

State of California
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM
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PROGRAM OVERVIEW

The California Integrated Waste Management Board's (Board) Recycling Market Development Revolving Loan Program provides **direct loans** to businesses that use postconsumer or secondary waste materials to manufacture new products, or undertake projects that reduce the waste resulting from the manufacture of a product. To be eligible, the business must be located in one of 40 designated *Recycling Market Development Zones*.

Local governments may apply for funds to finance public works infrastructure, which directly supports an otherwise eligible business.

USE OF FUNDS

- Acquisition of Machinery and Equipment
- Acquisition of Owner Occupied Real Property
- Leasehold Improvements
- Working Capital
- Refinance of Onerous Debt (if related to the project)

RATES, TERMS, & FEES

- Each eligible business or local government agency may borrow up to **75% of the cost of a project, for a maximum loan amount of \$2,000,000.**
- The maximum term of a loan is **15 years** if secured by commercial real estate. If the RMDZ loan is not secured by commercial real estate, the loan term is based on the useful life of the asset(s) being financed with a maximum of **10 years**.
- Interest rates are **fixed** for the term of the loan, and are set by the Board semi-annually. The current interest rate is **5.3%**. (subject to change).
- The Board may consider a subordinate collateral position to a primary private lender.
- A **nonrefundable application fee of \$300.00** is due at time of application submittal.
- A loan origination fee of **one-half (0.5%) percentage points** will be charged on each loan. Points are due at the time of closing. The points are an eligible loan expense.

LOAN APPLICATIONS

The Board accepts applications on a continuous basis.

WEBSITE/E-MAIL ADDRESS/TELEPHONE NUMBER

www.ciwmb.ca.gov/rmdz/Loans

916-255-1000

rteam@ciwmb.ca.gov

RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM

*PROGRAM OBJECTIVES**

Preamble:

In marketing the Recycling Market Development Revolving Loan Program, staff shall target businesses and projects which would best serve to achieve the program objectives adopted by the Board.

Objective #1

Maximize the effectiveness of the Recycling Market Development Revolving Loan Program as a market development tool by targeting projects which use materials normally disposed in solid waste landfills as recycled feedstock to manufacture recycled-content end-products, or otherwise increase demand for secondary materials which directly support achievement of local waste diversion goals from solid waste landfills. Manufacturing, as described, does not include the clean up of nonhazardous contaminated soil.

Objective #2

Support the Board's current Market Development Plan by giving priority consideration to projects which utilize the Board's priority materials and divert the greatest tonnage. *The Board's priority materials are mixed waste paper, compostable materials, high-density polyethylene, mixed plastics, and construction and demolition materials.*

Objective #3

Support the integrated waste management hierarchy by promoting in order of priority: 1) source reduction; 2) recycling and composting; 3) environmentally safe transformation and environmentally safe land disposal.

To achieve this objective, the Board shall:

- a. Give priority lending consideration to source reduction projects which satisfy objectives 1 and 2 above; and
- b. Give lowest lending priority to alternative daily cover and transformation projects, and limit funding of such projects to those which:
 - i. Produce value-added products;
 - ii. Are not detrimental to current or future efforts to increase source reduction, recycling or composting of the project's material type;
 - iii. Do not, in aggregate, exceed 10% of all loan funds to be awarded during any annual loan funding cycle.

* The Recycling Market Development Revolving Loan Program objectives are periodically updated by the California Integrated Waste Management Board.

<p style="text-align: center;">RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM</p>

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.

LOAN APPLICATION CHECKLIST

(Submit all attachments in the following order to the back of the completed application)

APPLICATION

BUSINESS FINANCIAL STATEMENTS

Annual (last 3 years) and interim (within 90 days) business financial statements for borrower, guarantors, and affiliated entities. The financial statements must include balance sheets, income statements, cash flow statements, an aging of accounts receivable and payable and ORIGINAL SIGNATURE(S) of the person(s) completing this application.

TAX RETURNS

Copies of executed federal tax returns for the last three years for borrower, guarantors, and affiliated entities.

OWNERS PERSONAL FINANCIAL STATEMENTS

Complete Exhibit A, Personal Financial Statement Form, with ORIGINAL SIGNATURES and date, for all persons owning 20% or more of the business, or any guarantors.

CREDIT AUTHORIZATION

Complete Exhibit B, Credit Authorization Form, with ORIGINAL SIGNATURES and date, for all persons owning 20% or more of the business, or any guarantors.

OWNERS PERSONAL TAX RETURNS

Copies of executed federal tax returns (last three years) for all persons owning 20% or more of the business, or any guarantors.

BUSINESS PLAN

Business Plan for the business and the proposed project. An outline of a typical business plan is provided.

LEASE/PURCHASE AGREEMENT

Copies of executed lease or purchase agreements, or contingent (upon financing) lease or purchase agreements for the project site.

BUSINESS FINANCIAL PROJECTIONS

Two year financial projections for business (income statements and cash pro forma).

