



TOOLS FOR SMALL BUSINESS LENDING FUNDED BY SSBCI

Hosted by IBank & CPCFA



Welcome!
CDFIs, MDIs,
Community
Banks, and
other Financial
Institutions

CPCFA 01.24.24

Agenda

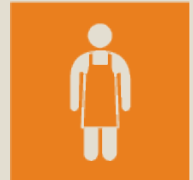
- Agency Introductions
- Grants for CDFIs: Cal IIP
- Opening Poll
- SSBCI Overview
- Program Side-by-Sides
- Closing Poll
- Questions
- QR Codes & Contact Info



California Infrastructure and
Economic Development Bank

Financial Development Corporations (FDCs)

- California Capital Financial Development Corporation
- California Coastal Rural Development Corporation
- California Southern Small Business Development Corporation
- Small Business Development Corporation of Orange County
- Nor-Cal Financial Development Corporation
- PCR Business Finance
- Valley Small Business Development Corporation



CALIFORNIA
CAPITAL
ACCESS
PROGRAM

CPCFA: Cal IIP Grants for CDFIs



Cal IIP: California
Investment &
Innovation Program

Grant funds can be
used to expand
capacity and ability of
CDFIs

Basic eligibility includes
current CDFI Fund
certification and track
record in serving CA
communities

Non-competitive
application process

First application cycle
complete on February
1, 2024

Next application cycle
is fall 2024 with awards
in February 2025

Opening Poll

- Before receiving this invitation, how well did you know the following programs?
 - SSBCI or State Small Business Credit Initiative
 - IBank's Small Business Loan Guarantee
 - CPCFA's CalCAP for Small Business (aka CalCAP)
 - CPCFA's CalCAP Collateral Support (aka Collateral Support)

Opening Poll Options

- Before receiving this invitation, how well did you know the following program?
 - 0 = Had not heard about the program.
 - 1 = Had heard about it, but not very familiar.
 - 2 = Familiar with the program, but don't believe we use it/know we don't use.
 - 3 = Familiar with the program and know we use it.

California's SSBCI Layer Cake

American Rescue Plan Act of 2021

U.S. Treasury SSBCI "Capital Programs"

U.S. Treasury
SSBCI "Technical Assistance"

Governor: GO-Biz: IBank

Treasurer: State Treasurer's Office:
CPCFA

Governor: GO-Biz: CalOSBA

IBank Applied to U.S. Treasury on behalf of IBank & CPCFA for \$1.181B

CPCFA

CalOSBA Applied to U.S. Treasury for \$25M

Venture Capital

Small Business Loan Guarantee Program

CalCAP Collateral Support

CalCAP for Small Business

Small Business Center Network

External Consultant & Program Administrator

Financial Development Corps. (FDCs) with Lenders

Lenders

Lenders

Small Business Centers

Venture Capital Fund Managers & Businesses

Small Businesses

Small Businesses

Small Businesses

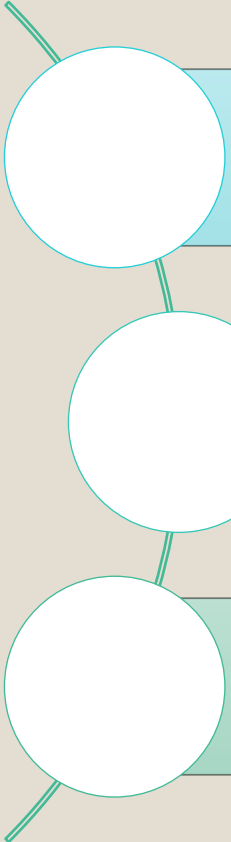
Small Businesses

Why Credit Enhancement?

Credit enhancement builds relationships between small businesses and lenders.

Lenders invest in small businesses; small businesses grow the economy.

