California Capital Access Loan Programs: CalCAP Lender Roundtable

April 3, 2018
CalCAP Lender Roundtable Agenda

- Introductions

- CalCAP Administrative Updates
  - Recapture
  - Change in Terms
  - Reminders
  - Maturing Date One-Time Extension
  - Quarterly Report Reminder and Refresher Training

- CalCAP Program updates
  - Small Business Program (CalCAP/SB)
  - California Air Resources Board On-Road Heavy-Duty Vehicle Air Quality Loan Program (CalCAP/CARB)
  - Collateral Support Program (CSP)
  - Americans with Disabilities Act (ADA) Financing Program (CalCAP/ADA)
  - Electric Vehicle Charging Station (EVCS) Financing Program (CalCAP/EVCS)
  - Seismic Safety Financing Program (CalCAP/Seismic Safety)
CalCAP Small Business & CARB: Recapture Update

• Per CalCAP regulations, § 8073(g) CalCAP will recapture its contributions for each loan enrolled upon maturation or after five years from the date of enrollment, whichever happens first.

• Recapture is not applicable for Contributions for Qualified Loans that are charged off as a result of a default, and have a pending or approved claim with the Authority.

• Letters regarding the recapture amount have been sent out to the Lenders who opted in for recapture.

• Total recapture amount for the CalCAP Small Business and CARB Programs:
  ➢ from state contributions: $392,945.15
  ➢ from federal contributions: $2,461,197.51
  ➢ from the CARB contributions: $6,152,066.55
Lenders are required to notify CalCAP within 15-business days of any change in loan terms of a currently enrolled loan by submitting a Change in Terms notification.*

Per Section 8070(c): "Change in Terms" means the process to report any change in material terms of an enrolled loan, including changes to the names) of the borrower or co-borrowers, the total loan amount, the maturity date, or the interest rate."

If any of the terms other than the interest rate have changed, the Lender must also submit the following:

1) Change in Terms form
2) Amended loan enrollment application
3) New lender certification
4) New borrower certification

Maturity Date: One-Time Extension

Per new CalCAP regulations, § 8072(i)(4), CalCAP may authorize a single extension of the maturity date of an enrolled loan for up to one hundred eighty (180) days, if the lender provides written certification to its credit policy that provides for such extensions of the maturity date.

Forms to be submitted:
- Change in Terms Form
- Amended Enrollment Application
- New Lender Certification
- New Borrower Certification
Quarterly Report Reminder and Refresher Training Available

• 1\textsuperscript{st} 2018 Quarterly Report due on April 15\textsuperscript{th}

<table>
<thead>
<tr>
<th>Quarterly Reporting Schedule</th>
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<tbody>
<tr>
<td>Quarter Begins</td>
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<tr>
<td>January 1st</td>
</tr>
<tr>
<td>April 1st</td>
</tr>
<tr>
<td>July 1st</td>
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<tr>
<td>October 1st</td>
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• Refresher training available for interested Lenders – Email \texttt{CalCAP@treasurer.ca.gov} to schedule with a CalCAP analyst
CalCAP/Small Business Program Updates
(http://www.treasurer.ca.gov/cpcfa/calcap/sb/index.asp)

• Federal funding has been exhausted.
• All Lenders submitting Small Business loan applications must start depositing Lender’s and Borrower’s fees to their CalCAP State loss reserve account.
CalCAP/CARB Heavy-Duty Vehicle Air Quality Loan Program Updates
(http://www.treasurer.ca.gov/cpcfa/calcap/arb/index.asp)

• **New CalCAP/CARB Borrower's webpage:** CalCAP will be launching a new CalCAP/CARB Borrower's webpage providing information and resources for Borrowers and potential Borrowers. More exciting information to come soon!

• **Upcoming site visits and desk audits**

• **Amended Interagency Agreement:** In March 2018 CalCAP and CARB amended their Interagency Agreement which includes an additional $20 million in Program funding for FY 2017/2018.

• **Electric Vehicle Reminder:** Electrical vehicles are eligible for CalCAP/CARB.

• **2023 Compliance Update:** 2010 or newer engine model is required.

• **CARB One-Stop Truck Event:** Next event is April 17, 2018 in Bakersfield.
Completing CalCAP/CARB Loan Enrollment Application
http://www.treasurer.ca.gov/cpcfa/calcap/arb/tools.asp

☑ Tip #1: Use the Tools for Lenders webpage.
Tip 2: Check to see that the Borrower’s Name, DBA & Address are **CONSISTENT**.
Tip 3: All census tract entries should include the state, county & tract codes – a total of 11 digits.

http://ffiec.gov/Geocode/default.aspx
Tip 4: On Page 1 of Borrower Certification borrower initials are **only** needed on Items (d), (e), and (f) if the borrower received an CARB grant or voucher.
Tip 5: Follow these reminders when completing Page 3 of Borrower Certification.

