

Section III:

Financial Considerations & Creating a Business Plan

Agri-Tourism Workbook

Section III

III. Financial Considerations and Creating a Business Plan

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III. CREATING A BUSINESS PLAN



Your purpose in creating a business plan may be to obtain financing, to create a guide for managing your business, to clarify your business operation, to focus employees on core business objectives and goals, or some combination of these or other factors.

Creating a business plan is the process of making a road map for your enterprise—it is an essential part of any business if it is to succeed.

The business plan serves many purposes and is essential to starting a new venture as part of your farm, ranch, or processing operation. A business plan consists of several parts.

- **Create a Mission Statement** reflecting the core purpose of your business, stating the basic values and goals in a short, focused sentence of no more than 20 words. Ask yourself: What is the purpose of the proposed project? What benefit will it provide? Who are the costumers?
- **Create a Marketing Slogan**, consisting of a short, clever, even humorous translation of your mission statement that conveys a single, simple thought about your business to your customer.
- **Set Measurable Goals & Objectives.** Goals are 3-5 years out; objectives are things you want to accomplish in the next year. Some areas for consideration may include sales volume, profits, customer satisfaction, owner compensation, number of employees, employee development, etc. To set goals and objectives, ask yourself the basic: What? Why? How? When? and Who? questions. Then set timetables to match goals and objectives. Who will be responsible for what activities? Who are the key employees and what are their titles? How long do you plan to operate this venture? How many hours are you willing to commit to this venture? Where do you see the business in 3-5 years? How are you going to promote customer satisfaction?
- **Gather Information** from reputable sources to document your business plan. Some resources are listed later in this publication. You'll want to know about potential visitor days and expenditures, preferences, and interests; competition and complementary services in your area; etc. These types of surveys are available from the OR Economic Development Department Tourism Commission and various associations.
- **Describe Your Farm or Ranch Recreation Enterprise:** When was it started, or projected to start? Why was it started? Who started it? How does the recreation enterprise fit in with your overall farm or ranch operation? How are you set up as a business (sole proprietorship, general partnership, limited partnership, regular corporation, chapter S corporation)?
- **Describe Your Product or Service:** Write down what you are selling to the public. Why should people buy your service? What does it do? What makes it unique? What will it cost to provide this service or product? How much will you charge? How does it compare to other similar recreation enterprises? Are there complementary services in the area?
- **Define Your Customers:** Who are you targeting for your recreational enterprise? You'll want to define: gender, age, income, occupation, location, family status, children, education, and interests. For example, if you are developing a fee hunting enterprise, you'll probably look at males in the 25 to 50-age range. Survey information on this type of profile may be available from sources listed later in this publication.

- **Compete or Complement:** Since farm and ranch recreation is relatively new as an emerging industry, state agencies are encouraging enterprises to work together to attract visitors, share resources, and market services. However, you should first carefully develop and evaluate your business and product, considering your resources and activities.
- **Develop a Marketing Strategy:** Your marketing and advertising method may be as simple as word of mouth and repeat customers, or it may involve an ad campaign with printed materials, radio spots, newspaper or other media advertising, mass mailings, and the like. Marketing and advertising will be covered more fully in the next section, but you should include your marketing strategy in your business plan.
- **Management:** Include a resume of each owner and key employee. Identify outside consultants and advisors, including accountant, lawyer, banker, insurance broker and other consultants.
- **Employees:** Because a recreation enterprise may create a new Standard Industrial Code (SIC) for the activities associated with that portion of your business — resulting in different workers compensation rates and reporting requirements — you should treat your personnel issues separately for this enterprise from your farm or ranch business. Written job descriptions that clearly define duties and a personnel manual may be helpful in this setting. You should identify how many employees you need to run the recreation enterprise, their titles, job duties and skills. If you need additional employees, where and how will you attract them? What process will you use to screen and hire employees (job skill testing, job interviews, etc.). What training needs will you face? Who will conduct employee training (in-house, paid consultant, community college, other recreational businesses)? What will be the cost of the training? How will you set salaries and wages? What benefits will you provide?
- **Insurance:** Identify the types of insurance you have for your business. See the section on Liability and Insurance for more details on this topic.
- **Fixed Assets:** You will need to identify your current fixed assets (those with a useful life or more than one year) and those, which you need to purchase. These might include land, buildings and improvements, machinery, other equipment, livestock, office furniture, computers, etc. Determine the cost and estimated acquisition date. Estimate the useful life of each fixed asset. Complete a monthly depreciation schedule.
- **Start-up Expenses:** Any new enterprise will have start-up costs. These costs are those associated with what it takes to open your door for business. Most of these costs will be one-time expenditures, while a few will occur every year. Examples include legal fees, accounting fees, licenses and permits, remodeling work, advertising, promotions, hiring costs, etc.
- **Sales Forecast:** Forecasting sales are critical to your enterprise from both a management and sales point of view. You can't plan financially if you don't have an estimate of sales. You should review your data on products, customers, competitors, and budgets to develop the trends and projections. Be realistic in making these forecasts. Estimate the total market size in \$ sales per year based on your research, and create a market share analysis with worst case, mostly likely case, and best-case scenarios.

