



# CCCD

## Business Development Corporation

— A CERTIFIED DEVELOPMENT COMPANY —

### Quarterly Newsletter, Issue 25, May 2019

An SBA 504 loan is a partnership between a Certified Development Company (CDC), the Small Business Administration, and a lender. CDC's are economic development organizations that have been certified by the SBA to make loans under the Certified Development Company Economic Development Loan Program through an SBA 504 loan.

Working with a lender, the CDC provides up to 40% of the financing for commercial real estate purchase and new construction with an SBA 504 loan. A lender must partner with the CDC and typically provides 50% of the financing, while the entrepreneur ends up paying as little as 10% down.

The CDC works closely with the small business borrower to process, approve, close, and service the SBA 504 loan. Funding is provided by the CDC issuing a 10, 20, or 25 year debenture bond that is sold to investors on Wall Street giving entrepreneurs access to capital at low, fixed interest rates.

**May 2019 Rates:**  
25 yrs.—4.40%  
20 yrs.— 4.27%  
10 yrs.— 4.36%

Effective rate includes principal & interest, program fees, and loan loss subsidy.

**CCD Business Development Corporation would like you to choose us as your Certified Development Company!**

Certified Development Companies Grow Small Businesses, Jobs, Communities

### Small Business Owners Cautiously Optimistic About Economy:

The release of the latest economic forecasts and surveys to date indicate that while small business owners remain optimistic about the economy, they are cautiously optimistic. The buzz word is "conservative" in terms of growth, expansion and overall capital outlays.

A survey conducted by the U.S. Chamber of Commerce and MetLife in January of this year shows:

- 53% of small business owners feel good about the national economy, down from 58% from survey results from Q4 2018.
- 53% believed their local economy was in good shape, down from 56%.
- An accompanying small business index fell from 69.3 in Q4 2018 to 65.6.



While the survey results show a slight decline in optimism, small business owners continue to remain positive about the future of their businesses and that "their fundamental operations remain strong," according to the chamber and MetLife.

Reasons for the more cautious approach include a dip in production and new orders in February according to a monthly manufacturing report by the Institute for Supply Management, and a decrease in new jobs (12,000 jobs added in February, down from 107,000 in January) per ADP.

The Congressional Budget Office gross domestic product forecast predicts an increase by 2.3% in 2019, down from 3.1% in 2018. This decline is primarily due to the economy bump from the new tax law in 2018, which will not happen again in 2019.

The takeaway is that small business are embracing a conservative, cautiously optimistic approach across the board from expansion to hiring to overall business outlook.

**Source: Coleman Report—Mary Miller, Contributing Editor, Main Street Monday, April 29, 2019**

### 2019 Small Business Profile Highlights—Oregon

- In the third quarter of 2018, Oregon grew at an annual rate of 3.5%, which was faster than the overall US growth rate of 3.4%. Oregon's 2017 growth rate of 3.6% was down from the 2016 rate of 4.7%. (Source: Bureau of Economic Analysis, US Dept. of Commerce)
- In February 2019, the unemployment rate was 4.4%, up from 4.2% in February 2018. This was above the February 2019 national unemployment rate of 3.8%. (Source: Current Population Survey, Bureau of Labor Statistics, US Dept. of Labor)
- In the third quarter of 2017, 3,841 establishments started up, generating 11,358 new jobs in Oregon. Startups are counted when business establishments hire at least one employee for the first time. (Source: Business Employment Dynamics, Bureau of Labor Statistics, US Dept. of Labor)
- In the same period, 3,106 establishments exited resulting in 8,998 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: Business Employment Dynamics, Bureau of Labor Statistics, US Dept. of Labor)

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>)

## COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

Thank You!



August 2018, CCD was contracted by **Douglas County**, to complete the last several months of administration services for a Community Development Block Grant (CDBG). **Douglas County is the Project Owner for the CDBG project: Gardiner Sanitary District Wastewater Collection System Design & Construction.** The project started in March 2014 as a 3-year project, but the State Contract was extended three extra years.

CCD took over when Douglas County's consultant for this project was unable to continue providing the **grant administration** and **labor standards** services. CCD was happy to have the opportunity to step in and help Douglas County complete the project.

CCD was involved at the beginning of the project, completing the CDBG Environmental Review, then mid-way through the project by assisting with an Environmental Review Amendment, which expanded the project footprint, and utilized the remaining grant funds.

All grant funds were expended in this project. Gardiner Sanitary District also provided some match funds to complete the project.

This project was completed on March 31, 2019!

