

- The State Small Business Credit Initiative (SSBCI) is a federal program administered by the U.S. Treasury, that helps states support small businesses and startups that are creditworthy but unable to access the capital they need to grow or establish their businesses and create jobs within the Commonwealth.
- SSBCI emphasizes assistance for very small businesses (VSBs) with fewer than 10 employees and no more than 250 employees, and small businesses owned by socially and economically disadvantaged individuals (SEDIs).
- The VSBFA *Cash Collateral* support helps reduce the bank's credit risk in those instances where the applicant company has the demonstrated ability to cash flow the debt, but the collateral coverage is insufficient for the bank's typical underwriting standards.
- A high-level description of the *Cash Collateral Program* is below. For more information about eligibility requirements, program rules, application process, and participating lenders, email [VSBFA@sbsd.virginia.gov](mailto:VSBFA@sbsd.virginia.gov)



## General Instructions

Businesses should apply to a commercial bank for their financing need. The bank determines if VSBFA support is needed for approval. The lender is encouraged to call VSBFA to discuss the transaction prior to submission of an application. VSBFA typically approves or declines the bank's application within a week of receiving all required application information. Loan closings for approved requests are scheduled by the bank and documented using the bank's normal procedures and forms.

The program is not intended to a) eliminate the bank's requirement for business collateral, personal collateral from the principal(s) and the principal's personal guaranty or b) compensate for a fundamental business weakness, including poor financial condition of the business, unprofitable business operations and the business' inability to repay debt.

In considering whether to provide cash collateral support for a bank's loan, VSBFA assesses the small business' ability to repay the loan, the experience of the company's management and the adequacy of the collateral available to secure the loan. Although there is no specific job creation requirement under the program, VSBFA also considers the economic impact and job creation and/or retention resulting from the financing in considering whether to extend support.

<b>SSBCI 2.0 Cash Collateral Program</b>	
<b>Program Highlights</b>	Transaction-Specific Collateral Support via VSBFA Cash Deposits held in Reserve Account at Participating Eligible Bank
<b>Program Limits</b>	Cash collateral support up to 40% of the bank's loan amount or a maximum of \$1,000,000, whichever is less. Loans > \$20,000,000 are ineligible for support
<b>Eligible Applicants</b>	Small Business is defined as < 250 employees in Virginia at the time of application and < 750 employees nationwide. Small Business eligibility is also subject to SSBCI 2.0 program guidelines <b>(RESTRICTIONS APPLY)</b>
<b>Terms and Conditions</b>	Bank loan terms established by participating bank Up to 5 years of CCP Support (Bank's Loan Term May Exceed CCP Support Term)
<b>Interest Rates</b>	Interest rate determined by the bank and subject to 18% maximum
<b>Eligible Uses</b>	Working Capital Lines of Credit, Term Loans to Finance Equipment and Other Fixed Asset Purchases, Owner Occupied Real Estate <b>(RESTRICTIONS APPLY)</b>
<b>Ineligible Uses</b>	Goodwill, Passive Real Estate Investment, Residential Real Estate, Purchases of Stock <b>(RESTRICIONS APPLY)</b>
<b>Participating Banks</b>	CCP Deposits must be held at VA Bank which is eligible to hold VA Public Deposits per § 2.2-4409
<b>VSBFA Fees</b>	Due to the limited time-frame of federal funding for this program, VSBFA is temporarily waiving all program fees, including the \$200 application fee, and the one-time SSBCI Cash Collateral Program Support Fee for approved applications.