# CalCAP CALIFORNIA CAPITAL ACCESS PROGRAM

California Pollution Control Financing Authority

# CALCAP SMALL BUSINESS LENDER MANUAL

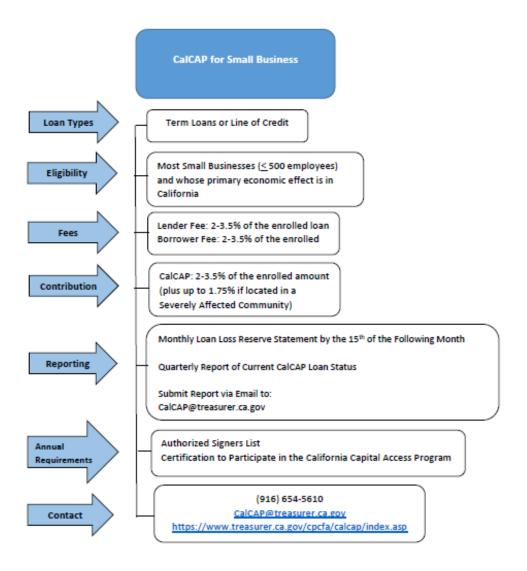


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# I. AT A GLANCE

This California Capital Access Program (CalCAP) Lender Manual provides instructions, examples, and regulations for enrolling small business loans and filing claims. Lenders are encouraged to use this manual as a guide and to frequently visit the CalCAP website at <a href="http://www.treasurer.ca.gov/cpcfa/calcap/index.asp">http://www.treasurer.ca.gov/cpcfa/calcap/index.asp</a> for the most current version of the manual, updated forms, and latest rules and regulations. Lenders should also ensure CPCFA is kept informed of changes to the lender's primary information.



### A. <u>Overview</u>

The California Capital Access Program (CalCAP) encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. The California Capital Access Program (CalCAP) is administered by the California Pollution Control Financing Authority (CPCFA).

CalCAP may provide up to 100% coverage on certain loan defaults. By participating in CalCAP, lenders have available to them a proven credit enhancement mechanism to meet the financing needs of California's small businesses.

	Small Business Lending				
Business and Loan Requirements	<ul> <li>Maximum loan amount is \$5 million with \$2.5 million enrolled per borrower over a three year period.</li> </ul>				
Full Text of CalCAP Regulations can be found in Chapter VIII.	<ul><li> 500 employees or fewer</li><li> Primary business location and economic effect in California</li></ul>				
Authorized Loan Types or Uses	<ul> <li>Acquisition of Land</li> <li>Construction or Renovation of Buildings</li> <li>Purchase of Equipment or Inventory</li> <li>Other Capital Projects including Working Capital</li> </ul>				
Regulations can be found in Chapter VIII.	<ul> <li>Business Start-up Costs</li> </ul>				

### B. Small Business Lending

The CalCAP offers lenders a mechanism to provide loans to small businesses that may not otherwise be able to obtain a loan under conventional underwriting. With CalCAP, lenders are able to cover portions of loans that exceed the risk threshold normally set for business loans.

	Almost any business loan is eligible under CalCAP, with few exceptions noted below. Loans can be used to finance the acquisition of land, construction or renovation of buildings, the purchase of equipment or inventory, other capital projects including working capital, or business start-up costs.
×	There are limitations on passive real estate loans, loan refinancing, and the use of loan proceeds toward repayment of delinquent federal or state income taxes. Other prohibited uses of loan proceeds include but are not limited to gambling facilities, bars, gun sales, tobacco manufacturing and sales, and adult entertainment businesses.
§	Refer to CalCAP Regulations 8070 and 8072 as appended in Chapter IX for full disclosure of eligible and ineligible uses of loan proceeds.

Flexibility	Restrictions
<ul> <li>Lenders set all the terms and conditions of the loans and decide which loans to enroll into CalCAP.</li> </ul>	<ul> <li>Maximum loan amount is \$5 million with \$2.5 million enrolled per borrower over a three year period.</li> </ul>
<ul> <li>Lenders determine the fee levels to be paid</li> </ul>	<ul> <li>The borrower/ lender fees must be between 2 and 3.5% of the enrolled amount, and they must be equal.</li> </ul>
by the borrower and lender (within the parameters of the Program). Fees are placed in the lender's loss reserve account as each CalCAP loan is enrolled.	<ul> <li>CalCAP contributes a maximum of 3.5% of the enrolled amount (+ up to an additional 1.75% if the business is located in a Severely Affected Community).</li> </ul>
<ul> <li>Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of</li> </ul>	<ul> <li>Enrolled loan must only have a maximum term of 10 years from the date of loan.</li> </ul>
amortization schedule.	<ul> <li>The borrower's primary business and at least 51% of its employees or business income, sales or payroll</li> </ul>
• Lenders can enroll all or a portion of a loan.	must be in California.
<ul> <li>Lenders can restructure loans by decreasing the APR on loans, amending covenants or releasing collateral.</li> </ul>	<ul> <li>The borrower's business must be in one of the industries listed in the North American Industry Classification System (NAICS) codes list.</li> </ul>
	NAICS: <u>http://www.census.gov/eos/www/naics</u>
	<ul> <li>The small business must be classified as a small business under U.S. Small Business Administration guidelines (Title 13 of the Code of Federal Regulations) and have 500 or fewer employees.</li> </ul>
	U.S. Small Business Administration Guidelines: <u>https://www.sba.gov/</u>
	<ul> <li>The Participating Financial Institution has not, and will not, enroll the same loan or portion thereof in any other government program substantially similar to the Program.</li> </ul>

## III. Enrolling a Loan

### A. Overview

Lenders must submit to CalCAP the following forms and documentation with each loan enrollment request:

CalCAP Bo	ovide to orrower
Required	
1. CalCAP Loan Enrollment Application	
<sup>Cer</sup> <u>http://www.treasurer.ca.gov/cpcfa/calcap/sb/enrollment.pdf</u>	
2. Borrower Certification for Small Business Loan Enrollments	
<sup>©</sup> <u>http://www.treasurer.ca.gov/cpcfa/calcap/sb/certification.pdf</u>	
3. Proof of Borrower and Lender Fees Deposit $$	
4. NAICS Print-Out (most current year)	
<sup>©</sup> <u>http://www.census.gov/eos/www/naics/</u>	
5. Borrower Privacy Notice	
<sup>CP</sup> <u>http://www.treasurer.ca.gov/cpcfa/calcap/forms/privacy.pdf</u>	$\checkmark$
If Applicable	
<b>4.</b> Appraisal or other reputable documentation of the property value – <i>only for sommercial real estate loans</i>	
5. Print-out of web page showing borrower is located in a Severely Affected	
Community (SAC), if applicable: √	
Ittp://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1003	
<b>6. CalCAP "Borrower's Agreement to Pay Lender's Fee" form</b> – only for applications for which the borrower is paying both the lender and borrower fees	
Applications for which the borrower is paying both the reliact and borrower jees Image: A set of the provide the paying both the reliact and borrower jees	



Completed CalCAP loan enrollment applications must be **received** at CalCAP within **15 business days of the "Date of First Disbursement" (Date of Loan)** by email, fax, or regular mail

- CalCAP@treasurer.ca.gov
- (916) 657-4821
  - CPCFA CalCAP
- P.O. Box 942809 Sacramento, CA 94209-0001

### B. CalCAP Loan Enrollment

Before submitting a CalCAP Small Business Loan Enrollment Application, lenders should ensure the following pertinent documentation is fully completed:

### **Required**

# ✓ CalCAP Loan Enrollment Application

- ✓ CalCAP Lender Certification
- ✓ Borrower Certification for Small Business Loan Enrollments
- ✓ Proof of Borrower and Lender Fees
- ✓ NAICS Print-Out

### If Applicable

- ✓ Commercial Property Appraisal
- ✓ Severely Affected Community Information
- ✓ CalCAP "Borrower's Agreement to Pay Lender's Fee"



Pursuant to the California Information Practices Act of 1977 (Civil Code Section 1798.17), lenders are to provide the borrower with a copy of the Borrower Privacy Notice disclosing borrower data collected by lenders on behalf of CalCAP. Additionally, any alteration of certifications need to be approved by CalCAP prior to use.

Copies of these documents must be submitted with the loan enrollment package, and the original set should be maintained with the borrower's loan file and made available to CalCAP for review upon request.

All individuals who are party to the loan and/ or have signed the loan documents on behalf of the business, including borrowers, co-borrowers, and guarantors, must also sign and complete a Borrower Certification for Small Business Loan Enrollments form, which must be submitted with the loan enrollment package.

Lenders must maintain documentation in their loan files demonstrating that the small business borrower is licensed to operate in California. Satisfaction of this requirement is at the sole discretion of CPCFA staff, and the documents should be made available to CPCFA for review upon request. The following are examples of recommended documents, any one of which may demonstrate eligibility:

- ✓ Secretary of State Business Entity Filing
- ✓ Fictitious Business Name Filing
- ✓Articles of Incorporation
- ✓ Seller's Permit
- ✓ Business Tax Returns
- $\checkmark$  Personal Tax Returns demonstrating self-employment income
- ✓ Sales Tax Licenses
- ✓ Business Tax Certificates
- ✓ Annual Business Income Tax Statements

### Instructions for Completing the CalCAP Loan Enrollment Application

This section provides instructions for lenders on how to complete the CalCAP Loan Enrollment Application, which is the primary form needed for lenders to enroll a loan with CalCAP.

A copy of the application can be found in Chapter VIII of this manual. However, lenders should always check CalCAP's website for the most current version of the application:

### http://www.treasurer.ca.gov/cpcfa/calcap/sb/enrollment.pdf

Form 1: CalCAP Small Business Loan Enrollment Application

Lender Information Section	1
CALIFORNIA CAPITAL ACCESS PROGRA California Pollution Control Financing Author <u>CalCAP@treasurer.ca.gov</u> (916) 654-5610	
CalCAP LOAN ENROLLM	CalCAP     CalCAP       Use     Loan #       Only     Date       Received     Received
Lender Information Participating Lender Loan Contact Name Loan Contact Email	Lender ID# Contact Phone
Field:	Information Needed:
✓Participating Lender	✓ Name of the financial institution.
✓ Lender ID#	<ul> <li>✓ The financial institution's assigned CalCAP Lender ID. This number was issued and provided on the signed copy of the lender's "Financial Institution Application" agreement and "Welcome Letter" that accompanied it. (This number neverchanges.)</li> </ul>
✓ Loan Contact Name	✓ Name of lender representative CalCAP can contact with questions about this enrollment.
✓ Contact Phone	✓ Direct phone number with area code for Loan Contact named above.
✓ Loan Contact Email	✓Email of Loan Contact named above.

Borrower Information Section						
Borrower Information						
Name	DBA					
Address	City County Zip					
Type of Business/Activities	What year was the business incorporated or opened?					
Annual Revenues Last Fiscal Year \$	Average Annual Revenue Last 3 Years \$					
Number of Employees	Number of Full Time EquivalentsJobs createdJobs retained					
Is business located in a Severely Affected C If Yes, select reason: City Unice	Community? No Yes orporated County if City Not Listed Other:					
Will loan monies be used at above address?	P Tyes No If no, location where loan will be used:					
Address	CityZip					
NAICS Code						
http://www.census.gov/eos						
Purpose of Loan						
Is business minority owned? TYes No Is business veteran owned? Yes No						
Field:	Information Needed:					
Name	$\checkmark$ Name of the primary borrower representing the business.					
DBA	$\checkmark$ Name of business (sole proprietor, partnership, corporation, etc.)					
Address, City, County, Zip	✓ Physical address of the business.					
Type of Business/Activities	<ul> <li>✓ List the function of the business. "What does the business do?" (e.g. retail sales, carpet cleaning, burger restaurant, etc.)</li> </ul>					
What year was the business incorporated or opened?	<ul> <li>✓ 4-digit year the business either opened, was incorporated, or was taken over by the new owner.</li> <li>☞ If the business is a start-up, use current year.</li> </ul>					
Annual Revenues Last Fiscal Year	<ul> <li>✓ List the borrower's annual business revenues for the last fiscal year - rounded to the nearest whole dollar amount.</li> <li>☞ If the business is a start-up, use the current income or \$0.</li> </ul>					
Average Annual Revenue Last 3 Fiscal Years	<ul> <li>✓ List the borrower's combined average annual business revenue for the last three years—rounded to the nearest whole dollar amount.</li> <li>☞ If the business is a start-up, use the current income or \$0.</li> <li>☞ If the business was established within the last three years, determine the average annual revenue for each year in which it did generate revenue.</li> </ul>					
Number of Employees	<ul> <li>✓ Number of all full-time or part-time employees of the business. This cannot exceed 500.</li> <li>☞ Refer to the FAQs in Chapter VI for instructions on how to report the number of employees.</li> </ul>					

<ul> <li>Number of Full Time Equivalents</li> </ul>	<ul> <li>✓ Number of full time equivalent (FTE) employees of the business - rounded to the nearest whole number. This cannot exceed 500.</li> <li>☞ Refer to the "How to Calculate Number of Employees and Full Time Equivalents (FTEs)" tool (<u>http://www.treasurer.ca.gov/cpcfa/calcap/tools/employees.pdf</u>) for instructions on how to report the number of FTEs.</li> </ul>
<ul> <li>Jobs created</li> </ul>	✓ Number of jobs created for the business as a result of the loan. ☞ If jobs are not created as a result of the loan, use "0".
<ul> <li>Jobs Retained</li> </ul>	✓ Number of jobs retained for the business as a result of the loan. ☞ If jobs are not retained as a result of the loan, use "0".
<ul> <li>Is business located in a Severely Affected Community? □No □Yes</li> <li>If Yes, select reason:</li> <li>□ City □ Unincorporated</li> <li>□ County if City Not Listed</li> <li>□ Other:</li> </ul>	<ul> <li>✓ Indicate whether the business is in a Severely Affected Community (SAC) as reported by data from:</li> <li>☞ Employment Development Department (EDD): <u>http://www.labormarketinfo.edd.ca.gov/data/monthly-data- release.html</u></li> <li>☞ Follow the instructions below to determine whether the business is located in a SAC and which reason is applicable. If the business is located in a Severely Affected Community, submit a print-out of the most recent EDD unemployment report with the CalCAP/ SB Loan Enrollment Application.</li> </ul>

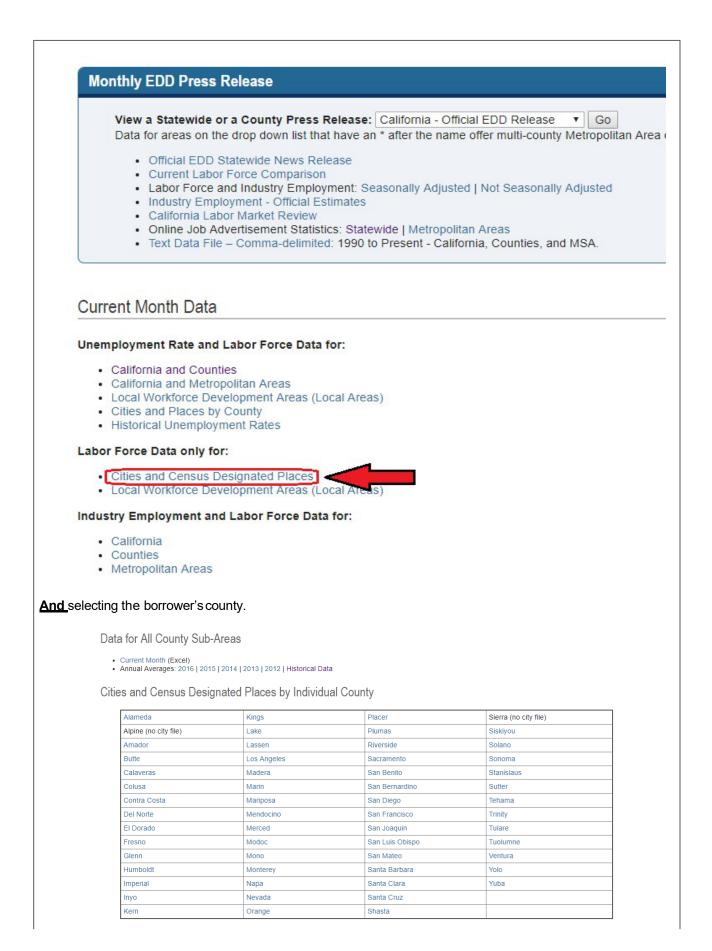
### Severely Affected Communities

If a CalCAP loan enrollment is for a borrower located within a Severely Affected Community (SAC), it may qualify for an additional contribution. Borrowers with addresses in areas of high unemployment are located within a Severely Affected Community, as provided in the CalCAP Program Regulations. Currently, SAC contributions are offered in the CalCAP for Small Business Loan Loss Reserve program, the CalCAP Collateral Support Program, the CalCAP Americans with Disabilities Act Financing Program, and the CalCAP Seismic Safety Financing Program.

