

# RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM

## *APPLICATION PROCESS*

### **A. Pre-Application**

A potential applicant should first contact the Recycling Market Development Zone Administrator or the Board's Regional Credit Managers for the Loan Program to receive an overview of the loan program, discuss the proposed project, and arrange a pre-application meeting to discuss project eligibility and readiness prior to submittal of an application.

### **B. Application Process**

#### **Step 1**

An applicant must submit one (1) complete copy of the loan application and supporting documents with original signatures. The application must be accompanied by a nonrefundable application fee of \$300.

#### **Step 2**

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

- (a) 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
- (b) That the Applicant is eligible for a loan, the application is complete, and shall be evaluated by the Board staff; 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. Appeal procedures will be included in the letter.

#### **Step 3**

For applications meeting criteria (b) 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.

**RECYCLING MARKET DEVELOPMENT  
REVOLVING LOAN PROGRAM**

***APPLICATION PROCESS***

(continued)

**Step 4**

Applications which meet the following criteria will be recommended to the Loan Committee:

- (a) the Applicant is creditworthy; and
- (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.

**Step 6**

After the Loan Committee reviews the application, the Loan Committee will submit a recommendation for loan approval to the Board. The Board will review staff and Loan Committee recommendations, and will make the final determination on loan approval or denial. If the Board denies an application, the applicant may request reconsideration by following the program's appeal process. If the Board approves a loan, a loan commitment letter setting forth the terms and conditions of the loan will be issued to the Applicant for the Applicant's acceptance.

**Step 7**

After the Applicant has accepted the loan, loan closing documents will be prepared. Loan closing must take place within 90 days of Board approval.

**Step 8**

Loan funds will be disbursed in accordance with the terms of the loan agreement.

<i>Submit application with original signatures,          \$300 application fee and supporting documents.</i>		Application # _____		
<b>I. APPLICANT INFORMATION</b>				
Business Name			d.b.a. (if used)	
Mailing Address (Street or P.O. Box)	City	State	County	Zip Code
Street Address (Headquarters Physical Address if different than Mailing Address)	City	State	County	Zip Code
Project Street Address (if different from above addresses)	City	State	County	Zip Code
Contact Name	Title	Phone	Fax	
E-Mail:		Website:		
<input type="checkbox"/> Corporation		<input type="checkbox"/> General Partnership		<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> Limited Liability Company		<input type="checkbox"/> Limited Liability Partnership		
How did you learn about the program?		<input type="checkbox"/> CalRecycle Staff		<input type="checkbox"/> Local RMDZ Administrator
		<input type="checkbox"/> Other (specify) _____		<input type="checkbox"/> Bank Referral
Federal Tax I.D. No.	State Tax I.D. No.	Date Business Established		Date Operations Began
Business Owner Name(s)		Title		Percent Ownership (must total 100%)
Accountant Name	Street Address	City, State, Zip Code	Contact	Phone
Bank Name	Street Address	City, State, Zip Code	Contact	Phone

**II. LOAN INFORMATION**

Requested Loan Amount	Requested Loan Term
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Use of Funds:  Equipment and Machinery  Loan Closing Fee  Working Capital  Real Estate Improvements  Refinance of Onerous Debt

Equipment Supplier:  Vendors  To be built and manufactured by loan applicant

Site Information:  Own  Lease (Submit executed lease, purchase agreement, or recorded deed.)

Collateral Offered for Loan	Estimated Value	Description
Real Property (address, acreage, zoning)		
Machinery & Equipment		
Other Business Assets (Specify)		
Other Personal Assets (Specify)		

**III. PROJECT INFORMATION**

	Current	Additional (as a result of this project)	Total
Waste Material Diversion (tons per year)			
Passenger Tire Equivalent (if applicable)			
Number of Employees			

**IV. BUSINESS CREDIT AND LEGAL INFORMATION**

Attach written explanation if "yes" to any question below.