- **Financing the Enterprise:** Create a financial plan, including all sources of existing debt and additional financing needs. Detail principal and interest payments for each month. Research sources of needed capital; the Business Plan will be a key selling point for the venture. Verify your numbers, justify the need, and be enthusiastic but realistic about the venture.
- **Operating Expenses and Cash Flow:** Develop a monthly chart of operating expenses. Combine this with your start-up costs, sales forecast, and debt servicing to create a cash flow budget. Cash flow projections are among the most critical projections you will make. Lenders will examine this document carefully.
- **Other Financial Documents:** From the documents you have developed already (sales forecast, expense sheet and cash flow) you will be able to calculate a projected income statement, a break-even analysis, a balance sheet and other necessary financial documents. These documents are similar to what you use for your agricultural business and will not be detailed here.



If you need assistance in developing financial statements or writing your business plan, you may want to refer to workbooks provided by the Small Business Development Center. All of the items mentioned in this section are detailed in a publication called “Your Business Plan,” available for \$30, plus \$5.00 for postage and handling, by contacting your local SBDC or the main location at:

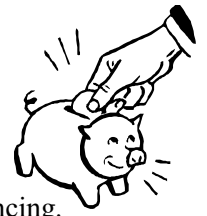
Oregon Small Business Development Center Network
99 W. 10th Street, Suite #390
Eugene OR 97401
(541) 463-5250
www.bizcenter.org

ADDITIONAL RESOURCES

Service Corps of Retired Executives (800) 634-0245

FINANCING YOUR ENTERPRISE

You may require additional capital to start your recreation enterprise. The following resources are meant as supplements to traditional lender credit or equity financing.



Business Finance Programs at the Oregon Economic and Community Development Department

1. Oregon Business Development Fund

The Oregon Business Development Fund (OBDF) is a revolving loan fund, which provides long term, fixed rate financing for land, buildings, equipment, machinery, and term working capital.

Manufacturing, processing, and regionally significant tourism projects are eligible.

Program Guidelines:

- Maximum loan is 40% of eligible project costs.
- Private lender is required for a portion of the project.
- Refinancing of existing debt is generally ineligible.
- Loans may not exceed \$500,000 per project.
- Preference to loans that create jobs (\$30,000/job).
- Funds are set aside for loans of \$50,000 or less, emerging small enterprises in economically distressed areas, and rural areas of the state.
- Cannot fund construction of office buildings, retail businesses, shopping centers or food service facilities.

Maximum loan term is 20 years. Firms must agree to enter a First Source hiring agreement with a local provider of job training.

Interest rate: 1% above prevailing U.S. Treasury issue of similar maturity. In distressed areas, low rates can be as low as 4% below prime.

Collateral & Security: May be subordinated to other project financing. Must be fully secured. Usually require 10% owner equity for existing businesses, 30% for start-ups.

Application: OECDD has an eligibility review procedure to help determine status. Full applications are considered for approval by the Finance Committee, which meets twice a month. For loans of \$50,000 or less, the Director of OECDD can approve.

Contact:

See Regional Department contacts

2. Capital Access Program (CAP)

The CAP is designed to increase the availability of loans to Oregon small businesses from local banks. The program provides loan portfolio insurance so lenders may make loans that carry higher than conventional risks. The project must still be within the soundness and safety requirements of federal and state banking regulations.

