



To: Whom It May Concern

Re: 15 Day Change Language for On-Road Rule

Date: 7/17/2014

Thank you for this opportunity to comment on the Modified Text for the Proposed Amendments to the Regulation to Reduce Emissions of Diesel Particulate Matter, Oxides of Nitrogen and other Criteria Pollutants from In-Use Heavy-Duty Diesel-Fueled Vehicles.

Crossroads Equipment Lease and Finance is a home grown finance company based in Rancho Cucamonga, California. Our company is the top participating lender in the California Capital Access (CalCAP) truck loan assistance program administered through the ARB. Under this program Crossroads has enrolled over 1700 loans for clean diesel equipment throughout California. More than 71% of these loans were issued to single truck operators in anticipation of full compliance requirements under the on-road truck and bus rule.

Crossroads is very familiar with the trucking industry in California and strives to provide our customers more than just equipment financing. We have administered tens of millions of dollars in state grant transactions and have helped companies all over the country with retention and recruitment programs for skilled independent owner operators. We understand the industry and its challenges, our products and services reflect that.

Although we and our lending partners in the CalCAP program understand the need to provide relief for a specific segment of the industry, there are specific issues having to do with the Economic Hardship Provision (EH) that are cause for concern.

1. The proposed regulation changes to section 2025 (p)(10), indicate that the EH applicant must provide annual financial data from January 1, 2012, such as annual revenue, debt, total assets, credit score and other financial information as specified in section 2025(r)(16)(D). In our experience, many of the small fleet and independent owner operators we come across do not prepare an annual business financial statement that would contain information such as total debt, total assets and total net worth.

Please consider the following questions and recommendation:

Q: If an EH applicant has not filed a 2013 tax return and does not prepare an annual financial statement, will ARB allow the EH applicant to instead provide the 2013 (or most recent) tax return (late filing is November 15) in order to meet the conditions of economic hardship since other documentation may not be available?

Q: If the lender is able to make a credit decision without any or part of the information required under 2025(r)(16)(D) would the credit decision be acceptable to ARB since the

lender is certifying under penalty of perjury that the applicant does not qualify for any loan offered by the lender?

Q: Would the EH applicant still be required to provide all information required under 2025(r)(16)(D) to ARB, even though a credit decision was reached using “sufficient financial documentation” that may or may not include all the items listed in 2025(r)(16)(D)?

Crossroads recommends that EH applicants should be required to provide all relevant tax return information to ARB for the time period in question in order to supplement and/or replace data required under 2025(r)(16)(D).

2. There is the great likelihood that many applicants who are seeking loan denials for EH will in fact be approved for financing. Although many financial factors including ability to pay are considered when issuing a credit approval, some applicants may receive approvals within their financial means but will reject it in order to skirt current and future regulatory requirements. It is possible that EH applicants may go “denial shopping” if presented an approval from one finance company when they believe they will receive a denial from somewhere else, directly seeking out other lenders with stricter credit criteria or possibly less scruples.

Please consider the following questions and recommendations:

Q: Will there be a requirement for finance companies that have approved applicants who are seeking EH to report the approval and applicant information to CARB?

Q: Is it the intention of ARB to require approvals to be sent directly from the finance company once generated to prevent this activity?

Q: Will EH applicants be required to disclose all previous approvals for financing that were issued during the July 1 and December 31 window?

Crossroads recommends that ARB clarify lender disclosure responsibility when approving an applicant who is strictly seeking a denial and the ability to apply for EH. Simultaneously, ARB should provide safeguards for lending institutions who issue legitimate finance approvals that are subsequently rejected by an applicant seeking EH if the applicant receives a denial from elsewhere and moves forward requesting the EH exemption.

Thank you in advance for the response to our concerns. We appreciate any perspective and direction you will be able to provide on the aforementioned issues. Please feel free to contact me at the information below should you have any questions or need any clarifications.

Sincerely,

Matt Schrap
Vice President Government Programs
Crossroad Equipment Lease and Finance
President, California Fleet Solutions
mschrap@crlease.com