

Idaho Collateral Support Program (CSP) Frequently Asked Questions (FAQs)

General Information

Q. What is the first step in order for a lending institution to participate in the CSP program?

A. The lending institution must execute a Lender Participation Agreement with IHFA.

Q. What lenders are eligible to participate in the CSP program?

A. Eligible “lender” means a depository institution, insured credit union, or community development financial institution, as those terms are each defined in Section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702), which is experienced in the making of loans to businesses of the type provided for under the CSP, has an office and business operations in the State of Idaho, and is regulated by the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Reserve Board, the Idaho Department of Finance, or similar regulatory agency.

Q. Can a lending institution with a regulatory enforcement action participate in the CSP program?

A. Yes. The maximum amount of collateral support funding that would be available under the CSP program for such institution would be a maximum of \$250,000 or the maximum available amount insurable by the FDIC or similar regulatory agency. In order for the institution to be able to participate in the program, it will necessitate an inquiry by the Idaho Department of Finance with the institution’s respective federal regulator as to their capacity to participate in the CSP program. Once IHFA has been informed by the Idaho Department of Finance that such institution has the capacity to take part in the program, and the lender has executed a Lender Participation Agreement, they will be eligible to participate in the CSP program.

Q. What are the borrower eligibility requirements?

A.

- The borrower must be registered and doing business in the State of Idaho.
- The business structure is a for-profit corporation, partnership, limited liability company, limited liability partnership, joint venture, sole proprietorship, cooperative, or other entity which is authorized to conduct business in the State of Idaho.
- The business employs 500 or fewer employees.
- The borrower is not an executive officer, director, or a principal shareholder of the participating lender or has a related interest in or is an immediate family member of an executive officer, director, or principal shareholder of the participating lender.
- Principal(s) of the entity have not been convicted of a sex offense against a minor (as such terms are defined in Section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. 16911)).

Q. What loans are eligible under the CSP?

A.

- Eligible loans (defined in the Lender Participation Agreement) must generally meet a participating Lender's credit underwriting criteria with the exception of loan collateral adequacy. The CSP is not intended to make up for deficient credit criteria such as cash flow, etc.
- Eligible loans must be for business purpose and include but are not limited to the following; start up costs, working capital, business acquisition and expansion, franchise financing, equipment purchases, inventory financing, and owner-occupied commercial real estate.

Q. What's the maximum loan amount under the CSP?

A. \$5,000,000.

Q. Is a federal guaranteed loan eligible under the CSP program?

A.

- The unguaranteed portion of an SBA guaranteed loan is ineligible. This also applies to the unguaranteed portion of other federally guaranteed loans (USDA, FSA, etc.).
- SBA 504 loans are eligible provided that an Eligible loan shall not include any unguaranteed portion of an SBA guaranteed loan without the prior written consent of Treasury.

Q. Can an existing loan with a balloon or call provision be renewed at maturity and be eligible for Collateral Support under the program?

A. In order for the loan to be eligible under the CSP program, at maturity the loan would need to be formally reviewed and underwritten to determine the need for the collateral support under the CSP program. Upon determining that the collateral support was necessary, a new loan would need to be put in place to pay off the existing/old loan that has matured.

Q. Can category I loans (short-term maturity loans – 1 year or less) approved under the CSP program be renewed (at maturity) and the Collateral Support from the program retained?

A. In order for a short term loan (working capital line of credit) to be eligible for collateral support once the loan has matured, formal review and underwriting of the loan must occur to determine that the collateral support is still a necessary component of loan going forward. The matured loan would need to be paid off with a new loan in order for the loan to qualify for the CSP on the loan going forward.

Q. What is the cost or fees associated with the CSP program?

A. Initially, IHFA does not plan to charge any fees under the CSP program. IHFA reserves the rights to charge a fee on a loan request under the CSP program upon prior written notice to lenders at least 30 days prior to acceptance of such loan by IHFA.

Q. How frequently are the lending institutions required to report to IHFA?

A.

- At loan inception when the initial collateral support for an eligible loan is requested.
- Semi-annually thereafter in regard to the loan status and outstanding principal balance on the loans in the CSP program.

Q. What is considered “owner occupied” commercial real estate under the CSP program guidelines?

A.

- For an existing commercial building, a small business owner must occupy 51% of the rentable property in order for it to be considered “owner occupied” and eligible under the CSP program.
- For new construction, a small business owner must occupy 60% of the rentable property in order for it to be considered “owner occupied” and eligible under the CSP program.

Q. Are loans for agricultural related purposes eligible under the collateral support program?

A. As long as the loan qualifies in all other respects, agriculture related loans are eligible.

Q. Can an eligible Lender submit a Collateral Support Program application prior to becoming a participating lender with IHFA in this program?

A. Eligible Lenders may submit a Collateral Support Program (CSP) application prior to submitting a Lender Participation Agreement (LPA). If IHFA receives a CSP application prior to the receipt of the Lender’s LPA, upon determining acceptability of the CSP application, the Lender will have 30 calendar days to execute a Lender Participation Agreement with IHFA. Furthermore, if receipt of a CSP application is received prior to the Lender executing a LPA with IHFA, upon acceptance of the application into the program, an executed Lender Participation Agreement must be received by IHFA at least 15 calendar days prior to the closing of the Lender’s loan documents.