The program functions by establishing a loan loss reserve fund earmarked for each participating lender to cover loans made under the program. The borrower pays a fee of 3 to 7% of the loan amount. OECDD pays an amount equal to the combined total of the two fees. The fund grows as the lender continues to make loans under the program, and it can be drawn on by the lender to cover a loss that might result from a defaulting CAP loan. If an applicant is located in an economically distressed area, as determined by OECDD, the department may transfer two times the amount of the borrower's contribution to the loan loss reserve fund. A listing of distressed areas and participating banks can be obtained by contacting Business Finance at OECDD.

A CAP loan is a private transaction between borrower and lender. OECDD is not party to the transaction, loan negotiations, or agreement.

- Loan may be term or line of credit or both.
- CAP may be used to cover a portion or full amount of loan or line of credit.
- Borrower may be any type of profit or nonprofit business.
- Can be used on loans for most any purpose except construction or purchase of residential housing, real estate purchase not used for business operations, or to refinance existing loans.

Economic benefits from the resulting loan must occur primarily in Oregon.

Contact:

See Regional Department contacts

3. Oregon Entrepreneurial Development Loan Fund (EDLF)

The EDLF provides initial loans of up to \$25,000 to entrepreneurial businesses under the following criteria:

- The applicant must enroll in a counseling program in a Small Business Development Center (SBDC) or other certified organization.
- The applicant must prepare a business plan and have it reviewed by an SBDC or other certified entity.
- An expenditure plan and application must be prepared.

Applicants must meet two of the three following conditions:

- The business has not been in operation more than 24 months
- The business has revenues of less than \$100,000
- The business is owned by a severely disabled person

Loans must have a reasonable prospect of repayment and borrowers must provide collateral.

A minimum of 20% equity in the form of cash, property, or business equity is required.

Maximum loan term is 5 years.

Refinancing of existing debt is ineligible.

Interest rate: 2% over prime and will be fixed for the term of the loan.

Application procedure: Contact the SBDC center closest to you for an application package.

Contact:

See Regional Department contacts

4. Oregon Credit Enhancement Fund

The Credit Enhancement Fund provides guarantees to banks to increase capital available to small Oregon firms. The program establishes a reserve fund to be used to guarantee up to \$75 million of financial institution loans.

Program Guidelines:

- Eligible businesses cannot employ more than 200 full-time employees.
- Manufacturers, processors, natural resource industries, distribution industries, new technology firms, and some service firms qualify. All types of businesses in distressed areas of the state qualify.
- Term and working capital loans qualify.

Two fixed asset loan products are provided:

Conventional Insurance — insures up to 90% of commercial loan to a maximum of \$500,000.

First Loss Insurance —provides 100% insurance of any loss to a lender up to 25% of the loan amount or \$300,000, whichever is less.

Two working capital products are available:

Evergreen Entrants Program—provides insurance for initial working capital loans to a maximum of \$250,000 or 75% of the loan amount.

Evergreen Plus Program—insures up to 90% of the new incremental loan to a maximum of \$300,000.

Program eligibility is restricted to companies that trade in markets for which national or international competition exists or any type of company in distressed areas.

Application procedure: Application is made through a bank that has enrolled in the program. A list of enrolled banks is available from OEDD. A onetime, up-front insurance premium is required, based on the term of the loan (1 to 15 years).

Contact:

See Regional Department contacts

5. Industry Development Assistance Statewide Industry Development

The Oregon Economic and Community Development Department works to build the capacity of industries to increase the global competitiveness by promoting industry-driven strategies and partnerships among industries, government and education. The goal is to help industries build a competitive advantage, and to create a positive economic climate for all business sectors.

Department staff can provide assistance for high priority, statewide-impact, industry-driven initiatives and opportunities.

Examples include:

- Industry strategic planning
- Product and materials research
- International trade initiatives
- Telecommunication tools
- Marketing initiatives
- Working closely with the Department of Agriculture to promote the industry

Industry Definition:

Agriculture – Activities closely related to the commercial production, value-added processing and marketing of plants and animals. Also includes kindred products, such as candy and beverages.

Contact:

See Regional Department contacts

6. Regional/Rural Investment Program

The Regional/Rural Investment Program is a locally managed economic and community development planning and funding program. Regions are comprised of a minimum of two contiguous counties that work together on short and long term regional plans. Funds are used for strategic planning and financing projects developed through regional boards or partnerships. Regional boards are appointed by county commissioners.