PRIVACY NOTICE

The information requested in this loan application will be used by the California Integrated Waste Management Board (CIWMB) for the purpose of determining the eligibility and creditworthiness of the loan Applicant, and the Applicant's ability to secure and repay the loan. In the event of sale or securitization of loans, information will be reviewed by public rating agencies, prospective investors or purchasers, or their agents. Such review will be subject to a confidentiality agreement.

Portions of the information in the application may be transferred to members of the CIWMB's Loan Committee and to other state agencies assisting the CIWMB with administration and maintenance of this program, including but not limited to the Department of Economic Opportunities, the Office of the State Controller, the Department of General Services, the Department of Real Estate, the Trade and Commerce Agency and the California State Attorney General. Designated items provided in this application may also be entered into the CIWMB's Business Intake Database which will be accessible to the public.

This notice is required by Section 1798.17 of the Information Practices Act of 1977 (California Civil Code Sections 1798 through 1798.78) and the Federal Privacy Act (5 USC 552a, subd. (e) (3) whenever an agency requests personal information from an individual.

The information requested in this application is mandatory for all applicants, and is authorized by Public Resources Code section 42010 and the CIWMB's regulations found in Title 14 of the California Code of Regulations, Sections 17930 through 17936. Failure to provide the information may result in an Applicant not receiving a loan from the CIWMB.

Applicants have the right to review their loan application files. The official responsible for maintenance of the loan application files is: Loan Administrator, Recycling Market Development Revolving Loan Program, California Integrated Waste Management Board, 8800 Cal Center Drive, Mail Stop # 31, Sacramento, CA, 95826

RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM

APPLICATION

Loan # _____

Please complete the application and supporting documents with original signatures and a \$300 application fee.

SECTION I. APPLICANT INFORMATION

Name of Business _____ d.b.a. (if used) _____

Street Address _____ City _____ State _____ Zip Code _____

Contact Name _____ Title _____ Phone _____ Fax _____

Corporation General Partnership Limited Partnership Sole Proprietorship

How did you learn of the program? Board Staff (State) Zone Administrator (Local)
 Bank Referral Other (specify) _____

Was a consulting or finder's fee paid? Yes No If Yes, to whom was the fee paid? _____
Amount Paid: \$ _____

Federal Tax I.D. No:	Date Business Established:	Date when operations began:
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Business Owner Name _____ Title _____ % of Ownership (must total 100%) _____

Accountant Name _____ Street Address _____ City, State, Zip Code _____ Contact _____ Phone _____

Bank Name _____ Street Address _____ City, State, Zip Code _____ Contact _____ Phone _____

SECTION II. LOAN INFORMATION

Requested Loan Amount:	Requested Term of the Loan:
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Use of Funds: Real Property Working Capital Onerous Debt Refinancing
 Machinery & Equipment Site Improvements Loan Origination Fees

Collateral offered for loan:

Type	Estimated Value	Description
Real Property (address, acreage, zoning)	_____	_____
Machinery & Equipment	_____	_____
Other Business Assets (Specify)	_____	_____
Other personal Assets (Specify)	_____	_____

Site Information: Own Lease *(Submit the executed lease or purchase agreement.)*

**EXHIBIT A
PERSONAL FINANCIAL STATEMENT**

As of _____, 19__

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock and each corporate officer and director, or (4) any other person or entity providing a guaranty on the loan.

Name	Business Phone:
Residence Address	Residence Phone:
City, State & Zip Code	
Business Name of Applicant/Borrower	

ASSETS	(Omit Cents)	LIABILITIES	(Omit Cents)
Cash on Hand & in Banks	\$ _____	Accounts Payable	\$ _____
Savings Account in Banks	\$ _____	Notes Payable to Banks and Others	\$ _____
IRA or Other Retirement Account	\$ _____	(Describe in Section 2)	
Accounts & Notes Receivable	\$ _____	Installment Account (Auto)	\$ _____
Life Ins. Cash Surrender Value Only	\$ _____	Monthly Payments \$ _____	
(Complete Section 8)		Loans on Life Insurance	\$ _____
Stocks and Bonds	\$ _____	Mortgages on Real Estate	\$ _____
(Describe in Section 3)		(Describe in Section 4)	
Real Estate	\$ _____	Unpaid Taxes	\$ _____
(Describe in Section 4)		(Describe in Section 6)	
Automobile-Present Value	\$ _____	Other Liabilities	\$ _____
Other Personal Property	\$ _____	(Describe in Section 7)	
(Describe in Section 5)		Total Liabilities	\$ _____
Other Assets	\$ _____	Net Worth	\$ _____
(Describe in Section 5)			
Total	\$ _____	Total	\$ _____

Section 1. Source of Income	Contingent Liabilities
Salary..... \$ _____	As Endorser or Co-Maker..... \$ _____
Net Investment Income..... \$ _____	Legal Claims and Judgments..... \$ _____
Real Estate Income..... \$ _____	Provision for Federal Income Tax..... \$ _____
Other Income (Describe)..... \$ _____	Other Special Debt..... \$ _____

Description of Other Income in Section 1 (Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.)

