



# CAP

## CAPITAL ACCESS PROGRAM | STATE SMALL BUSINESS CREDIT INITIATIVE

### DESCRIPTION

The Small Business Jobs Act of 2010 (the “Act”) was signed into law on September 27, 2010. The Act created the State Small Business Credit Initiative (SSBCI) to provide direct support to states for use in programs designed to increase access to credit for small businesses. Pursuant to the Act, the U.S. Treasury has allocated funds to the State of Indiana to provide funding for the Indiana Capital Access Program—State Small Business Credit Initiative (the “Program” or CAP-SSBCI). CAP-SSBCI is a small business credit enhancement program that creates a specific cash reserve fund for a lender to use as additional collateral for loans enrolled in the program by the particular lender.

The Program provides businesses with access to capital by encouraging lenders who participate in the program to make loans they may not otherwise make. The CAP-SSBCI allows lenders to consider making slightly riskier loans that might not meet conventional small business lending requirements.

Under the program, the borrower, the lender and the IEDC each contribute a percentage of the loan into the lender’s dedicated reserve fund, which pools contributions (premiums) from all CAP-SSBCI loans enrolled by the particular lender. The lender determines whether a loan is made, the interest rate, the terms and conditions and the percentage contributed to the reserve fund (borrower and lender each contribute between 1.0 to 3.5 percent of the loan amount enrolled). The borrower pays its designated percentage and the lender matches this amount (which the lender passes on to the borrower). The IEDC contributes a combined match of both the lender and borrower for a 1:1 premium match. CAP was established under I.C. 5-28-30-4.

### ELIGIBILITY

To be eligible for the tax credit:

- Most types of loans to Indiana businesses qualify for CAP-SSBCI.
- Most Indiana Businesses with 500 or fewer employees qualify.
- Loans up to \$5,000,000 may qualify.
- CAP-SSBCI may not be used in conjunction with any other federal credit enhancement tool on the same credit facility.
- Term loans and lines of credit are eligible credit facilities.
- CAP-SSBCI does not supersede an existing or previous CAP reserve fund.

Lenders submit a simple enrollment form to the IEDC when they make the loan. The lender makes all decisions regarding the loan, including term, enrollment premium, interest rate and other conditions. Enrolled loans are subject to federal guidelines as required by Section 3005(e)(7) of the Act. Reporting requirements are minimal.

For more information about how your lending institution can join the Indiana Capital Access Program—State Small Business Credit Initiative contact **Matt Tuohy, Program Manager**, at **317.233.9138** or **mtuohy@iedc.in.gov**.

#### As of January 2010, CAP had:

- Helped Indiana lenders make more than 3,650 loans totaling in excess of \$185 million
- Leveraged state funds over 22 times
- Assisted in the creation of more than 11,300 Hoosier jobs.