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MICHAEL KAPLAN
DEPUTY SECRETARY OF STATE



ARCHIVES DIVISION
STEPHANIE CLARK
DIRECTOR

800 SUMMER STREET NE
SALEM, OR 97310
503-373-0701

NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 123
OREGON BUSINESS DEVELOPMENT DEPARTMENT

FILED: 10/08/2026 11:53 AM
ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Disadvantaged and Emerging Small Business Loan Fund Program Rules

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 11/23/2026 5:00 PM
The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT:
John Hobbs
503-779-3221
john.b.hobbs@biz.oregon.gov
775 Summer Street NE
Suite 310
Salem, OR 97301

Filed By:
John Hobbs
Rules Coordinator

HEARING(S)
Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 11/23/2026
TIME: 11:00 AM - 11:45 AM
OFFICER: John Hobbs

REMOTE HEARING DETAILS
MEETING URL: Click here to join the meeting
PHONE NUMBER: 1-503-446-4951
CONFERENCE ID: 91797682
SPECIAL INSTRUCTIONS:
Phone Conference ID: 917 976 82#
Meeting ID: 239 783 664 323 694
Passcode: eW2ew9UC

Please email scanned copies of any written materials you would like to submit related to these rules for this meeting and for the record to the Rules Coordinator.

You may also send hardcopy written materials to:
OBDD Rules Coordinator,
775 State Street, Suite 301
Salem OR 97301

All hard copy written comments must be received by the close of the comment period.

For accommodations or questions, please contact the Rules Coordinator at least 72 hours prior to the hearing.

NEED FOR THE RULE(S):

The rule division implements the loan program required under ORS 285B.768 for funding through the Disadvantaged and Emerging Small Business Loan Fund.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Oregon Revised Statutes ORS 285B.768 through ORS 285B.775 accessible via www.oregonlegislature.gov.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE:

The proposed rules are not anticipated to affect racial equity in the state.

FISCAL AND ECONOMIC IMPACT:

The proposed rules are not anticipated to economically affect state agencies, local governments, or the public.

COST OF COMPLIANCE:
(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

1. The proposed rules will affect Oregon businesses eligible for loans through the Disadvantaged and Emerging Small Business Loan Fund.
2. Participation in the program is voluntary and does not carry a cost of compliance.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The Department consulted with the COBID Advisory Board, which includes representation from Oregon small businesses, on the development of the proposed rules.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

The proposed rules implement the program prescribed under ORS 285B.768 through ORS 285B.775. The scope of the program subject to rulemaking is narrow and did not merit the use of a Rule Advisory Committee.

RULES PROPOSED:
123-250-0000, 123-250-0010, 123-250-0020, 123-250-0030, 123-250-0040, 123-250-0050, 123-250-0060, 123-250-0070, 123-250-0080

ADOPT: 123-250-0000

RULE SUMMARY: Describes the purpose of the rule division.

CHANGES TO RULE:

123-250-0000
Purpose
The purpose of these rules is to provide procedures, standards and criteria for the making of loans from the Disadvantaged and Emerging Small Business Loan Fund to eligible businesses.
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771

ADOPT: 123-250-0010

RULE SUMMARY: Establishes the definitions of terms used throughout the rule division.

CHANGES TO RULE:

