

# CCD

## Business Development Corporation

— A CERTIFIED DEVELOPMENT COMPANY —

### Quarterly Newsletter, Issue 27, December 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.

**December 2019 Rates:**

25 yrs.— 3.65%

20 yrs.— 3.58%

10 yrs.— 3.86%

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 Facts SPOTLIGHT ON NONPROFITS

Nonprofits, tax-exempt organizations that further a mission instead of earning profits for their owners, are a big part of the small business sector and economy in general.

The average nonprofit employer has more employees than the average for-profit business (37 vs. 20 employees, respectively).

Over 99 percent of nonprofits have fewer than 500 employees, and these firms represent 45 percent of nonprofit employment. The median employment of a nonprofit employer business is about 4 employees.

Health, education, art, and other services represented over 90 percent of all nonprofits with employees and over 90 percent of small nonprofits.

The number of 501(c)(3) nonprofit employers is up about 30 percent over the last decade, with largely uninterrupted growth during the Great Recession.

In 2017, employees of 501(c)(3) nonprofit establishments averaged pay of \$53,700 vs. \$55,500 in for-profit business locations, and the pay was higher for nonprofits in just over half of the states.

**Source: U.S. Small Business Administration Office of Advocacy, U.S. Census Bureau, Statistics of U.S. Businesses**

CCD Business Development Corporation (CCD) was established as a 501(c)(3) organization on (date). The corporation was originally established to "Decrease Unemployment" in our region. The origins of the corporation focused on obtaining grants and funding for projects in the region that created and retained jobs and for infrastructure development. Currently the corporation offers the following:

**Community Development Department:**

- Project Development/Administration
- Grant Writing/Administration
- Environmental Reviews & Labor Standards Monitoring
- Enterprise Zone Management

**Finance Department:**

- Commercial Financing Programs
- SBA "Certified Development Company" for the SBA 504 Loan Program
- Administrator for additional loan funds in Coos & Douglas Counties
- Partnerships established throughout the state of Oregon

### Vision Statement:

*"Provide opportunity for proactive economic growth through diversification and expansion."*



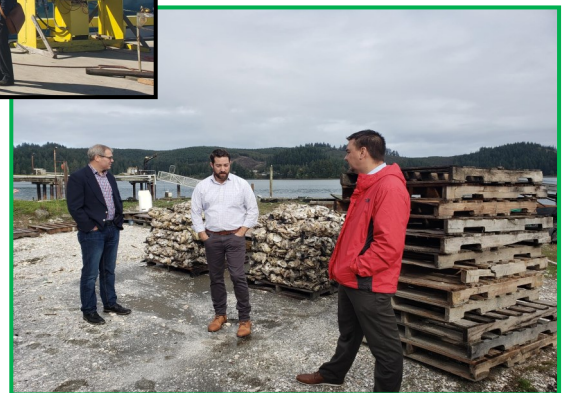
## Business Oregon Pop-Up Office October 7th—11th

In early October, Business Oregon held a "Pop-Up Office" in the South Coast Region. Sean Stevens, Regional Development Officer for Coos, Curry and Douglas Counties, arranged quite the schedule for Business Oregon Director Chris Harder and approximately a dozen other staff, economic development agencies such as CCD and SCDC and their Boards which included meetings, tours, and a Regional Reception.

Tours included Fred Wahl Marine, the former Gardiner IP site, Clausen Oysters, City of Coos Bay Wastewater Treatment Plant #2, Stillwagon Distillery, Egyptian Theatre, Coos Art Museum, Coos History Museum, GMA Garnet, Washed Ashore, and Face Rock Creamery. This list is a fair representation of our south coast development and needs. Most of these projects included some sort of state incentive or funding.

Other meetings included cities, economic development agencies, counties, ports, tribes, SBDC, and the airport.

CCD was honored to have been included in and a part of the important conversations. We are proud to show off our coastal region!



*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	\$936,000
(80% of purchase price & renovations)	
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.*

## Board Member Spotlight

### Kristi Gilbert

I am the Community Development Supervisor for the City of Sutherlin.

As an employee of the City of Sutherlin, we are a full-service city to include a Municipal Library. I oversee all operations in Community Development. Community Development consists of Building, Planning, Engineering, Development Processing, Economic Development and Project and Grant Management. Community Development in Sutherlin is responsible for planning and building the city into the future while sustaining the highest levels of community quality of life. I work with all levels of new development from single residential construction to fully-planned neighborhoods and small to large commercial and industrial business development interests. I also serve as the Executive Director of Sutherlin Downtown Development, Inc. We have established a culture and formalized processes by which any existing or outside business interest may acquire accurate and timely information with regard to making a decision to expand or locate in favor of Sutherlin.

Although I have been a CCD Board Member for a little over a year, I bring 20+ years of experience in community development. I feel it is a privilege to serve on the board and be able to contribute to the community in all aspects that I can.



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**Community Economic Development Department Project Update:**

**Roseburg Head Start**

On September 26th, 2019 UCAN held its Grand Opening of the brand-new Head Start Facility. The Fieldman Early Childhood Center is located on the UCAN campus at 250 Kenneth Ford Drive in Roseburg.

