



CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

CALIFORNIA CAPITAL ACCESS PROGRAM



2007 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 2007, the program enrolled 704 loans to California small business owners. As of December 31, 2007, the total number of loans enrolled in the program since 1994 is 6,817.
- Loan amount volume. As of December 31, 2007, CalCAP lenders have cumulatively loaned over \$1.21 billion since the program's inception in 1994. The amount of enrolled loans in 2007 totaled \$76 million.
- Microloan activity.¹ Included in the 704 loans enrolled in 2007, the program enrolled 463 microloans totaling \$4.2 million to California small business owners.
- Employment effect. CalCAP loans created/affected 3,157 jobs for California in 2007, representing an increase of 22% and exceeding the number of jobs created/affected in 2006.

Financial Condition

- Loan loss claims. CalCAP lenders filed 58 claims against their loan loss reserve accounts totaling approximately \$2.38 million.
- Loan loss reserve balance. As of December 31, 2007, the loan loss reserve balance was approximately \$34.2 million. The total amount of outstanding covered loans since the program's inception is approximately \$229 million. The ratio of the amount of loss reserve funds to the amount of outstanding covered loans is 14.97 percent.

Business Advisory Services

- CalCAP Business Star Program. Since CalCAP's establishment of a partnership with Pacific Community Ventures in 2005, the CalCAP program has provided no-cost business advising services to 87 growing businesses that would not have otherwise received professional technical assistance. The CalCAP Business Star Program was a three year pilot program which concluded December 31, 2007. A program review was conducted by an independent consultant and CPCFA has made the report's findings available to all interested parties.

¹ Microloan is defined as a loan that is for \$40,000 or less.