

REGIONAL LOAN PROGRAMS

The regional programs include the Region 166 Loan Program and the Pioneer Rural Loan Program (Regional Loan Programs).

The Regional 166 Loan Program was created to promote economic development, business expansion and job creation by providing financial assistance for eligible projects in the State of Ohio.

The Ohio Department of Development's (ODOD) Regional 166 Loan Program provides low-interest loans up to \$350,000 to businesses willing to commit to create new jobs or preserve existing employment opportunities in the State of Ohio.

The Pioneer Rural Loan Program provides low-interest direct loans, up to \$350,000, for businesses locating or expanding in Ohio's rural areas. Eligible areas include counties with labor surplus, distressed counties and situationally distressed counties. Businesses must demonstrate that they will create new jobs for Ohio citizens in rural areas.

Eligible Businesses

Eligible businesses include those engaged in manufacturing, research and development, distribution and certain service-related companies. Preference is given to companies creating quality jobs. Retail projects are ineligible for the Regional Loan Programs.

Eligible Project Costs

- Purchase of land and/or building
- Purchase of machinery and equipment
- Building construction and/or renovation costs
- Long-term leasehold improvements
- Purchase of ongoing business' fixed-assets
- Limited soft costs directly related to the fixed-asset purchase

Ineligible Project Costs

- Working capital
- Refinancing
- Rolling stock
- Inventory/receivable financing
- Speculative real estate development
- Relocation costs
- Molds and dies

Available Funding

The Regional 166 Loan Program may finance forty percent (40%) of the total eligible project costs directly related to the fixed-asset purchase. The Pioneer Rural Loan Program may finance seventy-five percent (75%) of total eligible projects costs directly related to the fixed-asset purchase. The maximum loan amount for both programs is \$350,000. Businesses requesting more than \$350,000 may participate in the ODOD Direct Loan Program (contact ODOD staff for further information).

Term

The term of any loan awarded through the Regional Loan Programs should reflect the term of the bank. It is conditioned upon the useful life of the financed assets with the maximum limit up to 15 years for real estate and up to 10 years for machinery and equipment.

Interest Rate

Interest rates for the Regional Loan Programs will be established by the Regional Loan Agency; however, the rate cannot exceed two-thirds (2/3) of prime rate.

Job Creation/Retention

The ODOD requires, under the Regional Loan Programs, the creation or retention of one job for each \$35,000 of loan proceeds within a three-year period. If the applicant is claiming retained jobs for the Regional Loan Programs financing, they must clearly state why the jobs are at risk.

Equity

The ODOD requires, under the Regional Loan Programs, a minimum of ten percent (10%) owner's equity. Start-ups require a minimum of twenty percent (20%).

Collateral

The ODOD will require a shared first priority mortgage and/or lien position on assets financed with the loan proceeds to be established via a multi-party agreement between the participating lender(s), the ODOD and the borrower.

All assets offered, as collateral for the Regional Loan Programs, must have third party evaluation (i.e. appraisal) and an environmental clearance. The ODOD will accept what the bank accepts (i.e. an environmental questionnaire and document check in lieu of a Phase I Environmental Review or bank evaluations in lieu of appraisals).

Collateral and Security Requirements

- No transfer of ownership without the approval of the Director. If sold, the regional loan must be paid-off as part of the sale; however, assumptions may be considered on a case-by-case basis. **(Required)**;
- Personal guarantees from owners with more than twenty percent (20%) ownership in the company; **(Required)**
- Corporate guarantees from related companies **(Required)**;
- Full or partial letter of credit **(Optional)**;
- Life insurance on key business owners and/or managers; **(Optional)** and/or
- Other types of credit enhancement, if necessary.

Occupancy

The applicant must demonstrate that all facilities financed by the program will reach a reasonable occupancy level within one-year after completion. If a project involves the construction of a new building, at least seventy-five percent (75%) of the building must be occupied by the operating business. If a project involves the purchase and/or renovation of an existing building, at least fifty-one (51%) of the building must be occupied by the operating business.

Prevailing Wage

Prevailing Wage rates will apply to any costs associated with the installation of such machinery and equipment, including any construction or retrofitting of a facility specified as part of the Project. The Ohio Department of Commerce's Wage and Hour Bureau determine rates and payment of prevailing wages.

Program Fees

Administrator shall have the right to charge and collect from the borrower the following:

1. **Application Fee:** An application fee in an amount not to exceed one thousand and No/100s dollars (\$1,000.00).
2. **Processing Fee:** A processing fee in an amount not to exceed two percent (2%) of the Loan Amount, which shall be used for services rendered in the processing of the application.
3. **Servicing Fee:** A monthly servicing fee in an amount not to exceed one-twelfth of one-fourth of one percent (.0025/12) of the outstanding principle balance.

Prepayment

The ODOD imposes no pre-payment penalty.

Participating Lender Rates and Terms

Interest rates, terms and fees are negotiated between the business and the lender.