



# OREGON BUSINESS DEVELOPMENT FUND PARTICIPATION LOAN APPLICATION

## PROGRAM DESCRIPTION

The Oregon Business Development Fund (OBDF) is a revolving loan fund administered by Business Oregon (Oregon Business Development Department). The fund has received capitalization from the federal Economic Development Administration, state General Fund and the Oregon State Lottery.

With this fund, the department considers purchasing a participation in a loan originated by another lender. This will allow the lender to make, secure and service the OBDF loan, thereby substantially reducing paperwork and red tape for the borrower.

The fund provides long-term, fixed-rate financing for land, buildings, equipment and machinery, and permanent working capital.

Loan participations must be adequately secured. Personal guarantees are generally required.

The maximum loan participation is fifty percent of the lender's loan to a maximum of \$700,000. The loan term may not exceed the life of the assets being financed—to a maximum of 20 years.

## PROGRAM ELIGIBILITY

Eligible projects include those that assist:

- manufacturing
- processing
- regionally significant tourism
- other selected projects

Ineligible projects include: construction of office buildings, including corporate headquarters; retail businesses, shopping centers or food service facilities.

## FUNDS

The fund is divided into two accounts:

- Regular OBDF
- Targeted OBDF

The Targeted Account has funds set aside for distressed areas of the state. Certain provisions of the Targeted Account, including a lower interest rate, are different from the Regular Account. Those differences are highlighted in this application. A list of distressed areas is available from the department's web site at [www.oregon4biz.com/distlist.htm](http://www.oregon4biz.com/distlist.htm).

The Regular Account terms are:

- The interest rate is fixed at one percentage point more than comparable U.S. Treasury rates.
- The maximum term is 20 years, not to exceed the useful life of the assets.
- A preference for at least one job created or saved per \$30,000 of OBDF investment.
- Loan may be subordinated to a senior loan.

The Targeted Account terms are:

- Must be locating or expanding in a distressed area (available from the department's Web site at [www.oregon4biz.com](http://www.oregon4biz.com)).
- The interest rate is set at four percentage points below the prime rate. The minimum rate is four percent.
- The maximum loan term is five years with a maximum of 15-year amortization.
- Requires a senior or co-senior collateral position with a bank or an abundance of collateral.
- A preference for at least one job created or saved per \$20,000 of OBDF investment.

## LENDER REQUEST PROCEDURE

Once a financial institution loan officer has identified a potential OBDF participation candidate, we encourage you to contact the department at 503-986-0172. A loan officer from the department will review the project with you to determine eligibility and initial compatibility with the program. Department staff would be pleased to meet with you and/or the business to review the project. Once this initial review is completed and the project looks promising, we encourage the lender to submit a request for participation.

The department will consider an OBDF participation submitted by a lender and accompanied by supporting documentation, including the lender's analysis. Once the lender submits a request along with all required information to the department, the request will be thoroughly reviewed. The department will strive to send a written notice of approval or denial to the lender within 10 business days. If approved, the department will issue a participation commitment letter, evidencing the department's interest in the loan.

The lender and the department must enter into a Master Loan Participation Agreement, which sets forth the terms and conditions of the department's loan participation and governs all participations the department purchases from that lender.

A complete loan participation request includes the information and materials described in the attached Request Form. With the exception of the attached Request Form, a lender submits all required information and materials on its own forms and formats. Lenders also use their own loan closing documents. The business completes and signs the Borrower Application and Assurance form. The lender will service the entire loan and forward the appropriate loan payment to the department for its participation.

### Fees

Oregon statutes require that a \$100 application fee accompany this application. Approved loan participants also will be charged one and one-half percent of the OBDF participation amount at loan closing. These one-time loan fees can be included in the total project cost.

## CONFIDENTIALITY STATEMENT

### Oregon public records law

Information in this application submitted to the department are subject to Oregon public records law. Certain information in the department's possession may be made available for public inspection after an application for financial assistance is received. This information includes the names of the business applicants, including principals; the amounts, types and general terms of financial assistance; description of project and business benefiting from financial assistance; number of jobs projected or saved in connection with the project; and the names of the financial institutions participating in the process.

Certain other records the department may keep confidential, under certain circumstances, may include, but are not limited to: reports obtained in confidence from creditors, employers, customers, suppliers financial statements, tax returns, business records, employment history and other personal data submitted by the applicant; formulas, plans, designs or related information; customer lists; production, sales or cost data; and marketing strategy information.

If a business desires information be confidential, the business should clearly identify what information or documents it wishes to be kept confidential. Although the department will attempt to keep the information submitted confidential, it cannot guarantee confidentiality in all cases. The business may wish to consult with its own attorney or discuss applicable statutes with the department staff.