Contact:

Team Manager for Region for the Department

Oregon Economic and Community Development Regional Department Contacts:

Northwest Team:

Washington, Multnomah, Clatsop, Columbia, Tillamook,
Hood River, Clackamas
Team Manager: (503) 229-5220
Business Finance Officer: (503) 986-0160

Valley/Mid-Coast Team:

Lincoln, Benton, Linn, Lane, Marion, Polk, Yamhill
Team Manager: (503) 986-0142
Business Finance Officer: (503) 986-0160

Eastern Oregon Team

Morrow, Umatilla, Union, Wallowa, Baker, Grant, Harney,
Malheur
Team Manager: (503) 986-0200
Business Finance Officer: (503) 986-0165

Southwest Team:

Jackson, Josephine, Coos, Curry, Douglas
Team Manager: (503) 986-0122
Business Finance Officer: (503) 986-0160

Central Corridor Team:

Jefferson, Deschutes, Crook, Wasco, Sherman, Gilliam,
Wheeler, Klamath, Lake
Team Manager: (503) 986-0077
Business Finance Officer: (503) 986-0160



Oregon Small Business Development Centers

www.bizcenter.org

BLUE MOUNTAIN CC

37 SE Dorion
Pendleton, OR 97801
(541) 276-6233 (fax 276-6819)
Art Hill (ahill@bluecc.edu)
Jill Pursel (jpursel@bluecc.edu)
John Armstrong, SBM Instructor
(jarmstrong @bluecc.edu)

BAKER COUNTY SBDC

3275 Baker St.
Baker City, OR 97814
(541) 523-9127 (fax 523-9128)
Bob Savage (rsavage@bluecc.edu)

CENTRAL OREGON CC

2600 NW College Way
Bend, OR 97701
(541) 383-7290 (fax 318-3751)
Beth Wickham (bwickham@cocc.edu)
Katharine Condon (kcondon@cocc.edu)

CHEMEKETA CC

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CLACKAMAS CC

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Milwaukie, OR 97222
(503) 656-4447 (fax 650-7358)
Tim Shea (tshea@clackamas.edu)
Susan Endecott (susane@clackamas.edu)

CLATSOP CC

1761 N. Holladay Dr.
Seaside, OR 97138
(503) 738-3347 (fax 738-7843)
Greg Panichello (panic@bizcenter.org)
Judy Unruh (junruh@clatsop.cc.or.us)

COLUMBIA GORGE CC

400 E. Scenic Dr., #257
The Dalles, OR 97058
(541) 298-3118 (fax 298-3119)
Bob Cole (bcole@cgcc.cc.or.us)
Suzanne Burd (sburd@cgcc.cc.or.us)

EASTERN OREGON UNIVERSITY

One University Blvd., Zabel Hall, #218
La Grande, OR 97850
(541) 962-3391 (fax 962-3701)
Greg Smith (gregory.smith@eou.edu)
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LANE CC

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Eugene, OR 97401
(541) 463-5255 (fax 687-0627)
Forest burden (jourdenft@lanecc.edu)
Rita Grimes (grimesr@lanecc.edu)

LINN-BENTON CC

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Albany, OR 97321
(541) 917-4923 (fax 917-4831)
Dennis Sargent (sargent@gw.lbcc.cc.or.us)
Joanne Secrest (joanne.secrest @linnbenton.edu)

MT. HOOD CC

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Gresham, OR 97030
(503) 491-7658 (fax 666-1140)
Don King (donking@teleport.com)

OREGON COAST CC

4157 NW Highway 101, #123
Lincoln City, OR 97367
(541) 994-4166 (fax 996-4958)
Newport: 265-2283 x122 (265-3820)
Guy Faust (guyfaust@hotmail.com)

Business Centers (continued)

OREGON INSTITUTE OF TECHNOLOGY

3201 Campus Dr., Boivin Hall — Rm. 119
Klamath Falls, OR 97601
(541) 885-1760 (fax 885-1761)
Jamie Albert (alberti@oit.edu)
Colleen Butler (butlerc@oit.edu)

PORTLAND CC

2025 Lloyd Center
Portland, OR 97232
(503) 978-5080 (fax 288-1366)
Tom Lowles (tlowles@pcc.edu)
Yvette Johnson (yjohnson@pcc.edu)

ROGUE CC

214 SW Fourth St.
Grants Pass, OR 97526
(541) 956-7494 (fax 471-3589)
Ted Risser, Interim Director
(trisser@roguecc.edu)
Donna Love (dlove@roguecc.edu)