To determine whether a business is located in a Severely Affected Community, CalCAP uses data published by the Employment Development Department (EDD). A business is located in a Severely Affected Community if the Borrower's address is in a city where the unemployment rate is 110% of the state unemployment average or more. If the business is located in an unincorporated area of a county or if the city is not listed, the unemployment rate for county where the business is located will be used to determine whether or not the business is eligible to receive an additional premium. Follow these steps to report a loan enrollment located in a Severely Affected Community:

1. Check the current California unemployment rate posted by reviewing EDD's Monthly Data Release by navigating to <u>http://www.labormarketinfo.edd.ca.gov/data/monthly-data-release.html</u> and selecting California and Counties under Current Month Data:

Monthly Da	ta Release				
LMI Resources ar	nd Data: LMI Hom	ne   By Customer   By Subje	ct   By Geography   Data	Library   LMI Online Servio	ces
geography for Cali	fornia, metropolita	nformation Division (LMID) rel n areas, counties, and sub-co for <b>December 2017</b> . Please	unty areas. These data a	nd interactive tools are update	ed monthly
<ul> <li>Monthly EDI</li> <li>Current Mon</li> <li>Interactive D</li> <li>Analysis and</li> <li>Additional D</li> </ul>	ata Tools I Reports				
Monthly EDD	Press Release				
Data for are Offici Curre Labor Indus Califo Onlin	as on the drop do al EDD Statewide int Labor Force Co Force and Indust try Employment - irnia Labor Markel e Job Advertiseme	omparison i <mark>ry Employment</mark> : Seasonally A Official Estimates	name offer multi-county d djusted   Not Seasonally /	Adjusted	
Current Month	Data				
<ul> <li>Local Workfe</li> <li>Cities and P</li> <li>Historical Ur</li> </ul>	d Metropolitan Aro orce Development laces by County lemployment Rate	Areas (Local Areas)	st row of the table.		
State of California January 19, 2018 March 2016 Benchmark				Employment Development I Labor Market Informati http://www.labormarketinfo (916	ion Division
		REPORT 400			_
		Monthly Labor Force Data December 2017 - Pro Data Not Seasonally	eliminary		
COUNTY	RANK BY	LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT	RATE
STATE TOTAL	RATE	19,286,500	18,481,900	804,600	4.2%
ALAMEDA	7	847,800	822,600	25,200	3.0%
ALPINE	26	520	500	20	4.4%
AMADOR	26	14,660 102,800	14,010 97,600	650 5,200	4.4%
CALAVERAS	21	21,150	20,300	850	4.0%
Print this document		ith your loan enrollm	ent package.		
http://www.labo	rmarketinfo.e	ment rate for the borro <u>dd.ca.gov/data/monthl</u> sus Designated Places	y-data-release.html		Force



2. The selection will download the Monthly Labor Force Data for Cities and Census Designated Places in an excel file with the data for the county. **Print this document to submit with your loanenrollment package.** 

	A	В	С	D	E	F	G			
1	State of California			Empl	Employment Development Department					
2	January 19, 2018			Labor Market Information Division						
3	March 2016 Benchmark			http:	//www.la	bormarketinf	o.edd.ca.gov			
4						(91	6) 262-2162			
5										
6	Monthly Labor Fo	rce Data fo	r Cities and	l Census Des	ignated	Places (CD	P)			
7		Decem	ber 2017 -	Preliminary						
8		Data No	ot Seasona	Ily Adjusted						
9										
10		Labor	Employ-	by- Unemployment Census Ratios						
11	Area Name	Force	ment	Number	Rate	Emp	Unemp			
12										
13	Alameda County	847,800	822,600	25,200	3.0%	1.000000	1.000000			
14										
15	Alameda city	42,300	41,300	1,100	2.6%	0.050165	0.042905			
16	Albany city	10,200	10,000	200	1.9%	0.012137	0.007677			
17	Ashland CDP	11,100	10,600	500	4.9%	0.012860	0.021526			
18	Berkeley city	63,500	62,000	1,500	2.4%	0.075379	0.060036			
19	Castro Valley CDP	32,800	31,900	800	2.6%	0.038834	0.033310			
20	Cherryland CDP	7,300	7,000	300	4.4%	0.008465	0.012639			
21	Dublin city	30,000	29,500	600	1.8%	0.035828	0.021830			
22	Emeryville city	8,000	7,900	200	1.9%	0.009583	0.006021			
23	Fairview CDP	5,800	5,600	200	3.2%	0.006819	0.007347			
24	Fremont city	120 100	117 300	2 800	2.3%	0 142611	0 110285			

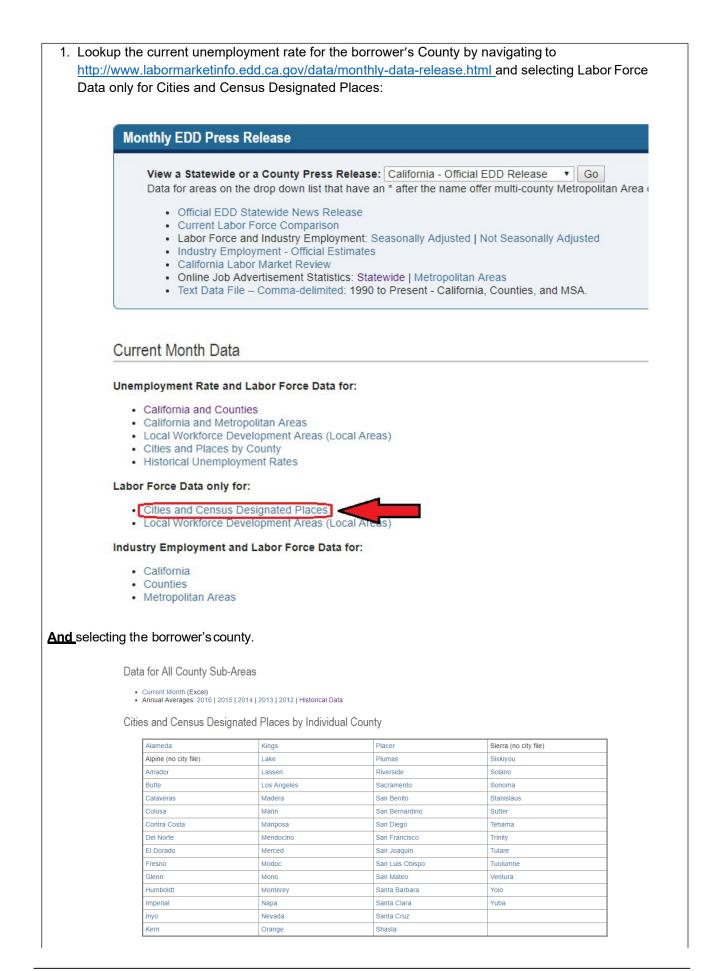
3. If the city unemployment rate is 110% or more of current California statewide unemployment rate (not seasonally adjusted) as of the date of loan (date of first disbursement), the business is located ina Severely Affected Community.

**Example:** If the current California unemployment rate is 6.7%, any business located in a city with an unemployment rate of 7.37% or higher is considered located within a Severely Affected Community. ( $6.7 \times 1.1 = 7.37$ )

- 4. Check the "Yes" box next to Severely Affected Community on the Loan Enrollment Application.
- 5. Check the "City" box next to "If Yes, select reason."
- 6. Include the Monthly Labor Force Data for Cities and Census Designated Places printout, with city highlighted, when you submit the Loan Enrollment Application package to <u>CalCAP@treasurer.ca.gov</u>

#### **Unincorporated Areas:**

If the Borrower's address is located in an unincorporated area of the county, the county unemployment rate will be used to determine Severely Affected Community eligibility. <u>Documentation or explanation must</u> <u>be submitted if the borrower's address is in an unincorporated area.</u> For example, documentation includes, but is not limited to the following: maps with business location and maps that show the business address is in an unincorporated area of the county, utility bills, or other documentation showing the business is outside a municipality.



- 2. The selection will download the Monthly Labor Force Data for Cities and Census Designated Places in an excel file with the data for the county. **Print this document to submit with your loan enrollment package.**
- 3. If the county unemployment rate is 110% or more of the current California statewide unemployment rate (not seasonally adjusted) as of the date of loan (date of first disbursement) the business is located in a Severely Affected Community.

	A	В	С	D	E	F	G			
1	State of California			Empl	Employment Development Department					
2	January 19, 2018			Labor Market Information Division						
3	March 2016 Benchmark			http:	//www.la	bormarketinfo	o.edd.ca.gov			
4						(91	6) 262-2162			
5										
6	Monthly Labor Fore	ce Data fo	r Cities and	l Census Des	ignated	Places (CDF	P)			
7		Decem	ber 2017 -	Preliminary						
8		Data No	ot Seasona	Ily Adjusted						
9										
10		Labor	Employ-	Unemployment		ment Census Ratios				
11	Area Name	Force	ment	Number	Rate	Emp	Unemp			
12										
13	Alameda County	847,800	822,600	25,200	3.0%	1.000000	1.000000			
14										
	Alameda city	42,300		1,100	2.6%	0.050165	0.042905			
16	Albany city	10,200	10,000	200	1.9%	0.012137	0.007677			
17	Ashland CDP	11,100	10,600	500	4.9%	0.012860	0.021526			
18	Berkeley city	63,500	62,000	1,500	2.4%	0.075379	0.060036			
19	Castro Valley CDP	32,800	31,900	800	2.6%	0.038834	0.033310			
20	Cherryland CDP	7,300	7,000	300	4.4%	0.008465	0.012639			
21	Dublin city	30,000	29,500	600	1.8%	0.035828	0.021830			
22	Emeryville city	8,000	7,900	200	1.9%	0.009583	0.006021			
23	Fairview CDP	5,800	5,600	200	3.2%	0.006819	0.007347			
24	Fremont city	120 100	117 300	2 800	2 3%	0 142611	0 110285			

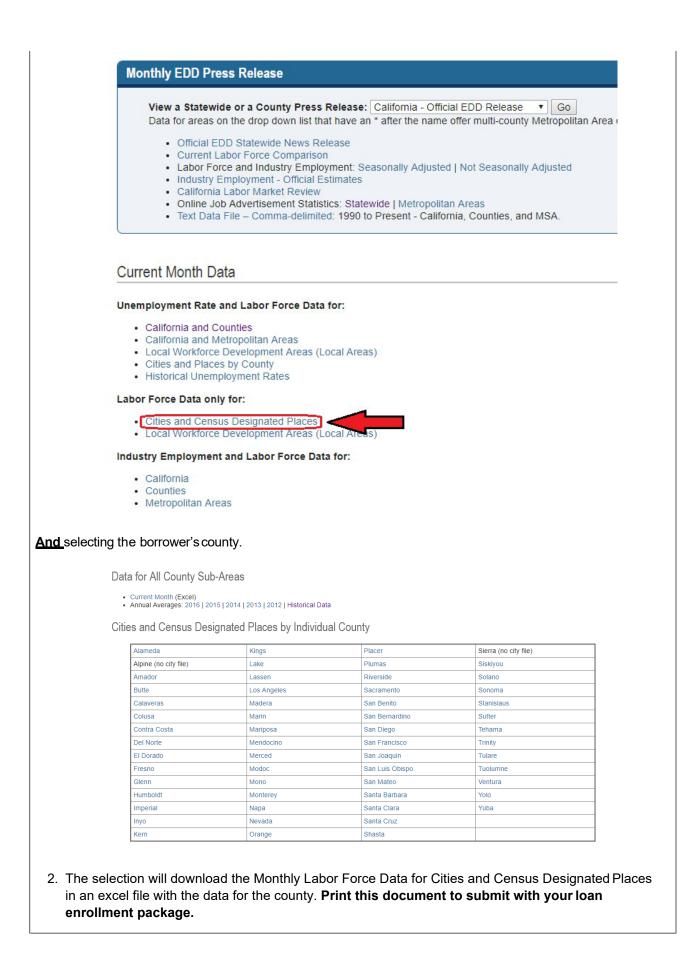
**Example:** If the current California unemployment rate is 6.7% any business located in a County with an unemployment rate of 7.37% or higher is considered located within a Severely Affected Community. ( $6.7 \times 1.1 = 7.37$ )

- 4. Check the "Yes" box next to Severely Affected Community on the Loan Enrollment Application.
- 5. Check the "City" box next to "If Yes, select reason."
- 6. Include the Monthly Labor Force Data for Cities and Census Designated Places printout, with city highlighted, when you submit the Loan Enrollment Application package to <u>CalCAP@treasurer.ca.gov</u>

#### County unemployment rates:

If the city of the Borrower's address in not listed under the City and Census Designated Places link on the EDD website, the county may be used to determine Severely Affected Community eligibility.

1. Lookup the current unemployment rate for the borrower's County by navigating to <u>http://www.labormarketinfo.edd.ca.gov/data/monthly-data-release.html</u> and selecting Labor Force Data only for Cities and Census Designated Places:



	А	В	С	D	Е	F	G	
1	State of California			Emp	loyment	Development	Department	
2	January 19, 2018					1arket Informa		
3							.edd.ca.gov	
4							6) 262-2162	
5						,		
6	Monthly Labo	r Force Data fo	r Cities and	l Census Des	ignated	Places (CDI	<sup>2</sup> )	
7				Preliminary				
8				Ily Adjusted				
9								
10		Labor	Employ-	Unemploy	ment	Census	Ratios	
11	Area Name	Force	ment	Number	Rate	Emp	Unemp	
12							•	
13	Alameda County	847,800	822,600	25,200	3.0%	1.000000	1.000000	
14								
	Alameda city	42,300	41,300	1,100	2.6%	0.050165	0.042905	
	Albany city	10,200		200	1.9%		0.007677	
	Ashland CDP	11,100		500	4.9%	0.012860	0.021526	
	Berkeley city	63,500	62,000	1,500	2.4%	0.075379	0.060036	
	Castro Valley CDP	32,800	31,900	800	2.6%	0.038834	0.033310	
	Cherryland CDP	7,300	7,000	300	4.4%	0.008465	0.012639	
	Dublin city	30,000	29,500	600	1.8%	0.035828	0.021830	
	Emeryville city	8,000	7,900	200	1.9%	0.009583	0.006021	
	Fairview CDP	5,800	5,600	200	3.2%	0.006819	0.007347	
	Fremont city	120 100	117 300	2 800	2.3%	0 142611	0 110285	
	he "Yes" box next to the "City" box next to the	-		imunity on 1	ine Loa	an Enrolime	ent Application.	
	the Monthly Labor Fc ted, when you submit				-		•	-
■ Will loan m used at ab □Yes □No	ove address?	the busine	ess at a d	•	iness lo		eing used to su n listed in the	ıpport
<ul> <li>If no, locat loan will be Address, C Zip</li> </ul>		used.					oan proceeds v , zip fields blan	
NAICS Co	✓ Six digit number used by the North American Industry Classification System (NAICS) to categorize business types. Please provide the							

