



FINANCIAL SUPPORT FOR CUSTOMERS A LENDER'S GUIDE TO CAPITAL PROGRAMS



**MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION**

BRIDGING THE FINANCIAL GAP

CAPITAL ACCESS PROGRAMS AND RESOURCES

Michigan Economic Development Corporation (MEDC) partners with lenders of all sizes to provide financing support so they can provide loans to small businesses in their communities and across the state. MEDC Capital Access provides loan enhancement to lenders to be more comfortable lending to small businesses and allows them to be more active with small business in their community. By working with MEDC, lenders can provide traditional loans to small businesses that they otherwise would not be able to provide.

Since 2009, the Capital Access program have resulted in over \$1 billion in new private sector investment to small businesses, supporting:

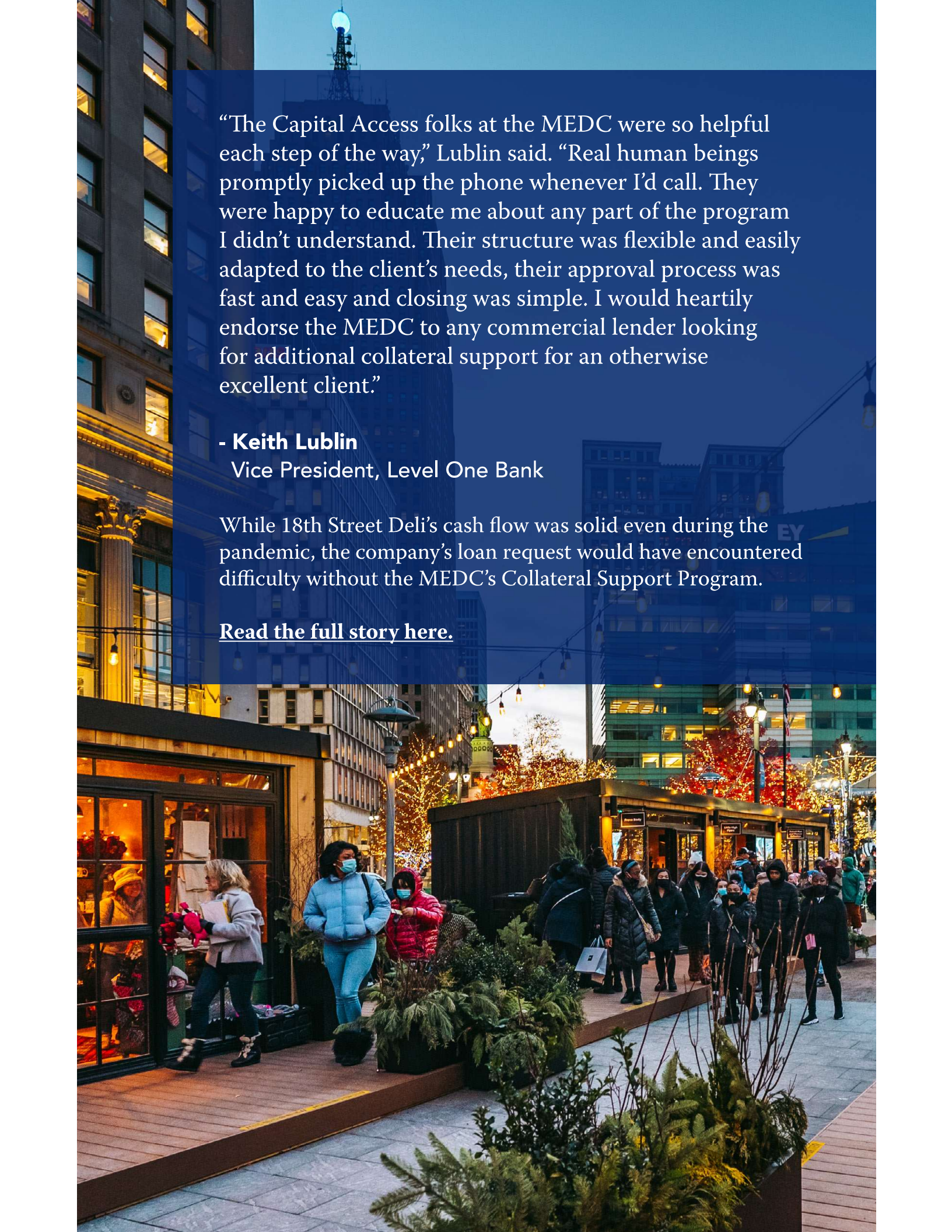
- Small manufacturing, service providers, and retail businesses
- Businesses with fewer than 50 employees, in majority of cases
- A wide range of lending opportunities, from \$5,000 to \$20 million

