



Department of  
Development

**Regional 166 Direct Loan Program**  
***Program Guidelines & Application Process***

Ohio Department of Development  
Strategic Business Investment Division  
Loans & Servicing Office  
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**The Regional 166 Direct Loan Program (Regional 166 Direct Loan)** promotes economic development, business expansion and job creation by providing financial assistance for allowable costs of eligible projects in the State of Ohio.

The Ohio Department of Development's (Development) Regional 166 Direct Loan provides low-interest loans to businesses creating new jobs or preserving existing employment opportunities in the State of Ohio.

### **Eligible Projects**

Eligible projects include those related to industry, commerce, distribution or research activities. Retail projects are **ineligible** for the Regional 166 Direct Loan.

### **Allowable Project Costs/Uses**

- Land and/or building purchase; if the project involves the purchase of an existing building, the business must occupy at least 51% of the premises
- Machinery & equipment purchase
- Building construction and/or renovation costs; if the project involves new construction the business must occupy at least 60% of the premises
- Long-term leasehold improvements
- Ongoing businesses fixed asset purchase
- Capitalizable costs directly related to a fixed-asset purchase
- Refinancing is **ineligible**

### **Available Funding**

The Regional 166 Direct Loan may finance up to 40% of allowable project costs with loans up to \$350,000. The Regional 166 Direct Loans are "take-out" financing (allowable project costs/uses must be purchased with interim financing with the Regional 166 Direct Loan disbursing upon project completion).

Businesses requesting more than \$500,000 may participate in the 166 Direct Loan Program (contact Development staff for further information).

### **Term**

The Regional 166 Direct Loan term is based upon the useful life of the allowable project costs/uses financed and should reflect the term of the bank. The term for real estate is up to 15 years and the term for machinery and equipment is up to 10 years.

### **Interest Rate**

The Regional 166 Direct Loan interest rate is fixed at/or below market rates.

### **Job Creation/Retention**

Development requires the creation or retention, within a three-year period, of one job for each \$50,000 of Regional 166 Direct Loan proceeds. Priority may be given to eligible projects with higher wage and job creation commitments or projects located in a Priority Investment Area.

### **Applicant Contribution**

Development requires a 10% minimum equity contribution in the allowable project costs/uses. The required contribution may be higher for early stage companies and special purpose facilities. At least 40% of the allowable project costs must be funded by the borrower either directly or indirectly through third party investors and/or lenders.

### **Security & Collateral**

Development requires a first and/or shared first priority mortgage and/or lien position on project costs/uses financed with the Regional 166 Direct Loan proceeds. Development may require the following additional collateral or credit enhancements:

- Personal guaranties from owners with more than 20% ownership in the company
- Corporate guaranties from related companies
- Full or partial letter of credit
- Life insurance on key business owners and/or managers
- Other types of credit enhancement, if necessary

### **Program Fees**

- Non-refundable application fee, not to exceed \$1,000, is due to the regional agency upon submitting a completed application
- Non-refundable processing fee, not to exceed 2%, of the loan amount is due to the regional agency, which may not include all legal expenses associated with processing the loan
- Annual servicing fee equal to  $\frac{1}{4}$  of 1% (.25%) of the outstanding principal amount of the loan is pro-rated and payable monthly to the regional agency

### **Pre-payment**

Development imposes no pre-payment penalty.

### **Prevailing Wage**

Ohio prevailing wage is required for construction, renovation and the installation of machinery and equipment. Rates and payment of prevailing wages are determined by the Ohio Department of Commerce's Wage and Hour Bureau. A request for prevailing wage determination is required for all projects.

## **Application Process**

- The initial approval responsibility lies with the Regional Agency (Agency). The loan officer and the Agency's Board will approve the loan. Upon approval, the loan package is sent to Development's Oversight Committee in the Loans & Servicing Office for review prior to submitting to the State Controlling Board. It is the responsibility of the Oversight Committee to review the loan package for information accuracy, completeness and proper due diligence.
- Assuming that all relevant information is submitted in the loan package, turnaround time by the Oversight Committee should take one to two days. The loan package is then sent to the State Controlling Board for approval. The State Controlling Board approval process takes 10-14 business days.
- Following Controlling Board approval, the Regional Agency will prepare a Term Sheet that is a basic agreement between the Regional Agency and the borrower.
- The business may not begin their project until Controlling Board approval, to do so could result in the State's determination that the business could proceed without State assistance and therefore did not need the funds.
- When the project is complete (certificate of occupancy issued, last piece of machinery installed, etc.) the Regional Agency will prepare and execute closing documentation and wire funds to the interim lender.

## 166 REGIONAL AGENCIES

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### ACenet Ventures, Inc.

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### Cascade Capital Corporation

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### Community Capital Development Corporation

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### Columbus Development Corporation

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### County Corporation Development

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### Growth Capital Corp.

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### Hamilton County Development Company / Horizon Certified Development Company

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### Lawrence Economic Development Council

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### Mahoning Valley Economic Development Corporation

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### Stark Development Board

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### Toledo-Lucas County Port Authority

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### West Central Development Corporation

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