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GrowNOW: Frequently Asked Questions

Q. What is GrowNOW? How does it work?

A. GrowNOW is a partnership between the Treasury and banks that offers Ohio small business owners a 3% interest rate reduction on bank loans.

Q. What are the criteria for applying?

A. In order to qualify for GrowNOW, a business must be organized for profit and have less than 150 employees, the majority of whom must be Ohio residents. Offices and operating facilities must be in Ohio, and the loan must be used to help create or save jobs.

Q. For how much can I qualify?

A. GrowNOW can reduce your interest rate on up to \$400,000 of your business's loan. Qualifying businesses agree to create or retain one full-time equivalent job for every \$50,000 of the loan.

Q. What happens after the first two years?

A. The interest rate on the loan will return to the normal borrowing rate agreed to by the bank and the borrower. Participants may re-apply to GrowNOW for an additional two year period.

Q. Can I apply GrowNOW to an existing loan?

A. Yes. So long as the business meets all of the program requirements including the job creation/retention commitment, a business may apply GrowNOW to an existing loan. Borrowers can refinance their loan or simply receive the program benefit without having to re-negotiate the loan.

Q. Can I use GrowNOW to purchase real estate for the business?

A. Since GrowNOW is linked to job creation and retention, the reduction can only be applied to a loan that is in the name of the operating company -- the company that writes the paychecks to the employees. It can be used for real estate purchases, so long as the loan is in the name of the operating entity and not in the name of a holding company.

Q. Are franchises eligible?

A. Yes, but only in counties that have high unemployment. The Treasury considers these to be counties that are above Ohio's average unemployment rate. For information regarding the unemployment rate for Ohio please visit: <http://lmi.state.oh.us/>.

Q. Is there an annual application period or deadline?

A. No. Approval decisions are made on a first-come, first-serve basis. The Ohio Treasurer accepts applications year-round.

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Q. What if the terms of my bank loan exceed the GrowNOW limit?

A. GrowNOW will reduce the interest on a loan for the first two years on up to \$400,000. The length of the loan and the amount of the loan can be greater, but GrowNOW will only reduce the interest rate for the first 2 years on the first \$400,000.

Q. Where does the money come from? Is this like a grant?

A. With GrowNOW, the Ohio Treasurer purchases a certificate of deposit at a reduced rate for a set period of time at an eligible depository bank. The bank then agrees to pass that savings along to a small business owner who is trying to create or retain jobs. The state is still earning interest on its money, but it is also leveraging its resources in local economies to grow jobs.

The Ohio Treasurer does not loan money to either the bank or the small business -- the Treasurer only invests money; never does the treasury lend it or otherwise spend it.

Q. How often can a business participate in the program? Is the GrowNOW interest-rate reduction renewable?

A. Renewals will be considered only if the applicant can demonstrate that they will be creating new jobs outside of the jobs listed on the previous application. If eligible for renewal, a business can only participate in GrowNOW for 4 years out of any 6 year period.

Q. What if something happens and I can't create the jobs that I said I would in my application? Will you take the interest rate reduction away?

A. We will terminate a GrowNOW interest rate reduction if the business goes into default status because they are unable to make their payments to the bank. Businesses that do not meet the job creation standards they set in their application will not be eligible for renewal of GrowNOW.

Q. Can I use this with other programs, such as an SBA loan?

A. Yes, absolutely. The Treasury encourages smart business and wants Ohio's business to get all the support for which they are eligible.

Q. Can a business participate with more than one loan in the same lending institution?

A. Yes, GrowNOW can be applied to multiple loans, but the interest rate will only be reduced on up to \$400,000.

Q. My client owns more than 1 business. Can I send an application for \$400,000 for each business?

A. No. The total amount per business owner is \$400,000. This allows more businesses to participate.