



## Oregon Business Development Fund Application—Business

### Program Description

#### **Overview:**

The Oregon Business Development Fund (OBDF) is a statewide revolving loan fund administered by the Oregon Economic & Community Development Department. The OBDF has received capitalization from the federal Economic Development Administration, State General Fund and the Oregon State Lottery. Projects that assist manufacturing, processing and regionally significant tourism projects are eligible. The OBDF provides long term, fixed rate financing for land, buildings, equipment and machinery, and permanent working capital.

The Oregon Business Development Fund is divided into two accounts:

- The Regular OBDF
- The Targeted OBDF

The Targeted Account has funds set aside for distressed areas of the state. The Regular Program is available statewide. 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 attached to this application form.

Program guidelines include:

- Maximum loan is forty percent of eligible project costs;
- A private lender is required for a portion of the project;
- Refinance of existing debt is generally ineligible;
- Individual OBDF loans may not exceed \$500,000 per project;
- OBDF loans must be fully secured;
- Personal guarantees are required (unless waived by the department);
- Additional security may be required (e.g., life insurance and off-project assets);
- In most cases, an equity injection of at least ten percent will be required;

- The OBDF will provide only permanent or "take out" financing.

Loans can be made directly to private individuals, partnerships and for-profit and non-profit corporations located in Oregon. The program places particular emphasis on rural and distressed areas, enterprise zones and on businesses with fewer than 50 employees.

Activities which are expressly ineligible include:

- Construction of office buildings, including corporate headquarters;
- Retail businesses, shopping centers or food service facilities.

The regular Oregon Business Development Fund terms are:

- The interest rate is one percentage point more than 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 Oregon Business Development Fund terms are:

- Must be locating or expanding in a distressed area (call the department or see our web site at [www.econ.state.or.us/distarea.htm](http://www.econ.state.or.us/distarea.htm) for a distressed area list);
- The interest rate is set at four percentage points below the prime rate. The minimum rate is four percent.
- The maximum loan term is 5 years with a maximum 15-year amortization (not to exceed the useful life of the asset being financed);
- 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.

### Program Guidelines

## Application Process

### *Application Procedure*

Prospective borrowers from the Oregon Business Development Fund must complete an application and submit it to the Oregon Economic & Community Development Department approximately three weeks prior to a regularly scheduled meeting of the Finance Committee for the Economic & Community Development Commission. Generally, the committee meets twice each month. Application materials must be complete, including all necessary attachments and required signatures of company officials. *A complete application will help expedite loan processing time.* The prospective borrower should have required private financing commitments in place prior to the Finance Committee meeting. Applicants should coordinate with the staff of the department relating to scheduling of applications on the next Finance Committee meeting agenda, timing of local government resolutions, private commitment letter, appraisals and other required application information or documentation. Loans under \$50,000 may be approved by the Director of the department.

### *Fees*

Oregon statutes require that a \$100 application fee accompany this application. Approved loans will also be charged one and one-half percent of the OBDF loan amount at loan closing, and all loan closing costs associated with the project. Loan fees can be included in the total project amount.

### *Loan Packaging*

A number of local development groups around the state have contracts with the department to prepare loan packages for the Oregon Business Development Fund. The department may reimburse these local development groups for loan packaging work. Please contact the department staff if you need assistance in loan packaging.

## Confidentiality Statement

Information in financial statements submitted to the department are subject to public records law, ORS 192.410, 192.420 and 192.501, 192.502 and 192.505. Certain information in the department's possession may be made available for public inspection after an applica-

tion for financial assistance is received. This information includes the names of the applicants, including principals; the amounts, types and general terms of financial assistance; description of project and business benefitting 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. These 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 which constitute trade secrets under ORS 192.501(2); customer lists; production, sales or cost data; and marketing strategy information.

If an applicant desires information be confidential, the applicant 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 applicant 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 Oregon Business Development Fund allow the Regular OBDF 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. Tangible value in land, building or equipment must secure an OBDF loan. Advance ratios on real estate and equipment are dependent on

quality of recent appraisals, type of equipment being financed and recent transaction prices of similar assets. Additional security may be required for OBDF loans, such as assets owned by company principals personally or other off-project assets. Personal guaranties and assignment of life insurance are required as a general rule. In most cases an equity injection of at least 10 percent will be required. Startups will generally require at least 30 percent equity.