123-250-0010
Definitions
For purposes of this division 250, capitalized terms shall have the meanings provided below or in OAR 123-001-0050, unless the context indicates otherwise:¶
(1) "Applicant" means the Eligible Business that submits an application to borrow money from the Fund under these rules.¶
(2) "Borrower" means an Eligible Business that has executed a loan agreement with the Department under these rules.¶
(3) "Capital costs" means expenditures for the acquisition, construction, or permanent improvement of land, buildings, or other real property.¶
(4) "Certification" or "COBID certification" means current certification by the Certification Office for Business Inclusion and Diversity under OAR 123-200-1100(6), (7), and (19) as a disadvantaged business enterprise, emerging small business, or veteran business enterprise.¶
(5) "Department" means the Oregon Business Development Department as established under ORS 285A.070.¶
(6) "Eligible Business" has the meaning given in ORS 285B.764(1)(a), (d), and (e). ¶
(7) "Finance Manager" means the individual delegated authority by the Director of the Oregon Business Development Department to administer the Fund and make credit decisions on behalf of the Department.¶
(8) "Fund" or "DESB Fund" means the Disadvantaged and Emerging Small Business Loan Fund as established under ORS 285B.774.¶
(9) "Operated" means the period during which an Eligible Business has actively conducted business, as documented by evidence satisfactory to the Department such as business tax filings, registration with the Oregon Secretary of State, or records of commercial activity.¶
(10) "Prime rate" has the meaning given in ORS 285B.764(2) and means the primary credit rate of the discount window program of the United States Federal Reserve System.¶
(11) "Principal" in regard to an Applicant is defined as:¶
(a) If a sole proprietorship, the proprietor;¶
(b) If a partnership, each partner who is a natural person and holds a 20% or more ownership interest in the partnership;¶
(c) If a corporation, limited liability company, association, cooperative or development company, each natural person who is a direct or indirect holder of 20% or more of the stock or stock equivalent of the entity.¶
(12) "Project" means the use of loan proceeds for equipment, inventory, fixtures and working capital or other business-related expenses other than capital costs, as provided in ORS 285B.768(4). A loan for the sole purpose of refinancing of an existing loan is also eligible for financing if the following criteria, at the sole discretion of the Department, are satisfied:¶
(a) Such existing loan was exclusively for a business purpose; and¶
(b) The refinance is necessary to retain jobs or support continuance of the business operation.¶
(13) "Technical Assistance Provider" means:¶
(a) A small business development center established under ORS 285B.165 to 285B.171 or¶
(b) A culturally specific business association or chamber that provides one-on-one business counseling services, including¶
(A) Any entity participating in the Department's Technical Assistance for Underrepresented Businesses Program, or¶
(B) A Certified Entity as defined in OAR 123-019-0010(3). ¶
(c) Technical Assistance Providers may be organized as nonprofit corporations, business corporations, limited liability companies, partnerships or any other form of legal entity approved by the Department.
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771

ADOPT: 123-250-0020

RULE SUMMARY: Establishes and describes the eligibility requirements for a loan from the Disadvantaged and Emerging Small Business Loan Fund .

CHANGES TO RULE:

123-250-0020
Eligibility
(1) To be eligible for a loan from the Fund, each Applicant must satisfy all of the following:¶
(a) The business for which the loan is sought must be an Eligible Business as defined in OAR 123-250-0010(6), including that the business holds current COBID certification at the time the application is referred to the Department by a Technical Assistance Provider, as defined under 123-250-0010(13);¶
(b) The application must be executed by an authorized representative of the Applicant;¶
(c) The Eligible Business must have its principal place of business, and be providing goods or services to customers or clients residing in Oregon as part of its ongoing business operations;¶
(d) The Applicant has sought and received technical assistance from a Technical Assistance Provider as required under ORS 285B.771(3). Technical assistance under this paragraph must include, at a minimum, one-on-one business counseling regarding the application and a review of the application form, associated documents, and other materials for completeness and accuracy; and¶
(e) The Applicant must be current on its local, state and federal tax obligations or has entered into and is current on a repayment agreement with the applicable taxing authority.¶
(2) At least one Principal of the Applicant must be active in the day-to-day operations of the business, otherwise the business is considered to be a passive investment and is not eligible for a loan from this Fund.
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771

ADOPT: 123-250-0030

RULE SUMMARY: Describes the application process for funding requests to the Disadvantaged and Emerging Small Business Loan Fund. Establishes and describes the required elements of a loan application. Establishes that the Department will notify the applicant of a funding decision.

CHANGES TO RULE:

123-250-0030
Application Procedure
(1) Each Applicant shall certify to the Technical Assistance Provider and the Department that it is an Eligible Business under OAR 123-250-0020(1) and shall provide documentation of current COBID certification.¶
(2) An Eligible Business interested in applying for a loan from the Fund must have received assistance from a Technical Assistance Provider, including a review of the application form and associated documents and other materials for completeness and accuracy as required by ORS 285B.771(3)(b).¶
(3) If a Technical Assistance Provider determines in its sole discretion that the application of an Eligible Business is complete and accurate and deserves consideration by the Department, the Technical Assistance Provider shall refer the application to the Department, as provided in ORS 285B.771(4)(a). The referral must include a written statement from the Technical Assistance Provider confirming that it has reviewed the application and supporting materials.¶
(4) If a Technical Assistance Provider determines that an application is not complete or accurate or does not deserve to be referred to the Department for consideration in its present form, the Technical Assistance Provider may, in its sole discretion, work with the owner of the Applicant to amend the application and application materials, as provided in ORS 285B.771(4)(c).¶
(5) The application must, at a minimum, include:¶
(a) A completed application form prescribed by the Department;¶
(b) Documentation showing that the business for which the application is made is an Eligible Business, including current COBID certification;¶
(c) A nonrefundable application fee of $200;¶
(d) A business plan or executive summary demonstrating the ability of the Applicant to repay the proposed loan, including financial projections with supporting assumptions;¶
(e) Financial statements of the Applicant, which may include but are not limited to:¶
(A) Business tax returns of the Applicant for the most recent two fiscal years, or for such shorter period as the business has been in operation;¶
(B) A current balance sheet and income statement;¶
(C) Cash flow projections for the proposed loan term; and¶
(D) A personal financial statement of each Principal.¶
(f) A description of the proposed use of loan proceeds, demonstrating that proceeds will be used for eligible purposes under OAR 123-250-0010(12);¶
(g) A description of available collateral and business and personal assets that may be pledged to secure the loan; and¶
(h) Any other information or documentation the Department requires, as authorized by ORS 285B.771(2)(c).¶
(6) Upon receipt of a referred application, Department staff shall review the application for compliance with the requirements of these rules and ORS 285B.764 to 285B.775, conduct such investigation and underwriting analysis as the Department determines necessary, and forward the application to the Finance Manager with a recommendation for action. The Finance Manager may:¶
(a) Approve the application;¶
(b) Deny the application; or¶
(c) Return the application to the Applicant and Technical Assistance Provider for further information or refinement.¶
(7) After making a determination under OAR 123-250-0030(6), the Department will notify the Applicant and the Technical Assistance Provider that worked with the Applicant of the decision. The notification shall be in writing. In the case of a rejection, the notification shall state the reasons for the rejection.¶
(8) If a loan request is approved, the Department shall prepare the documents necessary to close the loan transaction. Such documents shall reflect all terms and conditions upon which the Finance Manager conditioned approval.¶
(9) An Applicant may apply for, and the Finance Manager may approve, a subsequent loan from the Fund once any prior loan from the Fund has been repaid in full. Applicants for subsequent loans must meet the eligibility requirements outlined in OAR 123-250-0020. Each loan is subject to the maximum loan amount for which the

Eligible Business qualifies under OAR 123-250-0040(2).
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771

ADOPT: 123-250-0040

RULE SUMMARY: Establishes and describes the conditions under which the Department will approve loan funding from the Disadvantaged and Emerging Small Business Loan Fund. Establishes that loans to Eligible Businesses that has Operated for less than two years will not exceed $100,000. Establishes that loans to Eligible Businesses that has Operated for two or more years will not exceed $250,000.

CHANGES TO RULE:

123-250-0040
Loan Conditions
The Finance Manager may approve a loan request if the Finance Manager finds that:¶
(1) The Applicant and the proposed Project are eligible for a loan from the Fund according to the criteria set forth in OAR 123-250-0020 and 123-250-0030.¶
(2) The maximum amount of a loan from the Fund is:¶
(a) For an Eligible Business that has Operated for less than two years as of the date the application is referred to the Department: $100,000; or¶
(b) For an Eligible Business that has Operated for two years or more as of the date the application is referred to the Department: $250,000.¶
(3) The proposed Project is feasible and a reasonable risk from practical and economic standpoints, and the loan has a reasonable prospect of repayment.¶
(4) Monies in the Fund are or will be available for the proposed Project.¶
(5) The Applicant's financial resources and management capability appear adequate to ensure repayment of the loan. Loans shall be subject to business underwriting standards used in secondary markets, as required by ORS 285B.768(3)(c).¶
(6) The Applicant agrees to abide by all local, state and federal laws and regulations and will obtain all applicable permits and licenses before the disbursement of any proceeds from the Fund.¶
(7) The Applicant is current on its local, state and federal tax obligations or has entered into and is current on its repayment agreement with the applicable taxing authority.
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771

ADOPT: 123-250-0050

RULE SUMMARY: Establishes that approved loans from the Disadvantaged and Emerging Small Business Loan Fund will be documented with a written loan agreement which shall include all terms required under ORS 285B.768 and any other terms the Department considers necessary or advisable to ensure repayment and the expenditure of loan proceeds for the purposes set forth in the approved application.

