

NORTH CAROLINA Capital Access Program



Job growth through increased business lending

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A new opportunity:

2010 Small Business Jobs Act

- \$46.1 million federal investment in N.C.
- N.C. Rural Center is administering the program on behalf of the State of North Carolina
- Up to \$800 million in business lending



Modeled after successful NC-CAP 1994-2007

- \$3.6 million in CAP funding
- Supporting 1,850 bank loans totaling \$103 million
- **27,283 jobs created/retained**



Concept

A matched-fee pooled reserve fund that encourages business lending by reducing risk



Eligible lenders

- Banks
- Federally-insured Credit Unions
- Community Development
Financial Institutions

Lenders maintain control

- Voluntary participation
- Standard loan application procedure
- NC-CAP option available
- All decision-making retained



Each lender builds a loan reserve for all of its CAP loans

- Borrower/Lender pay fee of 2% to 7%
- NC-CAP matches fee dollar for dollar
- Pooled reserve fees build as program is used
- Reserves cover any NC-CAP charge-off by that lender



Eligible business loans

- N.C. companies up to 500 employees
- Non-profits permissible
- Loans up to \$5 million for
 - owner-occupied real estate/construction
 - equipment
 - working capital



Eligible loan types

- Term loans – up to 10 years
- Lines of credit – up to 7 years



Prohibited loans

- Refinancing existing debt at the same lending institution
- Passive or investment real estate
- Certain other uses



Standard bank underwriting applies

- Good character
- Good credit
- Solid business plan
- Investment by owner
- Collateral
- Personal guarantee(s)
- Ability to repay

The Program is ramping up

- Eleven regional briefings held throughout the state in February and March
- Outreach presentations being made
- Fifty-six lenders enrolled....and counting
- Over 1100 bank branches in 97 counties
- Thirty-two loans made so far by nine lenders
- Publicity campaign launched mid-June
- Focus group to understand bank needs and share best practices

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Lenders are enrolling....

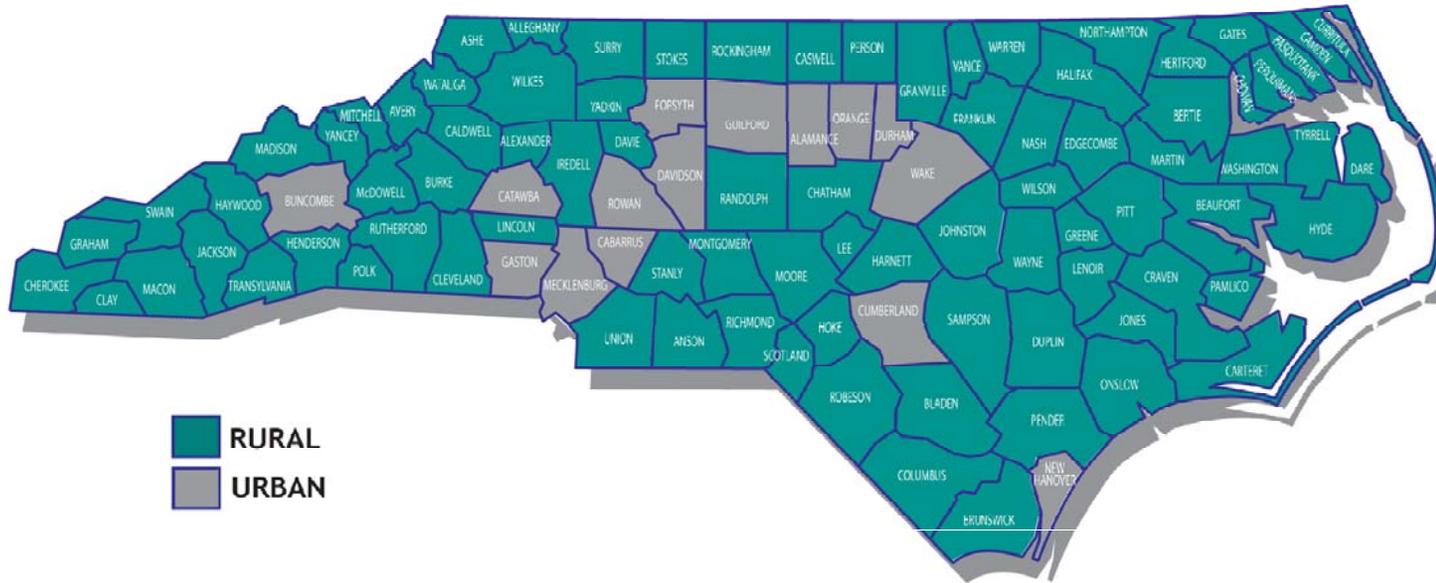
American Community Bank	Coastal Federal Credit Union	NewBridge Bank
Anson Bank & Trust	Community Bank of Rowan	N.C. Minority Support Center
Aquesta Bank	Crescent State Bank	North State Bank
Asheville Savings Bank S.S.B.	East Carolina Bank	Paragon Commercial Bank
Bank of the Carolinas	First Bank	Park Sterling Bank
Bank of North Carolina	First Citizens Bank	Patriot State Bank
Bank of Oak Ridge	First Federal Bank	Piedmont Bank
Bank of Stanly	First National Bank of Shelby	Randolph Bank & Trust
BB&T	Forest Commercial Bank	Roxboro Savings Bank
blueharbor bank	Generations Community Credit Union	Select Bank & Trust
Blue Ridge Savings Bank	Great State Bank	SoundBank
Cabarrus Bank and Trust	High Country Bank	Southern Bank & Trust Co.
Cardinal State Bank	Home Savings Bank	Southern Community Bank
Carolina Bank	KeySource Commercial Bank	the little bank
Carolina Trust Bank	KS Bank, Inc.	TrustAtlantic Bank
Champion Credit Union	Lumbee Guaranty Bank	Union Bank & Trust
Charlotte Metro Credit Union	Lumbee Community Development	VantageSouth Bank
Citizens South Bank	Macon Bank	Yadkin Valley Bank
Coastal Bank & Trust	Mountain Biz Capital	



..... and loans are being made

- 32 loans have been made by 9 lenders
- Types of businesses:
 - Logging, convenience stores, restaurants, construction, air cargo, automotive repair, custom fishing lures, dental practice, modular home dealer, and equipment manufacturers
- Term loans and lines of credit
- Some banks have targeted \$50,000 to \$250,000 loans to build its reserves before increasing loan size
- CAP can be complementary to SBA and USDA
- Loans to non-profits are eligible

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Questions?

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The
Rural
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