

# **ENTREPRENURIAL OPPORTUNITY LOAN PROGRAM GUIDELINES**

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2023-2024

**Building a Vibrant, Diversified, and Resilient Economy**

*In Partnership with*  
Embold Credit Union  
and

Micro Enterprise Services of Oregon (MESO)



## **THE ENTREPRENEURIAL OPPORTUNITY LOAN PROGRAM GUIDELINE SUMMARY AND FUNDING CRITERIA**

Robust economic development strategies must recognize and support start-up companies (defined here as companies that are three years old or younger). Small businesses play an important role in local and regional economies for many reasons. One, they are more likely to re-invest in the workforce and community where they began. Two, small businesses create local jobs at a greater rate than any other business category (Forbes, June 27, 2011).

In 2022, the Oregon City Economic Development Department partnered with Embold Credit Union (then Clackamas Federal Credit Union) and Micro Enterprise Services of Oregon (MESO) to create the Entrepreneurial Opportunity Loan Program (EOLP). These organizations are committed to supporting small business owners in our community and fostering local economic vitality. The EOLP makes patient capital available for new businesses. Small business planning and support services are also available to help program participants succeed.

The EOLP provides loan funds to for-profit startup businesses that need patient funding or more time to help establish themselves as vibrant businesses. Applicants are not funded on a first come first served basis. A loan review committee will review all loan requests and make final loan recommendations.

### **TARGET BUSINESS SECTORS**

Priority will be given to the following target business sectors. However, funds will be made available for businesses outside of these target sectors depending upon the pool of applicants.

#### **MANUFACTURING**

- Assemblage
- Custom Fabrication (wood, plastic, metal)
- Electronic
- Machining & Equipment

#### **LOGISTICS AND WHOLESALE DISTRIBUTION**

- Origination Distribution

#### **TOURISM EXPERIENCES**

Public-facing businesses that provide the type of visitor experiences that are intended to increase the likelihood of visitation from outside the local area. This does not include restaurants but may include businesses in the following sectors:

- Performing Arts
- Bike Rentals
- Outfitters
- Wine Tasting

- Breweries & Distilleries
- Arts & Crafts
- Recreational Experiences

## HEALTHCARE

Health service professionals who provide direct service to clients or support to other health-related firms.

## ELIGIBILITY

- Existing for-profit businesses from 0 to 3 years old.
- Businesses located within the legal boundaries of Oregon City.
- Businesses must have a current Oregon City Business License.
- Businesses cannot be a national chain franchise whose marketing strategy is prescribed and whose supply chain is controlled.
- Current State of Oregon Registration (Articles of Incorporation, Sole Proprietorship, Limited Liability Corporation, etc.)
- Businesses must not have any outstanding illegal activity liens imposed against it initiated by a governmental entity.
- Business owners cannot be delinquent on federal, state, or local taxes at time of application.
- Applicants must demonstrate their ability to implement good business practices and future profitability.
- Business owners will become a member of the Embold Credit Union for the purpose of participating in this program.
- There is no fee to apply for an Entrepreneurial Opportunity Loan and there is no fee to become a member of Embold Credit Union.

## LOANS

- The loan amount is to be limited to \$20,000.
  - First 12 months: Interest will accrue at the rate of 0.5%
  - After the initial 12 months of the loan, the interest rate will be Prime Rate, plus 3 percentage points (fixed)
- Principal and interest paid monthly, after 12 months from closing date.
- Loan Term Up to 5 years
- Cosigners are optional.

## ELIGIBLE USES (Price Quote Documentation Required)

1. Hardware and/or software applications
2. New machinery & equipment
3. Internal and/or external commercial building remodeling or added fixtures (Permission from the building owner if the applicant is a tenant)
4. Commercial-related vehicle
5. Working capital (inventory, rent, utilities)
  - If the loan is to be used for options 1-4, the borrower will be responsible for 10% of the purchase price.

- If the loan is to be used for Option 5, the borrower must provide two current consecutive bank statements showing an average balance equal to or greater than 10% of the requested loan amount.

### **INELIGIBILITY (ALL APPLICANTS/USES)**

- Passive real estate holding companies and others holding passive investments
- Applicants that are delinquent on federal, state, or local taxes
- Applicants that are not in compliance with all applicable federal, state, and local laws and regulations regarding their operations
- Businesses that not located within the legal borders of Oregon City
- State or National Chain Franchises that are controlled via a Headquarter Office or On-going Franchise Agreement with Oversight/Compliance Clauses
- Applicants that seek funding to pay-off or restructure existing debt

### **BUSINESS/ORGANIZATION DOCUMENTS**

- Application form
- W-9 IRS Form
- **Business Plan**
  - **Company Description:** Information about the business, goals and intended customers.
  - **Products/Services:** Description of what is being sold and from where is it being supplied or produced.
  - **Marketing Plan:** Describe how the product and/or service gets in front of potential clients. Describe the steps to promote the product/service.
  - **Personal Financial Statement**
  - **Business Financial Statements** – Please use financial statement templates provided by Embold Credit Union.
    - Profit and loss statements for past and current year of operation (if applicable)
    - Projected profit and loss by month for 24 months
    - Balance sheets for past and current year of operation (if applicable)
    - Sources and uses of funds
  - **Management:** Description of professional qualifications
- Federal and State Income Tax Filing (Personal and/or Business)
- Co-signers (optional)

***SPECIAL NOTE:*** Other documents and information may be requested to clarify and/or to complete the application.