GS $Mart® Payment Schedule Format, Provisions and Notes

Lenders: Rates quoted for all GS $Mart transactions must be valid for a period of at least 30 days, unless otherwise specified. In your response, you must include a dated amortization schedule, following the format of the Payment Schedule Format, Provisions and Notes. The only way that an interest rate may be adjusted is if you make sure you include the provisions, with all blanks filled in, as part of your response. All payment schedules must be subtotaled by the State's fiscal year (July 1st through June 30th).
Agency: The actual payment schedule to be used in your financing is the one provided by the Lender for that specific contract. The format of that schedule will be substantially similar to the one below: if you receive a payment schedule that is different, contact the $Mart Manager immediately.

Payment Schedule Format (**Date of Proposal)**

Below is the required format of a payment schedule, which the Lender will provide as their response to a **Request for Rate Quote** (RFRQ). This payment schedule will be used for any financing plan and payment period based on the State's requirements. Scheduled Provisions and Notes (example found below) must accompany the payment schedule provided and be incorporated in the final financing contract. *All payment schedules must be subtotaled by the State's fiscal year (July 1st through June 30th).*

On the payment schedule, the Lender must list their company's name and address, their contact information, as well as the company's standard remit to address.

PAYMENT SCHEDULE

AMOUNT TO BE FINANCED:
(Zero Dollar amount do not need to be shown)

TOTAL ASSET & SOFTWARE COSTS	$ xx,xxx,xxx.xx
OTHER COSTS (i.e., installation, freight, bond counsel fees, etc.)	$ xx,xxx,xxx.xx
SALES TAX (If To Be Financed)	$ xx,xxx,xxx.xx
Subtotal	$ xx,xxx,xxx.xx
LESS SALVAGE AMOUNT	$ xx,xxx,xxx.xx
TOTAL AMOUNT FINANCED	$ xx,xxx,xxx.xx

AMORTIZED INTEREST RATE USED: ________%

Payment No.	Payment Date	Payment Amount	Principal	Interest	Unpaid Principal Balance
Total Amount Financed					$ XX,XXX,XXX
1	XX/XX/XX	$ XX,XXX,XXX	$ XX,XXX,XXX	$ XX,XXX,XXX	$ XX,XXX,XXX
2	XX/XX/XX	$ XX,XXX,XXX	$ XX,XXX,XXX	$ XX,XXX,XXX	$ XX,XXX,XXX
...					
n	XX/XX/XX	$ XX,XXX,XXX	$ XX,XXX,XXX	$ XX,XXX,XXX	$ XX,XXX,XXX
Totals		$ XX,XXX,XXX	$ XX,XXX,XXX	$ XX,XXX,XXX	

Schedule Provisions

- Per the California Prompt Payment Act (California Government Code Section 927 et seq.), correct invoices must be submitted at least forty-five (45) days prior to the payment schedule dates. Delayed invoices may delay payments.
- If the contract requires an acceptance testing period, interest shall be owed on the accepted assets from the first day of the successful acceptance test period. If the contract does not contain an acceptance test, interest shall be owed from a date no later than the acceptance date of the asset purchased pursuant to the contract
- Should acceptance not occur by the agreed upon anticipated acceptance date, the payment schedule may be adjusted ***pro rata*** (up or down) based on the change greater than 10 basis points (if the change is positive, then the rate could move up. If the change is negative, then the rate could move down.) to the US Treasury securities rate for the payment term from the time of rate quote to the date of acceptance. Lender has provided rates to the State agency with any limitations clearly identified including the possibility of a payment schedule revision. The US Treasury securities rate as of the rate quote date is _________% for __________ term. The Payment Schedule Format, Provisions cite the U.S. Treasury securities rate. However, the GS $Mart Manager recognizes that Lenders may use various indexes dependent upon the institution's policies. In this case the GS $Mart Manager requires that the Lender submits clear documentation readily accessible for review. Any index source that requires a paid subscription is unacceptable. The GS $Mart Manager reviews and determines the acceptance of any payment schedule changes. ***See Page 3 - How to calculate changes in proposed interest rates to GS $Mart Manager.***
- Subsequent revised payment schedules for proposed refunding of the original issue will not be allowed unless it is in the best interest of the State. The GS $Mart Manager reviews and determines the acceptance of any payment schedule changes.
- Unless otherwise specified, the interest portion for any payment will be calculated by using the following formula: Interest = (Annual Net Interest Rate/100) x (Number of Days from Last Payment/360) x (Previous Unpaid Principal Balance).

