



# CALIFORNIA CAPITAL ACCESS PROGRAM

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# HISTORY OF CALCAP

- 1973- California Pollution Control Financing Authority established



- 1994- CalCAP established using bond proceeds



- January 2011- CalCAP receives first State Fund allocation



- April 2011- CalCAP was allocated \$84M in Federal Funds under SSBCI
- January 2013 – CalCAP Collateral Support was approved for use under SSBCI

- To help California small businesses thrive by encouraging financial institutions to make loans to small businesses that often have trouble obtaining capital.



- Our programs are designed to help mitigate the risk a lender takes when lending to a small business.

# OUR MISSION

# BENEFITS TO THE LENDER



- Complementary to SBA and USDA...NOT a Substitute in most cases
- Can enroll non-profit business, working capital loans, and lines of credit
- Fast to sign up: Fast enrollment approvals
- Flexible: lower regulatory burden and minimal reporting
- Provides the platform for more lending strategies and risk mitigation
- Lender does their own underwriting; we evaluate eligibility

# BENEFITS TO THE BORROWER



- Available source when SBA is not a good fit
- Minimal forms to sign
- One time involvement: No ongoing burden or reporting
- Can secure financing that might not otherwise have been available

# PROHIBITED BUSINESS TYPES

Alcohol  
Related

Gambling

Illegal  
Activity

Tobacco Sales or  
Manufacturing

Gun  
Related  
Sales

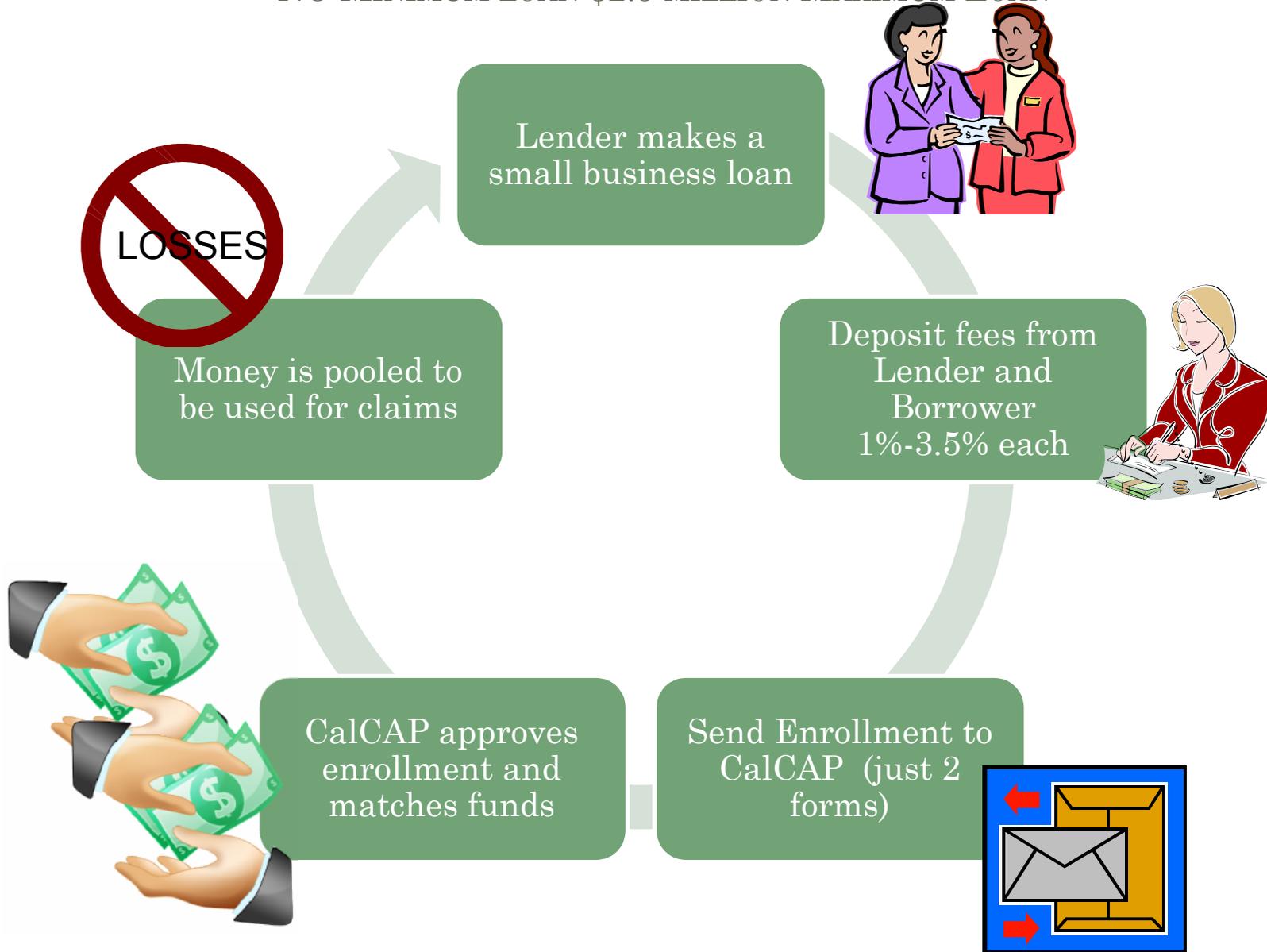
Adult Entertainment

# PROHIBITED LOAN PURPOSES



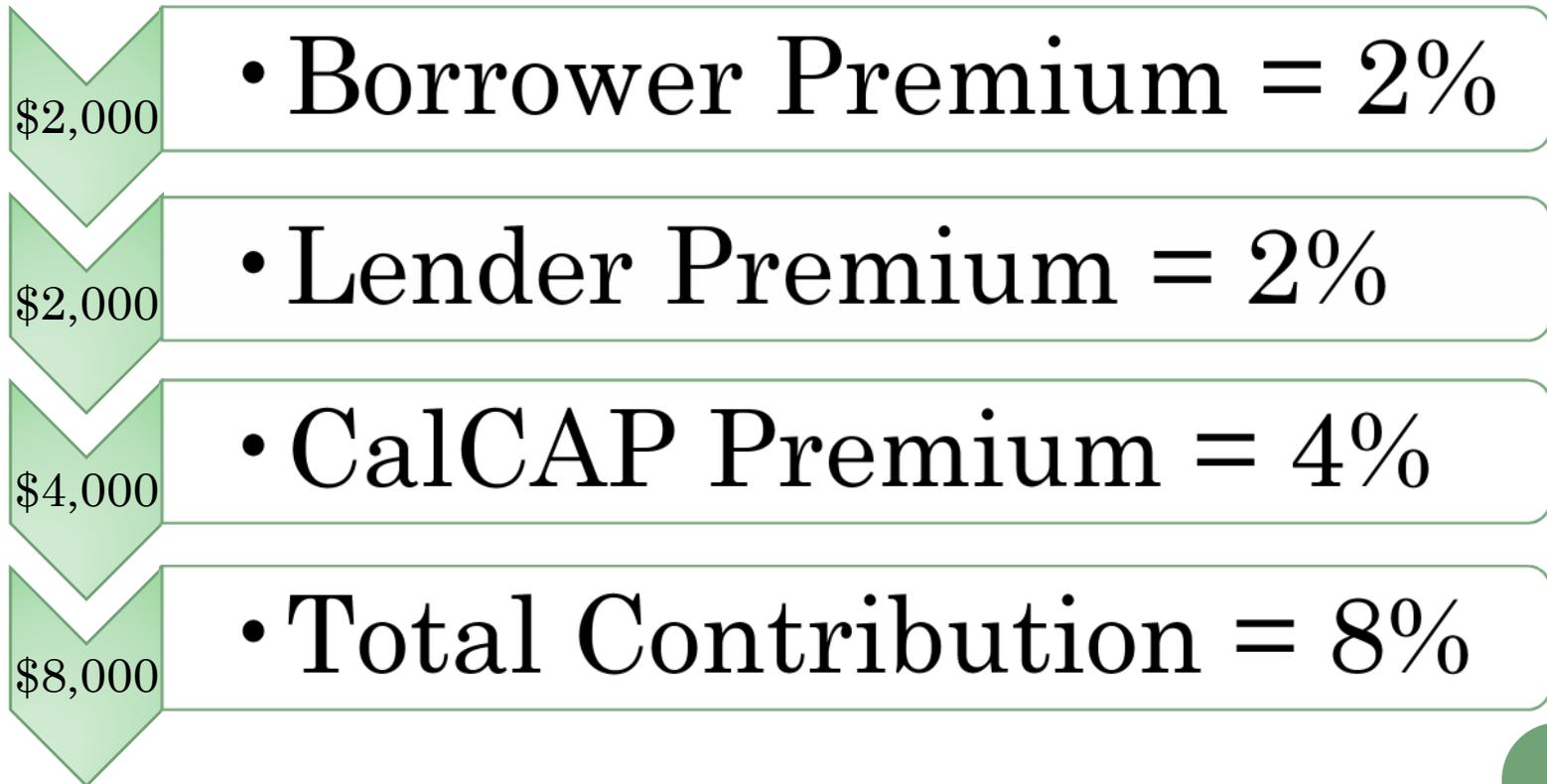
# CAPITAL ACCESS PROGRAM

NO MINIMUM LOAN \$2.5 MILLION MAXIMUM LOAN



# PREMIUM CONTRIBUTION BASED ON MINIMUM PREMIUM CHARGE

*Lender makes a \$100,000  
loan to a borrower:*

