

NEWS TO KNOW



Planning &
Economic
Development

Additional Financing Resources through the State of Michigan

Capital Access Program

The Capital Access Program (CAP), is an innovative program available to assist businesses with capital needs. It is administered for the Michigan Strategic Fund (MSF) by the Michigan Economic Development Corporation (MEDC). The program can be used to finance most types of business and the maximum loan amount is \$5 million. Loans must be for a new extension of credit and may not be used to finance the unguaranteed portion of an SBA Loan or to refinance existing debt. Participating Michigan banks offer CAP loans directly to companies that need credit enhancement. Similar to a loan loss reserve fund, the bank, the company and the MSF pay a small premium into a reserve that makes it possible for the company to receive fixed asset and working capital financing.

Loan Overview:

- The loans are private transactions between banks and borrowers in which the bank assumes the loan risk.
- Neither the MEDC nor the MSF play any role in lending decisions nor in setting loan terms and conditions.
- CAP loans can be long- or short-term, term loans or lines 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 businesses located and authorized to do business in Michigan that meet the bank's criteria.
- Eligible businesses must have no more than 500 employees and be for profit institutions.
- To date, 15 financial institutions in Michigan participate in CAP.

[View the Capital Access Program \(CAP\) fact sheet for more information.](#)

For further information, contact the MEDC customer contact center at 517.373.9808 or at CAP@michigan.org.

Michigan Business Growth Fund Collateral Support Program

The intent of the Michigan Collateral Support Program (MBGF–CSP) is to supply cash collateral accounts to lending institutions to enhance the collateral coverage of borrowers. These accounts will cover all or a portion of a calculated collateral shortfall as described by the lending institution. Borrowers with a collateral shortfall will apply for coverage through the Michigan Economic Development Corporation (MEDC), which administers the program for the Michigan Strategic Fund (MSF). If approved, the MSF will deposit the cash into an interest-bearing account with that lender and this account will then be pledged as collateral on behalf of the borrower.

Eligible Borrowers:

- To qualify, a business must be engaged with a private lender for the purpose of acquiring a commercial extension of credit and must exhibit a collateral shortfall.
- Borrower must have no more than 750 employees and otherwise comply with all state and federal requirements for the program.

Program Guidelines:

- To be eligible for the program the borrower must participate in a qualified industry: mining, manufacturing, research and development, wholesale and trade, film and digital media productions, office operations, or a qualified high technology business.
- The program can also be used for financial support during declared Economic Emergencies.
- The funds must be used for projects within the State of Michigan.
- The program can support up to 49.9 percent of a new extension of commercial credit and the maximum participation is capped at \$5,000,000.
- The program shall enhance the collateral position of borrowers by depositing cash into accounts at participating lending institutions which will then be pledged as collateral on behalf of the borrower.

[View the Collateral Support Program fact sheet for more information.](#)

If you have questions, contact the MEDC at businessloans@michigan.org.

Michigan Business Growth Fund Loan Participation Program

The intent of the Michigan Loan Participation Program (MBGF–LPP) is to participate with lenders to finance expansion and diversification projects when faced with borrowers whose projected cash flows are considered speculative by the lender. The MBGF–LPP will purchase a portion of a loan from the lender and has the option to offer a grace period on the program’s portion of the loan for up to 36 months. MBGF–LPP participation is advantageous to lenders in two ways: 1) it limits the project exposure of lenders; and 2) it offers borrowers “free cash flow” during the grace period allowing full coverage on the lender’s portion of the loan.

Eligible Borrowers:

- To qualify, a business must be engaged with a private lender for the purpose of acquiring a commercial extension of credit for a diversification or expansion project.
- Borrower must have no more than 750 employees and otherwise comply with all state and federal program requirements.

Program Guidelines:

- To be eligible for the program the borrower must participate in a qualified industry: mining, manufacturing, research and development, wholesale and trade, film and digital media productions, office operations, or a qualified high technology business.
- The program can also be used for financial support during declared Economic Emergencies.
- The entire proceeds of the loan must be used for projects within the State of Michigan.

- The program can purchase up to 49.9 percent of a new extension of commercial credit.
- The maximum participation is capped at \$5,000,000, and may not be used to support individual extensions of commercial credit of greater than \$20,000,000.
- The program can provide reduced or zero interest terms and/or zero principal repayment for up to a maximum 36 months.

[View the Loan Participation Program fact sheet for more information.](#)

If you have questions, contact the MEDC at businessloans@michigan.org.

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[COVID - 19 Business Support Request Form](#)

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