

The **Capital Access Program**





**Michigan's economy faces significant challenges in the 21<sup>st</sup> century and yet we have faced them before and succeeded. Over 100 years ago, when we moved from an agricultural economy to the era of manufacturing, Michigan prospered immensely.**

It did so because bright “entrepreneurs” who had imagination and ideas were willing to take a risk. From those ideas sprung the auto industry and advancements in pharmaceuticals, chemicals, furniture and office designs, and more.



# The Capital Access Program



To assist small businesses with capital needs, the Michigan legislature has asked the Michigan Economic Development Corporation (MEDC)<sup>SM</sup> to reestablish the Capital Access Program (CAP). This innovative program uses small amounts of public resources to generate private bank financing, providing small, Michigan businesses access to bank financing that might not otherwise be available.

While active the CAP provided funding to more than 9,700 businesses, generating approximately \$550 million in bank lending.

The program is more expensive than traditional bank lending because of higher fees and, in many cases, interest rates. However, the program can be used to finance most types of business (with the exceptions of construction, renovation, purchase of residential or rental housing, or rental property) and there are no restrictions on loan size or terms.

Participating banks throughout Michigan offer the CAP directly to companies that need credit enhancement. Similar to a loan loss reserve fund, the bank, the company, and the MEDC pay a small premium into a reserve that makes it possible for the company to receive fixed asset and working capital financing.

## **DIRECT BANK-BUSINESS TRANSACTION**

Loans under CAP are private transactions between bank and borrower.

MEDC plays no role in the bank's decision to make the loan or in setting its terms.

The bank assumes the risk of the loan.

## **FLEXIBLE, NON-BUREAUCRATIC**

CAP loans can be long or short term, term loan or line of credit.

The bank has the flexibility to recast, extend or refinance the loan to address the needs of the business owner.

## **ELIGIBLE BORROWERS**

CAP loans are available to most businesses located in Michigan that satisfy the bank's criteria.

**FOR FURTHER INFORMATION, CONTACT THE MEDC  
CUSTOMER CONTACT CENTER AT 517 373 9808 OR  
VISIT [WWW.MICHIGAN.ORG/CAP](http://WWW.MICHIGAN.ORG/CAP)**



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