



# CalCAP Lender Roundtable

October 16, 2018

Renee Webster-Hawkins,

Executive Director





# The Agenda

- ▶ Introductions
- ▶ AB 1547 Updates and Rulemaking Status
- ▶ CalCAP Programs Overview and Updates
  - ▣ CalCAP/Seismic Safety
  - ▣ CalCAP/ADA
  - ▣ CalCAP/EVCS
  - ▣ CalCAP/Small Business
  - ▣ CalCAP/CARB
  - ▣ Collateral Support
- ▶ 2018 Recapture Update
- ▶ Training Refresher/ Survey of Training Needs
- ▶ CalCAP/CARB One-Stop events
- ▶ Outreach updates



# AB 1547 Updates & Rulemaking Status

- ▶ Assembly Bill 1547 (Quirk-Silva) was signed by Governor Brown on September 21, 2018.
- ▶ CalCAP will be amending regulations to implement the statutory changes to the CalCAP/ADA and CalCAP/Seismic financing programs
- ▶ The proposed amendments include:
  - ❑ **CalCAP/ADA:** Redefinition of the term “Small Business” or “Qualified Business” to reflect an increase in the number of employees from 15 to 30 for a small business to qualify for the CalCAP/ADA program. It also allows the **small business income and maximum employee number** to be interchangeable for program eligibility.
  - ❑ **CalCAP/Seismic:** Modification of the definition “Qualified building” for the CalCAP/Seismic Safety program to identify the type of building eligible under the program to include **property potentially vulnerable in an earthquake or constructed before 1981**.
  - ❑ Removal of the occupancy requirement from the definitions of a “Qualified small business”, a “Qualified residential property owner”, and a “Qualified commercial property owner” of a qualified building to authorize a qualified loan under the program to be used to finance **passive real estate ownership**.
  - ❑ Adds, strengthening a building’s lateral load resisting system to the definition of “Seismic retrofit construction” to conform to standard building industry language.



# AB 1547 Updates & Rulemaking Status

## Estimated Rulemaking Timeline

- ❑ Oct. 9 - 5 working day Notice posted on CPCFA Website.
- ❑ Oct. 17 - CPCFA Board meeting.
- ❑ Oct. 18 - Emergency regulations filed with OAL.
- ❑ Oct. 23 - Public comment period ends.
- ❑ Oct. 28 - OAL review period ends. If approved, the emergency regulations are filed with the Secretary of State and are in effect.
- ❑ April 28, 2019 - Emergency regulations expire.



# CalCAP/Seismic Safety

Loss Reserve Program for small businesses, residential or commercial property owners to make seismic safety upgrades for buildings.

## Fees and Contributions

- ❑ Lender and Borrower: **2 -3.5 %**
- ❑ CPCFA: **4X** the Lender Fee
- ❑ SAC: Up to **2X** the Lender Fee

**Tools for Building Owners**  
CalCAP/Seismic Safety Financing Program



**Contact Information**  
Doreen.Smith@treasurer.ca.gov  
(916) 654-5610

**Quick Links**  
[Why Retrofit?](#)  
[How it Works](#)  
[Participating Lenders](#)  
[Other CalCAP Financing Programs](#)

**Connect With Us**  
[List Serv](#) 

**How Does the CalCAP/Seismic Safety Financing Program Work?**  
[Frequently Asked Questions \(FAQs\)](#)  
[Resources for Seismic Safety Retrofits](#)

**Costs to Enroll Loans in the Program**

Lender Portion of CalCAP/Seismic Safety Fee	• 2 – 3.5 % of the loan amount
Building Owner Portion of CalCAP/Seismic Safety Fee	• Equal to the lender's portion
Other Loan Terms	• All other loan terms and underwriting are determined by the lender
CalCAP/Seismic Safety Contribution to the Lender's Loan Loss Reserve (LLR) Account	• For term of 0-60 months, 4 times the lender's portion • For term of 61-120 months, 3 times the lender's portion
Additional Contribution to the Lender's Loan Loss Reserve (LLR) Account for Severely Affected Community (SAC)	• For term of 0-60 months, 2 times the lender's portion • For term of 61-120 months, equal to the lender's portion



