

RFA 13-01 APPENDIX A: LOAN INFORMATION

Loan Terms: As stated within the body of this Request for Application, a successful applicant may choose to accept the award in the form of a grant or a loan. If the award is in the form of a Loan, the CIRM and the successful applicant will enter into a loan agreement and the Loan Administration Policy (LAP) will govern. The LAP is currently being revised. The new terms, which we expect to be in effect at the time the awards are made, are summarized below. The Loan Administration Policy in effect on the date the Notice of Loan Award is issued will govern the loan.

- (i) Two types of Loans, Company-Backed Loans and Product-Backed Loans, are available. Company-Backed Loans are subject to repayment regardless of the success of the project, whereas a loan forgiveness mechanism is available for Product Backed Loans. No personal guarantees or collateral are required.
- (ii) Term: The term of the loan will be 5 years, subject to extensions as set forth in the LAP (see below).
- (iii) Payments – all principal and interest will be due and payable at the end of the loan term, unless the repayment obligation has been forgiven or accelerated. Loans that are extended require periodic payments of interest accrued.
- (iv) Interest Rate: The interest rate for the initial term of the loan shall be LIBOR plus 2%.
- (v) Warrants: Loan recipients will be required to provide CIRM with warrants; the amount of such warrant coverage will depend on the type of loan requested and satisfaction of certain criteria as outlined in the LAP.
- (vi) Extension of Term: Loan Recipient may extend the initial term in one year increments (provided it is in compliance with the Notice of Loan Award and LAP), subject to (a) payment of 25% of unpaid and accrued interest and (b) an interest rate increase in the amount of 1% over the rate in effect the prior year.
- (vii) Loan Administration Costs: Approved for-profit applicants who accept a loan will pay for loan administration costs out of the award. If the term of the loan is extended beyond year 5, the loan recipient must pay any additional loan administration costs.

Applicants will be informed of the actual costs once finalized.

Loan applicants will be required to submit financial information. For additional information about the loan program, consult the CIRM Loan Administration Policy, available at: <http://www.cirm.ca.gov/reg/default.asp>