



## REVOLVING LOAN FUND GUIDELINES

**Please read carefully before completing an application.**

State and federal guidelines require that certain stipulations must be met for revolving loan fund projects to go forward. Please read the following list of requirements to ensure that your application is complete and that your project can meet these requirements.

1. The Perrysburg RLF application must be filled out completely. Further, it must contain additional information, including but not limited to:
  - For every fixed cost in the project, a third-party cost certification is required (contractor's estimate, vendor's equipment price quote, etc).
  - For all other sources of funds besides the RLF (banks, equity, etc.), evidence that the funding is committed and maximized, by letter (for loans) or bank statement (for equity). Letters from sources of other loans must quote interest rate, term, conditions, and security position.
  - For existing businesses, financial statements for the past three years.
  - Projections for the next three years which include debt service on the proposed RLF loan and any other loans. Projections must include profit and loss statements and a balance sheet (assets and liabilities).
  - The projections should show that the requested RLF interest rate and term are needed in order to keep debt service low enough to realize a reasonable return on investment.
  - Additional information including resumes of principal(s), information on product and market, and a business plan should be submitted. A checklist of the items needed is located on the last page of the funding application. This information is required in order to help the RLF Board reach an informed decision.
  
2. Your project must meet the following minimum criteria:
  - One dollar minimum of other funding for every RLF dollar, especially in the fixed assets portion of the project.

- At least 15% of a project’s fixed assets must be privately financed; this may include the owner/borrower’s equity. The owner/borrower must invest at least 5-10% in cash equity toward the projects’ fixed asset costs.
- One full time equivalent job created or, in special cases, retained for every \$25,000 or more loaned. Jobs must occur within 24 months of project completion and all projects should be completed within 12 months of loan approval.
- The jobs created (51%) must be held by persons who, at time of employment, certify in writing that they are from low-to-moderate (LMI) income households. The only alternative to employee forms is to document that DJFS screening of applicants was used to ensure that all were income-eligible. If, for some reason, your project results in a majority of employees above the income thresholds, the only fallback is to have documentation that all persons interviewed, whether they were hired or not, completed an income eligibility form, and that the majority of those interviewed were from low to moderate income households.
- All household income (from both spouses if husband and wife work) is included. For Wood County, the current maximum income to qualify for low-moderate income, based on households’ size, is:

1 in Household	\$37,650	5 in Household	\$58,050
2 in Household	\$43,000	6 in Household	\$62,350
3 in Household	\$48,400	7 in Household	\$66,650
4 in Household	\$53,750	8 in Household	\$70,950

- Project must be within the City of Perrysburg.
  - Project must not involve relocation of any jobs within Ohio, or a waiver must be granted.
  - Eligible fixed asset costs include real estate, construction of buildings and on-site improvements, and heavy equipment (usually with a life of over five years).
  - The financing of speculative projects, businesses, and activities is ineligible.
  - **RLF funds cannot pay for expenditures made before loan approval and closing.**
4. You must clearly document your need for RLF funding, providing evidence that the project cannot go forward without RLF funds, at the requested interest rate and term. This documentation takes one of three forms:
- a. A bank turndown letter

- b. A letter from your bank or lender stating that they will fund a portion of the project, but will not finance more than a specified maximum amount, and citing an interest rate and term for that loan. Their loan should be contingent on your receiving funds from the RLF to "fill the gap". You must also demonstrate that your business cannot reasonably contribute any more equity than the amount you cite in your application. The remaining needed funds thus represent the "gap" which must be filled with RLF funds.
  - c. Your three-year projection may indicate that if your project were financed in total by a private lender at a quoted interest rate and term, you cannot realize a reasonable return on your investment, and the lower rate offered by the RLF for a portion of the project will make the difference for your "bottom line". Documentation of this type usually requires two sets of projections: one with the RLF loan repayments at a lower rate for part of the project and showing a reasonable return, and one showing conventional interest rates for the whole financing package and indicating a negative or unacceptably small return.
- 5. Construction financed by the RLF and costing over \$2,000 must incorporate federal (not Ohio) prevailing wages for laborers doing the work. If private funds, bank funds, or equity finances construction and RLF funds are used for other activities (real estate, equipment), prevailing wages need not be paid.
- 6. All projects are subject to environmental review procedures, some that may require review and comment periods ranging from approximately three weeks to over one month, depending upon the impact of your project. No funds, either from the lender, equity, or RLF, can be obligated and expended before the comment period is over. Your project must thus be timed so that it does not begin before your application is reviewed and approved, you have signed the legal documents, and the environmental comment period has been completed.
- 7. If your project is in a property in which you are leasing, you must submit a signed copy of your lease agreement.
- 8. If your project is funded, you will be required to sign a loan agreement which will include security and collateral agreements, promissory note, and a personal guarantee.
- 9. Projects involving acquisition of real estate will require that certain procedures be undertaken subject to the federal Uniform Relocation and Property

Acquisition Act. Make sure to consult with the RLF administrator prior to entering into any agreement for real estate acquisition.

10. If your project is funded, you will have to provide documentation of compliance and performance. The following will be required of you:
  - Evidence of total project expenditures as proposed (invoices, canceled checks).
  - Evidence of hiring (job certifications forms must be completed for all employees hired, with over 51% of the hired employees coming from low-moderate income households.
  - If the RLF funds construction, labor payrolls will be required, as well as on-site laborer interviews, to ensure federal prevailing wage was paid.
11. Applicants may be subject to personal credit reviews. If so, successful applicants will be billed for direct loan processing costs (mortgage and security filings, credit reviews, appraisals, and other minimal direct costs if any).
12. Special Targeting Criteria: Although this program is available to any business which can demonstrate compliance with the standards and policies of this program, all other considerations equal, preference will be given to businesses and projects which meet one or more of the following criteria:
  - a. Minority or women business enterprises.
  - b. Businesses which offer proportionately high opportunities to persons of low-and moderate- income.
  - c. Businesses which demonstrate a high growth potential.
  - d. Businesses and/or projects which would not create additional competition for existing local industry.
  - e. Businesses and/or projects which would create a high level of employment general and local tax revenue.
  - f. Business and/or projects that would prevent the loss of a significant number of job opportunities.
  - g. Businesses and/or projects that would provide a direct linkage with other local job training or placement programs.
  - h. Businesses and/or projects that involve pollution abatement.

**REMEMBER!** The RLF is intended to be a lender of last resort. Other sources, such as private lenders, should be consulted first. Also, be prepared for loan application, review, and processing to take up to two months, due to environmental review procedures that may require public comment periods, and due to additional required procedures, including a meeting of the RLF Committee and subsequent

review by the Office of Community Development (Ohio Development Services Agency-DSA).

Please feel free to reach out for more information concerning this application:

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