



ENERGY LOAN PROGRAM

625 Marion Street, NE
Salem, OR 97301-3737
1-800-221-8035

APPLICATION FOR COMMERCIAL OR INDUSTRIAL USE, ON-SITE.

(Other applications are available for public, residential, and generating projects.)

- o Please read the attached "Frequently Asked Questions" for more information on our loans.
- o Please keep the "Frequently Asked Questions" for future reference. Feel free to call us to assist with your application.
- o Check with us for supplemental questionnaires for biomass, alcohol, and hydroelectric projects.

Attach the following:

- A preliminary title report for any real property security.
- Copy of each note or mortgage, trust deed, or contract on property used as security.
- Copy of partnership agreement, articles of incorporation and by-laws or other documents as appropriate. Also include any assumed business name filings.
- Copies of tax returns and financial statements on applicant and any guarantor for current and last two years, explaining why, if any are unavailable
 - o NOTE: Financial statements should include balance sheets, income statements, and cash flow statement.
- Copy of your most recent property tax statement, showing the true cash value or a current MAI appraisal, if available, showing market value of real property security.
- Include application and underwriting fee (see frequently asked questions for amount).

Due to our fee structure, energy loans smaller than \$20,000 may be less cost effective than private financing. We encourage you to investigate your options.

LOAN REQUEST: \$ _____ (See Frequently Asked Questions for eligible items) **REQUESTED TERM:** _____

How did you hear about this loan program? _____

Have you applied for a Business Energy Tax Credit for this project? * (circle one) No Yes if yes when? _____

**BETC application fees are the responsibility of the borrower.*

APPLICANT

Business name: _____ Address of project: _____ City: _____ Zip: _____ County: _____

Mailing address if different: _____

Type of business: _____ Legal Structure: _____ Tax ID number: _____

Date business was formed: _____ Date present operation commenced: _____

Telephone: _____ E-mail: _____

Applicant requests that pages _____ and exhibits _____ be considered exempt from public disclosure under ORS 470.065.

COLLATERAL

Describe collateral you are offering as security for the loan: _____

What is the present value of the security? _____

Are you purchasing or leasing the project site? _____ (Please answer appropriate questions).

Land owner/lessor: _____ Address: _____

Terms remaining on lease: _____ Payments: \$ _____ per _____ Expiration date: _____

Are there any mortgages or liens on the property? (circle one) Yes No If yes, please list them below:

1) Lenders name and address: _____

Original amount: \$ _____ Rate: _____ % Payment: \$ _____ Balance: \$ _____ Acct. no: _____

2) Lenders name and address: _____
 Original Amount: \$ _____ Rate: _____ % Payment: \$ _____ Balance: \$ _____ Acct. no: _____

BUSINESS OWNERSHIP INFORMATION

Principals of closely held or under-capitalized businesses are expected to personally guarantee loans. It is the policy of the Department of Energy to obtain consumer credit reports for these individuals.

Owners of 10% or greater interest in the business—principal, shareholders or owners.

I authorize Department of Energy to obtain a consumer credit report on myself for purposes of evaluating this application:

Name: _____

Signed: _____

Percent owned: _____ % SS # or Tax ID # _____

Address: _____

Name: _____

Signed: _____

Percent owned: _____ % SS # or Tax ID # _____

Address: _____

Name: _____

Signed: _____

Percent owned: _____ % SS # or Tax ID # _____

Address: _____

List additional owners on separate page

List here all firms in which applicant or principals hold an ownership interest greater than ten percent (10%) and those which applicant or any principal controls.

FIRM	PERCENT OWNERSHIP OR CONTROL
	%
	%
	%
	%

Are any legal actions pending against applicant or principals? (circle one) Yes No

Have applicant or any principals formed a business which ceased to exist in less than two years; or filed bankruptcy or experienced foreclosure, repossession, debt judgment, or criminal penalty within the last seven years? (circle one) Yes No

If yes to either question, attach details.

List all obligations that are co-signed or guaranteed by applicant or guarantors

For whom: _____ Lender: _____ Balance: _____ Payment: _____

PROJECT INFORMATION

Briefly describe the project and list the renewable resource or conservation measures proposed. Include design and specifications. Attach plans and any useful brochures or factory specifications on equipment.

Date you expect to start construction: _____ Estimated completion date: _____ Useful life? _____

Estimate the amount of energy your project will produce or displace and your current unit cost.

Quantity/Yr	Current Cost or Rate Schedule	
	therms natural gas	\$
	kWh electricity	\$
	gallons oil	\$
	other (specify)	\$

Cost Estimate: List all project capital costs. Include each cost item and the size and number of items. Identify items already ordered or acquired and construction already started.

