



WOMEN'S BUSINESS ENTERPRISE LOAN PROGRAM

Program Guidelines

I. Statement of Purpose

The **Women's Business Enterprise Loan Program**, which shall be referred to as WBE loan program or Program, is a business loan program that is designed to stimulate the growth of existing women-owned businesses in the state of Ohio with operating companies two years or older. Loans will be issued at market rates or below market rates depending on the nature of the request, the applicant's personal financial statement, and the historical financial data for the business that demonstrates the need for capital. The Program is part of the Minority Business Development Division's effort to promote economic development, business expansion, and job creation and/or retention by providing an alternative source of financing to women-owned small businesses that otherwise do not have ready access to traditional lending sources.

II. Program Funding

WBE-loans will be funded through the Minority Business Development Division (MBDD) of the Ohio Department of Development (Development).

III. Women's Business Enterprise Loan Program Parameters

- A. Loan Amount: The maximum loan amount will be \$500,000. The minimum loan amount will be \$45,000. The entire approved loan request will be funded at the time of closing (one-time disbursement).
- B. Term: Up to ten (10) years for machinery and equipment and up to fifteen (15) years on owner-occupied real estate loans. There will be no prepayment penalties. There will be a blended term of 12.5 years if the loan is used for machinery and/or equipment and the purchase and/or renovation of owner-occupied real estate.
- C. Interest Rate: Interest rates are up to 3% and will be fixed for the life of the loan, unless the loan becomes in default at which time the default interest rate may be 8%.
- D. Equity Contribution: The borrower will be required to contribute a minimum 10% equity injection. MBDD will provide a maximum 75% contribution, with 15% participation coming from a bank or other financial institution or the borrower.
- E. Collateral: Collateral valued at 75% of the proposed loan request will be required. Development will require a first lien position or shared first lien position.
- F. Personal Guarantee: Each person with at least 20% ownership shall provide a personal guarantee.
- G. Fees: There will be a \$300 application fee and a commitment fee of 1.5% of the loan amount.

IV. Eligibility

- A. We recommend that applicants be WBE certified with MBDD as an Ohio Women-owned Business Enterprise (WBE). Customers are required to demonstrate (i.e., K-1 Schedules, operating agreements,



etc.) they have at least 51% women ownership or collective women's ownership and woman's or women's control of the business. Women's Business Enterprise National Council (WBENC) certification also is accepted.

- B. The applicant, including the business and its principals cannot be delinquent or in default on federal, state, or local taxes or in default on any existing private or publicly financed loans.
- C. The applicant, its principals, or any prior business owned by its principals cannot have previously defaulted on any financial assistance provided by MBDD or Development.
- D. Ineligible business will include but not limited to investment real estate, lending and leasing businesses, multi-level marketing, adult entertainment, gambling, bars, furniture and appliance rental, and check cashing.

V. Use of Proceeds

- A. Loan proceeds may be used for machinery and equipment purchases, leasehold improvements, renovations, real estate purchases and refinancing of debt (when the debt is solely in the business name, was clearly used for the business and when refinancing will improve business cashflow and/or Development's collateral position).
- B. Loan proceeds may not be used for repaying delinquent state or federal taxes, financing residential property, investment property, operating capital, inventory and rolling stock, financing a change of ownership, reimbursing funds owed to an owner, partner, or shareholder, and financing a non-business purpose.

VI. Loan Application Process

MBDD has established a loan application and approval process that may be amended from time to time and will be binding upon all applicants.

MBDD staff will interview interested applicants to determine general program eligibility. A link to the application will be sent to eligible applicants. The application will request information related to the loan request and supporting documentation on the company, its ownership structure, principals, and guarantors.

Loan Approval and Denial

1. MBDD and Development, in its sole discretion, may approve or deny loan applications.
2. All WBE Loan applications will be processed through an internal review and approval process. Upon recommendation from MBDD staff, the loan application will be sent to the Minority Development Financing Advisory Board (MDFAB) for approval recommendation.
3. Approval shall be communicated in a written commitment to the Borrower.
4. If the loan application is denied, MBDD will notify the applicant in writing stating the reason for denial.

A. Withdrawal of Application

1. Any applicant may withdraw a loan application at any time prior to closing by giving written notice to MBDD.



2. MBDD will maintain a log of each application. If the applicant fails to submit any additional requested information or documentation that is needed to complete the underwriting process within sixty (60) days of the application date, with no justifiable explanation, the application will be withdrawn, and written notice sent to the applicant.
3. MBDD may withdraw an application if inaccurate or fraudulent information is submitted.

B. Loan Closing

1. Development will have all loan closing documentation completed by Development outside counsel.
2. The loan closing will be scheduled at a time acceptable to both the Borrower and outside counsel.
3. Loan proceeds will be disbursed electronically. To receive loan proceeds the Borrower will be required to use an existing OH|ID or register for one at OhioPays.Ohio.gov and ensure current bank account information is provided.
4. The Borrower will be required to provide the business' checking account information and to complete an ACH Authorization Agreement for loan repayment purposes.
5. As part of MBDD's annual review of the Borrower's loan, tax returns, income statements, balance sheets, and updated personal financial statements may be requested.
6. The Borrower must agree to all the terms and conditions set forth the loan documents provided.

C. Assumption

Loans cannot be assumed by other businesses or individuals.

VIII. WBE-Loan Evaluation Criteria

A. Business Evaluation

The historical and projected performance of the applicant and its owners will be evaluated to assess the ability to repay the proposed loan. An applicant will not be considered if Chapter 7 or Chapter 11 bankruptcy has been filed within the past three (3) years.

Specifically, this evaluation will include but is not limited to the following:

1. Financial Performance of the Business: This involves the evaluation of the historical financial performance of the applicant company, including an examination of tax returns, income statements, balance sheets, cash-flow statements, accounts receivable and accounts payable aging reports, projected financial performance, demonstration of general liability/hazard insurance and required industry licenses or certifications.
2. Business Viability: This involves the evaluation of the applicant's market area, client/customer base, and competition. An executive summary and/or business plan may be required.



3. Financial Performance of the Owners: This involves the evaluation of personal tax returns and personal financial statements.
4. Management Experience: This involves the evaluation of the owner's general business experience, specific skillset, and resume.
5. Public Records Review: This involves the evaluation of public information on the business and its owners, which may include Dun & Bradstreet, Lexis Nexis, tax clearance, and other public sources.

B. Project Evaluation

The intended use of funds and project costs will be evaluated along with the applicant's ability to repay the loan. Businesses must demonstrate sufficient cash flow to cover the proposed principal and interest payments.

1. Project Costs: The costs associated with a project, funding sources, and other lending partners will be evaluated.
2. Cash-Flow Analysis: A cash-flow analysis will be performed using both historical and projected (if necessary) financial statements with a minimum global cash-flow coverage ratio of 1.2 to 1.0.
3. Working Capital Analysis: The applicant's liquidity and access to working capital to cover daily operations will be evaluated.

IX. Notification

MBDD reserves the right to announce all commitments publicly.