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 2020 Rates:
25 yrs.— 2.76%
20 yrs.— 2.68%
10 yrs.— 2.64%

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

Certified Development Companies
Grow Small Businesses, Jobs, Communities

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Benefits of SBA 504 Loans

With SBA 504 financing, entrepreneurs can purchase commercial real estate with a down payment as low as 10%. The small business owner not only gets the tax benefits and appreciation of the real estate, but also locks in occupancy costs for the long term.

Enhanced Cash Flow & Low Down Payment:
With financing available for up to 90% of the project cost, SBA 504 loans offer an affordable down payment, enabling the entrepreneur to conserve working capital and retain liquidity to meet operating needs.

Long Term Financing at Competitive Interest Rates:
The ability to get long-term (up to 25 years), below-market, fixed interest rates makes it possible for business owners to save on interest expenses.

Predictable Monthly Payments:
SBA 504 financing allows small business owners to fix their business occupancy costs with an attractive, 25-year, fixed interest rate loan.

Ownership Options Tailored to Meet Small Business Owner Needs:
An entrepreneur can purchase and hold title to a building personally, in the name of the business or even set up a holding company for the real estate. This gives the small business owner the flexibility to maximize tax benefits of ownership and minimize liability in the manner best suited for the entrepreneur and the business. Additionally, two or more small businesses can receive an SBA 504 loan if they combine to create a real estate holding company.

Assumable Loans:
SBA 504 loans are assumable. If another person or business were to purchase a property we’ve previously financed, they would get the benefit of the below-market, fixed interest rates that came with the original loan. If it becomes necessary to sell a property down the road, this is a great feature.

CCD Loan Officers & Partners Make the Process Easy:
Certified Development Companies (CDCs) were created to do the SBA paperwork to assist the borrower. Most business owners have found that the SBA paperwork is not much more than that required by banks and CDCs make it easy because they are the experts in doing these types of loans.

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Featured SBA 504 Project

Corky Wray Construction
255 NE Thurston Ave.
Bend, OR 97701
(541) 318-7853
www.corkywrayconstruction.com

Corky Wray Construction is a locally owned and operated Central Oregon company that prides itself on offering prompt, capable and professional construction services. They specialize in custom home design and build.

CCD partnered with US Bank to fund this project.
On February 7, 2020, ORCCA (Oregon Coast Community Action) held a ribbon-cutting at their newly remodeled Brookings Head Start Building. Curry County Commissioners Gold and Boice cut the ribbon, as many of those that were involved in the project looked on.

ORCCA Executive Director, Mike Lehman, explained the project and the improvements to the building. He also thanked others in attendance:

- Curry County—Board of Commissioners & John Huttl
- Business Oregon—Sean Stevens, Regional Development Officer
- ORCCA Staff
- CCD—Tracy Loomis, Grant Administrator
- Adroit—Prime Contractor, Kyle Lumsden
- McSwain-Woods Architecture—Stu Woods
- City of Brookings
- As well as many of others that played a part in this awesome project!

CCD Business Development Corporation was contracted by Curry County, as CDBG Grant Manager for this project in 2014 when this grant was awarded. I have enjoyed this project so very much—it is special to me.

- Tracy Loomis, Community Development Director

With the successful completion of this project, Mike Lehman is retiring! CCD wishes Mike a wonderful retirement!

How can CCD help you...

Project Development:
We can help you find project funding!

Funding Application:
We may be able to help!

Assist with “New Business” Development:
We will help you or refer you to one of our partners!

Tax Abatements:
We manage the enterprise zones in our region. Call us to find out if your business may qualify.

Got A Project:
We will provide letters of support!

www.ccdbusiness.org
For additional information about CCD’, please call us
541-672-6728—Tracy or Brandi
CCD COVID-19 LOAN PROGRAM

Purpose: With the outbreak of COVID-19 across the nation, many businesses are currently and potentially facing revenue shortfalls that compromise their ability to cover operating expenses like payroll, rent, loan payments, utilities, etc. This program is to provide immediate assistance to enable the business time (if eligible) to apply for additional assistance through other programs like the SBA Disaster Loan Program.

Who May Borrow: Small businesses located in Coos, Curry and Douglas counties. Operating Company has been in business for at least two (2) years.

Is Collateral Required: Personal Guarantees will be required.

Eligible Loan Amounts: $1,000—$15,000

What Terms Are Available: Payments will be deferred for three (3) months. 4% fixed interest rate for loans funded through the COVID-19 Loan Program. Five (5) year repayment period.

These funds are intended to ensure that businesses can survive the COVID-19 crisis. Funds may be used to offset expenses incurred from the COVID-19 crisis, or to pay for operating expenses incurred while revenue is compromised.

CCD Revolving Loan Spotlight:

Alder Smokehouse
1055 Virginia Avenue
North Bend, OR 97459
(541) 756-9599

The Alder Smokehouse is a family owned and operated restaurant since 1997. They are a full service BBQ restaurant that also offers catering and take out. In 2019 they expanded to offer a banquet room, now open for your company parties, business meetings, or special occasions.