Has applicant business ever declared bankruptcy?  YES  NO

If Yes:  Chapter Filed: \_\_\_\_\_ Date Filed: \_\_\_\_\_ Case Number: \_\_\_\_\_

Present Status:  Case Dismissed  Debts Discharged  Payment Plan  Pending

Has applicant business experienced foreclosure, repossession, debt judgment or criminal penalty within last seven years?  YES  NO

Are there any legal actions (claims, lawsuits, etc.) pending against applicant business?  YES  NO

Is applicant business an endorser, guarantor or co-maker for obligations not listed on its financial statements?  YES  NO

If yes, enter total contingent liability: \$ \_\_\_\_\_

### PRIVACY NOTICE

The Department of Resources Recycling and Recovery (CalRecycle) will use information in this loan application to determine eligibility and creditworthiness of the loan applicant, and applicant ability to secure and repay the loan. Public rating agencies, prospective investors or purchasers, or their agents will review this information in the event of sale or securitization of the loan. Such review will be subject to a confidentiality agreement.

CalRecycle may transfer portions of the information in this loan application to the CalRecycle's Loan Committee and to state agencies assisting CalRecycle with administration and maintenance of this program, including but not limited to the Office of the State Controller, Department of General Services, Department of Real Estate, Department of Finance and California Department of Justice. CalRecycle may enter designated items from this application into a CalRecycle database accessible to the public.

This notice is required by Section 1798.17 of the Information Practices Act of 1977 (California Civil Code Sections 1798-1798.78) whenever an agency requests personal information from an individual.

The information requested in this application is mandatory for all loan applicants and authorized by Public Resources Code Section 42010 and CalRecycle regulations in Title 14 of the California Code of Regulations (CCR), Sections 17930-17936. Failure to provide the information may result in an applicant not receiving a CalRecycle loan.

Applicants have the right to review their loan application files. The official responsible for maintenance of loan application files is: Loan Administrator, RMDZ Loan Program, Department of Resources Recycling and Recovery, 1001 I Street, Mail Stop # 9, P.O. Box 4025, Sacramento, CA, 95812-4025.

### APPLICATION AGREEMENT, CERTIFICATION AND SIGNATURES

I/We certify that all information in this application and all information provided in support of this application are true and complete to the best of my/our knowledge and belief. I/We authorize the Department of Resources Recycling and Recovery to obtain business credit reports and conduct any other inquiries deemed necessary to determine creditworthiness of the applicant business. Each person signing below certifies that he/she signed on behalf of the applicant business in the capacity indicated next to the signer's name and is authorized to execute this application on behalf of the applicant business.

I/We certify that the applicant business is in compliance with all local, State and Federal laws, regulations, requirements and rules, including the California Environmental Quality Act, Public Resources Code Section 2100 *et seq.*

I/We understand that information contained in Sections I, II, and III of this application, except accountant name and address and bank name and address, will become public information during the administration of this program, and that any loan agreement that I/We may sign, and its attachments, will be public information. CalRecycle considers all other information provided in this application to be trade secret, confidential or proprietary information as described in 14 CCR 17041-17056 and treats it accordingly.

**V. LOAN APPLICATION SIGNATURES**

Authorized Signature (use blue ink)	Print Name	Position/Title	Date
Authorized Signature (use blue ink)	Print Name	Position/Title	Date
Authorized Signature (use blue ink)	Print Name	Position/Title	Date
Authorized Signature (use blue ink)	Print Name	Position/Title	Date

## EXHIBIT A – PROJECT & BUSINESS NARRATIVE

*Your Exhibit A - Project & Business Narrative should provide CalRecycle with information about your loan request and proposed project that is **not** included in your Business Plan.*

1. Loan Request Summary
  - Amount requested
  - Loan purpose
  - How was requested loan amount determined?
  - What will loan funds pay for?
  - Advantages and disadvantages of producing the product in California
  
2. Project Costs and Financing
  - How was total project cost determined? What is it based on?
  - What other financing sources did you research?
  - Did you approach one or more banks to finance this project? If yes, what was the result?
  - If CalRecycle decides the project is ineligible, or does not approve, a tire equipment loan, what are your alternatives to fund this project?
  - Have you prepared a cash flow breakeven analysis for this project to determine:
    - Fixed and variable costs
    - Quantities of source materials needed and end products to be produced to generate a profit
  - How many months will elapse before your business realizes a profit from this project?
  
3. A) Current Waste Material Diversion
  - What is currently happening with the waste materials?
  - What are the names of the local landfills that accept these materials?
  - How are the materials being collected?
  - Who is generating the waste materials?
  - How are the materials being delivered to the landfills?
  - What are the local recycling efforts on these types of materials?
  - Will the proposed project accept and process materials from the public? If not, why?

