



City of Seattle Taxicab and For-Hire Vehicle Rules

Rule R-6.310.380A **Green Vehicle Lending Program**

Seattle Municipal Code subsection 6.310.380A reads as follows:

A. Where the taxicab or for-hire vehicle licensed by the City is collateral for a loan under a perfected security agreement, upon written notice and proof of default of the loan agreement submitted by a lender to the Department, the licensee, and the taxicab association with whom the licensee is affiliated, the Director shall issue a notice of revocation pursuant to SMC Section 6.310.635. The licensee shall have the opportunity to respond to the notice of revocation by submitting a written request for a hearing to the Department within ten (10) days after the date of the notice of revocation pursuant to SMC Section 6.310.635B. A licensee who timely files a written request for hearing shall have all rights afforded under SMC Sections 6.310.610D3 and 6.310.635 as they pertain to the non-summary revocation of a license, including all rights of appeal. During the pendency of appeal procedures brought under this section, the licensee may complete a transfer of the license pursuant to SMC Section 6.310.340 to a person that executes a written agreement with the lender to assume responsibility for repayment of the loan and who complies with all requirements for a transfer under this Chapter.

B. Upon the failure of a licensee to timely appeal, or a final order affirming a revocation under this Section, if no transfer has been completed, the license shall be deemed revoked and Director shall re-issue the license as necessary in accordance with SMC Sections 6.310.300 and 6.310.500D.

C. Any holder of a taxicab license may enter into a loan agreement with a Community Development Financial Institution or other lender approved by the Director for the purpose of obtaining financing for purchase of an environmentally efficient vehicle that meets the vehicle standards pertaining to pollution and energy efficiency established by the Director by rule pursuant to SMC Section 6.310.320P. Where the lender provides timely notice to the Department that a loan is in compliance with this subsection, no transfer of the license shall take place unless the lender submits written notice that the new licensee has assumed responsibility for repayment of the loan. The rights of the lender under the loan agreement shall not be assigned, sold or otherwise transferred to any other lender. The Director shall adopt rules setting forth the qualifications, standards and procedures for approval of a Community Development Financial Institution or other lender.

The following rule provides guidance for implementing this provision as authorized by the Seattle Municipal Code

This rule establishes the standards and procedures for approving Community Development Financial Institutions (CDFI) to participate in the “green” vehicle lending program. This rule also specifies borrower (taxicab and for-hire vehicle licensee) eligibility and responsibilities as well as taxicab and for-hire vehicle license revocation procedures for loan repayment default.

1. **Community Development Financial Institution – Standards and Procedures for Approval.** A Community Development Financial Institution (CDFI) or other lender entering into a partnership with the City of Seattle to offer financing for the purchase of “green vehicles” as defined by Director rule pursuant to SMC 6.310.320P shall meet the following standards:

(1) **Certified Community Development Financial Institution.** The lender must be certified by the U. S. Department of the Treasury as a Community Development Financial Institution.

A certified Community Development Financial Institution (CDFI) is a specialized financial institution that works in market niches that are underserved by traditional financial institutions. CDFIs provide a unique range of financial products and services in economically distressed target markets, such as mortgage financing for low-income and first-time homebuyers and not-for-profit developers, flexible underwriting and risk capital for needed community facilities, and technical assistance, commercial loans and investments to small start-up or expanding businesses in low-income areas. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan and venture capital funds.

(2) **Non-profit.** The lender must be a registered non-profit organization with a primary mission of promoting community development by providing financing.

(3) **Approval.** The procedure for approval of a Community Development Financial Institution lending partner includes the following:

(A) **Application.** The Community Development Financial Institution shall submit a letter of interest in response to a request for qualifications issued by the city.

(B) **Review.** A Taxicab Advisory Group committee will be established to review the letters of interest submitted by Community Development Financial Institutions and recommend approvals.