This facility provides the Head Start children a permanent and safe location to begin their learning careers. Teachers and staff will also benefit from not having to move their classrooms ever again! It is in close proximity and provides easy access to other services that families may be seeking on the UCAN campus as well.

This \$3,891,041 project was largely funded by donors, fundraising and a variety of grants including a Federal Housing and Urban Development Community Development Block Grant. The team of people it took to bring this project to life was impressive. CCD is pleased to have been a part of it!

UCAN's Director, Mike Fieldman gave thanks to all involved as he and his wife cut the ribbon and invited those in attendance to tour the building.

CCD contracted with the City of Roseburg for the Environmental Review, Grant Management and Labor Standards on this project.



## Featured CCD RLF Project



### **Brookside Inn, Inc. dba La Quinta Inn & Suites Re-Branding as Best Western**

2020 Leigh Way  
White City, OR 97503  
(541) 826-0800  
[www.bestwestern.com](http://www.bestwestern.com)

This project was in partnership with SBA and Rogue Federal Credit Union for the construction of a new hotel in White City, Oregon in 2008. Earlier this year the loan was assumed by Aman Virk. The hotel is being rebranded as a Best Western and is undergoing extensive upgrades including new paint inside/outside, flooring, fixtures, furniture and landscaping.

## Have an Address Change for Your Business? Here's Who You Need to Inform...

Have you recently changed your business location or mailing address? Whether you moved to a new physical location to expand the business or simply set up a new virtual office address to receive mail; notifying key agencies and listings can prevent major challenges due to an address change.

Below are key agencies and listings business owners should make sure they inform and update their business address with.

**Internal Revenue Service**—For the Internal Revenue Service, you will need to complete Form 8822-B-Change of Address, and send them to the address shown on the form. You can find this form on the IRS.gov website.

**Secretary of State for your State**—Each state has its own procedure for updating your entity documents such as Articles of Incorporation or Articles of Organization depending on your entity structure. You will also need to change your business address with any state licenses your business may have.

**Financial Accounts**—It's important to change your company's address on all financial accounts. This includes but is not limited to bank accounts, merchant accounts, investment accounts and any lender or bank you have a business loan or credit line with.

**Business Credit Accounts**—Any vendor, supplier, retailer or service provider your business has an account with needs to be notified about the address change. This will ensure your business receives its invoices and statements in a timely manner but also protects your business from potential identity theft.

**Business Credit Reporting Agencies**—Each major business credit reporting agency has its own process for updating your company information. Contact each of the business credit agencies to request an address update on your business credit report. You will likely be required to validate you're an authorized officer of the business and complete a research form.

**Websites & Directory Listings**—Your website and any local directory listings will need to be notified of the address change for your business. Inconsistent information such as an address on numerous websites can affect your local ranking.

**Social Media**—Any social media accounts that your business has a presence with will need to be notified of your change of address. You can make these address changes quickly by logging into your company's social media accounts.

There may be other locations or listings you need to update but this list covers some of the major ones.

*Source: Marco Carbajo. He is a business credit blogger for Dun and Bradstreet Credibility Corp, the SBA.gov Community, About.com and All Business.com.*

## Small Businesses Are a Vital Part of Community Resiliency but Often Overlook Vulnerabilities

***As a result, 40 percent of small businesses fail after a disaster and many more fail within a year.***

When it comes to recovering from a natural disaster, it's important for local small businesses to get back on their feet as soon as possible. Unfortunately, many small businesses are not prepared for disaster response and thus fail during the recovery. According to FEMA, 40 percent of small businesses never reopen after a disaster and another 25 percent, that do reopen, fail within a year.

It's not only important to that business' bottom line and to its employees to get back in business, it's important to the community.

"Small businesses are a huge contributor to our economy so if they're unable to rebound and provide goods and services on which we rely as a community, then obviously our recovery efforts are going to be curtailed," said Jim Redick, director of Emergency Preparedness and Response for Norfolk, Va. Redick said that often, small businesses find it difficult to designate time and resources for something, like a disaster, that may or may not happen or happens infrequently and they often rely on insurance.

And one of the keys to recovering from a disaster is understanding what the vulnerabilities before the disaster strikes, said Kathleen Tierney, emerita director of the Natural Hazards Center at the University of Colorado. "They're not well-prepared for the impacts of disaster, which makes them vulnerable during the recovery period," she said.

Businesses should know, for instance, about supply chain vulnerabilities — will they be able to continue to receive supplies after a disaster and will they be able to deliver products? Have they taken a close look at their insurance policy? Have they thought about business interruption insurance and if they can get it at a decent price, are they sure that the coverage will really help during a disaster? If they're in earthquake country are they located in a building that is a hazard as far as collapsing? "We found during the extensive research we did on businesses was that in disasters, the key source of disruption isn't necessarily damage at the site of the business but offsite, such as loss of electrical power, loss of water and natural gas, so a business can come out unscathed but not be able to operate," Tierney said.

