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Access to Financial Assistance

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A frequent obstacle to minority and small business expansion and growth is the lack of capital. The Minority Business Development Division administers loan and bond programs that promote the growth and establishment of minority and small enterprises in Ohio.

- **Minority Business Bonding Program** – provides surety bonds up to \$1 million to approved state-certified minority businesses.
- **Minority Direct Loan Program** – provides funding up to \$1.5 million for eligible projects such as land, building, machinery, or equipment purchases at rates as low as 3% interest for the state's portion of the loan.

The Ohio Department of Development through the Minority Business Development Division, launched two new loan programs at the end of September 2021 to help minority- and women-owned businesses obtain needed capital. The businesses often have difficulty getting loans from traditional banks.

Ohio Micro-Enterprise Loan Program – Helps stimulate the growth of new and existing MBE and WBE businesses with micro-loans at 0% interest. The minimum loan is \$10,000 up to a maximum of \$45,000.

Women's Business Enterprise Loan Program – Provides loans to women-owned businesses at or below market rate, currently up to 3%. The minimum loan is \$45,000 up to a maximum of \$500,000.

Minority Business Bonding Program

The Minority Business Bonding Program provides bid/guaranty and performance bonds to certified minority businesses (MBEs) to help increase contracting opportunities with private, local, state, and federal entities.

- Bonds are administered under a bonding line.
- The maximum bonding line is \$1 million.
- Bonding lines expire after 12 months and can be renewed.
- There is 2% premium for each bond requested under the approved line.
- There is no application fee.
- There is no job retention/creation ratio.
- A working capital line of credit is required for at least 20% of the requested amount.
- Bonding lines are recommended for approval on the fourth Tuesday of every month by the Minority Development Financing Advisory Board. State Controlling Board approval is required.
- The typical turnaround time is 45-60 days from application to final approval.



Minority Business Bonding Program

Ideal Candidate

- Construction, manufacturing, provider of goods and services to organizations requesting bonding.
- One year of experience completing contracts.
- Access to working capital.
- Planning to bid on contracts within the next 60-90 days.
- Taxes and financials are current.

Minority Business Direct Loan Program

The Minority Business Direct Loan assists certified minority businesses (MBEs) with the financing for land, buildings, renovations, machinery, and equipment.

- The Direct Loan can finance up to 75% of eligible project costs.
- A minimum equity injection of 10% is required by the borrower. A private lender might be required.
- The minimum loan amount is \$45,000. The maximum loan amount is \$1.5 million. The typical rate is fixed at 3%.
- The term of the Direct Loan cannot exceed 10 years for equipment and 15 years for real estate.
- Shared first or second mortgage positions.
- The Direct Loan has job creation/retention ratio of \$35,000 per job created or retained.
- There is a \$300 application fee and a 1.5% commitment fee upon state Controlling Board approval.
- Direct Loans are recommended for approval on the fourth Tuesday of every month by the Minority Development Financing Advisory Board. State Controlling Board approval is required prior to project commencement.



Minority Business Direct Loan Program

Benefits

- 3% fixed rate – lower than typical bank financing.
- Up to 15-year fixed rate for owner-occupied property – typical bank financing rates are fixed for five years and tied to prime or LIBOR.
- Up to 10-year fixed rate for equipment – typical bank financing is 5-7 years for equipment.

Ohio Micro Loan Program

- Loans are intended to stimulate the growth of existing businesses.
- Businesses must be certified as either a Minority Business Enterprise (MBE) or a Women-owned Business Enterprise (WBE).
- Minimum loan amount is \$10,000 up to a maximum of \$45,000.
- Interest rate is set at 0%.
- Businesses must be current on federal, state, and local taxes and current on private or publicly financed loans.
- Businesses cannot have defaulted on any previous financial assistance provided by Development.

Ohio Micro Loan Program

- Loan proceeds may be used for working capital, machinery and equipment purchases, leasehold improvements, and inventory.
- Loan proceeds may not be used for:
 - Repaying delinquent state or federal taxes.
 - Financing residential property, owner-occupied, or investment property.
 - Financing a change of ownership.
 - Reimbursing funds owed to an owner, partner, or shareholder.
 - Financing a non-business purpose.
- Loan repayment is five years for permanent working capital and seven years for equipment.

Women's Business Enterprise Loan Program

- Loans are intended to stimulate the growth of existing women-owned businesses.
- Businesses must be 51% owned and controlled by women or be certified as a Women-owned Business Enterprise (WBE).
- WBE certification is not required but is recommended.
- Minimum loan amount is \$45,000 up to a maximum of \$500,000.
- Interest rate will be up to 3%.
- Businesses must be current on federal, state, and local taxes and current on private or publicly financed loans.
- Businesses cannot have defaulted on any previous financial assistance provided by Development.

Women's Business Enterprise Loan Program

- Loan proceeds may be used for machinery and equipment purchases, leasehold improvements, renovations, and real estate purchases.
- Loan proceeds may not be used for:
 - Inventory.
 - Operating capital, rolling stock (unless it's commercial/and considered equipment), repaying delinquent state or federal taxes.
 - Financing residential property or investment property.
 - Financing a change of ownership.
 - Reimbursing funds owed to an owner, partner, or shareholder.
 - Financing a non-business purpose.
- Loans repayment in 10 years for equipment and machinery and 15 years for owner-occupied real estate.

For the WBE, Micro, MBD Loan and Bonding Program

- Interested applicants should contact the MBDD staff at MinorityBizFinance@Development.Ohio.Gov.
- Staff will schedule a preliminary interview to ensure basic eligibility before sending a link to the application portal.
- Once the application is reviewed by MBDD staff, it is submitted to the Minority Development Finance Advisory Board for approval recommendation.

Connect With Us

Minority Business Direct Loan Program

Minority Business Bonding Program

ombdlp.development.ohio.gov

Ohio Micro-Enterprise Loan Program

Women's Business Enterprise Loan Program

minority.ohio.gov

Contact us

MinorityBizFinance@Development.Ohio.Gov

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