

# Small Business Loan Program

**We provide assistance to small businesses**

## Overview

The MWVCOG Small Business Loan Program, which started in 1983, can help with low interest loans to assist small businesses expand or start new ventures by providing access to commonly used government finance programs, such as U.S. Small Business Administration (SBA), U.S. Department of Agriculture (USDA), U.S. Economic Development Administration (EDA), and State of Oregon Business Development Fund (OBDF).

## Purpose

Loan programs have targets and goals, such as diversifying the regional economy, stimulating investment, and jobs growth. However, common to all of the programs is creating jobs by using loan program funds as a catalyst to leverage private participation to the greatest extent possible.

## Why It Works

Job creation is accomplished by preserving working capital in the businesses to use for hiring (or retaining) employees by structuring long term fixed asset financing using low interest rate subordinate debt to leverage bank financing, and by extending term working capital loan when it is necessary to bridge working capital gaps in the business' conventional bank lines of credit loan limits.

To start the process, or if you have questions, contact Jeff Hilderbrand.

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## Why Choose a Small Business Loan Program?

### Traditional Bank Loans - Commercial Real Estate Requirements

- Borrower equity: 20% or more
- Terms: 10 Year Term (Amortization varies)
- Interest rates: Market Rate
- Collateral: 1<sup>st</sup> Lien Position
- Newer Buildings in Active Commercial Real Estate Market

## **Small Business Loan Programs**

- Usually 40% of a project, combined with bank funding of 50% for 90% financing
- Borrower equity: 10-20%
- Terms: varies up to 20 years
- Interest rates: Currently 5%
- Collateral: Subordinate Lien Position

### **There are two Main Types of Loan Assistance through the Small Business Loan Program:**

1. Direct lender, where money is loaned directly to the borrower. (Example: revolving loan funds).
2. Intermediary, where we package, close and service loans funded through contractual agreements. (Examples: U.S. SBA through CCD Business Development Corporation, State of Oregon Business Development Loan Program.)

**Our loan program works with CCD Business Development Corporation, which is a Certified Development Company and an intermediary lender that handles SBA 504 loans.**

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## **The Process**

- We meet with the business individually, or together with their lender, to determine loan structure and the financial information for the loans to be underwritten.
- If the business does not have a primary lender, we can make referrals to banks and loan officers to expedite the process. The business chooses their bank.
- We provide a typical timeline for a financing project plan to meet deadlines.

## **The Paperwork (or scanned paperwork)**

Documentation List:

- Short history of the business, including locations, strengths and weaknesses, your market and customers, how you have grown the business, how the business is managed/the management team, etc.
- Short resume(s) of owner(s)/manager(s)

- Past three years IRS returns for the Corporation and for the owner(s)
- In-house current Year to Date Balance Sheet and Income Statement for the Corporation
- Income Projections for the Corporation for the next two fiscal years with assumptions
- Updated personal financial statement for the owner(s)
- Purchase Agreement for the property
- Copies of Contractor Bids

[To download a presentation that provides more details, click here.](#)

[A brochure of our programs and services can be viewed or downloaded here.](#)

[The budget of Valley Development Initiatives can be downloaded here.](#)