

**STATE SMALL BUSINESS CREDIT
INITIATIVE 2.0**

**VSBFA SSBCI 2.0 LOAN to CDFI
APPLICATION**

VSBFA

**Virginia Small Business
Financing Authority**

Last Revised January 6, 2025

VSBFA SSBCI 2.0

LOAN to CDFI PROGRAM APPLICATION

VSBFA's Loan to CDFI Program is a program designed to create public-private partnerships with qualified CDFIs capable and willing to relend SSBCI 2.0 funds to eligible Virginia small businesses. Under this program, VSBFA provides eligible CDFIs operating in Virginia with long-term, unsecured, no-interest loans of SSBCI 2.0 funding for the purpose of provide access to capital to Virginia small businesses. VSBFA's loan to the CDFI requires no repayment of principal until the loan to the CDFI matures.

Participating CDFIs use their existing funding to match SSBCI 2.0 funding dollar-for-dollar, thereby creating a funding pool from which the CDFI makes loans to eligible Virginia small businesses. Loans are originated by the participating CDFI without prior approval from VSBFA in compliance with SSBCI 2.0 eligibility and program guidelines and the CDFI's established underwriting criteria.

Participating CDFIs may apply for LCDFI loans between \$1,000,000 and \$1,500,000, depending on funding availability.

Eligible CDFI participants in VSBFA's LCDFI program must:

- Demonstrate they possess sufficient commercial lending experience, financial and managerial capacity, and operational skills to meet the objectives of the SSBCI 2.0 statute.
- Prioritize their LCDFI lending efforts to Virginia small businesses that qualify as Very Small Businesses with nine (9) employees or less and that are owned by socially and economically disadvantaged individuals (SEDI).
- Focus their LCDFI lending efforts on low- and moderate- income, minority, and other underserved communities, including women- and minority-owned Virginia small businesses.
- Limit their LCDFI lending to loans of \$250,000 or less for small businesses operating in Virginia and with fewer than 250 employees.
- Must forego confession of judgement language in all LCDFI notes originated by the CDFI and limit the CDFI's fees to required SSBCI 2.0 amounts.
- Maintain a minimum of 20% lender capital at risk at all times in all LCDFI loans.
- Originate, service and collect all LCDFI loans in compliance with SSBCI 2.0 guidelines and policies; and ensure that all lending under the LCDFI program complies with the minimum national customer protection standards and is offered in a manner that ensures fair access to financial services, fair treatment of customers, and compliance with applicable laws and regulations, including fair lending and consumer protection laws.
- Adhere to SSBCI 2.0 Requirements for Conflict of Interest, Sex-Offender and Use of Proceeds Certifications, and provide regular updates to the CDFI's Insider List.
- Provide regular transaction level reporting to VSBFA, including all required SSBCI 2.0 tracking metrics.
- Collaborate with VSBFA's regular monitoring of their LCDFI loan documentation and portfolio.

LCDFI Application Requirements:

1. Completed application, executed by the CDFI's Authorized Official, including:
 - a. Underserved Narrative (See Section 1, below);
 - b. Use of the SSBCI 2.0 funding, including expected average loan size, expected loan types, expected interest rates and fees, etc. (See Section 2, below);
 - c. CDFI's previous lending experience (See Section 3, below.)
 - d. Projected LCDFI SSBCI 2.0 loan activity.
2. Provide your CDFI's most recent two (2) years of audited, annual financial statements.
3. Provide your CDFI's most recent Annual Report, if one is available.
4. Provide the relevant Performance Reports and Self-Certification, based on your CDFI type:

For insured depository CDFIs:

- Uniform Banking Performance Report (UBPR) showing that commercial loans and leases comprise a significant part of the CDFI assets, or
- A UBPR peer group analysis showing that the institution's percentage of non-current loans and leases does not exceed its peer group average (UBPR reports may be obtained at www.ffiec.gov/UBPR.htm.)

- The eligible CDFI must self-certify that the institution is not operating under any formal enforcement action with its primary federal regulator that addresses unsafe or unsound lending practices.

For Federally-insured CDFI credit unions:

- Financial Performance Reports (FPRs) from the NCUA.

CDFIs (excluding insured depositories and credit unions).

- Most recent AERIS rating;
- State supervisory or regulatory information.

CDFI Applicant Name:

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- Business Type:** Insured Depository (including depository CDFI)
 Federally-insured Credit Union (including CDFI credit unions)
 CDFI (excluding insured depositories and credit unions)

List of CDFI's Current Board of Directors:

APPLICANT CDFI CONTACT

Full Name		Email Address	
Title		Phone Number	

AUTHORIZED CDFI OFFICIAL

Full Name		Email Address	
Title		Phone Number	

Section #1 - Underserved Narrative (Please limit your attached response to no more than 1/2 page):

Please detail how your CDFI plans to use SSBCI 2.0 funds to provide access to capital for small businesses in low- and moderate-income, minority, and other underserved communities, including women- and minority-owned small businesses.

Consider the following when including plans regarding “other underserved communities”: rural communities, communities undergoing the economic transitions, including communities impacted by the shift towards a net-zero economy or deindustrialization, and communities surrounding Minority-Serving Institutions, which include, but are not limited to, Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, and Asian American and Pacific Islander Serving Institutions.