Or

  - B) Current California Scrap Tire Diversion
    - What is the current final destination of the scrap tires you propose to divert?
    - What are the names of the disposal facilities that accept these scrap tires?
    - How are these scrap tires currently collected?
    - Who is generating these scrap tires?
    - How are these scrap tires delivered to disposal facilities?
    - What local recycling programs currently target these scrap tires?
    - Will the proposed project accept and process scrap tires from the public? If no, explain why not.
  
4. Source Materials and Suppliers
  - What types of scrap tires will be recycled for this project?
  - Who will supply these scrap tires to your business? List names of suppliers.
  - What annual quantity of scrap tires does your business need for the project?
  - Is there a specific time or season of the year when these scrap tires are available?
  - Attach Letters of Intent from suppliers to support availability of scrap tires for this project. Costs should reconcile with financial projections.
  
5. Manufacturing Process
  - Describe flow of materials through your facility.

- In what form will your business receive the scrap tires?
- What will each piece of equipment do with the scrap tires?
- Describe each end product. What is the intended or expected purpose of each?
- What annual quantity of these products will your business produce?
- Is there a specific time or season of the year when buyers purchase these products?
- If there is a non-production period, what other sources of income will your business have?
- Attach a diagram of your facility showing where each piece of equipment will be located.
- Attach brochures and specifications for each piece of equipment.
- Thoroughly explain the manufacturing process.

6. End Product and Buyers

- Describe each end product. How much of each type will your business annually produce?
- What is the intended or expected purpose of each end product type?
- Describe businesses that will purchase the end products and what they will do with them.
- Is the end product a final product ready for use or application, or does it require further processing?
- Attach Letters of Intent from buyers to support markets for the end products. Anticipated sales figures should reconcile with your financial projections.
- What are the sales and cost prices of the end products?
- What other products are needed to make the end products usable? What is the market status of these other products?
- If you have a feasibility study of the markets for the end products, attach a copy. If not, explain why not.

7. Competition

- Describe competitors making the same, similar, or complimentary products.
- What are the advantages or uniqueness of your end products over the competition?
- If there is no competition, how did you determine there is a need or market for these end products?
- What market research did you conduct for the end products?
- How does the sales price of the products compare to the competition?
- How optimum is your business location compared to national competitors and markets?
- How optimum is your business location compared to international competitors and markets?

8. Chronological Business History

- Provide date business established and date operations began, if applicable.
- Why and how did you establish your business?
- Describe major accomplishments of your business.
- Describe major failures and mitigating efforts.
- Describe substantial internal changes in your business structure, operations and products.
- Describe substantial external changes in your industry since your business was established.

8. Management Team and Experience

- Describe owner experience in starting up and operating manufacturing facilities.
- Describe key management and employees experience in the same type of manufacturing facility.
- What is the role of each owner, manager and key employee?
- Describe each manager and employee with a successful history of installing and operating the same type of equipment that you want to purchase for this project.
- Will your business contract out labor or services for this project?
- Will your business hire consultants for this project. If yes, for how long and at what cost?

9. Management Succession Plan

- List your key business owners, managers and employees needed to operate the business and equipment.
- Describe who will take over if a key person is not available.
- Are key owners willing and able to provide an assignment of life insurance?

10. Facility



- What is the size of your business facility?
  - What new infrastructure/improvements will your business facility need to install and operate the tire equipment that you will purchase with this loan?
  - What are the advantages of your facility location?
  - What is the distance from your facility to the nearest competitor? Will this project affect their markets?
  - How was your facility location determined?
  - How was your facility size determined?
  - What is the distance from your facility to your scrap tire sources?
  - What is the distance from your facility to end product buyers?
11. Local Community
- What are the employment benefits of this project to the local community?
  - What are the waste diversion benefits of this project to the local community?
12. Small Business and Economic Development Centers
- Has your business recently used the services of a Small Business Development Center? If yes, explain services obtained. If no, explain why not.
  - Has your business recently used the services of an Economic Development Center? If yes, explain services obtained. If no, explain why not.
13. Work Plan
- Describe tasks needed to implement the project.
  - Indicate who you will assign to each task.
  - Provide a timeline of events and projected due dates leading to full project operation and profit.

