



SSBCI Cash Collateral Program
Lender's Application



Please Review Program Guidelines and Application Help on Page 2

Lender: _____ EIN: _____

Lender Relationship Manager: _____ Title: _____

Address: _____ Phone: _____

Address: _____ Email: _____

City: _____ State: _____ Zip: _____ County: _____

Cash Collateral is requested for the following loan:

Borrower Name: _____ EIN: _____

Amount of Lender's Loan: \$ _____

Cash Collateral Requested: \$ _____ # Years Cash Collateral is needed: _____

Certification

I certify to the VSBFA that the loan represented by this Lender's Application is approved subject to terms specified. Without VSBFA's participation, as requested, we would not be willing to make this loan, and in our opinion the financial assistance requested is not otherwise available on reasonable terms. I have reviewed and verified all of the information in the Borrower's loan application, Borrower's Certification and the documentation supporting this Application. I certify, to the extent of my knowledge that the borrower is eligible (for the purposes of this program), the proceeds will be used for an eligible purpose in Virginia and the owners and managers of the borrower business are of good character. This Assurance is referenced by Section 3005(e)(7) of the Small Business Jobs Act of 2010.

Legal Name of Lender: _____

The Lender hereby certifies to the VSBFA the following:

- 1. The loan has not been made in order to place under the protection of the Cash Collateral Program prior debt that is not covered under the program and that is or was owed by the borrower to the lender or to an affiliate of the lender.
2. The loan is not a refinancing of a loan previously made to that borrower by the lender or an affiliate of the lender.
3. The lender is not attempting to enroll any portion of an SBA-guaranteed loan.

Additionally, Lender certifies that the loan has not been made in order to:

- a. Eliminate the bank's requirement for collateral or the principal's personal guaranty, or
b. Finance passive real estate investment, purchase of residential housing, real estate construction or development, or
c. Refinance a Lender's existing debt, except that if there is additional debt added to the refinance amount, the additional principal is eligible for CCP, or
d. Repay a delinquent federal or state income taxes unless the Borrower has a payment plan in place with the relevant taxing authority; or repay taxes held in trust or escrow, e.g. payroll or sales taxes; or
e. Reimburse funds owed to any owner, including any equity injection or injection of capital for the business' continuance; or
f. To purchase any portion of the ownership interest in the Borrower; or to purchase any portion of the ownership interest in any company, including 100% interest; or
g. To purchase goodwill, or
h. To provide financing to a religious establishment unless the proceeds of the loan are used only for a "business purpose." A "business purpose" does not include an explicitly religious purpose, and the proceeds of the loan to a religious establishment may not be used for the purposes of supporting, assisting, or furthering an explicitly religious purpose, including, but not limited to, worship, religious instruction, or proselytization.

Authorized Signer for Lender: _____ Date: _____

Name: _____ Title: _____

Program Guidelines

The Virginia Small Business Financing Authority's (VSBFA) *Cash Collateral Program (CCP)* is designed to help Virginia's small businesses obtain the funds to start, enhance, or expand their operations and thereby created new jobs for citizens of the Commonwealth. The VSBFA participation 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 normal underwriting standards. In considering whether to provide cash collateral support for a bank's loan; the VSBFA assesses the company's 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.

Eligible Borrowers:

Qualified borrowers must be operating in Virginia and be in good standing with the State Corporation Commission or other applicable state or local licensing authority. Businesses must meet at least of one of the following criteria to be an eligible borrower:

- Have \$10 million or less in annual revenues over each of the last three years; or
- Have a net worth of \$2 million or less; or
- Have fewer than 250 employees in Virginia, and fewer than 750 employees overall, or
- Be a 501(c) 3 non-profit entity.

Eligible Loan Purpose:

- Lines of credit to finance general working capital purposes
- Loans to finance equipment and other fixed asset purchases.

Ineligible Loan Purpose:

- Eliminate the bank's requirement for business collateral, personal collateral from the principal(s), or the principal's personal guaranty. It cannot be used to compensate for a fundamental business weakness, including poor financial condition of the business, unprofitable business operations and the business' inability to repay a debt. The program cannot be used to finance passive real estate investment, purchase of residential housing, real estate construction or development.
- Refinance a Lender's existing debt, however additional debt may be eligible for support depending on the purpose of that debt.
- Repay delinquent federal or state taxes unless the Borrower has a payment plan in place with the relevant taxing authority; or repay taxes held in trust or escrow, e.g. payroll or sales tax; or
- Reimburse funds owed to any owner, including any equity injection or injection of capital for the business' continuance.
- Purchase any portion of the stock ownership interest in a Borrower.
- Finance the purchase of goodwill.
- Finance the unguaranteed portion of a SBA-guaranteed loan(s) or other federally guaranteed loan(s).

Program Loan Amounts and Terms:

- The maximum participation under the program is \$500,000 or 40% of the initial loan amount, whichever is less.
- Collateral support shall not exceed 40%.
- Term loans can receive up to 5 years of support
- Annual lines of credit may be renewed up to 2 times with a maximum 3 years of support

Personal Guarantees:

The program requires all individuals and business entities owning 20% or more of the applicant business (including a spouse owning 5% or more when the combined ownership of both spouses is 20% or more) to provide a personal guaranty of the loan.

Program Fees:

There is an Application Fee and a VSBFA *Cash Collateral Program* Support Fee.

1. The non-refundable application fee is \$200
2. The VSBFA CCP Support Fee is 1.5% of the support amount.

Application Help

Businesses should apply to commercial banks for their financing need. The bank determines if VSBFA participation is needed for their approval. The lender is encouraged to call the VSBFA to discuss the transaction. Email: VSBFA@sbsd.virginia.gov Telephone: 804-371-8254.

What to provide with the Application:

1. Completed SSBCI CCP Lenders Application
2. Borrower's Agreement and Application
3. Certificate of Good Standing for the Borrower
4. Lender's Internal Credit Memo to include:
 - A. Financial, Profitability and Repayment Analysis, including ratios, trends, and Industry Standards (e.g.: RMA Comparables)
 - B. Collateral Analysis, including lien position and adequacy.
 - C. Lender's experience with the borrower, including Strengths and Weaknesses.
5. If the loan involves an eligible passive company (EPC), a copy of the executed lease between the EPC and the operating company (OC).
6. Any other documents that may be required.
7. Check payable to VSBFA for application fee.

Where and How to Submit an Application:

Email: VSBFA@sbsd.virginia.gov

Mail: P.O. Box 446, Richmond, VA 23218-0446

Hand delivery: 101 N. 14th Street, 11th Floor Richmond, VA 23219

Fax: 804-225-3384

Application Process: What to Expect from the VSBFA

Completed applications will be reviewed and you will be contacted if additional information is required. Initial review of the application will generally be made within a few business days. You will be notified of the credit decision and informed of the next steps in the loan process if approved.