



FREQUENTLY ASKED QUESTIONS

1. Does DEP or the Review Board Recommend That I Participate in NatLUST?

Both DEP and the Review Board have cooperated to make NatLUST financing available to you as an option, but they make no official recommendation whether you should or should not participate. The decision is strictly yours.

2. Who Is Eligible to Participate in NatLUST?

Most any person or company with a claim that has been processed by CT's DEP and approved for payment by the Review Board is eligible; however, due to Connecticut's consumer lending laws, individuals who are filing claims in their individual capacity for personal, family or household purposes are not eligible. Individuals with claims that were made in connection with a business are eligible. NatLUST will only fund parties whose claims have received a Claim Decision under the terms of this particular financing program.

3. Do I Have to Provide NatLUST With Financial Information On My Company?

No. Unlike a bank, we do not need to see your financial statements or tax returns. We are relying on the fact that your claim has been approved and has been assigned to us as collateral.

4. Is Participation Mandatory?

No. Participation is voluntary and done on a claim-by-claim basis. NatLUST is simply stepping into the shoes of the applicants and consultants who desire liquidity, essentially taking their place in the payment queue. If you do not participate your claim will be reimbursed per DEP's normal payment procedures whenever funds become available.

5. Where Do I get a Payment Assignment Form? How Do Applicants and Consultants Get Access to NatLUST's Database.

All claim assignments are done using the web, where NatLUST's database will create the necessary DEP and NatLUST forms. We will give a username and password to the tank owner's consultant, who will then be responsible for entering the claim information. [Click here](#) to see a sample claim assignment package.

6. What Are Carrying Costs? How Much Does It Cost to Participate? How Can I Figure My Costs?

NatLUST's carrying costs are the sum of (a) the cost of its borrowed money; (b) administration costs; and (c) amortized organizational costs. As of August 22, 2009, we are charging a one time fixed charge of 2/10 of 1% of the amount advanced, plus a variable charge that is indexed to one month LIBOR plus 2.75%, subject to a 3.25% minimum. Since January 2009, the variable charge has been set to 3.25% annually.

Your total costs for participating in the program will be directly related to how long your claim is outstanding. As you may know, beginning in January 2009, the CT legislature reduced the UST program's annual funding from \$10 million to \$9 million, and the most current information available is that the FY 2010 appropriation will be reduced to \$4.9 million. This means that claims will likely take much longer to receive reimbursement in future periods.

To estimate what your carrying costs will be, if the backlog is assumed to be \$10 million on the day we fund your approved claim, and the UST program receives \$10 million (net) per year to reimburse claims, your claim will be reimbursed in about one year, give or take. On a hypothetical \$100,000 approved claim, if NatLUST's carrying costs average 3.5% annually for one year, you would give up about 3.7% (\$100,000 claim x 90% initial payment = \$90,000. \$90,000 x 3.5% = \$3,150, plus fixed charge of 2/10 of 1% (\$180) for total charges of \$3,330.00). We will deduct the \$3,330 carrying costs from the \$10,000 we held back, remitting \$6,670 to you in a second and final payment. On a percentage basis, you would recover 96.67% total (90% initial payment + 6.67% final payment).

7. Who Pays the Carrying Costs?

The party who receives the Initial and Final payments pays the carrying costs, typically either the applicant or their consultant. Carrying costs are deducted from the amount we originally held back from the Initial Payment.

8. Why Does NatLUST Make Two Payments Instead of One Payment?

NatLUST could try to guess when your claim will be reimbursed and what our funding costs will be, but this would either result in NatLUST reaping a windfall profit or suffering a loss. Instead, as a 501(c)(3) nonprofit, we deduct only the accrued carrying costs on your claim and remit whatever amount is left once it has been reimbursed. Another reason for the two-payment model is that it allows us to essentially ignore the creditworthiness of the claimant and/or their consultant, and the financing can be made available to all of Connecticut's applicants.

9. What Percentage Will NatLUST Advance?

NatLUST is currently advancing 90% of the amount approved for payment.

NatLUST estimates its carrying costs based on its cost of funds and the time it takes claims to be reimbursed, and adds a substantial safety margin. Our 'holdback' is designed to be conservative.

10. Can NatLUST Change the Initial Payment Percentage From Time-To-Time?

Yes. NatLUST expects to change the Initial Payment Percentage from time-to-time depending on the size of the backlog and our cost of funds so that we will have an adequate level of excess collateral protection. In general, the larger the size of Connecticut's UST backlog relative to its annual appropriation, the longer it will take claims to be reimbursed, and the less we can advance.

11. I Have a Revolving Credit Facility Where I've Pledged By Businesses Assets to Another Financial Institution. Can I Still Participate?

Yes, but we may require you to execute a UCC-3 release. Call us at 804.358.6661 for details. You can download the sample form letter for your bank to sign at http://natlust.org/States/CT/Lender_Letter.doc

12. My Company Will Be Submitting Additional Claims in the Future. Will NatLUST Finance These Claims, too?

Yes, we plan to offer low cost financing as long as Connecticut's UST Fund applicants and environmental consultants need it.

13. If The Amount That You Hold Back is Insufficient to Cover the Accrued Carrying Costs, Can NatLUST Later Demand That I Pay More Money? What if CTDEP Later Seeks to Recover Costs?

NatLUST cannot ask you to pay money back to us if we set the Initial Payment Percentage too high. Due to the high degree of cooperation from CTDEP and the certainty of the UST Program's \$10 million of annual net revenues, NatLUST is willing to purchase claims on a non-recourse basis.

Should DEP ever seek to recover costs (ex. your claim is later found to be ineligible) DEP will seek to recover the money from the applicant, not NatLUST.

14. Some of My Costs Were Denied and I Intend to File an Appeal with the Review Board. What Do I Need To Do To Have NatLUST Finance My Appeal?

Nothing. Any amount DEP or the Review Board may award through the appeal process will be automatically assigned to NatLUST. We will issue the payment to the same original party at our then prevailing initial payment percentage rate. If your original claim is in our database we will know to pay you.

15. How Quickly Following the CT Review Board Meeting Will You Fund My Claim?

Typically within a week or two of the CT Review Board meeting.