# CalCAP/Seismic Safety Overview & Updates

The following Amendments will be made to the regulations for the Seismic Safety Program:

- ❑ It is no longer a requirement that an owner is also an occupant of a qualified building to be eligible for the program.
- ❑ A qualified loan can be used to finance passive real estate.
- ❑ Strengthening a building's lateral load resisting system is now included as an eligible loan purpose for seismic retrofit construction.

- CalCAP Seismic borrower's webpage:

<https://www.treasurer.ca.gov/cpcf/a/calcap/seismic/owners/index.asp>

- Program Summary, Lender Manual, and Program Forms at:

<http://www.treasurer.ca.gov/cpcf/a/calcap/seismic/summary.asp>

**Tools for Building Owners**  
CalCAP/Seismic Safety Financing Program

**Contact Information**  
Doreen.Smith@treasurer.ca.gov  
(916) 654-5610

**Quick Links**  
Why Retrofit?  
How It Works  
Participating Lenders  
Other CalCAP Financing Programs

**Connect With Us**  
List Serv

**How Does the CalCAP/Seismic Safety Financing Program Work?**  
[Frequently Asked Questions \(FAQs\)](#)  
[Resources for Seismic Safety Retrofits](#)

**Costs to Enroll Loans in the Program**

Lender Portion of CalCAP/Seismic Safety Fee	• 2 - 3.5 % of the loan amount
Building Owner Portion of CalCAP/Seismic Safety Fee	• Equal to the lender's portion
Other Loan Terms	• All other loan terms and underwriting are determined by the lender
CalCAP/Seismic Safety Contribution to the Lender's Loan Loss Reserve (LLR) Account	• For term of 0-60 months, 4 times the lender's portion • For term of 61-120 months, 3 times the lender's portion
Additional Contribution to the Lender's Loan Loss Reserve (LLR) Account for Severely Affected Community (SAC)	• For term of 0-60 months, 2 times the lender's portion • For term of 61-120 months, equal to the lender's portion



# CaICAP/ADA Program Overview

Loss Reserve Program for small businesses with 30 or fewer employees to alter or retrofit the existing facility to comply with federal and state ADA (Americans with Disabilities Act) requirements.

## **Fees and Contributions**

- Lender and Borrower: 2 -3.5 %
- CPCFA: **4X** the Lender Fee
- SAC: Equal to the Lender Fee

## **Reimbursement for CASp Report Costs**

- Borrower can be reimbursed for an amount equal to up to 5% of the **enrolled loan amount**, toward the cost of the CASp report.

- Program Summary, Lender Manual, Program Forms at:  
<http://www.treasurer.ca.gov/cpcfca/calcap/ada/index.asp>





# CalCAP/ADA Updates

- ▶ CalCAP has launched a new CalCAP-ADA borrowers webpage <https://www.treasurer.ca.gov/cpcfafa/calcap/ada/sbo.asp>

Information includes:

- ▶ Who Qualifies
- ▶ How to Apply
- ▶ CASp Report Reimbursement
- ▶ Additional links are also provided which are very beneficial to borrowers or potential borrowers.
- ▶ Our CalCAP/ADA Participating Lenders List is Growing! We'd love to add your name!



**Tools for Small Business Owners**  
The CalCAP Americans with Disabilities Act Financing Program

**Contact Information**  
CalCAP@treasurer.ca.gov  
(916) 654-5610

**Quick Links**  
How it Works  
CASp Reimbursement Request Form  
Participating Lenders  
Other CalCAP Financing Programs  
FAQs

**Connect With Us**  
List Serv

The Americans with Disabilities Act of 1990 is a federal civil rights law that prohibits discrimination of individuals with disabilities and requires facilities to be accessible to individuals with disabilities. The CalCAP/ADA Financing Program can help small businesses finance the costs of becoming ADA compliant.

