

II. PROGRAM PARTICIPATION REQUIREMENTS

A. Overview

CalCAP/CARB Program is committed in assisting owners of heavy-duty on-road vehicles and small businesses controlled by the CARB’s Statewide In-Use Truck and Bus Regulation.¹ CalCAP CARB encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing.

CalCAP is administered by the California Pollution Control Financing Authority (CPCFA) and may provide up to 100% coverage on certain loan defaults. By participating in the CalCAP/CARB Program, lenders have available to them a proven financing mechanism to meet the financing needs of California’s small businesses. Lending institutions may submit pre- qualifications if unsure whether particular loans are eligible and compliant; however, this is optional.

	CalCAP/CARB
<p>Business and Loan Requirements</p> <p>☞ Full Text of CalCAP Regulations can be found in Chapter VIII.</p>	<ul style="list-style-type: none"> ▪ Maximum loan amount is \$5 million with \$2.5 million enrolled per borrower over a three-year period. ▪ Maximum interest rate of 20% APR (Annual Percentage Rate) ▪ \$10M or less in average annual business revenues over the last 3 years ▪ 100 or fewer employees ▪ 10 or fewer trucks in the fleet ▪ Primary economic effect of the business activity in California and the vehicle is registered in California with the Department of Motor Vehicles
<p>Authorized Loan Types or Uses</p> <p>☞ Full Text of CalCAP Regulations can be found in Chapter VIII.</p>	<ul style="list-style-type: none"> ▪ 2010 or newer engine model ▪ Over 14,000 GVWR ▪ Trailer with the purchase of eligible new or used truck ▪ Engines can use diesel fuel, CNG, LNG or other fuels including zero-emission technology. ▪ Equipment Warranty with the purchase of an eligible truck

¹ Truck and Bus Regulation: <https://www.CARB.ca.gov/msprog/onrdiesel/documents/tbfinalreg.pdf>

B. CARB Heavy-Duty Vehicle Air Quality Loan Program

Under the CARB Heavy-Duty Air Quality Loan Program, CalCAP offers lenders a mechanism to provide loans to small businesses to assist them in financing heavy-duty vehicles to expand or maintain their businesses. Borrowers will use the program only to purchase on-road heavy-duty vehicles and equipment for compliance with the California Air Resources Board's (CARB) Statewide In-Use Truck and Bus Regulation. Eligible purchases with loan proceeds are limited to on-road trucks. Information about the CARB's In-Use Truck and Bus Regulation can be found at <http://www.ARB.ca.gov/truckstop.com>.

	<p>Loans in the CalCAP/CARB loan program can be used to finance heavy-duty trucks over 14,000 GVWR with 2010 or newer model year engines. The engines can use diesel fuel, compressed natural gas (CNG), liquefied natural gas (LNG) or other fuels including zero emission technology.</p> <p>Loans for trucks can also include warranty for eligible truck purchase or/and trailers; however, loans cannot be solely for warranty or trailers. Information about the CARB's In-Use Truck and Bus Regulation may be found at http://www.ARB.ca.gov/truckstop.</p>
	<p>All loans not meeting the eligibility requirements above are precluded from being enrolled in the program.</p>
	<p>Refer to CalCAP Regulations 8070, 8072 and 8078.22 as appended in Chapter VIII for full disclosure of eligible and ineligible uses of loan proceeds.</p>

Flexibility	Restrictions
<ul style="list-style-type: none"> ✓ Lenders set the terms and conditions of the loans and decide which loans to enroll into the CalCAP CARB program. ✓ Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule. ✓ CalCAP CARB contributes up to 14% of the principal balance enrolled in a loss reserve account for each loan enrolled. ✓ Lenders can enroll all or a portion of a loan. ✓ CPCFA may authorize an extension of the maturity date of an enrolled loan for up to eighteen (18) months 	<ul style="list-style-type: none"> ✓ There is a \$5 million maximum loan amount that can be enrolled in CalCAP for a period of no more than 10 years. ✓ A Borrower's fleet must have no more than 10 on-road heavy-duty vehicles at the time of the loan origination. ✓ Maximum interest rate of 20% APR (Annual Percentage Rate) ✓ Primary economic effect of the business activity in California and the vehicle is registered in California with the Department of Motor Vehicles ✓ The business' annual revenue must be \$10 million or less, averaged over a three-year period. ✓ The business must be classified as a small business under U.S. Small Business Administration guidelines (Title 13 of the Code of Federal Regulations) and have 100 employees or fewer.