ITEM DESCRIPTION	COST	Check if started or ordered
	\$	<input type="checkbox"/>
	\$	<input type="checkbox"/>
	\$	<input type="checkbox"/>
	\$	<input type="checkbox"/>
	\$	<input type="checkbox"/>
	\$	<input type="checkbox"/>
Loan Fees	\$	<input type="checkbox"/>
Total Energy Project Costs		\$

NON-ENERGY PROJECT costs such as remodeling, expansion, or new building if not included above.	
Land	\$
	\$
	\$
List any funds for the total project other than SELP funds.	
Funds provided by applicant or principals	\$
Loans other than SELP:	\$
Other (explain):	\$
Total funds available other than SELP	\$
Attach plans and a description of the non-energy portion of your project.	

Describe environmental impacts and steps taken to reduce negative effects, do not enter none

Electric utility: _____ Natural gas utility: _____ other: _____

List name, address, phone number and e-mail address for the following.

Engineer: _____

Architect: _____

Contractor: _____

Dealer: _____

Person to contact regarding this application is: _____

Applicant(s) authorizes SELP to use their name, address, project information, and project photos to explain or promote the loan program.

Yes No (circle one)

IMPORTANT—READ CAREFULLY

APPLICANT(S) CERTIFIES AS FOLLOWS: That applicant(s) will use loan proceeds only to construct the energy project described; that the project construction to be financed will not commence or be obligated until the loan is approved; that the applicant(s) will comply with all applicable rules and laws intended to preserve or enhance environmental quality; that applicant(s) will obtain all applicable local, state, and federal permits, approvals, and licenses and comply with their terms and conditions; that no loan funds will be used for working capital, stock in trade, SELP or BETC application fees, or refinancing of existing debts unless approved by the Department of Energy and that undersigned is duly authorized to bind the applicant to repay this loan. Applicant(s) declares under penalty of law that all facts given and information attached are true and correct. Applicant(s) authorizes the Small Scale Energy Loan Program (SELP) to verify any facts they deem necessary for loan analysis, including obtaining my/our business and personal credit report(s).

I understand my loan may include a prepayment penalty. I have enclosed an application and underwriting fee of \$ _____

Applicant

by _____
Signature Title

Applicant

by _____
Signature Title

Date

Disclosure of social security numbers is not mandatory. The Department of Energy intends to use the number to obtain a consumer credit report to comply with ORS 470.090 (2) (e). The Privacy Act of 1974 prohibits the state from denying a loan because a person does not disclose their social security number.

FREQUENTLY ASKED QUESTIONS

WHAT BUSINESSES CAN APPLY FOR FINANCING?

Oregon businesses of all kinds. If a choice between requests must be made, preference will be given to retail or service businesses that employ 50 or fewer persons, and industrial or manufacturing businesses (including farms) that employ 200 or fewer persons.

WHAT PROJECTS ARE ELIGIBLE?

Projects must conserve energy, produce energy from a renewable resource, be a qualified alternative fuel project, or a qualified recycling project in Oregon. Examples of projects include:

1. Waste heat recovery
2. Conservation systems
3. Solar water heating
4. Passive solar heating
5. Geothermal heating
6. Methane digesters
7. Ground water or solar assisted heat pumps
8. Recycling (market development) projects
9. Alternative fuel fleet vehicles or refueling stations

Many other projects are possible. Talk to us about any ideas you may have.

WHAT COSTS CAN BE FINANCED?

Loans **can** be used for commercial project capital costs such as:

1. Equipment, installation and building costs
2. Weatherization
3. Design and consultant fees if incurred after the loan is approved
4. Construction interest and loan fees
5. Normal loan closing costs

Loans **cannot** be used for:

1. Costs incurred before loan application unless pre-approved
2. Operating or fuel costs
3. Back-up system costs such as conventional gas and electric furnaces

Only the energy project can be financed. For example, SELP cannot finance a new office, but it can finance the energy conserving or producing elements to be built into the office.

WHAT LOAN SECURITY IS REQUIRED?

SELP can lend on a first or junior mortgage. The security value of a second mortgage is affected by the size of any senior mortgage. Before a second mortgage loan from SELP can be approved on a new building, the first mortgage from your other lender must already be approved in writing. Contract equity loans may be made where the buyer under the land sale contract allows the state a security interest about equal to that of a junior lien on the fee. On certain industrial properties long-term leaseholds may be acceptable security. The term of the lease must extend beyond the loan by a minimum of 33 percent and give nearly all the rights of ownership. Other security may be considered, talk to us about specific items.

WHAT FINANCIAL REQUIREMENTS MUST BE MET?

Generally, your business must have produced an after-tax profit for at least the two years before your application is filed. Businesses must also have a ratio of current assets to current liabilities of 1.75 to 1 or better, and a ratio of total liabilities to owner's equity of 2 to 1 or better. If you do not meet these standards, go ahead and talk with us. You may offer other strengths in their place.

