

Business Loans Available Through State Program

(November 30, 2010) New lending and economic opportunities for small businesses and banks in California are available through a program administered through the State Treasurer's Office.

The California Capital Access Program (CalCAP) recently received \$6 million from the state and expects to receive \$84 million in federal funding from the Small Business Lending Act of 2010. Combined, these funds may leverage more than \$2 billion in small business loans in the State.

CalCAP is administered by the California Pollution Control Financing Authority (CPCFA) in the State Treasurer's Office. The CalCAP loans are for any small business – from hair dressers and caterers to manufacturers. **The funds don't have to be used for pollution control projects, despite the name of the Authority. It's a good program for any business on the qualified Standard Industry Classification Codes list.**

Download the [CalCAP brochure](http://www.treasurer.ca.gov/cpcfa/calcap/brochure.pdf) at <http://www.treasurer.ca.gov/cpcfa/calcap/brochure.pdf>

CalCAP encourages financial institutions to make loans to small businesses that fall just outside conventional underwriting standards. The program provides a form of loan portfolio insurance that can give lenders up to 100 percent coverage on certain loan defaults. With each new loan, the borrower, lender and CalCAP each contribute to a loan-loss reserve fund. The fund grows over time and encourages lenders to make loans that do not quite pass muster under their normal lending guidelines. The maximum loan size is \$1.5 million and will soon increase to \$2.5 million.

“CalCAP provides loans to businesses that may not otherwise qualify for a loan,” said State Treasurer Bill Lockyer, who chairs CPCFA. “In a tough economy, the additional risk coverage on loans is a win-win for the businesses and financial institutions.”

As one example of how CalCAP works, the program helps California truckers comply with diesel emissions regulations through a \$48 million loan guarantee program operated in partnership with the California Air Resources Board (ARB). The ARB made the funds available through CalCAP to make it easier for truck, fleet and off-road diesel equipment owners to get loans needed to cover the expense of bringing their vehicles into compliance with the new regulations.

Aside from administering the CalCAP program, CPCFA provides tax-exempt bond financing for pollution control projects. The financing helps California businesses acquire or build qualified pollution control, waste disposal or waste recovery facilities, or buy or install new pollution control equipment. The CPCFA

also runs the CalReUSE program, which offers low-interest, forgivable loans and grants to help public and private partners redevelop contaminated “brownfields.”

Small businesses and truck owners must meet lending criteria established by the financial institution.

More Information

For a list of participating lenders, please visit the Treasurer’s website: <http://www.treasurer.ca.gov/cpcf/calcap/institutions.pdf>.

To become a CalCAP financial institution, click on the application at: http://www.treasurer.ca.gov/cpcf/cal_cap.asp or call (916) 654-5610 or e-mail CalCAP@treasurer.ca.gov.