



CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

CALIFORNIA CAPITAL ACCESS PROGRAM



2008 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 2008, the program enrolled 519 loans to California small business owners. As of December 31, 2008, the total number of loans enrolled in the program since 1994 is 7,335.
- Loan amount volume. As of December 31, 2008, CalCAP lenders have cumulatively loaned over \$1.29 billion since the program's inception in 1994. The amount of enrolled loans in 2008 totaled \$61.39 million.
- Microloan activity.¹ Included in the 519 loans enrolled in 2008, the program enrolled 316 microloans totaling \$3.1 million to California small business owners.
- Employment effect. CalCAP loans created/affected 1,689 jobs for California in 2008.

Financial Condition

- Loan loss claims. CPCFA staff processed and approved 89 claims filed by lenders against their loan loss reserve accounts totaling approximately \$7 million.
- Loan loss reserve balance. As of December 31, 2008, the loan loss reserve balance was approximately \$32 million. The total amount of outstanding covered loans since the program's inception is approximately \$242.9 million. The ratio of the amount of loss reserve funds to the amount of outstanding covered loans is 13.17 percent.

Program Relationships

CalCAP has continued an Independent Contributor relationship with the California Integrated Waste Management Board (CIWMB). In 2008, CIWMB paid \$46,606.04 towards the Borrower's loan loss reserve contributions for seven recycling related business loans, which totaled approximately \$2.33 million. CalCAP is also establishing an Independent Contributor relationship with the California Air Resources Board to assist diesel equipment and diesel truck owners to meet new state air quality rules.

During 2008 CalCAP experienced a significant drop in loan enrollment and increase in claims volume. In large part the drop in loan enrollment and increase in claims can be attributed to the global economic downturn and tightening of the credit markets.

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