HOW LONG ARE LOAN TERMS?

Commercial loans are normally from 5 to 20 years. Loans may be assumable based upon approval by the Department of Energy. **There may be a prepayment penalty**, please ask us for details.

IS MY FILE CONFIDENTIAL?

In general, loan application files are public records and are open to public inspection. However, Oregon law (ORS 470.065) exempts certain kinds of information from public inspection. For example, trade secrets, and some kinds of personal and business information are exempt from public disclosure. Your application may contain information that you believe should be exempt from public disclosure under ORS 470.065. You should clearly identify that information in your application. The Director of the Oregon Department of Energy may receive a request to inspect your application file. If so, the Director will decide if any or all of the information you identified is exempt from public disclosure under the law. The person who wants to inspect the application file has the right to appeal the Director's decision. In the event of an appeal, the state Attorney General will make a final ruling.

HOW DOES SELP PROCESS APPLICATIONS?

1. SELP reviews project feasibility, applicant finances, security, and other factors that affect a loan decision.
2. We notify you of our tentative conclusions or we ask you for any information we need to bring your loan to a final decision.
3. If approved, a loan commitment is issued listing the items needed to close your loan. For example, licenses and permits and final construction drawings are normally required prior to loan closing.
4. When you meet your commitment conditions, your loan papers go to your title company for closing.

HOW LONG DOES PROCESSING TAKE?

Loans under \$100,000 are normally approved in about 3 weeks. Larger loans require advisory committee approval—they are approved within about 60 days of our receipt of complete information.

WHAT IS THE INTEREST RATE?

Interest rates can vary so please check with us for current rates. Rates are fixed for the term of the loan and set at closing.

WHAT OTHER LOAN COSTS ARE THERE?

Borrowers pay all costs of operating the loan program. Most of these costs may be included in your loan. You should expect to pay the following:

1. Application Fee: One-tenth of one percent of the amount applied for (maximum fee \$2,500) must be submitted with application. This fee is not refundable and not reimbursable from loan proceeds. A current preliminary title report on the security should accompany the application.
2. Underwriting Fee \$500 or one-half of one percent of the loan request, whichever is greater, not to exceed \$5,000 must accompany the application. All but \$500 of this underwriting fee will be applied toward the loan fee upon closing. This fee is also non-refundable.
3. Loan Fee: One percent of the loan amount to be paid at closing.
4. Appraisal Fee: If an appraisal is required, you will be required to pay the full cost. Your loan officer will discuss with you the need for an appraisal.
5. Closing & Other Cost: Escrow closing costs and title insurance are usually required. Other closing costs may apply including legal expenses for document preparation. We will contact you before you incur any unique or special costs.
6. Construction Fees: Any construction charges will be specified in advance for you. Such charges are normally minimal. Interest is charged on funds disbursed during construction. Holding costs on undisbursed funds may apply.
7. The costs of selling bonds and operating the program are paid through interest on loans.

IMPORTANT: After a loan is approved, it cannot be increased without going through an approval process. Feel free to estimate loan costs with us. Be sure your loan request includes adequate amounts for 4 through 6 above.

DO I RECEIVE ENERGY TAX CREDITS?

Projects funded by SELP are often eligible for a state tax credit. Tax credit application fees are not reimbursable from loan proceeds. Tax credit forms can be reviewed when the loan is being processed. Standards for tax credits are not the same as for loans. Tax credit approval does not ensure loan approval. For information on state tax credits, contact ODOE. You may wish to contact a tax consultant about federal energy tax credits. Many businesses must choose between some federal energy tax benefits and SELP loans.

DOES SELP ENSURE THAT MY PROJECT IS WORTHWHILE?

The Oregon Department of Energy may not

1. Act as the applicant's attorney, engineer, financial or tax consultant. Applicants should hire the professional help they need.
2. Guarantee that the applicant is making a good investment.
3. Endorse any project, manufacturer, contractor, or component. All evaluations are made only for loan purposes. Applicants are advised to shop for bids and use professional help if necessary.
4. Compel a contractor or engineer to remedy defects in construction or to live up to any contract with the applicant.
5. Insure that any project is safe, feasible, or operable. Inspections are for loan purposes only. Borrowers should inspect all work carefully for their own protection.
6. Guarantee the confidentiality of application or loan files. ORS 470.065 defines material exempt from public disclosure and provides that the Director's decision concerning disclosure is subject to an appeals process.

HOW DO I APPLY?

**Send your completed application to: Oregon Department of Energy, 625 Marion St. NE, Salem, OR 97301-3737
503-373-1033 or 1-800-221-8035.**

<http://egov.oregon.gov/ENERGY/>