



Oklahoma Business Lending Partnership (OBLP)

Lending is the preferred funding source for many growing and start-up businesses in Oklahoma. Loan capital, however, is more difficult and costly to secure in high-interest-rate environments. In addition to persevering through tough times, small companies sometimes lack sufficient cash equity to meet the minimum loan-to-value standards of traditional lenders. In response to these critical issues, the Oklahoma Business Lending Partnership (OBLP) was created as a flexible solution to help Oklahoma businesses maintain momentum and continue growth trends despite challenging economic conditions. Terms are flexible, and, best of all, OBLP supports businesses throughout Oklahoma.

The OBLP is a collaboration between the [Oklahoma Center for the Advancement of Science and Technology](#) (OCAST) and [TEDC Creative Capital](#) (TEDC) to expand access to capital for Oklahoma businesses through the U.S. Treasury's State Small Business Credit Initiative* (SSBCI) administered by OCAST.

The priorities of OBLP align with the State of Oklahoma's Science and Innovation Strategy, which includes increasing the number of new technologies and start-ups aligned with Oklahoma's three targeted sectors: biotech/life sciences; aerospace, autonomous systems, and defense; and energy diversification, including oil and gas. While supply chain businesses that support this strategy receive preference, most other Oklahoma enterprises are eligible for OBLP funding and are encouraged to apply.

Loan Terms

- **Interest Rate:** OBLP's interest is currently 5.5% fixed for the life of the loan.
- **Amortization:** Loan amortization depends on the useful life of collateral and mirrors the matching loan.
- **Collateral:** Collateral is required but flexible. OBLP will subordinate to reduce risk for our lending partners.
- **LTV:** A minimum 10% equity injection may be required if the borrower is a start-up or a collateral shortfall exists.
- **Guarantors:** A personal guarantee is required of anyone with ownership in the business equal to or greater than 20%.

- **Other Requirements:** Loans funded through the OBLP require at least a one-to-one match. For every dollar borrowed from the program, another dollar must be borrowed from an eligible private capital source. Examples include banks, credit unions, and Community Development Financial Institutions. Other private capital will be considered, including a new infusion of cash from the small business owner into the business for the project.

Loan Amounts – Up to \$5MM

The maximum OBLP loan amount is \$5 million. The average loan is expected to be approximately \$350,000. A transaction involving OBLP may not exceed \$20 million.

Fees

- **Loans Greater than \$25,000:** 3% fee plus other out-of-pocket expenses incurred by OBLP common to commercial loan transactions.
- **Loans of \$25,000 or less:** \$750 fee plus minimal closing costs.
- **Prepayment Fee:** None.
- **Servicing Fees:** None.
- **Participating Bank Fees:** Vary from institution to institution.

Eligible Businesses

- **Number of Employees:** A business may have no more than 500 employees, including all individuals employed full-time, part-time, or otherwise. (A borrower's number of employees includes employees of affiliate*** businesses.)
- **Oklahoma Based:** The applicant must be "Oklahoma-based," meaning the business must have its principal place of operations in the state or must commit to spending all OBLP funds in the State of Oklahoma, has registered as a foreign entity, and, if applicable, has filed a Statement of Qualifications with the Oklahoma Secretary of State.
- **Credit Score:** At least one guarantor must have a credit score equal to or greater than 625.

Eligible Uses of Funds

TEDC requires assurance from the borrower that the loan proceeds will be used for an eligible business purpose. Eligible business purposes include, but are not limited to:

- Start-up costs, working capital, and franchise fees.
- Acquisition of equipment and inventory.
- Services used in producing, manufacturing, or delivering goods or services.
- Purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. **
- Funds may be used to purchase tangible and intangible assets **except** goodwill.

Ineligible Businesses

- **Speculative Activities:** A company engaged in speculative activities that profit from fluctuations in price.
- **Lending Activities:** A business that earns more than half of its annual net revenue from lending activities, unless the entity is a non-depository CDFI or bank holding company or a Tribal lender that is not a depository institution or a bank holding company.
- **Pyramid Sales:** Enterprises engaged in pyramid sales.
- **Prohibited Activities:** A business engaged in activities prohibited by federal law.
- **Gambling Activities:** A business deriving more than 1/3 of gross revenue from legal gambling activities.
- **Real Estate Passive Income:** A business investing in real estate ventures.
- **Prurient Sexual Nature:** A business that presents live performances of a prurient sexual nature or that derives directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays of a prurient sexual nature.