## ADDITIONAL PROGRAM INFORMATION

### Collateral standards

Statutes governing the Regular OBDF allows the fund to subordinate its security interest to commercial lenders involved in a project; however, these statutes also require that the department obtain good and sufficient collateral for OBDF loans. Under the Targeted Account, the OBDF must have a senior or co-senior lien position, unless there is an abundance of collateral. Land, buildings or equipment must secure the OBDF portion of the loan participation. Advance

ratios on real estate and equipment are dependent on quality of recent appraisals, type of equipment or real estate being financed and recent transaction prices of similar assets. Personal guaranties, except in the case of a highly creditworthy applicant, and assignment of life insurance, except in the case of strong management and financial succession, are required. In most cases project equity of at least 10 percent will be required. Startups will generally require at least 30 percent equity.

## LENDER REQUEST CONTENTS

In addition of the attached Lender Request Form, a complete loan participation request will include the information listed below. A complete request package will include the lender's loan analysis and supporting information. The information required by the department is consistent with that required by lenders on conventional loans, permitting lenders to copy such information from their loan files. The department intends to accept and review the same information the lender obtains to make its credit decision. The department reserves the right to request additional information.

Prior to submitting a request, a lender is encouraged to call Business Finance, 503-9866-0172, to assure a request will be eligible and to review information requirements. A complete request will normally consist of the following:

- The completed Lender's Request/Borrower Application Form signed by the lender and borrower, respectively.
- A written narrative by the lender analyzing the borrower's application (i.e., credit analysis), including a business history and description; an identification of the proposed amount of the loan; the purpose, terms and conditions of the loan; a description of the collateral and basis for its valuation; a summary of the business and the owner's/ guarantor's credit standing; a spreadsheet of financial statements; a list of all partners or stockholders with 20 percent or more ownership and guarantors; and a description of other sources of financing for the proposed project. A lender's credit analysis will suffice if it contains all items in the paragraph.
- Resumes of the borrower, all partners, 20 percent shareholders, officers and guarantors, as applicable.

- Historical business financial statements for the prior three years, including income statements and balance sheets (income tax returns also may be required), as applicable, if an existing business. Income tax returns may be sufficient if accountant prepared statements are unavailable. Interim financial statements also must be included if the most recent statements are beyond 90 days.
- Signed current personal financial statement(s) of owners with a minimum 20 percent ownership interest in the business and all guarantors. Federal tax returns may be required.
- Pro forma balance sheet and income statement with supporting assumptions, if required by the lender. Monthly cash flow statements are required in cases where loan repayment is dependent on projects, and for projects seeking working capital financing.
- Copy of environmental assessment and/or questionnaires for loans secured in whole or part by real property of if requested by the department.
- Business Assurance Statement, signed (attached).
- Supplemental Information. The department may require, at its discretion:
  - Appraisals of collateral or the lender's basis for determining collateral value.
  - A business or marketing plan, including analysis of competition.
  - Copies of leases or purchase agreements, as applicable.
  - Repayment history (if financing an existing borrower).
  - Any other information or certifications from the borrower or lender deemed by the department to be necessary or desirable.



# LENDER REQUEST FORM

## A. Business Information

Business name \_\_\_\_\_ Telephone \_\_\_\_\_ Fax \_\_\_\_\_  
Business address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Business contact \_\_\_\_\_ Title \_\_\_\_\_ email \_\_\_\_\_

## B. Lender Information

Lender's name \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Lender contact/lending officer \_\_\_\_\_ Title \_\_\_\_\_ email \_\_\_\_\_

## C. Participation Request

Regular OBDF Program       Targeted OBDF Account

### Source of Financing

Bank loan (w/OBDF) \_\_\_\_\_  
Equity \_\_\_\_\_  
Other \_\_\_\_\_

### Uses of Financing

Land \_\_\_\_\_  
Building \_\_\_\_\_  
Equipment \_\_\_\_\_  
Working Capital \_\_\_\_\_

Total project      \$ \_\_\_\_\_

Total project      \$ \_\_\_\_\_

The lender requests the participation of Oregon Business Development Fund in the amount of \$ \_\_\_\_\_ which is \_\_\_\_\_ % of the bank loan of \$ \_\_\_\_\_ (not to exceed \$700,000 or a maximum of 50% of the lender loan).

Note: the OBDF will participate in term loans only.

## Lender Representative

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print/type name

\_\_\_\_\_  
Date

In addition, the undersigned requests that the Oregon Employment Department provide employment and wage information from the *Oregon Quarterly Tax Report* to the Oregon Economic & Community Development Department for the purpose of program evaluation and performance measurement.

# BORROWER APPLICATION AND ASSURANCE

Company name (include ABNs) \_\_\_\_\_

## A. Qualified Business

A business borrower must meet the following definition: "Qualified Business" means any existing or proposed business entity that sells goods or services in markets for which national and international competition exists. The test for "selling goods or services in markets for which national or international competition exists" shall be met for an existing or prospective business entity that will result in or will aid, promote or facilitate development of one or more of the following activities:

- a. manufacturing or other industrial production
- b. food processing
- c. aquaculture development or seafood processing
- d. convention facilities or trade centers
- e. destination facilities other than retail or food service
- f. transportation or freight facilities
- g. distribution facilities
- h. other activities, as approved by the department, that represent new technology or diversifying activity

The following businesses are ineligible:

- retail businesses, shopping centers and food service facilities
- construction firms
- motels or bed and breakfast hotels without unique attraction facilities
- RV parks
- professional services for medicine, law, dentistry or finance
- athletic, racquetball and handball clubs, private membership clubs and golf courses
- sand and gravel facilities
- newspapers

Business is a "Qualified Business"?  Yes  No

If yes, circle which of the above activities/businesses (a-h) is applicable.

