

## MICRO AND COMMERCIAL BUSINESS LOAN APPLICATION

Below is a list of items needed for a loan application to be considered complete:

Copy of Tribal Card (for at least one owner)

Copy of Driver's Licenses for all owners/applicants

Copy of 2 years of personal tax returns (all applicants) and 3 years of business tax returns (if applicable)

Credit Application, completed, signed and dated (applicants in different households must complete separate credit applications)

Business/Loan Application, completed, signed and dated

Completed Business Plan

Twelve Month Cash Flow or Profit and Loss (a prediction on at least one year's income and expenses)

Personal Financial Statement (on loans over \$50,000)

Detailed list of collateral owned and/or being purchased with values

**Credit will be checked.** If federal/state tax liens have been filed against client, defaulted student loans, back child support, garnishments, etc... are found on credit report the process will be stopped until the issue is resolved. If there are numerous collections, credit counseling may be required to stabilize credit.

**Collateral is required for all business loans.** Real estate or equity in real estate can be used as collateral. Equipment, vehicles, cattle, etc... can be used as long as they are free and clear of liens. Collateral offered that has a title must be titled in the client's or business name or in the name of the person offering the collateral on behalf of the client and titles must be free of liens before the loan can be processed for closing.

**If approved,** you will be required to maintain certain types of insurance. **General liability** insurance is required for the business. **Hazard insurance** with CNEDTA named as loss payee covering the place of business, collateral and business assets is required on all loans. **Life insurance** in the amount of the loan with CNEDTA as the beneficiary for all owners and key employees (when applicable) is required on all Commercial loans. **Workers Compensation** insurance is required when applicable.

**Owner's Equity will also be considered.** Equity is any money that the owner has invested into the business, any equipment and inventory that has already been purchased and any experience/training in the type of business or related fields.

**Brian Wagon**  
**Entrepreneurial Development Manager**  
**Cherokee Nation Commerce Services - Small Business Assistance Center**  
**Office: (918)453-5531 Cell: (918)506-9168**  
***brian-wagon@cherokee.org***



# COMMERCE

DATE:

## Credit Application

If you have any questions about filling out this application, Contact 918-453-5536.  
 Please return completed application to the Small Business Assistance Center.  
 Please complete the additional Commercial Business Loan Application, if you are seeking a loan for business needs.

**Application:**

- ◆ Complete all portions of the attached Credit Application and additional forms required
- ◆ A brief written statement explaining the need for the loan
- ◆ Proof of citizenship if not an employee of CN or its entities
- ◆ Verification of employment/income
- ◆ Proof of collateral for non-employees\*

\*Collateral must be equal in value to the loan request and have a clear title.

APPLICANT INFORMATION			
Legal Name and/or Name as Printed on Payroll Check for Employee Loans:			
LAST	FIRST	MIDDLE	MAIDEN
Social Security Number	Date of Birth	Gender	Email address
Driver's License Number	Community		Main Contact Telephone Number
Co-Applicant: LAST FIRST MIDDLE MAIDEN			
Co-Applicant Social Security Number	Co-Applicant Date of Birth	Co-Applicant Gender	Co-Applicant Driver's License Number
Marital Status: Complete ONLY if applying with spouse jointly or if requesting a loan secured by collateral located in a community property state. <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Separated <input type="checkbox"/> Widowed			
Number in Household	Ages	Relation	
Current Address (Street, City, State, Zip)	<input type="checkbox"/> OWN <input type="checkbox"/> RENT	How Long?	County
Previous Address (Street, City, State, Zip)	<input type="checkbox"/> OWN <input type="checkbox"/> RENT	How Long?	County
Amount Requested:	Requested Funding Date:	Requested Repayment Period:	
Loan Purpose:			
Loan Program (Artist, Employee, Consumer, Commercial Business Loan over \$25K, Micro Business Loan)			

EMPLOYMENT INFORMATION			
Current Employer	Address (Street, City, State, Zip)		How Long? Telephone
Position or Title	Hourly Wage	Monthly Gross Income (Before Tax) \$	Monthly Net income (Take-Home) \$
Previous Employer	Address (Street, City, State, Zip)		How Long? Telephone
Position or Title	Hourly Wage	Monthly Gross Income (Before Tax) \$	Monthly Net income (Take-Home) \$
Co-Applicant Current Employer	Address (Street, City, State, Zip)		How Long? Telephone
Position or Title	Hourly Wage	Monthly Gross Income (Before Tax) \$	Monthly Net income (Take-Home) \$