2007 NAICS Search       484110 Container trucking services, local the business activit         Reference Files       484121 Trucking, general freight, long-distance, truckload (TL)         • 2017 NAICS       484121 Container trucking services, long-distance, truckload (TL)         • 2017 NAICS       484121 Container trucking services, long-distance, truckload (TL)         • 2017 NAICS       484122 Trucking, general freight, long-distance, truckload (LTL)         • 2017 NAICS       484122 Trucking, general freight, long-distance, less-than-truckload (LTL)         • 2007 NAICS       484122 General freight trucking, long-distance, less-than-truckload (LTL)         • 2002 NAICS       484122 General freight trucking, long-distance, less-than-truckload (LTL)         • 1997 NAICS       484121 Trucking used household, office, or institutional furniture and equipment         • 11-digit number used to identify the specific location of a the provide more reporting consistency and uniformity.	Partne	2017 NAICS Key Word Search Enter business activity type (e.g. trucking)
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484110       Transfer (trucking) services, general freight, local         Enter keyword or 2-6 digit code       484110       General freight trucking, local       Select 6-digit code         2007 NAICS Search       484110       Container trucking services, local       Select 6-digit code         484110       Container trucking services, local       Select 6-digit code       that best describes         484121       Trucking, general freight, long-distance, truckload (TL)       484121       General freight trucking, long-distance (TL)         484122       General freight trucking, general freight, long-distance, less-than-truckload (LTL)       484122       Trucking, general freight, long-distance, less-than-truckload (LTL)         484122       Trucking, general freight trucking, long-distance, less-than-truckload (LTL)       484122       General freight trucking, long-distance, less-than-truckload (LTL)         484122       General freight trucking, long-distance, less-than-truckload (LTL)       484122       General freight trucking, long-distance, less-than-truckload (LTL)         484122       General freight trucking, long-distance, less-than-truckload (LTL)       484120       Trucking used household, office, or institutional furniture and equipment         * 11-digit number used to identify the specific location of a the provide more reporting consistency and uniformity.       * 11-digit more reporting consistency and uniformity.		484110 Trucking, general freight, local
Enter Reyword of 220 digit code       404110 General freight trucking, local       that best describes         2007 NAICS Search       484110 Container trucking services, local       that best describes         484121 Trucking, general freight, long-distance, truckload (TL)       484121 General freight trucking, long-distance, truckload (TL)         484121 Container trucking services, long-distance, truckload (TL)       484121 Container trucking services, long-distance, less-than-truckload (LTL)         • 2017 NAICS       484122 Trucking, general freight, long-distance, less-than-truckload (LTL)         • 2017 NAICS       484122 LTL (less-than-truckload) long-distance, less-than-truckload (LTL)         • 2007 NAICS       484122 General freight trucking, long-distance, less-than-truckload (LTL)         • 2002 NAICS       484122 General freight trucking, long-distance, less-than-truckload (LTL)         • 1997 NAICS       484122 Trucking used household, office, or institutional furniture and equipment         • 11-digit number used to identify the specific location of a trucking more reporting consistency and uniformity.	-	
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Reference Files       484121 General freight trucking, long-distance, truckload (TL)         • 2017 NAICS       484121 Container trucking services, long-distance (TL)         • 2012 NAICS       484122 Trucking, general freight, long-distance, less-than-truckload (LTL)         • 2007 NAICS       484122 LTL (less-than-truckload) long-distance, less-than-truckload (LTL)         • 2002 NAICS       484122 General freight trucking, long-distance, less-than-truckload (LTL)         • 1997 NAICS       484210 Trucking used household, office, or institutional furniture and equipment         • 11-digit number used to identify the specific location of a b provide more reporting consistency and uniformity.	NAICS Search	484110 Container trucking services, local the business activity
• 2017 NAICS       484121 Container trucking services, long-distance (TL)         • 2012 NAICS       484122 Trucking, general freight, long-distance, less-than-truckload (LTL)         • 2007 NAICS       484122 Container trucking, long-distance, less-than-truckload (LTL)         • 2007 NAICS       484122 General freight trucking, long-distance, less-than-truckload (LTL)         • 1997 NAICS       484210 Trucking used household, office, or institutional furniture and equipment         • 11-digit number used to identify the specific location of a the provide more reporting consistency and uniformity.		
• 2017 NAICS       484122       Trucking, general freight, long-distance, less-than-truckload (LTL)         • 2012 NAICS       484122       Trucking, general freight, long-distance, less-than-truckload (LTL)         • 2007 NAICS       484122       General freight trucking, long-distance, less-than-truckload (LTL)         • 2002 NAICS       484122       General freight trucking, long-distance, less-than-truckload (LTL)         • 1997 NAICS       484210       Trucking used household, office, or institutional furniture and equipment         • 11-digit number used to identify the specific location of a k provide more reporting consistency and uniformity.	rence Files	
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• 2007 NAICS       484122 General freight trucking, long-distance, less-than-truckload (LTL)         • 2002 NAICS       484210 Trucking used household, office, or institutional furniture and equipment         • 1997 NAICS       ✓ 11-digit number used to identify the specific location of a b provide more reporting consistency and uniformity.	2 NAICS	
• 2002 NAICS       484210       Trucking used household, office, or institutional furniture and equipment         • 1997 NAICS       • 11-digit number used to identify the specific location of a k provide more reporting consistency and uniformity.	17 NAICS	
<ul> <li>✓ 11-digit number used to identify the specific location of a k provide more reporting consistency and uniformity.</li> </ul>	IZ INAICS	
nsus Tract # provide more reporting consistency and uniformity.	- NAICS	
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https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap	ract#	provide more reporting consistency and uniformity.
		https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.asp
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Matched Address Matched Address Address Address SACRAMENTO, CA, 9 MSA/MD Code 40900 State Code 06 County Code 067 Tract Code 067 Tract Code 067 Tract Code 067 Conty Name SACRAMENTOROSI ARDEN-ARCADE, CA State Name CALIFORNIA County Name SACRAMENTO COUN Census Demographic Data User Select Tract This Census Tract # is: 060670011.01	EVILLE- TY 3. Tract Code: 0011.01.01		
Area of Property (sq. feet)	<ul> <li>List the total area of the small business facility where the borrower conducts business. Although the cost of altering or retrofitting common areas and publicly or privately owned access points such as sidewalks and parking lots is eligible, those areas should be excluded from the square footage of the small business facility.</li> <li>The borrower must have legal control of this property for a term at least equal to the length of the enrolled loan.</li> </ul>		
Description of Eligible Costs (Purpose of Loan)	<ul> <li>✓ Brief description of the use of loan proceeds (e.g. "increase service counter heights" or "enlarge lavatories" or "increase disabled parking striping").</li> </ul>		
Is business minority owned? □Yes □No □Decline to Answer	✓ The business is minority owned if at least 51% of the business is owned by one or more minority individuals.		
Is business woman owned? □Yes □No □Decline to Answer	✓ The business is woman owned if at least 51% of the business is owned by one or more women.		
Is business veteran owned? □Yes □No □Decline to Answer	✓The business is veteran owned if at least 51% of the business is owned by one or more veterans.		

Loan Information Section			
Loan Information			
Is this loan enrolled in any other government guarantee program?  Yes No If Yes, name the program:			
What percent of loan is enrolled in other program? % What percentage of loan is being enrolled in CalCAP? %			
Lender Loan Number			
	Loan Amount Enrolled in CalCAP \$		
	Maturity Date		
	Variable Is the loan secured? Yes No		
	Loan? Yes No If Yes, provide the CalCAP Loan #		
Remaining balance on loan being restructur			
	Annount of increase requested. 3     Annount of increase requested. 3		
	p pay the fees? Yes No If yes, Name of Contributor Program		
is an independent Contributor being used to	pay me rees: 1 res 1 ro 11 yes, rvame of Contributor Program		
Field:	Information Needed:		
<ul> <li>Is this loan enrolled in any other government guarantee program?</li> <li>□Yes □No</li> </ul>	<ul> <li>✓ Qualified loans do not include any loan or portion thereof to the extent the same loan or portion thereof has been, is being, or will be enrolled in any other government program substantially similar to the Program.</li> <li>☞ This prohibition also applies to refinances of existing loans when and to the extent that the prior debt was enrolled in another guaranty program.</li> </ul>		
<ul> <li>If "Yes", name the program</li> <li>✓ Provide the name of the other program in which the loan is or will be enrolled.</li> </ul>			
<ul> <li>What percent of loan is enrolled in other program?</li> </ul>	✓ For example, if \$75,000 of a \$100,000 is enrolled in another program, then the percent enrolled in other program equals 75%.		
<ul> <li>What percentage of loan is being enrolled in CalCAP?</li> </ul>	<ul> <li>✓ Select a percentage of the loan for which you would like to request coverage from CalCAP.</li> <li>☞ If no amount is enrolled in another program, and you would like to request CalCAP coverage on the entire loan, use 100%.</li> </ul>		
<ul> <li>Lender Loan Number</li> </ul>	$\checkmark$ List the unique loan number associated with the borrower's loan.		
<ul> <li>Type of Loan:</li> <li>□ Line of Credit □ Term Loan</li> <li>✓ Check one box only.</li> </ul>			
<ul> <li>Total Loan Amount</li> </ul>	✓ The total amount loaned to the borrower associated with the unique loan number (regardless of amount enrolled in CalCAP).		
<ul> <li>Loan Amount Enrolled in CalCAP \$</li> </ul>	✓The portion of the loan the lender requests to enroll with CalCAP/ SB. This amount should be equal to or less than the amount in the "Total Loan Amount" field.		
	Use this amount to calculate applicable lender and borrower fees.		
	✓Date of loan (if term loan) or date of first disbursement (if line of credit).		
<ul> <li>Date of First Disbursement (Date of Loan)</li> </ul>	This date triggers the clock for the 15-day deadline to submit an enrollment application to CalCAP.		
	If the enrollment is a pre-qualification request, leave this field blank.		

<ul> <li>Maturity Date</li> </ul>	<ul> <li>✓ The date (MM/DD/YYYY) the enrolled loan matures. CalCAP will insure enrollment for a maximum of 5 years (60 months), regardless of maturity date.</li> <li>☞ If the enrollment is a pre-qualification request, leave this field blank.</li> </ul>
■ Interest Rate □Fixed □Variable	<ul> <li>✓ Annual Percentage Rate (APR) for the enrolled loan.</li> <li>✓ Indicate whether interest rate remains the same (fixed) or changes (variable) over the life of the loan.</li> <li>☞ If answered "variable", provide the starting rate and theindex the variable rate is tied to.</li> </ul>
■ Is the loan secured? □Yes □No	✓ If collateral is used to secure the loan, answer "yes"—otherwise, answer "no".
<ul> <li>Is this loan a restructure of a prior CalCAP Loan?</li> <li>Yes DNo</li> <li>If Yes, provide the CalCAP Loan #</li> <li>Remaining balance on loan being restructured</li> <li>Amount of increase requested</li> </ul>	<ul> <li>Answer "yes" if this loan represents a restructure of an existing CalCAP enrolled loan—otherwise, answer "no".</li> <li>If answered "yes", list the unique CalCAP Loan Number previously assigned to this loan by CalCAP.</li> <li>Provide the residual balance on the former loan prior to the restructure.</li> <li>List the portion of the loan that is being advanced above the amount already indicated in the "remaining balance" field.</li> <li>The "amount of increase" serves as the basis for calculating the new borrower and lender fees.</li> </ul>
<ul> <li>Borrower Fee</li> </ul>	<ul> <li>✓ Provide the dollar amount and percentage based on the enrolled amount of the loan.</li> <li>☞ Percentage rate must be between 2% and 3.5%.</li> </ul>
<ul> <li>Lender Fee</li> </ul>	✓ Lender and borrower fees must be equal. Submit the "CalCAP Borrower's Agreement to Pay Lender's Fee" if borrower pays lender fee. <sup>∞</sup> <u>http://www.treasurer.ca.gov/cpcfa/calcap/sb/fees.pdf</u>
<ul> <li>Is an Independent Contributor being used to pay the fees?</li> <li>□Yes □No</li> <li>If yes, Name of Contributor Program</li> </ul>	<ul> <li>✓ An independent contributor can pay all or a portion of the borrower, lender fees, and CalCAP contribution, or any combination thereof, depending on the program.</li> <li>✓ If answered "yes", provide the name of the independent contributor program (e.g. CalRecycle).</li> <li>☞ CalCAP will calculate the dollar amount and percentage to be contributed.</li> <li>✓ If answered "no", leave field blank.</li> </ul>

and Certification Section		
CALIFORNIA CAPITAL ACCESS PROGRAN California Pollution Control Financing Authority CalCAP@treasurer.ca.gov		Mailing Address: P.O. Box 942809 Sacramento, CA 94209-0001 Fax (916) 589-2805
Borrower Name		Lender Loan Number
Enrolling a loan in CalCAP requires the Participating Fina program rules and requirements.	DER CERTIFICATION ncial Institution to certify to each of the	following
* All capitalized terms are defined in 4 CCR §8070 and §8078	.8 of the California Code of Regulations.	
1) The loan is a Qualified Loan as defined in 4 CCR §8078.8 (i)	of the California Code of Regulations.	
2) The business receiving the Qualified Loan is a Qualified Busin	ness, as defined in 4 CCR §8070 (r) and §	8078.8(k) of the California Code of Regulations.
3) The Qualified Loan is for a business activity that has its Prima	ary Economic Effect in California as defined	in 4 CCR §8070(o) of the CPCFA Regulations.
<ol> <li>The proceeds of the loan will be used for the Eligible Costs of California Code of Regulations.</li> </ol>	f an Eligible Project as defined in 4 CCR §i	3078.8 (f) and §8078.8 (g) of the
<ol> <li>The Participating Financial Institution certifies as to the number underwriting standards.</li> </ol>	r of full-time equivalent employees of the E	torrower based upon its due diligence and
<ol> <li>The Participating Financial Institution will provide information f CPCFA, and the Participating Financial Institution has obtaine</li> </ol>		
<ol> <li>The Participating Financial Institution has obtained a written re equitable, interest in the Fees or the CalCAP/ ADA Contribution</li> </ol>		orrower has no legal, beneficial or
<ol> <li>The Borrower's total principal amount of loans enrolled in the \$50,000.</li> </ol>	CalCAP/ADA Program with any Participati	ng Financial Institution does not exceed
<ol> <li>The Borrower has provided a CASp Report and a Cost Estim Regulations, and the physical alterations or retrofits to be fin</li> </ol>	ate as defined in 4 CCR §8078.8 (d) and § anced are included in the CASp Report.	8078.8 (e) of the California Code of
10) The Participating Financial Institution has notified the Borrowe has been paid by the Borrower.	er if the Participating Financial Institution's	share of the Fees for the Qualified Loan
11) The Participating Financial Institution has obtained a written re applicable licenses or permits needed to conduct its busines	epresentation from the Borrower that it has s.	secured or made application for all
12) The Participating Financial Institution will collect and retain contractorit(s) or alteration(s) from the Borrower.	opies of all applicable licenses or permits n	eeded for the construction related
13) The Participating Financial Institution has not, and will not, en similar to the Program.	roll the same loan or portion thereof in any	other government program substantially
14) The Participating Financial Institution has not, and will not, en offered by the Authority as long as funds are available for this		Access Loan Program for Small Business
15) The Borrower has received the CalCAP/ ADA Privacy Notice.		
<ol> <li>The Participating Financial Institution acknowledges that its le forth in applicable lending regulations.</li> </ol>	ending activities are subject to any applical:	le safety and soundness standards as set
By signing below and enrolling this loan the Participating Financi Borrower, that each of the above assurances is true and accurate		information provided by the
Authorized Lender Signature	Title	Date
Printed Name of Authorized Signer		

Field:	Information Needed:
<ul> <li>Borrower Name</li> </ul>	✓Name of borrower.
<ul> <li>Lender Loan Number</li> </ul>	✓List the unique loan number associated with the borrower's loan. ☞If the enrollment is a pre-qualification request, leave fieldblank.
<ul> <li>Authorized Lender Signature</li> </ul>	$\checkmark$ To be signed by the lender-designated authorized signer.
Title	$\checkmark$ Title of the lender-designated authorized signer.
Date	✓ Date the enrollment was signed.
<ul> <li>Printed Name of Authorized Signer</li> </ul>	$\checkmark$ Full printed name of the lender-designated authorized signer.





