

II. Program Participation Requirements

A. Overview

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 to meet the financing needs of California’s small businesses.

	Small Business Lending
<p>Business and Loan Requirements</p> <p>☞ Full Text of CalCAP Regulations can be found in Chapter IX.</p>	<ul style="list-style-type: none"> ▪ Maximum loan amount is \$5 million with \$50,000 enrolled per borrower ▪ 30 Full-Time Equivalent employees or fewer, or Total gross annual income from all sources is less than \$5 million ▪ Business cannot provide overnight accommodations ▪ Primary business location and economic effect in California
<p>Authorized Loan Types or Uses</p> <p>☞ Full Text of CalCAP Regulations can be found in Chapter IX.</p>	<ul style="list-style-type: none"> ▪ Loan proceeds must be used for Eligible Costs of an Eligible Project at a Small Business Facility located in California: <ul style="list-style-type: none"> ✓ <i>“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 the facility is in compliance with the Americans with Disabilities Act and the financing necessary to pay eligible costs of the project.”</i> ✓ <i>“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 prior to, 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, and shall not include costs not directly related to physical alterations necessary for compliance with the Americans with Disabilities Act.”</i>

<p>Authorized Loan Types or Uses</p> <p>☞ Full Text of CalCAP Regulations can be found in Chapter IX.</p>	<p>✓ “Small Business Facility” or “Facility” means an existing small business facility of less than 10,000 square feet plus common areas and publicly or privately owned access points such as sidewalks and parking lots, if responsibility for those areas has been shifted to the small business owner pursuant to local ordinance or an enforceable lease agreement.</p>
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B. CALCAP AMERICANS WITH DISABILITIES ACT FINANCING PROGRAM

The CalCAP Americans with Disabilities Act (ADA) Financing Program (CalCAP/ADA) offers lenders a mechanism to provide loans to small businesses that may not otherwise qualify for 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.



Loans may be used to finance physical alterations or retrofits to existing small business facilities 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. Most companies, corporations, partnerships, or other entities engaged in operations within California are eligible borrowers under the CalCAP/ ADA Program, with few exceptions noted below.



The enrolled portion of the loan is limited to Eligible Costs necessary and allocable to the Eligible Project, as defined in 4 CCR §8078.8 (f) and (g). There are limitations on loan refinancing. Businesses which provide overnight accommodations are not eligible for enrollment. Other prohibited business types include, but are not limited to, massage parlors, hot tub facilities, racetracks, facilities primarily used for gambling or to facilitate gambling, liquor stores, bars, stores whose principal business is the sale of firearms or tobacco products, escort services, nudist camps, adult entertainment facilities, gun clubs, and shooting ranges or galleries. Individuals and public entities do not qualify as Borrowers for this program.



Refer to the CalCAP Regulations §8070 and §8078.8 through §8078.14 as appended in Chapter VIII for full disclosure of eligible and ineligible businesses and uses of loan proceeds. Contact CalCAP directly if you are unsure about the eligibility of a specific business type.

Flexibility	Restrictions
<ul style="list-style-type: none"> ▪ Lenders set all the terms and conditions of the loans and decide which loans to enroll into CalCAP. ▪ Lenders determine the fee levels to be paid 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. ▪ Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule. ▪ Lenders can enroll all or a portion of a loan. 	<ul style="list-style-type: none"> ▪ Maximum loan amount is \$5 million, and the maximum enrollment amount per borrower is \$50,000. ▪ The borrower/ lender fees must be between 2 and 3.5% of the enrolled amount, and they must be equal. ▪ CalCAP contributes a maximum of 14% of the enrolled amount (four times the lender fee) (+ up to an additional 3.5% if located in a Severely Affected Community). ▪ Loan loss coverage through CalCAP Program is only for a maximum of 5 years (60 months) from the date of loan. ▪ Loan proceeds covered by the CalCAP must be used for physical alterations or retrofits to become ADA compliant as identified in the CASp report and may not be used for business expansion. ▪ The borrower's primary business location and primary economic effect must be in California as those terms are defined in 4 CCR §8070 (n) and 8070 (o) of the California Code of Regulations (CCR). ▪ The borrower's business must be in one of the industries listed in the North American Industry Classification System (NAICS) codes list. <ul style="list-style-type: none"> ☞ NAICS: https://www.census.gov/eos/www/naics/ ▪ 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 15 or fewer full-time equivalent employees. <ul style="list-style-type: none"> ☞ U.S. Small Business Administration Guidelines: https://www.sba.gov/ ▪ 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. ▪ Per California Health and Safety Code §44559.13 (d) (4), Qualified Loans may not be enrolled in any other Capital Access Loan Program for small business offered by CPCFA as long as funds are available for the CalCAP/ADA Financing Program.