



CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

CALIFORNIA CAPITAL ACCESS PROGRAM



2006 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 2006, the program enrolled 750 loans to California small business owners, the highest amount of loan activity in the program's history. As of December 31, 2006, the total number of loans enrolled in the program since 1994 is 6,067.
- Loan amount volume. As of December 31, 2006, CalCAP lenders have cumulatively loaned over \$1.12 billion since the program's inception in 1994. The amount of enrolled loans in 2006 totaled \$67.7 million.
- Microloan activity.¹ Included in the 750 loans enrolled in 2006, the program enrolled 473 microloans totaling \$4.4 million to California small business owners. This breaks the prior annual record of 409 microloans enrolled in 2005.
- Employment effect. The CalCAP loans created/affected 2,595 jobs in California in 2006.

Financial Condition

- Loan loss claims. CalCAP lenders filed only 42 claims against their loan loss reserve accounts totaling approximately \$1.5 million. This number of claims is the third lowest dollar amount of claims filed in the program's history.
- Loan loss reserve balance. As of December 31, 2006, the loan loss reserve balance was \$28 million. The total amount of outstanding covered loans since the program's inception is approximately \$200.2 million. The ratio of the amount of loss reserve funds to the amount of outstanding covered loans is 14 percent.

Business Advisory Services

- CalCAP Business Star Program. Since CalCAP's establishment of a partnership with Pacific Community Ventures in 2005, the CalCAP program has provided no-cost business advising services to 66 growing businesses that would not have otherwise received professional technical assistance. Additionally, Pacific Community Ventures successfully expanded its operations statewide in 2006 with the opening of new offices in San Diego and Fresno/Central Valley.

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