# CALCAP MAKES A CONTRIBUTION INTO THE LOAN LOSS RESERVE ACCOUNT ONCE THESE FIVE STEPS ARE TAKEN...



## **IV. SUBMITTING NOTIFICATION OF CHANGE IN LOAN TERMS**

Lenders are required to notify CPCFA within 15 business days of any change in loan terms of a currently enrolled loan prior to maturity.

The Notification of Change in Loan Terms form must be filled out properly and indicate the change in material terms of the loan. Any type of change in terms, excluding interest rate, must be submitted with an amended Loan Enrollment application, a new Lender Certification and a new Borrower Certification.

Please note that the Authority may authorize an extension of the maturity date of an enrolled loan for up to eighteen (18) months, if the Participating Financial Institution has provided the Authority written certification to its credit policy that provides for such extensions of the maturity date.

Copies of CalCAP Small Business Loan Enrollment Application Package can be found in Chapter VIII of this manual. However, lenders should always check CalCAP's website for the most current version of the application:

http://www.treasurer.ca.gov/cpcfa/calcap/sb/index.asp

### A. <u>Overview</u>

Lenders must submit to CalCAP the following forms and documentation with each Change in Loan Terms Form request:

Interest Rate Change		
1. CalCAP Notification of Change in Loan Terms Form	1	
<u>*http://www.treasurer.ca.gov/cpcfa/calcap/tools/notification-loan-change.pdf</u>	v	
Maturity Date Change or Other Change in Loan Terms		
1. CalCAP Notification of Change in Loan Terms Form	1	
<u>http://www.treasurer.ca.gov/cpcfa/calcap/tools/notification-loan-change.pdf</u>	•	
2. CalCAP Small Business Loan Enrollment Application	1	
<u>http://www.treasurer.ca.gov/cpcfa/calcap/sb/enrollment.pdf</u>	v	
3. CalCAP Small Business Lender Certification	al	
@http://www.treasurer.ca.gov/cpcfa/calcap/sb/lender_cert.pdf	v	
4. Borrower Certification for Small Business Loan Enrollment		
<u>http://www.treasurer.ca.gov/cpcfa/calcap/sb/certification.pdf</u>	Ŷ	



Completed Change in Loan Terms form, amended Loan Enrollment application and updated Lender and Borrower Certifications must be **received** at CalCAP within **15 business days of the "Change Effective Date**" by email, fax, or regular mail:

- CalCAP@treasurer.ca.gov
- 🗏 (916) 657-4821

C P

CPCFA CalCAP P.O. Box 942809 Sacramento, CA 94209-0001

### B. Instructions for Completing the Notification of Change in Loan Terms Form

### Form 3: Notification of Change in Loan Terms Form

Lender Information Section			
1	CALIFORNIA CAPITAL ACCES California Pollution Control Finan Office Location: 801 Capitol Mall, Sacramento, CA 95814 Telephone (916) 654-5610	cing Authority Sacramento, CA 94209-0001	
	CalC	CAP NOTIFICATION OF CHANGE IN LOAN TERMS	
	Participating lenders must provide written notification of any change in material terms of a loan, including changes to the maturity date or interest rate, within 15 days of the effective date of the change.         NOTE: For a loan amount increase, a new CalCAP Loan Enrollment Application must be submitted and premium contributions deposited.         Check which CalCAP Program:       Small Business       ARB       EVCS       ADA       Seismic Safety		
	Lender:	Lender's CalCAP ID #:	
	Contact Person:	Phone:	
		Email:	
Field:		Information Needed:	
CalCAP F	rogram	✓ Indicate which program the loan was enrolled into.	
Lender		$\checkmark$ Name of the financial institution.	
<ul> <li>Lenders CalCAP ID#</li> </ul>		<ul> <li>✓ The financial institutions' assigned CalCAP Lender ID. This number was issued and provided on the signed copy of the lender's "Financial Institution Enrollment" agreement and "Welcome Letter" that accompanied it. (This number never changes.)</li> </ul>	
<ul> <li>Contact Person</li> </ul>		✓ Name of lender representative CalCAP can contact with questions about this enrollment change.	
Phone		✓ Direct phone number with area code for the Loan Contact named above.	
<ul> <li>Email</li> </ul>		✓Email of Loan Contact named above.	
Loan Info	rmation Section		
	Borrower:	Change Effective Date:	
	CalCAP Loan Number:	Lender's Loan Number:	
	Type of Change:		
	Interest Rate Change		
Effective Date: New Interest Rate		New Interest Rate	
	<ul> <li>Maturity Date Change</li> <li>*Must submit an amended loan enrollment application and complete the following two fields.</li> </ul>		
Old Maturity Date			
	New Maturity Dat	e	
	<ul> <li>Other (please provide s *Must submit an amen</li> </ul>	supporting documentation) ded loan enrollment application and complete the following field.	
	Describe the change	ge(s) to the loan	
	By signing below, the Particip	ating Financial Institution certifies that the above loan information is true and accurate.	
	Authorized Lender Signature	Title Date	
The AND CONTRACTOR OF STREET			

Field:	Information Needed:	
<ul><li>Borrower</li></ul>	✓ Name of the primary borrower representing the business.	
<ul> <li>Change Effective Date</li> </ul>	✓ Date of the change to the loan.	
<ul> <li>CalCAP Loan Number</li> </ul>	✓ The number CalCAP assigned to the loan after it was approved. This number can be found on the approved CalCAP loan enrollment application form. A copy of this was returned to the lender.	
	✓ Check the box(es) which describe the change in the loan terms.	
	If the change is interest rate, enter the fields below: Effective Date and New Interest Rate.	
<ul> <li>Type of Change:</li> <li>Interest Rate Change</li> <li>Maturity Date Change</li> <li>Other</li> </ul>	If the change is maturity date, enter the fields below: Old Maturity Date and New Maturity Date. Submit the amended Loan Enrollment application, and new Lender and Borrower certification along with the completed change in the loan terms form.	
	If the change is checked for "Other" please describe the change in the field below. Submit the amended Loan Enrollment application, and new Lender and Borrower certification along with the completed change in the loan terms form.	
<ul> <li>Authorized Lender Signature</li> </ul>	$\checkmark$ To be signed by the Lender designated as an authorized signer.	
• Title	✓Title of the Lender designated as an authorized signer.	
Date	✓ Date the Change in Loan Terms form was signed.	
<ul> <li>Print Name of Authorized Signer</li> </ul>	$\checkmark$ Print the name of the authorized signer who signed the form.	

## V. SUBMITTING A CLAIM

Lenders are required to notify CPCFA within 120 days of when the lender has charged off all or part of a qualified loan as a result of default. If the form is filled out properly and the lender has complied with CalCAP requirements, CalCAP will authorize the Program trustee (if account is trustee-held) or the participating financial institution (if account is lender-held) to reimburse the lender for their losses from the lender's loss reserve account within 30 business days.

The lender must experience a net loss originating from the outstanding principal, accrued and unpaid interest, and/or out-of-pocket expenses in order for CPCFA to approve a claim.

In addition to the claim form, lenders should submit:

- (1) a complete transaction history of the account
- (2) a short written synopsis of the loan history, including the last payment date, when and why the loan charged off, any liquidation efforts (dates and amounts) and future collections efforts
- (3) receipts for any reasonable, claimed out-of-pocket expenses
- (4) Bill of Sale for liquidated collateral

When assessing whether an out-of-pocket expense is considered reasonable, financial institutions should consider the best lending practices and act in a prudent and judicious manner during their collection processes.

Lenders must abide by their standard collection practices both before and after a claim is filed with CPCFA. If a lender receives any recoveries after a claim is filed with CPCFA, the lender must reimburse the loan loss reserve account on a dollar for dollar basis and must report the recovery on the lender's Quarterly Report.

A copy of the form can be found in Chapter VII of this manual. However, lenders should always check the CalCAP Small Business website for the most current versions:

Claim Application: <u>http://www.treasurer.ca.gov/cpcfa/calcap/forms/claim.pdf</u>

# A. Instructions for Completing the Claim Application

Form 4: CalCAP Claim Ap Lender and Borrower Info			
NOTE: A lender is required to ne as a result of default by a borrow	ancing Authority Iall, 2 <sup>nd</sup> Floor CalCAP FINANCIAL INST otify the Authority within 120 er. If the form is filled out pro rize the Program trustee to rein	Mailing Address: P.O. Box 942809 Sacramento, CA 94209-0001 <u>CalCAP@treasurer.ca.gov</u> Fax (916) 589-2805 <b>TITUTION CLAIM APPLICATION</b> 0 days of when the lender has charged off all or part of a qualified loan perly and the lender has faithfully complied with CalCAP mburse the lender from the lender's loss reserve account within 30	
Participating Lender:		Lender's CalCAP ID #:	
Lender Contact: Name:		CalCAP Loan Number:	
Phone:		Borrower's Name:	
Address:		Borrower DBA:	
Field:	Information Nee	eded:	
<ul> <li>Participating Lender</li> </ul>		nancial institution.	
Lender Contact	✓ Name, phone	<ul> <li>✓ Name, phone number, and address of lender representative CalCAP can contact with questions about this claim.</li> </ul>	
<ul> <li>Lender's CalCAP ID#</li> </ul>	was issued an Institution App	✓The financial institution's assigned CalCAP Lender ID. This number was issued and provided on the signed copy of the lender's "Financial Institution Application" agreement and the "Welcome Letter" that accompanied it. (This number never changes.)	
<ul> <li>CalCAP Loan Number</li> </ul>	number can b	✓ The number CalCAP assigned to the loan after it was approved. This number can be found on the approved CalCAP loan enrollment application form. A copy of this was returned to the lender.	
<ul> <li>Borrower's Name</li> </ul>	✓ Name of the p	$\checkmark$ Name of the primary borrower representing the business.	
<ul> <li>Borrower DBA ("Doing Business As")</li> </ul>	✓ Name of busin	$\checkmark$ Name of business, sole proprietor, partnership, corporation, etc.	
Loan Information Section			
Loan Information			
Original Principal Amount of Loan	n:	Date of Loan:	
Default Amount:		Date of Default:	
Is this loan secured? Yes N	0	Date of Charge-off:	
If yes, what form of secu	rity		
Was the loan in the first \$1 million Have enforcement proceedings be Lender's priority of claim (If two	gun? Yes No		

Field:	Information Needed:		
<ul> <li>Original Principal Amount of Loan</li> </ul>	✓Amount disbursed to borrower upon first funding of loan.		
<ul> <li>Date of Loan</li> </ul>	✓ Date of initial disbursement.		
<ul> <li>Default Amount</li> </ul>	✓ Delinquent amount of loan (outstanding principal prior to liquidation of collateral).		
<ul> <li>Date of Default</li> </ul>	✓ Date of last delinquency (date Borrower ceased repayment).		
<ul> <li>Is this loan secured?</li> <li>Yes □No</li> <li>If yes, what form of security</li> </ul>	✓ Identify whether collateral was used to secure the loan. If answered "yes", describe the type of collateral used.		
<ul> <li>Date of Charge-off</li> </ul>	✓ Date the loan was deemed uncollectable by the lender and charged off the books from an asset to a liability.		
<ul> <li>Was the loan in the first \$1 million of CalCAP loans made by lender? □Yes □No</li> <li>✓ Indicate whether this loan falls within the first \$1 million for lender (regardless of amount enrolled).</li> </ul>			
<ul> <li>Have enforcement proceedings begun?</li> <li>Yes <a "no".<="" answer="" collection="" efforts,="" has="" href="https://www.www.www.www.www.www.www.www.www.w&lt;/td&gt;&lt;td colspan=2&gt;✓Answer " if="" lender="" otherwise="" started="" td="" yes"=""></a></li></ul>			
<ul> <li>Lender's priority of claim (If two or more claims filed by lender)</li> </ul>	✓ Rank the priority of this claim in comparison to other pending claims already filed by lender (if any).		
Claim Information Section	<u></u>		
Claim Information			
Outstanding Princi	pal \$		
Liquidated Collate	ral \$		
Accrued and Unpa	id Interest \$		
Out-of-pocket exp			
(Attach detailed ex	panauon)		
Total Blassa attach a complete transcatio	$b_{\pm}$		
<ul> <li>The lender warrants this claim is the lender's usual methods for ta</li> <li>Lender will, as CPCFA's agent, p of collateral, guarantees, and/or</li> <li>Lender certifies it has given notic (1) has given notice to the Auti (2) the loan was continuously r</li> </ul>	<ul> <li>n history report, a short narrative of the loan history, receipt(s), and Bill of Sale(s) (if applicable).</li> <li>being filed within 120 days of the loan being charged off and that charge-off was consistent with aking action on loans not enrolled in the Program.</li> <li>bursue additional recovery on this defaulted loan through legal proceedings, seizure and liquidation other sources.</li> <li>be to the Authority of the initial enrollment of the loan in CalCAP, and either:</li> <li>bority of any renewals or extensions of the loan; or</li> <li>enewed or extended since the date of its initial enrollment in CalCAP.</li> <li>ndersigned holds, or a loan that has been assigned, transferred, or pledged to another entity pursuant to</li> </ul>		
Field Information Needed			
i igiu	$\checkmark$ List the amount of the outstanding principal calculated as:		
	Original Principal Amount <u>– Payments Applied to Principal</u>		
<ul> <li>Outstanding Principal</li> </ul>	= Outstanding Principal		
	CPCFA does not authorize payment for lender-issued fees (NSF fees, late fees, etc.)		

Liquidated Collateral	$\checkmark$ This is the full liquidated amount.	
<ul> <li>Accrued and Unpaid Interest</li> </ul>	✓ List the amount of accumulated, unpaid interest calculated from the day after the last interest payment was made until the date of loan charge-off. The interest is calculated at the rate listed on the original application.	
<ul> <li>Out-of-Pocket expenses (Attach detailed explanation)</li> </ul>	✓ List the amount of reasonable out-of-pocket expenses incurred related to delinquent loan recovery efforts (e.g. repairs, towing charges, legal fees), and include documentation of out-of-pocket expenses. The receipts must contain identifying information (e.g. Borrower Name, CalCAP #, Lender Loan #, VIN #).	
• Total	✓This is the total sum of the outstanding principal, liquidated collateral, accrued and unpaid interest, and out-of-pocket expenses. <sup>5</sup>	
<ul> <li>Authorized Signature</li> </ul>	✓ Signature of Lender designated as an authorized signer.	
Date	✓ Date the claim was signed.	
• Title	$\checkmark$ Title of the Lender designated as an authorized signer.	

<sup>5</sup> Claim Calculator is accessible via: http://www.treasurer.ca.gov/cpcfa/calcap/tools/calculator.xlsx

## **VI. REPORTING REQUIREMENTS**

CalCAP Regulations require financial institutions to report to CPCFA on the status of loans enrolled and associated loan loss reserve accounts on a regular basis. In addition, financial institutions should communicate to CPCFA any changes to the lender's primary contact information to ensure important communications from CalCAP are received by the appropriate lender point of contact.

### A. Monthly Reporting

CalCAP Regulation §8073 (f) states:

"The Participating Financial Institution shall provide information to the Authority regarding the status of accounts, enrolled loans, claims and recoveries upon request."

All participating lenders with internally held loan loss reserve accounts are required to submit a monthly bank statement to CalCAP. The bank statements should provide a detailed description of the account and a complete summary of all transactions for the period covered. Failure of the lenders to comply more than two times within a six month period or more than three times in a 12 month period with the reporting requirements will result in mandatory transfer of loss reserve accounts to the CalCAP Trustee Bank.



