

TIRE EQUIPMENT LOAN PROGRAM
Loan and Fund Disbursement Process

PROGRAM OVERVIEW

The Tire Equipment Loan Program provides direct loans to businesses that use tires to manufacture new products.

APPLICATION PROCESS

Prior to submittal of an application, a potential applicant should first contact the loan program staff to receive an overview of the loan program and discuss the proposed general and project loan eligibility criteria.

Step 1: An applicant must submit one (1) complete original Tire Equipment Loan application package and supporting documents with original signatures using blue ink. The application must be accompanied by a nonrefundable application fee of \$300.

Step 2: Within 10 business days of application submittal, staff will complete a preliminary review to determine application completeness and eligibility and send a letter stating one of the following:

- a) That the applicant is eligible for a loan, the application is complete, and will be evaluated by the CalRecycle staff; or
- b) That the application is incomplete, or that the applicant is ineligible for a loan, and specify the steps, if any, which the applicant may take to correct identified deficiencies; or
- c) That based upon an analysis of the financial information provided and other credit information, the applicant does not meet the credit standards for the program and will not be recommended for approval.

Step 3: For applications meeting criteria (a) above, staff will then complete an analysis of the application and prepare a credit analysis. As a result of staff's review, additional information may be required. The analysis will outline staff's recommendation, including project description; project cost, proposed financing, diversion tonnages, job creation, loan amount, loan terms, and any special loan conditions.

APPROVAL PROCESS

Step 4: Applications which meet the following criteria will be recommended by staff to the Loan Committee:

- a) The applicant is creditworthy;
- b) Cash flow and collateral are appropriate for the requested loan amount; and
- c) The applicant has adequately demonstrated the appropriateness of the loan for use in the project.

Step 5: Each application which meets the criteria listed in Step 4 will be presented by staff to the Loan Committee. The **Loan Committee** will review the staff analysis of the loan request and either approve as submitted, approve with modifications, or deny the loan request. Each loan applicant (or designee) should participate in the Loan Committee conference call when their loan request is being considered.

Step 6: After the Loan Committee reviews the application, the Loan Committee may submit a recommendation under a Request for Loan Approval to CalRecycle's Deputy Director. The Deputy Director will consider the loan applicants project eligibility to divert tires from California landfills and ability to make tire recycled-content products. If the Deputy Director approves the loan a Notice of Final Decision of the approval is disclosed in the monthly public meeting of the Material Management and Local Assistance Program.

DOCUMENTATION PROCESS

Step 8: If CalRecycle approves the loan, loan staff will prepare a Loan Commitment Letter setting forth the terms and conditions of the loan, which will be issued to the applicant for the applicant's acceptance.

Step 9: Loan staff will prepare and send the loan applicant a final checklist of documents needed to prepare the loan documents. This may include copies of purchase orders, equipment vendor name and contact information, and other items.

Step 10: After the applicant has accepted the loan, loan closing documents will be prepared. Loan closing must take place within 90 days of CalRecycle approval.

FUND DISBURSEMENT PROCESS

Step 11: The loan applicant will be required to open an escrow account at an escrow company of their choice. Loan documents will be sent to the escrow company for the borrower and guarantors to sign. Upon CalRecycle receipt of properly executed loan documents, loan funds will be sent to the escrow company. The full loan amount will be sent to escrow.

Step 12: The borrower may request the payment of equipment invoices by submitting the proper forms to CalRecycle loan staff for review and approval.

Step 13: Upon full disbursement of funds from escrow, the borrower may close the escrow account.

Step 14: The borrower will receive monthly loan billing statements from CalRecycle.