



CalCAP for Small Business

The California Capital Access Program for Small Business (CalCAP SB or Program) encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. CalCAP is a form of loan portfolio insurance which may provide up to 100% coverage on certain loan defaults. By participating in CalCAP, lenders have available to them a proven financing mechanism to help to meet the financing needs of California's small businesses.

- The program administered by the California Pollution Control Financing Authority (CPCFA) which was established in 1973 and is chaired by the California State Treasurer.

Who Qualifies?

Qualified borrowers meet following criteria:

- The business is classified as a **small business under U.S. Small Business Administration** guidelines.
- Employs **fewer than 500 full-time** equivalent employees.
- The business purpose is one of the industries listed in the North American Industry Classification System (NAICS) codes list.
- The primary business and **at least 51% of the employees or its income, sales or payroll comes from business in California**. Business activity resulting from the bank's loan must be created and retained in California.

Eligible Uses of Loan Proceeds

- The Program insures loans made to small businesses for the following:
 - Land acquisition;
 - Construction or renovation of buildings;
 - Start-up costs;
 - Equipment or inventory purchases;
 - Capital projects; and
 - Working capital.

How it Works

- Small businesses reach out to **participating lenders** for financing based on the lender's own underwriting standards. The **maximum loan amount is \$5 million** and the **maximum enrolled amount is \$2.5 million**. Individual borrowers are limited to a **maximum of \$2.5 million enrolled over a 3 year period**.
- Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule.
- Lenders and borrowers each contribute between **2% and 3.5%** of the total loan amount to the lender's CalCAP SB loan loss reserve account.
- CPCFA contributes an amount equal to the lender's fee to the CalCAP SB reserve account and an **additional amount** for businesses located in Severely Affected Communities (SAC).

To learn more, please contact CalCAP Program Managers at (916) 654-5610 or CalCAP@treasurer.ca.gov.

Also, please visit <http://www.treasurer.ca.gov/cpcfa/calcap/sb/index.asp>