Submit Loan Loss Reserve account statement by the 15 of the following month (e.g. the statement for January must be submitted by February 15) either by email at <u>CalCAP@treasurer.ca.gov</u> or by mailto:

CPCFA/CalCAP P.O. Box 942809 Sacramento, CA 94209-0001

### B. Quarterly Reporting

Quarterly reports are due to CalCAP by the 15th of the month following the end of the quarter as follows:

Quarter Begins	Quarter Ends	Quarterly Report due to
January 1	March 31	April 15
April 1	June 30	July 15
July 1	September 30	October 15
October 1	December 31	January 15

The quarterly report should clearly identify the CalCAP loan number, lender loan number, borrower's name and/or DBA, date of the loan (first disbursement), maturity date, total loan amount, total enrolled amount outstanding, and date the loan was paid off. If a loan previously

enrolled in CalCAP by a Participating Financial Institution was assigned, transferred, or pledged to another entity pursuant to prior authorization by CPCFA, the lender which originally held the debt must record the date the loan was sold, the name of the entity to which the loan was assigned, transferred, or pledged, and the percentage of the loan which was assigned, transferred, or pledged on the Participating Financial Institution's quarterly report. For loans that received a claim approval, the report should also include the date of charge off, claim amount paid, recovery dates, recovery amounts, and comments. For an example of a quarterly report in the CalCAP preferred format, see the graphic below and refer to the CalCAP website at:

### http://www.treasurer.ca.gov/cpcfa/calcap/sb/index.asp

LOAN INFORMATION							CLAIM INFORMATION								
CalCAP Loan #	Bank Loan Number	Borrower	DBA	Date of Loan (First Disbursement)	Maturity Date	Total Loan Amount	Total Enrolled Amount Outstanding	Paid Off or Sold	Name of entity the loan was assigned, transferred or pledged to pursuant to prior authorization by CPCFA	Percentage of loan assigned, transferred or pledged to another entity	Date of Charge Off	Claim Amount Paid	Recovery Date	Recovery Amount	Comments
0000-00001	500-94869	John Doe	John Doe Construction	11/22/2008	11/22/2014	\$ 120,000.00	\$45,000.00	NłA	N/A	N/A	12/1/2010	\$45,000.00	12/15/2010	\$ 30,000.00	Recovery 30k 12/15/10
					Totals	\$ 120,000.00	\$ 45,000.00					\$45,000.00		\$ 30,000.00	

Failure to comply with the reporting requirements can result in suspension from the Program, mandatory transfer of loss reserve accounts to the CalCAP Trustee Bank, and/ or termination from Program. Once the quarterly report is submitted to and received by CalCAP, the suspension may be lifted. If the participating financial institution fails to comply a second time within a 12 month period, the participating financial institution may be suspended from the Program until the quarterly report is submitted to and received by CalCAP. At that time, that financial institution's ability to participate in CalCAP will be reassessed by the Executive Director.



Submit Quarterly Report electronically to the CalCAP email address at <u>CalCAP@treasurer.ca.gov</u> by the 15th of the month following the end of the quarter.

### C. Change in Lender Points of Contact

To ensure the financial institution is aware of all current CalCAP rules and regulations as well as changes to program policies or practices, lenders should keep CalCAP informed about any changes to key lender contacts by sending a brief memo on the participating financial institution's letterhead signed by an authorized representative of the institution to CalCAP with the new or updated name, address, phone or email contact information. Specifically, lenders should inform CalCAP of changes to:

Main Contact – CalCAP's primary lender contact. This representative will receive important email announcements related to new processes, new forms, site visit notices, and/or lender roundtable calls and webinars.

- Public Contact lender contact for public inquiries (name and address will be published on the CalCAP website)
- Financial Contact lender contact authorized to discuss bank statements, quarterly reports, claim refunds, etc. with CalCAP
- Mail Recipient lender contact authorized to receive completed loan and claim documents, adjustment authorization letters, and/ or loan denial letters from CalCAP (only use <u>one</u>)
- General Emailing List on occasion, CalCAP sends out email announcements for new processes, new forms, lender roundtable meetings, etc. Lender should provide the email addresses for those wishing to receive such correspondence.

Updates can be submitted to the CalCAP email <u>CalCAP@treasurer.ca.gov</u> or by mail to:

CPCFA/CalCAP Ref. Change in Lender Contact P.O. Box 942809 Sacramento, CA 94209-0001



Please use "Change in Lender Contact" reference in the email subject line or in the regular mail address line.

# **VII. RECAPTURE** Removal of Recapture per Emergency Regulations Approved by the Office of Administrative Law on August 4, 2022.

### A. <u>Overview</u>

To ensure program continuity, older contributions will be recycled to support future enrollments in CalCAP for Small Business.

Section 8070 (w) "Recapture means the withdrawal of the Authority's Contributions pursuant to each program's rules set forth in Sections <u>8073</u>, 8078.11, 8078.18, and <u>8078.25.</u>"

The Basics of Recapture				
Recapture Process	The withdrawal of CPCFA contributions for matured loans or loans older than 5 years from the date of enrollment in the Program.			
Lenders subject to Recapture	<ol> <li>Lenders enrolled in the Program prior to August 15, 2017 who elect to continue enrolling loans in CalCAP for Small Business</li> <li>New Lenders enrolled in the Program on or after August 15, 2017</li> </ol>			
Recapture Date	At the end of every fiscal year			
Documents needed to- calculate the recapture amount	<ol> <li>Quarterly Report ending on June 30 submitted by the Lender</li> <li>The Lender's loan loss reserve (LLR) account balance as of June 30</li> </ol>			
Recapture Threshold	Effective 2020, the minimum recapture threshold will be 15%			
Loans <u>not</u> subject to Recapture	<ol> <li>Loans which have not matured <u>and</u> are less than five years old</li> <li>Enrolled loans that have been charged off as a result of a default, and have a pending or approved claim with CalCAP</li> </ol>			
Recapture Notification	After the end of the fiscal year, a Recapture notification letter with transfer instruction will be sent to the Lender. The notification letter is to inform the Lender of the recapture amount for the fiscal year.			

#### B. Recapture Calculation

CalCAP will determine the actual Recapture amount from the Lender's loan loss reserveaccount based on the Recapture Worksheet Formula. This Worksheet Formula is provided below.

Recapture Worksheet and Examples:

http://www.treasurer.ca.gov/cpcfa/calcap/forms/recapture/recapture-worksheet.pdf

	Amount	Label	Notes
A	\$	Outstanding Principal Balance	<ul> <li>Total of the outstanding principal balance of all loans originated on or after July 1, 2012</li> <li>Excluding interest, fees &amp; other charges</li> <li>Based on Lender's Quarterly Report ending June of the year of Recapture</li> </ul>
8	\$	Lender's Loss- Reserve (LLR) Minimum- Threshold for- Recapture	B = A x <u>15% (0.15)</u> 15% minimum threshold percentage effective 2020 per CalCAP Regulations Section 8073(g)
c	Ş	<del>Maximum</del> <del>Recapture</del> Amount	<ul> <li>Total CPCFA Contributions for all matured loans, and for all loans originated 5 years prior</li> <li>Excludes CPCFA Contributions for any loans with pending or approved claims</li> <li>Includes public contributions from all sources (SSBCI, State General Fund, SBAF, ARB)</li> </ul>
₽	<u>\$</u>	Current LLR Balance	As reflected on bank statement as of June of the fiscal year of Recapture
£	\$	Actual Recapture Amount	I <del>F D — C ≥ B THEN E = C</del> I <del>F D — C &lt; B THEN E = D — B</del> I <del>F E = &lt; 0 THEN E = 0</del>
a.	\$	Remaining LLR Balance	F=D-E

### VIII. LENDER TOOLS & TIPS

This section contains tools and tips to further assist lenders in enrolling loans. For the most recent versions, refer to the CalCAP website:

CalCAP Homepage: <u>http://www.treasurer.ca.gov/cpcfa/calcap/sb/index.asp</u>

#### 1. Examples of Eligible and Non-Eligible Small Business Types

Most common small business types are eligible for participation in the CalCAP program with CalCAP matching up to 100 percent of the combined lender and borrower fees. However, certain businesses and activities are precluded from enrolling in the program as shown in the table below.



This table provides examples only and is not intended for nor should be considered as a comprehensive, all-inclusive listing of eligible or non-eligible small business types.

Refer to Chapter VIII for the full text of CalCAP Regulations and contact CalCAP directly if you are unsure about the eligibility of a specific business type.

Type of Business	State Funds Lender <u>Only</u> Fees Match
Airplane or Aircraft	eligible
Charitable, non-profit or eleemosynary institutions	eligible
Consumer and Marketing Cooperatives	eligible
Golf Course or Country Club	eligible*
Government-owned Corporations	eligible
Health Club Facilities	eligible
Racquet Sports Facilities (including handball and racquetball)	eligible
Skating Facilities (including roller skating, skateboarding, and ice skating)	eligible
Spas that provide Massage Services	eligible
Suntan Facilities	eligible
Tennis clubs	eligible
Business that earns more than half of its annual net revenue from lending activities (unless a non-bank)	eligible
Pyramid Sales Plans	eligible**
Liquor Store	not eligible

Type of Business	State Funds Lender <u>Onlv</u> Fees Match
Adult Entertainment (including strip clubs, adult bookstores, and business whose principal business is the sale of pornography)	not eligible
Bars	not eligible
Business engaged in speculative activities that develop profits from fluctuations in price rather than though the normal course of trade	not eligible
Escort Service	not eligible
Facility Primarily Used for Gambling or to Facilitate Gambling	not eligible
Firms engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted	not eligible
Gun Club, Shooting Range or Gallery	not eligible
Hot Tub Facility	not eligible
Massage Parlor	not eligible
Nudist Camp	not eligible
Racetrack	not eligible
Store or facility whose principal business is the manufacture or sale of tobacco or tobacco products	not eligible
Store or facility whose principal business is the sale of firearms	not eligible

Note: \*If a legitimate small business \*\*If lawful multi-level sales organization

#### 2. Examples of Loans Eligible or Prohibited for Enrollment with CalCAP

While a majority of business types are eligible for enrollment in CalCAP, certain restrictions apply to the use of loan proceeds and fees match contributions if the loan is enrolled in CalCAP as shown in the following table.

Loan Purpose	State Lender <u>Only</u> Fees Match
Refinance other financial institution debt provided original loan was for an eligible purpose	eligible
Refinance CalCAP or other loan (enrolling advance only)	eligible
Fund any unguaranteed portion of an SBA loan	eligible
Purchase any portion of the ownership interest of any owner of the business or acquisition of business that includes blue sky or goodwill	eligible
Reimburse funds owned to any owner, including any equity injection or injection of capital for the business' continuance	eligible
Repay delinquent federal or state income taxes unless the borrower has a payment plan in place with the relevant tax authority	eligible
Repay taxes held in trust or escrow	eligible
Loan has been made in order to place under the protection of CalCAP prior debt that is not covered under CalCAP and that is or was owed by the Borrower to the Participating Financial Institution or to an affiliate of the Participating Financial Institution (delinquency cannot be refinanced)	not eligible
Passive real estate	not eligible
Construction or purchase of residential housing	not eligible
Refinance own financial institution debt (unless certain conditions apply)	not eligible
Financing a non-business purpose	not eligible

#### 3. <u>How to Report the Number of Employees of a Small Business Concern & Related</u> <u>Affiliates</u>

To report the number of employees of a borrower, the lender will request that the borrower count all individuals employed on a full-time, part-time, or other basis. If a borrower owns multiple businesses, has acquired an affiliate, or been acquired as an affiliate, the employees counted to determine size status include the employees of all affiliates. Employees obtained from a temporary employee agency, professional employment

organization, or leasing concern that received payment directly from the borrower will be included.

The borrower should consider the totality of the circumstances, including criteria used by the IRS for Federal income tax purposes, to determine whether individuals are employees of their business. In general, an individual is considered an employee of a borrower if their compensation is issued by the borrower.



Volunteers (e.g. individuals who receive no compensation, including no inkind compensation, for work performed) are **not** considered employees.

#### 4. How to Calculate Full Time Equivalency

The number of an employer's Full Time Equivalents (FTEs) is determined by dividing the total hours for which the borrower pays wages to all employees during the year by the number of employee work hours per year. The standard calculation for employee work hours per year is 2080: calculated by multiplying 52 weeks by 40 hours per week.

#### Example:

In a single year a borrower pays 5 employees wages for 2,080 hours each, 3 employees' wages for 1,040 hours each, and 1 employee wages for 2,300 hours. The borrower's FTEs would be calculated as follows:

1. Total hours not exceeding 2,080 per employee is the sum of:

a. 10,400 hours for the 5 employees paid for 2,080 hours each (5 x 2,080)

b. 3,120 hours for the 3 employees paid for 1,040 hours each (3 x 1,040)

c. 2,080 hours for the 1 employee paid for 2,300 hours (lesser of 2,300 and 2,080) These add up to 15,600 hours

2. FTEs: 8 (15,600 divided by 2,080 = 7.5, rounded to the nearest whole number)



FTEs must not exceed 500 for CalCAP loans

### IX. SAMPLE LOAN ENROLLMENT APPLICATIONS, CERTIFICATIONS & FORMS

Samples of forms required by CalCAP are provided in this Chapter for quick reference. Lenders should refer to the CalCAP website to download the most current forms:

http://www.treasurer.ca.gov/cpcfa/calcap/sb/index.asp

1.	CalCAP	Program	Loan	Enrollment	Ар	plication
----	--------	---------	------	------------	----	-----------

CALIFORNIA CAPITAL ACCESS PROGRAM	Mailing Address: P.O. Box 942809
California Pollution Control Financing Authority CalCAP@treasurer.ca.gov	Sacramento, CA 94209-0001 Fax (916) 589-2805
(916) 654-5610	
	CalCAP CalCAP
	Use Loan#
	Only Date Received
CalCAP LOAN ENROLLMENT APPLICATION	
Lender Information	
Participating Lender Lo	ender ID#
	ct Phone
Loan Contact Email	
Borrower Information	
Name D	BA
Address City	
Type of Business/Activities What y	ear was the business incorporated or opened?
Annual Revenues Last Fiscal Year \$ Average Annual Re	evenue Last 3 Years \$
Number of Employees Number of Full Time Equivalents	Jobs createdJobs retained
Is business located in a Severely Affected Community? □No □ Yes	
If Yes, select reason: City Unincorporated Country if City Not Listed	Other:
Will loan monies be used at above address? $\Box$ Yes $\Box$ No If <i>no</i> , location where loa	n will be used:
AddressCity	-County Zup
NAICS Code Census Tract # ·	
http://www.census.gov/eos/www/naics/	http://www.ffiec.gov/Geocode/default.aspx.
Puppose of Loan	
	s woman owned? 🗌 Yes 🗌 No 👘 Decline to Answer
Is business veteran owned?  Yes No Decline to Answer	
Loan Information	1
Is this loan enrolled in any other government guarantee program?	If Ver name the promotion
What percent of loan is enrolled in other program?% What percentage of loan	n is being enrolled in CalCAP?%
Lender Loan Number Type of Loan: 🗌 Line of Cr	edit 🔲 Term Loan
Total Loan Amount \$ Loan Amount Enrolle	d in CalCAP \$
Date of First Disbursement (Date of Loan) Maturity Date	
Interest Rate% Fixed Variable Is the loan secured? Ye	
Is this loan a restructure of a prior CalCAP Loan? Yes No If Yes, provide	the CalCAP Loan #
Remaining balance on loan being restructured: \$ Amount of incre	ease requested: \$
Borrower Fee \$ % Lender Fee \$	%
Is an Independent Contributor being used to pay the fees? Yes No If yes,	
as an analycement contribution orang used to pay the tees: 14 es 110 11,965,	and of condition of Fogram

When complete, please send to: <u>CalCAP@treasurer.ca.gov</u> or by fax (916) 589-2805

