

PROGRAM: Community Adjustment and Investment Program

AGENCY: North American Development Bank (NADBank), The Small Business Administration also administers a similar program.

DESCRIPTION: NAD Bank: The Community Adjustment and Investment Program was created in connection with the passage of the North American Free Trade Agreement (NAFTA) to provide credit to new or expanding businesses in communities with significant job losses due to changes in trade patterns with Canada and Mexico. The program will combine the efforts of NADBank, federal agencies, local financial institutions and financing intermediaries.

SBA: The CAIP works with the SBA in both their 7(a) Loan Guarantee Program and 504 Program to reduce borrower costs and increase the availability of these proven business assistance programs. CAIP can be used with both the 7(a) and 504 Loan Programs.

ELIGIBLE USE:

- NADBank: Assists where shortfalls exist in capital availability in commercial lending markets for start-up or expansion efforts within communities that have experienced significant job losses.
- Available for commercial projects that create new private sector jobs.
- There is a partial county eligibility option for counties in which only a part is experiencing negative effects of NAFTA.

SBA: To be eligible, certain criteria must be met; for example, the business must reside in a county noted as being negatively affected by NAFTA, based on job losses and the unemployment rate of the county; this was recently expanded to allow for granting eligibility to defined areas within a county (which will allow SBA to react quickly in offering to provide assistance when, for example, a plant closes).

In addition, there is a job creation component. For 7(a) loans, one job has to be created for every \$70,000 SBA guarantees. For 504 loans, one job has to be created for every \$50,000 SBA guarantees.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefits: NADBank financing is limited to loans, guarantees and loss reserve funds. Borrowers must provide evidence that the desired credit is unavailable from other sources.
- There is also money set aside for a grant program
- As of December 19, 2005, the allowable cost per job created was raised to \$50,000.
- Equity: At least 50% from other sources.
- Maturities, Rates, and Fees: Reasonable; based on the source of financing.

QUALIFICATION CRITERIA/COMMENTS:

- Applicants must provide information that demonstrates significant economic impact within the community:
 - Evidence of significant job losses associated with the passage of NAFTA, this means 300 or more NAFTA related job losses and for an “Urban” area 500 or more NAFTA related job losses; and
 - Evidence that the community has not adjusted to the job losses through the existence of other employment opportunities.
- NAD Bank: For more information, visit <http://www.nadbank-caip.org/> or email hloftus_nadbank@verizon.net.
- Also, visit http://www.nadbank.org/english/program_service/program_frame.htm for an exhaustive list of all that the NADBank has to offer.
- SBA: For more information, visit www.sba.gov , <http://www.sba.gov/financing/loanprog/caip.html> , or call 1-800-827-5722.