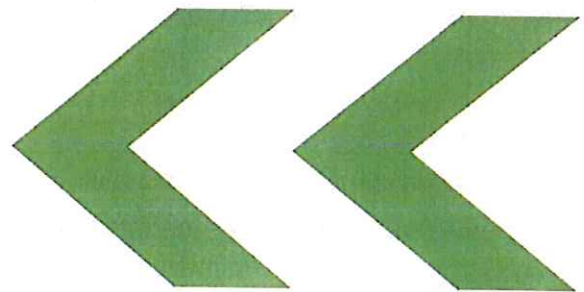


WILLIAMS COUNTY & CITY OF BRYAN

REVOLVING LOAN FUND



ADMINISTERED BY
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PROGRAM SUMMARY

The Ohio Development Services Agency (ODSA) provides Community Development Block Grant Funds through local units of government to provide local loans for businesses locating or expanding in Northwest Ohio who demonstrate that they will create or retain jobs. The program provides low interest rate financing for fixed asset purchases such as land, buildings and equipment for projects. Authorized by a Revolving Loan Agreement with the State of Ohio, the program is administered by the Maumee Valley Planning Organization.

The Revolving Loan Program focuses on several factors to determine the eligibility of a business for incentive financing. Chief among those determinations are the number of jobs created and/or retained as a result of the investment; the extent of participation by the business and a demonstration by the business that the assistance is necessary in order for the project to occur. In its review of loan applications, the Maumee Valley Planning Organization and local Revolving Loan Committee also evaluates the management capacity of the company; the availability of working capital and the overall ability of the company to repay its debt.

The Revolving Loan Program financing is "gap" financing. In other words, the revolving loan will fill the financing gap from a conventional lender and equity. When the project is complete, the Maumee Valley Planning Organization will establish a loan closing.

USE OF FUNDS

Funds received under the Revolving Loan Program may be used for up to 40% of the following costs:

- Acquisition of land and building
- New construction
- Renovation to existing buildings
- Acquisition of machinery and equipment

In addition, limited soft costs related directly to the fixed asset expenditure may be included. Examples of eligible soft costs include:

- Architectural/engineering costs
- Installation costs for machinery
- Reasonable professional services costs

Revolving Loan Program funds may **not** be used for:

- Refinancing
- Speculative real estate development
- Rolling stock

ELIGIBLE BORROWERS

Eligible borrowers include any operating business entity which demonstrates that its fixed asset expansion project will create or retain jobs in the jurisdiction that is providing the revolving loan. The Revolving Loan Program may lend funds to any for-profit business engaged in manufacturing, distribution or commerce (including retail).

AMOUNT OF ODOD RLF PROGRAM LOANS

The maximum loan under the Revolving Loan Program is \$500,000. The maximum participation by the Revolving Loan Program in any one project cannot exceed 40% of the total fixed project costs. The actual level of

participation will be determined by the Maumee Valley Planning Organization and the Ohio Development Services Agency based upon the criteria described under "Criteria for Loan Application Evaluation."

INTEREST RATE

The interest rate for Revolving Loan Program financing is variable based on the underwriting analysis. The rate is generally at 3.0% fixed.

TERM

The term on a Revolving Loan cannot exceed 20 years for real estate or 10 years for machinery and cannot exceed the term of the bank loan. The term on Revolving Loan Program funds will be based upon:

- The useful life on the assets being financed
- The term of the bank loan in the project

PRIVATE FINANCING REQUIREMENTS

The program requires that a conventional lender and the business itself participate in the project to the maximum extent possible. The minimum amount of private lender participation required in any project is 25% of the Revolving Loan eligible project costs.

A typical ODOD RLF Program Loan project structure is as follows:

- Bank Loan 50% of total project costs
- ODOD RLF Program Loan 40% of total project costs
- Owner Equity 10% of total project costs*

**If the business is a start-up, the owner equity required is 20%.*

COLLATERAL/SECURITY FOR STATE LOAN

The Revolving Loan Program may request any of the following as collateral:

- Personal guarantees from owners
- Corporate guarantees from related companies
- First or subordinate mortgage or lien position on the asset financed with state funds
- Key person life insurance on the principal operating officer (s) of the company
- Financial covenants on the operations of the business

FEES

The Revolving Loan Program requires the payment of one fee:

- A file fee for UCC or mortgage filing, due at closing

CRITERIA FOR LOAN APPLICATION EVALUATION

The following areas will be evaluated in making a determination that the business is eligible to receive Revolving Loan Program financing:

1. **Ability to Repay:** Can the business demonstrate through historical and/or projected financial statements that it has the ability to generate sufficient cash to repay all financing from this project?
2. **Management:** Does the business possess sufficient management capability and expertise to handle the project?
3. **Working Capital:** Has the business demonstrated sufficient equity and/or lines of credit/bank loans to cover all working capital needs for both the existing operation and any expansion?
4. **Need:** Can the business document the need for the revolving loan incentive financing to make the project go forward? For example, is the lower fixed rate from the direct loan needed because cash flow is limited, or that it does not possess sufficient equity to finance the project itself with the bank financing?
5. **Job Creation:** The Revolving Loan Program finances projects which demonstrate the creation/retention of jobs during the first two years following the completion of the project. There is a set investment per job ratio of \$25,000 per job maximum. Jobs created must be primarily be made available to individuals residing in low and moderate households.
6. **Job Retention:** If the applicant is claiming retained jobs from the program financing, there must be clear documentation of such retention.
7. **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 51% 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 51% of the building must be occupied by the operating business.
8. **Collateral:** All assets offered as collateral must have third party evaluation and environmental clearance. The Revolving Loan Program will accept what the bank accepts.

STEPS IN APPLYING FOR REVOLVING LOAN PROGRAM FINANCING

The business may not begin their project until after ODSA approval and release of funds are received. 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.

STEP 1: The borrower should complete a Revolving Loan Fund Application form, which can be found at the Maumee Valley Planning Organization website at www.mvpo.org/RLF. The form will provide basic information on the proposed project. All required information requested must be submitted with the form in order for the Maumee Valley Planning Organization to proceed with its analysis.

STEP 2: If determined to be eligible for the Revolving Loan Program financing, the loan officer will advise the borrower of the level of Revolving Loan Program assistance recommended and present the application to the Revolving Loan Review Committee.

STEP 3: After receiving final approval from the Ohio Development Services Agency, the financing of the project can move to the loan closing stage. The Maumee Valley Planning Organization will set up a closing, and disburse funds in conjunction with the private lender.

STEP 4: When the project is complete (certificate of occupancy issued, machinery in operation, etc.) The borrower shall submit all cost documentation to the Maumee Valley Planning Organization. Additionally, the borrower will work with the Maumee Valley Planning Organization to document job creation/retention.

REQUIRED INFORMATION TO PROCESS ODOD RLF PROGRAM LOANS

Some of the listed items are not needed until the time of closing or can be obtained from your loan officer.

- Completed "Revolving Loan Fund Application" Form (application)
- History and description of business
- Specific use of loan proceeds/written cost estimates
- Financial statements (balance sheet, income statements for three years)
- Current financial statements (less than 90 days old)
- Three years of projected income statements and balance sheets
- Twelve month cash flow or beyond to break-even point
- Personal financial statements and last three years of personal tax returns for 20% owners
- Bank commitment letter
- Appraisal by qualified appraiser (if in process, can be obtained at later date)
- Environmental questionnaire and formal assessment, if required (if in process, can be obtained at later date)
- Resumes (history and description) of key management
- Lease or purchase agreement

FOR MORE INFORMATION CONTACT
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