



Small Business
Development Centers

1st Stop Business Connection
www.development.ohio.gov/onestop
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Business Financing Opportunities



Department of
Development



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MONEY

One of the toughest parts of starting a small business is finding the necessary capital. In other words: Where do you find the money? This publication will help you figure out where to find the money you need to start and run a small business.

First, you must know how much money you'll need.

Write down the equipment you have and the equipment and inventory you need. How much will it cost to buy or lease the equipment and inventory?

Equipment you already have	Equipment and inventory you must purchase or lease	Cost
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
	TOTAL	\$ _____

Now, it's time to estimate how much it will cost to keep your business running:

Business space	\$ _____
Business supplies	\$ _____
Insurance	\$ _____
Utilities (electricity, water, phone, etc.)	\$ _____
Employees	\$ _____
Licenses	\$ _____
Advertising	\$ _____
Emergencies/Unexpected costs	\$ _____
TOTAL	\$ _____

Remember, your business may not make a profit right away. After you have estimated how much money you will need to keep your business running, **add 1 1/2** times to that amount. This will keep you from having just enough to get by.

It may take a few years before you start to see a profit.

Carefully consider how much money you will need to pay your day-to-day expenses until your business makes a profit.

YOU MUST PLAN AHEAD!

Don't forget to look over Starting Your Business in Ohio to find out what kinds of licenses and permits your business will need.

FINANCING

You should have a pretty good estimate of how much money you'll need to start your small business and to help it grow. But, what kind of financing is available?

There are two main types of financing: **debt financing** and **equity financing**.

- **Debt financing** is a loan. It can be a *short-term* loan (lasts for less than a year), an *intermediate-term* loan (lasts for three to seven years), or a *long-term* loan (lasts for 10 years or more). Most loans to small businesses through banks are secured loans. This means you or the business will have to use assets as collateral (which is how the bank makes sure the loan is repaid). There are two types discussed in this book: **DIRECT LOAN** and **LOAN GUARANTY**. A **direct loan** is money given directly to the borrower. A **loan guaranty** is money promised by another agency to a bank that will loan the business money. The money is promised to the bank as an assurance that the bank will get back the money it lends to the business.
- **Equity financing** means someone (an investor) buys part of your business and gives you the money you need to start your business or to keep it running.

Consider your sources of money:

- 1) **Yourself**- Most lenders require the business owner to provide 10-30 percent of the total cash needed to start or expand a business.
- 2) **Business Partners**
- 3) **Relatives**
- 4) **Friends**
- 5) **Commercial Banks (your personal bank)**
- 6) **Savings and Loan Associations**
- 7) **Loan Companies**
- 8) **Insurance Companies** - You can use your life insurance as collateral for a loan from your insurance company.
- 9) **Your Suppliers** - Sometimes suppliers will give loans in exchange for an agreement to buy a certain amount of supplies from them.
- 10) **Leasing Companies** - Leasing companies buy equipment, etc., for you, and then you lease it from them.
- 11) **Business Brokers and Investors** - People who make small business loans or invest in your business.
- 12) **Small Business Investment Companies** - Private companies that provide money to low-risk small businesses.
- 13) **Community Development Companies** - Organizations setup by a local community to attract business to their area.
- 14) **Federal Government**
- 15) **State Government**

For debt financing or equity financing, you will need a **business plan** and a **loan proposal**

A **business plan** is a typewritten description of how you will run your business. It will show potential lenders that you are serious about starting a business.

If you need help with your business plan or loan proposal, contact the **Small Business Development Center** nearest you. There is a listing on page 21.

A **loan proposal** is like a business plan, but it is aimed directly at the investor or lender you will be talking to. They are usually about 10 pages long and include:

- **how much money you'll need**
- **exactly what the money will be used for**
- **a short description of your business**
- **what kind of terms you want**
- **how you want to repay the loan**
- **what kind of collateral you have available**
- **a list of other sources of funds**
- **a short personal history as it relates to your business**
- **a personal financial statement**
- **an earnings history**
- **financial projections for the next three years and**
- **credit, personal and business references**

When you meet with the lender or investor, be prepared to answer additional questions such as:
How will you pay back the money? When will you pay back the money? Why don't you have the money already?
The lender wants to make sure you have thought this through and can pay the money back.
The investor wants to make sure a wise investment is being made.