Fleet size: Enter number of vehicles in borrower’s fleet prior to this purchase.

GVWR: Enter truck’s Gross Vehicle Weight Rating.

Replaced Truck: Not needed unless borrower received a CARB voucher or grant for replaced truck.

Individual’s title: Provide signer’s title as it relates to the business (eg. CEO, Owner, etc).
Completing CARB Loan Enrollment Application
Common Errors & Omissions (continued)

✓ Tip 6: Send enrollment documents in the following order when submitting your loan enrollment documents to CalCAP and use these helpful links.

1. ARB (or CalCAP) Enrollment Application
2. Lender Certification
3. Borrower Certification (followed by Docu-Sign Cert, if applicable)
4. NAICS verification
5. Google Map printout (if census tract information is not available)

Helpful CalCAP/CARB Links:

NAICS Codes: http://www.census.gov/eos/www/naics/
CARB Authorized Retrofits: http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm
Collateral Support Program (CSP) Update
(http://www.treasurer.ca.gov/cpcfa/calcap/collateral/index.asp)

• **Minimum Fees:** Closing fees for CSP Requests will increase from $500 to a $1,000 minimum starting **April 04, 2018.**

• **Loans In Default Reporting**
  - All CSP loans in default must be reported and included in the Lender’s Quarterly Report.
  - Instructions for completing the Quarterly Report can be found on the CSP website: http://www.treasurer.ca.gov/cpcfa/calcap/collateral/index.asp
Collateral Support Program (CSP) Update (continued)

• Lines Of Credit Renewals
  ➢ Annual fees of 1% of the General Support for all LOC’s are required.
  ➢ Renewal Requests must be received prior to the annual anniversary date of the initial disbursement or date of loan.

• Records Retention
  ➢ All records and documents for enrolled CSP loans must be retained for 3 years after maturity or 3 years after the ending of the Program, whichever is later.
CalCAP/ADA Update

• Emergency Regulations effective as of 12/21/17.
  ➢ Allow Borrowers to be reimbursed for the cost of the Certified Access Specialist Report (CASp) equal or up to 5% of the enrolled loan amount.
  ➢ Expanding the “small business” definition to include businesses with less than $5 million in total gross annual income.

• Notice of Proposed Rulemaking has been published on March 23, 2018 by Office of Administrative Law (OAL)

• 45-days comment period ends on May 7th
# CalCAP/ADA Key Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>$50,000</td>
<td>Maximum Loan enrolled loan amount</td>
</tr>
<tr>
<td>$5 million</td>
<td>Total gross annual revenue for small business eligibility</td>
</tr>
<tr>
<td>15 FTEs</td>
<td>Maximum number of employees for small business eligibility</td>
</tr>
<tr>
<td>60 months</td>
<td>Maximum loan term</td>
</tr>
<tr>
<td>2%-3.5%</td>
<td>Lender fee</td>
</tr>
<tr>
<td>2%-3.5%</td>
<td>Borrower fee <strong>matches</strong> Lender fee</td>
</tr>
<tr>
<td>8%-14%</td>
<td>CalCAP/ADA Contribution is <strong>4 times</strong> Lender fee</td>
</tr>
<tr>
<td>2%-3.5%</td>
<td>Severely Affected Community (SAC) Contribution <strong>matches</strong> the Lender fee</td>
</tr>
</tbody>
</table>
| Additional feature(s)           | • Certified Access Specialist Program (CASp) report and cost estimate required. Reimbursement offered for CASp report.  
• Recapture of CalCAP/ADA contribution amounts on an annual basis when enrolled loans mature or after sixty (60) months from the date of enrollment, whichever occurs first. |

[CalCAP/ADA Update](http://www.treasurer.ca.gov/cpcfa/calcap/ada/index.asp)
Governor Brown’s recent Executive Order B-48-18 increases the goal to deploying at least 5 million zero emission vehicles (ZEVs) on California roads by 2030 and specifically addresses the installation of car chargers, a significant increase from his 2012 goal of 1.5 million ZEVs in California by 2025.

