Capital Access Program (CAP)
Frequently Asked Questions:

- **How do I enroll a loan in the CAP program?**

  If you are a Borrower, the Lender you are working with should submit the completed CAP enrollment form and required documentation to ADFA, or you can contact us for a current list of lending partners to assist with this process.

  If you are a Lender looking to enroll a loan on behalf of a Borrower, we encourage you to contact us with any questions about how to become a lending partner.

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- **Can a CDFI enroll a loan that has a Government Entity (SBA, USDA, etc.) as a funding source?**

  Yes, but the loan must have a non-guaranteed funding source to be eligible. For the purpose of the SSBCI program, CDFI balance sheet funds are considered private financing.

- **How does SSBCI affect the CAP contribution match rate?**

  The initial borrower/lender contribution of 3.00% - 7.00% will be matched at an increased rate of 6.00% - 13.00% for a total reserve contribution of 9.00% - 20.00%, compared to the current match rate of 3.00% - 7.00% and total contribution of 6.00% - 14.00%.

  For institutions who have not yet enrolled $1MM in total CAP loans the current match rate will be 7.50% - 13.00% for a total of 10.50% - 20.00%. The maximum total contribution under SSBCI rule is limited to 20.00% due to the 80.00% Lender At-Risk rules.

- **How does SSBCI affect the CAP policy on Lender Assurances: Refinancing and New Extensions of Credit - *12 U.S.C.§ 5704(e)(7)(A)(ii)*?**

  New Lenders. Under the SSBCI statute, a lender is not prohibited from enrolling or refinancing loans previously made by another, non-affiliated financial institution. Accordingly, a lender may refinance a borrower's existing loan, line of credit, extension of credit, or other debt originally made by an unaffiliated lender so long as the proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

When a participating jurisdiction uses SSBCI funds to support the purchase of a loan from another, non-affiliated financial institution, the jurisdiction must make a determination that the transaction is beneficial to the small business borrower. For purposes of the eligible business purpose and certification requirements, the eligible business purpose of the new loan is generally determined by the purpose of the underlying funding being refinanced.

New Extensions of Credit by Existing Lenders. Financial institution lenders are generally prohibited from refinancing an existing outstanding balance or previously made loan, line of credit, extension of credit, or other debt owed by a small business borrower already on the books of the same financial institution (or an affiliate) into the SSBCI-supported program. However, a financial institution lender may use SSBCI funds to support a new extension of credit that repays the amount due on a matured[1] loan or other debt that was previously used for an eligible business purpose when all the following conditions are met:

- 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;
- 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;
- 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
- Proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

If a participating jurisdiction enrolls a loan that is used to repay principal under a loan previously made by the same financial institution or its affiliate, the participating jurisdiction or the financial institution lender must maintain records showing that these criteria were met. The limitation on refinancing does not prohibit a financial institution lender from originating a new loan under an SSBCI approved program and subsequently refinancing the same loan under any approved program.

[1] A matured loan or line of credit only includes such that have matured according to their terms and does not include a loan or line of credit that has been accelerated to maturity. Transferring an accelerated loan into an SSBCI program does not promote the purpose of expanding small business access to capital and would primarily benefit lenders rather than small businesses.

- **Are start-ups eligible for CAP enrollment?**

  Yes, and subject to Lender underwriting guidelines participating in combined Borrower/Lender contribution with a minimum 3.00% up to a maximum 7.00% of the loan being enrolled.

- **Does the information reported on the required Demographic Input form for SSBCI - CAP influence the loan eligibility for enrollment?**

  No, the reporting forms were created based on Department of U.S. Treasury's policy for guidelines and reporting regarding SSBCI. This is not information that ADFA is tracking, but it is required, by the U.S. Treasury for SSBCI funding.

  For questions that the Borrower does not feel comfortable providing an answer, the form provides the use of the checkbox "Prefer not to Respond", and is an appropriate response. Choosing this response will have no influence on the enrollment.

  The only responses that have impact on the enrollment are those that show if the loan is within the SSBCI – CAP enrollment guidelines.

  Enrollment guidelines can be found in the CAP Description.