



# OREGON BUSINESS DEVELOPMENT FUND BUSINESS APPLICATION

## PROGRAM DESCRIPTION

The Oregon Business Development Fund (OBDF) is a revolving loan fund administered by Business Oregon. The fund has received capitalization from the federal Economic Development Administration, state General Fund and the Oregon State Lottery. Projects that assist manufacturing, processing, distribution and other projects are eligible. The fund provides long-term, fixed-rate financing for land, buildings, equipment and machinery, and permanent working capital. Eligible borrowers are those whose products are sold in markets for which national or international competition exists.

The Oregon Business Development Fund is divided into three accounts: the **Regular OBDF**, the **Targeted OBDF** and the **BOOST OBDF**.

The Targeted Account has funds set aside for distressed areas of the state. The Regular and BOOST programs are available statewide. Certain provisions, including interest rate, are different for each program and are highlighted in this application. A list of distressed areas is available from the department or can be viewed online at [www.oregon4biz.com](http://www.oregon4biz.com).

## PROGRAM GUIDELINES

Program guidelines include:

- Maximum loan is forty percent of eligible project costs
- A private lender is generally required for a portion of the project
- Refinance of existing debt is generally ineligible
- Individual OBDF loans may not exceed \$700,000 per project (BOOST loans may not exceed \$150,000)
- OBDF loans must be fully secured
- Personal guarantees are generally required
- Additional security may be required (e.g., life insurance and off-project assets)
- In most cases, project equity of at least ten percent will be required
- The OBDF will provide only permanent or “take out” financing and does not fund construction

Loans can be made directly to private individuals or legal business entities located in Oregon. The program places particular emphasis on rural and

distressed areas, enterprise zones and on businesses with 100 or fewer employees.

Activities that are expressly ineligible include:

- Construction of office buildings and corporate headquarters
- Retail businesses, shopping centers, food service facilities

Regular Oregon Business Development Fund terms:

- The interest rate is fixed at one percentage point more than comparable U.S. Treasury rates. The minimum rate is 4.0%
- The maximum term is 20 years
- A preference for at least one job created or retained per \$30,000 of OBDF investment
- Liens may be subordinated to other debt

Targeted Oregon Business Development Fund terms:

- Must be locating or expanding in a distressed area (call the department or visit our Web site at [www.oregon4biz.com](http://www.oregon4biz.com) for a distressed area list)
- Interest rate is set at four percentage points below the prime rate. The minimum rate is 4%
- Maximum loan term is five years with a maximum 15 year amortization
- Requires a senior or co-senior collateral lien position, or an abundance of collateral
- A preference for at least one job created or retained per \$20,000 of OBDF investment

BOOST Oregon Business Development Fund terms:

- Loans for working capital only
- No private lender or local economic development group financing required
- Maximum term and amortization is four years
- Interest rate is fixed at a rate not less than prime plus 5%
- At least one full-time job created or retained for each \$50,000 loaned

## APPLICATION PROCESS

### Application Procedure

Prospective borrowers from the Oregon Business Development Fund must complete an application and submit it to Business Oregon approximately three weeks prior to a regularly scheduled meeting of the finance committee. 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 department staff relating to scheduling of applications on the next finance committee meeting agenda, private commitment letter, appraisals and other required application information or documentation.

Loans less than \$100,000 may be approved by the director of the department.

### Fees

A \$200 application fee must accompany this application. Approved loans also will be charged 1.5 percent of the OBDF loan amount in addition to all loan closing costs associated with the project. Loan fees can be included in the total project costs.

### 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, 192.501, 192.502 and 192.505. 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 applicants, including principals; the amounts, types and general terms of financial assistance; description of project and business benefiting from the financial assistance; number of jobs projected or retained 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 may include, but are not limited to: reports 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 OBDF allow 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 loan 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 OBDF 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 \$100,000 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 or BOOST OBDF.

## **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 also should 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 and be no older than 90 days.

### **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**

If applicable, 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 résumés 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. 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 I. 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. Provide any tax assessment statements on project property or on collateral being offered for the loan. See attached form.

### **Attachment J. Debt Schedule**

Please attach schedule of debt on the enclosed form.

### **Attachment K. Project Assurance Statement**

Please use attached form to include a project assurance statement.

### **Attachment L. Business Plan**

A business plan or executive summary is required for BOOST loans.

# OBDF LOAN APPLICATION CHECKLIST

Business Oregon appreciates your interest in the OBDF loan program. We will begin reviewing your application once it is complete. Incomplete applications may delay the underwriting process. For additional detail on the items listed below, please refer to the attachment descriptions found on page 3 of this application. Please contact a member of our Business Finance staff at 503-986-0172 with any questions related to the OBDF programs, application or items requested on this checklist. A complete application will include the following applicable information:

- \$200 application fee
- Body of Application (complete all sections)
- Application Certification (page 9 signed and dated)
- Attachment A: Business Historic and Interim Financial Statements & Tax Returns
- Attachment B: Personal Financial Statement(s) & Tax Returns
- Attachment C: Affiliate Statements (if applicable)
- Attachment D: Financial Projections with Assumptions Explained
- Attachment F: Company Management (organizational chart and resumes)
- Attachment G: Litigation Information (if applicable)
- Attachment H: Private Lender(s) Commitment (N/A for BOOST loan requests)
- Attachment I: Schedule of Collateral
- Attachment J: Debt Schedule
- Attachment K: Assurance Statement (page 12 signed and dated)
- Attachment L: Business Plan or Executive Summary (2-3 pages maximum)
- BOOST Loans Only:** Form OQ (as filed with and required by the Oregon Department of Employment)

# 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 more room is needed to answer a question, please attach an additional sheet and label accordingly.