Revised August 15, 2017

### 2. CalCAP Program Lender Certification

CalCAP@treasurer.ca.gov	M ity		Mailing Address: P.O. Box 94280 Sacramento, CA 94209-000
916) 654-5610			Fax (916) 589-280
Borrower Name		Lender Loan Nun	aber
	LENDER C	ERTIFICATION	
Enrolling a loan in CalCAP for Smal rules and requirements.	ll Business requires the Participat	ing Financial Institution to certify	to each of the following program
* All capitalized terms are defined in 4 CC	CR §8070 of the California Code of	Regulations.	
1) The loan is a Qualified Loan as defined in	1 4 CCR §8070(u) of the California	Code of Regulations.	
2) The business receiving the Qualified Loar	n is a Qualified Business, as defined	I in 4 CCR §8070(t) of the Californi	a Code of Regulations.
3) The Qualified Loan is for a business activ	ity that has its Primary Economic E	ffect in California as defined in 4 C	CR §8070(q) of the CPCFA Regulations.
<ol> <li>The Participating Financial Institution will CPCFA, and the Participating Financial In</li> </ol>			est of the Executive Director of the
5) The Participating Financial Institution has in the Fees or the Contribution.	s obtained a written representation	from the Borrower that the Borrower	r has no legal, beneficial or equitable, interest
6) The enrolled amount of the loan does not	exceed \$2,500,000.		
<ol> <li>The Participating Financial Institution has paid by the Borrower.</li> </ol>	s notified the Borrower if the Partic	pating Financial Institution's share	of the Fees for the Qualified Loan has been
<ol> <li>The Participating Financial Institution acd banking regulations.</li> </ol>	knowledges that its lending activitie	s are subject to safety and soundness	s standards as set forth in any applicable federal
<ol> <li>The Participating Financial Institution ha its business.</li> </ol>	is validated that the Borrower has se	scured or made application for all ap	plicable licenses or pennits needed to conduct
<ol> <li>The Participating Financial Institution has Program.</li> </ol>	s not, and will not, enroll any portion	n of the same loan in any other gove	ernment program substantially similar to the
11) The loan is not a refinance of a loan previo	ously made to that borrower by the lo	ender or an affiliate of the lender and	not enrolled in the program.
<ol> <li>If the loan includes the purchase of comm percent of the space in a newly constructe</li> </ol>		occupy at least 51 percent of the spa	ace in an existing building and at least 67
13) The Borrower has received the CPCFA/	CalCAP Privacy Notice		
14) The Participating Financial Institution w	ill make available to the Authority a	ill records related to the use of the fu	inds in the Loss Reserve Account
By signing below and enrolling this load		tution certifics, based in part on in	nformation provided by the Borrower,
By signing below and enrolling this loan that each of the above assurances is tru		tution certifies, based in part on in	oformation provided by the Borrower,
	e and accurate.	itution certifies, based in part on it Title	oformation provided by the Borrower,
that each of the above assurances is tru	e and accurate.		
that each of the above assurances is tru	eture		
that each of the above assurances is tru Authorized Lender Signa Printed Name of Authorized	e and accurate. sture I Signer California Pollution Control	Title Financing Authority Use Only	Date
that each of the above assurances is tru Authorized Lender Signa Printed Name of Authorized	e and accurate.	Title Financing Authority Use Only	wer's Date
that each of the above assurances is tru Authorized Lender Signa Printed Name of Authorized	I Signer California Pollution Control Analyst's Initials	Title Financing Authority Use Only Date Revie	Date Date
that each of the above assurances is tru Authorized Lender Signa Printed Name of Authorized CalCAP Loan Number	I Signer California Pollution Control Analyst's Initials	Title Financing Authority Use Only Date Revie Initia	wer's Date

### 3. CalCAP Borrower's Agreement to Pay Lender's Fees

California P Office Loca Sacramento	IIA CAPITAL ACCESS PROGRAM ollution Control Financing Authority ttion: 801 Capitol Mall, 2 <sup>nd</sup> Floor , CA 95814 916) 654-5610		Sacramer	s: P.O. Box 942809 nto, CA 94209-0001 <u>P@treasurer.ca.gov</u> Fax (916) 589-2805	
CalCAP BORROWER'S AGREEMENT TO PAY LENDER'S FEES					
Lender Loan	1	Total amount enrolled in CalCAP or advance for this transaction			
	Lender Fee		/0	*Note: The Lender and Borrower Fees must match.	
	Borrower Fee Total Fees to be paid to CalCAP		%		
Total F	ees to be paid by the Borrower	\$	%		
Pursuant to 4 CC loan.	Pursuant to 4 CCR §8072(c)(22), the Borrower hereby acknowledges and agrees to pay their fee as well as the Lender's fee for the aforementioned loan.				
	Borrower's N	ame			
	Business Name				
	Borrower Sigr	ature	Date		
Please submit with	Loan Enrollment Application to CalCAP@tr	easurer.ca.gov	Rev	ised August 15, 2017	

#### 4. CalCAP Program Borrower Certification

#### BORROWER CERTIFICATION FOR SMALL BUSINESS LOAN ENROLLMENTS Your loan is being enrolled in the California Capital Access Program (CalCAP). You are the "Borrower". By signing this document below, you certify to the following: Borrower is a small business concern as defined in 4 CCR §8070(t) of the California Code of Regulations which state: (t) "Qualified Business" and "Small Business Concern" means a business as set forth in Health and Safety Code Section 44559.1 subdivision (i) and (m), that is not dominant in its field of operation, and that together with affiliates, has 500 or fewer employees. \* (i) "Qualified business" means a small business concern that meets both of the following criteria, regardless of whether the small business concern has operations that affect the environment: (1) It is a corporation, partnership, cooperative, or other entity, whether that entity is a nonprofit entity or an entity established for profit that is authorized to conduct business in the state. (2) It has its primary business location within the boundaries of the state. (m) "Small business concern" has the same meaning as in Section 632 of Title 15 of the United States Code, or as otherwise provided in regulations of the authority. "Primary business location in California" as defined in 4 CCR §8070(o) of the California Code of Regulations means that a business will be deemed to be located in California if either: (1) a majority of the employees of the business are located in California; or (2) the Executive Director determines that the Primary business location is in California by finding that the average of the "Payroll Factor" as defined in Revenue and Taxation Code Section 25132, the "Income Factor" as defined in Revenue and Taxation Code Section 25128, and the "Sales Factor" as defined in Revenue and Taxation Code Section 25134 is areater than 50 percent. Borrower obtained a loan that is for a business activity that has its primary economic effect in California as defined in 4 CCR §8070(q) of the California Code of Regulations which state: (q) "Primary economic effect in California" means, as applied to a business activity, that either of the following conditions exists: At least 51 percent of the total revenues of the business activity are generated in California; or At least 51 percent of the total jobs of the business activity are created or retained in California. The loan proceeds will be used for a business activity permitted under 4 CCR §8070(u) of the California Code of Regulations which state: (u)"Qualified Loan" means a loan or a portion of a loan made by a Participating Financial Institution to a Qualified Business for any business activity that has its Primary economic effect in California. A Qualified Loan may be made in the form of a line of credit, in which case the Participating Financial Institution shall specify the amount of the line of credit to be covered under the Program, which may be equal to the maximum commitment under the line of credit or an amount that is less than the maximum commitment. "Qualified Loan" does not include any of the following: (1) A loan for the construction or purchase of residential housing. (2) A loan to finance Passive Real Estate Ownership. (3) A loan for the Refinancing of debt already held by the Participating Financial Institution other than a prior Qualified Loan enrolled under the Program, except to the extent of any increase in the outstanding balance. (4) A loan, the proceeds of which will be used (A) to provide any of the following businesses or facilities, regardless of the source of funds used for the Authority's Contribution: (i) massage parlor, sauna or hot tub facility, racetrack, facility primarily used for gambling or to facilitate gambling, liquor store, bar, a store or other facility whose principal business is the sale of firearms, a store or other facility whose principal business is the manufacture or sale of tobacco or tobacco products, a store or other facility whose principal business is religious, escort service, nudist camp, adult entertainment (including strip clubs, adult book stores, and businesses whose principal business is the sale of pornography), gun club, or shooting range or aallerv. (ii) a business engaged in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of legitimate risk management strategies to guard against price fluctuations related to the regular activities of the business; (iii) a business that earns more than half of its annual net revenue from lending activities, unless the business is a non-bank or non-bank holding company certified as a Community Development Financial Institution; (iv) a business engaged in pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; (v) a business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that permits illegal prostitution on its premises; (vi) businesses that may be restricted by federal law; (vii) activities that relate to acquiring or holding passive investments such as commercial real estate ownership, the purchase of securities, and lobbying activities as defined in Section 3(7) of the Lobbying Disclosure Act of 1995. P.L. 104-65, as amended; (viii) financing a non-business purpose; Page 1 of 2 Revised August 15, 2017

### CalCAP Program Borrower Certification

Γ

	(ix) covering the unguaranteed portions of an Small Busin U.S. Treasury; or	ess Administrati	ion loan unless the Authority receives	prior written consent of the				
		(x) supporting existing extension of credit, including prior loans, lines of credit or other borrowings that were previously made available as part of a substantially similar governmental small business credit enhancement program.						
	(B) to provide any of the following facilities when the Autisales, all items listed in (A) and: a store whose principal by commercial golf course, country club, spas that provide m and ice skating), racquet sports facility (including any han luxury box), health club facility.	usiness is the same same services,	le of alcoholic beverages for consump tennis club, skating facility (includin	otion off premises, private or g roller skating, skateboard,				
	(C) in any manner that could cause the interest on any bonds previously issued by the Authority to become subject to federal income tax, as							
	specified in writing to all Participating Financial Institutions by the Executive Director. (5) any loan or portion thereof to the extent the same loan or portion thereof has been, is being, or will be enrolled in any other government program substantially similar to the Program.							
	<ul> <li>(6) any loan that exceeds \$5,000,000.</li> <li>(7) any loan or portion thereof to the extent that enrollme</li> </ul>	ent of the loan w	ill cause the Borrower (including all i	related entities amona which a				
	common enterprise exists) to have a total enrolled princip three-year period.							
•	The Participating Financial Institution must obtain writter Code of Regulations which state:	certification fro	om the Borrower as stated in 4 CCR §	8072(c)(18) of the California				
	(A) The loan will be used solely for a business purpose;		the Demonstration from the second	and along in place with the				
	(B) The loan will not be used to repay delinquent federal or relevant taxing authority;		axes unless the Borrower has a payn	nent plan in place with the				
	<ul> <li>(C) The loan will not be used to repay taxes held in trust of</li> <li>(D) The loan will not be used to refinance or reimburse function</li> </ul>		owner, including any equity injection	n or injection of capital for the				
	business' continuance; (E) The loan will not be used to purchase any portion of th	ne ownership int	erest of any owner of the business:					
	(F) The loan will not be used to finance ineligible business							
	<ul> <li>(G) The Borrower is not:</li> <li>(i) an executive officer, director, or principal shareholder of</li> </ul>	of the Particinat	ing Financial Institution:					
	(ii) a member of the immediate family of an executive offic (iii) a member of the immediate family of an executive offic (iii) a related interest of such executive officer, director, pi Financial Institution.	icer, director, or	principal shareholder of the Participa					
•	Borrower agrees to allow the participating financial institute Executive Director of the CPCFA.	ution to provide	information from financial records o	of the Borrower upon request of				
•	Borrower has no legal, beneficial or equitable, interest in	the fees or the	contribution.					
•	The maximum loan amount is \$5,000,000 and the Borrow	ver is limited to	a maximum of \$2,500,000 enrolled o	ver a 3 year period.				
	Borrower was notified, in writing, if the participating financial institution's share of the fees for the qualified loan were paid by the Borrower.							
•	Borrower has secured or made application for all applicat	ole licenses or p	ermits needed to conduct its busines	s.				
•	Borrower has received the CPCFA/CalCAP Privacy Notice.							
	Business Name (please print)		Lender Loan #					
	Individual Name (please print)		Individual Title (as it pertains	to the business)				
	Signature of above Individual		Date					
	an na <mark>t</mark> alah 1967 tang salah satu salah salah salah salah sa							
		Page 2 of 2		Revised August 15, 2017				

#### 5. CalCAP Program Privacy Notice



### 6. Notification of Change in Loan Terms Form

California Pollut		Sacramen CalCA	is: P.O. Box 942809 to, CA 94209-0001 P@treasurer.ca.gov Fax (916) 657-4821
	CalCAP NOTIFICATI	ON OF CHANGE IN LOAN TERMS	
	ters must provide written notification of a te, within 15 days of the effective date of	any change in material terms of a loan, including changes f the change.	to the maturity
NOTE: For a loa proof of fees dep		Enrollment Application, new lender and borrower certif	ications along with
Check which Cal	CAP Program 🔲 Small Business 🔲	ARB EVCS ADA Seismic Safety	
Lender:		Lender's CalCAP ID #:	
Contact Person			
		Email:	
Loan Informatio	<u></u>	Estate.	
Borrower:		Change Effective Date:	
and the second second second	amber:		
Type of Change	10 T		
	Rate Change		
		12-11-11-11-11-1	
En	ective Date:	New Interest Rate	
		cation, new lender and borrower certifications and comple	ete the following
Old	Maturity Date		
	Maturity Date		
New Other (p	w Maturity Date	) cation, new lender and borrower certifications and comple	ete the following
Net Other (p Please s field.	w Maturity Date		ete the following
Other (p Please s field. Des	w Maturity Date lease provide supporting documentation) ubmit an amended loan enrollment applic cribe the change(s) to the loan		
Other (p Please s field. Des	w Maturity Date lease provide supporting documentation) ubmit an amended loan enrollment applic cribe the change(s) to the loan w, the Participating Financial Institution	cation, new lender and borrower certifications and comple	
New Other (p Please s field. Des By signing below Authorized Lend	w Maturity Date lease provide supporting documentation) ubmit an amended loan enrollment applic cribe the change(s) to the loan w, the Participating Financial Institution	cation, new lender and borrower certifications and comple on certifies that the above loan information is true and	
New Other (p Please s field. Des By signing below Authorized Lend Printed Name of	w Maturity Date lease provide supporting documentation) ubmit an amended loan enrollment applic acribe the change(s) to the loan w, the Participating Financial Institutio er Signature Authorized Signer California Pollutio	an certifies that the above loan information is true and Title Date	
New Other (p Please s field. Des By signing below Authorized Lend	w Maturity Date lease provide supporting documentation) ubmit an amended loan enrollment applic acribe the change(s) to the loan w, the Participating Financial Institutio er Signature Authorized Signer	an certifies that the above loan information is true and Title Date Manager: Date	
New Other (p Please s field. Des By signing below Authorized Lend Printed Name of	w Maturity Date lease provide supporting documentation) ubmit an amended loan enrollment applic acribe the change(s) to the loan w, the Participating Financial Institutio er Signature Authorized Signer California Pollutio	an certifies that the above loan information is true and Title Date	

When complete, please send to: CalCAPGitteasurer.ca.gov or by fax (916) 589-2805

Revised April 11, 2018

### 7. CalCAP Financial Institution Claim Application

CALIFORNIA CAPITAL ACCESS PROGRAM California Pollution Control Financing Authority Office Location: 801 Capitol Mall, 2 <sup>nd</sup> Floor Sacramento, CA 95814 Telephone (916) 654-5610			Mailing Address: P.O. Box 942809 Sacramento, CA 94209-0001 CalCAP@treasurer.ca.gov Fax (916) 589-2805			
CalCAP FINANCIAL INSTITUTION CLAIM APPLICATION NOTE: A lender is required to notify the Authority within 120 days of when the lender has charged off all or part of a qualified loan as a result of default by a borrower. If the form is filled out properly and the lender has faithfully complied with CalCAP requirements, CPCFA will authorize the Program trustee to reimburse the lender from the lender's loss reserve account within 30						
business days.	stee to reimburse	the lender from th	e lender's loss reserve account within 50			
Lender and Borrower Information						
Participating Lender:		Lender's CalCA	P ID #:			
Lender Contact: Name:		CalCAP Loan N	umber:			
Phone:		Borrower's Nan	ie:			
Address:						
Loan Information						
Original Principal Amount of Loan:		Date of Loan:				
Default Amount: Is this loan secured? Yes No		Date of Default:				
Is this loan secured? Yes No		Date of Charge-o	ff:			
If yes, what form of security						
Was the loan in the first \$1 million of CalCAP loans	made by lender?	Yes No				
Have enforcement proceedings begun? Yes	No					
Lender's priority of claim (If two or more claims file	ed by lender):					
Claim Information						
Outstanding Principal	<u>s</u>		_			
Liquidated Collateral	S					
Accrued and Unpaid Interest	s					
Out-of-pocket expenses	s					
(Attach detailed explanation)						
Total	<u>s</u>					
<ul> <li>The lender warrants this claim is being filed with the lender's usual methods for taking action on</li> </ul>	<ul> <li>Please attach a complete transaction history report, a short narrative of the loan history, receipt(s), and Bill of Sale(s) (if applicable).</li> <li>The lender warrants this claim is being filed within 120 days of the loan being charged off and that charge-off was consistent with the lender's usual methods for taking action on loans not enrolled in the Program.</li> </ul>					
<ul> <li>Lender will, as CPCFA's agent, pursue additiona of collateral, guarantees, and/or other sources.</li> </ul>						
<ul> <li>Lender certifies it has given notice to the Author         <ul> <li>(1) has given notice to the Authority of any ren</li> </ul> </li> </ul>			in in CarCAF, and either:			
(2) the loan was continuously renewed or exter This claim is for a loan that the undersigned hold						
<ul> <li>This claim is for a loan that the undersigned hold prior authorization by CPCFA.</li> </ul>	is, or a loan that r	ias been assigned, i	ransterred, or piedged to another entity pursuant to			
Authorized Signature			Date			
Title						
California Pollution Authorized Signature	Date	Amount Amount				
	and the figure of	Party La				
When complete, please send to: CalCAP@treasurer.ca.gov o	r by fax (916) 589-	2805	Revised August 15, 2017			

## X. CalCAP Regulations

To view and print current CalCAP Regulations, please visit: <u>https://www.treasurer.ca.gov/cpcfa/calcap/regulations.asp</u>

### XI. Statute (California Health & Safety Code)

#### Division 27. California Pollution Control Financing Authority Act. Article 2. Organization of Authority

44520. (a) The authority shall, in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, adopt all necessary rules and regulations to carry out its powers and duties under this division. The authority may call upon any board or department of the state government for aid and assistance in the preparation of plans and specifications and in the development of technology necessary to effectively control pollution.

