



CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

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AGENDA

CALIFORNIA CAPITAL ACCESS PROGRAM (CalCAP) California Pollution Control Financing Authority (CPCFA)

LENDER ROUNDTABLE CONFERENCE CALL

**Tuesday, February 3, 2015 @ 10:00 am
Call in number: (800) 230-1085**

❖ **INTRODUCTION**

Good morning CalCAP Lenders. Thank you for joining us on the call today.

First, I would like to take a moment to commend you and mention that our program performance has captured the attention of state executives and legislators, as policy makers look to provide more meaningful financial support or incentives to certain private industries. Our new State Treasurer, Mr. John Chiang, is particularly impressed with CPCFA's credit enhancement programs, including the Truck Loan program, and his administration will continue to be an enthusiastic supporter of the loan loss reserve programs.

None of this could have been achieved without your leadership as lenders willing to enter into a public private partnership with CPCFA to make private capital available to small business owners, especially those who are trying to build a credit profile and business plan. We thank you for your commitment to this program, because you are critical stakeholders in the success of this important incentive program.

We have a room full of CalCAP staff here to explain several updates to the programs, clarify a few items and to answer any questions you may have. We will be opening the line for questions from you after each section on the agenda and then again at the end. We do have a long list of things to cover, so we will get started.

❖ **WELCOME NEW LENDERS**

We would like to welcome three new lenders to the CalCAP Family:

- ❖ **Pacoima Development Federal Credit Union:** opened in 2005, began as a dream to provide the residents of the Northeast San Fernando Valley with access to affordable retail financial services.
- ❖ **Finance and Thrift Company** opened in 1925, their mission is to help people get greater access to life's necessities than their constrained credit would otherwise allow.
- ❖ **GBC Premium Finance, Inc.:** launched in 2010 is our newest CalCAP member.

We are very excited to have you all on board and look forward to new enrollment applications!

❖ **COLLATERAL SUPPORT PROGRAM UPDATES**

As Collateral Support continues to grow and change, we are taking an item to our Board later this month to make the following refinement:

- ❖ The Severely Affected Community (SAC) support will now be capped at 20% (or 1/5) of the total support amount.

The program updates have been established to ensure that the Severely Affected Community support remains balanced with the amount of total support and continues to provide a meaningful bonus to those businesses that are in areas of high unemployment. Going forward, CalCAP Collateral Support will continue to provide up to 40% coverage in the form of a cash deposit on:

- green and manufacturing loans
- qualified small business loans from \$50,000 to \$250,000

For small business loans greater than \$250,000, CalCAP CS will continue to provide up to 30% coverage on loans for a 3 year term; or up to 20% coverage on loans for a 4 year term.

Additional coverage will continue to be provided for loans where the borrower's business is located in a Severely Affected Community (SAC), in which case the Severely Affected Community (SAC) support is now capped at 20% (or 1/5) of the total support amount.

❖ **ENROLLMENT APPLICATION UPDATES**

We have updated our CalCAP Loan Enrollment Application and Collateral Support Requests. The same changes have been made to each of the forms.

In the Lender Information section, the contact information no longer says “Loan Officer,” it is now reflected as “Loan Contact Name,” “Loan Contact Number,” “Loan Contact Email,” “Loan Contact Phone.” Please utilize this section to reflect who CalCAP staff should contact with questions regarding this loan. When we have questions on applications, we will contact the person or people listed in this section.

We have additions to the Severely Affected Community question on the forms. You will notice that we will require additional explanation for the Severely Affected Community qualifier if you check the box “yes” that the business is located in and is using the loan proceeds in an SAC. These new check boxes are: city; unincorporated; county if city not listed, and other. LeAndre will be going into greater detail later in the call on how to utilize these new check boxes.

Lastly, a line has been added near the lender signature for the printed name of the authorized signer. This will help CalCAP staff expeditiously identify who at the institution has signed the submitted applications.

❖ **PARTICIPATION IN ADDITIONAL CalCAP PROGRAMS**

❖ ***Amended Participating Financial Institution Application***

One of the attachments that was sent in the email you received from CalCAP this morning is an amended CalCAP Financial Institution Application. We have updated this application, not only for new financial institutions interested in participating in CalCAP, but also for those of you who may wish to expand your usage of the various programs. Many lenders enrolled in CalCAP with the intention of using just our CalCAP program or only Collateral Support, but have now realized that, as a lending institution, you can benefit from one of our other programs as well. If you were approved to use a specific program and would like to begin participating in one or more of our other programs, we will require you to submit an updated CalCAP Financial Institution Application.

Under the address section on the Application, a line has been added where you would be able to indicate that you are submitting an amended application. We have also added a line that will allow you to select the program or programs you are interested in using, that you currently are not. You will see that in addition to CalCAP, Collateral Support and CalCAP ARB, we have also added a box for EVCS which is our Electric Vehicle Charging Station financing program that is currently being developed in partnership with the California Energy Commission. If you plan to send in an amended application and would like to participate in EVCS please check the box and we will reach out to you to offer training as we get closer to the launch of that program.

When submitting an amended application, we will also require that the description of your Board of Directors be resubmitted and include the names, ethnicity and gender of all members. Providing the list of Directors will help us make a determination whether or not there are any conflicts of interest issues we must sort out.