GLOSSARY OF BUSINESS TERMS

Assets: personal or business property you own

Capital: money

Collateral: personal or business property (assets) used to secure a loan

Cosigner: a person who also signs for the loan and is responsible for payments if you default

Debt Financing: using a loan as means to start a business

Default: failing to pay back a loan

Direct Loan: money is given directly to the borrower

Equity Financing: using an investor as means to start a business

Fixed Costs: money you must spend (costs) on a regular basis

Gross Profit: how much money your business makes after subtracting the cost of goods from the net sales

Intermediate-Term Loan: loan for three to seven years

Liabilities: amount your business owes to creditors

Loan Guaranty: money is promised by another agency to a bank that will then loan a business money

Long-Term Loan: loan for more than 10 years

Market: potential customers

Microenterprise: a small small business

Net Sales: amount of money made after sales tax and returns

Operating Expenses: how much you will spend to buy the items you will sell, plus how much money it takes to keep the business running (such as payroll, utilities, rent)

SBA: (U. S. Small Business Administration) a federal agency that offers loans, loan guaranties and partially funds the SBDCs

SBDC: (Small Business Development Centers of Ohio) provide free business counseling to small start-up and existing businesses (funded by the state and federal governments)

Short-Term Financing: a loan for one year or less

Target Market: specific type of customer you want your business to attract

Terms: conditions a bank puts on a loan

Working Capital: money a business must have on a regular basis to cover operating expenses

US SBA FEDERAL LOAN PROGRAMS

SBA provides a guaranty for small business loans. The agency does not make or approve the loans. The local Small Business Development Centers can assist you in preparing your comprehensive loan package to include such a guaranty before you go to the bank.

PROGRAM NAME: SBA Express Loan

MAXIMUM AMOUNT AVAILABLE: \$250,000. Multiple Express loans are eligible as long as the aggregate doesn't exceed \$350,000

CAN BE USED FOR: Working capital; business real estate, inventory, equipment, furniture and fixtures and revolving lines of credit

BORROWER: Start-up or growing small for-profit businesses.

ABOUT THE PROGRAM: This is a 50% loan guaranty, which means the SBA does not give you the loan, you must go through your approved local lender. The SBA promises (guarantees) the lender that a portion of the loan will be paid back if the borrower defaults.

CONTACT: Your local SBDC (See the directory on the last page of this document.)

PROGRAM NAME: SBA Community Express Loan

MAXIMUM AMOUNT AVAILABLE: \$25,000

CAN BE USED FOR: Working capital; business real estate, inventory, equipment, furniture and fixtures and revolving lines of credit.

BORROWER: Start-up or growing small for profit businesses.

ABOUT THE PROGRAM: This is an 85% loan guaranty for amounts of \$150,000 or less and 75% on amounts above \$150,000 to \$250,000, which means the SBA does not give the loan directly. You must go through an approved lender. This program is only available to women, minorities, veterans and businesses located in economically distressed areas. Check the Columbus & Cleveland web page respectively at: <http://www.sba.gov/oh/columbus/index.html> or <http://www.sba.gov/oh/cleveland/index.html> for further details on economically distressed locations. This loan program also requires the utilization of an approved technical assistance provider.

CONTACT: Your local SBDC (See the directory on the last page)

PROGRAM NAME: Certified Development Company (504) Loan

MAXIMUM AMOUNT AVAILABLE: \$1.5 million; Maximum 504 loan to small manufacturer is \$4 million.

CAN BE USED FOR: Land or business real estate; constructing or renovating facilities; buying machinery or equipment

BORROWER: Growing small for-profit businesses. A typical borrower has contributed at least 10 percent of project cost and has secured up to 50 percent of the project cost from a private-sector lender. Forty percent of the project cost is then secured from a Certified Development Company (CDC).

ABOUT THE PROGRAM: This is a take out direct loan facility. The third party lender typically funds 90% of the project costs until a bond is sold to pay down the third party lender to the 50% stated above. CDCs (certified development corporations) are non-profit corporations that administer this loan for SBA. All CDC can process loan transactions in any county in Ohio.

CONTACT: Your local SBDC (See the directory on the last page)

PROGRAM NAME: SBA 7(a) Loan Guaranty

MAXIMUM AMOUNT AVAILABLE: \$5 million 90% guaranty when loan exceeds \$150,000;
90% guaranty for loans up to \$150,000.

