



**Division of Small Business
& Technology Development**

TO LEARN MORE VISIT [ESD.NY.GOV/SSBCI](https://esd.ny.gov/ssbci)



NYS SSBCI Capital Access Overview

Empire State Development

A Division of Empire State Development

12/14/2022

What is the SSBCI?

- On March 11, 2021, President Biden signed **The American Rescue Plan Act**, which **provided \$10 billion to fund the State Small Business Credit Initiative (SSBCI)**.
- SSBCI is a program **managed by the U.S. Department of the Treasury that allocates funding to state development finance agencies to create specialized small business access to capital programs**. Treasury's implementation of the SSBCI program will focus on several key features to expand access to capital, promote economic resiliency, and create new jobs and economic opportunity.
- **On August 19, 2022, Governor Kathy Hochul announced New York State has been awarded \$501.5 million in federal funding** through the State Small Business Credit Initiative (SSBCI) to support programs for small businesses, including socially and economically disadvantaged individuals (SEDI) -owned businesses and very small businesses (VSB), to recover from the economic effects of COVID-19 and allow them opportunity to succeed in the post-pandemic economy.
- New York's \$501.5 million in SSBCI funding includes a main allocation of \$377.1 million, as well as \$124.4 million for socially and economically advantaged (SEDI) businesses.
- Visit <https://esd.ny.gov/ssbci> for more details on other programs in this initiative.



**Division of Small Business
& Technology Development**

What is a SEDI owned business?

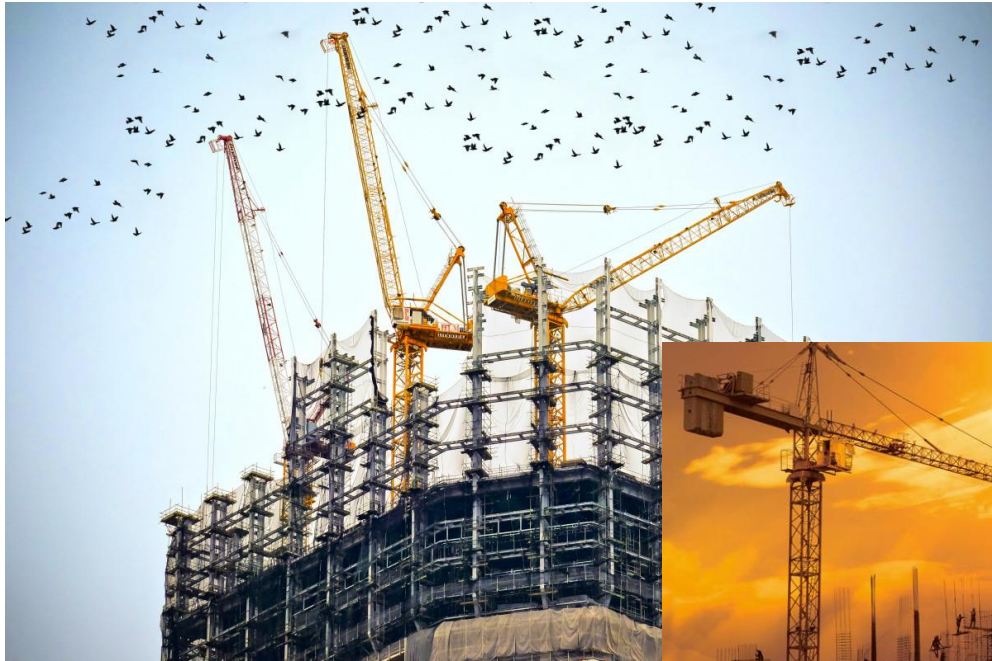
A “SEDI” (Socially and Economically Disadvantaged Individual) owned business is a business that can attest to one of the following:

Business enterprises that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their:

- (1) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society;**
- (2) gender;**
- (3) veteran status;**
- (4) limited English proficiency;**
- (5) physical handicap;**
- (6) long-term residence in an environment isolated from the mainstream of American society;**
- (7) membership of a federally or state-recognized Indian Tribe;**
- (8) long-term residence in a rural community;**
- (9) residence in a U.S. territory;**
- (10) Residence in a community undergoing economic transitions** (including communities impacted by the shift towards a net-zero economy or deindustrialization); or
- (11) membership of another “underserved community” as defined in Executive Order 13985;**
 - (ii) business enterprises that certify that they are owned and controlled by individuals whose residences are in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii);
 - (iii) business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii); or
 - (iv) business enterprises that are located in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii).11



**Division of Small Business
& Technology Development**



NYS Contractor Assistance Program



NEW YORK
STATE OF
OPPORTUNITY.