(b) Notwithstanding subdivision (a), the authority, or any other agency implementing a small business or brownfield site financing assistance program pursuant to an interagency agreement with the authority, may adopt regulations relating to small business or brownfield site financing as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. The regulations shall be repealed 180 days after their effective date, unless the adopting authority or agency complies with that Chapter 3.5.

(c) Notwithstanding subdivision (a), the authority, or any other agency implementing a loan program pursuant to an interagency agreement with the authority, may adopt regulations relating to the loans and grants authorized under subdivision (g) of Section 44526 as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. The regulations shall be repealed 180 days after their effective date, unless the adopting authority or agency complies with that Chapter 3.5. (*Amended by Stats. 2009, Ch. 643, Sec. 7. (SB 832) Effective November 2, 2009.*)

# Division 27. California Pollution Control Financing Authority Act. Article 8. Capital Access Loan Program for Small Businesses

44559. (a) The Legislature finds and declares that small businesses are responsible for a significant amount of environmental emissions in the state, but are less able than larger businesses to afford the investment in new equipment or process modifications needed to comply with environmental regulations, with regard to controlling emissions, preventing the creation of pollutants, contaminants, or waste products, and remediating contamination of properties with a reasonable potential for economically beneficial reuse. Additionally, small businesses faced with financial pressures will be likely to reduce expenditures to achieve environmental compliance. Better access to capital will allow small businesses to more easily comply with environmental mandates, and to remediate contamination of properties with a reasonable potential of economically beneficial reuse, and to succeed economically, generating additional revenue to state and local governments that can be used for environmental improvements, all to the benefit of all the residents of the state.

(b) The Legislature also finds and declares that it is in the best interest of the state to expand the Capital Access Loan Program for small business regardless of whether the operations of the small business affect the

environment, and to permit business loans to be included in the program for small businesses whose operations do not, necessarily, affect the environment. Small businesses have difficulty gaining access to capital for startup and expansion purposes. Small businesses owned by minorities and women have special capital access difficulties. In addition, small businesses operating in areas affected by military base closures are disadvantaged by limited access to capital. The Legislature finds that improving access to capital for these small businesses will spur investment, create jobs, expand economic opportunities, assist in the recovery of communities affected by defense and aerospace losses, assist in the recovery of neighborhoods and communities affected by contaminated properties that are not being used for economically beneficial purposes but which could be so used if the contamination was remediated, and help sustain and strengthen economic recovery in California.

(Amended by Stats. 2000, Ch. 915, Sec. 11. Effective January 1, 2001.)

As used in this article, unless the context requires otherwise, all of the following terms have the following meanings:

(a) "Authority" means the California Pollution Control Financing Authority.

(b) "California Capital Access Fund" means a fund created within the authority to be used for purposes of the program.

(c) "Executive director" means the Executive Director of the California Pollution Control Financing Authority.

(d) (1) "Financial institution" means a federal- or state-chartered bank, savings association, credit union, notfor-profit community development financial institution certified under Part 1805 (commencing with Section 1805.100) of Chapter XVIII of Title 12 of the Code of Federal Regulations, or a consortium of these entities. A consortium of those entities may include a nonfinancial corporation, if the percentage of capitalization by all nonfinancial corporations in the consortium does not exceed 49 percent.

(2) (A) "Financial institution" also includes a lending institution that has executed a participation agreement with the Small Business Administration under the guaranteed loan program pursuant to Part 120 (commencing with Section 120.1) of Chapter I of Title 13 of the Code of Federal Regulations and meets the requirements of Section 120.410 of Chapter I of Title 13 of the Code of Federal Regulations, a small business investment company licensed pursuant to Part 107 (commencing with Section 107.20) of Chapter I of Title 13 of the Code of Federal Regulations, as defined in Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code, or microbusiness lender, as defined in Section 12100 of the Government Code, that meets standards that shall be established by the authority. For loans where all or part of the fees and matching contributions are paid by an entity participating in the program pursuant to subdivision (e) of Section 44559.2, "financial institution" also includes financial lenders, as defined in Section 22009 of the Financial Code, making commercial loans, as defined in Section 22502 of the Financial Code.

(B) A financial institution described in this paragraph shall be domiciled or have its principal office in the State of California.

(3) "Financial institution" also includes an insured depository institution, insured credit union, or community development financial institution, as these terms are defined in Section 4702 of Title 12 of the United States Code.

(e) "Loss reserve account" means an account in the State Treasury or any financial institution that is established and maintained by the authority for the benefit of a financial institution participating in the Capital Access Loan Program established pursuant to this article for the purposes of the following:

(1) Depositing all required fees paid by the participating financial institution and the qualified business.

(2) Depositing contributions made by the state and, if applicable, the federal government or other sources.

(3) Covering losses on enrolled qualified loans sustained by the participating financial institution by disbursing funds accumulated in the loss reserve account.

(f) "Participating financial institution" means a financial institution that has been approved by the authority to enroll qualified loans in the program and has agreed to all terms and conditions set forth in this article and as may be required by any applicable federal law providing matching funding.

(g) "Passive real estate ownership" means ownership of real estate for the purpose of deriving income from speculation, trade, or rental, but does not include any of the following:

(1) The ownership of that portion of real estate being used or intended to be used for the operation of the business of the owner of the real estate.

(2) The ownership of real estate for the purpose of construction or renovation, until the completion of the construction or renovation phase.

(h) "Program" means the Capital Access Loan Program created pursuant to this article.

(i) "Qualified business" means a small business concern that meets both of the following criteria, regardless of whether the small business concern has operations that affect the environment:

(1) It is a corporation, partnership, cooperative, or other entity, whether that entity is a nonprofit entity or an entity established for profit, that is authorized to conduct business in the state.

(2) It has its primary business location within the boundaries of the state.

(j) (1) "Qualified loan" means a loan or a portion of a loan made by a participating financial institution to a qualified business for any business activity that has its primary economic effect in California. A qualified loan may be made in the form of a line of credit, in which case the participating financial institution shall specify the amount of the line of credit to be covered under the program, which may be equal to the maximum commitment under the line of credit or an amount that is less than that maximum commitment. A qualified loan made under the program may be made with the interest rates, fees, and other terms and conditions agreed upon by the participating financial institution and the borrower.

(2) "Qualified loan" does not include any of the following:

(A) A loan for the construction or purchase of residential housing.

(B) A loan to finance passive real estate ownership.

(C) A loan for the refinancing of an existing loan when and to the extent that the outstanding balance is not increased.

(D) A loan, the proceeds of which will be used in any manner that could cause the interest on any bonds previously issued by the authority to become subject to federal income tax.

(k) "Severely affected community" means any area classified as an enterprise zone pursuant to the Enterprise Zone Act (Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code), any area, as designated by the executive director, contiguous to the boundaries of a military base designated for closure pursuant to Section 2687 of Title 10 of the United States Code, as amended, and any other comparable economically distressed geographic area so designated by the executive director from time to time.

(I) "Small Business Assistance Fund" means a fund created within the authority pursuant to Section 44548.

(m) "Small business concern" has the same meaning as in Section 632 of Title 15 of the United States Code, or as otherwise provided in regulations of the authority. (Amended by Stats. 2014, Ch. 132, Sec. 9. (AB 2749) Effective January 1,2015.)

(a) The authority may contract with any financial institution for the purpose of allowing the financial institution to participate in the Capital Access Loan Program established by this article.

(b) For purposes of this section, the authority may contract with participating financial institutions and shall utilize a standard form of contract that is reviewed and approved by the Department of General Services. The standard form of contract shall provide for all of the following:

(1) The creation of a loss reserve account by the authority for the benefit of the financial institution.

(2) The financial institution, qualified business, and the authority will deposit moneys to the credit of the institution's loss reserve account when the financial institution makes a qualified loan to a qualified business.

(3) The liability of the state and the authority to the financial institution under the contract is limited to the amount of money credited to the loss reserve account of the institution.

(4) The financial institution shall provide the information that the authority may require, including financial information that is identifiable with, or identifiable from the financial records of a particular customer who is the recipient of a qualified loan. In addition to any other information that the authority may require, the financial institution shall provide the complete North American Industry Classification System (NAICS) for the qualified business, the number of jobs created, the number of jobs retained, and information that provides the precise geographic location of both the qualified business and the borrower, if different.

(5) The financial institution will file a report with the executive director setting out a full description of the board of directors, including size, race, ethnicity, and gender.

(6) The participating financial institution will require each borrower, prior to receiving a loan under the

program, to sign a written representation to the participating financial institution that the borrower has no legal, beneficial, or equitable interest in the nonrefundable premium charges or any other funds credited to the loss reserve account established by the authority for the participating financial institution.

(7) Other terms that the authority may require for purposes of this article.

(c) A financial institution is not subject to laws restricting the disclosure of financial information when the financial institution provides information to the authority as required by paragraph (4) of subdivision(b).

(d) A credit union operating pursuant to a certificate issued under the California Credit Union Law (Division 5 (commencing with Section 14000) of the Financial Code) may participate in the Capital Access Loan Program established pursuant to this article only to the extent participation is in compliance with the California Credit Union Law. Nothing in this article shall be construed to limit the authority of the Commissioner of Financial Institutions to regulate credit unions subject to the commissioner's jurisdiction under the California Credit Union Law.

(e) Any individual, company, corporation, institution, utility, government agency, or other entity, including any consortium of these persons or entities, whether public or private, may participate in the Capital Access Loan Program established pursuant to this article by depositing funds in the California Capital Access Fund under those terms and conditions as may be deemed appropriate by the authority. (Amended by Stats. 2011, Ch. 483, Sec. 3. (AB 901) Effective January 1,2012.)

(a) The authority shall establish a loss reserve account for each financial institution with which the authority makes a contract.

(b) The loss reserve account for a financial institution shall consist of moneys paid as fees by borrowers and the financial institution, moneys transferred to the account from a small business assistance fund, any matching federal moneys, and any other moneys provided by the authority or other source.

(c) Notwithstanding any other law, the authority may establish and maintain loss reserve accounts with any financial institution under any policies the authority may adopt.

(d) All moneys in a loss reserve account established pursuant to this article are the exclusive property of, and solely controlled by, the authority. Interest or income earned on moneys credited to the loss reserve account shall be deemed to be part of the loss reserve account. The authority may withdraw from the loss reserve account all, or a portion of, the interest or other income that has been credited to the loss reserve account. Any withdrawal made pursuant to this subdivision may be made prior to paying any claim and shall be used for the sole purpose of offsetting costs associated with carrying out the program, including administrative costs and loss reserve account contributions.

(e) The combined amount to be deposited by the participating financial institution into any individual loss reserve account over a three-year period, in connection with any single borrower or any group of borrowers among which a common enterprise exists, shall be not more than one hundred thousand dollars (\$100,000). (Amended by Stats. 2011, Ch. 484, Sec. 2. (AB 981) Effective January 1, 2012.)

(a) If a financial institution that is participating in the Capital Access Loan Program established pursuant to this article decides to enroll a qualified loan under the program in order to obtain the protection

against loss provided by its loss reserve account, it shall notify the authority in writing on a form prescribed by the authority, within 15 days after the date on which the loan is made, of all of the following:

(1) The disbursement of the loan.

(2) The dollar amount of the loan enrolled.

(3) The interest rate applicable to, and the term of, the loan.

(4) The amount of the agreed upon premium.

(b) The executive director may authorize an additional five days for a financial institution to submit the written notification described in subdivision (a) to the authority on a loan-by-loan basis for a reason limited to conditions beyond the reasonable control of the financial institution.

(c) The financial institution may make a qualified loan to be enrolled under the program to an individual, or to a partnership or trust wholly owned or controlled by an individual, for the purpose of financing property that will be leased to a qualified business that is wholly owned by that individual. In that case, the property shall be treated as meeting the requirements of paragraph (1) of subdivision (i) of Section 44559.1.

(d) When making a qualified loan that will be enrolled under the program, the participating financial institution shall require the qualified business to which the loan is made to pay a fee of not less than 2 percent of the principal amount of the loan, but not more than 31/2 percent of the principal amount. The financial institution shall also pay a fee in an amount equal to the fee paid by the borrower. The financial institution shall deliver the fees collected under this subdivision to the authority for deposit in the loss reserve account for the institution. The financial institution may recover from the borrower the cost of its payments to the loss reserve account through the financing of the loan, upon the agreement of the financial institution and the borrower. The financial institution may cover the cost of borrower payments to the loan loss reserve account.

(e) When depositing fees collected under subdivision (d) to the credit of the loss reserve account for a participating financial institution, the authority shall do the following:

(1) If matching funds are not available under a federal capital access program or other source, the authority shall transfer to the loss reserve account an amount that is not less than the amount of the fees paid by the participating financial institution. However, if the qualified business is located within a severely affected community, the authority shall transfer to the loss reserve account an amount not less than 150 percent of the amount of the fees paid by the participating financial institution.

(2) If matching funds are available under a federal capital access program or other source, the authority shall transfer, on an immediate or deferred basis, to the loss reserve account the amount required by that federal program or other source. However, the total amount deposited into the loss reserve account shall not be less than the amount which would have been deposited in the absence of matching funds.

(f) This section shall become operative on April 1, 2017. (Amended (as added by Stats. 2012, Ch. 274, Sec. 2) by Stats. 2016, Ch. 86, Sec. 192. (SB 1171) Effective January 1, 2017. Section operative April 1, 2017, by its ownprovisions.) (a) The authority shall establish procedures under which financial institutions participating in the program established pursuant to this article may submit claims for reimbursement for losses incurred as a result of qualified loan defaults. A participating financial institution that charges off all or part of an enrolled loan to the loss reserve account may file a claim for reimbursement with the authority if both of the following conditions are met:

(1) The claim occurs contemporaneously with the action of the participating financial institution to charge off all or part of the loan.

(2) The charge off on an enrolled loan is made in a manner that is consistent with the participating financial institution's usual method for making determinations on business loans that are not enrolled loans.

(b) Costs for which a financial institution may be reimbursed from its loss reserve account include the amount of loan principal charged off, accrued interest on the principal, reasonable out-of-pocket expenses incurred in pursuing its collection efforts, including preservation of collateral, and any other related costs. Proper documentation of the expenses shall be presented at the time of the claim.

