



PRODUCT DEVELOPMENT & SMALL BUSINESS INCUBATOR PROGRAM



The Product Development Fund and Small Business Incubator Fund, collectively PDSBI, is a revolving loan program administered by the Office of the Governor, Texas Economic Development Bank at the direction of the Governor-appointed nine-member board.

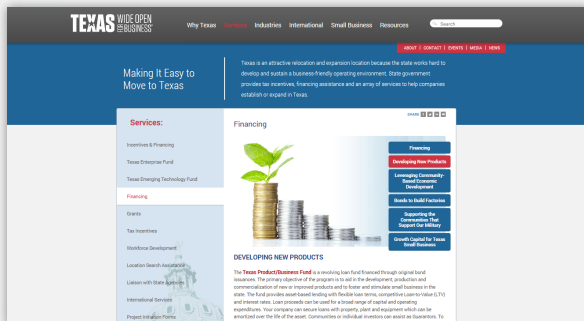
PDSBI provides financing to aid in the development, production, and commercialization of new or improved products and to foster and stimulate the development of small businesses in the State. In determining eligible projects and businesses, special preference is given to products or businesses in the areas of semiconductors, nanotechnology, biotechnology, renewable energy, agriculture, aerospace and biomedicine that have the greatest likelihood of commercial success, job creation, and job retention in the state.

Applicants may contact our office at (512) 936-0100 and/or TexasProduct.Fund@gov.texas.gov and request a brief pre-assessment form to determine eligibility.

To learn more, please call 512.936.0100 or visit <https://businessintexas.com/services/financing>

Attributes of the Product Development & Small Business Incubator program

- Collateralized loans to finance growth and expansion, equipment purchase, etc.
- Low variable interest rate and flexible amortization
- Competitive Loan-To-Value (LTV) requirements
- Communities or individuals can assist as Guarantors



- ⇒ Click the link to enter the site
- ⇒ Rollover Services in grey, top menu
- ⇒ Click 'Financing' > in the red scroll down menu
- ⇒ Select the "Developing New Products" option in the blue tabs to the right

Commonly asked questions regarding the Product Development & Small Business Incubator program

What type of business can access the Product Development & Small Business Incubator program?

Businesses and non-profits operating in the field and/or in support of nanotechnology, biotechnology, biomedicine, renewable energy, agriculture, aerospace, and semiconductor industries are encouraged to apply. Businesses developing and producing new and improved products in Texas, and small businesses and entities that foster small business enterprise in the State are also eligible to apply.

What can the funds be used for?

Among other purposes, loan proceeds can be used to develop, commercialize and produce new or improved products, to fund capital expenditures and to expand working capital.

What type of collateral will need to be pledged?

Applicants must have unencumbered tangible assets available for collateral. Examples: equipment, real property, accounts receivable or long-term contracts, inventory, and certificates of deposit.

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

An Economic Impact Study is not required, but applicants will need to provide a business plan.

In addition, applicants will be requested to submit at least three years of audited financial statements as well as a three-year pro forma. After incorporation of new debt, applicants are also subject to the following standards:

1. Maximum Debt to Equity ratio of 4:1
2. Minimum Current Ratio of at least 1:1
3. Minimum Debt Service Coverage Ratio of at least 1.2x

In addition, the Texas Economic Development Bank Staff will consider other factors including the operating history/experience of the applicant, purpose of loan, source of repayment, cash flow and financial strength of applicant and/or guarantor(s). Market conditions and macroeconomic factors will also be taken in to account when determining program eligibility.

How to apply?

For more information on the Product Development & Small Business Incubator program you can visit our website at: www.texaswideopenforbusiness.com/services/financing. You can also call our office at (512) 936-0100 or email us TexasProduct.Fund@gov.texas.gov.

The Product Development Fund and Small Business Incubator Fund, collectively PDSBI, are revolving loan programs established through the issuance of \$45 million General Obligation bonds in 2005.

The bonds are variable rate and track the 7-day LIBOR. PDSBI is self-supporting and loan repayments are expected to fully pay for the program administration. Pursuant to Government Code 489.213(c), loan participants must meet requirements for 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.