Division of Small Business
& Technology Development

Program Foreword:

New York State and its municipalities have an annual capital construction budget in excess of several billion dollars.

Capable small businesses are not securing their share of these construction contracts and subcontracts because of their inability to secure enough working capital financing assistance and surety bonding assistance.

The lack of availability of low-cost financing and bonding assistance poses a significant challenge for many SEDI contractors and other small businesses as they are often undercapitalized, financially over-extended, and lack the necessary collateral to meet the requirements of traditional financing sources.

- **The Contractor Financing Program** – *For Small Businesses working on Government funded projects.*
- **The NYS Bonding Assistance Program** – *For Small Businesses that need bonding for Government projects.*
- **The Small Business Revolving Loan Fund Round 2** – *For Small Businesses needing capital to grow and thrive.*



**Division of Small Business
& Technology Development**



NYS Contractor Financing Program



Division of Small Business
& Technology Development

Program Overview:

The Contractor Financing Program will provide over \$22 million in loan loss reserves to incentivize lending intermediaries to create access to capital to support New York State contractors.

- **The Program will provide capital to help contractors successfully execute contracts and ease timing of payments from agencies or municipalities to small businesses, socially and economically disadvantaged individual (“SEDI”)-business owners, businesses in distressed census tracts, and MWBEs.**
- **Participating lenders can use loan loss reserves to issue government contract related loans via lines of credit, or managed lines of credit that they otherwise would not underwrite.**
- **Loans can be used for contract project deployment, advances against inventory, construction costs, purchase orders, managing payables and receivables, contract finance costs, and general working capital to support contractors with a government funded project in New York State.**



**Division of Small Business
& Technology Development**

General Program Terms:

- Program Lenders will generally **target contractors with revenues of up to \$5 million with fewer than 100 employees.**
- **Loans will be provided by participating CDFIs, MDIs, community banks, credit unions, and other community lending institutions typically offering lending amounts of up to \$500,000 or more.**
- The **duration of the loan period** is based on the borrower's contract to be completed, **generally be under eighteen months.** However, **lenders may use discretion to determine the length of term** that is most appropriate based upon their assessment of the borrower, the contract, and the risk associated.
- **Participating lenders will offer lines of credit or managed lines of credit** and underwrite each loan depending on the credit risk of contractors, to determine terms, rates and applicable fees.
- **Lenders may require assignment of contracts, receivables, or any other collateral or guarantees from the borrower,** if applicable for the financing.
- In general, **interest rates should not exceed prime rate + 5% and any fees should not exceed those charged for similar non-program loans.**



Eligible Projects:

- An “Eligible Contract” shall be as a prime or subcontractor on a project or procurement, contracted and executed in the State of New York that receives all or part of its financial backing from a New York State Agency, New York State Municipality, County, Town, Village, Public School District, or other legally recognized government entity.
- The loans will support working capital, improvement machinery and equipment, or other related costs required to execute those contracts. These loans should be in the form of lines of credit or managed lines of credit in order to mitigate risk to the lender, borrowers, and program. Loans can be used for contract project deployment, advances against inventory, construction costs, purchase orders, managing payables and receivables, contract finance costs, and general working capital.
- The proceeds of the loan will not be provided to nor used for: (1) refinancing, retiring or liquidating existing debt or equity; (2) residential construction projects (except for government-sponsored projects); (3) payment of any tax arrearage[s]; (4) payment of any employee benefit arrearage[s]; (5) purchase or rehabilitation of real property for speculative purposes; (6) loans to educational institutions, except licensed child care facilities; (7) loans to hospitals or residential health care facilities; (8) loans to non-profit corporations; or (9) loans to overnight lodging facilities.



