

Texas Small Business Fund

Capital loans for small business growth and expansion

The Texas Small Business Fund provides financing to foster and stimulate the development of small businesses in Texas. Preference for funding will be given to the state's defined industry clusters within emerging technology fields including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture and aerospace.

Preference will be given to small businesses that have received financing from the state's Small Business Development Centers (SBDC) or through the Small Business Innovative Research program (SBIR).

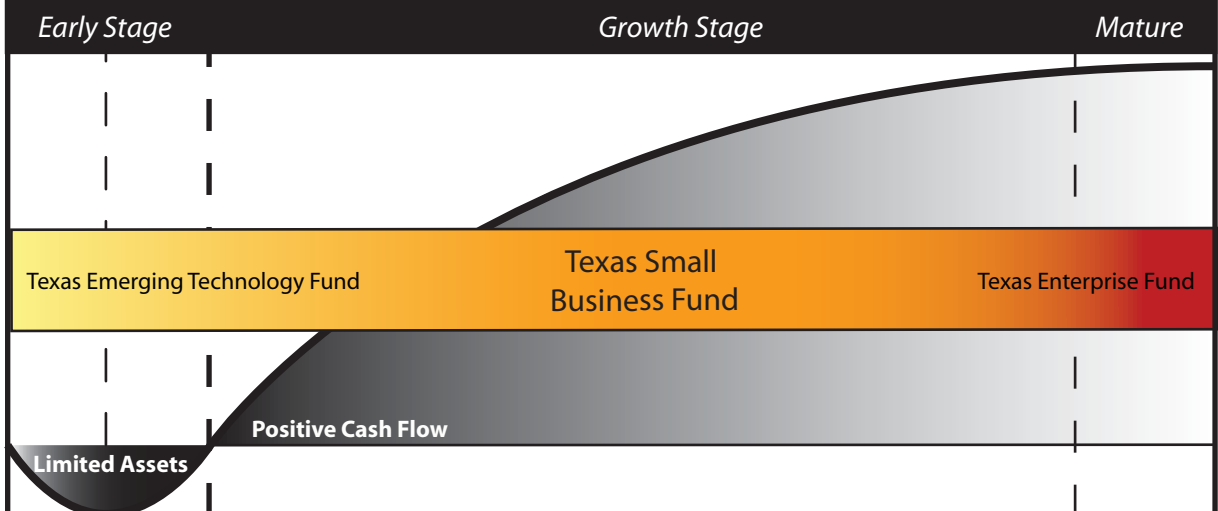
Benefits of the Texas Small Business Fund:

- ★ Ready Source of Capital
- ★ Supports Texas Business
- ★ Helps Small Companies Succeed
- ★ Increases Accessibility to Other State Programs

The Fund is a revolving loan program with capital provided from \$20 million in taxable bonds issued in 2005. The Office of the Governor, Texas Economic Development Bank administers the Fund at the direction of the Governor's appointed nine member board.

The Capital Lifecycle

This graph represents Texas Capital Incentives within a typical product lifecycle



Commonly asked questions regarding the Texas Small Business Fund:

What type of business can access the Texas Small Business Fund?

The Fund is available to businesses looking for asset based financing. Businesses must have unencumbered assets that are available for collateral.

Does my business fit the program criteria?

Funding preferences will be given to emerging technologies including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture and aerospace.

What can the funds be used for?

Funds may be used for working capital, machinery, equipment, furniture and fixtures.

What type of collateral will need to be pledged?

An asset-based loan is secured by a company's accounts receivable, inventory, equipment, and/or real estate, whereby the lender takes a first priority security interest in those assets financed. Real property, equipment, letter of credit or certificate of deposit may also be accepted as collateral. The amount of collateral will be based on the amount borrowed.

Will I need an Economic Impact Study and/or Business Plan?

The company will need to provide a business plan with a minimum of three years of financial statements or comparable plus a three year proforma. Projects funded through this program will have to provide evidence of current and future employment, in addition to projections of indirect or induced jobs within Texas. The estimated amount of capital investment in the state must be provided for review.

The Fund is self-supporting, paid for by the program loan participant's repayments. Thus the loan repayments are to be structured to fully pay the costs of issuance and program administration. Pursuant to Government Code 489.213 (c), loan participants must provide appropriate security or collateral, equity interest, and the rights and remedies of the board and bank in the event of a default on the loan. The loans will be structured using a variable interest rate that will follow the London Inter-Bank Offered Rate (LIBOR).

For more information on the Texas Small Business Fund call 512-936-0100



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