SSBCI Will Help You Serve More of Your Community



SSBCI capital programs to support and leverage private capital investment (overall ratio of \$1 SSBCI : \$10 private)

Allocations for historically underserved groups

SSBCI technical assistance for small businesses: loan-readiness

VSB and SEDI

Allocation to CA for Capital Programs

\$1.181 billion

Divided into 3 tranches
over 8 years

Main allocation: \$829
million

VSB: Very Small Business

Businesses with less
than 10 employees

Allocation: \$66 million

SEDI: Socially and Economically Disadvantaged Individuals

Businesses owned by
individuals who self-
certify as SEDI

Self-certification is key

Allocation: \$287 million

What Does SEDI Include?

Self-Certification of Less Access to Credit Due to:

- Disability
- Gender
- Language: limited English proficiency
- Membership in a group subjected to racial or ethnic prejudice or cultural bias within American society
- Membership in an underserved community
- Residence
 - Long-term residence in an environment isolated from the mainstream of American society
 - Long-term residence in a rural community
 - Residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization)
 - Residence in a U.S. territory
- Tribal membership in a federally- or state-recognized Indian Tribe
- Veteran status

Location of Business Within CDFI Investment Area: current or certifying will operate in that location

Residence of Business Owner(s) Within CDFI Investment Area(s)

Where Will Technical Assistance Be Available for Small Businesses?

CalOSBA existing small business center network including SBDCs

Incubators and accelerators via Minority Business Development Agency grants to 6 in CA and 7 nation-wide: stand up in progress

New funding via US Treasury via allocation by jurisdiction to CalOSBA: stand up in progress

Further funding via US Treasury via competitive grant: applications to be released

How Do Loan-Ready Small Businesses Find You?

1. Small Business Is Interested

2. Small Business Works with Small Business Center to Assess and Become “Loan-Ready”

3. Small Business Applies to a Participating Lender & Lender Underwrites

4. Lender Applies to a SSBCI Credit Enhancement Program to Enroll the Loan

5. Loan is Enrolled in SSBCI Credit Enhancement

Our Elevator Pitches

CPCFA CalCAP Collateral Support

- Cash pledge to address inadequate or non-existent collateral
- Maximum claim is 100% of loss, subject to the cash pledge balance

CPCFA CalCAP for Small Business

- Post-disbursement enrollment for microloans and more
- Maximum claim is 100% of loss, subject to the loan loss reserve account balance

IBank Small Business Loan Guarantee

- Addresses a wide range of underwriting concerns
- Maximum claim is 80% of loss, subject to the selected percentage

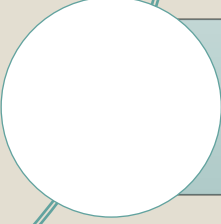
All Three Programs Share These Features



Lines of credit and term loans are eligible



Lender forms for application and underwriting



One program enrollment per loan; loans for different purposes may be enrolled in different programs

**New
Features!**

Program Mechanisms

CPCFA CalCAP Collateral Support

- Each loan has unique collateral support account; the pledged money is available for a claim
- Main cash pledge is **40%**
- Additional 10% pledge if the loan qualifies as SAC or SEDI
- **Full pledge available until enrollment matures; no periodic recapture**

CPCFA CalCAP for Small Business

- One loan loss reserve account per lender; contributions from loans are combined and available for claims
- Contributions of 2-3.5% from lender & borrower are **both** matched by the program
- Additional **2-3.5%** contribution if the loan qualifies as SAC
- **No periodic recapture of contributions**

IBank Small Business Loan Guarantee

- One trust fund account for all loans and all lenders
- Trust funds are encumbered for a percentage of each guarantee

**New
Features!**

Minimums & Maximums

CPCFA CalCAP Collateral Support

- Minimum loan size: **\$25,000**
- Maximum loan size: \$20M
- Maximum cash pledge: **\$10M**
- Maximum cash pledge percentage: **50%**
- Enrollment term: **up to 5 years**
- Maximum claim: 100% of loss, subject to account balance

CPCFA CalCAP for Small Business

- Minimum loan size: n/a
- Maximum loan size: \$5M
- Maximum enrolled amount: \$2.5M
- Maximum combined contributions per loan: **17.5%**
- Enrollment term: up to 10 years
- Maximum claim: 100% of loss, subject to account balance

