



CalCAP's State Small Business Credit Initiative (SSBCI 2.0) Program Updates Lender Webinar

May 9, 2023

Agenda

1. SSBCI Program Information and Updates
2. CalCAP Reminders
3. New UST Guidelines of SSBCI Supported Loans
4. New SSBCI Certifications, Questionnaires, and Privacy Notice
5. Questions and Comments

American Rescue Plan Act of 2021: SSBCI 2.0 in CA

U.S. Department of the Treasury: \$1.181B for Credit Enhancement Programs in CA

- \$287M allocated for business enterprises owned and controlled by socially and economically disadvantaged individuals (SEDI businesses)
- \$66M allocated for very small businesses (VSBs)
- \$829M main capital allocation
- Three tranches over 8 years, 10 years to expend

State Treasurer's Office (STO): CA Pollution Control Financing Authority (CPCFA)

- CalCAP Collateral Support: \$109M
- CalCAP for Small Business: \$27M
- SEDI-Owned: \$30M
- VSBs: \$10M
- Future: 2 Loan Participation Programs

CalCAP Program Reminders



- SSBCI Contributions will match both the Lender and Borrower Fees
- Lender and Borrower fees must be deposited into the Lender's SSBCI account
- Updated Forms and Certifications

New UST Guidelines of SSBCI Supported Loans

Interest Rate Cap

The interest rate for each individual loan, at the time of obligation and throughout the term of the loan, may not exceed the National Credit Union Administration's (NCUA) interest rate ceiling.

Refinances

Refinance of debt held at another institution:

- a. The amount of the refinanced loan or other debt is at least 150 percent of the previous outstanding balance;
- b. The transaction results in a 30 percent reduction in the fee-adjusted APR contracted for the term of the new debt, to help ensure that SSBCI funding is used only for transactions that meaningfully benefit borrowers by providing access to sustainable products; and
- c. Proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

New UST Guidelines of SSBCI Supported Loans

Refinances continued

Refinance of debt held at a participating financial institution:

- a. The amount of the new loan or other debt is at least 150 percent of the outstanding amount of the matured loan or other debt;
- b. The new credit supported with SSBCI funding is based on a new underwriting of the small business's ability to repay the loan and a new approval by the lender;
- c. The prior loan or other debt has been paid as agreed and the borrower was not in default of any financial covenants under the loan or debt for at least the previous 36 months (or since origination, if shorter); and
- d. Proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

New UST Guidelines of SSBCI Supported Loans

Commercial Real Estate

- **Construction of a new building:**

The small business must occupy and use at least 60 percent of the total rentable property following issuance of an occupancy permit or other similar authorization.

- **Renovation of an existing building:**

Loan used for acquisition, renovation, or reconstruction of an existing building, the borrower may permanently lease up to 49 percent of the rentable property to one or more tenants, if the small business occupies and uses at least 51 percent of the total rentable property within 12 months following the acquisition, renovation, or reconstruction.



New SSBCI Certifications, Questionnaires and Privacy Notice

New Required SSBCI Forms

SSBCI Privacy Notice

- **Provided to borrower for SSBCI-supported Loans**
- **Retain in lender loan file**
- **Link to form: <https://www.treasurer.ca.gov/cpcfa/calcap/sb/ssbci.pdf>**

CRE & Refinance Questionnaire

- **Loan purposes that include commercial real estate purchases or refinances**
- **Submitted to CalCAP with loan enrollment**
- **Link to form: https://www.treasurer.ca.gov/cpcfa/calcap/sb/real_estate.pdf**

UST SSBCI Certifications

Socially and Economically Disadvantaged Individuals (SEDI) Certification

- **Link to form:** <https://www.treasurer.ca.gov/cpcfa/calcap/sb/sedi.pdf>

Demographics-Related Data Certification

- **Link to form:** <https://www.treasurer.ca.gov/cpcfa/calcap/sb/demo.pdf>

Questions or Comments?





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Recording and Presentation:
<https://www.treasurer.ca.gov/cpcf/calcap/videos/>