

## Appendix C: Selected Additional Details of SSBCI Compliance Requirements:

The Fund Manager selected to create and manage the Blended Capital Fund must adhere to SSBCI compliance requirements and regulations. Below is a partial list of compliance requirements for your review. Program information, including [Capital Program Policy Guidelines](#), [Frequently Asked Questions](#), and [Capital Program Reporting Guidance](#), is available on U.S. Treasury's SSBCI website at <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci/ssbci-2021>.

U.S. Treasury may make additional changes or clarifications to these requirements. In addition, the Fund Manager's obligations and responsibilities shall be consistent with and comply with the terms of the allocation agreement signed between U.S. Treasury and the New Jersey Department of the Treasury that will govern the use of the SSBCI funds that NJEDA will invest in the Fund. A [Sample Capital allocation agreement](#) is available on the U.S. Treasury SSBCI website, and exact terms will be shared with the selected manager once the New Jersey allocation agreement is executed. Any firm submitting a response acknowledges that the compliance requirements and regulations listed below may not be a complete or final list of the selected Fund Manager's responsibilities. The Fund Manager shall be responsible for complying with additional and final SSBCI rules and requirements applicable to the Fund when and as issued by the U.S. Treasury. While this list is a guideline, it is not intended to be inclusive. It is the responsibility of the Fund Manager to follow SSBCI's rules, regulations, policies, and other guidance documents.

### Investment criteria:

- The borrower must have fewer than 50 employees as calculated using the methodology under 13 C.F.R. § 121.106.
- The borrower must have a physical NJ presence and employ workers in New Jersey.
- Prohibited activities for the investment entity include speculative activity (futures trading, etc.), earning more than 50% of net revenues from lending (unless investee is a CDFI that is not a depository institution or a bank holding company), engaging in pyramid sales, illegal activities, or gambling (33% or more of annual revenue).
- A borrower cannot financially benefit from more than one state approved SSBCI program.
- Principals of the borrower or the originating CDFI/MDI cannot have been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (34 U.S.C. § 20911, formerly 42 U.S.C. § 16911)). For this purpose, "principal" is defined as if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.

### Use of Funds:

- Funds cannot be used to repay delinquent federal or state income taxes or to repay taxes held in trust or escrow.
- The funds may not be used to reimburse funds owed to any owner.
- The funds are not to be used to purchase a portion of the ownership interest.

### Transaction Requirements:

- Entities receiving federal financial assistance from Treasury may not discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation/gender identity).
- Records of direct and indirect private financing motivated by SSBCI funds must be maintained. The Fund Manager must provide transaction-level information including additional private financing in portfolio companies and subsequent company growth. This information will be shared with U.S. Treasury by NJEDA.

- SSBCI capital must be separately accounted for in all transactions.

Fund & NJ Commitments:

- Ratio of private funds to SSBCI funds in the Fund must be at least 1:1, with private investments encouraged to be larger than public investments.
- The Fund Manager must maintain detailed transaction records of the State's SSBCI funds and matching private capital
- Noncompliance of a loan participation must be addressed immediately by the Fund Manager. The Fund Manager must notify the Authority of the noncompliance and the actions taken to resolve the compliance issue, and the Authority will provide this information to U.S. Treasury.
- The Fund Manager must obtain an assurance from each borrower stating that the loan proceeds will be used for permissible purposes under the SSBCI program.
- A privacy notice and privacy act statement must be provided to borrowers when the Fund Manager or CDFI/MDI collects information from them. A sample of this disclosure is available for review in the SSBCI Capital Program Reporting Guidance, Appendix 2, accessible on the US Treasury's website <https://home.treasury.gov/system/files/136/SSBCI-Reporting-Guidance.pdf> , as of the date of this notice.

We thank you for your interest in supporting NJ's small business and community-based lending ecosystem.