

CAPITAL ACCESS LOAN PROGRAM (MS CAP)

The Mississippi Capital Access Program (MS CAP), administered by the Mississippi Development Authority (MDA), is designed to increase the availability of financing for borrowers who, for various reasons, might have difficulty in obtaining conventional loans.

MDA may establish loss reserve accounts at financial institutions that participate in the program, and require payments by the financial institution and the borrower to such loss reserve accounts. Under the capital access program, a participating financial institution may make a loan to any borrower the MDA determines to be qualified under rules and regulations adopted by the authority and be protected against losses from such loans as provided in the program. Contributions established by MDA in such loss reserve accounts shall be used in the event of a loan default.

Eligible entities include the following (as defined by Section 8(d) of the Small Business Act (15 USCS 637(d)):

- A Small Business
- A Small Disadvantaged Business
- A Minority Business (minority or woman owned business)

Eligible projects directly relating to the creation or expansion of a small business may include the following:

- Fixed assets
- Working capital
- Start-up costs
- Rental payments
- Interest expense during construction
- Professional fees
- Repair, renovation & building improvements

Funds cannot be used to pay off existing debt and/or creditors; consolidation purposes; construction or purchase of residential housing; or real property that is held primarily for sale or investment.

TERMS: Set by Financial Institution.

AMOUNT: Maximum loan amount: \$150,000 per borrower.
MDA will match amount deposited in loss reserve account at financial institution and require payments by the financial institution. Payments made by the borrower into the loss reserve account will have a maximum payment being 7%.

RATE: Minimum interest rate: 1.5%.

FUNDING: Funding is derived from the issuance of state general obligation bonds.

To apply for this program, the eligible entity should contact MDA for additional program information.

Statute: Section 57-61-36(5) MS Code