How to Apply:

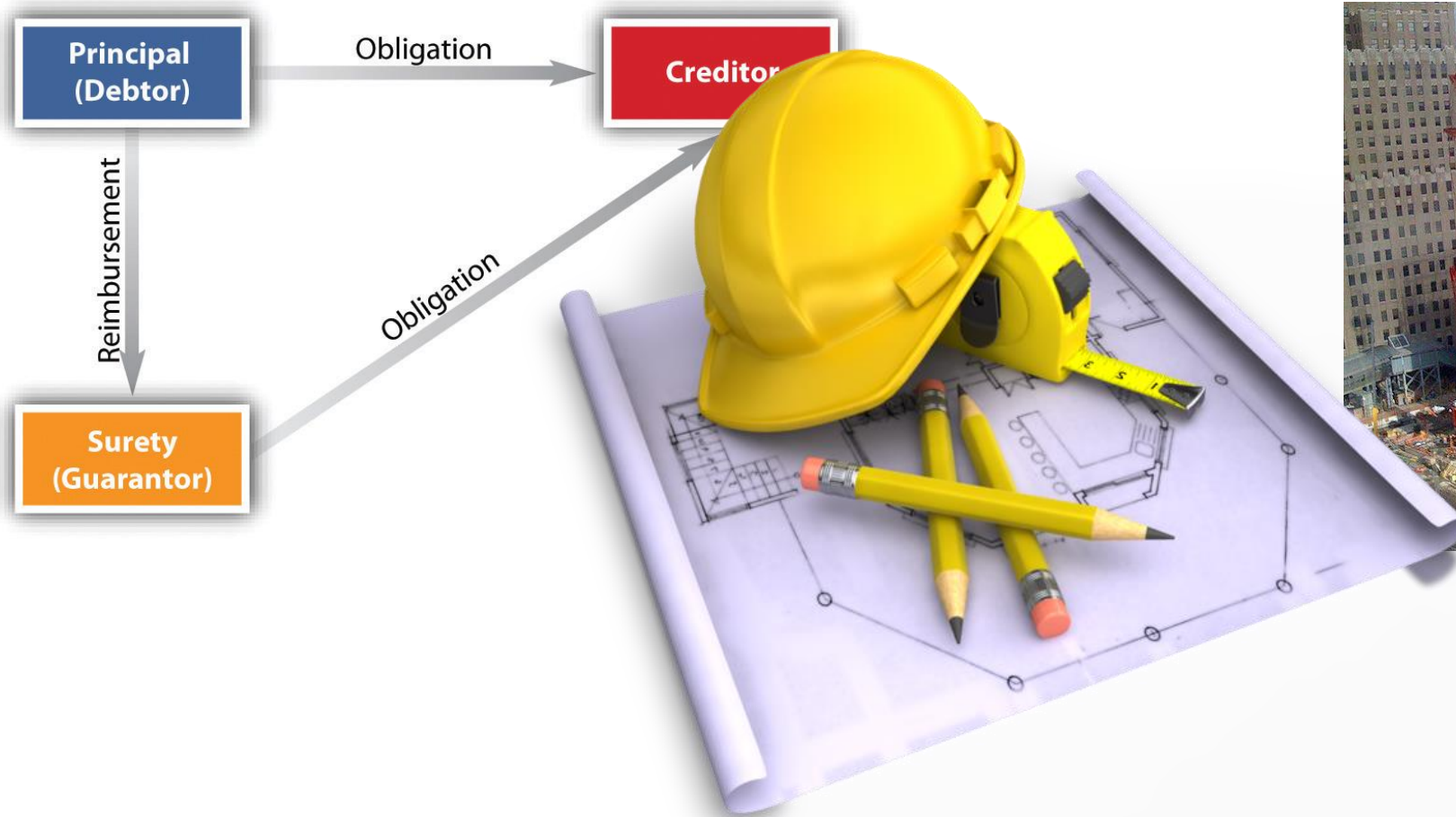
- Participating lenders each have their own process and will make credit decisions, determine interest rates and applicable fees, and are the primary point of contact for borrowers.
- **Website:** <https://esd.ny.gov/nys-contractor-financing-program>

