

Company Inception Loan (CIL)

Maximum Loan Amount \$50,000

Program Description

The CIL Program is designed to help bridge the early-stage funding gap that many North Carolina biotechnology companies face. Through the CIL program, loans of up to \$50,000 are available for biotechnology companies in North Carolina. This program supports non-scientific business inception and related activities that are critical to the early-stage start-up of a biotechnology company.

Eligibility

In order for a candidate biotechnology company to be eligible for the CIL, it must:

- Have *significant operating presence* in North Carolina. To establish a significant presence, the company must (i) maintain its head office (where its books and records are kept, taxes are paid, and senior management is located) in North Carolina as reported to the Secretary of State and/or (ii) conduct significant research, product development, or manufacturing activity in North Carolina.
- Be engaged in applied research, development or manufacturing utilizing *living cells and/or biological molecules* to develop a product or technology with commercial potential.
- Have at least one *management* team member significantly engaged and dedicating at least 30 hours per week to the company and focusing on the company as his/her primary employment.
- Have a valid *license or option* to license the relevant core intellectual property expected to be necessary for the company to commercialize its product or technology.

The Biotechnology Center determines compliance with these requirements in its sole discretion on a case-by-case basis.

Permitted Use of Funds

The CIL program funds early business development activities intended to help the company position itself for start-up and early-stage funding or partnering. The CIL does not fund scientific or technical development activities.

Application Procedures

Companies interested in applying for a CIL should contact the Biotechnology Center's CIL program manager listed in the Contact section below to discuss the company, its proposed project, and the application procedures. After this discussion, company representatives may be invited to the Biotechnology Center to make an initial presentation.

Pre-Application: Once the applicant's eligibility and general fit for the program have been established, the company may be invited to submit a 2-4 page pre-application describing the company's management, technology, and proposed project.

Full-Application: Upon satisfactory review of the pre-application, the company may be invited to submit a full online application. This application will include an expanded version of the information contained in the pre-application, a budget, company financial statements, and other supporting documentation.

Review and Approval: The Business and Technology Development team will thoroughly review the company's application. Competitive applications will be recommended to the NCBC's President for final review and approval.

Application Deadlines: CIL applications are accepted on a rolling basis. The process from submission of a pre-application to a final decision generally takes 60-90 days.

Loan Terms

The CIL is a senior unsecured loan with favorable terms including:

- Three-year loan with balloon payment at maturity for principal and accrued interest
- Interest rate equal to the current prime rate plus 1%

Loan Distribution

Successful applicants will receive their loan funds according to the following schedule:

- 50% of the loan amount at closing
- An additional 40% upon receipt and approval of a mid-term project report
- The final 10% upon receipt and approval of a final project report

Mid-term and final reports include a detailed update of progress against proposed milestones (including supporting documentation) and actual spending versus budget. The Biotechnology Center will actively monitor the company's progress until the CIL is repaid in full. Periodic progress reports and occasional site visits will be required.

Contact

Contact Joseph Nixon at joseph_nixon@ncbiotech.org with questions regarding this program or to schedule a preliminary meeting.