



# Air Resources Board



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TO: Renee Webster-Hawkins  
Executive Director  
California Pollution Control Financing Authority  
915 Capitol Mall, Room 457  
Sacramento, California 95814

FROM: Hardip Judge, Manager  
Compliance and Incentives Assistance Section  
Mobile Source Control Division

DATE: December 18, 2015

SUBJECT: CLARIFICATION ON MODIFICATION MADE TO LOAN LOSS RESERVE  
ACCOUNT CONTRIBUTION RATES

This memo will serve to clarify modifications authorized by the Air Resources Board (ARB) through a December 15, 2015 memo to the existing loan loss reserve account contribution rates. That memo authorized the California Pollution Control Financing Authority (CPCFA) to reduce ARB's Independent Contributor Program contributions to loan loss reserve accounts for lenders participating in the Heavy-Duty Vehicle Air Quality Loan Program. This program is established and administered through Interagency Agreement #13-606-2.

Please note that within the context of the December 15, 2015 memo, the term "lender's loan loss reserve account" means "contributions deposited in a lender's loan loss reserve account." Further, the dollar thresholds determining the contribution rate Tiers relate to contributions deposited in a lender's loan loss reserve account and not the loan volume.

To recap, the contribution rates for the three Tiers will be as follows:

- When contributions deposited in a lender's loan loss reserve account exceeds \$1.5 million, the contribution rate will be four percent. (Tier 3)
- When contributions deposited in a lender's loan loss reserve account exceeds \$500,000 but is less than \$1.5 million, the contribution rate will be seven percent. (Tier 2)
- When contributions deposited in a lender's loan loss reserve account are less than \$500,000, the contribution rate will be 14 percent. (Tier 1)

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

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Section D. Scope of Work, clause# 8 allows ARB to adjust the percentage value of its total premium contribution. This rate change will become effective January 1, 2016.

The premium reduction is intended to maximize currently limited program funds while maintaining lender participation to ensure continued financing opportunities to owners of heavy-duty diesel vehicles upgrading their fleets to comply with ARB regulations.

We appreciate your assistance for maintaining the continuity of this important program. If you have any questions or need further information, please contact Mr. Hardip Judge, Manager, Compliance and Incentives Assistance Section at (916) 324-9512 or via email at [hjudge@arb.ca.gov](mailto:hjudge@arb.ca.gov).

cc: Annmarie Rodgers  
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