

PROSPER PORTLAND
Portland, Oregon

RESOLUTION NO. 7525

**APPROVING COMMERCIAL PROPERTY LOAN AND SMALL BUSINESS
LOAN PROGRAM GUIDELINES**

WHEREAS, on April 26, 2023, through Resolution 37617, Portland City Council adopted Advance Portland, a five-year strategic plan for the City of Portland that calls for the promotion of inclusive economic growth, innovation, and wealth creation;

WHEREAS, Advance Portland and Tax Increment Finance District Action Plans call out lending as a key tool to support many of the plans' goals and objectives;

WHEREAS, Prosper Portland's Financial Sustainability Plan identifies the agency's lending programs as an important source of revenue to support its ongoing operations; and

WHEREAS, to achieve the goals set out in these plans, Prosper Portland's existing loan programs need to be updated.

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board of Commissioners ("Board") hereby adopts the Commercial Property Loan Program Guidelines attached to this Resolution as Exhibit A;

BE IT FURTHER RESOLVED, that the Prosper Portland Board hereby adopts the Small Business Loan Program Guidelines attached to this Resolution as Exhibit B;

BE IT FURTHER RESOLVED, that the Executive Director is authorized to modify the Commercial Property Loan Program Guidelines and Small Business Loan Program Guidelines (collectively, for purposes of this resolution, the "Guidelines"), so long as such changes do not materially increase Prosper Portland's risks or obligations, as determined by the Executive Director in consultation with the General Counsel, and to interpret the Guidelines;

BE IT FURTHER RESOLVED, that the Guidelines must be implemented on or before July 1, 2024;

BE IT FURTHER RESOLVED, that, upon implementation of the Guidelines, the guidelines established pursuant to Resolution No. 6863 (Commercial Property Redevelopment Loan); Resolution No. 7164 (Neighborhood Prosperity Initiative Opportunity Fund); Resolution No. 6788 (Business Incentive Program; Small Business Loan Fund; Business Development Loan Fund); and Resolution No. 7414 (Thriving Small Business Loan Program; Revenue-Based Financing Program; Creating Opportunity Loan Program) will no longer be applied, except that modifications to loans already in existence may be reviewed and approved as if those superseded guidelines were still in effect;

BE IT FURTHER RESOLVED, that nothing in this resolution or in the Guidelines is intended to abridge or modify any agreements with, or any legal obligations of the agency to, any third parties (including, without limitation, any obligations to Multnomah County or to the U.S. Economic Development Administration), or to abridge or modify and legal requirements applicable to the relevant funds;

BE IT FURTHER RESOLVED, that the Executive Director has the authority to modify or adopt any administrative procedures necessary or proper to implement and apply the Guidelines; and

BE IT FURTHER RESOLVED, that with the affirmative vote of no less than four commissioners for this resolution, this resolution will become effective immediately upon its adoption, and otherwise it will take effect thirty days after adoption.

Adopted by the Prosper Portland Commission on

March 13, 2024



Pam Feigenbutz, Recording Secretary



COMMERCIAL PROPERTY LOAN PROGRAM GUIDELINES
Wednesday, March 13, 2024

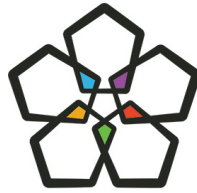
LOAN PRODUCTS			
PREDEVELOPMENT LOANS	REAL ESTATE SECURED TENANT IMPROVEMENTS	PROPERTY ACQUISITION AND CONSTRUCTION FINANCING	PROPERTY ACQUISITION/PERMANENT FINANCING
COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY (CPACE) FINANCING			
Strategic Alignment	The proposed project to be supported by loan funds must be consistent with the City of Portland's Advance Portland Plan (or successor strategic plan) and with any applicable TIF action plans, in effect at the time of underwriting.		
Eligible Project Location	Within the geographic boundary of the City of Portland (subject to availability of funds).		
Eligible Applicant	The legal entity owner of the real property where the proposed project will take place, or the legal entity holder of an option to purchase that real property.	The legal entity owner of the real property where the proposed project will take place, or the legal entity holding a long-term leasehold in the real property where the proposed project will take place. The legal entity that owns the fee simple interest in the real property being financed.	The legal entity that owns the fee simple interest in the real property being financed.
Minimum Credit Standards	The borrower (and any individual owner of the borrowing entity) must be current and in good standing on all revolving and installment debt; must have no delinquent or unpaid taxes, collections, charge-offs, or repossessions within the past three (3) years; and must provide satisfactory explanations for any derogatory credit information within the past three (3) years.		Projects are eligible for financing in the past three (3) years; may not be in bankruptcy, or have filed for bankruptcy in the past three (3) years.
Eligible Projects	Attached and/or multifamily residential projects; commercial projects; industrial/manufacturing projects; and mixed-use projects.	Tenant improvements in commercial or industrial/manufacturing attached and/or multifamily residential projects; commercial projects; including in the commercial component of a mixed-use project.	Middle-income and market-rate multifamily rental, commercial, industrial/manufacturing, and mixed-use projects. Single-family, 1-4 unit detached, condo, and townhouse units are not eligible.
Occupancy	Not applicable.	Owner and non-owner occupied properties are eligible.	Non-owner-occupied multifamily rental, and owner-occupied and non-owner-occupied commercial, industrial, and mixed-use projects are eligible.
Use of Funds	Soft costs associated with exploring the feasibility of an eligible project including but not limited to architectural, engineering, environmental review, market and financial feasibility analysis, appraisal, and consulting costs. Developer fees are not an eligible use of funds.	Soft and hard construction costs of eligible tenant improvements.	Property acquisition costs or to offset construction financing. General refinancing is not an eligible use of funds.
Minimum Loan Amount	\$25,000	\$100,000	\$250,000
Maximum Loan Amount	\$500,000	\$2,000,000	\$5,000,000
Interest Rate/Margin	Treasury Note Yield as published in the Wall Street Journal at the time of underwriting for the Treasury Note term most closely approximating the term of the loan.		
Origination Fee	The interest rate will be determined by adding a margin to the Interest Rate Index. The amount of the margin will be based on loan product and the risk rating assigned to the loan in the underwriting process.		
Term Length	Up to 36 months, which may be extended by up to 12 months provided that reasonable progress is being made to complete predevelopment work.	Up to 60 months.	Up to 180 months.
Amortization and Payments	At a minimum, monthly interest-only ("I") payments are required. All outstanding indebtedness, including any unpaid principal balance and all accrued and unpaid interest, is due at maturity. Prosper Portland may provide for interest reserves, require principle payments, amortize the loan for purposes of calculating interest and principle payments over a period not to exceed forty (40) years, and otherwise establish any other payment terms.		Maximum term is the sum of the construction period, plus the weighted average life of the eligible improvements being installed.
Primary Collateral may include	Deed of trust, assignment of rents and security agreement recorded against the subject real property. If the borrower does not own the real property at closing, the borrower does not yet own the real property at closing.	Deed of trust, assignment of rents, and security agreement recorded against the subject real property.	Benefit Assessment Lien recorded against the subject real property.
Secondary Collateral may include	Assignment of work products paid for with predevelopment funds; security interest in business personal property.	Assignment of architectural and engineering and construction contract(s); security interest in business personal property.	UCC-1 filing against equipment used in operations of the subject property; security interest in business personal property.
Personal Guaranty	Guarantees from all individuals or entities with 20% or more of equity in any borrower.		Not required
Minimum Debt Service Coverage Ratio	Not applicable.	1.10.	
Minimum Risk Rating	"C"		
Policy Triggers	All projects must conform with Prosper Portland's Green Building Policy, and Construction Business and Workforce Equity Policy, as amended from time to time.		

