



Capital Access Program

Overview

The Ohio Capital Access Program encourages state chartered financial institutions to make loans to For Profit or Non Profit small businesses that are having difficulty obtaining business loans through conventional underwriting standards by establishing a unique loan "guarantee" reserve pool at a participating lending institution. The state, the lender and the borrower each pay a small fee contribution into the pool. The reserve pool is available to the participating lender for recovery of any losses on any loan they have enrolled in the Ohio Capital Access Program.

Benefits

Encourages financial institutions to lend to small businesses and non-profits that may not meet conventional underwriting standards by establishing a unique loan guarantee reserve account to recover losses from loans enrolled in the program..

Eligibility

A lender must enter into a Capital Access Program Participation Agreement to be eligible to enroll loans in the program.

An eligible borrower must:

Be a small business with annual sales of less than \$10 million.

Have the principal place of business in Ohio;

Must create or retain jobs.

Rate/Terms

Loan proceeds may be used for:

working capital lines of credit,

the purchase or construction of fixed assets such as buildings or equipment.

Refinancing of other lenders' existing loans.

Construction or purchase of residential housing or passive real estate investments is not permitted.

Loan terms are determined by the lender. Maximum of \$250,000 for working capital and \$500,000 for fixed assets.

Normal and customary fees may be charged by the lender; no additional fees are charged by the state.

A CAP reserve account, in the name of the Director of the Ohio Department of Development, must be established at the participating lender, with the following required account contributions:

Borrower: 1.5% to 3% of the principal amount of the loan, as determined by bank.

Lender: Must match borrower's contribution. Lender may recover all or part of its contribution from the borrower in any agreed upon manner.

State: An amount equal to 10% of the principal amount of the Capital Access Loan to be enrolled.

An amount equal to 50% of the principal amount of the loan will be contributed on the lender's 1st and 3rd enrollment.

Contact

Youngstown/Warren Regional Chamber at (330) 392-6140, or

Ohio Department of Development at (330) 797-6301

This summary is prepared as a reference, and should not be construed as the actual law. For more information, contact the Youngstown/Warren Regional Chamber.