CAN BE USED FOR: Working capital; buying land and business real estate; construction, renovation or leasehold, improvements; buying furniture, fixtures, machinery and equipment; buying inventory

BORROWER: Small for-profit businesses that can't get financing at reasonable terms through normal lending channels (such as banks, for example).

ABOUT THE PROGRAM: This is a loan guaranty. For this program, you work with you local Small Business Development Center (SBDC) to create a loan proposal and application package that is submitted to the participating lender. Like the other loan guaranties, the SBA promises the lender will be paid back a percentage of the loss.

CONTACT: Your local SBDC (See the directory on the last page)

PROGRAM NAME: CAPLines

MAXIMUM AMOUNT AVAILABLE: SBA generally can guarantee up to \$1 million, with a maximum interest rate for loans over \$50,000 of prime +2.25%. Total \$2 million.

CAN BE USED FOR: Working capital; buying land and business real estate; construction, renovation or leasehold, improvements; buying furniture, fixtures, machinery and equipment; buying inventory

BORROWER: This program targets low income borrowers, disabled business owners, new and emerging businesses, veterans, exporters, rural and specialized industries

ABOUT THE PROGRAM: The program uses intermediaries (**Small Business Development Centers**) to assist prospective borrowers in developing viable loan application packages and securing loans.

CONTACT: Your local SBDC (See the directory on the last page)

PROGRAM NAME: Prequalification Loan Program

MAXIMUM AMOUNT AVAILABLE: \$250,000 80% guaranty for loans up to & including \$100,000 and 75% for loans over \$100,000.

CAN BE USED FOR: Working capital; buying land and business real estate; construction, renovation or leasehold, improvements; buying furniture, fixtures, machinery and equipment; buying inventory

BORROWER: This program targets low income borrowers, disabled business owners, new and emerging businesses, veterans, exporters, rural and specialized industries

ABOUT THE PROGRAM: The program uses intermediaries (**Small Business Development Centers**) to assist prospective borrowers in developing viable loan application packages and securing loans.

CONTACT: Your local SBDC (See the directory on the last page)

PROGRAM NAME: Low Documentation Loan Program

MAXIMUM AMOUNT AVAILABLE: \$150,000

ABOUT THE PROGRAM: A "Low Doc" loan reduces the paperwork currently involved in 7(a) loan request.

CONTACT: Your local SBDC (See the directory on the last page)

PROGRAM NAME: The International Trade Loan Program

MAXIMUM AMOUNT AVAILABLE: \$1.25 million

ABOUT THE PROGRAM: For small business engaged in or ready to begin international trade or adversely affected by competition from imports.

CONTACT: Your local SBDC (See the directory on the last page)

PROGRAM NAME : SBA Patriot Express Loan

MAXIMUM AMOUNT AVAILABLE: \$500,000

CAN BE USED FOR: Most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases.

BORROWER: Start-up or growing small for profit businesses. Specifically: Veterans Service-disabled veterans; Active-duty service members eligible for the military's Transition Assistance Program; Reservists and National Guard members; Current spouses of any of the above; widowed spouse of a service member or veteran who died during service or of a service-connected disability. The SBA and its resource partners are focusing additional efforts on counseling and training to augment this loan initiative.

ABOUT THE PROGRAM: The new Patriot Express loan is offered by SBA's network of participating lenders nationwide and features our fastest turnaround time for loan approvals. Loans are available up to \$500,000 and qualify for SBA's maximum guaranty of up to 85 percent for loans of \$150,000 or less and up to 75 percent for loans over \$150,000 up to \$500,000. For loans above \$350,000, lenders are required to take all available collateral.

CONTACT: Your local SBDC (See the directory on the last page)

Export Loan Programs

SBA has placed a priority on helping small business exporters—some 70 percent of all U.S. exporters have 20 or fewer employees—with a number of loan programs specifically designed to help them develop or expand their export activities.

PROGRAM NAME: Export Express

MAXIMUM AMOUNT AVAILABLE: \$250,000

CAN BE USED FOR: Standby letters of credit when required as a bid bond, performance bond or advance payment guarantee, participation in a foreign trade show, purchase of real estate and equipment to be used in the production of goods or services for export, providing term loans and other financing to enable small business concerns, including export trading companies and export management companies, to develop foreign markets, or acquisition, construction, renovation, modernization, improvement or expansion of productive facilities or equipment to be used in the United States in the production of goods or services for export

BORROWER: Manufacturers, wholesalers, export trading companies and service exporters.