**For a list of Participating Lenders (both regional and statewide):
Contact information will be announced late December 2022-Early January 2023.
Please watch the website for details.**

TO LEARN MORE VISIT [ESD.NY.GOV/SSBCI](https://esd.ny.gov/ssbci)



**Division of Small Business
& Technology Development**



NYS Bonding Assistance Program



Division of Small Business & Technology Development

Program Overview:

The majority of state and local contracts require surety bonds which, in the form of bid, performance, and payment bonds, are statutorily required to be furnished by construction prime contractors performing public sector construction work at virtually all levels. **This requirement poses a significant challenge for small businesses and SEDI contractors, as they are often undercapitalized, financially over-extended, and lack the necessary collateral to meet the requirements of getting bonded.** The strict prequalification process and underwriting criteria delineated by surety companies make many small businesses and SEDI-owned businesses unable to secure the bonds for contract bidding at the necessary amounts dictated by project requirements.

The New York Bonding Assistance Program is a \$22 million credit guarantee program designed to help SEDI-owned businesses, and other small businesses secure surety bonding for New York State, NYC agency, and other government funded contracting opportunities.



**Division of Small Business
& Technology Development**

How does this program help?

- **The NYS Bonding Assistance Program provides financial assistance to help small businesses, SEDI-owned businesses, minority and/or women-owned businesses, and service-disabled veteran businesses secure surety bonding.**
- **ESD provides guarantees of up to 30% or a maximum of \$600,000**, whichever is less, on a bond line or individual contract bid bonds and payment/performance bonds.
- **Small businesses can receive training and technical support** through referrals to technical assistance partners across New York State to enhance their knowledge and best practices for bonding.
- **ESD plans to utilize \$22 million in SSBCI funds to offer the Program to small business and SEDI contractors seeking surety bonds bidding or performing on any publicly funded projects in New York State.** In addition to New York State and New York City agency led projects, all New York State local municipalities and local nonprofit entities receiving public funds to perform on projects that require surety bonding will be eligible for the Program. New York State contractors can then diversify their portfolio of projects to grow their business by participating in the expanded version of this Program.



Business Eligibility Requirements:

- Applicant must be a New York State small business with fewer than 100 employees and be in business for at least two years.
- Maximum bond line or project bond size will be up to \$2 million, generally.
- Minimum average gross revenue of \$400,000 in each of the last two fiscal or calendar years and maximum gross revenue not to exceed \$5 million in the most recent calendar or fiscal year.
- Minimum credit score of 600.
- Previous experience completing similar work to the contract opportunity being pursued.
- Applicant cannot have unpaid judgements, warrants or liens; unpaid or pending or open tax liens; are in arrears in child support, have recent, pending, or open bankruptcy filings.
- Applicant should not have any surety losses on their record.
- Applicant must be pursuing a publicly funded project in New York State that needs surety bonding.
- The small contractor must meet substantial due diligence requirements, including an analysis of track record, cash flow, and a range of credit underwriting criteria evaluated by the surety companies.



The Application Process:

- **Contractors interested in the Program will complete an Eligibility Checklist, Contractor Application** that provide detailed information about applicant's business, history, ownership and summary of financials.
- **Once the contractor is connected to a participating surety company, and surety company underwrites the contractor** and is interested in providing the surety bond capacity to the contractor, **then the surety company submits a Surety Application on behalf of the contractor** requesting a guarantee from the State.
- **The State reviews the application and request**, and upon approval, provides the surety with a guarantee for final execution for a single project or multiple contracts under a bond line and a contractor agreement for the contractor for signature and notary.
- **In events of a claim, surety pays out the claim first, and upon furnished documentation, a reimbursement is disbursed to the surety company up to the maximum allowed under the executed guarantee** upon review and approval for payment.
- **Once matched to a participating surety company, contractors are typically asked to provide the following documentation in support of their bonding requests:** Two years of corporation financial statements; Personal financial statements; Copies of most recent personal tax returns; personal credit report for anyone signing the indemnity agreement (or has ownership role); accounts receivable and payable; a corporate credit report; a work-in-progress schedule for all open projects along with percentage (%) completed and low or negotiated bids that have not yet started; and proof of 10-20% project deployment capital or line of credit for working capital or demonstrate access to capital.
- For all New York State Surety Bond Assistance Program inquiries, please contact Ms. Huey-Min Chuang, AVP of Small Business and Technology Development, at (212) 803-3238 or email BAP@esd.ny.gov.



