth in section VIII.f of the SSBCI Capital Program Policy Guidelines. Briefly, these standards provide that no SSBCI insider, or a family member or business partner of an SSBCI insider, has a personal financial interest in the investee unless an exception specified in Section VIII.f of the SSBCI Capital Program Policy Guidelines applies. The terms "SSBCI insider," "family member," "business partner," and "personal financial interest" have the meaning set forth in Section VIII.f of the SSBCI Capital Program Policy Guidelines.
 - (b) No principal of the investee has been convicted of a sex offense against a minor (as such terms are defined in 34 U.S.C. § 20911). For the purposes of this certification, "principal" is defined as if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds 50 percent or more ownership interest of any class of the partnership interests; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 50 percent or more of any class of equity interest in the entity; and if a partnership where the managing partner is a corporation, limited liability company, association, development company, or other entity, each director and each of the five most highly compensated executives or officers

of the entity.

(6) No principal of the borrowing entity has been convicted of a sex offense against a minor (as such terms are defined in 34 U.S.C. § 20911). For the purposes of this certification, “principal” is defined as if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.

Authority O.C.G.A. §50-8-3; O.C.G.A. §50-8-8.

110-38-1-.04 Terms and Conditions.

The following are the general terms and conditions of the five programs for the Georgia State Small Business Credit Initiative.

- (1) Georgia Loan Participation Program (GA LPP)
 - (a) A Master Loan Participation Agreement is executed between an approved participating lender and GHFA EDFI.
 - (b) The approved participating lender originates the loan. DCA/GHFA EDFI through GA LPP may purchase up to 25% on loans up to \$5 million and may purchase up to 30% on loans from a CDFI depository lending institution and minority depository institutions (MDIs) up to \$5 million. There is a concentration limit of \$5 million to any one borrower.
 - (c) Underwriting is performed by the primary lender and shared with DCA to streamline the approval process of the purchased participation.
 - (d) A written commitment letter is executed between the primary lender and GHFA EDFI.
 - (e) The lender closes the loan and sells the position to DCA/GHFA EDFI.
 - (f) The lender keeps all its standard fees.
 - (g) Loan servicing is performed by the primary lender, which shares proportional debt payments with DCA/GHFA EDFI.
 - (h) DCA/GHFA EDFI will be in a subordinate lien position, and the primary lender will have first claim to all recoveries until its losses are covered.
 - (i) Rates, fees, and terms are determined by the primary lender. There are no additional fees to use the GA LPP.
 - (j) DCA/GHFA EDFI may provide a lower interest rate than the primary lender for a limited period of time in order to improve the borrower’s debt coverage ratio.
 - (k) The primary lender has the unconditional right to repurchase the participation sold in the original loan to DCA/GHFA EDFI at any time.
 - (l) GA LPP will target businesses with an average borrower size of 500 employees or less, but credit cannot be extended to businesses with more than 750 employees. Average projected loan size is between \$100,000 and \$5,000,000.

- (2) Georgia Small Business Credit Guarantee (SBCG) Program
 - (a) A Lender Program Participation Agreement is executed between an approved participating lender and GHFA EDFI.

- (b) The SBCG Program will provide a 50% loan guarantee on a lender's loan. Each loan covered under the SBCG Program will stand alone with a maximum guarantee of 50%.
- (c) Underwriting is performed by the primary lender and shared with DCA to streamline the approval process.
- (d) Lenders will pay a processing fee as determined by DCA for all loans submitted for enrollment.
- (e) The SBCG Program will charge a flat fee of 1% upfront of the guarantee amount on lines of credit with a two-year term and a flat fee of 2% of the guarantee amount on term loans with a maturity of five years. For all loans, the fee will be paid at the time of the loan closing. The fee structure may be modified in response to program sustainability or market conditions.
- (f) The maximum individual loan amount eligible for the SBCG guarantee is \$1,000,000 with a 50% maximum guarantee of \$500,000. DCA/GHFA EDFI may consider loans greater than the \$1,000,000 maximum; however, the maximum amount of the guarantee will remain at \$500,000.
- (g) Lender Concentration Limit – The maximum guarantees that may be set aside at any time with respect to a single borrower is \$5,000,000.
- (h) The maximum term for SBCG guarantee on lines of credit will generally be 24 months.
- (i) The maximum term for SBCG guarantee on amortizing loans will generally be 60 months.
- (j) The SBCG is a deficiency guarantee; lenders must first liquidate collateral before claiming the guarantee.
- (k) SBCG will target businesses with an average borrower size of 500 employees or less, but credit cannot be extended to businesses with more than 750 employees.

