



NORTH CAROLINA CAPITAL ACCESS PROGRAM

The North Carolina Capital Access Program (CAP) will work with banks and other eligible financial institutions to create capital opportunities for entrepreneurs who might not otherwise qualify for financing. The program aims to build the North Carolina economy by allowing more small businesses to expand their operations and create new jobs.

CAP provides matching loan loss reserves for loans that fall just outside a lending institution's normal underwriting standards, depositing the funds into a pooled account at the participating institution. It is expected to enable up to \$800 million in business lending.

All businesses located in North Carolina with 500 or fewer employees are eligible for loans under the program. The maximum loan amount is \$5 million.

Loans may be used to finance the acquisition of land, construction or renovation of buildings, purchase of equipment and working capital. The program has some limitations on passive real estate and refinancing of existing debt.

North Carolina will receive \$46.1 million in loan loss funds through the State Small Business Credit Initiative, part of the federal Small Business Jobs Act of 2010. President Barack Obama signed the bill in September, and Governor Beverly Perdue designated the Rural Center to administer the North Carolina program.

History of CAP

The Rural Center previously operated the Capital Access Program from 1994 to 2008 with funding from the N.C. General Assembly, the U.S. Small Business Administration, the Golden LEAF Foundation and the Appalachian Regional Commission.

During this time, lending institutions throughout North Carolina made 1,850 small business loans totaling more than \$103 million. These loans helped create or save more than 27,000 jobs.

Capital Access Program, 1994-2008

Number of loans statewide	1,850
Total amount	\$103,173,747
Jobs created or retained	27,283
Reserve funds	\$3,609,574
Leverage ratio	1:28.5

Participating in CAP

For information on loan opportunities, small business owners should inquire at an eligible lending institution about participation in CAP. Eligible institutions are federally insured banks and credit unions, and community development financial institutions.

Participating institutions are solely responsible for approving all loans, setting their terms and deciding a loan loss reserve fee to be shared by the lender and borrower and matched by CAP.

To participate in CAP, an institution must sign a lender participation agreement. Lender training will be offered regionally throughout the state. The expected start date of training is early January 2011.

For more information

To learn more about the Capital Access Program, contact Tony Johnson, senior director of business development at the Rural Center, at (919) 250-4314 or tejohnson@ncruralcenter.org.