ABOUT THE PROGRAM: Helps small businesses develop or expand their export markets. The program provides exporters and lenders a streamlined method to obtain SBA-backed financing. Normally, the lender receives an 85 percent guaranty for loan amounts up to \$150,000 and 75 percent on loan amounts between \$150,000 and \$250,000.

CONTACT: Your local SBDC (See the directory on the last page)

PROGRAM NAME: Export Working Capital Program (EWCP)

MAXIMUM AMOUNT AVAILABLE: \$2 million

CAN BE USED FOR: Loans are used for transaction financing. EWCP loans can also be used to even out cash flow when exporters have negotiated longer sales terms and cannot carry the resulting receivables with their own working capital.

BORROWER: Manufacturers, wholesalers, export trading companies and service exporters. EWCP loan borrowers must meet SBA 7(a) eligibility and size standards (less than 500 employees for manufacturers, less than 100 employees for wholesalers) and have been in business for at least one year.

ABOUT THE PROGRAM: Export Working Capital Program (EWCP) loans are targeted to small businesses that are able to generate export sales and need additional working capital to support these sales. The exports being financed must be shipped and titled from the United States; there is no U.S. content requirement for the product being exported.

CONTACT: Your local SBDC (See the directory on the last page)

RATES: lowest interest rates for business loans, generally 2.25 percent to 4.75 percent over prime depending upon the size and maturity of the loan. Your local SBA district office will have a listing of Patriot Express lenders in your area.

SPECIAL NOTICE:

There are no loans specifically for minorities, women, veterans or the disabled. All SBA loans are open to all existing and potential small businesses that meet the SBA size standards. SBA size standard requirements vary from program to program. For specific standards for the loan program you're interested in, contact the agency listed in the loan program description or the SBA at the following numbers:

SBA Cleveland Office
PHONE: (216) 522-4180

SBA Columbus Office
Phone: (614) 469-6860

SBA Cincinnati Office
Phone: (513) 684-2814

Information is also on the web at: www.sba.gov

FEDERAL TAX CREDIT PROGRAMS

WOTC Program Incentives

Veteran's Job Training Act

Tax credits for employers were provided under the Targeted Jobs Tax Credit program as an incentive to hire and train economically disadvantaged persons and others who face problems in entering the workforce. A portion of the first-year wages of eligible individuals may be used to reduce the employer's federal income taxes. The Targeted Jobs Tax Credit has been replaced by the Work Opportunity Tax Credit.

Under another federal program, up to 50 percent of the pay of newly-hired veterans may be reimbursed under the Veterans' Job Training Act. The reimbursement is available to any employer that hires a Korean War or Vietnam-era veteran under an approved plan to train or retain the participant for a permanent position with the company.

A directory of the Employment and Training Administration appears p. 101:1041. That agency of the U. S. Department of Labor administers the Work Opportunity Tax Credit program.

Summer Jobs: A special provision in the WOTC program benefits both large and small employers that hire certain economically disadvantaged youths during the summer. The credit is 35 percent of up to \$3,000 in wages paid to qualified summer youth employees during any 90-day period between May 1 and September 15. (Age is calculated as of May 1 if the individual does not begin working until after that date.) A retention period comprising a minimum of 20 days, or 120 hours, of paid employment is required to claim the summer youth employee credit. (If employment of the youth continues after the summer months, the employer may take regular targeted jobs tax credit. Wages paid during the summer that qualify for the credit are offset against the \$6,000 limit. New certification also is required.)

WOTC Eligibility Forms: Form 8850 Work Opportunity Credit Pre-screening Notice and Certification Request.

WOTC Filing Requirements: At tax time, the employer completes IRS Form 5884 and files it with the tax return. Only one Form 5884 is needed, regardless of the number of WOTC workers hired. **References:** www.irs.gov or <http://www.doleta.gov/business/incentives/opptax/>

The Ohio Department of Job & Family Services
Bureau of Support Services, WOTC Section
P.O. Box 1618

Columbus, OH 43216-1618 PHONE: (614) 644-0966 WWW.JFS.OHIO.GOV/WOTC

OHIO LOAN PROGRAMS

PROGRAM NAME: GrowNOW

Ohio Treasurer Richard Cordray's GrowNOW interest rate reduction program is designed to help small businesses grow by providing them with critical cash flow. When a business is approved for a loan from one of the hundreds of eligible banks in Ohio, GrowNOW provides an additional three percent (3%) discount on the loan's already-negotiated interest rate, when the loan is linked to creating or saving jobs in Ohio.

