CalCAP for Small Business

The California Capital Access Program for Small Business (CalCAP SB) provides support to financial institutions when they make loans to small businesses, which often have difficulty obtaining financing. CalCAP is a loan loss reserve program which may provide up to 100% coverage on certain loan defaults. By participating in CalCAP, participating financial institutions (PFIs) have available to them a proven financing mechanism to address financing needs of California’s small businesses.

The program is administered by the California Pollution Control Financing Authority (CPCFA) which was approved in 1972 and is chaired by the California State Treasurer.

Which Loans Can Be Enrolled?
Loans made to small businesses meeting the following criteria can be enrolled:

- Loan proceeds are for the following purposes (with some exceptions):
  - Working capital
  - Equipment or inventory purchases
  - Start-up costs
  - Capital projects
  - Land acquisition
  - Construction or renovation of buildings.
- Loan amount is $5 million or less, with enrolled loan amount of $2.5 million or less. A maximum of $2.5 million per small business borrower may enrolled within a three year period.
- The business is classified as a small business under U.S. Small Business Administration guidelines and employs fewer than 500 full-time equivalent employees.
- The business purpose is one of the industries listed in the North American Industry Classification System (NAICS) codes list.
- The primary business and at least 51% of the employees or its income, sales or payroll comes from business in California. Business activity resulting from the PFI’s loan must be created and retained in California.

How it Works
- Small businesses contact PFIs to apply for financing based on the PFI’s underwriting standards. Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule.
- PFIs determine the percentage, ranging from 2% to 3.5% of the enrolled loan amount, that they and the small business will each contribute to the PFI’s CalCAP SB loan loss reserve account.
- CalCAP contributes the same percentage to the PFI’s CalCAP SB loan loss reserve account and an additional amount for loans to businesses located in Severely Affected Communities (SAC).
- The loan loss reserve account provides support to the PFI in the case of a default.

To learn more, please contact CalCAP Program Managers at CalCAP@treasurer.ca.gov or (916) 654-5610.
Also, please visit http://www.treasurer.ca.gov/cpcfa/calcap/sb/index.asp