



SC CAP represents another way that BDC is able to support its corporate purpose of economic development and job creation.

The purpose of SC CAP, a newly enacted lending program, is to promote economic development and job creation through small businesses in the state of South Carolina by providing financial institutions a flexible and non-bureaucratic resource.



PO Box 21823
Columbia, SC 29221

111 Executive Center Drive
Enoree Building, Suite 225
Columbia, SC 29210

T 803.798.4064 F 803.798.1224
www.businessdevelopment.org

South Carolina Capital Access Program

SC CAP



Business Development Corporation

The purpose of SC CAP, a newly enacted lending program, is to promote economic development and job creation through small businesses in the state of South Carolina by providing financial institutions a flexible and non-bureaucratic resource.

SC CAP is based on a reserve fund concept and is fundamentally different from traditional insurance or guarantee programs, which guarantee individual loans. Rather, SC CAP works on a portfolio concept. In other words, if a financial institution participates in SC CAP, a special reserve fund, which is owned by the State but managed by Business Development Corporation of SC (BDC), is set up to cover future losses from a portfolio of loans that the institution makes under the program. The SC CAP reserve fund is not specific to individual loans, but is used to offset losses on any loan in the participating financial institution's SC CAP portfolio.

This reserve fund concept allows financial institutions the ability to make business loans that are considered higher risk than conventional loans and that may not meet conventional underwriting standards.

The following may help answer some questions about SC CAP:

Which financial institutions can participate in SC CAP?

Any bank, trust company, savings bank, savings and loan association or cooperative bank chartered by

the State or any national bank provided, however, that the financial institution has offices located in South Carolina. To enroll in the program, simply request a copy of the Lender Participation Agreement or download the agreement from our website at www.businessdevelopment.org.

What type of loan qualifies for SC CAP?

Any business loan, short or long-term, to a corporation, partnership, joint venture, sole proprietorship, cooperative or other entity that carries on a business activity for profit in the state of South Carolina. For purposes of this program, a small business means:

- Retail/service with annual sales not exceeding \$2,000,000;
- Wholesale with annual sales not exceeding \$5,000,000;
- Manufacturing with no more than 50 employees; and
- Any other business with annual sales not exceeding \$2,000,000.

How do financial institutions benefit from SC CAP?

SC CAP provides participating financial institutions the ability to consider higher risk loans. The program is flexible and non-bureaucratic as the financial institution solely makes its own credit decisions, sets its own underwriting standards, and then simply enrolls the loan under SC CAP. The financial institution solely determines the rate structure, terms and fees to the borrower. Further, the financial institution uses its own note, mortgage and any

other closing documents necessary to complete the transaction. If a loan enrolled in the program defaults, then financial institutions may request to withdraw all or a portion of its allocated reserve fund account to offset any losses it may incur. Additionally, both State and Federal authorities are aware of other CAP programs around the country and have recognized participation by awarding CRA credits in the past. There are no initial costs to becoming a participating financial institution.

The maximum loan amount shall not exceed \$100,000 plus the premium charges payable to the reserve fund by the financial institution and the borrower. The aggregate principal amount of all enrolled loans to the borrower shall not exceed \$250,000. Loans currently in the financial institution's portfolio shall not qualify for SC CAP.

How does the borrower benefit from SC CAP?

The program is flexible and allows borrowers to receive its funding quickly. It provides another source of financing that may not otherwise be available.

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Who should be contacted to learn more about SC CAP?

To learn more or to enroll in SC CAP, please contact us at (803) 798-4064 or visit our website at www.businessdevelopment.org