SMALL BUSINESS INTERNATIONAL TRADE OFFICE

121 SW Salmon St., #205
Portland, OR 97204
(503) 274-7482 (fax 228-6350)
Tom Lowles (tlowles@pcc.edu)
Yvette Johnson (yjohnson@pcc.edu)

SOUTHWESTERN OREGON CC

2455 Maple Leaf Lane
North Bend, OR 97459
(541) 756-6866 (fax 756-5735)
Jon Richards (jonbdc@uci.net)
Lori Capps (loribdc@uci.net)

SOUTHERN OREGON UNIVERSITY

332 West Sixth St.
Medford, OR 97501
(541) 772-3478 (fax 734-4813)
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TILLAMOOK BAY CC

401 B Main St.
Tillamook, OR 97141
(503) 842-2551 (fax 842-2555)
Barb Bush (bbush@tbcc.cc.or.us)
Rhonda Ellerbroek (rhondae@tbcc.cc.or.us)

TREASURE VALLEY CC

650 College Blvd.
Ontario, OR 97914
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Andrea Testi (atesti@tvcc.cc)
Joanne Steele (jsteele@tvcc.cc)

UMPQUA CC

744 SE Rose
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(541) 672-2535 (fax 672-3679)
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Kelley Griffith (griffik@rosenet.net)

STATE NETWORK OFFICE

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Eugene, OR 97401
(541) 463-5250 (fax 345-6006)
Sandy Cutler (cutlers@lanecc.edu)
Christine Krygier (krygierc@lanecc.edu)
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Jenny Leavitt (leavittj@lanecc.edu)

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Visit www.bizcenter.org for the most current information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL BUSINESS-COOPERATIVE SERVICE (RBS)
OREGON
Fact Sheet

Business and Industry (B&I) Loan Guarantees

The RBS program provides a loan guarantee to a bank, savings and loan, or other approved lender to finance private businesses located in rural areas of 50,000 population or less. Business loan guarantee purposes include, among others items, construction, acquisition, working capital, equipment purchase, start up costs and expansion costs. Applicants for these loans may be any legal entity, including individuals, public and private organizations and federally recognized Indian tribal groups.

Program Goal

To encourage the commercial financing of rural business, thereby:

- Creating and saving rural jobs.
- Improving the economic and environmental climate of rural communities.
- *The B&I Program is lender-driven. RBS guarantees the loan rather than lending directly. A commercial lender requests the B&I guarantee and, if approved, it makes (and services) the loan.*

Type of Assistance

Federal guarantees (typically of 80 percent or less) for lenders on their rural business loans:

80 percent (maximum) guarantee on loans of up to \$5 million.

70 percent (maximum) guarantee on loans of \$5- 10 million.

60 percent (maximum) guarantee on loans of \$1 0-25 million.

- *Limited/Special Circumstances - 90 percent (maximum) guarantee on loans of up to \$2 million.*

Lender Benefits

The guaranteed portion of the loan is protected against loss by a Federal guarantee.

The guaranteed portion of the loan can be sold on the secondary market.

The guaranteed portion of the loan does not count against lending limits.

B&I guarantees help lenders satisfy Community Reinvestment Act (CRA) requirements.

Size of Loans

No minimum, but typically beginning at SBA maximum (\$750,000).

Maximum loan is \$25 million

Interest Rate, Term, Payment Structure, and Fees

Rate: Lender's customary commercial interest rate - negotiated by lender & business.

Fixed or variable (but not more often than quarterly) tied to a published base rate.

Term: Working Capital - 7 years maximum.

Equipment - 15 years maximum.

Real Estate - 30 years maximum.

Structure: Balloons are not permitted. Reduced payments may be scheduled in the first 3 years.

Fees: Lender's reasonable and customary fees - negotiated by lender & business.

Authorized Loan Purposes

Business asset acquisition, construction, repair, modernization, and development.

Real estate, buildings, equipment, inventory, supplies, & working capital (NO lines of credit).

Loan fees & costs, packaging fees, professional services, and feasibility study costs.

Debt refinancing in certain cases.

Loan Limitations

Construction projects - Construction loan funds should not be advanced until RBS has approved the project.

Commercial lease projects - Need not be owner-occupied, but must have enough committed tenants to evidence positive cash flow.

Ineligible businesses include:

Production agriculture (except when linked to agricultural processing & marketing businesses).

(Note: Nursery, forestry, and aquaculture operations are eligible.)

Gaming facilities - Golf Courses - Lending, investment, and insurance companies.