Here's how the program works: The Ohio Treasury places a certificate of deposit in the bank where the small business loan is held and agrees to take a three percent reduced interest rate on the State's deposit. In return, the bank passes the three percent savings along to the small business owners in the form of an interest rate reduction.

With GrowNOW everyone gets to do what they are best at: The Treasury invests in Ohio; Banks make credit decisions; and Small businesses create jobs for Ohioans.

If you are a Veteran, check out the Veteran's Preference.

Your small business must meet the following criteria:

1. Less than 150 employees
2. Offices in Ohio
3. Organized for profit

CONTACT: State Treasurer's Office
PHONE: (800) 228-1102

ONLINE: www.tos.ohio.gov or www.grownow.ohio.gov

PROGRAM NAME: Pioneer Rural Loan

MAXIMUM AMOUNT AVAILABLE: \$750,000

CAN BE USED FOR: Buying, expanding, or renovating land facilities; buying equipment

BORROWER: Small for-profit start-up and existing businesses in Ohio's rural areas that will create or retain jobs

ABOUT THE PROGRAM: This program is available to businesses that can document job creation in Ohio's rural areas. Borrowers must create/retain at least one job for every \$35,000 received during the first 3 years of the project.

CONTACT: Ohio Department of Development, Office of Business Development

PHONE: (614) 466-4551 or (800) 848-1300 ext. 6-4555

ONLINE: http://www.development.ohio.gov/Business/Loans_Grants.htm

PROGRAM NAME: Regional 166 Loan

MAXIMUM AMOUNT AVAILABLE: \$500,000

CAN BE USED FOR: Buying, expanding or renovating land and facilities; buying equipment

BORROWER: Small for-profit start-up and existing businesses in Ohio's rural areas that will create or retain jobs

ABOUT THE PROGRAM: This program is available through eleven local economic development organizations throughout the state. Borrowers must show repayment and management capabilities. One job must be created or retained for every \$35,000.

CONTACT: Ohio Department of Development, Office of Business Development

PHONE: (614) 466-4551 or (800) 848-1300 ext. 6-4551

ONLINE: http://www.development.ohio.gov/Business/Loans_Grants.htm

PROGRAM: 166 Direct Loan

MAXIMUM AMOUNT AVAILABLE: \$1,000,000

CAN BE USED FOR: Buying, expanding or renovating land and facilities; buying equipment

BORROWER: For-profit start-up and existing businesses. Industrial projects are preferred.

ABOUT THE PROGRAM: One job must be created or retained for every \$15,000 received or \$35,000 used in priority investment areas

CONTACT: Ohio Department of Development, Office of Business Development

PHONE: (614) 466-4551 or (800) 848-1300 ext. 6-4551

ONLINE: http://www.development.ohio.gov/Business/Loans_Grants.htm

PROGRAM: Capital Access

- The Ohio Capital Access Program encourages state chartered financial institutions to make loans to For Profit or Non Profit small businesses that are having difficulty obtaining business loans through conventional underwriting standards.
- The Ohio Capital Access Program encourages lending by establishing a unique loan “guarantee” reserve pool at an Ohio Capital Access Program participating lending institution. The state, the lender and the borrower each pay a small fee contribution into the pool. The reserve pool is available to the participating lender for recovery of any losses on any loan they have enrolled on the Ohio Capital Access Program.
- Small businesses: should apply for a working capital, refinance or fixed asset loan with any participating lender.

**Office of Minority Business Financial Incentives
Minority Business Enterprise Division
Ohio Department of Development
77 South High Street, 26th Floor
Columbus, Ohio 43215-6108**

ONLINE: http://www.development.ohio.gov/Business/Loans_Grants.htm

PROGRAM: Ohio Enterprise Bond Fund

Provide loans for land and building acquisition, construction, expansion or renovation and equipment purchases for eligible businesses.