Lookingglass Brewery
192 SE Main St.
Winston, OR 97496
(541) 671-2311

The owners have been brewing beer since 2011. Over the years, recipes were enjoyed and refined. Many friends, family and perfect strangers encouraged them to sell their products commercially. By 2015, Lookingglass officially began commercial brewing selling kegs of beer. Their mission is simple "Brew great beer."

We Are Your Ongoing Partner

CCD Business Development Corporation won’t step away once your loan has funded. We’re committed to remaining your partner through the life of your loan and as your business grows.

We remain committed to providing exceptional service and expertise as your business needs evolve.
7 Tax Strategies to Consider When Selling a Business

Baby boomers own 2.3 million businesses, according to Project Equity. This nonprofit organization predicts that 6 out of 10 owners plan to sell their businesses within the next decade. If you’re among this number or a younger-generation owner thinking of selling a business, keep these seven tax considerations in mind.

1. **Negotiate everything for the sale of a sole proprietorship**
   If your business is a sole proprietorship, a sale is treated as if you sold each asset separately. Most of the assets trigger capital gains, which are taxed at favorable tax rates. But the sale of some assets, such as inventory, produce ordinary income. It’s up to the parties to negotiate the terms of the sale, which includes allocating the purchase price to the assets of the business.

   IRS Form 8594, *Asset Acquisition Statement*, shows seven classes of assets to which you must allocate the purchase price. The first class includes cash and checking accounts, to which you allocate the purchase price dollar-for-dollar. The final class (class VII) is for goodwill and going-concern value. This is the intangible asset that commands part of the purchase price. The more goodwill the business had, the greater the allocation to this class.

2. **Sell a partnership interest**
   The sale of an interest in a partnership is treated as a capital asset transaction; it results in capital gain or loss. But the part of any gain or loss from unrealized receivables or inventory items will be treated as ordinary gain or loss. Capital gain deferral is possible through an Opportunity Zone investment (explained below).

3. **Decide on a corporate sale of stock or assets**
   If you own a corporation, there’s a choice in how to structure the sale: sell stock or characterize the transaction as a sale of assets. Generally, sellers like to simply sell the stock to limit tax reporting to capital gain on the transaction. But buyers prefer an asset sale because this creates higher basis for the depreciable assets they’re acquiring. Negotiations between the parties can resolve the structure of the sale.

4. **Make an S election**
   The characterization of the sale as a stock or asset sale applies equally to C and S corporations. But there’s tax savings to be reaped by being an S corporation. But there’s tax savings to be reaped by being an S corporation. A C corporation planning on a sale can make an S election where advisable, assuming the corporation meets the requirements for being an S corporation.

5. **Use an installment sale**
   One of the ways to minimize the tax bite on profits from the sale of a business is to structure the deal as an installment sale. If at least one payment is received after the year of the sale, you automatically have an installment sale. But keep in mind, you can’t apply installment sale reporting for the sale of inventory or receivables. And there’s always a risk in an installment sales arrangement that the buyer will default.

6. **Sell to employees**
   If your business is a C corporation and you plan ahead, you can sell your business to your staff through an employee stock ownership plans (ESOP). The ESOP is owned by employees. You set a reasonable price for the sale and receive cash from the ESOP. You can then roll over the proceeds into a diversified portfolio to defer tax on the gain.

7. **Reinvest gain in an Opportunity Zone**
   Owners who realize capital gains on the sale of their business have a way in which to defer tax on that gain if they act within 180 days of the sale. They can reinvest their proceeds in an Opportunity Zone. Deferral is limited because gain must be recognized on December 31, 2026, or earlier if the interest in the fund is disposed before this date. Holding onto the investment beyond this date can result in tax-free gains on future appreciation.

A sale of a business is a highly complex matter from a legal and tax perspective. Don’t proceed without expert advice.

*Source: Barbara Welton, Attorney, SBA Blog Contributor*
7 Ways to Survive a Cash Flow Crunch

Finding ways to navigate a temporary cash shortfall can help put your business back in the black as quickly as possible.

1. **Push back payments.** - When a cash flow crunch strikes, one of the first defensive measures to consider is delaying some of your payments if you can. While you can’t put off paying your utility bills or rent payments, you may be able to negotiate an extension of the due date with some of your other vendors and suppliers.

2. **Negotiate new payment terms going forward.** - If your vendors are open to allowing you to delay payments in the short-term, consider using that as an opening to renegotiate your existing payment structure for the long-term. For example, if you normally pay on a net-30 basis but you find yourself running into the same cash flow problems each month, extending payment out to 45 days instead may give you some wiggle room.

3. **Put any non-essential spending on pause.** - Speaking of your budget, you should be taking a closer look at what you’re spending. Specifically, you want to examine your expenses to see if there’s anything you can put on hold or cut out altogether. The more you trim, the more money you’re putting back into your cash flow.