**Division of Small Business
& Technology Development**



Small Business Revolving Loan Fund Round 2 (SBRLF II)



NEW YORK
STATE OF
OPPORTUNITY.
Division of Small Business
& Technology Development

Program Overview:

The SBRLF II (Small Business Revolving Loan Fund Round 2) will use \$55.5 million in SSBCI funds for shorter term financing needs and will address inequitable capital access with targeted lending programs that will address the financing gaps facing new companies, under-banked communities and small businesses which are more likely to be minority owned.

- SSBCI proceeds will be used to provide low interest loans to community development financial institutions, in order to **provide funding for those lending organizations' loans to small businesses**, located within New York State, **that generate economic growth and job creation** within New York State but that are unable to obtain adequate credit or adequate terms for such credit.
- The program will leverage additional non-Program matching funds from participating lenders. **SBRLF II will provide low-cost lending capital to participating CDFI Institutions, and other lending intermediaries**. Every lender approved loan to an eligible business shall consist of funds in a ratio of **not less than 1:1** of the CDFI's/ MDI's non-Program funds.
- Alternative financial assistance will expand the lending capacity of CDFIs, who in turn will make loans that will stimulate economic growth, assist with COVID -19 pandemic recovery efforts, and increase job creation and retention throughout NYS.



**Division of Small Business
& Technology Development**

Program Overview (continued):

- **SSBCI proceeds will be used to provide low interest loans to community development financial institutions, in order to provide funding for those lending organizations' loans to small businesses, located within New York State,** that generate economic growth and job creation within New York State but that are unable to obtain adequate credit or adequate terms for such credit.
- If the use of a community development financial institution is not practicable based upon an assessment of geographic and administrative capacity and other factors, funds will be used to provide low interest loans to the following other local community based lending organizations: small business lending consortia, certified development companies, providers of United States Department of Agriculture business and industrial guaranteed loans, United States Small Business Administration loan providers, credit unions and community banks.
- **Business Loans shall be provided by the Community Based Lending Organization only to Eligible Businesses for Eligible Projects and shall not be used for Ineligible Projects.**



Eligible Projects:

An “Eligible Project” is a Business Loan from a Community Based Lending Organization to an Eligible Business in the Service Delivery Area for an Eligible Use, whereby the Community Based Lending Organization has reviewed every Business Loan application to determine the feasibility of the proposed Eligible Use(s) of the financing requested by the small business applicant, the likelihood of repayment, and the potential that the loan will generate economic development and jobs within the State.

- An “Ineligible Project” would be (i) projects with respect to newspapers, broadcasting or other news media, medical facilities, libraries, community or civic centers, and public infrastructure improvements; (ii) providing funds, directly or indirectly, for payments, distribution or as a loan (except in the case of a loan to a sole proprietor for business use), to owners, members, partners or shareholders of the applicant business, except as ordinary income for services rendered; (iii) any project that results in a Business Loan to a person who is a member of the board or other governing body, officer, employee, or member of a loan committee, or a family member of the Community Based Lending Organization or who shall participate in any decision on the use of Program funds if such person is a party to or has a financial or personal interest in such loan; (iv) any other usage of funds that is precluded as a result of the SSBCI program rules and terms.