Section 2. Notes Payable to Bank and Others (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (Monthly, etc.)	How Secured or Endorsed / Type of Collateral

EXHIBIT B

CREDIT CHECK AUTHORIZATION FORM

California Integrated Waste Management Board
Attn: Recycling Market Development Revolving Loan Program
8800 Cal Center Drive, Mail Stop # 31
Sacramento, CA 95826

RE: Credit Check Authorization

To Whom It May Concern:

This letter is to give authorization for the California Integrated Waste Management Board to initiate a credit check on my personal credit history in conjunction with the application for a Recycling Market Development Revolving Loan Program loan for _____
(Business Applicant)

With this certification, you are authorized to check my credit references. You are also authorized to verify information with various taxing entities, including, but not limited to, the State of California Franchise Tax Board, Board of Equalization and the Federal Internal Revenue Service.

A photocopy of this authorization may be deemed to be the equivalent of the original and may be used as a duplicate original.

Sincerely,

Original Signature

Date

Printed Name

Street Address

Social Security Number

City, State, Zip

Date of Birth

EXHIBIT C
PROJECT SOURCES & USES OF FUNDS

Indicate all sources of financing for the project in these columns and total at bottom. Include rates, terms and annual debt service for each funding source listed below.

SOURCES & USES OF FUNDS	RMDZ Loan Request					TOTALS
Real Property Purchase						
Machinery & Equipment						
Furniture & Fixtures						
Leaschold Improvements						
Working Capital						
Contingencies						
Loan Fees						
Other						
TOTALS ✓	\$	\$	\$	\$	\$	\$

✓ Recycling Market Development Revolving Loan Program funds cannot exceed 50% of total project costs.

EXHIBIT D

PRESENT DEBT OBLIGATIONS

As of _____ ✓

Complete the following for all present debt obligations of the business. Do not include proposed debt pertaining to this project.

Loan Number	Creditor Name and Address	Original Date	Original Amount	Present Balance	Interest Rate	Maturity Date	Monthly Payment	P & I Annual Debt Service	Collateral	Current or Delinquent
			\$	\$			\$	\$		
			\$				\$	\$		
			\$	\$			\$	\$		
			\$	\$			\$	\$		
			\$	\$			\$	\$		
			\$	\$			\$	\$		
TOTAL PRESENT BALANCE ✓				\$						

✓ Same date as most recent financial statement.
 ✓ Total must agree with balance shown on most recent balance sheet.

EXHIBIT F
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: _____

Zone Administrator Signature

Printed Name

Date Signed

EXHIBIT G

Applicants' Certification

Applicant: _____

The following must be signed by the president/general partner(s)/owner(s) of the company who is applying for a loan as specified in Section 1A of this application.

I/we certify that all the information in this application and all information furnished in support of this application are true and complete to the best of my/our knowledge and belief and that the project is in compliance with all local, state, and federal laws, regulations, requirements and rules, including the California Environmental Quality Act found in Public Resources Code Sections 21000, et.seq. Verification may be obtained from any source named, and I/we agree to submit personal credit checks.

I understand that information contained in Sections 1, 2, and 3 of this application (with the exception of accountant name, bank name, source of feedstock, customers, competitors and keys to success) will become public information during the administration of this program, and that any loan agreement that we may sign and its attachments will be public information. All other information provided in this application should be considered trade secret, confidential or proprietary information as described in 14 CCR 17041 through 17046 and be treated accordingly.

Signature	Printed Name	Date Signed
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Signature	Printed Name	Date Signed
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BUSINESS PLAN OUTLINE

1. Description of the Business
 - Name and location
 - Legal Structure
 - Principal owners
 - Nature of Business
 - History of the Business
2. Product or Service
 - Describe product line(s) or type(s) of service
 - Describe materials and supply sources
 - Methods of production
 - Quality and cost of production or service
3. Market Information
 - Market area and trends
 - Customers and potential new customers
 - Competition, names, locations and size
 - Advantage of your product/service over the competition
4. Advertising and Distribution
 - Methods of advertising and promotion
 - Sales Methods
 - Pricing Policy
 - Customer Service
5. Facilities
 - Location
 - Size, zoning
 - Age and condition
 - Expansion opportunities
6. Management and Personnel
 - Management expertise
 - Key personnel (position, qualifications)
 - Professional Services
 - Present and future manpower requirements
 - Personnel breakdown - skill levels, hours, wage rates, unionization, etc.
7. Benefits to the Community
 - Jobs created/retained
 - Meeting community needs
 - Increased community tax base
8. Summary of Future Plans
 - Short range and long range
 - Expansion
 - Relocation

Note: This outline is intended to assist in developing a business plan. A business should address the key areas in a way which best summarizes the business and/or project.