

PROGRAM	CALIFORNIA SMALL BUSINESS LOAN GUARANTEE PROGRAM
PURPOSE	To encourage lenders to make small business loans to those businesses having difficulty obtaining access to capital. Special emphasis is placed on the expansion of business and the creation and retention of jobs in California.
USE OF FUNDS	<ul style="list-style-type: none"> • Business Start-up costs • Working capital • Inventory • Equipment purchase • Tenant improvements • Lines of Credit • Non-passive business real estate; new construction and renovations • Bridge financing (prior to permanent financing) • Refinancing of existing business debt (with conditions/original use of funds)
FINANCING METHOD	<p>Financial institutions, credit unions, and Community Development Finance Institutions (CDFI's) may make small business loans directly to the small business concern with the State Guarantee to minimize their risk of capital. Financial Development Corporation's (FDC's) work with the lenders to issue a guarantee for up to 80% of the loan on behalf of the State. The FDC is an agent of the IBank Small Business Loan Guarantee Program.</p> <ul style="list-style-type: none"> • Lender underwrites the loan and requests a loan guarantee from an FDC • FDC will review the lender loan package and do its own underwriting • FDC issues the guarantee agreement to the lender • Lender executes loan documents and disburses funds to the business • Lender manages the credit and keeps FDC informed of loan status • Lender and FDC both work together on any loan issues or modifications • In the event of a default, lender files a claim with the FDC for payment
QUALIFICATIONS	Small businesses must be located in the state of California and use the proceeds of the loan in the state of California. Non-profit organizations qualify for the guarantee provided the loan is for an eligible business use and it has at least one full time employee.
MAXIMUM GUARANTEE AMOUNT	\$2,500,000 for each borrower.
MAXIMUM LOAN AMOUNT	\$20,000,000
LENGTH OF GUARANTEE	Up to 7 years. The loan may be for a term longer than the guarantee term.
INTEREST RATE	Market rate as negotiated between lender and borrower.
FEES	The FDC guarantee fee is 2.5% of the guaranteed portion of the loan, plus a \$250 documents fee. Lender may charge additional fees.
<p>Since 1968 the program has guaranteed over 30,000 loans to lending institutions that are committed to helping small business grow and prosper in California and in their communities. The California Small Business Loan Guarantee is backed by the State Small Business Credit Initiative (SSBCI) fund allocated to California by the U.S. Treasury and by the state Trust Fund specifically to support the guarantees issued. "Access to Capital" is what the program is about. When a business is having difficulty obtaining capital, the program provides the lender with added security to make a loan, in the form of a loan guarantee.</p>	