Projects involving more than \$1 million *and* the relocation of 50 or more jobs.

Lender Eligibility

Any Federal or State chartered bank; Farm Credit System; Bank of Cooperatives; bank-holding company's mortgage company; credit union; or insurance company.

Lender must be subject to government credit examinations and in good standing.

Lender's officers/directors/owners have no substantial financial interest in the borrower.

Borrower Eligibility

Most types of enterprises qualify - manufacturing, wholesale, retail, service.

Project must be in a rural area - outside the immediate influence of a 50,000 + population city.

Proprietorships, partnerships, corporations, nonprofits, tribes, or political subdivisions.

Majority ownership by US citizens or permanent residents.

Less than 20 percent ownership by government or military employees.

Good Credit history.

Must have tangible balance sheet equity at loan closing/project completion of:

10-20 percent or more (for existing businesses).

20-25 percent or more (for new and energy-related businesses). Inability to get credit elsewhere is NOT a requirement.

Security Requirements

The proposed operation must have realistic repayment ability.

There must be adequate collateral to protect the Lender and RBS. Lender should discount collateral consistent with sound loan to value ratios. Typical discount factors are:

Real-estate - using 80 percent or less of the appraised value.

Chattels - using 80 percent or less of the appraised value.

Accounts receivable (<90 days) - using 60 percent or less of value.

Inventory - using 60 percent or less of the value.

Insurance:

Hazard insurance on collateral (*lesser* of loan amount *or* depreciated replacement value). Life insurance (decreasing term OK) on principals/key employees - amount negotiated.

Personal/corporate guarantees:

Typically from all proprietors, partners (except limited partners), or major (20 percent or more interest) shareholders.

Special Requirements

A feasibility study by a recognized, independent consultant may be required.

Annual audited financial statements are generally required for loans in excess of \$3 million and when other special circumstances warrant an audit.

A 2% fee on the guaranteed portion of the loan is paid to RBS at the time the guarantee is issued.

Application Process

- Lender & business submit a joint preapplication to RBS, indicating a willingness to make the loan provided a B&I guarantee is approved.
 - RBS meets with all parties at the project site, and then makes a preliminary determination of project eligibility, normally within 15 days.
 - Lender & business complete their application.
 - From RBS receipt of complete application, approval takes less than 60 days.
- Loans up to \$5 million are approved locally larger ones are reviewed in Washington, DC.
- RBS issues a conditional commitment, approving a guarantee subject to conditions.
 - After meeting RBS's conditions, the lender may close the loan and request the guarantee.
 - RBS issues the guarantee after verifying all conditions are met and collecting guarantee fee.

For More Information

Bud Fischer, Director, Business-Cooperative Services
 Georgia Reese, Rural Business-Cooperative Specialist
 Jane Howard, Rural Business-Cooperative Specialist
 Dan Streng, Rural Business-Cooperative Specialist
 Tom Simonson, Rural Business-Cooperative Specialist (Eugene)
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United States Department of Agriculture
 Rural Business-Cooperative Service
 101 S.W. Main, Suite 1410
 Portland, OR 97204-3222
www.rurdev.usda.gov/rbs

RURAL BUSINESS ENTERPRISE GRANT

Fact Sheet

United States Department of Agriculture
Rural Business-Cooperative Service

USDA Rural Business-Cooperative Service (RBS) makes grants under the Rural Business Enterprise Grant (RBEG) Program to public bodies, private nonprofit corporations, and Federally recognized Indian Tribal groups to finance and facilitate development of small and emerging private business enterprises located in rural areas outside the boundary of a city or unincorporated areas of 50,000 or more and its immediately adjacent urbanized or urbanizing area. Public bodies include incorporated towns and villages, boroughs, townships, counties, States, authorities, districts, Indian Tribes on Federal and State reservations, and other Federally recognized Indian Tribal groups in rural areas.

The public bodies, private nonprofit corporations and Federally recognized Indian tribes receive the grant to assist private businesses located in rural areas. **GRANT FUNDS DO NOT GO DIRECTLY TO THE BUSINESS. Grants may be made only for projects for which it can be demonstrated that there is a reasonable prospect that the project will result in development of small and emerging private business enterprises.**

The small and emerging private businesses to be assisted must have less than 50 new employees and less than \$1 million in gross annual revenues and must be located in a rural area outside the boundary of a city or unincorporated areas of 50,000 or more and its immediately adjacent urbanized or urbanizing area.