Borrower can submit a [CASp Reimbursement Request Form](#) to CPCFA which may be eligible for reimbursement, equal to up to 5% of the enrolled loan amount.

Frequently Asked Questions (FAQs)

Resources for Small Business Owner's and ADA Compliance

Costs to Enroll Loans in the Program	
Lender Portion of CalCAP/ADA Fee	2-3.5% of the loan amount
Small Business Owner Portion of the CalCAP/ADA Fee	Equal to the lender's portion
Other Loan Terms	All other loan terms and underwriting are determined by the lender
CalCAP/ADA Contribution to the Lender's Loan Loss Reserve (LLR) Account	4 times the lender's portion
Additional Contribution to the lender's Loan loss Reserve (LLR) Account for Severely Affected Community (SAC)	Equal to the lender's portion

<http://www.treasurer.ca.gov/cpcfafa/calcap/ada/institutions.pdf>



# Electric Vehicle Charging Station Financing Program Overview

Loss Reserve Program for small businesses with 1000 or fewer employees to install electric vehicle charging stations at their place of business.

## **Fees and Contributions**

- Lender and Borrower: **Not Applicable**
- CPCFA: **20% of the loan amount**
- DAC or Multi-Unit Dwelling: **10% of the loan amount**

## **Borrower Rebate**

- Rebate of up to 15% of the loan amount upon loan repayment



Electric Vehicle  
Charging Station  
Financing Program

Program Summary, Lender Manual, and Program Forms are located at:  
<https://www.treasurer.ca.gov/cpcfca/calcap/index.asp>



# CalCAP Small Business Program Overview

Loss Reserve Program which encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing.

- Employs fewer than 500 full-time equivalent employees.
- At least 51% of the employees or its income, sales or payroll comes from business in California.
- Business activity resulting from the bank's loan must be created and retained in California.

The Program insures loans made to small businesses for the following:

- Land acquisition
- Construction or renovation of buildings;
- Start-up costs;
- Equipment or inventory purchases;
- Capital projects; and
- Working capital



# CalCAP Small Business Updates

## Reminder:

- Fire-stricken areas have been designated as **Severely Affected Communities (SAC)** based on the Governor's declaration of state of emergency.
- CalCAP will make an additional SAC contribution to the loan loss reserve account for these designated counties:

Date of Declaration	Counties	End Dates for SAC
October 9, 2017	Butte, Lake, Mendocino, Nevada, Orange, Napa, Sonoma, Yuba	December 31, 2018
October 10, 2017	Solano	December 31, 2018
December 5, 2017	Los Angeles, Ventura	December 31, 2018
December 7, 2017	Santa Barbara, San Diego	December 31, 2018
July 5, 2018	Siskiyou	July 5, 2019
July 26, 2018	Mariposa, Riverside, Shasta	July 26, 2019



# CaICAP CARB Program Overview

Loss reserve program for heavy duty vehicle loans for small business owners with fleets of 10 or fewer vehicles.

## CARB Contribution Thresholds

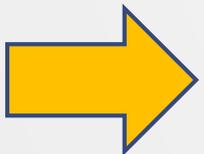
14 % Contribution - for first \$500,000 in total contributions

7 % Contribution - for \$500,001 - \$1.5 million in total contributions

4 % Contribution - for contributions over \$1.5 million

Program Summary, Lender Manual, and Program Forms at:

<https://www.treasurer.ca.gov/cpcfa/calcap/arb/index.asp>



**CaICAP CARB's 20,000 loan was made in the end of September!**



# CalCAP-CARB Compliance Updates - Preparing for 2020

- ▶ **HEAVIER TRUCKS** and buses with a GVWR greater than 26,000 pounds must comply with a schedule by engine model year or owners can report to show compliance with more flexible options.

