



CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

CALIFORNIA CAPITAL ACCESS PROGRAM



2005 Annual Report

Background

The California Capital Access Program for Small Businesses ("CalCAP") was established by legislation enacted in 1994. The program assists small businesses in obtaining loans through participating financial institutions. For eligible businesses, CalCAP matches loss reserve account premiums paid by borrowers and lenders on loans. The participating financial institutions are entirely liable for loan losses, which can be reimbursed through each lender's CalCAP loan loss reserve fund. CalCAP has been successful in encouraging the public and private sectors to work together to increase access to capital for small businesses.

Program Results

- Loan volume. In 2005, the program enrolled 644 loans to California small business owners, the highest amount of loan activity in the program's history. The total number of loans enrolled in the program since 1994 is 5,317.
- Loan amount volume. CalCAP lenders have cumulatively loaned over \$1 billion since the program's inception in 1994. Representing a 25% increase from 2004, the amount of enrolled loans in 2005 totaled \$50 million, the third highest amount of enrolled loans since 1999 (\$55.7 million).
- Microloan activity. Included in the 644 loans enrolled in 2005, the program enrolled 409 microloans totaling \$5.2 million to California small business owners. This is a 27% increase from 2004, and breaks the prior annual record of 325 microloans enrolled in 2003.
- Employment effect. The CalCAP loans created/affected 3,142 jobs in California in 2005. This is a 7% increase from the 2,945 jobs created/affected in 2004.

Financial Condition

- Loan loss claims. CalCAP lenders filed only 35 claim requests totaling nearly \$750,000, the lowest amount of loss claims in the program's history. This is a 145% decrease from the amount of losses claimed in 2004, and breaks the prior record low of \$1.7 million in 2003.
- Loan loss reserve balance. Ending December 31, 2005, the loan loss reserve balance is \$24 million. The total amount of outstanding covered loans since the program's inception is approximately \$177.8 million. The ratio of the amount of loss reserve funds to the amount of outstanding covered loans is 14 percent, an increase of 3 percent from 2004.