### *First Source Hiring Agreements*

Companies obtaining funds from the lottery portion of the Oregon Business Development Fund must enter into a First Source Hiring agreement with a local job training program. A First Source is an agreement to accept referrals for new job openings in their company from a local job training agency. This requirement does not apply to OBDF loans of \$50,000 or less. Employers may benefit from these agreements by receiving training funds for new employees, a screening and referral source of new applicants and other specialized training packages from a job training agency.

### *Supplanting*

The purpose of the Regular OBDF is to encourage commercial or other lenders to assist small business. The Regular OBDF is not intended to supplant these funds. Applicants and lenders will be asked to provide information as to the maximum amount they are able to lend or contribute for the project. This section does not apply to the Targeted Account.

### *Local Government Review*

Prior to approval by the Finance Committee, companies must obtain a resolution from the city or county in which the project is located. If the project is located within the city limits, the company must obtain a resolution from the city. If the project is located outside the city limits, a county resolution is required. A sample resolution is attached as Attachment H. This resolution is not required for the Targeted OBDF Program.

## Attachments

The applicant must attach the following (please label accordingly) and complete the general information sheet. If an attachment or specific information request does not apply, please state "Does not apply".

### ***Attachment A. Historical Financials:***

Provide the prior three years of financial statements, if available. At a minimum this history must contain: balance sheet, income statement and changes in financial position statement, with accountant notes and assumptions. Audited or reviewed statements are preferred, however, other statements may be acceptable if supported by tax returns. Interim financial statements should also be included so that the most recent statements are within ninety days of application. All statements must be signed by a company officer.

### ***Attachment B. Personal Financials:***

Provide the most recent personal financial statement for each principal owner (owning 20 percent or more of the stock or partnership units) and all guarantors. Tax returns may be required. These statements must be signed.

### ***Attachment C. Affiliate Statements:***

Provide a listing of all affiliates or subsidiaries and the last three years' balance sheets and profit and loss statements on each.

### ***Attachment D. Pro Formas:***

Submit two years of pro forma financial statements. Pro formas must include: balance sheets, income statements and cash flow statements and must be supported by notes and justifiable assumptions. A cash flow pro forma must be monthly for a minimum of twelve months or until a sustained positive monthly cash flow is reached.

### ***Attachment E. Project Plans:***

Please attach plot plan and/or drawings of the proposed project. Attach map of the project site.

*Attachment F. Management:*

Provide an organization chart of the company showing key position and functions. Attach resumes of key management.

*Attachment G. Litigation:*

Provide summaries, including descriptions and current status, of any legal proceedings, bankruptcies, consent decrees, orders, investigations, unasserted claims or suits against the applicants, any affiliates or guarantors and all principals with ten percent or more ownership, which are currently pending or threatened or which were concluded in the ten years prior to the date of application.

*Attachment H. Local Government Resolution:*

Attach required resolution in appropriate form (attached) from appropriate local government. (Note: This is not required for the Targeted OBDP Account.)

*Attachment I. Private Lender(s) Commitment:*

Please attach commitments from private lenders investing in the project. Commitment should include term, rate, collateral, guarantees, any additional conditions and a statement that the amount offered is the maximum the private lender will provide for this project.

*Attachment J. Collateral and Appraisals:*

The department may require appraisals as a condition of a loan consideration or approval. If an appraisal is available, please provide it at this time. Please provide any tax assessment statements on project property or on collateral being offered for the loan.

***Attachment K. Long Term Debt:***

Please attach schedule of Long Term Debt on the enclosed form.

***Attachment L. Project Assurance Statement:***

Please attach project assurance statement (form attached).

# Oregon Business Development Fund Application

## General Information Sheet

The following application must be completed by the prospective borrower. The application will be complete for processing when the application, supporting attachments, lender commitments and application fee are received by the department. Staff are available to meet in a pre-application conference to discuss loan requests. If additional room is needed to answer a question, please attach an additional sheet and label accordingly.