Notes

- The date of the first payment will be identified by the State agency when requesting a rate quote along with other payment information such as downpayment amount, term desired, financed amount, financing plan, and other purchase contract characteristics (e.g. whether there is an acceptance testing period and how long if there is one, the Supplier's name, the contract number, and anticipated award and acceptance dates).
- All payment schedules for a plan will be based on the plan's terms, conditions, and closing documents as described for that plan and are guaranteed for at minimum of 30 days when provided via electronic (e-mail) document from the Lender. Once the contract is executed with the payment schedule provided by the Lender, a commitment is made to that Lender for that lease purchase.
- For more information or additional financing plans and rates, contact the $Mart Managers.
- Payments will be fixed, approximately equal installment amounts as shown in the payment schedule (unless specified otherwise).
- The annual amortization interest rate for the payment schedule is based on a 360-day year.
- The State has no financial obligation to pay for the purchased goods until they are accepted by the State. However, in order to offer rates, Lenders rely on the State to provide an accurate acceptance date. Should acceptance not occur as pledged to the Lender, financing costs may increase or decrease, which would require a new Payment Schedule which would be included in a contract revision.
- The State will only pay interest on assets that have been accepted by the State. Interest charges will commence on the date of acceptance and on the amount of the assets accepted.

How to calculate changes in proposed interest rates to GS $Mart Manger.

1. Index your proposed rate to an index that is easily accessible on the internet. The index must not require a subscription. The RFRQ Response must include a reference to this index and be for the same term indicated in the RFRQ; U.S. Treasuries is the preferred index.
2. If the payment to the Contractor on the order changes by more than required by the RFRQ, and if the index changes (either up or down) by greater than 10 basis points then an adjustment will be able to be made.
3. This is the methodology which should be followed to adjust the interest rate:

Index:	U.S. Treasuries (3 year)
Date of RFRQ Response:	November 30, 2010
Acceptance Date in the RFRQ:	December 15, 2010
Rate quoted in RFRQ:	3.75%
3 Year U.S. Treasuries on RFRQ date:	0.72
Acceptance Date changed to:	January 7, 2011
3 Year U. S. Treasuries on new date:	1.02%

Basis points change: 30 basis points

Divide basis points change by old treasuries rate

30/0.72=41.67%

Percentage of change in rates: 41.67% change

The original interest rate may be increased by no more than 41.67%

New Rate = 3.75% (old rate) x 1.4167 (1 + change in rates) = 5.3126%

Highest the interest rate can be changed to: **<u>5.3126%</u>**

Index:	U.S. Treasuries (4 year-take the average of the three year and the 5 year)
Date of RFRQ Response:	June 25, 2010
Acceptance Date in the RFRQ:	August 1, 2010
Rate quoted in RFRQ:	3.25%

3 Year, 5 year <u>Avg.</u> U.S. Treasuries on RFRQ date: 1.07 % (3), 1.90% (5), <u>1.485%(A)</u>

Acceptance Date changed to: September 1, 2010

3 Year, 5 year, <u>Avg.</u> U. S. Treasuries on new date: 0.75 % (3), 1.41% (5), <u>1.08 %(A)</u>

Basis points change: 40.5 basis points

Divide basis points change by old treasuries rate

.405/1.485=.2727

Percentage of change in rates: 7.27% change

The original interest rate may be decreased by 27.27%

New Rate = 3.25% (old rate) x .7273 (1 - change in rates) = 2.3637%

Rate that should be charged is: **<u>2.3637%</u>**