RATE/TERM: Long-term, fixed rate for up to 20 years; Interest rate based on Standard & Poor’s AA-minus rating, for up to 90 percent of total project amount.

BENEFITS: Access to national capital markets for unrated companies; May not require third-party credit enhancement.

ELIGIBILITY: Must show repayment and management capabilities. Must be able to document job creation or retention; Ohio prevailing wage rate applies.

PROGRAM GUIDELINES: http://www.development.ohio.gov/Business/Loans_Grants.htm

CONTACT PHONE NUMBER: Ohio Department of Development, Office of Financial Incentives
(614) 466-5420 or (800) 848-1300 x 6-5420

PROGRAM: Volume Cap Program

Federally authorized programs providing authority to issue tax-exempt bonds for select private (non-governmental) activities.

RATE/TERM: Project funding is awarded to sections 122-4-01 to 122-4-08 OAC.

BENEFITS: Authorizes bond issuers with ability to finance projects at interest rates below that of the conventional market.

ELIGIBILITY: Must involve mortgage loans to low-income home buyers, student loans, construction or improvement of certain types of manufacturing facilities, solid waste treatment equipment or pollution abatement facilities, or multi-family rental housing development or renovation.

CONTACT PHONE NUMBER: Ohio Department of Development, Office of Financial Incentives
(614) 466-5420 or (800) 848-1300 x 6-5420

ONLINE: http://www.development.ohio.gov/Business/Loans_Grants.htm

PROGRAM: Rural Industrial Park Loan

Provides direct loans and loan guarantees to rural, distressed local communities and other eligible applicants committed to creating well-planned industrial parks.

RATE/TERM: The maximum loan available is the lesser of \$1 million dollars or 75 percent of total project costs. The maximum loan term available 15 years. During the first five years of the loan, the annual rate shall be zero percent. In year six and thereafter, the interest rate will be set no greater than 50 percent of the prime rate which shall be determined solely by the Director of ODOD. Payment of the loan principal may be deferred until revenues are generated from the project, up to a maximum of five years.

BENEFITS: Availability of newly constructed buildings and completed infrastructure to encourage business expansion in rural Ohio.

ELIGIBILITY: Non-profit organizations that promote economic development in rural areas; Local government units are eligible to apply for the financing of off-site public infrastructure improvements (i.e., water, sewer, roads etc.).

PROGRAM GUIDELINES: http://www.development.ohio.gov/Business/Loans_Grants.htm

CONTACT PHONE NUMBER: Ohio Department of Development, Office of Financial Incentives
(614) 466-5420 or (800) 848-1300 x 6-5420

PROGRAM: Urban Redevelopment Loan

Removes development barriers from urban core property so that private sector job opportunities can be created.

RATE/TERM: The maximum loan available is the lesser of \$5 million dollars or 40 percent of eligible costs. The maximum loan term is up to 15 years. Principal and interest may be deferred for the first 5 years. The interest is no greater than 50 percent of the prime rate as determined by the Director of Development. Municipalities will be

BENEFITS: Availability of funds. Redevelopment of urban properties.

ELIGIBILITY: Distressed MSA Central Cities – Municipality of designated nonprofit economic development organization. Land and building acquisition, infrastructure improvements, brownfield site remediation activities, and building renovation.

CONTACT PHONE NUMBER: Ohio Department of Development, Office of Financial Incentives
(614) 466-5420 or (800) 848-1300 x 6-5420

ONLINE: http://www.development.ohio.gov/Business/Loans_Grants.htm

PROGRAM: Innovation Ohio Loan Fund Program

The IOF can finance up to 75 percent of a project's qualifying costs through loans in the range of \$500,000 to \$3 million.

RATE/TERM: While loan terms will be individually negotiated, interest rates will be prime (as of proposal submission deadline) +2 percent and term will be 4-7 years. Additional fees will bring the total costs of funds to an effective rate of 8 to 12 percent.

BENEFITS: Provides financial resources for product commercialization for leading technology companies.

ELIGIBILITY: Allowable costs include the acquisition, construction, renovation or improvement of facilities, and the acquisition and installation of equipment for innovative projects that create new products and services.