REFERENCES		
Please list three (3) references for Applicant and Co-Applicant, with the first one being the nearest relative that lives outside the home:		
Name and Address	Telephone Number	Relationship
1		
2		
3		

ADDITIONAL INFORMATION			
IS ANY OF THE INCOME LISTED ABOVE LIKELY TO BE REDUCED BEFORE THE CREDIT IS PAID?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
HAVE YOU PREVIOUSLY RECEIVED A LOAN FROM CNEDTA? IF YES, WHEN?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
DO YOU HAVE HEALTH CARE COVERAGE? IF YES, PLEASE LIST THE PROVIDER:	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
DO YOU OR ANY MEMBER OF YOUR FAMILY CURRENTLY WORK FOR CHEROKEE NATION OR ANY OF ITS ENTITIES?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	

HOUSEHOLD INCOME			
Monthly Income	\$ After Taxes	Monthly Expenses	\$ After Taxes
APPLICANT'S SALARY		RENT OR MORTGAGE ON RESIDENCE	
SPOUSE'S SALARY (if applicable)		AUTOMOBILES:	
BONUS /COMMISSIONS		INSTALLMENT LOANS	
ALIMONY & CHILD SUPPORT		ELECTRICITY, WATER, OIL, & GAS	
INVESTMENT INCOME		FOOD	
REAL ESTATE INCOME		INSURANCE	
PUBLIC ASSISTANCE		ALIMONY & CHILD SUPPORT	
OTHER:		EDUCATION	
OTHER:		TAXES OTHER THAN FEDERAL	
OTHER:		ENTERTAINMENT	
OTHER:		MEDICAL EXPENSES (INCL INSURANCE PREMIUMS)	
MONTHLY INCOME		MONTHLY EXPENSES	
MONTHLY DISPOSABLE INCOME		= MONTHLY INCOME LESS MONTHLY EXPENSE	

OTHER INFORMATION			
* NOTE: Alimony, Child Support, or Separate Maintenance Income need NOT be revealed if you do not wish to have it considered as a basis for Repaying the Loan.			
ALIMONY, CHILD SUPPORT or SEPARATE MAINTENANCE INCOME is received or paid under the following: <input type="checkbox"/> COURT ORDER <input type="checkbox"/> WRITTEN AGREEMENT <input type="checkbox"/> ORAL UNDERSTANDING			
ARE YOU A CO-MAKER / CO-SIGNER, ENDORSER, OR GUARANTOR ON ANY LOAN OR CONTRACT			<input type="checkbox"/> YES <input type="checkbox"/> NO
IF YES, FOR WHOM?	TO WHOM?	AMOUNT \$	
ANY GARNISHMENTS: <input type="checkbox"/> YES <input type="checkbox"/> NO		IF YOU HAVE GARNISHMENTS, LIST TYPE AND AMOUNT: \$	
ARE YOU OBLIGATED TO MAKE ALIMONY, CHILD SUPPORT, OR MAINTENANCE PAYMENTS NOT DISCLOSED ABOVE			<input type="checkbox"/> YES <input type="checkbox"/> NO
IF YES, TO WHOM? NAME	ADDRESS	AMOUNT \$	
DO YOU OWE ANY LOCAL OR FEDERAL TAXES? IF YES, PLEASE LIST AMOUNT: \$			<input type="checkbox"/> YES <input type="checkbox"/> NO
DOES ANYONE HAVE A DAMAGE CLAIM AGAINST YOU? IF YES, PLEASE LIST AMOUNT: \$			<input type="checkbox"/> YES <input type="checkbox"/> NO
401 K LOAN DEDUCTIONS: <input type="checkbox"/> YES <input type="checkbox"/> NO			IF YES, PLEASE LIST BALANCE DATE OPENED AND BALANCE: \$

Please provide titled collateral with no liens attached to this application. This must be property you own and is in your name.