CHANGES TO RULE:

123-250-0050
Loan Agreement
If the Finance Manager approves the loan, the Department shall offer the Applicant a loan agreement, which shall include the terms required under ORS 285B.768(3), together with such further provisions as the Finance Manager considers necessary or advisable to ensure repayment and the expenditure of loan proceeds for the purposes set forth in the approved application.
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771

ADOPT: 123-250-0060

RULE SUMMARY: Establishes that a denied Applicant has the right to appeal the denial in writing within 30 days of denial and may submit documents and other information to support the appeal. The Department shall review the appeal request and issue a written decision within 30 days after the Applicant's submission of supporting materials.

CHANGES TO RULE:

123-250-0060
Appeals
A denied Applicant has the right to appeal the denial in writing within 30 days of the Finance Manager's denial. Within 30 days of the appeal, the Applicant may submit documents and other information to support the appeal. The Finance Manager shall complete the review and issue a written decision within 30 days after the Applicant's submission of supporting materials.
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771

ADOPT: 123-250-0070

RULE SUMMARY: Restates the requirement under ORS 285B.771 for a nonrefundable application fee of $200 due at the time an application for funding is filed.

CHANGES TO RULE:

123-250-0070
Fees and Charges
Applicants must pay to the Department a nonrefundable application fee of $200 at the time the application is filed, as required by ORS 285B.771(2)(b). These application fees shall be paid into the Fund.
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771

ADOPT: 123-250-0080

RULE SUMMARY: Establishes which Technical Assistance Providers are automatically qualified to provide technical assistance services to applicants. Establishes the criteria with which the Department may qualify an entity as a Technical Assistance Provider and provides that the Department may establish the term of a Technical Assistance Provider's qualification and the schedule for periodic review of qualified providers. Establishes the requirement that Qualified Technical Assistance Providers must continue to provide business counseling services to a Borrower after the loan has been provided, and must provide periodic reports to the Department on the status of the Eligible Business as requested, as provided in ORS 285B.771(b). Establishes the authority for the Department to remove a Technical Assistance Provider from the qualified list under certain conditions.

CHANGES TO RULE:

123-250-0080
Qualification of Technical Assistance Providers
(1) The following Technical Assistance Providers are automatically qualified to provide technical assistance services as specified in these rules and in ORS 285B.764 to 285B.771:¶
(a) Small Business Development Centers (SBDCs) established under ORS 285B.165 to 285B.171;¶
(b) Any entity participating in the Department's Technical Assistance for Underrepresented Businesses Program.¶
(2) In addition, the Finance Manager may qualify an entity as a Technical Assistance Provider if the Finance Manager finds that the entity demonstrates:¶
(a) Sufficient experience in providing one-on-one business counseling services, as required by ORS 285B.764(3);¶
(b) Sufficient experience in reviewing business plans or financial applications for completeness and accuracy;¶
(c) Sufficient experience in assisting businesses with successfully accessing capital; and¶
(d) The organizational capacity to provide periodic reports to the Department on the status of Eligible Businesses after receipt of loan proceeds, as contemplated by ORS 285B.771(4)(b).¶
(3) The Finance Manager may establish the term of a Technical Assistance Provider's qualification and the schedule for periodic review of qualified providers.¶
(4) Qualified Technical Assistance Providers shall continue to provide business counseling services to the Borrower after the loan has been provided, and shall provide periodic reports to the Department on the status of the Eligible Business as requested, as provided in ORS 285B.771(b).¶
(5) The Finance Manager may remove a Technical Assistance Provider from the qualified list if the Finance Manager determines that the provider no longer meets the qualifications in subsection (2) of this section. Before removing a provider, the Department shall provide written notice to the provider and an opportunity for the provider to respond within 30 days thereafter.
Statutory/Other Authority: ORS 285B.768
Statutes/Other Implemented: ORS 285B.771