APPLICATION: [http://www.development.ohio.gov/cms/uploadedfiles/EDD/IOF%20Guidelines\(1\).pdf](http://www.development.ohio.gov/cms/uploadedfiles/EDD/IOF%20Guidelines(1).pdf)

CONTACT PHONE NUMBER: Ohio Department of Development, Office of Financial Incentives
(614) 466-5420 or (800) 848-1300 x 6-5420

PROGRAM: Research and Development Investment Loan Fund Program

The Research and Development Investment Loan fund Program (R&D Fund) was created to promote economic development, business expansion and job creation by encouraging private-sector R&D investments. The R&D Fund provides assistance in the form of a low-interest loan, partnered with a tax credit.

RATE/TERM: Businesses that are meeting the program requirements (i.e. job creation commitments, timely loan repayments, commitment activities, etc.) will be eligible for a dollar-for-dollar credit against their Ohio tax liability, equal to the amount of principal and interest repaid on the loan. The maximum annual credit is \$150,000.

BENEFITS: Builds incentives for Ohio companies to make investments in Research and Development activities.

ELIGIBILITY: Eligible projects are defined as those in which research is undertaken for the purpose of discovering and developing new products, processes, techniques, formulas and inventions.

PROGRAM GUIDELINES: http://www.development.ohio.gov/Business/Loans_Grants.htm

CONTACT PHONE NUMBER: Ohio Department of Development, Office of Financial Incentives
(614) 466-5420 or (800) 848-1300 x 6-5420

OHIO THIRD FRONTIER PROJECTS

Through the Third Frontier Project and related initiatives, the state offers a comprehensive set of programs that support world-class research, commercialization, training, and information technology infrastructure designed to accelerate company growth and job creation throughout Ohio.

Governance

The Third Frontier Project is administered by the Third Frontier Commission, which was legislatively created in 2003. The Commission is responsible for the allocation of funds appropriated by the General Assembly to support programs and activities associated with the Third Frontier. In accordance with Am. Sub. S.B. 236, the membership of the Third Frontier Commission consists of the Director of the Ohio Department of Development, the Chancellor of the Ohio Board of Regents, the Governor's science and technology advisor, and six regional commissioners appointed by the Governor.

Webpage: <http://www.thirdfrontier.com>

OHIO ENERGY OFFICE

Advanced Energy Fund Grant Program

Notices of Funding Availability/Request For Proposals Currently Available

<http://www.development.ohio.gov/Energy/Incentives/GrantsLoans.htm>

To qualify for the Advanced Energy Fund Grant Program, projects must be located in Ohio and in the service territories of one of the participating electric distribution companies:

- American Electric Power (Columbus and Southern Power and Ohio Power);
- Duke Energy (CINergy - Cincinnati Gas and Electric);
- Dayton Power and Light; and
- First Energy (Cleveland Electric Illuminating, Ohio Edison, Toledo Edison).

Distributed Energy Resources, NOFA #07-01

Qualifying projects will be eligible for grants to cover a portion of the costs of eligible projects in commercial, institutional and industrial applications. Distributed Energy Resources is defined in this NOFA as modular generation technologies that generate and deliver electricity to customers at or near the point of use. It includes technologies that use natural gas and propane, landfill or biomass methane. Only entities that will be end users of distributed energy resources (DER) in Ohio are eligible. Minimum requirements, funding limits and other information are identified in the NOFA.

Eligible Projects

Eligible projects include, but are not limited to, industrial heat recovery, combined heat and power and landfill or biomass methane for electric generation. Systems up to 25 MW may be eligible. Applicants from the commercial, industrial or institutional sector and local government are eligible for funding.

Eligible Awards:

25% of project cost up to maximum of \$100,000

Cash Equity – 10% of total project costs

Reimbursement upon completion of project

Timeline Project Completion: No later than two years from date of grant award

Renewable Energy Incentives, Notice of Funding Available (NOFA) #08-09

Qualifying projects will be eligible for grants to cover a portion of the costs to implement renewable energy projects. Grants will be awarded to end use customer only. Minimum requirements, funding limits and other information are identified in the NOFA.

Eligible Projects: Eligible projects are limited to solar and wind electric generation and solar thermal systems for commercial, industrial, institutional, and government entities in Ohio.

Eligible Awards:

- \$3.50/watt for solar electric, minimum of 10,000 kWatts
- \$2.00/watt or 50% of eligible costs for wind electric
- Lesser of \$30 per kBtu/day or 50% of eligible system cost for solar thermal
- Maximum total of \$200,000
- Reimbursement upon completion of project
- Timeline Project Completion: No later than six months from date of grant award

Residential Wind Energy Incentive Program NOFA 09-02

This program is available for Qualified Systems installed for Eligible Customers through applications submitted to the Program by an Eligible Installer.