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## B. Additional Information

1. Is the company owned more than 50% by minority individuals?  Yes  No

(Note: this question is voluntary and will be used by the department only for statistical purposes.)

2. Is the company owned more than 50% by women?  Yes  No

(Note: this question is voluntary and will be used by the department only for statistical purposes.)

3. Current number of full-time jobs\* at the company \_\_\_\_\_

4. Projected number of new full-time jobs\* this financing will create \_\_\_\_\_

5. Number of full-time jobs\* retained \_\_\_\_\_

6. Estimated annual average wage of new jobs created or jobs retained (include benefits) \$ \_\_\_\_\_

\*To convert part-time employees to full-time equivalents total annual hours of full- and part-time employees and divide by 1820.

**Business Assurance Statement**

The business applicant hereby assures and certifies that it will comply with all regulations, policies, guidelines and requirements as they relate to the Oregon Business Development Fund (OBDF). Also, the borrower assures and certifies to the Oregon Business Development Commission (commission) and the state of Oregon that it:

1. Authorizes the release to the commission of all financial and other information submitted to the lender for consideration by the commission of a loan participation and consents to any such participation.
2. Will comply with all applicable federal, state and local laws, statutes, rules, regulations and ordinances whereby no person in the United States shall on the ground of religion, age, sex, marital status, sexual orientation, race, color or national origin will be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under the OBDF.
3. Will give the commission or the state of Oregon, or any authorized representative, the access and right to examine all records, books, papers or documents related to the loan.
4. Will assure that any building or facility financed in whole or part by any funds provided under the OBDF will be designed, constructed or altered so as to assure ready access to and use of such building or facility by the physically disabled. This provision applies only to firms that deal directly with the general public in the normal and usual course of their business, and to facilities in which business is customarily transacted by and with members of the general public.
5. Will reveal to the commission and the state of Oregon any positions presently or previously held, if any, with the state of Oregon. The information submitted by the borrower will be reviewed by the commission and the Attorney General to determine whether there appears to be a conflict of interest or a question of appearance of fairness and a determination of loan legibility will be made accordingly.
6. In compliance with Executive Order 11246, all bidders, prospective contractors and subcontractors, bidding on projects in excess of \$10,000, financed in whole or in part by any funds provided under the OBDF, are required to comply with applicable federal, state and local equal employment opportunity regulations.

In the case of any loan to be funded by monies received from the federal Economic Development Administration, applicant covenants that applicant:

7. Will comply with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5) under which all laborers or mechanics employed on construction work assisted by an OBDF loan shall be paid

wages at rates not less than those prevailing on similar construction in the locality as determined by the U.S. Secretary of Labor and shall receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333).

8. Will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1976. Section 102(a) requires, on and after March 2, 1975, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal finance assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards.
9. Will comply with Section 106 of the National Historic Preservation Act of 1966 as amended (16USC\470), Order 11593, and the Archeological and Historic Preservation Act of 1966 (16 USC 469a-1 et seq.) by (a) consulting with the state's Historic Preservation Officer on the conduct of investigation, as necessary to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR Part 800.8) by the activity, and notifying Business Oregon of the existence of any such properties, and by (b) complying with all requirements established by the state to avoid or mitigate adverse effects.
10. Will comply with Section 2 of the Public Works and Economic Development Act which states that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one labor area to another.
11. Agrees that material misrepresentation of fact is grounds for the commission to deny or withdraw its loan commitment at any time, or, if funds have been disbursed, to declare the entire loan immediately due and payable.

**Authorized Business Representative**

Signature

Type/print name

Title

Date



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## **Borrower and Lender Acknowledgement Funding Sources and Promotions**

Business Oregon can access and disburse funds from multiple state and federal funding sources. Highlighting successful projects and businesses helps demonstrate to the public the positive impacts of these programs and also helps to attract and encourage new applicants. As part of providing funding, the state of Oregon, Business Oregon and affiliated state agencies may use your company in the future promotion of their programs and services. The following typifies the information used in promotional materials:

- business name
- private lender name
- general description of the project
- total project cost
- amount of the state direct loan, guaranteed or program enrolled loan, or private activity bond issued
- projected number of new jobs created/retained as a result of the funding

Depending on program and project, the sources of funding may include, but are not limited to:

- Oregon State Lottery
- Oregon State General Funds
- Federal Economic Development Agency
- Federal State Small Business Credit Initiative (U.S. Treasury)

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Signature (Borrower)

Title

Date

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Signature (Lender)

Title

Date