

**FACTS ABOUT****ARB's Heavy-Duty Vehicle Air Quality Loan Program***Assisting compliance with new statewide in-use bus and truck rules*

In partnership with the State Treasurer's Office, the Air Resources Board (ARB) has developed an innovative heavy-duty vehicle air quality loan program to provide financial assistance to truckers affected by the Statewide In-Use Bus and Truck Rule and the Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Measure. Implemented through the State Treasurer's Office California Capital Access Program (CalCAP), the Heavy-Duty Vehicle Air Quality Loan Program will provide about \$340 million in financing opportunities to qualified truckers.

**Why Has ARB Partnered With CalCAP?**

CalCAP is ARB's link to reputable financial institutions that will make loans to small trucking fleets that need a little extra assistance to access financing at this time. CalCAP has worked with participating financial institutions throughout California to fund over \$1 billion for small businesses that fall just outside conventional underwriting standards. CalCAP's loan guarantee model provides a stable financing structure that enables lenders to provide competitive rate loans to borrowers that do not fit within traditional lending programs. The CalCAP program provides a win-win situation for the State and for truck owners--a proven program structure that is already in place to meet the demands for affordable financing in the trucking sector.

**Am I Eligible for ARB's Heavy-Duty Vehicle Air Quality Loan Program?**

The target borrower for ARB's Heavy-Duty Vehicle Air Quality Loan Program is the "nearly-bankable" fleet owner unable to obtain affordable financing in today's tight credit market. To meet the legislative intent of the Heavy-Duty Vehicle Air Quality Loan Program criteria and to provide more small fleets access to the program, ARB has expanded eligibility to fleets with 10 or fewer vehicles.

In addition to meeting ARB's program criteria, CalCAP requires that an eligible trucking company meet basic CalCAP requirements by qualifying as a small business (fewer than 100 employees), generating less than \$10 million in annual revenue, and having a "primary economic" effect in California.

**What Vehicles and/or Equipment May I Finance?**

Loans issued by CalCAP lenders participating in ARB's Heavy-Duty Vehicle Air Quality Loan Program may be used to finance individual technologies or a combination of technologies to help fleet owners comply with the two proposed on-road heavy-duty vehicle regulations. Potential products available for financing may range from about \$5,000 to more than \$160,000 and include, but are not limited to:

- 2007 or newer heavy-duty trucks (must comply with 1.2 g/bhp-hr NOx standard);
- ARB-verified diesel emission control systems;
- SmartWay-approved energy efficiency retrofits (low-rolling resistance tires, aerodynamic skirting and fairings).

**Can I Use Carl Moyer Program Funds With My CalCAP Loan?**

Borrowers may also use any available incentive grants—including the new Carl Moyer Voucher Program---as down payments on trucks purchased with CalCAP loans. The voucher approach integrates grants with the Heavy-Duty Vehicle Air Quality Loan Program to secure even more

affordable loan payments. Truckers may apply for grant vouchers using a streamlined process through their truck dealers at the same time they coordinate CalCAP financing. For roll-out in the spring of 2009, the Carl Moyer Voucher Program will target funds to Class 8 trucks and provide a qualified trucker with \$35,000 to replace a pre-1991 truck or \$30,000 to replace a 1991-1993 truck.

### **How Does ARB's Heavy-Duty Vehicle Air Quality Loan Program Work?**

Through CalCAP's Independent Contributor Program, ARB will contribute a small percentage of the loan principal for each qualified loan into a CalCAP loan loss reserve account at the lending institution issuing the loan. As the lender enrolls more loans in the program, its loan loss reserve account grows. This loan loss reserve account makes it possible for lenders to issue loans to truckers that need a little extra assistance to access credit.

### **How Do I Apply for ARB's Heavy-Duty Vehicle Air Quality Loan Program?**

Truckers may work with their preferred truck dealers to coordinate financing through participating CalCAP lenders. The program utilizes a non-competitive process implemented on a first-come, first-served basis. Truckers may also access the ARB's Heavy-Duty Vehicle Air Quality Loan Program simply by contacting qualified CalCAP lenders participating in the Loan Program and completing a loan application. Approximately 60 financial institutions throughout the State already participate in CalCAP, but ARB staff is developing a list of core CalCAP lenders that will specialize in ARB's Heavy-Duty Vehicle Air Quality Loan Program; this contact information will be available soon. Except for a small amount of extra information, the fleet owner will experience very little additional effort to participate in the CalCAP program when compared to traditional financing.

### **For More Information**

Further information on the ARB's Heavy-Duty Vehicle Air Quality Loan Program is available at HYPERLINK "<http://www.arb.ca.gov/ba/loan/on-road/on-road.htm>" <http://www.arb.ca.gov/ba/loan/on-road/on-road.htm>. Additional information on the State Treasurer's Office CalCAP is available at HYPERLINK "<http://www.treasurer.ca.gov/cpcfa/calcap.asp>" <http://www.treasurer.ca.gov/cpcfa/calcap.asp>.

For additional information, please contact ARB's Public Information Office at

(916) 322-2990, or ARB's Heavy-Duty Vehicle Air Quality Loan Program staff members,

Bob Nguyen, at (916) 327-2939, or Krista Fregoso, at (916) 445-5035.