Eligible Projects: Customers include all residential customers who are connected to the electric grid and have an active account in the American Electric Power, Duke, First Energy or Dayton Power and Light service territories in the State of Ohio. Qualified residential wind turbines will have a minimum annual output of 3000 kWh at the average annual wind speed for the site at the proposed hub height. A list of Eligible Installers is available on the OEO website.

Eligible Awards:

- Incentive amount: \$2.00/kWh or 50% of project costs
- Maximum award per applicant: \$25,000

Solar Thermal Energy Incentive NOFA 09-03

This program is available to offset the costs of solar thermal energy projects on new construction and existing buildings for affordable and market rate residential housing units in Ohio.

Eligible Awards:

MaximumMarket Rate Housing Proram:	Affordable Housing Program
2-3 family - \$30 kBtu/day Max. \$8K/dwelling unit	\$50 kBtu/day Max. \$10K/dwelling unit
Multi-family - \$30 kBtu/day Max. \$75K/building	\$30kBtu/day Max. \$100K/building

Residential Solar Photovoltaic (PV) Incentive Program NOFA 09-04

This program is available for Qualified Systems installed for Eligible Customers through applications submitted to the Program by an Eligible Installer. Eligible customers include all residential customers who are connected to the electric grid and have an active account in the American Electric Power, Duke, First Energy or Dayton Power and Light service territories in the State of Ohio. Qualified residential solar PV systems will have a rated output of 2kW or more. A list of Eligible Installers will be available on the OEO website.

- Maximum Incentive: \$25,000

Energy Efficiency Program for Manufactures NOFA 10-03

This program, comprising the third phase of the Energy Efficiency Program for Manufacturers, focuses on the utilization of energy efficiency measures and technologies, including efficient lighting, HVAC and refrigeration, motors, and improved building envelope. Manufacturing facilities that have completed the first two phases are eligible to apply.

- Incentive and Maximum award: Lesser of 50 percent of project cost or \$250,000

Alternative Fuel Transportation Grant Program NOFA 10-05

Qualified parties are invited to submit applications for consideration to purchase and install AFT refueling facilities in Ohio. The goal is to increase the availability and use of biofuels for motor vehicles, specifically B20 (a blend of 20% biodiesel and 80% petroleum diesel) or higher-percentage blends of biodiesel, and E85 (a blend of 85% ethanol and 15% of unleaded gasoline).

Eligible Projects: Eligible Projects include the purchase and installation of new or the conversion of existing facilities to use new alternative fuel refueling equipment utilizing biofuel-tolerant equipment; as well as the costs of educational and promotional materials and activities intended for prospective alternative fuel consumers, fuel marketers, and others in order to increase the acceptance and use of alternative fuel.

Eligible Awards:

80% of eligible costs with a maximum award of

- \$100,000 for conversion of existing retail facilities
- \$40,000 for new installation of blended biodiesel or blended gasoline retail facilities
- \$200,000 for new installation of blended biodiesel or blended gasoline fuel blending facilities

Reimbursement upon completion of project

Timeline Project Completion: No later than six months from date of grant award

SMALL BUSINESS DEVELOPMENT CENTERS OF OHIO

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Akron	(330) 375-2111	Hamilton	(513) 737-6543
Athens	(740) 593-1797	Kent	(330) 474-3595
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Cincinnati – <i>Urban League</i>	(513) 487-6517	Marietta	(740) 373-5150
Cincinnati – <i>Clermont Chamber</i>	(513) 576-5000	Mansfield	(419) 525-1614
Cleveland – <i>Urban League</i>	(216) 622-0999	N. Philadelphia	(330) 308-7479
Cleveland – <i>Cleveland State</i>	(216) 875-9715	N. Canton	(330) 244-3290
Cleveland – <i>Hispanic Bus. Ass.</i>	(216) 281-4422	Painesville	(440) 357-2290
Columbus	(614) 287-5294	Piqua	(937) 381-1516
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Dayton - <i>Entrepreneur Center</i>	(937) 281-0118	Springfield	(937) 322-7821
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Elyria	(440) 328-2324	Youngstown	(330) 941-2140
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