APPLICANT INFORMATION	
Please initial by each item in the space provided that you agree with the statement. If you need additional space please attach to this application.	
1.	_____ I understand that should my loan be approved, prior to closing, CNEDTA will charge a CLOSING FEE in the amount of 2% of the funded amount (not to exceed \$30 for Consumer Loans.)
2.	_____ I give my permission for CNEDTA to check my credit and employment history and to contact landlords, creditors and other individuals and institutions detailed within this Loan Application.
3.	_____ I have never filed for bankruptcy protection. (If you have, please give date and status: _____)
4.	_____ There are no outstanding judgments against me. (If there are, give the amount you could be obligated to pay: _____)
5.	_____ I am not currently a party to a lawsuit. (If you are, please explain: _____)
6.	Ethnicity: Please Choose A or B below: <input type="checkbox"/> A. I do not wish to furnish this information. "The following information is requested by the Federal Government for certain types of loans, in order to monitor the lender's compliance with equal credit opportunity. You are not required to furnish this information, but are encouraged to do so. The law requires that a lender may neither discriminate on the basis of this information nor on whether you choose to furnish it. However, if you choose not to be furnish it, under Federal regulations, this lender is required to note race/ethnicity on the basis of visual observation or surname. If you do not wish to furnish the above information, please check the box below." "This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law. Complaints or discrimination may be filed with the USDA, Director, Office of Civil Rights, Washington, DC 20250." <input type="checkbox"/> B. Please CHECK one: <input type="checkbox"/> CAUCASIAN <input type="checkbox"/> HISPANIC <input type="checkbox"/> AFRICAN AMERICAN <input type="checkbox"/> NATIVE AMERICAN (TRIBE _____)
7.	_____ I certify that EVERYTHING I have stated in this Application and any attachments is correct.

By signing below, I AGREE to the above. Co-Applicant's signatures are required if co-applicant shares ownership of the assets or is a party to obligations disclosed in the Application for a loan from CNEDTA.

Applicant's SIGNATURE \_\_\_\_\_

Date \_\_\_\_\_

CO-Applicant's Signature (if applicable) \_\_\_\_\_

Date \_\_\_\_\_



## SMALL BUSINESS ASSISTANCE CENTER

### Micro and Commercial Business Loan Application

Commercial business loans require the submission of the “Credit Application” and a Business Plan, in addition to this supplemental. This document contains tools for developing your own personalized business plan. Please remember these are ONLY tools and do require you to tailor certain details to the specifics applicable to your own business. For any additional questions or concerns, please contact our office at 918-453-5536.

#### Checklist of Required Documentation

- |   |   |
|---|---|
| <input type="checkbox"/> Credit application (Complete fully, sign & date)     | <input type="checkbox"/> Minority Statement (Business/Loan App signature page)                |
| <input type="checkbox"/> Business/Loan Application (Complete fully)           | <input type="checkbox"/> 2 years of personal tax returns                                      |
| <input type="checkbox"/> Copy of Driver’s License                             | <input type="checkbox"/> 3 years of business taxes (if applicable)                            |
| <input type="checkbox"/> Copy of Tribal Citizenship card                      | <input type="checkbox"/> Detailed list of Collateral available before and after loan proceeds |
| <input type="checkbox"/> Business Plan (see outline provided)                 | <input type="checkbox"/> Other documentation may be required depending on business            |
| <input type="checkbox"/> Personal Financial Statements (loans over \$50k)     |   |
| <input type="checkbox"/> Cash Flow projections for 1 year (template attached) |   |

#### Websites offering assistance

Provided below are some helpful websites offering business plan assistance, advice, and templates:

[www.score.org/resource/template/business-plan-template-a-startup-business](http://www.score.org/resource/template/business-plan-template-a-startup-business)

[www.sba.gov/business-guide/plan-your-business/write-your-business-plan](http://www.sba.gov/business-guide/plan-your-business/write-your-business-plan)

[www.forbes.com/advisor/business/how-to-write-a-business-plan/](http://www.forbes.com/advisor/business/how-to-write-a-business-plan/)

[quickbooks.intuit.com/r/starting-a-business/business-plan-template/](http://quickbooks.intuit.com/r/starting-a-business/business-plan-template/)

At the end of the application is a Detailed Business Plan Outline. This is just an outline, and only meant to provide guidance while developing your business plan. When using the Detailed Business Plan Outline, be sure to address each point that applies to your business in a narrative paragraph format within your own business plan. This is NOT a question and answer form, but a guideline as to what you should address in your business plan. It is very important to include as many details as possible within your business plan while keeping it concise and clear. This outline will assist you in covering the appropriate topics.

