

II. Program Participation Requirements

A. Overview

The California Capital Access Program (CalCAP) encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. The California Capital Access Program (CalCAP) is administered by the California Pollution Control Financing Authority (CPCFA).

CalCAP may provide up to 100% coverage on certain loan defaults. By participating in CalCAP, lenders have available to them a proven credit enhancement mechanism to meet the financing needs of California's small businesses.

Small Business Lending	
Business and Loan Requirements ☞ Full Text of CalCAP Regulations can be found in Chapter VIII.	<ul style="list-style-type: none">▪ Maximum loan amount is \$5 million with \$2.5 million enrolled per borrower over a three year period.▪ 500 employees or fewer▪ Primary business location and economic effect in California
Authorized Loan Types or Uses ☞ Full Text of CalCAP Regulations can be found in Chapter VIII.	<ul style="list-style-type: none">▪ Acquisition of Land▪ Construction or Renovation of Buildings▪ Purchase of Equipment or Inventory▪ Other Capital Projects including Working Capital▪ Business Start-up Costs

B. Small Business Lending

The CalCAP offers lenders a mechanism to provide loans to small businesses that may not otherwise be able to obtain a loan under conventional underwriting. With CalCAP, lenders are able to cover portions of loans that exceed the risk threshold normally set for business loans.

	Almost any business loan is eligible under CalCAP, with few exceptions noted below. Loans can be used to finance the acquisition of land, construction or renovation of buildings, the purchase of equipment or inventory, other capital projects including working capital, or business start-up costs.
	There are limitations on passive real estate loans, loan refinancing, and the use of loan proceeds toward repayment of delinquent federal or state income taxes. Other prohibited uses of loan proceeds include but are not limited to gambling facilities, bars, gun sales, tobacco manufacturing and sales, and adult entertainment businesses.
	Refer to CalCAP Regulations 8070 and 8072 as appended in Chapter IX for full disclosure of eligible and ineligible uses of loan proceeds.

Flexibility	Restrictions
<ul style="list-style-type: none"> ▪ Lenders set all the terms and conditions of the loans and decide which loans to enroll into CalCAP. ▪ Lenders determine the fee levels to be paid by the borrower and lender (within the parameters of the Program). Fees are placed in the lender's loss reserve account as each CalCAP loan is enrolled. ▪ Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule. ▪ Lenders can enroll all or a portion of a loan. ▪ Lenders can restructure loans by decreasing the APR on loans, amending covenants or releasing collateral. 	<ul style="list-style-type: none"> ▪ Maximum loan amount is \$5 million with \$2.5 million enrolled per borrower over a three year period. ▪ The borrower/ lender fees must be between 2 and 3.5% of the enrolled amount, and they must be equal. ▪ CalCAP contributes a maximum of 3.5% of the enrolled amount (+ up to an additional 1.75% if the business is located in a Severely Affected Community). ▪ Enrolled loan must only have a maximum term of 10 years from the date of loan. ▪ The borrower's primary business and at least 51% of its employees or business income, sales or payroll must be in California. ▪ The borrower's business must be in one of the industries listed in the North American Industry Classification System (NAICS) codes list. <ul style="list-style-type: none"> ☞ NAICS: http://www.census.gov/eos/www/naics ▪ The small business must be classified as a small business under U.S. Small Business Administration guidelines (Title 13 of the Code of Federal Regulations) and have 500 or fewer employees. <ul style="list-style-type: none"> ☞ U.S. Small Business Administration Guidelines: https://www.sba.gov/ ▪ The Participating Financial Institution has not, and will not, enroll the same loan or portion thereof in any other government program substantially similar to the Program.