This narrative should:

- describe how your CDFI’s plans to reach underserved Virginia communities;
- include information sufficient for VSBFA to evaluate whether your plan for underserved borrowers and communities is substantive and relevant to local market conditions;
- describe how you will monitor performance with your plan, including relevant metrics.

CDFIs are not required to establish a separate program for SEDI-owned businesses; however, this narrative should include any details, if applicable, on how your CDFI intends to identify, develop, or expand existing programs to meet the needs of SEDI-owned businesses.

Section 2 – Use of SSBCI 2.0 Funding (Please limit your attached response to no more than 1 page):

1. What amount of SSBCI 2.0 funds is your CDFI requesting to borrow and deploy under this LCDFI program?
2. Scope of your CDFI's LCDFI Program (please briefly specify all):
 - a. Type of loans your CDFI will originate under the LCDFI program (eg., term loans, lines of credit or other, if any.)
 - b. Expected minimum and maximum loan amounts.
 - c. Expected collateral and personal guaranty requirements.
 - d. Brief explanation of your CDFI's expected underwriting and approval processes, including the review of non-standard transactions if applicable.
 - e. Brief explanation of your CDFI's expected processes for negotiating and approving LCDFI loan terms.
 - f. Other than SSBCI 2.0 requirements, any additional limitations your CDFI will require regarding use of loan proceeds (repayment of taxes, reimbursements of funds to owner, etc.)
 - g. Expected interest rates and program fees (e.g., application and origination fees, legal fees, etc.)
 - h. Other than SSBCI 2.0 requirements (including exclusion of all confession of judgement language), any other standard lending terms your CDFI will require.
 - i. Brief explanation of how your CDFI will monitor compliance with SSBCI 2.0 guidelines and policies.
 - j. Brief explanation of how your CDFI plans to handle the collection of delinquent loans and your anticipated process for handling loan write-offs.
 - k. Other than SSBCI 2.0 requirements, any other qualifications or eligibility requirements your CDFI will impose for your small business borrowers.
3. A description of the anticipated benefits to Virginia, its businesses, and its residents, including the extent to which the resulting small business lending will expand economic opportunities. For example, loans to small businesses may result in stronger economic growth, high-quality jobs, and innovation.

Section 3 – Applicant CDFI's prior lending experience and management experience (Please limit your response to no more than 1 page):

1. How many years of lending experience does your CDFI have?
2. Does your CDFI sell its loans? Do you anticipate selling any loans originated under the LCDFI program?
3. What experience, if any, does your CDFI have with implementing this type of program? If your CDFI has prior experience, please provide a brief description of the background of the program, including historic performance of the program (for programs that have operated previously).
4. Provide a brief description of the applicant's senior management team, including any previous relevant lending experience of those staff members.
5. Provide a brief description of the applicant's operational capacity, internal accounting and administrative experience.
6. Provide a brief explanation of your CDFI's existing underwriting and approval processes, including the review of non-standard transactions if applicable. Please attach a copy of CDFI's most recent Credit Policy.
7. Please provide a description of the internal accounting and administrative controls systems of the applicant, and the extent to which such systems can provide reasonable assurance that the SSBCI 2.0 funds will be safeguarded against waste, loss, unauthorized use, and misappropriation. For example, explain the applicant's use of one or more of the following:
 - a. periodic internal audits
 - b. annual independent audits (including management letters)
 - c. program financial statements current within the past year
 - d. adequate accounting and financial management systems

8. A description of the ability of the applicant to manage increases in the volume of its small business lending. For example, describe the applicant’s organizational infrastructure, resources, and the management team’s skills and experience to handle increases in small business lending.
9. Does the applicant intend to hire subcontractors for any components of any of the SSBCI programs? If so, please attach a list of your subcontractors.

Section 4 - Data Table – Please provide your projected SSBCI 2.0 LCDFI loan activity.

Projections	2025	2026	2027	2028	2029	2030	2031
Number of New Loans							
Federal Contribution							

AUTHORIZED OFFICIAL CERTIFICATION

An Authorized Official must sign your application using an electronic signature.

By electronically signing and submitting this application, the organization, any associated organizations listed in this application, and the identified Authorized Official certify under penalty of perjury that:

1. all the information provided in this application is accurate, true and correct;
2. the organization has and shall retain documentation and records to support the information provided in this application;
3. the organization shall make additional supporting documents and records available upon request;
4. the CDFI self-certifies that the institution is not operating under any supervisory enforcement action.

WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil penalties (18 U.S.C. §§ 287, 1001; 31 U.S.C. §§ 3729, 3802). VSBFA and or Treasury may refer any allegations of fraud, waste, or abuse in connection with SSBCI to the Treasury Inspector General.

Your application is not complete until VSBFA receives the electronically signed application. Please make sure your Authorized Official retrieves and responds to the email with the electronic signature link.

At its sole discretion, the Virginia Small Business Financing Authority reserves the right to request additional information as needed in order to evaluate the application.

Signature:

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CERTIFY & SUBMIT APPLICATION

Full Name	
Signature	
Date	

Contact Cheryl P. Bostick, VSBFA SSBCI 2.0 Program and Compliance Manager, for assistance. cheryl.bostick@sbsd.virginia.gov