Ineligible Uses of Funds

- **Passive Investments:** The term “business purpose” excludes acquiring or holding passive investments in real estate, purchasing securities, and lobbying activities.
- **Delinquent Income Tax:** Repayment of delinquent income taxes unless the borrower has a payment plan with the relevant taxing authority.
- **Taxes:** Repayment of taxes held in trust or escrow, like payroll or sales taxes.
- **Owner Reimbursement:** Reimbursement of funds to any owner or equity investor.

- **Ownership Interest:** Purchase of any portion of ownership interest of any business owner except for the benefit of an IRS-eligible employee stock ownership plan.

Relationship to SBA Lending Programs and Other Federal Loans

OBLP will not fund any portion of an SBA-guaranteed loan or the unguaranteed portion of a federally supported loan. If a borrower receives a federal loan guarantee, OBLP funds may not be used as credit support to a loan for the same purpose. However, an OBLP loan for a different purpose is eligible.

Other OBLP Priorities

Socially and Economically Disadvantaged Individuals (SEDI)-Owned Business:

To qualify as SEDI-eligible, the business must certify ownership and control by those who have had their access to credit on reasonable terms diminished compared to others in comparable economic circumstances. The term “owned and controlled” means, if privately owned, 51 percent is owned by such individuals; if publicly owned, 51 percent of the stock is owned by such individuals; and in the case of a mutual institution, a majority of the board of directors, account holders, and the community which the institution serves is predominantly comprised of such individuals. SEDI-eligibility includes:

- Membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society.
- Membership of a federally or state-recognized Indian Tribe.
- Veteran status; disability; gender; limited English proficiency.
- Long-term residence in an environment isolated from the mainstream of American society.
- Long-term residence in a rural community or a community undergoing economic transition.
- Business enterprises that certify that they are owned and controlled by individuals whose residences are in CDFI Investment Areas.
- Business enterprises that certify that they will operate in a CDFI Investment Area or business enterprises located in CDFI Investment Areas.

Very Small Business (VSB):

To qualify as a VSB, the business must have fewer than 10 employees at the time of the loan.

Next Steps

TEDC Contact Information: For more information, please contact TEDC's OBLP experts listed below:

- Ray Fitzgerald, Assistant Director of Lending, ray@tedcnet.com, m 918-955-7755
- Bill Linsao, Director of Lending, bill@tedcnet.com, m 410-302-7552
- Rose Washington-Jones, ED/CEO, rose@tedcnet.com, m 918-830-4381

Bank Partner Action: Bank partners are asked to share their credit memos, commitment letters, and all other documentation customary in making commercial credit decisions. A TEDC lender will help structure the OBLP loan to benefit the borrower and the financial institution. Bank partners who need assistance underwriting credits should call Ray, Bill, or Rose quickly to expedite the review and approval process.

Borrower Application Requirements: Click here for [Application Requirements](#).

Version Released 02/02/2024a

*The American Rescue Plan Act of 2021 (ARPA) reauthorized and amended the Small Business Jobs Act of 2010 to fund SSBCI as a response to the economic effects of the COVID-19 pandemic. SSBCI is a federal program administered by the U.S. Department of Treasury to strengthen private financing to small businesses.

**Loan proceeds are used for passive real estate investment when they are used to invest in real estate acquired and held primarily for sale, lease, or investment. Passive real estate investment includes most real estate development, including construction, in which the developer does not intend to occupy or actively use the resulting real property. A small business borrower can provide assurance that the loan is not being used for passive real estate if the small business borrower occupies and uses at least a specific percentage of the building, depending on whether the project involves the construction of a new building or the renovation of an existing building.

***A business combined with its affiliates must not have more than 500 FTE employees for either the applicant business or the applicant and its affiliates. Businesses are affiliates of each other when one controls or has the power to control the other, or one or more third parties have the power to control both. Factors such as ownership, management, previous relationships with or ties to another concern, and contractual relationships, are also considered. Control may be affirmative or negative. Negative control includes but is not limited to instances where a minority shareholder can, under a charter, by-laws, or shareholder's agreement, prevent a quorum or otherwise block action by the board of directors or shareholders. Businesses owned in whole or substantial part by investment companies licensed or development companies qualifying under the [Small Business Investment Act of 1958](#), as amended, are not considered affiliates of such investment companies or development companies.