*Thank you, Douglas County, for giving CCD the opportunity to help out!*

*Since 1971, CCD Business Development Corporation has been Committed to Economic Development and Building Better Communities.*

### 504 Loan vs. Conventional Loan

**PROJECT COSTS:**

Building Purchase	\$1,000,000
Renovations	170,000
Furniture/Equipment	20,000
Appraisal/Environmental Reports	5,000
Closing Costs	5,000
<b>Total:</b>	<b>\$1,200,000</b>

**CONVENTIONAL BANK FINANCING**

Bank Loan Amount (80% of purchase price & renovations)	\$936,000
Borrower Down Payment	<u>\$264,000</u>
	\$1,200,000
	\$1,200,000

**SBA 504 FINANCING:**

Bank Loan Amount	\$600,000
504 Loan Amount	480,000
*Borrower Down Payment	<u>120,000</u>
	\$1,200,000

**Initial Cash Savings \$144,000 with an SBA 504 Loan Structure**

*\*Assumes a business with a 2-year operating history & purchasing a non-special use property.*

### PARTNER SPOTLIGHT



U.S. Small Business Administration

"Since its founding on July 30, 1953, the U.S. Small Business Administration has delivered loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses."



National Association of Development Companies

"The National Association of Development Companies (NADCO) is a trade association of Certified Development Companies (CDCs) - companies that have been certified by the U.S. Small Business Administration (SBA) to provide funding for small businesses under the SBA 504 Loan Program."



SMALL BUSINESS DEVELOPMENT CENTERS

Small Business Development Centers provide counseling, training and information to small businesses and prospective small business owners. The local SBDC is a cooperative effort of the local community college, U.S. Small Business Administration and Business Oregon.



Committed to the future of rural communities.

USDA Rural Development is committed to providing loans, grants and loan guarantees to support rural communities in order to increase economic activity. They are committed to helping improve the economy and quality of life in rural America.

**Encouraging Economic Development in your community.**



## An overview of some important things to know when you're hiring—and some things you might be doing wrong without knowing it.

**Social Media Status**—Using social media to make a hiring decision is a tricky legal area. If you plan to review a person's social media history as part of the hiring process, make that clear in the job posting as well as during the interview. Conduct the same type of social media review for all candidates, being sure to focus on aspects of their social media presence that relate to the job—not to their status as a protected class of employee, such as their age, race, religion or gender.

**Race or National Origin**—There's a difference between national origin and citizenship status. The federal government requires all employers to verify new hires' citizenship status using a Form I-9, Employment Eligibility Verification.

Rejecting a job candidate based on race or national origin is different. For example, suppose a job candidate looks equally qualified as all of the other candidates on paper. However, because he appears to be Hispanic, you assume he might not have the legal right to work in this country. You don't want to get excited about a good candidate and then not be able to hire him, so you decide not to even bother interviewing him. That's discriminatory.

**Age Discrimination**—There are some situations where a job candidate's age can legitimately enter into the qualifications you consider. The Fair Labor Standards Act sets 14 as the minimum age for hiring and regulates the number of hours that can be worked by minors under age 16. Minors may also be restricted from certain hazardous work such as driving motor vehicles and operating heavy equipment. An employee who will be serving alcohol or working in a bar setting will need to meet your state's requirements for the legal drinking age.

In most cases, however, an adult job candidate's age is not relevant in hiring. This is especially important to keep in mind when dealing with older candidates. The Age Discrimination in Employment Act (ADEA) forbids workplace or hiring discrimination against people who are age 40 or older.

To avoid accusations of age discrimination, don't ask candidates to include their age on job applications (unless it is relevant to the job, as in the case of minors or serving alcohol) and don't ask how old they are during the interview.

**Unintentional Discrimination**—Discrimination in hiring can occur unintentionally when employers make assumptions about job candidates. For example, if part of a job's duties includes working on Sundays, you might assume a job candidate who mentions her active role in her church would not be interested. Instead of jumping to conclusions, ask her if she is willing to work on Sundays.

Your recruitment policies may also unintentionally expose you to discrimination charges. For instance, if your job ads ask "recent college graduates" to apply, that can be construed as wanting someone young in the job. Instead, you can use language like "entry-level position" to convey that the job is for someone with limited experience.

Protected categories covered by the Equal Employment Opportunities Commission (EEOC) include race, color, religion, sex (including gender identity, sexual orientation, and pregnancy), national origin, age (40 or older), disability and genetic information. Ensuring your hiring practices are not discriminatory is a complex business. You can learn more at the Department of Labor website, the EEOC website or by working with an HR consultant or attorney with experience in this area.

