

State Small Business Credit Initiative (SSBCI) Loan Participation Program
Business Development Corporation of South Carolina (BDC)
Lender's Quick Reference Guide
July 11, 2012

Background: Business Development Corporation (BDC) has received approval from the US Treasury to employ up to \$15 million in the form of qualifying loan participations with approved South Carolina lenders. This program is limited in amount, and it is expected that full utilization of the \$15 million will occur rapidly. Subject to individual loan approval, **BDC participations can be equal (*pari-passu*), or fully subordinated to the position of the lender, depending on terms agreed upon at loan inception.**

Qualifying Borrowers: Program is designed to target businesses with 500 or fewer employees, and whose loan request is \$5 million or less. Qualifying not-for-profit entities are also eligible.

Maximum BDC Participation Amount: \$1,000,000 (exceptions may apply)

Maximum Participation %: Generally, 25%

Eligible Loan Purposes: Proceeds must be used for a business purpose in the state of South Carolina

Examples: working capital, receivables, inventory, term loan financing, lines of credit, trade cycle financing, purchase of equipment, purchase and/or construction of non-passive real estate.

Ineligible Loan Purposes: Passive real estate investment, speculative activities, gambling, pyramid sales, activities prohibited by Federal or State law.

Maximum Loan Term: Up to 20 years for term loans. Also eligible are revolving line and line of credit facilities.

Interest Rate/Fees: Determined by lender, subject to BDC concurrence

Form of Participation: At the time of loan inception, lender and BDC to mutually agree whether collateral position will be equal (*pari-passu*) or BDC subordinated to lender in the event of default

Loan Servicing: Lender is responsible for all loan servicing and liquidation (if required)

Documentation Required: Master Loan Participation Agreement, Application for Participation, BDC Commitment Letter, Participation Certificate, Borrower Certification, Bank Closing Documents

Lender/Borrower Certification: Lender and Borrower must certify no conviction of a sex crime against a minor, as defined (42 U.S.C.-16911). Other certifications required as listed in documents named above.

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Additional Program Detail and Definitions available at www.BDCofSC.org