

## Transaction Qualification Summary

### SSBCI LendAL – Collateral Support Program (CSP)

#### 1. Borrower Eligibility

- Business must be SSBCI-eligible with a valid business purpose.
- Must have a documented collateral shortfall.
- If no historical financial statement, a pro forma must show a 1.25:1 DSCR by the second anniversary.
- Projects must create 1 accessible full-time job per \$250,000 borrowed.

#### 2. Loan Characteristics

- Loan amounts: \$10,000 to \$5,000,000.
- Eligible loan types: Term loans, construction loans, revolving lines of credit.
- Borrower equity: 10% for project financing; no equity required for working capital/refinancing loans.

#### 3. Collateral Support

- Cash collateral: 10% to 50% of the shortfall, up to \$500,000 per loan.
- Collateral reviewed semi-annually, excess support returned to Innovate Alabama within 30 days.

#### 4. Lender Requirements

- Eligible lenders: Regulated commercial lenders (banks, CDFIs, credit unions).
- Lenders must maintain 20% of the loan at risk.
- Lenders are responsible for underwriting and loan management.

#### 5. Loan Use Restrictions

- No extraordinary dividends, speculative activities, pyramid sales, illegal activities, or gambling.
- Loan proceeds cannot exceed 100% loan-to-cost for project financing.

#### 6. Target Market

- Eligible businesses: 500 or fewer employees; no more than 750 employees.
- Loan size limit: \$5,000,000.

#### 7. Lender Fees

- Origination fee: 2%, minimum \$500 (1.5% for Rural/SEDI borrowers).
- Annual maintenance fee starts at 1%.

#### 8. Default and Monitoring

- Quarterly loan compliance updates required from lenders.
- Monthly status reports for loans rated "Watch" or lower.

#### 8. Leverage Ratio

- The CSP aims to achieve at least \$1 of private credit for every \$1 of SSBCI funds used, with an expected ratio of \$2.33 for every \$1 of SSBCI support.