The current gap in public and private investment in charging station infrastructure is approximately $2.6 billion.
- An estimated 14,272 chargers are currently deployed in California
- The estimated need is for at least 344,000 chargers at or near apartments, workplaces and public locations.
## CalCAP/EVCS Key Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>$500,000</td>
<td>Maximum Loan enrolled per borrower</td>
</tr>
<tr>
<td>N/A</td>
<td>Total gross annual revenue for small business eligibility</td>
</tr>
<tr>
<td>1000 FTEs</td>
<td>Maximum number of employees for small business eligibility</td>
</tr>
<tr>
<td>48 months</td>
<td>Maximum loan loss reserve coverage</td>
</tr>
<tr>
<td>N/A</td>
<td>Lender fee</td>
</tr>
<tr>
<td>N/A</td>
<td>Borrower fee <strong>matches</strong> Lender fee</td>
</tr>
<tr>
<td>20%</td>
<td>CalCAP/EVCS base contribution</td>
</tr>
<tr>
<td>10%</td>
<td>Severely Affected Community (SAC) contribution</td>
</tr>
<tr>
<td>Additional feature(s)</td>
<td>Borrower rebate equal to half of the total contribution.</td>
</tr>
</tbody>
</table>
Other pressures that could broaden the infrastructure gap include:

- Expanded EV awareness
- Efforts to make EV an affordable and attractive option for more California Drivers
- Car manufacturers commitments to electrification – 42 ZEV models are on the market today and more to come

In order to increase participation in CalCAP/EVCS, staff is seeking input from lenders and stakeholders on the following:

- What data and/or assistance do lenders or small businesses need for financial institutions to expand their small business charging station infrastructure lending portfolio?
- How can the CalCAP/EVCS Financing Program support charging station Infrastructure lending to the small business community?
CalCAP/Seismic Safety Update
(http://www.treasurer.ca.gov/cpcfa/calcap/seismic/summary.asp)

CalCAP/Seismic Safety Key Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>$250,000 Maximum Loan enrolled loan amount</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>Total gross annual revenue for small business eligibility</td>
</tr>
<tr>
<td>500 FTEs Maximum number of employees</td>
<td>for small business eligibility</td>
</tr>
<tr>
<td>60 mos or 120 mos Maximum loan loss coverage</td>
<td>depending on loan term</td>
</tr>
<tr>
<td>2%-3.5% Lender fee</td>
<td></td>
</tr>
<tr>
<td>2%-3.5% Borrower fee matches Lender fee</td>
<td></td>
</tr>
<tr>
<td>8%-14% or 6%-10.5% CalCAP/Seismic Safety</td>
<td>Contribution is 4 times Lender fee or 3 times depending on loan term</td>
</tr>
<tr>
<td>4%-7% or 2%-3.5% Severeely Affected Community (SAC) Contribution is 2 times the Lender fee or equal to Lender fee depending on term</td>
<td></td>
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</tbody>
</table>

Additional feature(s)

- Additional incentive for loan term of 60 months or less
- Residential and commercial building owners eligible
- Certification from local building code official required
- Recapture of CalCAP/Seismic Safety Contribution amounts on an annual basis when enrolled loans mature or after 60 months or 120 months from the date of enrollment depending on loan term election, whichever occurs first.
CalCAP/Seismic Safety Update

- Working with stakeholders to address concerns with the following statutory requirements:
  - Borrowers must obtain certification from the local building code official that “the building is hazardous and in danger of collapse in the event of a catastrophic earthquake.”
  - Small businesses must “own and occupy or intend to occupy” a qualified building.

- Generous CPCFA contributions:

<table>
<thead>
<tr>
<th>Rates</th>
<th>Enrolled loan term is 60 months or less</th>
<th>Rates</th>
<th>Enrolled loan term is 61-120 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>2%-3.5%</td>
<td>Lender fee</td>
<td>2%-3.5%</td>
<td>Lender fee</td>
</tr>
<tr>
<td>2%-3.5%</td>
<td>Borrower fee – matches Lender fee</td>
<td>2%-3.5%</td>
<td>Borrower fee – matches Lender fee</td>
</tr>
<tr>
<td>8%-14%</td>
<td>CalCAP/Seismic Contribution is 4 times Lender fee</td>
<td>6%-10.5%</td>
<td>CalCAP/Seismic Contribution is 3 times Lender fee</td>
</tr>
<tr>
<td>4%-7%</td>
<td>Severely Affected Community (SAC) Contribution is 2 times Lender’s fee</td>
<td>2%-3.5%</td>
<td>Severely Affected Community (SAC) Contribution is equal to the Lender’s fee</td>
</tr>
<tr>
<td>16%-28%</td>
<td>Maximum Total Contribution deposited into LLR</td>
<td>12%-21%</td>
<td>Maximum Total Contribution deposited into LLR</td>
</tr>
<tr>
<td>12%-21%</td>
<td>CalCAP/Seismic Safety recapture at maturity or 60 months whichever is first</td>
<td>8%-14%</td>
<td>CalCAP/Seismic Safety recapture at maturity or 120 months whichever is first</td>
</tr>
<tr>
<td>4%-7%</td>
<td>Amount remaining in LLR after recapture</td>
<td>4%-7%</td>
<td>Amount remaining in LLR after recapture</td>
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</tbody>
</table>
Additional Questions or Comments?

❖ CalCAP Inbox
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The CalCAP team thanks you for participating in today’s Lender Roundtable!