(3) Georgia CDFI Program (GA CDFI)

- (a) Qualified non-profit, non-depository CDFIs will be able to participate in the GA CDFI Program.
- (b) Each CDFI approved to participate as a lender will enter into a performance-based contract arrangement with DCA/GHFA EDFI.
- (c) The CDFI will receive and review eligible loan requests, then forward appropriate paperwork to DCA for final review and approval.
- (d) Funds will be advanced to the CDFIs on a loan-by-loan basis, and the CDFI, in turn, will then make the loan to the eligible business. The CDFI will be deemed the lender and holder of the loans for purposes of its books and records. All principal and other payments from the loan may be retained by the CDFI to be used for additional eligible loans under the GA CDFI Program. Interest earned may be used to pay for SSBCI-related expenses in accordance with Treasury Guidelines.
- (e) Loans may be for working capital, equipment, real estate, and other eligible activities under Treasury Guidelines.
- (f) CDFIs are encouraged to offer lower interest rates than those of their participating lending institutions. There are no fees to the CDFIs or the borrowers from DCA for the of the GA CDFI Program.
- (g) There is not a minimum loan amount for the GA CDFI Program. The maximum loan amount is \$1,250,000 with a loan term no longer than 10 years.

(h) DCA will set aside initial reserves in increments of \$2 million for each approved CDFI for lending purposes. CDFIs will request funding for their loans from their reserves and may request additional reserves upon deployment of their initial respective \$2 million in reserve.

(4) Georgia Venture Capital (GA VC) Program

(a) The GA VC Program is a multi-fund program administered by Invest Georgia as a Contracted Entity.

(b) Invest Georgia will invest capital in multiple funds as a limited partner, and each separate fund will manage the full processes of investing in high-potential Georgia-based small businesses.

(c) Invest Georgia will target “seed” and “early stage” venture capital funds.

(d) Invest Georgia, along with LCG Associates (investment consultant), will perform due diligence and select venture capital funds to invest and will monitor investments.

(e) SSBCI capital will be legally obligated to venture capital funds as a limited partner through contractual agreements (subscription agreements) prior to these funds expending capital with investments in small businesses.

(f) The minimum investment amount will be \$1,000,000 with a maximum investment amount of \$3 million in private venture capital funds. At the discretion of DCA and Invest Georgia, investment amounts may be raised to no more than \$5 million to invest in larger venture capital funds or special opportunities.

(g) SSBCI venture capital program investments may be used for most business purposes unless prohibited under Treasury Guidelines.

(h) Invest Georgia will take a seat on the Limited Partner Advisory Committee of each venture capital fund receiving a SSBCI investment.

(i) SSBCI capital investments will generally be limited to 10% of a venture capital fund.

(j) The GA VC Program will require a minimum of 1:1 capital match at the fund level.

(k) Invest Georgia and DCA will identify funds with SEDI characteristics to participate in the GA VC Program.

(5) Georgia Equity Direct Program

(a) The Georgia Equity Direct Program will be a direct co-investment program administered by Invest Georgia as a Contracted Entity.

(b) A special emphasis will be placed on reaching SEDI businesses.

(c) SSBCI funds will flow from DCA/GHFA EDFI to Invest Georgia to a limited liability company (LLC) to be created by Invest Georgia. The LLC will act as the equity owner in eligible businesses.

(d) Invest Georgia will oversee due diligence, and under the direction of a Direct Investment Advisory Committee will select the co-investment opportunities. This Advisory Committee will be formed by Invest Georgia to help manage the full process of due diligence, selection, and investment into high-potential Georgia-based businesses.

(e) The minimum investment amount will be \$250,000 with a maximum investment amount of \$1 million alongside angel investors, non-profit seed funds, emerging funds, SEDI or rural funds and other investors.

(f) SSBCI venture capital program investments may be used for most business purposes unless prohibited under Treasury Guidelines.

- (g) The Georgia Equity Direct Program will require a minimum of 1:1 capital match at the company level.
- (h) SEDI-owned businesses will be targeted for investments in the Georgia Equity Direct Program.
- (i) Direct investments through the Georgia Equity Direct Program are intended to incentivize (“cause”) additional investment into promising young Georgia-based companies.