We are always here to provide service and answer questions. For any additional questions or concerns, please contact our office at:

Cherokee Nation Small Business Assistance Center (SBAC)  
PO Box 828  
Tahlequah, OK 74465-0828  
918-453-5536  
[www.cherokee.org/sbac](http://www.cherokee.org/sbac)

# BUSINESS/LOAN INFORMATION

## OPERATING INFORMATION

BUSINESS NAME:		
Business Owner(s) Name(s):		
Amount Requested:	Requested Funding Date:	Requested Repayment Period (Terms):
Loan Purpose (Start-up, Expansion, Equipment, etc):		
Current Address (Street, City, State, Zip)		Community:
Cell Phone:	Daytime Phone Number:	Evening Phone Number:
Is your business a: <input type="checkbox"/> Startup <input type="checkbox"/> Takeover <input type="checkbox"/> Currently Operating (since?)		Business Operation Hours (full-time, part-time, seasonal):
What type of Industry:		Not Including you, how many employees: # _____ Full-time    # _____ Part-time
Describe the Type of Product or Service your business will offer:		
Please list any State and/or Federal Licenses your business is required to have in order to operate AND do you currently have this License?		
Why did you choose this type of business?		
What is your experience in this type of business?		
Have you previously owned a business? If yes, why are you no longer in this business? If you have not owned a business please indicate First Time Business or Not Applicable.		
What are your business GOALS for the first year of operation?		



**MINORITY STATEMENT**

- 1. I certify that **EVERYTHING** I have stated in the Application Process and any attachments are correct.
- 2. I certify that doing business as \_\_\_\_\_ (name of your business) I agree to hire minority and moderate to low income individuals.

By signing below, I AGREE to the above, the Business Plan, and the Credit Application. Co-Applicant's signatures are required if co-applicant shares ownership of the assets or is a party to obligations disclosed in the Application for a loan from CNEDTA.

\_\_\_\_\_  
Loan Applicant 1 / Business Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Loan Applicant 2 / Business Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Loan Applicant 3 / Business Owner Signature

\_\_\_\_\_  
Date

# Detailed Business Plan Template Outline

## I. COVER SHEET

## II. TABLE OF CONTENTS

## III. EXECUTIVE SUMMARY

### A. Purpose of the business plan.

- Define the purpose of the business
- Describe who is requesting the money and how much
- Describe why the money is needed and for what purpose
- Describe the benefit to the business and the repayment process
- Describe the Tribal, Local, and regional benefits of this plan

### B. Description of the Business.

- Type of Business (manufacturing, merchandising, or service)
- Status of business. Indicate if the business is a start-up, expansion, or a take-over
- Describe the legal business structure (sole proprietorship, partnership, corporation, Subchapter S Corporation)
- Indicate the level of profitability and opportunity for success
- State the opening day of business and hours of operation, including details on seasonally adjustments.
- State the location of your business and location needs, if applicable.
- State the ownership of buildings and equipment (owned or leased)
- If renovations are required, indicate renovations needs and requirements

### C. For a new Business:

- Indicate level of experience in the business
- Indicate the level of research in the field of business and factors needed for the success of such a business
- Describe how your business will be unique and capture an opportunity
- Indicate the supply chain: potential suppliers to see what services/training are provided
- Indicate the usage of trade credit
- Indicate the need for contracts, terms, and anticipate contract work
- Reference any firm contract or letter and include it as a supporting document

### D. For a take-over:

- Indicate when and by whom was the business founded
- Describe why the owner is selling the business and your changes to the business to increase success
- Indicate how the purchase price was determined
- Indicate the trend in sales
- Indicate how will your management make the business more profitable

## IV. MARKETING PLAN

### A. Target markets served:

- Describe your target customer (age, gender, profession, income, geography, etc.) and market size (numbers, growth potential)
- Describe your pricing strategy and level of competitiveness

### B. Marketing mix and plan

- Nature of products and service: Quality, quantity, assortment, guarantee or warranty, packaging
- Nature of place/distribution: Manufacturing, retail store, wholesaler, warehouse, and transportation
- Nature of price: Variable cost, fixed cost, competitive price, consumer reaction
- Nature of promotion: Sales people, sales promotion, advertising, and publicity



### **C. Competition**

- Indicate the five nearest competitors and analysis compared to your business on level of growth, operation similarity, strengths, weaknesses, location, price, products, services, and describe your opportunity
- Indicate your operational strategy

## **V. MANAGEMENT PLAN**

### **A. Background and Experience**

- Describe your business background and experience
- Describe level of education (include all formal and informal learning experiences)
- Personal data (age, where you currently live and have lived, special abilities, interests, operational experience, and reasons for going into business)
- If lacking experience and knowledge, indicate your resources to fulfill business needs

### **B. Daily operations and Personnel**

- Draft an organizational chart and attach to business plan
- Describe individual roles, reporting chains of command, salaries or rates of pay, and final decision making authority
- Indicate other roles and required resources in your daily operations (accountant, lawyer, etc...)
- Describe management team and skill set of employees including hours of work, status, salaries or wages, overtime requirements, benefits, and training
- Describe hiring needs, availability of individuals for staffing

## **VI. FINANCIAL PLAN**

### **A. Sources and uses of funds?**

- Indicate your sales projection.
- Breakdown of expenses (total monthly expenses) and Start-up Costs
- Breakdown of how the loan funds will be spent: Real estate, equipment, inventory, working capital, etc...give as many details and specific costs as possible.

