



DELAWARE

**SSBCI**

STATE SMALL BUSINESS CREDIT INITIATIVE

# State Small Business Credit Initiative (SSBCI)

## Loan Programs Overview



## **PURPOSE**

To help small businesses, especially those in socially and economically disadvantaged (SEDI) areas access capital.

## **TYPES OF PROGRAMS**

- Loans (2)
- Venture Capital (2)

## **BACKGROUND**

In 2023, the Division of Small Business was awarded \$60.9M dollars from the U.S. Treasury Dept. to administer. The state would receive the funding in three allocations of approximately \$20M each.

We have 3 years to spend each allotment. The first one has been fully expended. Our SSBCI Programs are currently on pause as we transition to Tranche 2.

- What are SEDI and VSB Businesses?



- Socially and Economically Disadvantaged Individuals (SEDI)
  - 51% Ownership Threshold to be considered SEDI-Owned
- Very Small Businesses (VSB)
  - A business with fewer than 10 employees at the time of the loan, including independent contractors and sole proprietors



## DELPP – Delaware Loan Participation Program

- Help small businesses get access to bank financing by sharing the risk with participating lenders.
- The State partners with a lender on a loan by taking a percentage share of it (up to 50%). Because the lender's risk is reduced, they are more willing to approve loans that might otherwise be declined.



DELPP  
DE LOAN PARTICIPATION PROGRAM



DCAP  
DELAWARE CAPITAL ACCESS PROGRAM

## DCAP – Delaware Capital Access Program

- Loans made and managed by participating lenders.
- Both the lender and the borrower contribute a small percentage of the loan amount into a special reserve fund. The State of Delaware then matches those contributions and adds its funds to the same reserve.
- Reserve funds act like a safety net for the lender. If a loan in the lender's CAP portfolio experiences a loss, the lender can use the reserve funds to help cover it.



## **PROGRAM PURPOSE**

To help small businesses obtain medium-to-long-term financing, usually in the form of term loans, to help businesses grow and expand

## **PROGRAM FUNCTION**

DSB uses SSBCI funds to fund a portion of a loan originated and administered by a Participating Lender (bank, credit union, Community Development Fund Initiative)

## **DELPP funds can be used for most business purposes, including:**

- Start-up costs and working capital
- Franchise fees
- Equipment
- Inventory
- The purchase or improvements of an eligible place of business

## **DELPP can help if an owner needs credit, but the small business:**

- Doesn't have much collateral
- Hasn't been around for very long



# KEY PROGRAM CHARACTERISTICS

- DSB's portion of the loan will carry an interest rate fixed between 3% and 5%
- DSB's participation percentage is capped at 50%
- The borrower applies to a participating bank for a loan – then DSB will review the lender's credit analysis and other materials to determine whether to approve the bank's request for us to partner
- The term of the loan cannot exceed 10 years



**DELPP**  
DE LOAN PARTICIPATION PROGRAM



# What types of Businesses are good candidates:

## 1. Small businesses needing traditional term loans

- Businesses looking for working capital, equipment purchases, or expansion funding that might not qualify for full financing on their own.

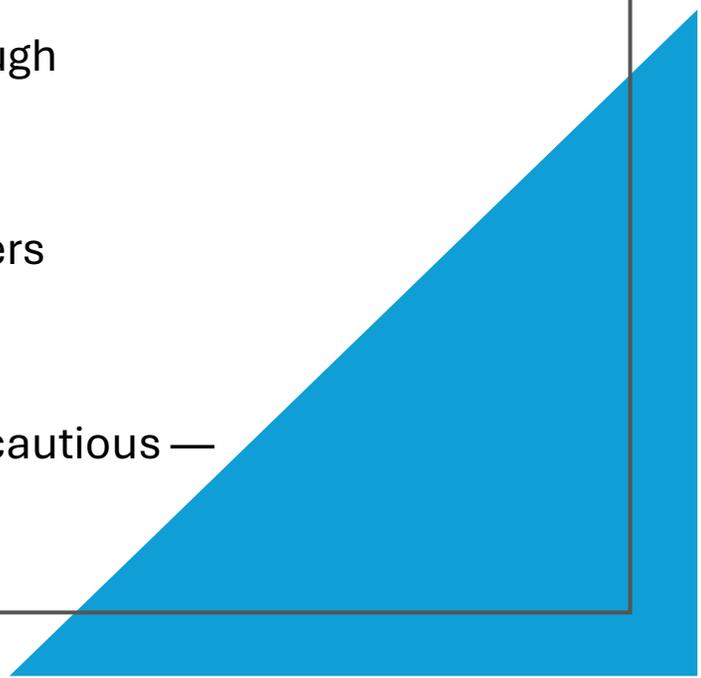
## 2. Businesses that are growing but still building credit

- Companies with some operating history and revenue, but not enough collateral or credit history to satisfy a lender working alone.