## 1. Borrower Information

Business name \_\_\_\_\_ Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Business address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Business contact \_\_\_\_\_ Title \_\_\_\_\_ County \_\_\_\_\_

Proprietorship   
  C-Corp   
  S-Corp   
  Partnership   
  LLC   
 \_\_\_\_\_  
 Business contact email address

Date established \_\_\_\_\_ Date of incorporation \_\_\_\_\_ State of incorporation \_\_\_\_\_

IRS number \_\_\_\_\_ NAICS code \_\_\_\_\_ Oregon business ID # (from Oregon Dept. Revenue) \_\_\_\_\_

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.

## 2. Program

This application is for the   
  Regular OBDF   
  Targeted OBDF   
  BOOST OBDF

## 3. Company Principals

Proprietor, partners, officers, directors and all holders of outstanding stock—100% of ownership must be shown.

Name, Title, Social Security Number	Address	% Owned	Date of Birth	Race*	Sex*

\*Disclosure is voluntary. Race and sex information, if provided, will be used for statistical purposes only.

## 4. Describe Present Facility

Present facility:   
  own   
  lease   
 Lease expiration date \_\_\_\_\_

Description

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## 5. Purpose of Loan

### A. Complete if project is new construction or acquisition of real estate or moving to a new location.

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Project address

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Land area (acres or sq. feet)

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Building area (sq. feet)

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Zoning

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Person or legal entity holding title

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Construction start date

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Projected completion date

### B. Use of Proceeds

#### Projected costs

Land acquisition \$ \_\_\_\_\_

Building acquisition \$ \_\_\_\_\_

Equipment acquisition \$ \_\_\_\_\_

New construction\* \$ \_\_\_\_\_

Renovation\* \$ \_\_\_\_\_

Working capital (provide detail at right) \$ \_\_\_\_\_

Other (specify) \_\_\_\_\_ \$ \_\_\_\_\_

**Total uses of proceeds\*\*** \$ \_\_\_\_\_

#### Additional working capital detail:

#### Use of working capital      Amount

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

\*The OBDF is a permanent "take-out" lender and 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	_____	_____	_____	_____
Equity	_____	_____	N/A	N/A
		<b>Total sources of funding**</b>	\$ _____	

#### Source of equity

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**\*\*Note: total use of proceeds (B) must equal total sources of funding (C).**

## 6. Guaranties Offered

Identify personal and corporate guaranties

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## 7. Annual Occupancy Costs

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

	Current	Projected
Debt service	\$ _____	\$ _____
Rent	\$ _____	\$ _____
Taxes	\$ _____	\$ _____
Maintenance	\$ _____	\$ _____
Insurance	\$ _____	\$ _____

## 8. Employment Information

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

	Current #	Average Wage Rate	Projected Net New Employees	Average Wage Rate	Projected Total Employment
Managerial	_____	_____	_____	_____	_____
Office	_____	_____	_____	_____	_____
Sales	_____	_____	_____	_____	_____
Technical/Professional	_____	_____	_____	_____	_____
Production	_____	_____	_____	_____	_____
<b>Total</b>	_____	_____	_____	_____	_____

**B. Projected number of new full-time (FTE) positions** created or retained as a result of this project.

	Created	Saved
First year	_____	_____
Second year	_____	_____
Third year	_____	_____
<b>Total</b>	_____	_____

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

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**9. Market Information****A. Describe current product line, any new product or service and their markets**

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**B. List major customers**

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

Identify prospective new customers and potential markets.

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**C. List principal competitors**

Name	City	Product or Service
_____	_____	_____
_____	_____	_____
_____	_____	_____

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**10. Business Affiliations****Your Banker**

\_\_\_\_\_  
Name Telephone Yrs of affiliation

\_\_\_\_\_  
Address

**Your Attorney**

\_\_\_\_\_  
Name Telephone Yrs of affiliation

\_\_\_\_\_  
Address

**Your Accountant**

\_\_\_\_\_  
Name Telephone Yrs of affiliation

\_\_\_\_\_  
Address



# APPLICANT CERTIFICATION

The undersigned certifies that he/she is the \_\_\_\_\_ (title) for \_\_\_\_\_ (applicant) applying for the Oregon Business Development Fund from the Oregon Business 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 Oregon Business 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 that 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

\_\_\_\_\_  
Date

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

# SCHEDULE OF COLLATERAL

Applicant name \_\_\_\_\_

**List all collateral to be used as security for this loan.**

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).

Real Estate					
Address	Yr Acquired	Original Cost	Market Value	Amount of Lien	Name and Address of Lienholder

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).

Personal Property					
Description—show manufacturer model, serial number	Yr Acquired	Original Cost	Market Value	Current Lien Balance	Name Lienholder

**Attachment J. Debt Schedule**

Applicant \_\_\_\_\_

Indebtedness: furnish the following information on all debts, contracts, notes and mortgages payable. Indicate any balloon payments due.

To whom payable	Original amount	Original date	Present balance	Maturity date	Monthly payment	Security	Current or past due	Balloon payment (yes/no)

# ASSURANCE STATEMENT

The applicant hereby assures and certifies that he/she 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 Business Oregon 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 Business Oregon, 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 Business Oregon 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 Business Oregon 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-276-5) 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 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.
9. Will comply with Section 2 of the Public Works and Economic Development Act which states that under the provision of the 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 Business Oregon for the purpose of program evaluation and performance measurement.

Applicant agrees that the department may feature applicant's business in agency publications, Web site and other mediums, which includes applicant-provided non-confidential information.

Signature	Title	Date
Signature	Title	Date
Signature	Title	Date



## **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