*Source: Rieva Lesonsky, CEO, GrowBiz Media, a content and consulting company specializing in covering small businesses and entrepreneurship and SmallBizDaily.com.*



## Featured CCD RLF Project

**Mad Dog Brewing Co., LLC  
Db a Arch Rock Brewing Co., LLC**

28779 Hunter Creek Loop

Gold Beach, OR 97444

(541) 247-0555

<https://archrockbeer.com>

Arch Rock Brewing Co., LLC is a production brewery with a 15 barrel brew house. Arch Rock self-distributes and can be found all along the coast and into the valley. They currently offer three beers, Gold Beach Lager (German Style), Pistol River Pale (Old School IPA) and State of Jefferson (Robust Porter) which won Gold Medal NABA Awards in 2013 and 2017. They invite you to stop in for a tour of the small operation and fill up a 32 or 64 oz. Growler.



## BOARD MEMBER SPOTLIGHT

**Coos County Board Member—*Jessica Engelke***

Jessica is employed by Southwestern Oregon Community College and also serves on the North Bend City Council. She is an active member of the Coos County community.

Jessica is a tenure business management faculty member who works with entrepreneurs and business students who are exploring their entrepreneurial spirit. At SWOCC they focus on life long learning, so whether she's helping a first time freshman or a returning student she is committed to teaching business skills that will help them be successful personally and professionally.

Jessica has been a CCD Board Member for three years. She currently serves as an Executive Committee member. She feels that as a business professor, a citizen and a public servant it is important for her to learn about and help grow the economic progress in our community in a responsible way. I believe in the mission of CCD.

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*CCD Business Development Corporation's (CCD) Revolving Loan Funds cover projects located in Coos, Curry, Douglas, Jackson, Josephine and Lane counties.*

*These programs were created to assist with business financing when other financing is not available or a traditional lender is looking for a partner to assist with the proposed financing package.*

*Eligible loan costs include: purchasing land & building costs, construction & leasehold improvement costs, equipment, inventory and working capital. The collateral pledged must adequately secure the entire loan.*

*CCD often takes on higher-risk loans, such as a start-up business venture. While this alternative financing program may be more accessible to a wider group of borrowers, CCD does not compete with banks; but rather it compliments their financing options so that local businesses can grow and create jobs.*



## How to Build Business Credit on a Shoestring Budget

Many businesses start on a shoestring budget so it can be challenging to build the business credit you need to expand your business. But every business has to start somewhere and building your business credit can be done with the right action plan.

The first place to start is with your existing operating expenses. Did you know the payments you already make on a monthly basis for expenses such as your business phone line, internet and utility accounts, can be reported to a business credit reporting agency? Unfortunately, many of these service providers do not report your company's monthly payments to the credit reporting agencies, so you don't get the benefit of paying these bills on time.

The good news is there are data reporting services that allow small business owners to link their eligible accounts and have the payment history automatically report to the business credit reporting agency which will help build and improve your business credit report.

As you know an established business credit report and score may lead to better rates and terms for business credit cards, lines of credit or loans from banks, card issuers and lenders.

It's important to note that this can only be accomplished if the business phone line, internet and utility accounts are set up in the company's name.

Here are several operating expenses that can help build business credit:

**Printing & Copying**—Do you use print & copy services on a regular basis? Did you know you can set up a corporate account with a printing service provider? Many office supply companies offer net 30 accounts which can be a useful trade reference on future business credit applications.

**Web Hosting**—Paying for web design, webhosting, domain names, and other services related to your company's online presence should be purchased in the company's name. This ongoing expense can be used as a valuable trade reference.

**Marketing & Advertising**—Promoting a company's products and/or services via advertising is a sizable expense that is incurred by every business. Many advertising companies offer special financing terms for major promotions and monthly billing options.

Building business credit with low cash flow doesn't have to be a difficult process if you take advantage of your existing expenses and ensure the business gets credit for it. It's simply a matter of taking action, setting up accounts in the company's name, and linking those accounts with a data reporting service.

*Source: Marco Carbajo, Guest Blogger for Dun and Bradstreet Credibility Corp. and SBA.gov. He is a business credit expert, author, speaker, and founder of the Business Credit Insiders Circle.*

**“Discover what CCD Business Development Corporation can do for you and your business!”**

### **Featured SBA 504 Project:**

#### **Hallmark Inns & Resorts, Inc. Hallmark Hospitality Services**

155 SW Elizabeth Street  
Newport, OR 97365  
(541) 272-3630  
<http://www.whalernewport.com/>

The Whaler is a 73 room hotel in Newport, Oregon. The hotel overlooks the beautiful Pacific Ocean with several attractions within close proximity. This project funded in April 2019. The borrower is currently upgrading the hotel with new carpeting and furnishings. In 2-3 years they plan to start a major expansion of the hotel on to two adjacent lots.

CCD's partner, Mid-Willamette Valley Council of Governments (MWVCOG), packaged this project on behalf of CCD.