Another key is having a plan whose primary focus is their most precious resource, their employees, and that the plan is supported from the top of the organization, no matter how large or small the organization and that they receive training and do exercises, eliminating some of the guesswork during a disaster. "A lot of times what we have seen is their employees evacuate out of the area and there's no accountability of where they are," Redick said. "If it's appropriate for them to evacuate, that's fine, but have the means by which they can communicate to let you know when they're coming back and what their status is. Some never come back."

Redick said businesses don't have to go it alone and that no entity should have to start from scratch when it comes to preparing for disaster. "There are materials and tools and templates out there if they reach out and talk to their local emergency managers," he said. Virginia has the Business Survival [Tool Kit](#), for instance, and Norfolk has [Team Norfolk](#), a guide to the Whole Community approach to disaster preparedness that includes small businesses.

That businesses that successfully recover from a disaster are usually the ones that had a plan and were involved in a collaboration with other entities. "They're not in it by themselves," Redick said. "The idea of business continuity and disaster planning can sound monumental, especially for small businesses. It's not."

Source: [www.govtech.com](http://www.govtech.com) - BY JIM MCKAY / JULY 26, 2018



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



**Bountiful Investments, LLC**  
**Acorn Dentistry for Kids—Keizer, LLC**  
4817 River Road N  
Keizer, OR 97303  
(503) 400-7110  
[acorndentistryforkids.com](http://acorndentistryforkids.com)

SBA partnered with Willamette Valley Bank to fund the purchase of commercial property in Keizer, OR. Acorn Family Dentistry has 3 additional locations in Silverton, Corvallis and Hillsboro. Acorn Dentistry uses only the latest techniques and technology to provide a positive and relaxed dental experience for children. The project was through CCD's partnership with Mid-Willamette Valley Council of Governments.



## How Much Does an Employee Cost You?

When you think about adding a new employee to your payroll, determine what the actual financial cost of doing so means to your business. This includes the dollars and cents over and above the basic wage or salary you agree to pay. There's a rule of thumb that the cost is typically 1.25 to 1.4 times the salary, depending on certain variables. So, if you pay someone a salary of \$35,000, your actual costs likely will range from \$43,750 to \$49,000. Some added employment costs are mandatory, while others are a little harder to pin down.

### **Mandatory added costs of an employee:**

Hiring an employee means considerable payroll tax costs, including:

- Employer share of FICA (7.65% on compensation up to the annual wage base, which is \$132,900 in 2019, plus 1.45% on compensation over the annual wage base).
- Federal unemployment tax (FUTA) of \$42 per employee. The FUTA tax rate is 6%, but most employers can take a FUTA credit of 5.4%, resulting in a 0.6% rate.
- State unemployment tax, which varies with your state and your claims experience (the more claims made by former employees for unemployment benefits, the higher your state unemployment tax rate will be).

You can learn more about these costs from the IRS and your state revenue department.

You will also need to address insurance coverage for your employees. This includes:

- Workers' compensation. Costs vary from state to state.
- Other insurance that may be needed for the work performed. For example, if you have a professional firm, you may want or be required to pay for professional liability coverage. Similarly, you may need to have a bond, a type of insurance, for an employee to protect a third party (your customer).

Talk with your insurance agent to determine what coverage is needed.

While these mandatory added costs can mount up, there's good news. The costs of payroll taxes and insurance are fully tax deductible.

### **Other costs of an employee:**

Think about employee benefits you may want or need to offer an employee. Under federal law, only large employers (those with 50 or more full-time and full-time equivalent employees) must offer health insurance or pay a penalty. However, there is a federal tax credit for small employers that choose to provide at least 50% of the cost of health coverage.

Offering retirement savings plans, such as 401(k) plans, to employees isn't mandatory under federal law, but employers may choose to do so. The cost of employer contributions needs to be factored into the total wage package.

These are only some of the employee benefits you can offer. Learn more about tax deductibility as well as exemption from payroll taxes for various fringe benefits in IRS Publication 15-B.

In addition to fringe benefits, there is a slew of other employment-related costs that may be difficult to quantify. These include:

- The cost of recruitment, including background checks and drug testing where applicable.
- The cost of initial and ongoing training.
- Miscellaneous items, such as uniforms and protective gear where needed.

Final thought...

Add up the costs to see whether your business can afford to add an employee. If your business is growing and you need more help, you can't afford to not hire more workers. But knowing the cost will help you budget accordingly.

*Source: Barbara Weltman, Attorney, prolific author with such titles as J.K. Lasser's Small Business Taxes and J.K. Lasser's Guide to Self-Employment. She has been included in the List of 100 Small Business Influencers for three years in a row. Follow her on Twitter: @BigIdeas4SB or at [www.BigIdeasforSmallBusiness.com](http://www.BigIdeasforSmallBusiness.com)*

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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!**



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***WE WANT YOUR BUSINESS!***

**CCD Business Development Corporation—Growing Small Businesses and Supporting Small Communities for over 48 Years.**

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

**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.*