## 3. Underserved business owners

- Minority-, veteran-, and women-owned businesses that face barriers accessing conventional loans.

## 4. Businesses in industries with higher perceived risk

- Sectors like hospitality, retail, or startups where lenders might be cautious — but where there's a solid plan and cash flow potential.
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# DELPP Example:

- Two experienced fitness instructors want to open a fitness franchise location. They visit a participating lender but find out that, due to not having enough collateral and not having sufficient income to safely cover potential payments, the lender is not willing to lend them the full \$350,000 required for start-up and working capital.
- The lender decides to request that DSB participate by supporting 50% of a 10-year loan so the borrower can receive the full \$350,000 they need.



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## PROGRAM PURPOSE

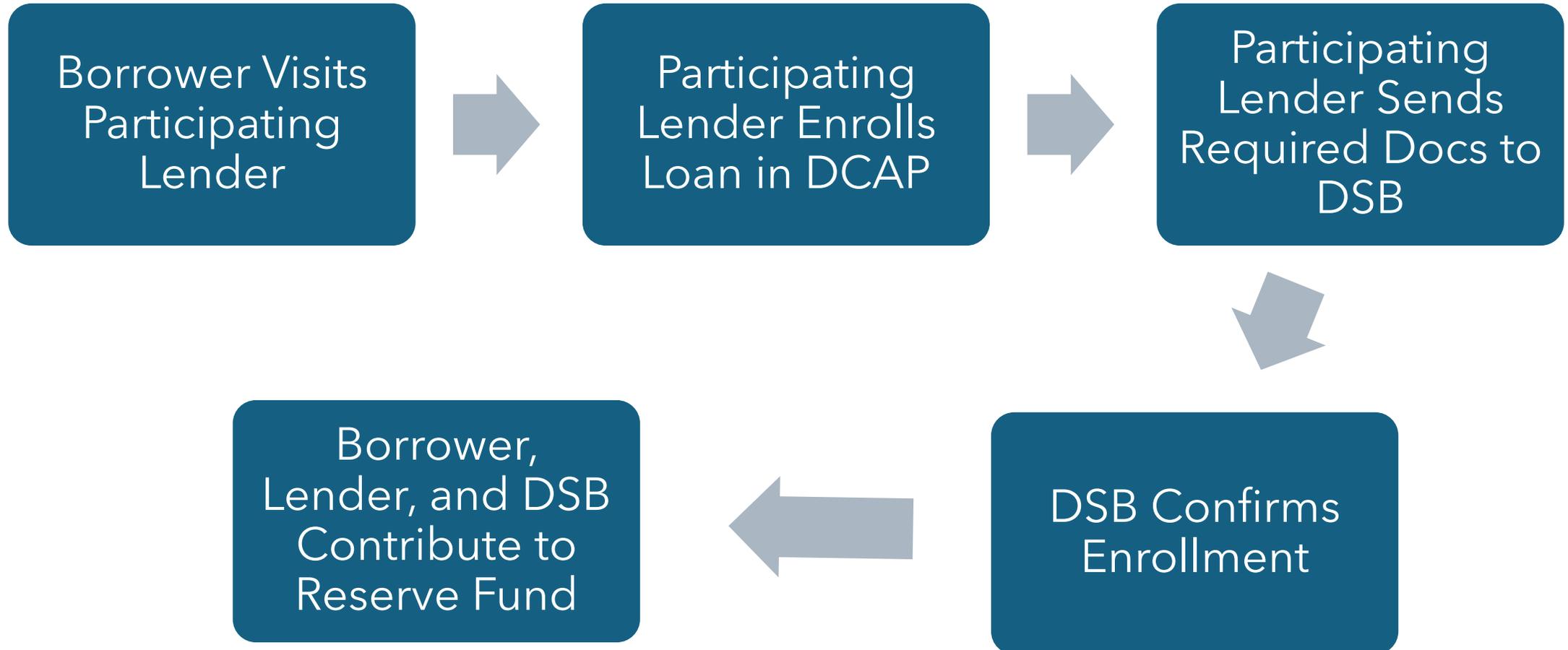
- Provides supportive financing to a business that has minor collateral or credit issues
- Designed to assist those who are, or live in, socially or economically disadvantaged areas (also known as SEDI), or are a very small business (<10 employees)
- A risk-pooling concept where multiple borrowers within the same lending institution contribute payments to the same reserve fund that the lender can use as collateral to support a loan
- Preference is a 5-year loans or less, with a maximum of a 10-year loan





