



Department of  
Development

**Rural Industrial Park Loan Program**  
***Program Guidelines & Application Process***

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**The Rural Industrial Park Loan Program (RIP Loan)** promotes economic development by providing direct loans for creating well-planned industrial parks and off-site public infrastructure improvements.

The Ohio Department of Development's (Development) RIP Loan provides low-interest loans to counties, municipalities or townships as well as non-profit organizations, port authorities, community improvement corporations, private developers and other eligible applicants willing to develop rural areas and improve the economic welfare of the people of the State of Ohio.

### **Eligible Projects**

Eligible projects include those related to manufacturing, distribution and warehousing, research and development, high technology or higher paying service business. Ohio companies **may not** relocate existing facilities to the industrial park without prior approval of the Development Director.

Eligible areas include Appalachian, distressed, labor surplus and situational distressed counties as designated by Development's Priority Investment Area map (please refer to the Department's Office of Strategic Research's website published January 1<sup>st</sup> and July 1<sup>st</sup> for map and additional details at [www.development.ohio.gov](http://www.development.ohio.gov)).

County commissioners must approve, by resolution, any application submitted. Commissioners must certify that the proposed project does not compete with an existing industrial park located within the county. Development defines an industrial park as a site of 25 acres or more, zoned for or containing commercial or industrial users and adequately served by utilities and infrastructure.

### **Eligible Project Costs**

- Land and/or building purchase
- Machinery & equipment purchase
- Building construction and/or renovation costs
- Long-term leasehold improvements
- Capitalizable costs directly related to a fixed-asset purchase
- Building and parking lot construction
- Infrastructure and site preparation
- Brownfield contamination remediation
- Building demolition and debris removal
- Retention ponds and/or flood and drainage improvements
- Street, road and bridge construction and traffic control device installation
- Water, sewer line and wastewater treatment plant installation
- Gas, electric and telecommunication hook-up installation
- Waterway and railway access improvements
- Limited soft costs directly related to fixed asset expenditures
- Refinancing is **ineligible**

### **Available Funding**

The RIP Loan may finance up to 40% of allowable project costs with loans ranging in size from \$500,000 to \$3,000,000. The RIP Loans are typically "take-out" financing (allowable project costs/uses must be purchased with interim financing with the RIP Loan disbursing upon project completion). Development may also serve as an interim lender.

Eligible applicants applying for assistance through the RIP Loan may also qualify for grant assistance from the Rural Development Initiative Fund.

The maximum combination of loans and grants available through both programs is the lesser of \$1,000,000 or 75% of the total project costs. The grant amount cannot exceed the lesser of \$500,000 or 37.5% of the eligible project costs.

**Term**

The RIP Loan term is determined by staff and is a maximum of up to 15 years.

**Interest Rate**

The RIP Loan interest rate is determined by staff and may be as low as 0% for the first five (5) years.

Payment of loan principal and interest may be deferred up to five (5) years to allow the applicant to market the property. If the principal and interest are deferred for any period of time, the balance of the loan shall be amortized within the remaining term of the loan. The sale or leasing of the project site or facility may trigger repayment, as determined by Development.

**Job Creation/Retention**

Development has no job creation and/or retention required for this program; although evidence should be provided how this project will attract new development and job creation potential. Priority may be given to eligible projects with job creation commitments.

**Applicant Contribution**

Development requires a 10% minimum equity contribution in the allowable project costs/uses. A private lender is mandatory. The following **shall not** satisfy the applicant's contribution:

- Expenditures made by or on behalf of the applicant prior to the RIP Loan application
- In-kind contributions of labor or similar items

**Security & Collateral**

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

- Personal guarantee from owners with more than 20% ownership in the company
- Corporate guarantee from related companies
- Full or partial letter of credit
- Pledged security interest in an unfettered revenue stream of the municipality
- Life insurance on key business owners and/or managers
- Other types of credit enhancement, if necessary

**Program Fees**

- Non-refundable \$500 application fee is due upon submitting a completed Financial Assistance Application
- Non-refundable commitment fee equal to 1% of the loan amount is due upon receipt of a signed loan approval, confirmation and commitment letter
- 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

**Prepayment**

Development imposes no pre-payment penalty. During the deferral period, if the property is sold or leased, the ODOD may require repayment of the outstanding loan amount.

**Prevailing Wage**

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

## **Application Process**

- Contact Development's Business Development Manager to discuss the project.
- Submit a completed Financial Assistance Application, which includes applicable items on the application checklist below.
- An eligibility review and credit analysis will be conducted by Development staff.
- A preliminary project term sheet will be provided by Development staff.
- Loans will be presented to the Development Financing Advisory Council (DFAC) for review and recommendation. (DFAC generally meets on the last Monday of each month.)
- Loans will be presented to the State Controlling Board for final approval.
- A loan approval, confirmation and commitment letter will be issued by Development upon approval by the State Controlling Board.
- Loan-closing documents are prepared upon receipt of a signed loan approval, confirmation and commitment letter and processing fee.
- Loan proceeds are normally disbursed after project completion and loan closing ("take-out" financing), interim financing may need to be arranged by the business.

## ***Application Checklist***

Complete application and attachments may include any/all of the following information:

### Business Information

- Description of business and operational history
- Description of market, industry and competition
- Description of products and services
- Bios of owners and/or key managers
- Capitalization table with ownership, subsidiary and affiliates information

### Financial Information

- Income statement and balance sheet for past three fiscal years and accompanying notes
- Current business financial statement (less than 90 days old)
- Business financial projections for three fiscal years (privately held companies only)
- Business financial information for the last three fiscal years on affiliate businesses (if applicable)
- Conditional bank commitment and/or term sheet (if applicable)

### Project Information

- Project description
- Sources of funds with commitment levels, conditions and financial terms
- Uses of funds with detailed project plan, equipment list and contractor quotes
- Cost verification-purchase agreement and/or third party cost estimates
- Appraisal by qualified appraiser
- Phase I Environmental Review