

## **Summary of Changes to SSBCI Application and SSBCI Allocation Agreement**

### **I. SSBCI Allocation Agreement**

#### **A. *Conforming Changes***

##### **1. Allocation Agreement reporting requirements.**

As a result of internal conversations and a holistic review of the reporting requirements, the SSBCI Program changed the data captured in the Quarterly Reporting, Section 4.7 of the Allocation Agreement and the Annual Report, Section 4.8 of the Allocation Agreement. These changes can be broadly categorized as accomplishing the following:

- a. Financial institution lenders and states will no longer report borrowers' credit risk levels.
- b. Participating states will provide transaction level data.
- c. New report requirements to enable the SSBCI Program to determine if the program is meeting its overall 10:1 private leverages objectives and the 1:1 private leverage requirements for each program.
- d. Modified reporting to reflect venture capital investments and qualifying loans/swap funding facilities.

##### **2. Sex offender certification language.**

The State Small Business Lending Fund Program and the SSBCI Program have harmonized their definitions to provide more clarity about the scope of individuals who must issue the statutory certification.

#### **B. *New Changes***

##### **1. Revised Section 4.6 regarding National Standards**

The new language reflects the addition of the SSBCI Policy Guidelines to the section of the agreement which references the national standards. With these changes, the states must comply with the SSBCI Policy Guidelines and later revisions to them, the national standards (once created) and financial management systems.

##### **2. New definition of “Entire Agreement”.**

The new language in Section 8.2 of the Allocation Agreement provides additional

clarity that the Application and any changes or supplements thereto is incorporated into the “Entire Agreement”.

**3. Clarification regarding Amendments.**

The new language in Section 8.3 of the Allocation Agreement provides additional clarity about process and form for amendments.

**4. New Annexes**

The Allocation Agreement now includes 2 new annexes: (1) a form of legal opinion that will be considered satisfactory to Treasury is now included in the Allocation Agreement; (2) the new annual reporting requirements necessitated additional explanation of calculations for purposes of determining leverage calculations with respect to subsequent year reporting.

**II. SSBCI Application**

**A. *Applicant information***

The SSBCI Application is revised to clarify the kind of information the SSBCI Program needs in the letter from the governor, or chief executive of a territory or municipality designating the appropriate agency(s) to run the SSBCI-supported programs.

**B. *Outreach to underserved communities***

The SSBCI Application is revised to be more specific about the kind of information the SSBCI Program requests to respond to questions about outreach to underserved communities and to clarify that this outreach requirement applies to both CAPs and OCSPs.

**C. *OCSP narrative statement***

The SSBCI Application is revised to clarify the kind of information the SSBCI Program needs when analyzing the narrative description of applicant OCSPs.

**D. *Leverage calculations***

The SSBCI Application is revised to reflect an expanded time horizon for applicants to consider when responding to questions about the reasonableness of the leverage expectation calculations.

E. ***OCSP internal controls***

The SSBCI Application is revised to require financial statements and audits from applicants when such documents are referenced as evidence demonstrating the sufficiency of internal controls for an existing program.

F. ***Compliance***

The SSBCI Application adds a new section for applicants to include a narrative statement from the applicant relating to its plan to meet the reporting requirements and other covenants included in the agreement.