How May Funds be Used?

Funds are used for financing or development of private small and emerging businesses.

Eligible uses are:

- Technical Assistance (providing assistance for marketing studies, feasibility studies, business plans, training, etc.) to small and emerging businesses.
- Purchasing machinery and equipment to lease to a small and emerging business.
- Creating a revolving loan fund (providing partial funding as a loan to a small and emerging business for the purchase of equipment, working capital, or real estate).
- Constructing a building for a business incubator for small and emerging businesses.

Limitations:

Grants cannot be used for:

- Agricultural Production.
- Comprehensive area wide planning.
- Loans by grantees when the rates, terms, and charges for those loans are not reasonable or would be for purposes not eligible under RBEG regulations.
- Development of a proposal that may result in the transfer of jobs or business activity from one area to another. This provision does not prohibit establishment of a new branch or subsidiary.
- Development of a proposal, which may result in an increase of goods, materials, commodities, services, or facilities in an area when there is not sufficient demand.
- Programs operated by cable television systems.
- Funding part of a project, which is dependent on other funding, unless there is a firm commitment of the other funding to ensure completion of the project.

USDA Rural Business-Cooperative Service is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to:

USDA, Director, Office of Civil Rights, Washington, DC 20250-94 10

All applications are considered without regard to race, color, religion, sex, national origin, age marital status, or physical or mental handicap (provided applicants have the capacity to enter into a legal contract) of the members of the groups applying for assistance. Service must be extended on the same basis.

How are Applications Processed?

Applicants will submit supporting data before a formal application is made. After determining the order of funding priorities, RBS will tentatively determine eligibility and request applicants to assemble and submit a formal application.

Where Is Application Made?

Forms are available from, and may be filed, in any Rural Business-Cooperative Service (RBS) office listed below.

Rural Business-Cooperative Service

1229 SE 3rd. St., Suite A.
Pendleton, OR 97801-4198
Phone: (541) 278-8049, Ext. 129
*Contact: Donald Hollis,
Rural Business-Cooperative Specialist*

Rural Business-Cooperative Service

625 SE Salmon Ave., Suite 5
Redmond, OR 97756
Phone: (541) 923-4358, Ext. 124
*Contact: Robert Haase,
Cooperative Development Specialist*

Rural Business-Cooperative Service

1600 Valley River Drive, Suite 230
Eugene, OR 97401-2129
Phone: (541) 465-6443 Ext. 119
*Contact: Tom Simonson,
Rural Business-Cooperative Specialist*

Rural Business-Cooperative Service

101 SW Main St., Suite 1410
Portland, OR 97204-3222
Phone: (503) 414-3366
*Contact: Jane Howard,
Rural Business-Cooperative Specialist*

Other Conditions

Applicants for grants to help develop private business enterprises must file written notice of intent consistent with Intergovernmental Review requirements. Federally recognized Indian Tribes are exempt from this requirement.

Applicants for grants to establish a revolving loan program must include detail on the applicant's experience operating a revolving loan program, proposed projects, applicant's financial ability to administer a revolving fund, the need for a revolving fund, and other funds proposed to leverage funds made available under this program.

All community projects funded by RBS are subject to an environmental assessment in accordance with the National Environmental Policy Act.

USDA Rural Business-Cooperative Service is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-94 10

RURAL BUSINESS-COOPERATIVE SERVICE
INTERMEDIARY RELENDING PROGRAM (IRP)
Program Information & List of Intermediaries

PROGRAM INFORMATION

This fact sheet includes a list of organizations which have received funds from RBS to establish a revolving loan fund to finance business facilities and community development projects in rural areas of 25,000 population or less. The revolving loan funds can provide financial assistance for community development projects, establishment of new businesses or expansion of existing businesses and saving and/or creation of new jobs in the rural area. Application is made to the Intermediary organization.