**DCAP**  
DELAWARE CAPITAL ACCESS PROGRAM

# Program Process





**DCAP**  
DELAWARE CAPITAL ACCESS PROGRAM

# Good Candidates for SSBCI CAP Loans

- **Small businesses that may have trouble qualifying for traditional bank loans**  
Businesses with limited credit history, newer companies, or those without significant collateral can benefit from CAP because the reserve fund helps reduce risk for lenders.
- **Established businesses with solid plans for growth or expansion**  
Companies that are profitable or close to profitability and have a clear plan for how they'll use the funds (like purchasing equipment, expanding operations, or hiring staff) are strong candidates.
- **Minority-, veteran-, and women-owned businesses**  
These businesses often face additional barriers to financing, and SSBCI programs like CAP are designed to expand access to capital for underserved business owners.
- **Businesses in industries that are creditworthy but considered higher risk**  
Certain industries (e.g., restaurants, retail, and service businesses) can be harder to finance through traditional lending alone. CAP's guarantee structure makes lenders more willing to support them.
- **Companies seeking moderate loan sizes**  
CAP loans are typically best for businesses seeking amounts that fit within the program's eligibility limits — not extremely large commercial loans, but meaningful growth capital.



# Example

An existing daycare business is looking for a \$50,000 5-year loan to help pay for furniture and fixtures as well additional start-up working capital. The prospective business owner has a collateral shortage that can be overcome by a match from SSBCI therefore, the participating lender decides this situation is a good fit for the DCAP program.

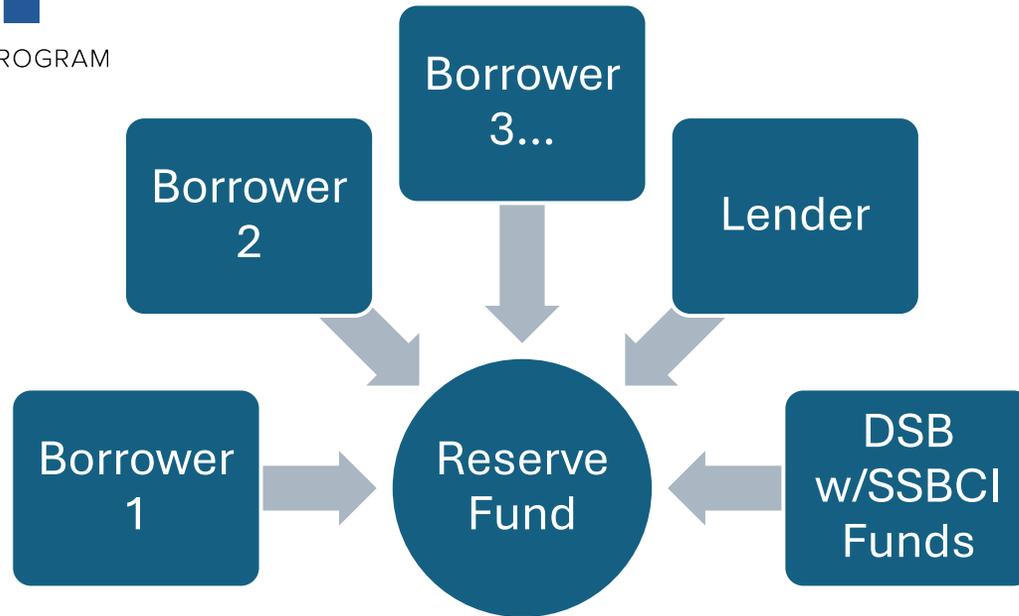


**DCAP**  
DELAWARE CAPITAL ACCESS PROGRAM

# DCAP Reserve Fund



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# How to Apply



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- Contact one of the participating lenders listed on the next slide
- Contact Joanna Colson at [Joanna.colson@delaware.gov](mailto:Joanna.colson@delaware.gov)
- Visit our website at [de.gov/ssbci](https://de.gov/ssbci) to learn more
- **Reminder- Applications are currently not being processed as we await the second tranche of funding. There will be an announcement once we begin the Second round.**

# Who are Participating Lenders?

- Del-One Federal Credit Union

<https://www.del-one.org/business-loans/>

- True Access Capital

<https://trueaccesscapital.org/contact/>

- Community Bank

<https://communitybankdelaware.com>

- Pursuit

<https://www.pursuitlending.com>



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# Interested in Becoming a Participating Lender?

- Initial meeting to discuss your financial institution and the types of products and services that your financial institution offers
- You will need to sign a master agreement outlining the rules and regulations as a participating lender
- Setup call will be conducted to discuss loan enrollment procedures and other important information.

Contact: Finance Director – Jory Moore  
[Jory.moore@delaware.gov](mailto:Jory.moore@delaware.gov)



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**Contact:**

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**Visit:**

[de.gov/ssbci](http://de.gov/ssbci)