



Frequently Asked Questions (Rev. 10/25/2011)¹

Municipalities

1. What is a municipality for purposes of the SSBCI?

For the purposes of administering the SSBCI program, Treasury defines a “municipality” as *any incorporated city, town, borough, village, or township; or a federally-recognized Indian tribe.*

“Indian tribe” means an Indian or Alaska Native tribe, band, nation, pueblo, village, or community that the Secretary of the Interior acknowledges to exist as an Indian tribe pursuant to the Federally Recognized Indian Tribe List Act of 1994, 25 U.S.C. 479a.

2. How can my municipality receive special permission from the Secretary to apply for SSBCI funds?

Municipalities in Wyoming and North Dakota currently have permission to apply for SSBCI funds because those two States did not file a notice of intent by November 27, 2010, as required in order for a State to be eligible for SSBCI funding. By July 8, 2011, Treasury will post a notice on SSBCI’s website listing those States that had filed a notice of intent by November 27 but did not file a complete application by June 27, 2011, so that municipalities in those States will have the earliest possible notice that they may consider whether to apply directly. In August, Treasury will post a notice on SSBCI’s website listing additional States in which municipalities have permission to apply for SSBCI assistance.

3. If my municipality has permission to apply for SSBCI funding, what must I do in order for my municipality to be considered?

In order to be considered for funding, eligible municipalities must file an application meeting both of the following requirements no later than 5 p.m. Eastern Daylight Time on September 27, 2011:

- (1) The application is from an eligible applicant (i.e. a municipal department or agency expressly designated by the municipality’s chief executive to implement the program pursuant to the designation letter attached to question 1B in the application) that can bind the municipality to obligations with the federal government as well as have the legal mechanisms in place to accept the transfer of SSBCI funds; and
- (2) The application contains a substantive response to all required fields and narratives. A substantive response is one which reflects a good faith effort to answer the question.

¹ This Frequently Asked Question (FAQ) document should be referenced in conjunction with the SSBCI general FAQ, available at http://www.treasury.gov/resource-center/sb-programs/Documents/SSBCI_FAQs_FINAL_052011.pdf



4. Is my municipality required to file a notice of intent to apply?

Treasury encourages eligible municipalities to file by August 15, 2011, a notice of intent to apply. This will enable Treasury to offer technical assistance to those municipalities that have indicated their intent to apply.

5. If my municipality satisfies the eligibility criteria and submits a completed application by the established deadline, will we automatically receive funding?

No. Section 3004(d)(5) of the Act states that if more than three municipalities, or a combination of municipalities, of a State apply for approval, and meet the applicable approval criteria, the Secretary shall allocate funds to the 3 municipalities (or combinations of municipalities) with the largest populations. In addition, Section 3004(d)(7) of the Act requires the Secretary to also consider the additional eligibility considerations set forth in Section 3006(d) of the Act, which include the anticipated benefits to the State, its residents, and its businesses; operational capacity; management skill and experience; internal controls; and program design.

6. How much should my municipality apply for?

Eligible municipalities should request the amount of SSBCI funds they believe their proposed programs can use for program purposes through December 31, 2016, but not to exceed the amount of the SSBCI allocation for your State as a whole (for the amount of each State's allocation, please refer to the SSBCI website at <http://www.treasury.gov/ssbci>). This amount should be consistent with the applicant's narrative attachments to Section 3D and 4E of the application, which require detailed forecasts regarding the projected number of loans and loan amounts through December 31, 2016. If these narratives are not consistent with the amount requested, the applicant will be asked to file a revised application.

7. If my municipality is approved for funding, what will the size of our allocation be?

The size of your municipality's allocation is dependant upon several factors. First, the amount requested in the application, as supported by the narrative attachments to Sections 3D and 4E, provide the ceiling for the amount of SSBCI funds that may be transferred to the eligible municipality upon approval and execution of the SSBCI Allocation Agreement. For instance, if the total amounts requested by the municipalities selected for funding in a given State exceed that State's total allocation, or if more than three municipalities or combinations of municipalities apply, then Treasury will apportion the State's allocation among approved municipalities in amounts proportionate to the population of those municipalities (or combinations of municipalities) approved for SSBCI funding, in accordance with Section 3004(d)(6) of the Act. Treasury will use population data from the most recent decennial census when making these calculations.



8. Are there any additional requirements for applications from combinations of municipalities?

All of the SSBCI application requirements that apply to States also apply to municipalities and municipalities submitting joint applications. Eligible municipalities or other municipal entities applying in a joint application for SSBCI funds are required to submit a signed SF-424B and a completed application signature page from each municipality or municipal entity in the combination application. The chief executive of each municipality or municipal entity that is a party to the joint application must submit a letter of designation. These letters of designation must contain the names of all municipalities that are party to the joint application and which municipality (as defined by SSBCI) is the “lead applicant.” The “lead applicant” will serve as the point of contact for all matters involving the application and that will be responsible for ensuring that all parties to the joint application comply with program requirements. The “lead applicant” will be responsible for compiling and submitting the quarterly reports, annual reports, and SF-425 (Federal Financial Report), and for responding to any requests for information from Treasury staff.

In addition, as a condition of closing, the municipalities in a joint application will submit for Treasury review a cooperative agreement outlining their internal allocation of funds and their respective roles and responsibilities. This cooperative agreement is a private contract among the municipalities involved. Treasury will therefore not be responsible for approving or enforcing this private contract; however, Treasury will review the cooperative agreement for sufficiency as a condition of closing.

9. May Participating Municipalities use SSBCI funds to support loans or investments to eligible small businesses that are located outside the geographic borders of the Participating Municipality?

Yes, provided that the mayor or chief executive of a Participating Municipality warrants, in writing, that the loan or investment will result in significant economic benefit to the Participating Municipality. When evaluating criteria to determine if a loan or investment made outside of its geographic borders yields significant economic benefit, Participating Municipalities should consider the impacts that the transaction will have on a) jobs created or maintained within the Participating municipality; b) increasing the amount of sales, income, or other tax revenue to the Participating Municipality; or c) the benefit of the goods or services provided by the small business to the Participating Municipality or businesses within the Participating Municipality.

These examples are illustrative of significant economic benefit, but not exhaustive. Participating Municipalities may work with their SSBCI Relationship Manager to seek advice on other ways to substantiate the significant economic benefit that may result from a loan or investment of this type.

A written warranty of the anticipated economic benefit, signed by the mayor or chief executive of the Participating Municipality, must be retained with the transactions records for each loan or investment made outside of the borders of a Participating Municipality and



must be made available to Treasury upon request, pursuant to Sections 4.13 and 4.14 of the Allocation Agreement.