

**Proposition 1B: Goods Movement Emission Reduction Program
Use of FY2007-08 Funds for Truck Lease-to-Own Programs
APPLICATION INSTRUCTIONS**

A local agency may propose to use lease-to-own programs(s) as part of the truck replacement option for both truck source categories. Local agencies that intend to include this option are required to provide a description of the lease-to-own program in the proposed project section (Chapter III.B.3.b of the Program Guidelines) of the application. In the application, the local agency must affirm that any lease-to-own program will comply with the minimum requirements as stated in Chapter III.D.12 of the Program Guidelines. In addition, the local agency must either:

- (a) include the financial and other data listed below as part of the application, or
- (b) provide this financial and other data to ARB for review and approval following the application submittal but prior to expenditure of any Program funds for a lease-to-own program.

Questions?

Please contact Program staff at: (916) 444-6637 or gmbond@arb.ca.gov

Financial/Other Data Required for Truck Lease-to-Own Programs

1. Who would own the new trucks and be the lessor?
2. Requested bond funding per truck
3. Total State funding per truck
4. Anticipated truck options (makes, models, fuels) for lease-to-own program
5. Anticipated truck purchase price (including any volume discounts) and sales tax
6. Term of lease options – 3 years, 5 years, 7 years?
7. Interest rate for each term offered
8. Fees – what kind and amount and who pays (truck owner/lessor)
9. Which fees are included in calculating the APR
10. Effective interest rate (Annual Percentage Rate - APR) for each term
11. Lease to own program overhead or administrative cost and how determined (such as a fixed dollar amount or percentage of program cost, or per vehicle charge)
12. Estimated monthly payment based on lease term and truck options
13. Dollar amount (residual value or buyout) equipment owner has to pay at end of lease to take ownership and how determined
14. Total dollars to be paid by lessee to take ownership of truck over the course of the lease (monthly payments, any fees, any residual/buyout), based on lease term
15. Ability to pay off lease early with or without penalty
16. Prepayment penalty if pay off early and how calculated
17. Fees/penalties for late payments and default (type and amount)
18. Any non-Program limitations on operation such as annual or excessive mileage

Supplemental Application Instructions for Truck Lease-to-Own Programs

19. Source of old trucks to be scrapped (lessor's fleet? Individual lessee to trade in old truck to participate?)
20. Mechanism to include applications to replace specific old trucks with new lease-to-own trucks in the competitive process for bond funds
21. Mechanism to have both lessor and lessee sign contract with local agency for bond funds – or otherwise be jointly and severally obligated to fulfill the conditions of that contract
22. Mechanism to transfer lease from initial lessee to second lessee in case of default (and obligate second lessee under the bond contract)

Note: local agencies awarded bond funding that includes truck lease-to-own programs will need to provide a copy of the sample contract and lease agreement to ARB for review prior to receiving funding