RFA 11-02 Appendix C: Loan Information

Loan Terms: The Loan Administration Policy (“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. Applicants must select the loan type when submitting the full application.

(ii) Term: The term of the loan will be 5 years, subject to extensions as set forth in the LAP.

(iii) Payments – all principal and interest will be due and payable at the end of the loan term, unless the repayment obligation has been suspended, 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 or Alternative Risk Premium: 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. As an alternative to providing warrants, loan recipients may elect to pay CIRM a multiple of the principal amount of the loan, based on the achievement of certain revenue thresholds.

(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 indirect costs included in 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