### **B. Break-even analysis.**

### **C. Capital equipment list:**

- Major equipment and normal accessories
- Minor shop equipment
- Other equipment

### **D. Pro-forma income statements**

- Year one-monthly
- Years two and three-Quarterly
- Notes and explanations for pro-forma income statements

### **E. Pro-forma cash flow (for a minimum of three years)**

### **F. Pro-forma balance sheet (for a minimum of three years)**

*The Small Business Assistance Center can provide assistance in reviewing financial statements and giving you some guidance when preparing your financial documents. It is recommended that you have resources available to provide assistance with financial planning.*

## **VII. APPLICATION & EXPECTED EFFECT OF LOAN / INVESTMENT**

### **A. Indicate level of Equity (Expressed in a percentage)**

### **B. Indicate level of Collateral (Detailed Before and After Loan)**

### **C. Do you need this new money? Establish a procedure for making borrowing decisions.**

### **D. Indicate the usage of loan funds. (This can be fairly general, i.e. working capital, new equipment, inventory, and supplies, etc.)**

- E. Describe your Equipment / Product / Service.** *Things to consider in making an application and indicate your reasons for the decisions: Should you lease or buy? What is the item being bought? Who is the supplier? What is the price? How much will you pay in sales tax? Installation charges, and/or freight fees? What is the specific name and model of your purchase?*
- F. How will the loan make your business more profitable?**

## **VIII. SUPPORTING DOCUMENTS AS NEEDED**

- A. Resumes of all existing employees and potential employees.**
- B. Job descriptions**
- C. Credit reports**
- D. Letters of reference**
- E. Copies of contracts**
- F. Copies of leases**
- G. Copies of letter of intent**
- H. Legal documents**
- I. Production requirements**
- J. Other documents may be needed depending on the nature of the business.**



**Personal Financial Statement of:**

Enter your name here

**as of:**

mm/dd/yyyy

<u>Assets</u>	<u>Amount in Dollars</u>
Cash - checking accounts	\$ -
Cash - savings accounts	-
Certificates of deposit	-
Securities - stocks / bonds / mutual funds	-
Notes & contracts receivable	-
Life insurance (cash surrender value)	-
Personal property (autos, jewelry, etc.)	-
Retirement Funds (eg. IRAs, 401k)	-
Real estate (market value)	-
Other assets (specify)	-
Other assets (specify)	-
<b>Total Assets</b>	<u>\$ -</u>
<u>Liabilities</u>	<u>Amount in Dollars</u>
Current Debt (Credit cards, Accounts)	\$ -
Notes payable (describe below)	-
Taxes payable	-
Real estate mortgages (describe)	-
Other liabilities (specify)	-
Other liabilities (specify)	-
<b>Total Liabilities</b>	<u>\$ -</u>
<b>Net Worth</b>	<u><u>\$ -</u></u>

**Notes on Preparation**

**Note:** You may want to print this information to use as reference later. To delete these instructions, click the border of this text box and then press the DELETE key.

Many financial institutions will require information about your personal financial data. This spreadsheet will help you prepare a personal financial statement.

Your personal financial statement should show only your personally held assets and liabilities (debts) outside the business. Do not include any business assets or liabilities.

Page 2 of the spreadsheet allows you to give the details behind the numbers on the balance sheet.

If you present this financial statement to a potential lender or investor, be sure to sign and date it in the space provided. The signature is your pledge that the statement is complete and accurate to the best of your knowledge.

Step 1: Prepare a list of all assets owned whether they are paid for or not. Enter the amount you would receive by selling the asset for cash.

Step 2: Prepare a list of liabilities (money you owe).

