CalCAP Provides Support to Financial Institutions When They Make Loans to Small Businesses

**Loan Loss Reserve**
CalCAP for Small Business (SB) makes matching contributions to loan loss reserve accounts for participating financial institutions (PFIs). This proven financing mechanism incentivizes PFIs to address the financing needs of California’s small business borrowers (SBBs).

**SSBCI 2.0 funds will allow CalCAP for Small Business to increase the matching contribution amount.**

**How It Works**
SBB applies to PFI for a loan of private capital; PFI applies its underwriting standards.

PFI determines the enrolled loan amount and contribution percentage between 2% and 3.5%.

PFI and SBB each contribute the selected percentage of the enrolled loan amount to the PFI’s CalCAP SB loan loss reserve account.

Within 15 days of loan issuance, PFI submits an enrollment application to CalCAP.

CalCAP matches PFI’s contribution and contributes the additional Severely Affected Community amount if applicable.

Up to 100% reimbursement for certain defaults is made from PFI’s CalCAP SB loan loss reserve account.

**Loans for Many Business Needs**
- Working capital including inventory purchase
- Capital projects including equipment purchase
- Start-up costs
- Land acquisition, construction or renovation of buildings

**Most Business Sectors**
Most North American Industry Classification System codes are eligible [census.gov/naics/](https://census.gov/naics/)

**Loan Amount up to $5,000,000**
- Up to $2,500,000 of the $5,000,000 loan may be enrolled in CalCAP SB
- A maximum of $2,500,000 across all loans per SBB may enrolled within a three year period

**Additional Contribution for High Unemployment and Other Severely Affected Communities**
Loans to businesses located in Severely Affected Communities (SAC) including high unemployment areas and areas designated as emergency or disaster areas by the Governor

**Primary Business is a California Business**
Business activity funded by the loan must be created and retained in California

**Employee Count is 1 to 500**
and the business is classified as a small business by the U.S. Small Business Administration