

Ohio SSBCI  
Frequently Asked Questions

**Collateral Enhancement Program (CEP) Questions:**

- **Question:** Can one borrower have multiple loans up to \$5 million CEP maximum?  
**Answer:** Yes, however, the jobs created or retained must be different (no double counting of jobs).
  
- **Question:** What is the equity requirement when refinancing a loan if a building is held as collateral?  
**Answer:** The CEP will not require any additional equity injection when refinancing an existing building.
  
- **Question:** Will the CEP application be available to be completed on line?  
**Answer:** At this time, the CEP application is available for editing on line only. Electronic signature software is currently not available to support the CEP application on line.
  
- **Question:** Could a Borrower use proceeds from CEP to fund the Borrower's ten percent (10%) equity requirement?  
**Answer:** No, the use of loan proceeds to substitute the Borrower's ten percent (10%) equity requirement is not an eligible use of funds.
  
- **Question:** Why aren't retail operations eligible for CEP?  
**Answer:** Retail operations are not eligible for the CEP because the OCAP already includes retail operations as eligible businesses.
  
- **Question:** When will the Cash Collateral Account Agreement be available?  
**Answer:** Development anticipates having the Cash Collateral Account Agreement available by December 19, 2011.
  
- **Question:** Will the CEP accommodate retail customers in the future?  
**Answer:** Program usage will help determine if retail businesses will be eligible for the CEP in the future.
  
- **Question:** Can a borrower receive a CEP cash collateral deposit on a line of credit and a term loan at the same time?  
**Answer:** Yes, the borrower can receive a CEP cash collateral deposit for a line of credit and term loan at the same time, however, each deposit must have jobs created or retained that are not double counted.

- **Question:** The program guidelines state that a firm's revenue must be less than \$10 million to be considered eligible for CEP; does that refer to their gross revenue or net revenue?  
**Answer:** The \$10 million revenue cap refers to gross revenue.
- **Question:** Is the CEP application an electronic application or paper?  
**Answer:** The application is available on the SSBCI website. It is an editable application that can be completed online.
- **Question:** How do you prefer we send the application to you?  
**Answer:** Signed applications can be emailed to us (preferred), faxed, or mailed.
- **Question:** Is the 10 percent equity based on the amount the bank wants to lend? Can closing costs be included in the loan?  
**Answer:** The 10% borrower's equity is based on the project amount in which the bank wants to lend. Closing costs can be included in the loan.
- **Question:** Can the CEP and OCAP be used with the state's Grow Now Program?  
**Answer:** Yes, the Grow Now Program can be used with the CEP and OCAP.
- **Question:** In your example, the borrower contributed 10 percent equity. What if the borrower has debt with another lender, how would you calculate the borrower's equity?  
**Answer:** The 10% equity is a requirement in a new purchase situation, not in a refinancing situation.
- **Question:** Does the \$10 to \$1 leverage ratio refer to the leverage ratio the bank is required to get on the project?  
**Answer:** The \$10 to \$1 leverage ratio is not a required ratio lenders must meet. The 10:1 ratio represents the amount of private sector lending the US Department of Treasury expects will result from every \$1 dollar in SSBCI funding they have awarded to the states.
- **Question:** Is an appraisal required for equipment? What documentation will the state accept for the value of used equipment and new equipment?  
**Answer:** Yes. A valuation of the equipment is required; the documentation can be in the form of an appraisal (or in the case of a new equipment costs estimates), net book value documentation, or other documentation that would legitimately support the equipment value.

### **Ohio Capital Access Program (OCAP) Questions:**

- **Question:** If a bank is already an OCAP lender do they need to execute a new agreement?  
**Answer:** Yes, an existing OCAP lender must sign a new Participation Agreement.

- **Question:** Was the OCAP able to get additional state funding?  
**Answer:** Development was able to get additional state funding of \$3 million for the OCAP that will allow the program to continue offering the higher percentage deposits.
- **Question:** How will I know what banks are participating in OCAP?  
**Answer:** Names of participating banks will be posted on our web site.
- **Question:** Will a current OCAP lender be allowed to combine old State allocations with the new Federal allocations?  
**Answer:** Yes, a current OCAP lender will be allowed to continue using its current reserve. However, Development will require a current OCAP lender to sign a new participation agreement in order to be eligible for the revamped OCAP.
- **Question:** Can a lender access the entire balance of funds in their reserve account to offset a loss from any single loan in their OCAP portfolio?  
**Answer:** Yes, the lender can access the entire balance of the reserve fund for any single loan in their OCAP portfolio.
- **Question:** Does a bank get to keep the dollars in their reserve account, or will the state eventually recapture the funds in the reserve account?  
**Answer:** The bank keeps the dollars in their reserve account. The state can, at its discretion, recapture amounts in the account that are over 33% of the total outstanding principal balance of the bank's OCAP portfolio.
- **Question:** What happens to the Reserve fund when an OCAP loan pays off?  
**Answer:** The Reserve fund remains with the bank for coverage on existing and future loan enrollments.
- **Question:** After an OCAP deal has paid off, can the bank then use a portion of the money in their OCAP reserve fund as their OCAP contribution on subsequent loans they enroll in OCAP?  
**Answer:** No, the bank has to pay a contribution fee to the reserve fund each time it enrolls a new OCAP loan; the fee cannot come from the reserve fund.
- **Question:** Who determines the contribution percentage for the OCAP?  
**Answer:** The bank determines the contribution percentage.

#### **Targeted Investment Program Questions:**

- **Question:** When will TIP guidelines be available?  
**Answer:** Development will have guidelines available on line to support the TIP by December 19, 2011.

## **General Loan Program Questions:**

- **Question:** Can the CEP and OCAP be used with the state's Grow Now Program?  
**Answer:** Yes, the Grow Now Program can be used with the CEP and OCAP.
- **Question:** Does the term "charitable institutions" include for profit organizations?  
**Answer:** Charitable institutions include non-profit and for-profit charitable organizations.
- **Question:** The reporting requirements are the bank needs to show additional loans to the borrower and this has implications for sole proprietors. As a sole proprietor, would additional lending to the borrower need to be reported?  
**Answer:** The bank only needs to report additional loans to the borrower that is a direct result of the CEP or OCAP loan and has a nexus with the CEP or OCAP loan.
- **Question:** Has any consideration been given to limiting some larger banks in order to give smaller banks more access?  
**Answer:** Development is considering an equitable way to disperse funds without impeding our ability to use all funds.
- **Question:** How will we receive program updates?  
**Answer:** The website, [ssbc.development.ohio.gov](http://ssbc.development.ohio.gov), will have a "program updates" link on each program's webpage.
- **Question:** What is the acceptable age of a standard mortgage appraisal before a new appraisal is required to support a loan request?  
**Answer:** Development will require a new mortgage appraisal after six months has lapsed from the initial mortgage appraisal.
- **Question:** Does the CEP or OCAP allow for split mortgage lending?  
**Answer:** No, the programs do not allow for split mortgage lending.
- **Question:** Does the U.S. Department of Treasury allow any flexibility in transferring federal funds between CEP and OCAP?  
**Answer:** Yes, the U.S. Department of Treasury will allow Development to amend its application to accommodate the transfer between the CEP and OCAP if it is determined that a particular program has a greater demand.
- **Question:** How does the state define agriculture (agriculture is a broad category) do you mean companies involved in farming?  
**Answer:** Yes, agriculture is defined as companies involved in farming.