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*Each person owning 20% or more of the business, and each person providing a loan guaranty, must complete an Exhibit F - Personal Financial Statement. A personal financial statement on a similar form may substitute for Exhibit F if accompanied by Tire Equipment Loan Application-Exhibit E-Present Debt Obligations, CalRecycle 726.*

**EXHIBIT F - PERSONAL FINANCIAL STATEMENT**

As of \_\_\_\_\_, 20\_\_

Name		Business Phone	
E-mail Address:			
Residence Address		Residence Phone	
City, State, Zip Code			
Business Name of Applicant/Borrower			
<b>ASSETS</b>	<b>(Omit Cents)</b>	<b>LIABILITIES</b>	<b>(Omit Cents)</b>
Cash on Hand & in Banks	\$ _____	Accounts Payable	\$ _____
Savings Account in Banks	\$ _____	Notes Payable to Banks and Others	\$ _____
IRA or Other Retirement Account	\$ _____	Installment Account (Auto).	\$ _____
Accounts & Notes Receivable	\$ _____	Loans on Life Insurance	\$ _____
Life Ins. Cash Surrender Value Only (Complete Section 7)	\$ _____	Mortgages on Real Estate	\$ _____
Stocks and Bonds (Describe in Section 2)	\$ _____	Unpaid Taxes (Describe in Section 5)	\$ _____
Real Estate (Describe in Section 3)	\$ _____	Other Liabilities (Describe in Section 6)	\$ _____
Automobile-Present Value	\$ _____	Other Liabilities	\$ _____
Other Personal Property (Describe in Section 4)	\$ _____	<b>Total Liabilities</b>	\$ _____
Other Assets (Describe in Section 4)	\$ _____	<b>Net Worth</b>	\$ _____
<b>Total Assets</b>	\$ _____		

<p><b>Part I. Source of Income</b></p> <p>Salary..... \$ _____          Net Investment Income..... \$ _____          Real Estate Income..... \$ _____          Other Income (Describe)*..... \$ _____</p> <p><i>*Alimony and/or child support income is optional.</i></p>	<p><b>Contingent Liabilities</b></p> <p>As Endorser or Co-Maker..... \$ _____          Legal Claims and Judgments..... \$ _____          Provision for Federal Income Tax..... \$ _____          Other Special Debt..... \$ _____</p>
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Do you have a Trust?  YES  NO If YES, Name of Trust \_\_\_\_\_  
 Are any of the above assets held in the Trust?  YES  NO If YES, indicate which are held in the Trust.

**Part II. Stocks and Bonds.** Use attachments if necessary. Identify and sign each attachment.

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value
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**Part III. Real Estate Owned.** List each parcel separately. Use attachments if necessary. Identify and sign each attachment.

	Property A	Property B	Property C
Property Type			
Physical Address			
Title Holder Name			
Title Holder Address			
Date Purchased			
Original Cost			
Present Market Value			
Mortgage Holder Name			
Mortgage Holder Address			
Current Outstanding Balance			

**Part IV. Other Personal Property/Assets.** List each property/asset. For each property/asset pledged as security, include: name and address of lien holder, amount of lien, terms of payment, and if delinquent, describe delinquency.

**Part V. Unpaid Taxes.** Describe nature of tax, to whom payable, when due, amount due. For an unpaid property tax, identify property and attach copy of tax lien, if any.

**Part VI. Other Liabilities.** Describe in detail.

**Part VII. Life Insurance Held.** For each policy, list name of insurance company, face amount, cash surrender value, and beneficiaries.

If answer to any question below is yes, attach a written explanation.

Have you ever declared personal bankruptcy?  Yes  No

If yes: Chapter Filed \_\_\_\_\_ Date Filed: \_\_\_\_\_ Case Number: \_\_\_\_\_  
 Present Status:  Case Dismissed  Payment Plan  Debts Discharged  Pending

Have you experienced foreclosure, repossession, debt judgment or criminal penalty within the last seven years?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are there any legal actions (claims, lawsuits, etc.) pending against you?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<i>I authorize the California Department of Resources Recycling and Recovery (CalRecycle) to verify the accuracy of the information above and in the attachments, and to determine my creditworthiness. I certify the information above and in the attachments is true and accurate as of the stated date(s), and that all statements are made for the purpose of obtaining or guaranteeing a CalRecycle loan.</i>		
Signature	Date	Social Security Number

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## EXHIBIT G – Credit Check Authorization

For each loan applicant and guarantor, complete a separate Recycling Market Development Zone Loan Application -Exhibit G- Credit Check Authorization, CalRecycle 722.

