

OREGON BUSINESS DEVELOPMENT FUND

Fund supports economic development through direct loans to businesses to retain and expand operations and jobs, targeting traded-sector companies.

Many promising Oregon businesses have found it difficult to expand because they have not been able to find all of the financing needed to complete a project. The Oregon Business Development Fund works with banks and other selected lenders to complete a financing package. The fund has participated in funding more than \$150 million in small business projects in Oregon.

WHO'S ELIGIBLE?

Loans can be made for up to \$500,000 and a maximum of 40 percent of the cost of projects that:

- Assist manufacturers, processors and “regionally significant” tourism businesses
- Do not include retail businesses, shopping centers, office and food service facilities
- Require that a bank or other lender finance part of the project

WHAT ARE THE USES?

- To purchase land, buildings, equipment and machinery
- To construct, modernize, expand or renovate existing facilities
- To provide long-term working capital

THE FUND IS DIVIDED INTO TWO PROGRAMS:

The Regular Oregon Business Development Fund Program

- Offers favorable interest rates (Treasury rates plus one point fixed)
- Provides long-term subordinate financing loans to fill financing “gaps” as part of a financing package

The Targeted Oregon Business Development Fund Program

- Offers below-market interest rates (prime minus four points) with a floor of 4 percent
- Provides an incentive for creating or saving jobs and additional incentives that encourage companies to locate or expand in distressed areas of the state (call the department or visit www.oregon4biz.com/distarea.htm for a list)
- Requires sufficient available collateral identified

WHAT ARE BUSINESS ADVANTAGES?

- Long-term financing
- Improved access to bank loans
- Low down payments with up to 90 percent total project financing
- Below-market, fixed interest rates and no pre-payment penalties

WHAT ARE LENDER ADVANTAGES?

- Help in completing the financing package for customers
- The department can use the Oregon Business Development Fund to purchase a participation in a bank-originated loan.
- Excellent loan-to-value
- Financing packages that help customers expand on favorable terms
- Improved bank CRA (Community Reinvestment Act) ratings

References:

**Oregon Revised Statute (ORS)
Chapter 285B.050 to 285B.098**
[www.leg.state.or.us/ors/home.htm]

OAR 123 Division 17
[[arcweb.sos.state.or.us/rules/
number_index.html](http://arcweb.sos.state.or.us/rules/number_index.html)]

loan application
[oregon4biz.com/obdf.htm]

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