



California Small Business Credit Initiative

On October 8, 2010, the U.S. Department of the Treasury moved to support business lending in California when it announced the state would receive \$168.6 million under the State Small Business Credit Initiative (SSBCI), a component of President Obama's Small Business Jobs Act. The funding is designed to leverage \$1.7 billion in new small business lending in the state through the two California agencies that oversee small business lending: the Business, Transportation and Housing Agency and California State Treasurer Bill Lockyer's Office. Information about the two programs is below.

California Small Business Loan Guarantee Program

The Business, Transportation & Housing Agency (BT&H)'s Small Business Loan Guarantee Program has been tentatively approved to receive \$84 million dollars.

The Program has a successful 30 plus year history that has enabled small businesses to obtain term loans or lines of credit. Since it started in 1971, the Program has guaranteed over 30,000 loans for California lending institutions. This has helped small businesses to grow and expand their business.

The California Small Business Loan Guarantee Program enables a small business to obtain a term loan or line-of-credit when it cannot otherwise qualify for a loan. BT&H administers the Small Business Loan Guarantee Program to help businesses create and retain jobs.

The program encourages banks to make small business loans that are not traditionally bankable and it provides a lender with the necessary security, in the form of a guarantee, to approve a loan or line-of-credit. The guarantees are issued on behalf of the State by 11 non-profit Small Business Financial Development Corporations located throughout California.

California Capital Access Program (CalCAP)

The California Capital Access Program (CalCAP) has new lending opportunities for financial institutions in California. With more than \$90 million available for loan guarantees for small businesses, CalCAP can enable more loans than ever before. CalCAP also has increased the maximum loan amount and size of eligible businesses.

The program 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 loans to California small businesses.

CalCAP is administered by the California Pollution Control Financing Authority (CPCFA) in the State Treasurer's Office. CalCAP encourages financial institutions to make loans to small businesses that fall just outside of conventional underwriting standards. A form of loan portfolio insurance, CalCAP may provide up to 100 percent coverage to lenders 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 provides the incentive for the lender to make loans that are outside their normal lending guidelines.

California Small Business Loan Guarantee Program

Eligible Applicants – Generally, any small business whose owner cannot qualify for a commercial loan.

How to Apply – Contact directly, or through your bank, any of the 11 corporations. Applicants who involve their bank loan officers may expedite the application process.

Eligible Uses – Loan proceeds are to be used in California for any standard business purpose, such as expansion into new facilities, the purchase of new equipment, or development of a new market.

Guarantee Amount – Normally, loans up to 90% of the loan amount is guaranteed, with the guaranteed portion of the loan not exceeding \$500,000. The amount guaranteed is subject to negotiation between the corporation and the lender, but cannot exceed 90%.

Loan Terms

Guarantee Term – The guarantee term may be a maximum of seven years. The average term is about three years.

Interest Rates and Fees – Interest rates are negotiated between the borrower and the lender. The corporation may charge a guarantee fee of up to 2% of the amount guaranteed, plus a documentation fee of \$250.

For more information or to find a Small Business Financial Development Corporation, visit: www.bth.ca.gov/aboutus/sblgp.asp or call (916) 327-2028.

California Capital Access Program (CalCAP)

- *Virtually any business loan is eligible under CalCAP*
- *Loans from \$500 to \$2.5 million*
- *Businesses with up to 500 employees*
- *Primary business and more than 50% of employees or sales must be in California*
- *Every CalCAP dollar leverages between \$18 and \$25 in loans*

CalCAP also helps California Truckers comply with state Air Resources Board (ARB) diesel emissions regulations through a separate, \$48 million loan guarantee program. The ARB provides the funds through CalCAP's participating financial institutions to offer truck and equipment owners loans at competitive rates.

For more information or to become a CalCAP participating financial institution, click on the Financial Institution Application at: www.treasurer.ca.gov/cpcfca/cal_cap.asp or call (916) 654-5610.

Governor's Office of Economic Development

For additional assistance with your business, contact the Governor's Office of Economic Development at: www.business.ca.gov or call (877) 345-4633.

