California Capital Access Loan Program

PROGRAM NOTICE

To: Interested CalCAP Stakeholders
From: Renée Webster-Hawkins, Executive Director
Date: April 25, 2017

This notice serves to alert the public and interested stakeholders that the federal monies allocated to California to support the California Capital Access Loan Program (CalCAP) for Small Business are near exhaustion. [NOTE: This notice does not affect the status of the federal monies allocated to either the Collateral Support Program or the California Small Business Loan Guarantee Program, or other state-funded CalCAP programs supporting loans for heavy duty vehicles, electric vehicle charging stations, or retrofits for disability access or seismic safety.]

In 2011, the California Pollution Control Financing Authority (CPCFA) received a federal allocation from the State Small Business Credit Initiative (SSBCI) to expand and support its CalCAP for Small Business Program. That allocation, as amended from time to time, totaled approximately $19.9 million. Since then, participating financial institutions have enrolled over 9,000 loans for qualifying small businesses, drawing over $20 million in contributions from CPCFA from the SSBCI and other state monies to establish loan loss reserve accounts for the lenders.

Because lenders can elect the participating financial institution’s fee between 2 and 3.5% of the enrolled amount in the CalCAP for Small Business Program, which in turn determines the amount of CPCFA’s contribution for each loan, forecasting the exhaustion of program funds is difficult. Based on the calculations for contributions already approved by CPCFA, as well as an estimate of prospective contributions for loan enrollment applications which are pending review and final approval by CPCFA, staff estimates that the expenditures for CPCFA contributions for those applications currently pending final approval will draw the final balance of the federal allocation of SSBCI monies.

When the federal monies are exhausted, CPCFA will continue to review and approve pending loan applications. For those which are approved, CPCFA will make contributions from the balance remaining from the 2010 State General Fund appropriation under Assembly Bill 1632 for deposit into each lender’s CalCAP State Loan Loss Reserve Account, after recalculating the amount of the CPCFA contribution pursuant to Health & Safety Code section 44559.4(e)(1) as follows:
“If no matching funds are 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.”

When CPCFA begins to fund contributions for already-submitted loan applications from the State General Fund, CPCFA will provide further instructions to have the corresponding participating financial institution fees and borrower fees transferred from the lender’s CalCAP Federal Loan Loss Reserve Account to the CalCAP State Loan Loss Reserve Account.

- For all new loan enrollments submitted to CPCFA following the date of this notice, participating financial institutions are instructed to deposit the participating financial institution fees and borrower fees into their respective CalCAP State Loan Loss Reserve Account.

Since the CPCFA contributions under section 44559.4(e)(1), are lower than the contributions required under the federally-approved CalCAP for Small Business Program, staff projects that the balance of the State General Fund appropriation will support all current loan enrollment applications in CPCFA’s possession. However, we also anticipate that these State program funds will be exhausted in the Summer 2017, at which point CPCFA will no longer be able to enroll loans in the CalCAP for Small Business Program. We will update this notice as appropriate.

Stakeholders interested in receiving notices like this from CPCFA are urged to ensure that they have signed up CPCFA notices through the State Treasurer’s Office listserv at: http://www.treasurer.ca.gov/cpcfa/.

Please direct any questions regarding this notice to the CalCAP inbox at calcap@treasurer.ca.gov.