



# Frequently Asked Questions

## Who is Eligible for an OTIB Loan?

Eligible borrowers include cities, counties, transit districts, port authorities, other special service districts, tribal governments, state agencies, and private for-profit and not-for-profit entities.

## What Projects and Costs are Eligible?

- Transportation infrastructure projects such as roads, signals, intersection improvements, and bridges.
- Transit capital projects such as buses, equipment, and maintenance or passenger facilities.
- Bikeway or pedestrian access projects.

OTIB loans may be used to cover up to 100% of the cost of a transportation project. Eligible project costs include preliminary engineering, environmental studies, acquisition of right-of-way, equipment, construction including project management and engineering, inspections, financing costs and contingencies.

## How are Interest Rates and Loan Terms Determined?

Loan interest rates will be based on the term of the loan, an evaluation of the credit quality of the applicant, and other factors relating to the borrower's repayment ability, and prevailing market rates. Rates generally will be set on the Wednesday after Commission/Manager approval and may be fixed or variable.

Repayment of OTIB loans must begin within five years of project completion and must be fully repaid within 30 years of project completion, or at the end of the useful life of the project, whichever is shortest. Applicants are encouraged to lower borrowing costs by choosing the shortest feasible repayment term since the interest rate generally will be higher with a longer repayment schedule.

## Loan Closing

After all conditions of the commitment letter have been met, this may include, but is not limited to an adopted resolution authorizing the borrowing. OTIB staff will prepare a complete set of closing documents and forward them to the applicant for review and approval. The primary loan document is the loan agreement. This document and its exhibits establish the conditions under which the state is willing to make the loan, and the remedies in the event of a default.

The applicant will need to provide any additional required documents before loan closing, which may include an opinion of counsel, a tax certificate, and Internal Revenue Service Form 8038-G. The tax documents may be required if the OTIB loan is funded using bond proceeds or is used as security for future OTIB bond issues.