(6) Other Terms and Conditions applicable to Georgia SSBCI Programs

- (a) Each of the five Georgia SSBCI Programs will cause and result in \$1 of new private credit. It is anticipated the private leverage ratio will exceed 10:1 over a 10-year period when all of Georgia’s five SSBCI Programs are measured together.
- (b) The Georgia SSBCI Programs are required (1) to target an average borrower or investee size of 500 employees or less, (2) not to extend credit or investment support to borrowers or investees that have more than 750 employees, (3) to target support towards loans or investments with an average principal or investment amount of \$5 million or less, and (4) not to provide credit or investment support if a given transaction exceeds \$20 million.
- (c) The SSBCI Capital Program Policy Guidelines require certifications in various circumstances from lenders, investors, and small business borrowers and investees participating in SSBCI capital programs. Certifications include Borrower/Investee Use of Proceeds and Conflict of Interest Certification, Lender/Investor Use of Proceeds and Conflict of Interest Certification, Sex Offender Lender/Borrower Certification, Sex Offender Investor/Investee Certification, Borrower/Investee Certification Related to Business Enterprises Owned and Controlled by Socially and Economically Disadvantaged Individuals and Certification Regarding Venture Capital Fund Services to Portfolio Companies.
- (d) No principal of the investor has been convicted of a sex offense against a minor (as such terms are defined in 34 U.S.C. § 20911). For the purposes of this certification, “principal” is defined as if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds 50 percent or more ownership interest of any class of the partnership interests; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 50 percent or more of any class of equity interest in the entity; and if a partnership where the managing partner is a corporation, limited liability company, association, development company, or other entity, each director and each of the five most highly compensated executives or officers of the entity.
- (e) For a SSBCI-supported venture capital or equity investment, the investment complies with the venture capital program conflict of interest standards as set forth in Section VIII.f of the SSBCI Capital Program Policy Guidelines.
- (f) The State must obtain an assurance from the lender affirming:
 - (i) The SSBCI-supported loan is not being made in order to place under the protection of the approved program prior debt that is not covered under the approved program

and that is or was owed by the borrower to the financial institution lender or to an affiliate of the financial institution lender.

(ii) If the SSBCI-supported loan is a refinancing, it complies with all applicable SSBCI restrictions and requirements in Sections VIII.f and VIII.f of the SSBCI Capital Program Policy Guidelines regarding refinancing and new extensions of credit, including that the SSBCI-supported loan is not a refinancing of a loan previously made to the borrower by the lender or an affiliate of the lender.

(iii) No principal of the lender has been convicted of a sex offense against a minor (as such terms are defined in 34 U.S.C. § 20911). For the purposes of this certification, “principal” is defined as if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.

(iv) The private entity receiving SSBCI funds and financial institution lender will make available to the Treasury Inspector General and the Government Accountability Office all books and records related to the use of the SSBCI funds, subject to applicable privacy laws, including but not limited to 12 U.S.C. § 3401 *et seq.*, including detailed loan and investment records, as applicable.

(v) The financial institution lender is in compliance with the requirements of 31 C.F.R. § 1020.220, regarding customer identification programs.

(g) Monthly and Quarterly Reporting Requirements: All lenders in the Georgia SSBCI program are required to submit monthly and quarterly reports to DCA. Details on the deadlines and format of these reports are available from DCA directly. The reporting requirements of the two venture capital programs are detailed in the Memorandum of Agreement between DCA/GHFA EDFI and Invest Georgia.

(h) Lender Approval Criteria: Each lender seeking participation in the State of Georgia’s SSBCI Programs will undergo a thorough review process by the State to ensure that the lender has the adequate commercial lending experience, financial and managerial capacity, and operational skills. Regulated financial institutions must meet certain criteria established by their regulators to maintain their charters. DCA will work with the Georgia Department of Banking and Finance on the selection process for participating financial institutions including banks and credit unions. Principal evaluation factors of lenders will include capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk.

(i) Georgia’s SSBCI Programs may not enroll the unguaranteed portions of SBA-guaranteed loans. This prohibition also applies to the unguaranteed portion of other federally generated loans.

(j) Underserved Markets. Georgia’s SSBCI Programs will strive to reach underserved markets including women- and minority-owned businesses as well as small businesses in low- and moderate-income communities, in minority communities, and in other underserved communities.

Authority O.C.G.A. §50-8-3; O.C.G.A. §50-8-8.