



Ohio Revised Code

Section 122.603 Program reserve account.

Effective: September 30, 2021

Legislation: House Bill 110

(A)(1) Upon approval by the director of development and after entering into a participation agreement with the department of development a participating financial institution making a capital access loan shall establish a program reserve account. The account shall be an interest-bearing account and shall contain only moneys deposited into it under the program and the interest payable on the moneys in the account.

(2) All interest payable on the moneys in the program reserve account shall be added to the moneys and held as an additional loss reserve. The director may require that a portion or all of the accrued interest so held in the account be released to the department. If the director causes a release of accrued interest, the director shall deposit the released amount into the capital access loan program fund created in section 122.601 of the Revised Code. The director shall not require the release of that accrued interest more than twice in a fiscal year.

(B) When a participating financial institution makes a capital access loan, it shall require the eligible business to pay to the participating financial institution a fee in an amount that is not less than one and one-half per cent, and not more than three per cent, of the principal amount of the loan. The participating financial institution shall deposit the fee into its program reserve account, and it also shall deposit into the account an amount of its own funds equal to the amount of the fee. The participating financial institution may recover from the eligible business all or part of the amount that the participating financial institution is required to deposit into the account under this division in any manner agreed to by the participating financial institution and the eligible business.

(C) For each capital access loan made by a participating financial institution, the participating financial institution shall certify to the director, within a period specified by the director, that the participating financial institution has made the loan. The certification shall include the amount of the loan, the amount of the fee received from the eligible business, the amount of its own funds that the participating financial institution deposited into its program reserve account to reflect that fee, and any other information specified by the director. The certification also shall indicate if the eligible



business receiving the capital access loan is a minority business enterprise as defined in section 122.71 of the Revised Code or certified by the minority business supplier development council.

(D)(1)(a) Upon receipt of each of the first three certifications from a participating financial institution made under division (C) of this section and subject to section 122.602 of the Revised Code, the director shall disburse to the participating financial institution from the capital access loan program fund an amount not to exceed fifty per cent of the principal amount of the particular capital access loan for deposit into the participating financial institution's program reserve account. Thereafter, upon receipt of a certification from that participating financial institution made under division (C) of this section and subject to section 122.602 of the Revised Code, the director shall disburse to the participating financial institution from the capital access loan program fund an amount equal to ten per cent of the principal amount of the particular capital access loan for deposit into the participating financial institution's program reserve account.

(b) Notwithstanding division (D)(1)(a) of this section, and subject to section 122.602 of the Revised Code, upon receipt of any certification from a participating financial institution made under division (C) of this section with respect to a capital access loan made to an eligible business that is a minority business enterprise, the director shall disburse to the participating financial institution from the capital access loan program fund an amount not to exceed eighty per cent of the principal amount of the particular capital access loan for deposit into the participating financial institution's program reserve account.

(2) The disbursement of moneys from the fund to a participating financial institution does not require approval from the controlling board.

(E) If the amount in a program reserve account exceeds an amount equal to thirty-three per cent of a participating financial institution's outstanding capital access loans, the department may cause the withdrawal of the excess amount and the deposit of the withdrawn amount into the capital access loan program fund.

(F)(1) The department may cause the withdrawal of the total amount in a participating financial institution's program reserve account if any of the following applies:



- (a) The financial institution is no longer eligible to participate in the program.
 - (b) The participation agreement expires without renewal by the department or the financial institution.
 - (c) The financial institution has no outstanding capital access loans.
 - (d) The financial institution has not made a capital access loan within the preceding twenty-four months.
- (2) If the department causes a withdrawal under division (F)(1) of this section, the department shall deposit the withdrawn amount into the capital access loan program fund.