Loan Parameters:

Business Loans to Eligible Businesses will be microloans (loans between \$500 and \$25,000); and regular loans (that a principal amount greater than \$25,000 but no more than \$20,000,000). In any case, the amount of ESD funding in any given loan shall not exceed the lesser of \$125,000 or 50% of the loan amount. This program will provide term loans to eligible small businesses with lengths based upon each lender's individual offerings but in **general not to exceed 10 years.**

Eligible Uses of Program funds by a Small Business borrower of the Community Based Lending Organization are: 1. **working capital**; 2. **acquisition and/ or improvement of real property**; 3. **acquisition of machinery and equipment**; and 4. **refinancing of debt obligations** provided that: a.) it does not refinance a loan already in the portfolio of the Community Based Lending Organization; b.) the amount of the refinanced loan or other debt is at least 150 percent of the previous outstanding balance. (c.) the transaction results in a 30 percent reduction in the fee-adjusted APR contracted for the term of the new debt. (d.) proceeds of the transaction are not used to finance an extraordinary dividend or other distribution



How to Apply:

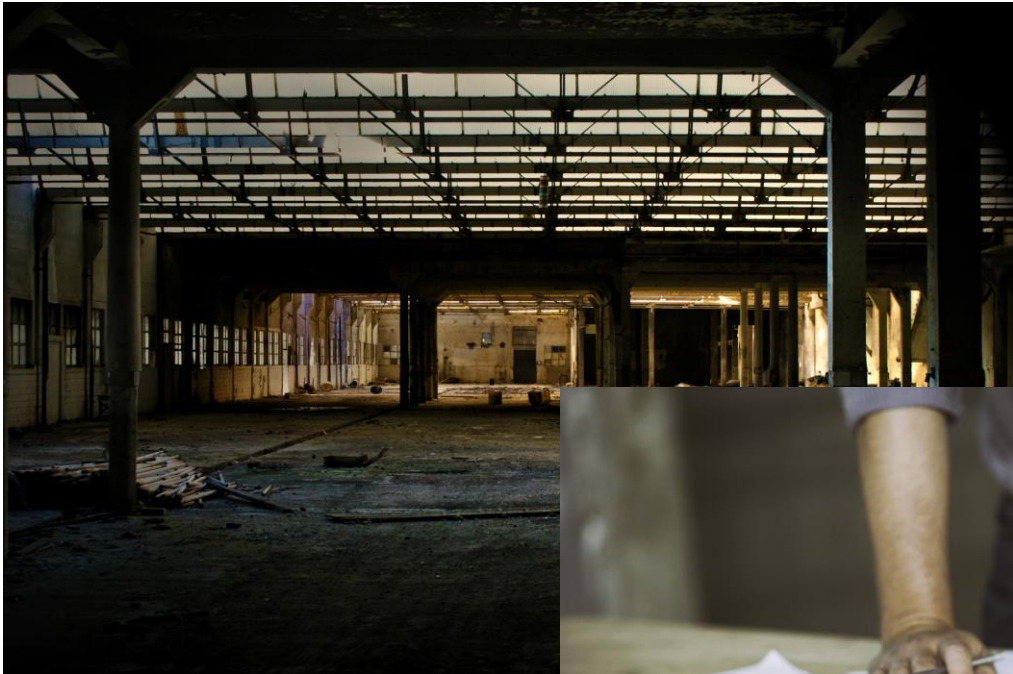
- Participating lenders each have their own process and will make credit decisions, determine interest rates and applicable fees, and are the primary point of contact for borrowers.
- **Website:** <https://esd.ny.gov/nys-small-business-revolving-loan-fund-round-2>

**For a list of Participating Lenders (both regional and statewide):
Contact information will be announced January-February 2023.
Please watch the website for details.**

TO LEARN MORE VISIT [ESD.NY.GOV/SSBCI](https://esd.ny.gov/ssbci)



**Division of Small Business
& Technology Development**



Other SSBCI Programs - Capital Project Loan Fund



NEW YORK
STATE OF
OPPORTUNITY.

Division of Small Business
& Technology Development

The Capital Project Loan Fund

- **The Capital Project Loan Fund (CPLF) will aid with projects that promote the economic health of NYS by facilitating the creation or retention of jobs and the increase of business activity in the state.**
- Project financing will support businesses authorized to conduct business in NYS for the following purposes: **manufacturing, non-retail service firms, headquarters facilities** of firms engaged generally in retail industries, **retail firms located in distressed areas and other businesses which develop recreational, cultural, or historical facilities** that are likely to attract significant numbers of visitors. Generally, participating businesses will have been in existence for at least three years.
- It will also support targeted industries for investment.



