



JOSH MANDEL

STATE TREASURER OF OHIO

How does GrowNOW work? GrowNOW is a linked-deposit program. To fund the interest rate reduction, the Ohio Treasurer's office places an investment at the eligible public depository that issued the GrowNOW participant's loan. The Treasurer's office agrees to take a lower rate of return on the investment, and in return, the financial institution agrees to pass along their savings in the form of an interest rate reduction for their borrower. Though the state earns less-than-normal interest on its investment, it is also leveraging resources in local economies to encourage an environment that creates and retains jobs in Ohio. How is the GrowNOW rate reduction determined? The GrowNOW interest rate reduction will be based on the loan's interest rate set for each borrower by the bank. If the interest rate is above 5%, the reduction will be 3%. If the interest rate is 5% or below, the reduction will be 2.1%. What can GrowNOW finance? Permissible uses of loan proceeds receiving an interest rate reduction through GrowNOW include (1) purchase of inventory; (2) operating expenses; (3) investments in equipment (either purchased, leased, or rented); (4) renovations, repairs or maintenance of equipment or facilities; and (5) purchase of land or buildings. Is my client's business qualified to participate in GrowNOW? Eligible business owners must meet the following criteria: Must have less than 150 employees; Must have headquarters in Ohio; Must maintain offices and operating facilities exclusively in Ohio; Must have a majority of employees be Ohio residents; Must be organized for profit; Must be able to save or create one full-time or two part-time jobs in Ohio for every \$50,000 borrowed. What are the terms of a qualifying loan? Small businesses must create or save one full-time job of two part-time jobs for every \$50,000 borrowed, up to \$400,000. The term and size of the loan are decided by the lending institution and the borrower. The Ohio Treasurer's office will fund up to a 3% interest rate reduction on the first two years of the loan, up to \$400,000. The length and amount of the loan can be greater. The loan must be a fixed-rate loan, meaning a non-changing rate for the period of the Ohio Treasurer's deposit. If your borrower's interest rate is variable, you would need to fix the rate for the two-years they participate in GrowNOW. After that time, the floating rate can be restored. The Treasurer's office cannot fund reductions on lines of credit. However, if the bank agrees to term out a portion of the line of credit at a fixed rate, the Treasurer's office can fund the reduction. The loan must be in the name of the operating company and/or small business owner. The Treasurer's office cannot fund loans in the name of a holding company, as such entities do not have a payroll and therefore do not create or retain jobs. A holding company may serve as a guarantor. The Treasurer's office cannot fund a loan in the names of co-borrowers, defined as listing two distinct businesses in the name of one loan. Co-signers are permitted. Holding companies may be listed as guarantors on the loan, as can additional business owners. How does GrowNOW help financial institutions? GrowNOW: Is an easy, cost efficient program without heavy-handed government involvement; Increases the bank's available funding to loan out to other businesses; Can be funded with the bank's Community Reinvestment Act (CRA) dollars; Serves as a great marketing tool to attract new clients; Provides banks with a better chance of receiving what is owed from borrowers. For lenders at public depositories, the GrowNOW interest rate reduction program is another tool to add to your small business client toolbox. GrowNOW can be used in addition to:

Ohio Department of Development 166 Direct Loans

SBA (504, 7a)

Tax abatements

Tax credits

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Tax incentives

USDA Business and Industry Loan

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