Population	Loans to be made only in cities having a population of less than 25,000
Eligible Entity	Intermediaries may make loans to private individuals, public or private organizations, or any other legal entity (ultimate recipient).
Loan Purpose	Must be for an establishment of a new business, the expansion of existing businesses, creation of employment opportunities, saving of existing jobs or community development projects.
Amount	Loans made by an Intermediary to an ultimate recipient may finance no more than 75% of the total cost of the project . The total amount of RBS/Intermediary loan funds requested by the ultimate recipient plus the total outstanding balance of any existing loans from IRP funds will not exceed \$150,000 . <i>Up to 25% of the Intermediary portfolio of loans may be in loans exceeding \$150,000 up to a maximum of \$250, 000.</i>
Terms	Security requirements, interest rates and loan terms established by Intermediaries to ultimate recipients shall be negotiated by those parties.
Other Credit	Ultimate recipients must certify and document that they are unable to finance the proposed project from their own resources or through commercial credit or other Federal, State, or local programs at reasonable rates and terms.

* Describes general program requirements. Individual Intermediaries may have established program requirements that are more specific.

LIST OF INTERMEDIARIES

Port of Bandon Economic Development Fund Corporation
P.O. Box 1950
Bandon, OR 97411
(541) 347-9105
Contact: Melody Gillard-Juarez, Projects Coordinator
Counties Served: *Coos*

CCD Business Development Corporation
744 S.E. Rose Street
Roseburg, OR 97470
(541) 672-6728
Contact: Wayne Luzier, Executive Director
Counties Served: *Coos, Curry, Douglas*

Greater Eastern Oregon Development
P.O. Box 1041
Pendleton, OR 97801
(541) 276-6745
Contact: Rex Baker, Senior Loan Officer
Counties Served: *Gilliam, Grant, Harney Malheur, Umatilla, Wheeler*

Lane Council of Governments
99 E. Broadway, Suite 400
Eugene, OR 97401
(541) 682-7450
Contact: Steve Dignam, Loan Manager
Counties Served: *Lane*

Central Oregon Intergovernmental Council

2363 S.W. Glacier Place

Redmond, OR 97756

(541) 548-8163

Contact: James MacKinnon, Senior Loan Officer

Counties Served: *Hood River, Sherman, Wasco*

Counties Served: *Crook, Deschutes, Harney,*

Hood River, Jefferson, Klamath, Lake

Columbia Pacific Economic Development District of Oregon, Inc.

P.O. Box 598

St. Helens, OR 97051

(503) 397-2888

Contact: Dave Joyce, Loan Officer

Counties Served: *Columbia, Tillamook, Washington*

Curry Economic Development Corporation

P.O. Box 848

Brookings, OR 97415

(541) 469-2218

Contact: Russ Crabtree, Registered Agent

Counties Served: *Curry*

South Central Oregon Economic Development District

P.O. Box 1777

Klamath Falls, OR 97601

(541) 882-9600

Contact: Tonya Dowse, Program Director

Counties Served: *Klamath, Lake*

Southern Oregon Regional Econ. Dev., Inc.

332 W. Sixth Street

Medford, OR 97501-2711

(541) 773-8946

Contact: Bob Bueoy, Business Dev. Specialist

Counties Served: *Jackson, Josephine*

Valley Development Initiatives

c/o Mid-Willamette Valley Council of Governments

105 High Street, S.E.

Salem, OR 97301

(503) 588-6177

Contact: John Safstrom, Business Finance Specialist

Counties Served: *Clackamas, Marion, Polk, Yamhill*

Mid-Columbia Economic Development District

400 E. Scenic Drive, Suite 2.420

The Dalles, OR 97058

(541) 296-6182, ext 3208 (local SBDC office)

Contact: Steve Schafroth, Executive Assistant

Morrow Development Corporation

P.O. Box 219

Heppner, OR 97836-0219

(541) 676-8719

Contact: Greg Smith, Officer

Counties Served: *Morrow*

Northeast Oregon Business Development

101 N.E. First Street, Suite 100

Enterprise, OR 97828

(541) 426-3598

Contact: Lisa Lang, Executive Director

Counties Served: *Baker, Union, Wallowa*

Oregon Cascades West Council of West Council of Governments

1400 Queen Avenue, S.E., Suite 205B

Albany, OR 97321

(541) 967-8551

Contact: Mary Merriman-Smith, Economic

Program Manager

Counties Served: *Benton, Linn, Lincoln*

**OUT OF STATE
INTERMEDIARIES SERVING
OREGON COUNTIES**

Ida-Ore Planning and Development

10624 W. Executive Drive

Boise, ID 83713

(208) 322-7033

Contact: Bob Richards

Counties Served: *Harney, Malheur*

Shorebank Enterprise Group

P.O. Box 826

Ilwaco, WA 98624

(360) 642-4265

Contact: John Berdes

Counties Served: *Clatsop*