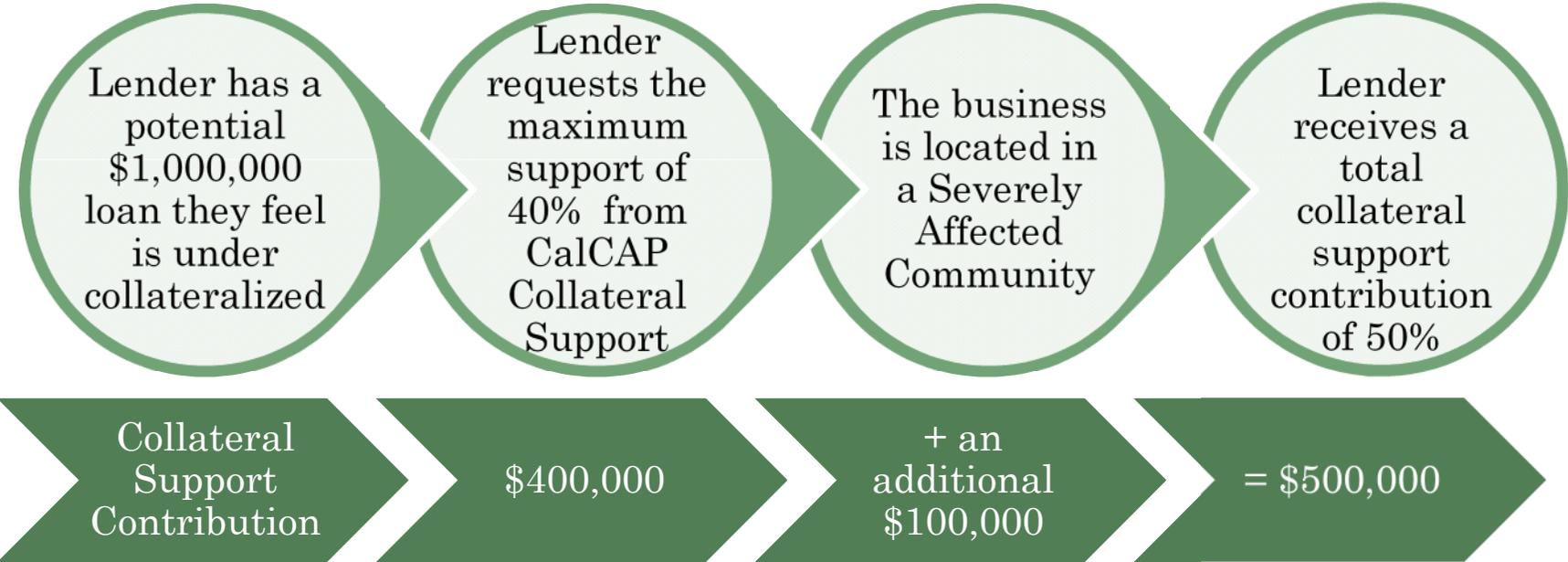


# COLLATERAL SUPPORT PROGRAM

CASH DEPOSIT OF UP TO 50% OF LOAN AMOUNT

MAXIMUM LOAN OF \$20 MILLION

MAXIMUM SUPPORT OF \$5 MILLION



# PROGRAM GUIDELINES - FEES

- Fees are charged on the support at closing, based on the original term of the loan.
- Minimum fee of \$1,000 at closing.
- Loans over 48 months are subject to an annual fee.
- Fees will not be charged on the additional Severely Affected Community portion of the contribution.
- Bridge loans are allowed extensions\*

<u>Original Term of Loan</u>	<u>Energy Efficiency or Environmental Improvement</u>	<u>Bridge Loans</u>	<u>Small Business Loans</u>
≤ 12 months	0.50%	0.50%	0.50%
12.1 months - 24 months	0.75%	0.50%*	0.75%
24.1 months - 36 months	2.00%	2.00%	2.00%
36.1 months - 48 months	2.75%	2.75%	2.75%
≥48.1 months	2.00% at closing and annually	2.00% at closing and annually	2.00% at closing and annually