Targeted Activities of the CPLF

- **Addressing food deserts:** Food deserts are defined as areas where residents' access to affordable, healthy food options (especially fresh fruits and vegetables) is restricted or nonexistent due to the absence of supermarkets or grocery stores within convenient traveling distance. CPLF will seek to identify and prioritize food and supermarket deserts in CDFI investment areas.
- **Clean Energy:** CPLF will support and unleash more private investments and scale deployment of clean energy within New York State.. Project capital funds will increase the availability of capital for projects deploying proven clean energy technologies across New York State to ensure that all New Yorkers have equal access to clean energy and healthy communities
- **Agricultural projects:** CPLF will aim to alleviate economic barriers faced by many small NYS agribusinesses looking to grow and expand, including value-added processors, food distributors, food aggregators, beverage producers and Food Hub participants. CPLF will offer affordable capital to small agribusinesses looking to complete projects that will expand their capabilities, generate economic growth and create new employment opportunities.
- **SEDI targeted projects:** CPLF will participate in loans originated by lenders that serve SEDI owned businesses.



Typical CPLF Direct Loan Structure

The CPLF can provide direct loans for the growth of manufacturing and other eligible businesses within New York State by assisting in financing a portion of the cost of acquiring and renovating existing buildings or constructing new buildings ("real estate" projects) or for purchasing machinery and equipment ("M&E" projects).

- Most loans can be for up to 40% of the total project cost of real estate projects or M&E projects.
- Loans may be up to 60% for SEDI business projects located in CDFI investment areas.
- A combined bank loan and CPLF loan allows up to 90% financing of a project.
- Typical financing structure:
 - 50% bank loan
 - 40% CPLF loan
 - 10% borrower equity
- A CPLF real estate loan is normally a second mortgage loan, subordinate to a first mortgage loan from a bank; M&E loans are secured by a first lien, co-equal with the bank's lien, on the M&E being financed.
- Loans made or guaranteed for the purpose of financing the acquisition of real property or the acquisition, renovation or construction of facilities may be made for a term not to exceed 20 years. Loans made or guaranteed for the purpose of financing the acquisition of machinery and equipment may be made for a term of up to seven years or the useful life of the collateral, whichever is less.



The Application Process:

- **NYS will utilize the State's regional economic development offices and Entrepreneurial Assistance Centers (EACs) to source and evaluate applications for program assistance** in conformance with the specific evaluation criteria for the different types of assistance requested (e.g., real property loans, loans to purchase machinery and equipment or working capital loans).
- **An applicant for program assistance will be required to apply on a form to be developed** designed to elicit information about the project and the applicant. The required application will request information about the applicant, its history, ownership, size, primary products or services rendered, major customers, the applicant's market and marketing strategy, information about the proposed project including total project cost, total assistance requested, proposed uses of the program funds, private capital sources that will be part of funding the project, the number of jobs to be created, other anticipated project results and any and all information that the State may deem relevant in connection with approving the requested loan.
- **Interest rates on loans will be set at the time the Empire State Development (ESD) Board of Directors approve an application.** Rates and terms will be determined based upon what is necessary to make the project feasible and will reflect market conditions, the borrower's ability to repay and the project requirements. The interest rate established for any loan generally will not be lower than three percent. **An application fee of \$250 must be paid to ESD for application review.** ESD will assess a commitment fee of two percent of the amount of any approved project. Loan monitoring will be facilitated by ESD's Portfolio Management Department.



Also coming Spring/Summer 2023 – New York Forward Loan Fund II
connect to capital via our online lending portal – program details to follow

QUESTIONS?



TO LEARN MORE VISIT [ESD.NY.GOV/SSBC/](https://esd.ny.gov/ssbc/)



Please use the CHAT Window!

For more information on Small Business & Technology Development programs and resources visit:

<https://esd.ny.gov/doing-business-ny/small-business-hub>



**Division of Small Business
& Technology Development**

Thank you for supporting Small Business in New York State



Rafael Salaberrios – Rafael.Salaberrios@esd.ny.gov
Matthew Kennedy – Matthew.Kennedy@esd.ny.gov

TO LEARN MORE VISIT ESD.NY.GOV/SSBCI



Division of Small Business & Technology Development