SMALL BUSINESS LOAN PROGRAM GUIDELINES

Wednesday, March 13, 2024



SMALL BUSINESS LOAN PROGRAM	
Strategic Alignment	The proposed use of loan funds must be consistent with the City of Portland's Advance Portland Plan and with any applicable tax increment finance district action plans, in effect at the time of underwriting.
Eligible Borrower	The sole proprietor or legal entity that owns the small business being financed.
Minimum Credit Standards	The borrower (and any individual owner of the borrower entity) must be current and in good standing on all revolving and installment debt; must have no delinquent or unpaid taxes, collections, charge-offs, or repossessions within the past five (5) years; may not be in bankruptcy, or have filed for bankruptcy in the past three (3) years; and must provide satisfactory explanations for any derogatory credit information within the past three (3) years.
Service Area	Business must be located within the geographic boundaries of the city of Portland, and loan funds must be used primarily to support operations based in or from the city of Portland.
Eligible and Ineligible Uses of Funds	Eligible uses include reasonable business purposes, including but not limited to for working capital, equipment purchases, tenant improvements, and as match for a Prosperity Investment Program grant. Notwithstanding the foregoing, it is not an eligible use of program loan funds to purchase real estate or vehicles, to pay off delinquent debt or taxes, or to support an age-restricted business (e.g. marijuana dispensaries, businesses that exclude individuals under 18 from the premises).
Minimum Loan	\$25,000 (or \$5,000 if a Prosperity Investment Program matching loan).
Maximum Loan	\$250,000 (or \$25,000 if a Prosperity Investment Program matching loan).
Job Reporting	All borrowers will be required to report annually on the number of jobs created by the loan, and on income levels of their staff. (Prosperity Investment Program match loans are excluded from this guideline.)
Interest Rate Index	Prime Rate, as published in the Wall Street Journal during underwriting.
Interest Rate	The interest rate will be determined by adding a margin to the Interest Rate Index. The amount of the margin will be based on the risk rating assigned to the loan in the underwriting process.
Origination Fee	Up to 2% of loan amount.
Term Length	Up to 120 months.
Amortization and Payments	Prosper Portland may provide for interest-only payments, deferred payments, principal payments and/or interest reserves, may amortize the loan for purposes of calculating interest and principal payments over an assumed amortization period not to exceed fifteen (15) years, and may otherwise establish any other payment terms. All outstanding indebtedness, including any unpaid principal balance and all accrued and unpaid interest, is due at maturity.
Collateral may include	Security interest/UCC-1 filing on all business assets; Security interest/UCC-1 filing on any equipment being purchased with the financing provided; lien on borrower-owned or guarantor-owned real estate.
Guaranties	Guaranties from all individuals or entities with 20% or more of equity in borrower.
Minimum Debt Service Coverage Ratio (DSCR)	1.10
Minimum Risk Rating	"C"
Policy Triggers	All projects must conform with Prosper Portland's Green Building Policy, and Construction Business and Workforce Equity Policy, as amended from time to time.



**PROSPER
PORTLAND**
Building an Equitable Economy

RESOLUTION NO. 7525

RESOLUTION TITLE:

APPROVING COMMERCIAL PROPERTY LOAN AND SMALL BUSINESS LOAN PROGRAM GUIDELINES


Adopted by the Prosper Portland Commission on March 13, 2024

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Gustavo J. Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Marcelino J. Alvarez	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner William Myers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Michi Slick	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Serena Stoudamire Wesley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Prosper Portland Commission and as duly recorded in the official minutes of the meeting.

	Date: March 18, 2024
Pam Feigenbutz, Recording Secretary	