Engine Model Year Schedule for Heavier Vehicles	
Engine Model Year	Requirements for Heavier Trucks from January 1
Pre-1994	No requirements until 2015, then 2010 engine
1994-1995	No requirements until 2016, then 2010 engine
1996-1999	PM filter from 2012 to 2020, then 2010 engine
2000-2004	PM filter from 2013 to 2021, then 2010 engine
2005-2006	PM filter from 2014 to 2022, then 2010 engine
2007-2009*	No requirements until 2023, then 2010 engine
2010 or newer	Meets final requirement

\* Must install a PM filter by January 1, 2014 if not originally equipped.

More information can be found at:

<https://www.arb.ca.gov/msprog/truckstop/tb/truckbus.htm>



## ARE YOU READY?

**LIGHTER TRUCKS** and buses with a GVWR of 14,001 to 26,000 lbs. have compliance requirements starting January 1, 2015.

Engine Model Year Schedule for Lighter Vehicles	
Engine Model	2010 Engine Required
1995 and older	January 1, 2015
1996	January 1, 2016
1997	January 1, 2017
1998	January 1, 2018
1999	January 1, 2019
2003 and older	January 1, 2020
2004-2006	January 1, 2021
2007-2009	January 1, 2023



# CalCAP-CARB Compliance Updates

## -Important Points to Remember

Fleets must comply with the tables in the previous slide, or report to use limited flexibility options.

Compliance with CARB Truck and Bus Rule will be required for DMV registration renewal starting in 2020.

CARB will likely restrict 2007-2009 eligibility in the next 2-4 months.

More information can be found at:

<https://www.arb.ca.gov/msprog/truckstop/tb/truckbus.htm>



Important



# CaICAP-CARB Updates (continued)

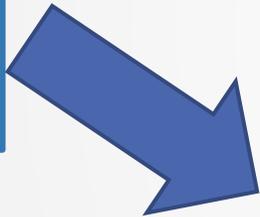
- ▶ A new [borrower's webpage](https://www.treasurer.ca.gov/cpcfca/calcap/arb/index.asp) has been launched.

<https://www.treasurer.ca.gov/cpcfca/calcap/arb/index.asp>

- Information includes:

- ▶ Who Qualifies
- ▶ How to Apply
- ▶ Preventative Maintenance
- ▶ Additional links are also provided

which are very beneficial to borrowers or potential borrowers.



- ▶ CaICAP-CARB now allows [warranties](#) on eligible equipment to be included in the loan financing.

- ▶ On the CaICAP loan enrollment form, include “[warranty](#)” in the section “Purpose of Loan”, indicating the number of months/years premiums are included in the loan amount.



- ▶ [Electric trucks](#) are eligible for CaICAP-CARB loan enrollment.

**Tools for Truck Loan Borrowers**  
(Small Fleet Owners and Owner/Operators)

CaICAP/CARB On-Road Heavy-Duty Vehicle Air Quality Loan Program

**Contact Information**  
CaICAP@treasurer.ca.gov  
(916) 654-5610

**Quick Links**  
[How the CaICAP/CARB Program Works](#)  
[Participating Lenders](#)  
[Resources and Information for Financial Opportunities](#)  
[Are you ready for 2020?](#)  
[Requirements for Diesel Truck](#)

Welcome to the California Capital Access Program (CaICAP) California Air Resources Board's (CARB) On-Road Heavy-Duty Vehicle Air Quality Loan Program [Tools for Truck Loan Borrowers Small Fleet Owners and Owner/Operators page](#).

CaICAP supports loans made to small businesses to assist them in growing or maintaining their businesses. Loans in the CaICAP/CARB program provide financial assistance to truckers affected by the Truck and Bus Regulation.

