



Ohio Revised Code

Section 122.602 Capital access loan program.

Effective: September 28, 2012

Legislation: Senate Bill 314 - 129th General Assembly

(A) There is hereby created in the department of development the capital access loan program to assist participating financial institutions in making program loans to eligible businesses that face barriers in accessing working capital and obtaining fixed asset financing. In administering the program, the director of development may do any of the following:

(1) Receive and accept grants, gifts, and contributions of money, property, labor, and other things of value to be held, used, and applied only for the purpose for which the grants, gifts, and contributions are made, from individuals, private and public corporations, the United States or any agency of the United States, the state or any agency of the state, or any political subdivision of the state;

(2) Agree to repay any contribution of money or return any property contributed or the value of that property at the times, in the amounts, and on the terms and conditions, excluding the payment of interest, that the director consents to at the time a contribution is made; and evidence obligations by notes, bonds, or other written instruments;

(3) Adopt rules under Chapter 119. of the Revised Code to carry out the purposes of the program specified in sections 122.60 to 122.605 of the Revised Code;

(4) Engage in all other acts, and enter into contracts and execute all instruments, necessary or appropriate to carry out the purposes specified in sections 122.60 to 122.605 of the Revised Code.

(B) The director shall determine the eligibility of a financial institution to participate in the program and may set a limit on the number of financial institutions that may participate in the program.

(C) To be considered eligible by the director to participate in the program, a financial institution shall enter into a participation agreement with the department that sets out the terms and conditions under which the department will deposit moneys from the fund into the financial institution's



program reserve account, specifies the criteria for loan qualification under the program, and contains any additional terms the director considers necessary.

(D) After receiving the certification required under division (C) of section 122.603 of the Revised Code, the director may disburse moneys from the fund to a participating financial institution for deposit in its program reserve account if the director determines that the capital access loan involved meets all of the following criteria:

(1) It will be made to an eligible business.

(2) It will be used by the eligible business for a project, activity, or enterprise that fosters economic development.

(3) It will not be made in order to enroll in the program prior debt that is not covered under the program and that is owed or was previously owed by an eligible business to the financial institution.

(4) It will not be utilized for a project or development related to the on-site construction or purchase of residential housing.

(5) It will not be used to finance passive real estate ownership.

(6) It conforms to the requirements of divisions (E), (F), (G), (H), and (I) of this section, and to the rules adopted by the director under division (A)(3) of this section.

(E) The director shall not approve a deposit amount from the fund for a capital access loan to an eligible business that exceeds two hundred fifty thousand dollars for working capital or five hundred thousand dollars for the purchase of fixed assets. An eligible business may apply for the maximum deposit amount for both working capital and the purchase of fixed assets in the same capital access loan enrollment.

(F) A financial institution may apply to the director for the approval of a capital access loan to any business that is owned or operated by a person that has previously defaulted under any state financial assistance program.



(G) Eligible businesses that apply for a capital access loan shall comply with section 9.66 of the Revised Code.

(H) A financial institution may apply to the director for the approval of a capital access loan that refinances a nonprogram loan made by another financial institution.

(I) The director shall not approve a capital access loan that refinances a nonprogram loan made by the same financial institution, unless the amount of the refinanced loan exceeds the existing debt, in which case only the amount exceeding the existing debt is eligible for a loan under the program.