



CDA
Commonwealth
Development
Authority

**CNMI Department of
COMMERCE**



FACT SHEET: CDA's State Small Business Credit Initiative Program (SSBCI)

Snapshot

- Program funded by the Jobs Act of 2010
- Allows CDA to design programs that fit the needs of CNMI's small businesses
- Loan guarantee program (no direct loans)

Cash Collateral Program

- Can help fill shortfalls in collateral (security) required by the participating bank
- Loan is secured by a cash deposit at the participating bank
- Up to 50% of the loan amount can be secured by cash deposit

Loan Purchase Participation Program

- Can help shortfalls in cash flow for new or growing businesses
- Up to 40% of the loan is purchased by CDA
- Business pays participating bank first.
- CDA can structure loan to reduce or defer payments
- Business has time to return a profit and build cash flow

FEATURES

- Loan guarantee program
- Works through your bank- CDA does not make the loan or the loan decision
- Can help finance non-U.S. citizens
- Can help guarantee loan amounts up to \$10 million
- Maximum guarantee amount: \$2 million

BUSINESS REQUIREMENTS

- Must be a business located in the CNMI
- Business must have less than 750 employees
- Must be a *bankable* business
- Must create 1 new job for loan amounts over \$60,000
- Must create 2 new jobs for loan amounts over \$100,000

BUSINESS REQUIREMENTS

- Start-ups
- Lines of credit
- Certain types of Acquisitions
- Certain types of Refinancing
- Fixed asset purchases (furniture, fixtures, equipment, etc.)
- Building construction (cannot be passive real estate)

SSBCI PROGRAM

- ...is *not* a direct loan. All loan approvals must originate from a participating bank.
- ...will not improve a weak business plan
- ...will not replace a weak credit rating or repayment history
- ...will not provide 100% of the loan security
- ...is not a grant program.

SSBCI PROGRAM INELIGIBLE USES

In general:

- Gaming
- Passive real estate or business investments
- To pay delinquent Federal or State taxes, including those in trust or escrow (payroll or sales taxes)
- Reimburse or purchase of ownership interest of any owner of the business

SSBCI PROGRAM

- Get loan checklist
- Gather documentation
- Optional to set up an appointment with the CNMI Small Business Development Center to review business plan.
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