**Who Qualifies?**  
Any truck owner-operator or small fleet owner with:

- 10 or fewer trucks in the fleet at the time of loan signing
- 100 or fewer employees, not including subcontractors
- \$10 million or less in annual revenues, averaged over the last three years
- A majority of their business is conducted in California

**What Qualifies?**



# CalCAP Collateral Support Program Overview

This CalCAP program pledges cash to cover the collateral shortfall of a loan in order to enable financing that otherwise might not be available to a small business.

**Eligible borrowers must meet the these criteria:**

- Business is considered a small business under the U.S. Small Business Administration
- Employs 750 employees or fewer full-time equivalents
- A majority of the business activity takes place in California

**Eligible Uses of Loan Proceeds:**

- Any tangible or intangible asset purchase, including: construction, renovation or improvements of an eligible place of business;
- Start-up costs
- Working capital
- Franchise fees
- Equipment
- Inventory and
- Bridge loans prior to the borrower obtaining permanent financing or support.



## 2018 CalCAP Recapture Update

2017 Recapture Figures	2018 Recapture Figures
State Contributions: \$392,945	State Contributions: \$17,485
Federal Contributions: \$2,469,165	Federal Contributions: \$1,328,769
CARB Contributions: \$6,152,066	CARB Contributions: \$2,587,677



# Rolling Out Web-Online Loan Enrollment

- ❑ Currently in final Testing -Will be available for all Lenders End of October to Mid November
- ❑ Submission of loan enrollments through CalCAP inbox will still be available, though the goal is to eventually only use the online method
- ❑ Technical assistance and training will be available

<https://calcap.treasurer.ca.gov>

**COMING SOON**

Home Applications Activate Account Registration Log In

CALIFORNIA CAPITAL ACCESS PROGRAM

You are now logged out.

CALIFORNIA CAPITAL ACCESS PROGRAM  
California Pollution Control Financing Authority

(Note: Pictures are not supported with Internet Explorer 9 and earlier.)

CalCAP

Loan Loss Reserve is a form of loan portfolio insurance which may provide up to 100% coverage on certain loan defaults. By participating in CalCAP, lenders have available to them a proven financing mechanism to meet the financing needs of California's small businesses.

© 2017 - CalCAP - State Treasurer's Office 801 Capitol Mall, 2nd Floor, Sacramento, CA 95814 - Fax (916) 657-4821



# CalCAP Training Poll

CalCAP offers training for newly enrolled lenders and refreshers are suggested and highly encouraged for existing lenders with new employees

- ▶ What programs would you like to see more training on?
- ▶ Would you like additional training on proper completion/order of submission of the loan enrollment forms?
- ▶ Do you have suggestions on how the forms could be improved?
- ▶ Suggestions???





# CalCAP CARB One-Stop Events

- ▶ What are CARB One Stop events? Fleet owner/operators can attend a one-day workshop for regulation updates, compliance assistance & clean air technology options.
  - ▶ Regulatory Assistance
  - ▶ Inspection Demos
  - ▶ Funding Options for On-Road trucks
- ▶ Attendance is FREE and gets you an exhibit table that you can customize to promote your business.
- ▶ CARB plans to set a comprehensive schedule of events and has asked for lender input
- ▶ Google Survey email coming soon





# CalCAP Program Outreach: Working Together to Get the Word Out

CalCAP's outreach team participates in events that we are invited to, examples include:

- **Community workshops** sponsored by Senate and Assembly members
- **Informational meetings** hosted by local governments
- Stakeholder focused educational conferences and seminars

Opportunities for **CPCFA/CalCAP lender partnership:**

- Is your financial institution interested in participating in more outreach event along with CalCAP staff?
- What business groups in your community can benefit from learning more about CalCAP's menu of capital access programs?

# Questions?

- Email: [CalCAP@treasurer.ca.gov](mailto:CalCAP@treasurer.ca.gov)
- Phone: 916-654-5610
- Website: [www.treasurer.ca.gov/cpcfa](http://www.treasurer.ca.gov/cpcfa)