❖ ***Disclosure of changes since initial enrollment***

A certification has been added to the application as well that requires the lender to certify that there have been no changes in the status of the financial institution since the original application was submitted and approved by CalCAP. We want to ensure your institution is still in good standing and there are not any issues we should be informed of. Additionally, if your institution has changed names, we will be asking that you submit an amended Financial Institution Application and provide an explanation of the change, on institution letterhead, signed by an authorized signer.

❖ **LENDER QUARTERLY REPORTS**

The program statute requires all Lenders to submit Quarterly Reports to CalCAP. You can find a Quarterly Report template on our CalCAP website. Please be sure to include the CalCAP Loan number, Lender Loan number, Borrower's name, DBA, Date of Loan, Maturity Date, Total Loan Amount and Total Enrolled Amount Outstanding on the report. When loans are closed, they need to be reported on the Quarterly report. Also, CalCAP requires that our Lenders report claims on the quarterly report as well. The section is already included on the template. Please submit completed Quarterly Reports to the CalCAP email box by the 15th of the month following the end of the quarter. Along with the template, you will also find the Quarterly Reporting Schedule on the CalCAP website.

❖ **WEBSITE UPDATES**

The following items are being updated on the CalCAP website:

1. The CalCAP Lender Manual
2. The CalCAP Program Summary
3. The Severely Affected Community eligibility tool
4. The Census Tract Instructions
5. The Number of Employees and Full Time Equivalents Calculation tool
6. The CalCAP Loan Enrollment Application
7. The Collateral Support Request
8. CalCAP Financial Institution Application

We encourage you to begin using the new applications immediately and will require them for all applications received March 1, 2015 or later. You will be required to submit the most current documents when enrolling loans beginning March 1, 2015. The revision

dates on the updated Loan Enrollment Applications and Collateral Support Requests are February 3, 2015.

As Megan mentioned, we will be taking changes for the Collateral Support Program to our board on February 17th. Once the Collateral Support changes are approved, the information on the website, including the Collateral Support Lender Manual and Program Summary, will be updated to reflect the new parameters.

❖ **COMPLIANCE UPDATE**

❖ ***Update Authorized Signers for all programs***

CalCAP sent an email on January 9, 2015 requesting all Lenders send their updated list of authorized signers and updated Certification to Participate in SSBCI. If we have not yet received your 2015 list of authorized signers and updated Certification to Participate in SSBCI, we will hold all loan enrollment and claim applications that have been submitted until both documents are sent to us. Please send these documents to the CalCAP email box if you have not done so already.

❖ ***Religious Loans***

We have received several enrollment applications lately for religious organizations and would like to take this opportunity to reiterate that if CalCAP receives a loan that appears to be for a religious organization or a religious purpose, we must consult with our legal counsel to ensure that the loan is eligible to enroll into CalCAP. Because we must remain in compliance with both state and federal statutes and regulations, we will hold the loan enrollment application until we receive a written response from our legal team. Please be aware that this may slow down the processing time of these applications.

❖ ***Changes to borrower certifications***

In an attempt to follow best practices in all of our CalCAP programs, we will be requiring confirmation from the borrower if any changes must be made to the Borrower Certification for Small Business Loan Enrollments or Collateral Support Borrower Certification. When the Borrower initially signs the certification, he or she is certifying only the information that is listed on the form at the time of signing. Therefore, we will only accept changes to the form after it is signed with the Borrower's acknowledgment of the changes. For example, if the Business name is incorrect or left blank on the Borrower certification or if the Borrower's title is incorrect or left blank, any changes to correct this information will need to be accompanied by the Borrower's acknowledgment of the corrections. Borrower's acknowledgment of the corrections can come in the form of either: a newly signed and dated Borrower's certification with all the correct information included, an updated Borrower's certification with the Borrower's initials next to the required corrections, or an email to and from the

Borrower addressing the corrections and confirming that the changes are correct. If you forward us an email from the borrower, the email must include acknowledgment that changes are being made to the Borrower Certification document and should reference the lender loan number.

In addition, if you, as the lender, make any noticeable alterations to the Loan Enrollment Application, please be sure to initial next to the change. We will still require your written confirmation via email if any changes or additions must be made to the application after submission.

❖ ***Severely Affected Community Eligibility***

Beginning February 2015, CalCAP will be revising the guidance to determine eligibility of a Severely Affected Community, consistent with the CalCAP regulations. Previously, the guidance permitted using either the county and/or city for the location of the address where the funds will be used. Going forward, the eligibility determination will be as follows: only the city of the address where the funds will be used will determine eligibility of high unemployment. If the business address is in an unincorporated part of the county (outside the city limits), the county of the address will be used to determine eligibility.

Additionally, if the city where the funds will be used is not listed in the county's unemployment rate data information list, the county can be used. As Emily mentioned earlier on the call, there will also be a check box for "other" and a space to list the reason. An example of a reason for "other" can be the address where the funds will be used is located on a military base. If the address is unincorporated, an explanation or supporting documentation will need to be submitted with the enrollment application. If the city is not listed and the address is not unincorporated, the Monthly Labor Force Data for Cities and Census Designated Places from the EDD website will need to be printed and submitted as evidence. If "other" is selected on the Loan Enrollment Application, documentation that supports the reason listed will need to be provided.

Please refer to the Severely Affected Community document under "Tools for Lenders" on the CalCAP or Collateral Support webpage or the respective program Lender Manuals for step by step instructions.

All loans submitted tomorrow, February 4th and after will be assessed using the revised guidance.

ATTACHMENTS

- CalCAP Loan Enrollment Application
- Collateral Support Request Application
- Amended Participating Financial Institution Application