4. **Consider offering customers a discount to pay up.** - Sending out friendly reminders to late-paying customers may facilitate some cash coming your way, but if you’re really pressed for time, offering a discount could motivate them to pay faster. Just remember to weigh the cost of the discount against the benefits of having cash in hand sooner rather than later.

5. **See if you can snag a discount of your own.** - Giving a discount is one way to speed up cash flow but getting a discount can be just as valuable. Ask your vendors if there’s any possibility of receiving a discount on the services or supplies you’re purchasing.

6. **Reexamine your pricing structure.** - Raising prices is a necessary part of doing business, and it’s something to think about when you’re in a cash flow jam. Look at how much you’re spending on supplies and inventory and compare that to what you’re charging. Has it been awhile since you increased prices? How do your prices measure up against what your competitors are charging? Raising prices can help to bring you out of a cash flow slump, however, you have to do it strategically. Otherwise, you could end up driving off customers.

7. **Tap into small business financing.** - When you’re in a dry spell and you need working capital, getting a small business loan, credit card or line of credit may be a solution. A small business credit card, for example, could be useful for covering your bills and everyday business spending. A line of credit or term loan, on the other hand, may be more appropriate if you need working capital to cover payroll.

If small business financing is something you’re interested in, it pays to compare what’s out there carefully before you commit. Most importantly, consider how repaying a loan or line of credit will affect your future cash flow. Financing could help in a pinch, but it could hurt you in the long run if you’re having to dedicate a sizable amount of your revenue to repaying what you’ve borrowed.

Once you’ve overcome a cash flow crunch, the next step is creating a plan for avoiding another one in the future. Performing a regular cash flow analysis is a good starting point. This is simply a breakdown of your cash inflows and outflows over a set period of time.

*Source: Samantha Novick, Content Marketing Writer, Funding Circle (SCORE Resource Materials)*
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’s Revolving Loan Fund Programs have been in existence since 1971, funding 241 loans, for a total of $28,319,156 million in loans to regional businesses. A majority of these loans have included CCD participating with a local lender. Better yet, 2,657 jobs have been created/retained thanks to these Revolving Loan Funds.

**Featured SBA 504 Project**

**Real Time Research, Inc**

1000 SW Emkay Drive  
Bend, OR 97702  
(541) 719-1650  
www.realtimeresearch.com

Real Time Research was founded in 1999 specializing in biological studies focused on fish and wildlife recovery. RTR offers a unique combination of technological know-how coupled with intimate knowledge of fish and wildfire research in the Pacific Northwest. CCD partnered with US Bank to fund this project.

While SBA 504 loans are designed to help small businesses finance the purchase of fixed assets, like a new building, they are also a valuable economic development tool since small business expansion benefits communities through job creation, business growth and increased tax revenues.

“Growing Small Businesses, Jobs, Communities”

**Featured SBA 504 Project**

**ALKO Hospitality LLC dba Fairfield Inn & Suites**

3001 Franklin Blvd.  
Springfield, OR 97403  
(541) 743-8990  
www.marriott.com

The project was a partnership between CCD/SBA and Pacific Continental Bank to fund the construction of a 81-room hotel in the Glenwood Area of Springfield, Oregon. The project is located in a “targeted redevelopment zone” as defined by the City of Springfield, Oregon. The loan was packaged by CCD’s partner Lane Council of Governments (LCOG).
CALL FOR VOLUNTEERS

If you are looking for ways to give back—SCORE needs your help. Their work depends on amazing volunteers.

Why Volunteer with SCORE

You can help make dreams come true, while enriching your life. Here are just a few of the benefits of joining the SCORE network of volunteers:

- **Feel good** knowing you helped someone achieve their goals
- **Give back to your community** by helping small businesses thrive
- **Become a recognized leader** in your local business community
- **Make new friends and network** with SCORE volunteers and leaders
- **Grow professionally and personally** with SCORE’s training programs

Are you interested in volunteering with SCORE, but don't think mentoring is the best role for you? There are many ways that you can help. No matter your expertise or amount of time you have to donate, SCORE welcomes your assistance.

To submit an online application and start volunteering from home, visit [www.core.score.org](http://www.core.score.org).

**SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship. They have been doing this for more than 50 years.**

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Microenterprise Businesses

CCD partnered with the City of Roseburg to create and implement a Microenterprise Assistance Services Program. *The program is available to microenterprises, which are small businesses with five or fewer employees, including the owner.*

The program enables low- and moderate-income owners of microenterprises and persons developing microenterprises access to information, training and resources for their individual circumstances. **FREE BUSINESS TECHNICAL ASSISTANCE.**

CCD is taking applications for the program. Sessions will be held in Coos, Curry and Douglas counties.

Businesses who are interested in participating or want additional information should contact Bryan Sykes at (541) 672-6728 Ext. 301 or info@ccdbusiness.com.
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

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
(541) 756-4101 x1
thaga@ccdbusiness.com

Louie Robida
Loan Officer/Marketing
(503) 789-8191
l.robida@ccdbusiness.com

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.