



NORTH CAROLINA

Small Business Credit Initiative

A BUSINESS OWNER'S GUIDE: CAPITAL ACCESS PROGRAM

The North Carolina Capital Access Program expands business finance options for businesses across the state. By reducing risk, it encourages banks and other qualified lenders to consider loans that otherwise fall just outside conventional underwriting standards.

Increasing access to capital helps build a stronger economy through job creation and business expansion.

NC-CAP is part of the N.C. Small Business Credit Initiative, made possible by \$46.1 million in federal funding under the Small Business Jobs Act of 2010. Gov. Beverly Perdue designated the Rural Center to administer the program in all 100 counties.

How does NC-CAP work?

When a lender decides to enroll a loan in the program, it charges the borrower a fee of 2 to 7 percent. This fee can be financed in the loan amount. The program matches the fee, and the combined amount is deposited into a pooled reserve fund held by the lender. The pooled fund includes fees from all NC-CAP loans made by the institution and covers losses in the event of a default.

Who is eligible?

Any North Carolina business with 500 or fewer employees is eligible for an NC-CAP loan.

What kinds of loans are eligible?

- Loans generally range from \$25,000 up to the maximum of \$5 million. The average loan is for \$100,000.
- Both term loans and lines of credit are eligible.

Loans may be used to finance most business purposes, including owner-occupied real estate, construction, equipment and working capital. Nonprofit organizations are eligible for loans to support business purposes, such as child care centers. (Loans may not be used

for refinancing of existing debt, paying delinquent taxes, lending activities, passive or investment real estate, gambling or speculative ventures, or any illegal activity.)

How do I get a loan?

You apply for the loan through your local lender. You may ask to be considered for an NC-CAP loan at that time. The lender will make all loan decisions and determine whether a fee is required. You will be expected to meet all the normal borrowing requirements, including credit rating and collateral.

I can go to any bank?

A list of participating institutions is posted on the N.C. Rural Center website (www.ncruralcenter.org). Eligible institutions are federally insured banks and credit unions, and community development financial institutions.

For lenders, participation is voluntary. If your bank does not participate or needs information, ask the bank to contact the Rural Center at 919-250-4314.

What do lenders look for in NC-CAP loans?

- Good credit -- that is, no bankruptcies, judgments, delinquencies or unexplained slow payments
- A good, actionable business plan
- Sufficient investment on your part in the business
- Collateral (fixed assets, equipment, real estate)
- Ability to repay

How can I improve my chances?

Make sure you have a good business plan. The small business center at your local community college or the nearest office of the Small Business and Technology Development Center may be able to help.

Business Link North Carolina also provides an access point to services and other offerings provided by state-supported agencies. To reach a BLNC business consultant, visit www.blnc.gov or call toll-free, 1-800-228-8443.

In addition, the Capital Access Network helps qualified small and mid-size businesses secure financing. It assists borrowers in preparing more effective loan applications and encourages broader bank participation in government-supported lending programs. For more information, go to www.canislending.com or call 1-800-228-8443.

Is NC-CAP brand new?

Capital Access Programs have a nationally proven track record lasting more than 20 years. The Rural Center operated a previous version of NC-CAP from 1994 to 2008. During that period, \$3.6 million in NC-

CAP funds generated \$103 million in business loans. A total of 1,850 loans allowed businesses to create or retain more than 27,000 jobs.

For more information

Visit www.ncruralcenter.org.

Contact

Tony Johnson
Director of Business Development Programs
N.C. Rural Economic Development Center
4021 Cary Drive
Raleigh, NC 27610
919-250-4314
tejohnson@ncruralcenter.org