### I. Borrower Information

*Company Contact* \_\_\_\_\_ *Telephone* \_\_\_\_\_

*Name of Business* \_\_\_\_\_

*Street Address* \_\_\_\_\_

*City* \_\_\_\_\_ *State* \_\_\_\_\_ *Zip* \_\_\_\_\_ *County* \_\_\_\_\_

Proprietorship       C Corporation      Date Established \_\_\_\_\_

Partnership       LLC Corporation      Date of Incorporation \_\_\_\_\_

S Corporation      State of Incorporation \_\_\_\_\_

IRS Number \_\_\_\_\_ SIC Code \_\_\_\_\_

**Business Description:** (Describe products or services, development of business, including date of acquisition, original and subsequent investments of note and significant ownership, management or physical plant changes.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

II. Program. This application is for the following program:  The Regular OBDF Program  The Targeted OBDF Program

### III. Company Principals:

Proprietor, partners, officers, directors and all holders of outstanding stock-100% of ownership must be shown.					
Name, Title, and Social Security Number*	Address	% Owned	Date of Birth	Race** (Voluntary)	Sex**

\* Disclosure of social security numbers is not mandatory; the department intends to use the number to obtain a credit report to comply with OAR 123-17-030; the Privacy Act of 1974 prohibits the state from denying a loan because a person refuses to give their social security number.

\*\*Disclosure of race and sex information is voluntary and will be used for statistical purposes only.

**IV. Describe Present Facility**

Present facility:  Own  Lease      Expiration Date of Lease \_\_\_\_\_

Description:

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**V. Purpose of Loan**

**A.** If project is new construction or acquisition of real estate, complete:

Project Address: \_\_\_\_\_

Land Area (acres or sq. feet) \_\_\_\_\_ Bldg. Area (sq. feet) \_\_\_\_\_

Zoning: \_\_\_\_\_ Date Plans Completed: \_\_\_\_\_

Person or legal entity holding title: \_\_\_\_\_

Construction Start Date: \_\_\_\_\_ Complete Date: \_\_\_\_\_

**B. Use of proceeds**

**Project Costs**

A.	Land Acquisition	\$	_____
B.	Building Acquisition	\$	_____
C.	Equipment Acquisition	\$	_____
D.	New Construction*	\$	_____
E.	Renovation*	\$	_____
F.	Working Capital	\$	_____
G.	Other (specify)	\$	_____
	Total	\$	_____

\* Note: The OBDF is a permanent "take-out" lender. The OBDF cannot provide construction financing.

C. Sources of financing: Please attach copies of commitment of each source of financing (see Attachment I).

Name of Lender	Purpose	Amount	Rate	Term
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
OBDF	_____	_____	_____	_____
		Total	\$	_____

Source of Equity \_\_\_\_\_  
 \_\_\_\_\_

Note: Total use of proceeds (B) must equal total sources of financing (C)

VI. Guaranties Offered

Identify personal and corporate guaranties:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

VII. Occupancy Costs (Annual)

Describe current and projected occupancy costs for the company after completion of the project on an annual basis.

		Current	Projected
A.	Debt Service	\$ _____	\$ _____
B.	Rent	\$ _____	\$ _____
C.	Taxes	\$ _____	\$ _____
D.	Maintenance	\$ _____	\$ _____
E.	Insurance	\$ _____	\$ _____

**VIII. Employment Information**

**A. Current and projected (at the end of two years) employees at various job categories.**

	Current #	Average Wage Rate	Projected #	Average Wage Rate
Managerial	_____	_____	_____	_____
Office	_____	_____	_____	_____
Sales	_____	_____	_____	_____
Technical/Professional	_____	_____	_____	_____
Production	_____	_____	_____	_____

**B. Projected number of new full-time (FTE) positions created or saved as a result of OBDF assistance**

	Created	Saved
First year	_____	_____
Second year	_____	_____
Third year	_____	_____
Total	_____	_____

**IX. Market Information**

**A. Describe current product line, any new product or service and their markets:**

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**B. List your major customers**

Name	City	% of Product Sales	Terms of Sales	Annual Purchases
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Identify prospective new customers and potential market: \_\_\_\_\_

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**C. List principal competitors**

<b>Name</b>	<b>City</b>	<b>Product or Service</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**X. Business Affiliations**

**Your banker**

*Name* \_\_\_\_\_ *Telephone* \_\_\_\_\_

*Address* \_\_\_\_\_ *Years of Affiliation* \_\_\_\_\_

**Your attorney**

*Name* \_\_\_\_\_ *Telephone* \_\_\_\_\_

*Address* \_\_\_\_\_ *Years of Affiliation* \_\_\_\_\_

**Your accountant**

*Name* \_\_\_\_\_ *Telephone* \_\_\_\_\_

*Address* \_\_\_\_\_ *Years of Affiliation* \_\_\_\_\_

X. Certification

Applicant

The undersign certifies that he/she is the \_\_\_\_\_ (title) for \_\_\_\_\_

(applicant) applying for the Oregon Business Development Fund from the Oregon Economic & Community Development Commission and that he/she is familiar with the records of the borrower and the contents of this application.

