VSBFA SSBCI 2.0
PROGRAM OVERVIEW INTRODUCTION

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021, which provided $10 billion to fund the State Small Business Credit Initiative SSBCI. Through SSBCI 2.0, Treasury will provide funds to states, the District of Columbia, territories, and Tribal governments for small business credit support and investment programs.

This program builds on the initial version of the SSBCI 1.0 which was developed in 2011 and under which nearly $1.5 billion in capital supported over $8 billion in new lending and investment activity across 142 different programs in its first five years.

Virginia is poised to receive up to $230,435,003 in SSBCI 2.0 funding. The Virginia Small Business Financing Authority (VSBFA) is the eligible entity that will apply for SSBCI 2.0 funds. Applications to become a subrecipient will be accepted until January 5, 2022 11:59 EST.
For an application, contact Cheryl.Bostick@sbsd.virginia.gov.

Eligibility for SSBCI 2.0 subrecipient participation is limited to organizations who meet the following criteria for SSBCI eligible programs, which have been provided below.

- 2 Years or More Experience in Successful Lending for Lending Programs
- Demonstration of Staff Support to Implement SSBCI Programs
- Demonstration of Capacity to Deploy Funds within Specified Timelines Defined by US Treasury

SSBCI 2.0 has prioritized very small businesses [(VSB) 10 employees or less], and businesses that are owned by socially and economically disadvantaged individuals (SEDI). There are two eligible program types that must result in a 10 x private investment ratio:

1. Capital Access Program (CAP) - in which the borrower and state contribute to a bank's loan loss reserve account to provide additional coverage for losses in its loan portfolio.
2. Other Credit Support Programs (OCSP) - include other programs that provide support for small business lending and investment that are not CAPs
    - Loan participation program (LPP) - including two subtypes that are economically the same but entail different structures and administration: (a) direct "companion" loans for transactions in which the state makes a direct loan that closes at the same time as a larger private sector loan in the transaction; or (b) loan participations, in which the state purchases a participation interest in a loan (the Participant) that has been made by the lender (the Lead Bank);
    - Loan Guaranty Program (LGP) - in which the state guarantees a percentage of the bank's loss on a loan;
    - Cash Collateral Program (CCP) - in which the state pledges cash to the bank as additional collateral to support a loan that does not meet all of the bank's credit criteria;
    - Venture Capital Program (VCP) - in which investors provide capital by purchasing an ownership interest or providing subordinated debt to small businesses that typically do not participate in debt financing markets due to the business stage or structure.

For more info on SSBCI, visit https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci