



**Department of  
Development**

**Ted Strickland, Governor**

**Lee Fisher, Lt. Governor**  
Director, Ohio Department of Development

Rural Industrial Park Loan Program  
***Program Guidelines and Application Procedures***

Ohio Department of Development  
Strategic Business Investment Division  
Office of Financial Incentives  
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The **Rural Industrial Park Loan Program** was created to provide direct loans to local communities and other eligible applicants committed to creating well-planned industrial parks.

### **Eligible Applicants**

Eligible applicants include local governmental units (counties, municipalities, or townships) creating or expanding well planned industrial parks. Additionally, nonprofit organizations that promote economic development in rural areas and improve the economic welfare of Ohioans are eligible to apply. Eligible applicants also include the following:

- Port Authorities
- Community Improvement Corporations
- Community-based organizations or action groups that provide social services and have experience in economic development
- Private Developers with experience and a successful history in industrial development
- Other nonprofit economic development entities

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. The Ohio Department of 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 industrial parks must be used primarily for manufacturing, distribution and warehousing, research and development, high technology or higher paying service businesses. Ohio companies may not relocate existing facilities to the industrial park without prior approval of the Ohio Department of Development Director.

### **Eligible Area**

Eligible areas include Appalachian, distressed, labor surplus, and situational distressed counties as designated by the Ohio Department of Development's Priority Investment Area map. This map is published January 1<sup>st</sup> and July 1<sup>st</sup> of each year by the Ohio Department of Development's Policy, Research, and Strategic Planning Office and can be found by checking the maps link at <http://www.development.ohio.gov/research>.

### **Eligible Project Costs**

- Purchase of land and/or building
- Building construction and/or renovation costs
- Site preparation
- Demolition of building and removal
- Creation of retention ponds and/or implementation of flood and drainage improvements
- Construction of streets, roads and bridges
- Construction of parking lots and facilities
- Installation of traffic control devices
- Installation of water and sewer lines and treatment plants
- Installation of gas, electric, and telecommunications lines
- Improvement of waterway and railway access
- Limited soft costs directly related to the project



### **Available Funding**

Eligible applicants applying for assistance through the Rural Industrial Park Loan Program 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 percent of the total project costs. The grant amount cannot exceed the lesser of \$500,000 or 37.5 percent of the eligible project costs. Applicants receiving assistance through the programs are not precluded from further participation in this or any other Ohio Department of Development financial assistance program.

### **Term**

The maximum loan term awarded through the Rural Industrial Park Loan Program is 15 years.

### **Interest Rate**

During the first five years of the loan, the annual interest rate shall be zero percent. In year six and thereafter, the annual interest rate will be set at a rate no greater than 50 percent of the prime rate which shall be determined solely by the Director of the Ohio Department of Development. Payment of the loan principal may be deferred until revenues are generated from the project, up to a maximum of five years.

### **Job Creation/Retention**

There are no job creation or retention commitments required under this program. Although, the applicant should evidence in their applicant how this project will attract new development and job creation potential to the area.

### **Private Financing Requirement**

The Ohio Department of Development requires, under the Rural Industrial Park Loan program, that the applicant and a conventional lender participate in the project to the maximum extent possible of at least 25 percent of the project costs. The conventional lender will be required to act as a fiduciary agent administering the distribution of state funds. The Ohio Department of Development will give preference to projects that maximize participation by the applicant and the conventional lender.

### **Collateral**

The Ohio Department of Development will require a shared first priority mortgage and/or lien position on assets financed with the loan proceeds to be established via a multi-party agreement between the participating lender(s), the Ohio Department of Development and the borrower.

### **Security Requirements**

The following may be required:

- Full or partial letter of credit;
- Personal guarantees; and
- Guarantee from the participating county or municipality.

**Program Fees**

- A \$500 non-refundable application fee is required upon filing a completed Financial Assistance Application.
- A processing fee of one percent (1%) of the loan amount due upon receipt of a signed loan commitment letter.
- An annual servicing fee equal to a quarter of one percent (.25%) of the outstanding principal amount of the loan will be assessed.

**Prepayment**

The Ohio Department of Development imposes no pre-payment penalty. During the deferral period, if the property is sold or leased, the Ohio Department of Development 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 the Ohio Department of Development staff 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 the Ohio Department of Development staff.
- A preliminary project term sheet will be provided by the Ohio Department of Development staff.
- Loans will be presented to the Development Financing Advisory Council for review and recommendation (the Development Financing Advisory Council generally meets on the last Monday of each month).
- Loans will be presented to the State Controlling Board for final approval.
- A loan commitment letter will be issued by the Ohio Department of Development upon approval by the State Controlling Board.
- Upon receipt of a signed loan commitment letter and processing fee, loan closing documents are prepared.
- Loan proceeds will normally be disbursed after project completion and loan closing (interim financing may need to be arranged by the business).

**Application Checklist**

- History and description of the community
- Marketing plan for the industrial park and/or speculative facilities
- Resumes of key management personnel
- Project description including sources and uses of funds (include specific use of loan proceeds)
- Applicant financial information:
  - Income statements and balance sheets for the past three fiscal years and accompanying notes;
  - Current financial statements (less than 90 days old);
- Conditional bank commitment and/or term sheet (if applicable)



- Phase I environmental audit (if applicable)
- Cost verification-purchase agreement and/or third-party cost estimates
- Appraisal by qualified appraiser

**For More Information Contact:**

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