(c) If a participating financial institution files two or more claims contemporaneously, and there are insufficient funds in the reserve fund at that time to cover the entire amount of such claims, the institution may designate the order of priority in which the claims shall be paid.

(d) A financial institution may seek reimbursement of loan losses prior to the liquidation of collateral from defaulted loans. The financial institution shall repay its loss reserve account for any moneys received as reimbursement under this section if the financial institution recovers moneys from the borrower or from the liquidation of collateral for the defaulted loan, less any reasonable out-of-pocket expenses incurred in collection of such amount.

(e) In any case in which the payment of a claim under this section has fully covered a participating financial institution's loss on an enrolled loan, the participating financial institution shall assign to the authority, and to any applicable federal agency in the event federal matching funds are involved, any right, title, or interest to any collateral, security, or other right of recovery in connection with a loan made under the program.

(f) The executive director may adopt necessary rules for the authority to carry out its duties, functions, and powers relating to the program established pursuant to this article. (Added by Stats. 1993, Ch. 1164, Sec. 4. Effective January 1, 1994.)

The authority shall annually prepare a report to the Governor and the Legislature that describes the financial condition and programmatic results of the capital access loan program for small businesses authorized under this article. Programmatic results shall include, but not be limited to, the total number of businesses served, jobs created, jobs retained, the geographic distribution of the loans, and the breakdown of businesses served by industry sector for all new loans issued since the report for the prior year.

(Amended by Stats. 2011, Ch. 483, Sec. 4. (AB 901) Effective January 1, 2012.)

The authority may enter into agreements with commercial banks or other financial institutions, or with other agencies of the state, to provide necessary assistance in carrying out the program authorized by this article, including origination and servicing of loans.

(Added by Stats. 1993, Ch. 1164, Sec. 4. Effective January 1, 1994.)

Notwithstanding this article, the authority may facilitate the development of a secondary market for a loan enrolled in the capital access loan program by providing security for that loan, thereby increasing participation in the program by financial institutions and improving access to capital for small businesses. For purposes of this section, the actions that the authority may take include, but are not necessarily limited to, assigning all, or a portion of, any loss reserve account to any other entity in connection with providing security for a loan, including a trustee of a securitization trust, transferring an enrolled loan from a participating financial institution to a securitization trust, and assisting underwriters in marketing a loan to the secondary market. *(Added by Stats. 1999, Ch. 756, Sec. 4. Effective October 10, 1999.)* 

The authority shall expand the Capital Access Loan Program established by this article to include outreach to financial institutions that service agricultural interests in the state for the purpose of funding air pollution control measures.

(Added by Stats. 2003, Ch. 479, Sec. 13. Effective January 1, 2004.)

(a) It is the intent of the Legislature to ensure that the state, through the authority, may make maximum, efficient use of capital access programs enacted by all federal and state agencies, as well as funding available from any governmental program whose goals may be advanced by providing funding to the Capital Access Loan Program.

(b) In furtherance of this intent, and notwithstanding any other provision of this article, when the contributions required pursuant to Section 44559.4 are entirely funded by a public or quasi-public entity other than the authority's fee revenue under Sections 44525 and 44548, the authority may, by regulation adopted pursuant to subdivision (b) of Section 44520 or subdivision (e) of Section 44559.14, establish alternate provisions as necessary to enable the authority to participate in the alternative funding source program, including implementing loan loss reserve programs to benefit any individual person engaged in qualifying activities in furtherance of the public or quasi-public entity's policy objectives in the state that require financing.

(Amended by Stats. 2016, Ch. 32, Sec. 69. (SB 837) Effective June 27, 2016.)

(a) Consistent with subdivision (b) of Section 44559.11, the authority may establish loss reserve accounts for the purposes of financing terminal rental adjustment clause leasing, if funds are available for contribution into the loss reserve account from any source other than the authority. The authority shall not contribute any funds into a loss reserve account created pursuant to this section. Funds provided by the federal government for the purposes of providing a loan loss reserve program shall not be contributed to an account created pursuant to this section.

(b) The executive director may establish conditions for terminal rental adjustment clause leasing loss reserve accounts created pursuant to this section.

(c) As used in this section, "terminal rental adjustment clause" means "terminal rental adjustment clause" as defined in Section 7701(h)(3) of Title 26 of the United States Code. (Added by Stats. 2011, Ch. 492, Sec. 2. (SB 225) Effective October 6,2011.)

(a) It is the intent of the Legislature in this act to create and fund the California Americans with Disabilities Act Small Business Capital Access Loan Program to assist small businesses in complying with the Americans with Disabilities Act. It is not the intent of the Legislature to assist the physical expansion of small businesses that includes modifications that comply with the Americans with Disabilities Act. The program shall be administered by the California Pollution Control Financing Authority and follow the terms and conditions for the Capital Access Loan Program for Small Businesses in this article with the additional program requirements specified under this section.

(b) For purposes of this section, unless the context requires otherwise, the following words and terms shall have the following meanings:

(1) "Americans with Disabilities Act" means the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and amendments thereto.

(2) "California Americans with Disabilities Act Small Business Capital Access Loan Program Fund" or "fund" means a fund established and administered by the authority pursuant to Sections 44548 and 44549 to be used for purposes of this program.

(3) (A) "Eligible cost" means and includes all or any part of the price of construction, purchase price of real or personal property, the price of demolishing or removing any buildings or structures, the price of all machinery and equipment, the amount of financing charges and interest before, during, and for a period not to exceed the later of one year or one year following completion of construction, as determined by the authority, the price of insurance during construction, the amount of funding or financing noncapital expenses, the amount of reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements, the price of engineering, financial, and legal services and other service contracts, the price of plans, specifications, studies, surveys, estimates, administrative expenses, and any other expenses of funding or financing, that are necessary and allocable to the eligible project.

(B) "Eligible cost" shall not include costs not directly related to physical alterations necessary for compliance with the Americans with Disabilities Act.

(4) "Eligible project" means the physical alterations or retrofits to an existing small business facility of less than 10,000 square feet necessary to ensure that facility is in compliance with the Americans with Disabilities Act, and the financing necessary to pay eligible costs of the project.

(5) "Qualified loan" means a loan or portion of a loan as defined in subdivision (j) of Section 44559.1, where the proceeds of the loan or portion of the loan are limited to the eligible costs for an eligible project under this program, and where the loan or portion of the loan does not exceed fifty thousand dollars (\$50,000).

(6) "Small business" or "qualified business" means a business that is independently owned and operated and not dominant in its field that meets both of the following additional criteria:

(A) It has 30 or fewer full-time equivalent employees, or it has less than five million dollars (\$5,000,000) in total gross annual income from all sources.

(B) It does not provide overnight accommodations.

(c) (1) The California Americans with Disabilities Act Small Business Capital Access Loan Program Fund is established in the State Treasury for, and shall be administered by the authority pursuant to Sections 44548

and 44549 for, this program. Notwithstanding Section 13340 of the Government Code, all money in the fund is continuously appropriated to the authority for carrying out the purposes of this section. The authority may divide the fund into separate accounts. All moneys accruing to the authority pursuant to this section from any source shall be deposited into the fund.

(2) All moneys in the fund derived from any source shall be held in trust for the life of this program, subject to the program expenditures and costs of administering this section, as follows:

(A) Program expenditures shall include all of the following:

(i) Contributions paid by the authority in support of qualified loans.

(ii) Payments made to borrowers enrolling loans to participate in the program, to the extent that moneys other than the initial appropriation are deposited into the fund by the authority and are authorized for that use pursuant to paragraph (3) of subdivision (d).

(iii) Reasonable costs to educate the small business community and participating lenders about the program, including travel within the state.

(B) Administrative expenditures shall be limited to 5 percent of the initial appropriation plus 5 percent of all moneys recaptured, and shall include all of the following:

(i) Personnel costs.

(ii) Service and vending contracts necessary to carry out the program.

(iii) Other reasonable direct and indirect administrative costs.

(3) The authority may direct the Treasurer to invest moneys in the fund that are not required for its current needs in the eligible securities specified in Section 16430 of the Government Code as the authority shall designate. The authority may direct the Treasurer to deposit moneys in interest-bearing accounts in state or national banks or other financial institutions having principal offices located in the state. The authority may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. All interest or other increment resulting from an investment or deposit shall be deposited into the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund.

(d) The authority shall adopt regulations pursuant to subdivision (c) of Section 44520 to implement the program, including provisions specific to this program as described in this section and further including provisions to:

(1) Establish a new loss reserve account for each participating lender enrolling loans in this program.

(2) Obtain a certification from each participating lender and small business upon enrollment of aqualified loan that the proceeds of the loan will be used for the eligible costs of an eligible project.

(3) Contribute an additional incentive from the fund for each loan enrolled for a qualified business located in a severely affected community, or make nonreimbursable payments from other moneys to participating borrowers to offset all or a portion of the reasonable costs of architectural inspections obtained from a person who is certified as an access specialist pursuant to the program described in Section 4459.5 of the Government Code.

(4) Restrict the enrollment of a qualified loan in any other Capital Access Loan Program for small business offered by the authority as long as funds are available for this program.

(5) Limit the term of loss coverage for each qualified loan to no more than five years.

(6) Recapture from the loss reserve account the authority's contribution for each enrolled loan upon the maturation of such loan or after five years from the date of enrollment, whichever happens first, to be deposited in the fund and applied to future program and administrative expenditures. (Amended (as amended by Stats. 2017, Ch. 644, Sec. 2) by Stats. 2018, Ch. 645, Sec. 13. (AB 1547) Effective September 21, 2018.)

(a) (1) It is the intent of the Legislature in enacting the act adding this section to create and funda program to assist residential property owners and small business owners in seismically retrofitting residences and small businesses with a priority on soft-story buildings and unreinforced brick and concrete buildings. It is not the intent of the Legislature to assist the physical expansion of small businesses and residences.

(2) The Legislature hereby establishes the California Seismic Safety Capital Access Loan Program. The program shall cover losses on qualified loans by participating lenders to qualified residential property owners or qualified small businesses for eligible projects, as specified under this section. The program shall be administered by the California Pollution Control Financing Authority and follow the terms and conditions for the Capital Access Loan Program in this article with the additional program requirements specified under this section.

(b) For purposes of this section, unless the context requires otherwise, the following words and terms shall have the following meanings:

(1) "Seismic retrofit construction" means alteration performed on or after January 1, 2017, of a qualified building or its components to substantially mitigate seismic damage. "Seismic retrofit construction" includes, but is not limited to, all of the following:

(A) Anchoring the structure to the foundation.

- (B) Bracing cripple walls.
- (C) Bracing hot water heaters.
- (D) Installing automatic gas shutoff valves.

(E) Repairing or reinforcing the foundation to improve the integrity of the foundation against seismic

damage.

(F) Anchoring fuel storage.

(G) Installing an earthquake-resistant bracing system for mobilehomes that are registered with the Department of Housing and Community Development.

(H) Strengthening a building's lateral load resisting system.

(2) "Eligible costs" means the costs paid or incurred on or after January 1, 2017, for an eligible project, including any engineering or architectural design work necessary to permit or complete the eligible project less the amount of any grant provided by a public entity for the eligible project. "Eligible costs" do not include costs paid or incurred for any of the following:

(A) Maintenance, including abatement of deferred or inadequate maintenance, and correction of violations unrelated to the seismic retrofit construction.

(B) Repair, including repair of earthquake damage.

(C) Seismic retrofit construction required by local building codes as a result of addition, repair, building relocation, or change of use or occupancy.

(D) Other work or improvement required by local building or planning codes as a result of the intended seismic retrofit construction.

(E) Rent reductions or other associated compensation, compliance actions, or other related coordination involving the qualified residential property owner or qualified small business and any other party, including a tenant, insurer, or lender.

(F) Replacement of existing building components, including equipment, except as needed to complete the seismic retrofit construction.

(G) Bracing or securing nonpermanent building contents.

(H) The offset of costs, reimbursements, or other costs transferred from the qualified residential property owner or qualified small business to others.

(3) "Eligible project" means seismic retrofit construction that is necessary to ensure that the qualified building is capable of substantially mitigating seismic damage, and the financing necessary to payeligible costs of the project.

(4) "Qualified building" means a residential or commercial building that is identified by the local building code official for the jurisdiction in which the building is located as a building in need of seismic retrofitting and is either a building of a type that is potentially vulnerable in the event of a catastrophic earthquake or a building constructed before 1981.

(5) "Qualified loan" means a loan or portion of a loan as defined in subdivision (j) of Section 44559.1, where

the proceeds of the loan or portion of the loan are limited to the eligible costs for an eligible project under this program, and where the loan or portion of the loan does not exceed two hundred fifty thousand dollars (\$250,000).

(6) "Qualified small business" means a business referred to in subdivisions (i) and (m) of Section 44559.1that owns a qualified building regardless of owner occupancy, notwithstanding the restriction on passive real estate ownership in subparagraph (B) of paragraph (2) of subdivision (j) of Section 44559.1.

(7) "Qualified residential property owner" means either an owner of a residential building that is a qualified building or a qualified small business that owns one or more residential buildings, including a multiunit housing building, that is a qualified building, notwithstanding the restriction on passive real estate ownership in subparagraph (B) of paragraph (2) of subdivision (j) of Section 44559.1.

(c) (1) The California Seismic Safety Capital Access Loan Program Fund is established in the State Treasury and shall be administered by the authority pursuant to Sections 44548 and 44549 for this program. For purposes of this section, the references in Sections 44548 and 44549 to "small business" shall include "qualified residential property owner," as defined in this section. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the authority for carrying out this section. The authority may divide the fund into separate accounts. All moneys accruing to the authority pursuant to this section from any source shall be deposited into the fund.

(2) All moneys in the fund derived from any source shall be held in trust for the life of this program, for program expenditures and costs of administering this section, as follows:

(A) Program expenditures shall include both of the following:

(i) Contributions paid by the authority in support of qualified loans.

(ii) Costs for a qualified expert to validate that the proceeds of the loans are eligible costs, as defined under this section.

(iii) Reasonable costs to educate the small business community, residential property owners, and participating lenders about the program, including travel within the state.

(B) Administrative expenditures shall be limited to 5 percent of the initial appropriation plus 5 percent of all moneys recaptured, and shall include all of the following:

(i) Personnel costs.

(ii) Service and vending contracts, other than program expenditures described in subparagraph (A), that are necessary to carry out the program.

(iii) Other reasonable direct and indirect administrative costs.

(3) The authority may direct the Treasurer to invest moneys in the fund that are not required for its current needs in the eligible securities specified in Section 16430 of the Government Code as the authority shall designate. The authority may direct the Treasurer to deposit moneys in interest-bearing accounts in state or

national banks or other financial institutions having principal offices located in the state. The authority may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. All interest or other increment resulting from an investment or depositshall be deposited into the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus MoneyInvestment Fund.

(d) The authority shall adopt regulations pursuant to Section 44520 to implement the program, including, but not limited to, provisions to:

(1) Establish a new loss reserve account for each participating lender enrolling loans in this program.

(2) Obtain a certification from each participating lender and qualified small business or qualified residential property owner upon enrollment of a qualified loan that the proceeds of the loan will be used for the eligible costs of an eligible project.

(3) Contribute an additional incentive from the fund for each loan enrolled for a qualified small business or qualified residential property owner located in a severely affected community.

(4) Restrict the enrollment of a qualified loan in any other Capital Access Loan Program for a qualified small business or qualified residential property owner offered by the authority as long as funds are available for this program.

(5) Limit the term of loss coverage for each qualified loan to no more than 10 years.

(6) Recapture from the loss reserve account the authority's contribution for each enrolled loan upon the maturation of that loan or after 10 years from the date of enrollment, whichever happens first, tobe deposited in the fund and applied to future program and administrative expenditures.

(e) The authority may adopt regulations relating to residential property owner or small business financing as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. The regulations shall be repealed 180 days after their effective date, unless the adopting authority or agency complies with that Chapter 3.5.

(Amended by Stats. 2018, Ch. 645, Sec. 14. (AB 1547) Effective September 21, 2018.)