IBank Small Business Loan Guarantee

- Minimum loan size: n/a
- Maximum loan size: \$20M
- Maximum guarantee amount: \$5M
- Maximum guarantee percentage: 80%
- Enrollment term: up to 7 years
- Maximum claim: 80% of loss, subject to selected percentage

Customizations Within Programs

CPCFA CalCAP Collateral Support

- Lender chooses main cash pledge (up to 40%)
- Lender chooses term of support (up to 5 years)
- For eligible loan, lender chooses whether to document severely affected community (SAC) for additional 10% pledge at no cost

CPCFA CalCAP for Small Business

- Lender chooses enrolled amount (up to \$2.5M)
- Lender chooses contribution percentage between 2 and 3.5%
- For eligible loan, lender chooses whether to document severely affected community (SAC) for additional contribution by program

IBank Small Business Loan Guarantee

- Lender chooses guarantee percentage (up to 80% with limit of \$5M)

Costs to Participate

CPCFA CalCAP Collateral Support

- 0.5% to 3% of the main cash pledge, based on term of enrollment
- If eligible, no charge for severely affected community (SAC) cash pledge
- 1% renewal for lines of credit
- Minimum fee \$1,000

CPCFA CalCAP for Small Business

- 2-3.5% of the enrolled portion of the loan paid by borrower
- 2-3.5% of the enrolled portion of the loan paid by lender
- If eligible, no charge for severely affected community (SAC) contribution

IBank Small Business Loan Guarantee

- Guarantee up to \$2.5M: 2.5% of the guarantee amount
- Guarantee above \$2.5M: 2.5% of the guarantee amount up to \$2.5M, plus 2.25% of the guarantee amount above \$2.5M
- \$250 loan documentation fee

Eligible Financial Institutions

Bank

- Federal-chartered or state-chartered

Community Development Financial Institution (CDFI)

- Federally certified not-for-profit or for-profit
- Other CDFIs

Credit Union

- Federal-chartered or state-chartered

Microbusiness Lender

Savings Association

- Federal-chartered or state-chartered

SBA Lending Institution

- With executed participation agreement for the SBA guaranteed loan program

Consortium of the preceding types

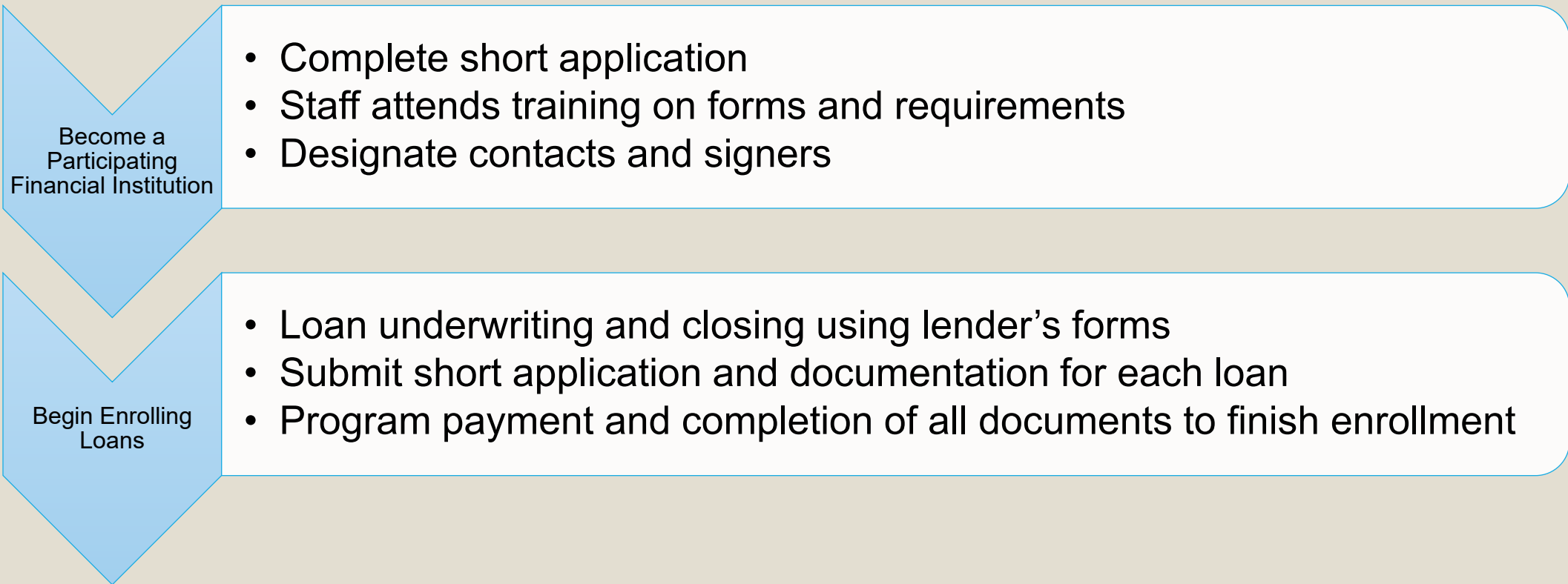
Small Business Financial Development Corporation (FDC)

