Lakes in Economic Distress Loan Program

Program Guidelines

The Lakes in Economic Distress Loan Program (the "Program") is a loan program administered by the Director of the Ohio Development Services Agency ("ODSA"), in order to provide financial assistance to businesses or other entities that have been adversely impacted as a result of their economic dependence upon a lake that has been declared an area "under economic distress". The declaration of a lake as an area under economic distress ("Distressed Lake") is made by the Director of the Ohio Department of Natural Resources (ODNR).

This Program is available to businesses and other entities that have limited access to capital and financing from conventional, private sources and will offer two types of loans, a Micro- Loan and a Fixed-Asset Loan. The Micro-Loans will focus primarily on the working capital needs, while the Fixed-Asset loans will help to finance costs of improvements to real property, machinery or equipment for use in the business.

The Program's emphasis will be providing financing for projects that focus on achieving long-term economic stability in the area.

Eligible Businesses

To be eligible for either loan under the Program, an applicant must:

- Be located in a county that contains all or a portion of a Distressed Lake;
- Be in good standing with the Ohio Secretary of State;
- Not be delinquent on any tax liabilities or in violation with any environmental laws and/or regulations with the state of Ohio;
- Have been in continual operation for at least 24 months prior to the ODNR declaration date of a Distressed Lake and currently in operations or with the firm plans to reopen in 2017;
- Have experienced at least a 40 percent reduction in gross revenue, based on comparable financial statements for either of 2014 – 2016, 2014 – 20015, and 2015 – 2016 as certified by an authorized representative of the applicant;
- Provide financial statements for fiscal or calendar years 2014 – 2016 or part thereof; and
- Provide evidence of a direct link between the lake's designation and their economic condition (i.e. their revenue is dependent on lake traffic/tourism).

Real estate and property rental companies are not eligible businesses under the Program. Real estate and property rental companies include, but are not limited to, home property rentals and apartment complexes.

Eligible Projects
Eligible projects include those that directly assist affected businesses and other entities by maintaining and/or upgrading their operations and/or facilities. Projects that market or promote the region as a whole are not eligible.

Eligible Project Costs/Uses
Micro-Loans:
- Working Capital
- Marketing/Advertising
- Market Research

Fixed-Asset Loans:
Eligible costs include, but are not limited to:
- Building renovations
- Long-term leasehold improvements
- Site improvements
- Equipment purchase/upgrades/rental payments
- Furniture/fixtures
- Dock storage/construction/installation
- Signage improvements/establishment

Application
Electronic applications will be required for both loans within the Program. An applicant identified by its federal tax identification number) is eligible to submit an application for both the Micro-Loan Program and the Fixed-Asset Loan Program. If an applicant submits an application for both the Micro-Loan Program and the Fixed-Asset Loan Program, the application shall declare from which program it prefers to receive financing.

ODSA is under no obligation to consider an application that is incomplete. Applications that are incomplete or not submitted in the format required may not be considered for approval.

Available Financing
Microloans:
Micro-Loan awards will not exceed $5,000 per borrower.
Note: If a borrower is approved for and receives financing under a Micro-Loan, they will not be eligible for a Fixed-Asset Loan or a grant award under the Lakes in Economic Distress Grant Program.

Fixed-Asset Loans
Fixed-Asset Loan awards will cover up to 90% of project costs, not to exceed $20,000 per borrower.
Note: If a borrower is approved for and receives financing under a Fixed-Asset Loan, they will not be eligible for a Micro-Loan or a grant under the Lakes in Economic Distress Grant Program.

Term
The term of the loans will be up to seven years for both programs. Loan payments will be deferred for the first 12 months following the initial disbursement, and the principal will be amortized over the remaining term of the loan, with payments due monthly. Monthly loan payments will be due on the first day of each month.

Interest Rate
The loans made under the Program will carry a zero-percent interest rate for the term of the loan.

ODSA may impose a default rate of up to 5%.

Collateral
The program may require additional collateral or credit enhancements to secure the loan.

Loan Disbursement Period
The loan disbursement period is 12 months beginning on the date of loan closing (the "Loan Disbursement Period"). Loan proceeds may be used on any approved eligible project costs incurred after the borrower receives formal application approval from ODSA, although loan proceeds will not be available until after a loan agreement and promissory note are executed.

Disbursement
Loan proceeds will be disbursed in two tranches. Up to 50 percent of the loan proceeds may be disbursed after a loan agreement and promissory note are executed (the Initial Disbursement). To receive the disbursement of the remaining loan proceeds (the Final Disbursement), the borrower must provide evidence satisfactory in form and substance to ODSA (i.e. receipts, invoices, etc.) that the loan proceeds from the Initial Disbursement have been fully spent on eligible expenditures. No later than 60 days after the Final Disbursement, a borrower must provide evidence and documentation of the eligible expenditure of the Final Disbursement of loan proceeds.

Program Fees
There are no application or program fees associated with this Program, other than late fees for the reports identified below.

Pre-Payment
There will be no pre-payment penalty for either loan program.

Annual Report
An Applicant who receives an award under either the Fixed-Asset Loan Program or the Micro-Loan Program shall submit an annual report to ODSA by March 1 of each year during the term of a loan (the "Annual Report"). The Annual Report shall include information regarding the borrower's annual aggregate payroll and gross revenue amounts, as well as information regarding how the loan amount has affected the long-term economic stability of the area and any other information requested by ODSA.