



## Lakes in Economic Distress Revolving Loan Program

### Program Guidelines

February 25, 2016

**The Lakes in Economic Distress Revolving 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 operation at least 24 months prior to the ODNR declaration date of a Distressed Lake;
- Have experienced at least a 40 percent reduction in gross revenue based on the two most recent calendar year-end financials, as certified by an authorized representative of the applicant; and
- Provide evidence a direct link between the lake’s designation and their economic condition (i.e. their revenue is dependent on lake traffic/tourism)

#### 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

### 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. Applications and financing will be considered on a first-come, first-served basis. 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 which program under which it prefers to receive financing.

## Available Financing

### Microloans:

Micro-Loans awards will not exceed \$5,000 per borrower.

Note that if a borrower is approved for and receives financing under a Micro-Loan, it 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 Loans awards will cover up to 90% of project costs, not to exceed \$20,000 per borrower.

Note that if a borrower is approved for and receives financing under a Fixed-Asset Loan, it 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**

Micro-Loans will be unsecured loans. For Fixed- Asset Loans, ODSA will require a first lien position on all equipment of a borrower.

### **Loan Disbursement Period**

The loan disbursement period is 12 months beginning on the date of application approval by ODSA (the “Loan Disbursement Period”). Loan proceeds may be used on any eligible 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 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.