CAPITAL ACCESS PROGRAM (CAP)

Structured as a pooled loan loss reserve fund, the lender, the borrower and MEDC pay a small premium into a reserve account held with the lender. This reserve makes it possible for a lender to provide fixed-asset or working-capital financing.

LOAN GUARANTEE PROGRAM

The MEDC can partner with small business lenders to support new lending. This program mitigates a portion of the risk associated with small business lending by providing a partial guarantee on new financing provided by that lender.



“The Capital Access folks at the MEDC were so helpful each step of the way,” Lublin said. “Real human beings promptly picked up the phone whenever I’d call. They were happy to educate me about any part of the program I didn’t understand. Their structure was flexible and easily adapted to the client’s needs, their approval process was fast and easy and closing was simple. I would heartily endorse the MEDC to any commercial lender looking for additional collateral support for an otherwise excellent client.”

- Keith Lublin

Vice President, Level One Bank

While 18th Street Deli’s cash flow was solid even during the pandemic, the company’s loan request would have encountered difficulty without the MEDC’s Collateral Support Program.

[Read the full story here.](#)

“The MEDC Collateral Support Program was brought to us as an option by our commercial banker at Macatawa Bank, Andy Schmidt. Superior will continue to utilize the Collateral Support Program through the MEDC to fund growth well beyond the amount we could grow through traditional borrowing formulas. Through the enhanced borrowing on our inventory assets, we have been able to fund growth opportunities that would not have been available through traditional asset-based line of credit facilities and formulas. This allowed Superior to grow top line revenue of nearly 30 percent year over year.”

- Keane Blaszczyński
Chief Financial Officer, Superior Foods

Macatawa Bank contacted MEDC in May 2021. Through the MEDC’s Collateral Support Program, Capital Access provided \$2,500,000 in collateral support on a \$10,000,000 line of credit for Superior Foods.

[Read the full story here.](#)



COLLATERAL SUPPORT PROGRAM

The MEDC can deposit cash with the lender that serves as collateral for new financing. This improves the lender's collateral coverage and increases deposits.

LOAN PARTICIPATION PROGRAM

MEDC can participate with a lender for new financing that decreases the lender's credit exposure. For projects with speculative cash flows, such as expansions, MEDC may offer a grace period (up to 36 months) on repayments.

COMMON ELEMENTS OF CSP AND LLP

- May support financing of real estate, equipment, or working capital.
- For both collateral support and loan participation, MEDC can support up to 49.9% of new lending.

TO BE ELIGIBLE FOR THE PROGRAM THE BORROWER MUST PARTICIPATE IN A QUALIFIED INDUSTRY:

- For a single loan or combination of loans, supported by the Program, totaling \$500,000 or less, a borrower is generally eligible regardless of industry in which it operates, with limited exceptions as determined by the program.
- For a single loan or combination of loans, supported by the program, totaling \$500,001 or more, a borrower must operate primarily in one or more of the following industries: mobility, manufacturing, professional and corporate services, medical device technology, engineering, design and development, high tech, agribusiness, tourism, logistics, and financial services.



**MICHIGAN
ECONOMIC
DEVELOPMENT
CORPORATION**

The Michigan Economic Development Corporation, in collaboration with more than 100 economic development partners, markets Michigan as the place to do business, assists businesses in their growth strategies, and fosters the growth of vibrant communities across the state.

We can help you fill the financial gap.
Contact us today.

**michiganbusiness.org/access-capital
businessloans@michigan.org | 888.522.0103**