### **Featured SBA 504 Project**

**Ippon, LLC**  
**BMAI, Inc. dba Best Martial Arts Institute**  
795 Almaden Street  
Eugene, OR 97402  
(541) 345-0684  
<https://bmai.org>

BMAI, Inc. is a Japanese inspired Dojo. It is one of the Northwest's largest and most modern facilities with 3 matted training areas, training equipment and viewing/waiting areas. BMAI offers classes in Karate, Judo, Olympic Style Tae Kwon Do, Aikido and Russian Systema. Owner and Sensai Alan Best says "we train with intensity, sincerity, humility, joy, and a bit of humor to lighten the way".

CCD's partner, Lane Council of Governments (LCOG), packaged this project on behalf of CCD.



## **5 Ways to Separate Your Personal and Business Finances**

As a business owner, establishing a distinct separation between your personal finances and your business finances is pivotal for protecting your own assets and credit. This should be a top priority for managing money the right way.

An incorporated business is treated as a separate legal entity and it must be treated as such. For starters, separation between personal and business finances should be on the top of the list. Doing so will prevent the co-mingling of funds, accounts, and assets which protects the integrity of the corporate veil.



Here are five ways to separate your personal and business finances.

**Open a small business bank account**—To keep personal funds and business funds completely separate you must have two different bank accounts. One personal checking account and the other a small business checking account. This sets you up for clean and accurate bookkeeping so when tax time rolls around it will make it easy for your accountant.

**Apply for a DUNS Number**—A DUNS number is the most widely used identifying number for businesses in the United States. It enables you to build a business credit identity for your company completely separate from your individual credit profile.

**Create a corporate presence online**—A company web site and dedicated email address is expected in today's business environment.

**Set up utility accounts in the company's name**—The utility services you pay to operate your business should be established in your company's name. This includes business phone lines, cell phone services, internet service, cable services, etc. These service accounts are the expenses your business pays on a monthly basis so it's important to handle them accordingly.

**Apply for credit in the company's name**—When applying for credit with a supplier or vendor be sure to submit your company information on the credit application. With trade credit; suppliers, vendors and retailers will extend financing terms ranging from net 10 to net 60 days. This will enable your business to establish credit history plus buy products and services on credit while deferring payment for 10-60 days.

**Acquire a business credit card**—The primary tool for separating personal and business charges is with a business credit card. Business credit cards allow you to track your business expenses, control spending and build your business credit.

Whether you're planning to start a business or own an existing business, these are just some of the ways business and personal finances are kept separate.

Failing to separate your personal and business finances leads to an accounting nightmare for your bookkeeper. In order to protect your personal assets, it's critical to separate your business expenses, accounts, and finances from you personally, or you risk forfeiting the legal protections that entity structures offer.

*Source: Marco Carbajo, Guest Blogger for the U.S. Small Business Administration. Marco is a business credit expert, author, speaker, and founder of the Business Credit Insiders Circle.*

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*CCD is a private non-profit corporation formed in 1971.*

*CCD was designed by the 3 counties (Coos, Curry, & Douglas) not as a replacement for the individual county development efforts, but as a focal point for economic development throughout the 3 county area. CCD is recognized as an Economic Development District.*

*In 1981, CCD expanded its financial services. The US Small Business Administration designated CCD as a “Certified Development Company,” which enabled CCD to begin helping businesses with SBA financing programs.*

**Equal Credit Opportunity Lender**

## **Certified Development Companies**

**What is a Certified Development Company?**

*A CDC is a nonprofit organization certified by the SBA to provide 504 loans to small businesses. Nationwide, there are about 214 of these organizations. Some only make 504 loans; others offer a range of programs to help small businesses. A CDC receives certification to operate statewide, and with approval from SBA, can be given certification to serve multiple, contiguous states. A CDC operates under the leadership of a board of directors, who are drawn from the service area.*

**Visit Our Website [www.ccdbusiness.org](http://www.ccdbusiness.org)**

**CCD Business Development Corporation (CCD) is dedicated to helping small business owners get the financing they need to start or expand their business.**

**Our CDC has a 24-member Board of Directors, comprised of volunteers who care about the economic development role played by small business owners. Our Board includes representatives from banks, small businesses, government, and community groups.**

## **To Get Started, Contact CCD’s Lending Team!**



**Theresa Haga**  
Executive Director/Finance Manager  
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***WE WANT YOUR BUSINESS!***

**CCD Business Development Corporation—Growing Small Businesses for over 47 Years.**

**CCD’s team is ready to serve you and your clients.**

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### **Why We Do It...**

**Our Mission:** *To encourage economic development, diversify local economies, support industry, and enhance quality of life for all in the region.*

*Federal Notice: To help the government fight the funding of terrorism and money laundering activities. Federal Law requires all Certified Development Companies to obtain, verify and record information that identifies each person who applies for a loan.*