The information contained in this application including all attachments is, to the best of the knowledge of the undersigned, complete, current and accurate and presents fairly the condition of the applicant and projects accurately its intended operations for the period set forth in this application.

I further certify that, except as described in this application, no litigation or legal proceeding is current, pending or threatened in any court, in any way affecting the eligibility of the applicant to apply for this financing or the ability of the applicant to complete the project. There are no unasserted claims outstanding against the company or any of its principals. I certify that the applicant and its affiliates, its owners and officers have not filed for bankruptcy or been investigated by the National Association of Securities Dealers in the past ten years, unless so indicated in this application. I agree that material misrepresentation of fact is grounds for the Economic & Community Development 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 and pursue any other legal option open to the Commission.

In the opinion of the undersigned, this application contains all material information which is necessary for the department to act on the application. The undersigned also acknowledges, on behalf of the applicant, any of its principals and any related business organization, that the department is authorized to investigate the creditworthiness and business standing of the applicant, any of its principals or guarantors and any related business organization, and further, to take action which the department deems necessary to evaluate and verify any statement or material submitted in connection with the application. In addition, the undersigned agrees to permit the department access to Oregon State Employment Service information now and in the future to obtain employment information.

Applicant (print): \_\_\_\_\_

By: (signature) \_\_\_\_\_

Name: (print) \_\_\_\_\_

Title: \_\_\_\_\_

(If a corporation, provide evidence of authority to sign.)

**ATTACHMENT L**  
**ASSURANCE STATEMENT**

The applicant hereby assures and certifies that he 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 Economic & Community Development Department (OECDD) that the company:

1. will comply with all applicable federal, state and local laws, statutes, rules, regulations and ordinances whereby no person on the grounds of 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 subjected to, discrimination.
2. will give the OECDD, the state of Oregon, or the Economic Development Administration through any authorized representative the access to and right to examine all records, books, papers, or documents related to the loan.
3. will assure that any building or facility financed in whole or in 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 handicapped. This provision applies only to firms which 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.
4. will reveal the following information to the OECDD and the state of Oregon: positions presently or previously held, if any, with the state of Oregon; applicant's relationship to any individual currently employed by the state of Oregon; or previous loans provided to the applicant by the state of Oregon. The information submitted by the borrower will be reviewed by the OECDD 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 eligibility will be made accordingly.
5. 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:

6. 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).

7. 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 financial 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.
8. will comply with Section 106 of the National Historic Preservation Act of 1966 as amended (16 USC\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 the OECDD of the existence of any such properties, and by (b) complying with all requirements established by the State to avoid or mitigate adverse effects.
9. 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.

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.

By: \_\_\_\_\_ Date: \_\_\_\_\_  
 (Title)

By: \_\_\_\_\_ Date: \_\_\_\_\_  
 (Title)

By: \_\_\_\_\_ Date: \_\_\_\_\_  
 (Title)

Schedule of Collateral

Applicant \_\_\_\_\_

List all collateral to be used as security for this loan  
 Section I.—Real Estate

Attach a copy of the deed(s) containing a full legal description of the land and show the location (street address) and city where the deed(s) is recorded. Following the address below, give a brief description of the improvements, such as size, type of construction, use and present condition (use additional sheets if more space is required).

Address	Year Acquired	Original Cost	Market Value	Amount of Lien	Name and Address of Lienholder

Section II.—Personal Property

All items listed herein must show manufacturer or make, model, year, and serial number. Items with no serial number must be clearly identified (use additional sheets if more space is required).

Description—Show Manufacturer, Model, Serial No.	Year Acquired	Original Cost	Market Value	Current Lien Balance	Name of Lienholder



775 Summer Street N.E., Ste. 200  
 Salem, Oregon 97301-1280