Small Business Investment Company

Other Financial Institution

- Eligible only for Small Business Loan Guarantee and may require sponsorship by participating FDC

CalCAP Program Participation



SBLG Program Participation

Become a
Participating
Lender

- Select Financial Development Corporation (FDC)
- Complete short application
- Complete documents with FDC

Begin Enrolling
Loans

- Loan underwriting and closing using lender's forms
- Submit application and documentation to FDC
- After review FDC submits application to IBank
- Program payment and completion of all documents to finish enrollment

Historical Levels of Funding

\$473M

CPCFA
CalCAP
Collateral
Support

\$118M

CPCFA
CalCAP
for Small
Business

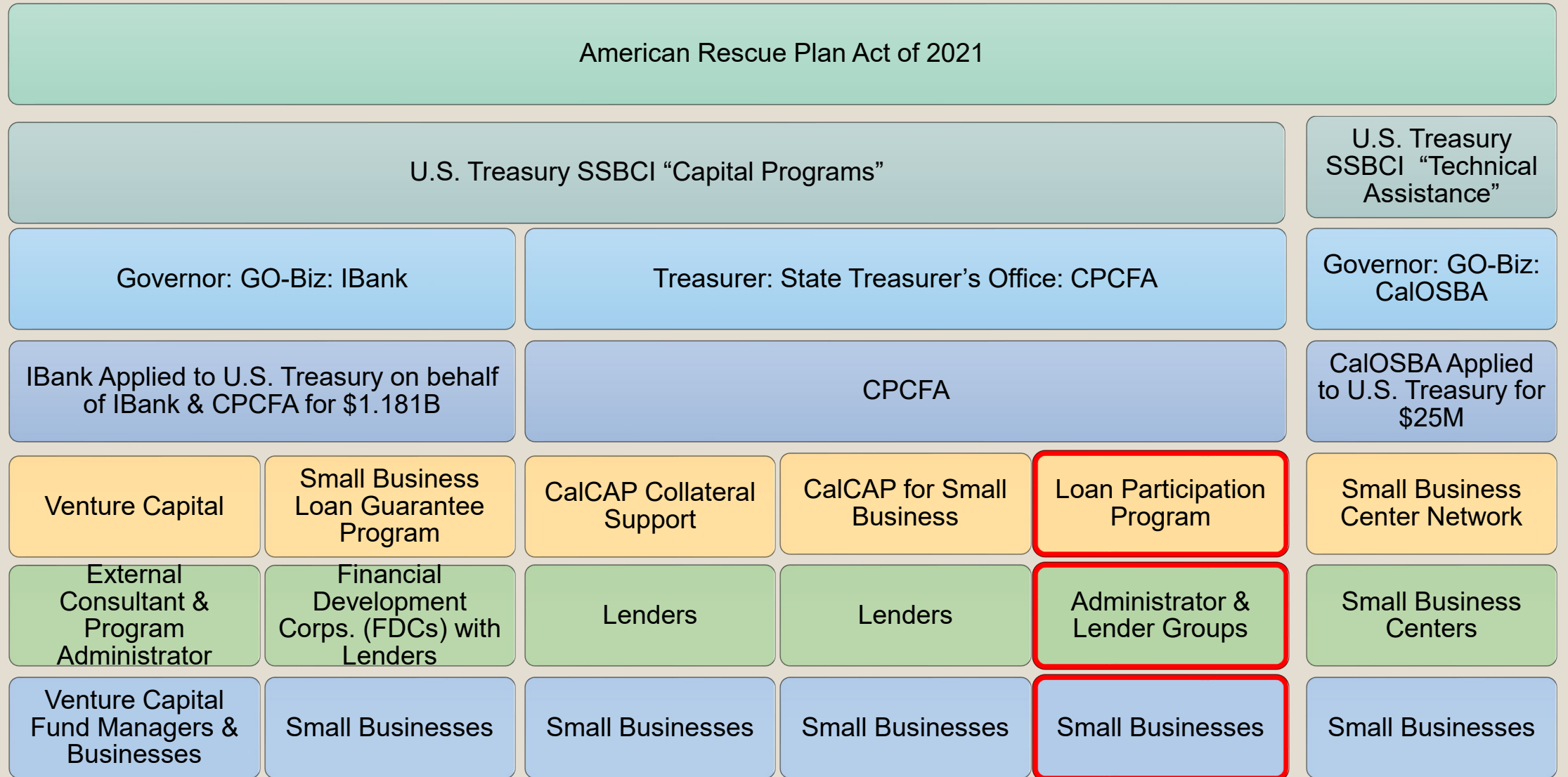
\$391M

IBank
Small
Business
Loan
Guarantee

\$200M

IBank
Venture
Capital

More to Come



Please Share These Takeaways

Three credit enhancement programs currently offered by the State of California, with a fourth to come

This SSBCI funding is the largest amount to be dedicated to credit enhancement in CA

Lenders will be included on lists used by small business centers (aka technical assistance providers) when they enroll in one or more programs

More lenders needed

Closing Poll

- After this presentation, how do you view the following program?
 - IBank's Small Business Loan Guarantee
 - CPCFA's CalCAP for Small Business (aka CalCAP)