(C) **Selection.** A selection panel comprised of representatives from the Office of Economic Development (OED) and the Department of Executive Administration (DEA) shall evaluate the letters of interest submitted by Community Development Financial Institutions, consider Taxicab Advisory Group committee recommendations and select finalists for interviews.

(D) **Interviews.** The selection panel comprised of representatives from the Office of Economic Development (OED) and the Department of Executive Administration (DEA) shall meet with Community Development Financial Institutions selected as finalists to discuss their qualifications and proposals. The selection panel shall approve a lender based upon criteria including, but not limited to, the lender’s record working with and providing loans to high-risk borrowers or culturally diverse communities and the lender’s experience developing specialized loan programs, including those addressing the special needs of Muslim borrowers.

(E) **Contract.** The Department of Executive Administration may issue an annual renewable contract to the Community Development Financial Institution approved as a lending partner for the “green vehicle” lending program.

2. **Borrower Eligibility and Responsibilities.** All Seattle taxicab and for-hire vehicle licensees will be eligible to apply for a loan to purchase a “green vehicle” under this program as follows. Loan approval will be subject to the underwriting criteria of the individual lender and are subject to pricing based on the risk profile of the borrower. Interest rates may be higher than prevailing interest rates.

(1) **Taxicab or For-Hire Vehicle Licensee.** Borrowers must be licensees of Seattle taxicabs or for-hire vehicles. The vehicle licenses cannot be under suspension or revocation at the time of application. Lenders will confirm license status with the city.

- (2) **Green Vehicles.** Borrowers must use the full amount of loans issued under this program for the purchase of “green vehicles” as defined pursuant to SMC 6.310.320P. Loans issued under this program shall not be used to purchase taxicab or for-hire vehicle licenses.
 - (3) **Loan Requirements.** Borrowers must provide the lender with documents based upon their lending requirements which may include, but are not limited to, personal federal income tax returns, business tax returns (if applicable), a business plan, authorization for a credit check, and a loan application with personal financial information. Lenders may require additional security to be pledged for loans to for-hire vehicle licensees since these licenses have little market value.
 - (4) **Transfer of a Vehicle License with a Green Vehicle Loan.** A licensee, who is a borrower under the provisions of the lending program described in this rule, shall be allowed to transfer a vehicle license provided that the following conditions are met. A notarized “Vehicle License Release of Interest” must be properly completed and submitted along with a written agreement with the lender to assume responsibility for the loan that is in default.
3. **Vehicle License Revocation Procedures.** A vehicle license shall be revoked if an approved lender provides written notification to the Director that a borrower has defaulted on its loan.
- (1) **Loan Default.** A borrower is in default if the borrower fails to perform duties specified in the loan agreement such as the failure to make loan payments on time or the failure to maintain adequate vehicle insurance.
 - (2) **Notice of Loan Default.** The lender will provide written notice of loan default to the Director and the borrower citing specific terms of the loan agreement that have not been satisfied.
 - (3) **Death or Incapacitation of Borrower.** In the event of the death or incapacitation of the borrower, the Director will make a determination of whether to allow another person to assume the taxicab or for-hire vehicle license after consultation with the Law Department and the lender. The new licensee must assume the loan agreement with the concurrence of the approved lender.
 - (4) **Requesting a Hearing of the Vehicle License Revocation.** In the event of the revocation of a vehicle license where the licensee is a borrower under this program, the licensee shall have the right to request a hearing, within ten (10) days, in accordance with procedures set out in SMC 6.310.635C.
 - (5) **Transfer of a Vehicle License that Has Been Revoked.** A licensee shall be allowed to transfer a vehicle license that has been revoked due to default on loan repayment, or other reason specified in the loan agreement, provided that the following conditions are met. The notarized “Vehicle License Release of Interest” must be properly completed and submitted prior to the scheduled hearing date along with a written agreement with the lender to assume responsibility for the loan that is in default.

May 19, 2009 [DRAFT]