### CREDIT CHECK AUTHORIZATION

Applicant/Guarantor: \_\_\_\_\_

Department of Resources Recycling and Recovery  
Recycling Market Development Zone Loan Program  
1001 I Street, Mail Stop 9  
P.O. Box 4025  
Sacramento, CA 95812-4025

RE: Credit Check Authorization

To Whom It May Concern:

This letter authorizes the California Department of Resources Recycling and Recovery (CalRecycle) to initiate a credit check on my personal credit history in conjunction with a tire equipment loan application for

\_\_\_\_\_  
(Business Applicant)

I authorize CalRecycle to check my credit references and verify information with tax entities including, but not limited to: California Franchise Tax Board, California State Board of Equalization, and the U.S. Internal Revenue Service.

A photocopy of this authorization may be deemed equivalent to the original.

Applicant Signature	Date	Printed Name
Street Address		Social Security Number
City, State, Zip Code		Date of Birth

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## EXHIBIT H – ENVIRONMENTAL QUESTIONNAIRE

*This questionnaire explores possible risks from hazardous waste or materials related to a fire equipment loan project. It does not replace a professional hazardous waste assessment. A Phase I Environmental Site Assessment may be required on any commercial, industrial, or agricultural property offered as security for a Recycling Market Development Zone loan. A Phase II Environmental Site Assessment report and mitigation plan is required on projects with potential hazardous contamination findings.*

Applicant \_\_\_\_\_

Project Site Address \_\_\_\_\_  
Street City State Zip Code

1. Describe past and present nonresidential uses of the project site and adjacent sites. Identify current owner, property use and tenants.
2. Is the project site, or any adjacent properties, on federal, state, or local lists of hazardous waste sites, such as a Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) or Superfund site?
3. Is the project site, or any portion of it, the subject of environmental litigation or regulatory enforcement action? Has it ever been the subject of such litigation or enforcement action?
4. Are there any easements on the property, e.g., roadway or pipeline, with potential environmental implications that could cause hazardous releases or spills? What is the current zoning of the project site?
5. Describe physical signs of toxic and/or hazardous contamination on or around the project site, including stained soil or concrete, vegetation damage, foul or unusual odors, oily sheen or discoloration of surface water, or evidence of excavation, filling or other earth moving activity.
6. Describe all actual or potential asbestos-containing materials present at the project site or in the equipment, including sprayed-on fireproofing or acoustical ceilings, pipe wire, friable ceiling tiles, and acoustic plaster.
7. Is there evidence of urea formaldehyde insulation at the project site?
8. Are there now, or have there ever been, any underground storage tanks on the project site?
9. Is there now, or has there been, storage of hazardous waste, such as pesticides, solvents, petroleum hydrocarbons, gasoline, fuel oil or explosives at the project site?
10. Are there electrical transformers or capacitors at the project site which may contain polychlorinated biphenyls (PCBs)?
11. Are there ground water wells, sumps, ponds, lagoons or other potential water contaminant sources on the property?

12. Are you aware of any environmental assessments, audits or inspections of the project site? If so, describe and attach relevant documents.

**PERSON COMPLETING THIS QUESTIONNAIRE**

\_\_\_\_\_  
Signature Printed Name Date Signed

TITLE OR POSITION \_\_\_\_\_

Some information sources that may be useful for completing this environmental questionnaire are:

1. Chain of title.
2. Building, zoning, conditional use permit files at local building and planning departments. Local planning departments also have a list of identified hazardous waste sites.
3. Local Health Department.
4. Interviews with past and present owners.
5. Aerial photos. The local planning department may be a source.
6. Insurance Records.
7. Press reports, local newspapers.
8. Regional Water Quality Control Board.
9. Department of Resources Recycling and Recovery.
10. California Department of Toxic Substances Control, Site Cleanup Program.
11. U.S. Environmental Protection Agency.

## EXHIBIT I

### ZONE ADMINISTRATOR'S CERTIFICATION

Applicant: \_\_\_\_\_

The following must be signed by the Recycling Market Development Zone Administrator of the area in which the project is located.

I certify that the requested loan is compatible with the Zone plans and objectives required pursuant to Sections 17907 and 17909 of Title 14 of the California Code of Regulations and is otherwise fully supported by this Zone, and that by signing this certification I am attesting to the reasonableness of the employment and diversion projections of the project.

Zone: \_\_\_\_\_

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Zone Administrator Signature

Printed Name

Date Signed