

VII. RECAPTURE

A. Overview

To ensure program continuity, older contributions will be recycled to support future enrollments in CalCAP for Small Business.

Section 8070 (w) “Recapture means the withdrawal of the Authority's Contributions pursuant to each program's rules set forth in Sections 8073, 8078.11, 8078.18, and 8078.25.”

The Basics of Recapture	
Recapture Process	The withdrawal of CPCFA contributions for matured loans or loans older than 5 years from the date of enrollment in the Program.
Lenders subject to Recapture	<ol style="list-style-type: none"> 1) Lenders enrolled in the Program prior to August 15, 2017 who elect to continue enrolling loans in CalCAP for Small Business 2) New Lenders enrolled in the Program on or after August 15, 2017
Recapture Date	At the end of every fiscal year
Documents needed to calculate the recapture amount	<ol style="list-style-type: none"> 1) Quarterly Report ending on June 30 submitted by the Lender 2) The Lender's loan loss reserve (LLR) account balance as of June 30
Recapture Threshold	Effective 2020, the minimum recapture threshold will be 15%
Loans not subject to Recapture	<ol style="list-style-type: none"> 1) Loans which have not matured and are less than five years old 2) Enrolled loans that have been charged off as a result of a default, and have a pending or approved claim with CalCAP
Recapture Notification	After the end of the fiscal year, a Recapture notification letter with transfer instruction will be sent to the Lender. The notification letter is to inform the Lender of the recapture amount for the fiscal year.

B. Recapture Calculation

CalCAP will determine the actual Recapture amount from the Lender's loan loss reserve account based on the Recapture Worksheet Formula. This Worksheet Formula is provided below.

👉 Recapture Worksheet and Examples:

<http://www.treasurer.ca.gov/cpcfca/calcap/forms/recapture/recapture-worksheet.pdf>

	Amount	Label	Notes
A	\$ _____	Outstanding Principal Balance	<ul style="list-style-type: none"> • Total of the outstanding principal balance of all loans originated on or after July 1, 2012 • Excluding interest, fees & other charges • Based on Lender's Quarterly Report ending June of the year of Recapture
B	\$ _____	Lender's Loss Reserve (LLR) Minimum Threshold for Recapture	B = A x 15% (0.15) 15% minimum threshold percentage effective 2020 per CalCAP Regulations Section 8073(g)
C	\$ _____	Maximum Recapture Amount	<ul style="list-style-type: none"> • Total CPCFA Contributions for all matured loans, and for all loans originated 5 years prior • Excludes CPCFA Contributions for any loans with pending or approved claims • Includes public contributions from all sources (SSBCI, State General Fund, SBAF, ARB)
D	\$ _____	Current LLR Balance	As reflected on bank statement as of June of the fiscal year of Recapture
E	\$ _____	Actual Recapture Amount	IF D – C ≥ B THEN E = C IF D – C < B THEN E = D – B IF E = < 0 THEN E = 0
F	\$ _____	Remaining LLR Balance	F = D – E