 - CPCFA's CalCAP Collateral Support (aka Collateral Support)

Closing Poll Options

- After this presentation, how do you view the following program?
 - 0 = I don't see this program as applicable to my institution.
 - 1 = This might be useful to my institution, I will share information internally.
 - 2 = This will be useful to my institution, I will take action internally.
 - 3 = We will continue to use this program but this presentation gives new ideas on how it is useful.
 - 4 = We will continue to use the program as we have previously.

BROCHURES

California's SSBCI Credit Enhancement Programs



CPCFA

- CalCAP Collateral Support

CPCFA

- CalCAP for Small Business



IBank

- Small Business Loan Guarantee Program

Small Business Centers



NorCal SBDC
Network

Central
California SBDC
Network



Orange County
Inland Empire
SBDC Network

Small Business Centers Continued



LA Regional
SBDC Network

San Diego &
Imperial SBDC
Network



CalOSBA Map

- Select by specialty
or location



CALIFORNIA
CAPITAL
ACCESS
PROGRAM



Thank you

- Alison French-Tubo
- Lauren Dominguez
- Erin Loriaux
- cpcfaoutreach@treasurer.ca.gov
- <https://www.treasurer.ca.gov/cpcfa/calcap/sb/ssbci.asp>



California Infrastructure and
Economic Development Bank

- Karen Naungayan
- Megan Hodapp
- ssbci@ibank.ca.gov
- <https://ibank.ca.gov/small-business/ssbci/>

**Thank
you**