(\*pending board approval June 18, 2013)

# PROGRAM GUIDELINES – RECAPTURE

Term of Loan	Annual Review						
	1	2	3	4	5	6	7
0-12 Months							
12.1-24 Months	50						
24.1-36 Months	33.33	33.33					
36.1-48 Months	25	25	25				
48.1-60 Months	20	20	20	20			
60.1-72 Months	16.67	16.67	16.67	16.67	16.67		
72.1-84 Months	14.29	14.29	14.29	14.29	14.29	14.29	
more than 84.1 Months	14.29	14.29	14.29	14.29	14.29	14.29	

 equal to the percent of the original contribution amount  
 repayment of entire support upon maturity of the loan  
 repayment of entire support upon support expiration

$$\left( \begin{array}{c} \text{Original} \\ \text{Total} \\ \text{Support} \\ \text{Amount} \end{array} \right) \times \begin{array}{c} \text{Applicable} \\ \text{Percent} \end{array} = \begin{array}{c} \text{Annual} \\ \text{Reduction in} \\ \text{Support} \end{array}$$

- CalCAP will instruct the lender annually to transmit the recapture. Bridge loans are not subject to the recapture schedule (pending board approval June 18, 2013)

# COLLATERAL SUPPORT EXAMPLE – FEE AT CLOSING

## Support

\$500,000 total support = \$400,000 general + \$100,000 SAC

## Term of Loan

Term of the loan is 36 months.

## Fee Percent

Based on the term of the loan, the fee on the support is 2%.

## Fee Calculation

$\$400,000 \times 2\% = \$8,000$  fee at closing

\* Fees will not be charged on the additional SAC portion of the contribution.

## Total Fee at Closing

For the total support of \$500,000, the fee at closing will be \$8,000.

# CRITERIA MANDATED BY FEDERAL REQUIREMENTS

- Collateral must be liquidated prior to the payment of a claim
- Borrowers and lenders are required to sign respective Federal certifications
- Lender's risk assessment of the borrower must be submitted to CalCAP Collateral Support
- Loan may not be enrolled in another gov't program
- Maximum loan amount of \$20M
- No passive real estate
- No residential real estate
- No portion of a SBA loan
- Refinance of own institutions debt





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# REAL IMPACT



# SUCCESS STORY IN SANTA MONICA



A multi-disciplinary beauty company servicing cosmetic, skincare, hair care and fragrance brands as well as beauty retailers in prestige, specialty and mass markets. Specializing in custom, brand-focused projects, delivering intelligent, inspired solutions in areas of brand strategy and development, creative design, product development, packaging design, retail planning and turnkey product.

# OUR SUPERSTAR LENDERS

RANK	Participating Financial Institution	Number of Small Business Loans Enrolled in CalCAP from March 2012 to March 2013	\$ Amount of Small Business Loans Enrolled in CalCAP from March 2012 to March 2013
1	Pacific Enterprise Bank	58	\$19,961,659.00
2	Opportunity Fund	979	\$9,552,197.66
3	Plaza Bank	13	\$7,363,905.00
4	Murphy Bank	125	\$3,380,303.47
5	Bank of Manhattan	3	\$1,664,000.00
6	Fresno Community Development	34	\$706,155.00
7	Accion San Diego	51	\$683,573.35
8	TMC Working Solutions	43	\$646,709.00
9	CA Coastal Rural Development	9	\$320,000.00
10	Arcata Economic Develop. Corp.	5	\$258,418.00
11	Opening Doors	13	\$107,220.95
12	County Commerce Bank	2	\$103,750.00
13	CDC Small Business Finance	2	\$100,000.00
14	CEDLI	4	\$100,000.00
15	3CORE	4	\$85,000.00
16	Oakland Business Development	1	\$50,000.00
17	Community Financial Resource Center	6	\$33,000.00
18	Silvergate Bank	1	\$25,000.00

# ADDITIONAL QUESTIONS?



## Contact

- Nancee Trombley
- (916) 651-8663
- [ntrombley@treasurer.ca.gov](mailto:ntrombley@treasurer.ca.gov)

## Contact

- Emily Jarrett
- (916) 654-6061
- [ejarrett@treasurer.ca.gov](mailto:ejarrett@treasurer.ca.gov)

## Web Info

- [http://www.treasurer.ca.gov/cpcf/cal\\_cap.asp](http://www.treasurer.ca.gov/cpcf/cal_cap.asp)