Step 3: Net worth = Total Assets - Total Liabilities

**Signature:**

**Date:**

# Personal Finance Statement of:

Enter your name here

## Details

### 1. ASSETS - Details

#### Notes and Contracts held

From Whom Owing	Balance Owing	Original Amount	Original Date	Monthly Payment	Maturity Date	History / Purpose
	\$ -	\$ -		\$ -		

#### Securities: stocks / bonds / mutual funds

Name of Security	Number of Shares	Cost	Market Value	Date of Acquisition
		\$ -	\$ -	

#### Stock in Privately Held Companies

Company Name	No. of shares	\$ Invested	Est. Market Value
		\$ -	\$ -

#### Real Estate

Description / Location	Market Value	Amount Owing	Original Cost	Purchase Date
	\$ -	\$ -	\$ -	

### 2. LIABILITIES - Details

#### Credit Card & Charge Card Debt

Name of Card / Creditor	Amount Due
	\$ -

#### Notes Payable (excluding monthly bills)

Name of Creditor	Amount Owing	Original Amount	Monthly Payment	Interest Rate	Secured by (Leine)
	\$ -	\$ -	\$ -		

#### Mortgage / Real Estate Loans Payable

Name of Creditor	Amount Owing	Original Amount	Monthly Payment	Interest Rate	Secured by (Leine)
	\$ -	\$ -	\$ -		

# Starting a Small Business

Oklahoma Department of Commerce

[www.okcommerce.gov](http://www.okcommerce.gov)

405-815-5218, 405-815-6552

## Introduction

Starting a business can be exciting. However, it also involves many factors and details. Thus, our agency hopes that this document will be helpful.

However, please note that the only intent or **purpose** of this document is to provide more information and direction for starting a small business. Thus, absolutely, **none of its contents should be considered “legal” or “mandatory” advice**. Instead, it is also recommended to always seek the advice of expert professionals such as licensed accountants or certified public accountants, attorneys, certified financial business planners and others that are qualified to work with small business owners.

*All parts of this document, below, are important and involved in starting a small business. Actions to obtain more information, make key decisions, do initial agency filings, while still working on parts of other areas, may be required to be ongoing, simultaneously.*

## Initial Organizing

### Business Name and Legal Structure

Usually, the first thought in starting a small business is to decide the **name**. However, it is equally (or more) important to understand and decide the **entity structure** (or **legal structure**) under which the business will operate. First, the entity or legal structure will determine the format and forms that the business will use to file annual income taxes (regarding its net profit or loss). It will also determine how documents are signed or executed.

The types of legal structures or entities used most by small businesses are a **Sole Proprietorship**, a **General Partnership**, a **Limited Liability Company** (LLC) or a **Corporation**. A corporation can also be referred to as a “common corporation” or a “C Corp”).

“Sole proprietorships” or “general partnerships” are referred to as “informal” or “simple” entity structure types, and they may be created either deliberately or unknowingly. For example, when a person, as a singular, individual owner of a business, without any official filing actions, sells an item or service to a customer and receives payment, he or she has automatically established a “sole proprietorship” structure. Likewise, when two or more persons, as joint business owners, do the same, they have automatically established a “general partnership” structure. Thus, based on their ease in starting, sole proprietorships and general partnerships, at any time, will outnumber the other structure types.

“LLCs” and “corporations” are among the “formal” legal or entity structures types, and their formations require more specific details and procedures. However, if the situations are conducive, both structure types can offer more beneficial income tax filing options. For example, both an LLC or a corporation can request permission from the Internal Revenue Service may be taxed under what is called a **Sub Chapter S Corporation (or S-Corp)**, which can be

advantageous to the owners. Both structure types can also, technically, provide liability limitations from lawsuits. However, for assistance in adequately assessing and realizing advantageous tax or limited liability situations, small business are advised to consult with qualified professionals and experts such as small business attorneys, general licensed and tax accountants or CPAs, certified financial business planners and others that work in these areas.

## Registering the Name and Legal Structure Information

In Oklahoma, the term, “registering”, is used by more than one agency. However, the registration (or filing) action to denote the start or the existence of a business is done with the **Oklahoma Secretary of State (SOS)**, [www.sos.ok.gov](http://www.sos.ok.gov), **405-522-2520**. The registration with SOS will include the name of the business, plus other information, as required in accordance with the specific type of entity structure involved.

If a business is operating under the structure of a “sole proprietorship” or a “general partnership”, only a **trade name** can be registered with the SOS. Thus, the desired name of the business will be officially registered with SOS under its “trade name” category. A trade name is also referred to as a name “**doing business as**” or a **d/b/a**.

However, the registration of a business at SOS to operate under a formal structure, such as an **LLC** or a **corporation**, will be more involved. Although the name of the business will be included, the registration, itself, will also be done under the specific format for the formal structure type.

Completing a registration electronically from the SOS website should usually be faster and more convenient. At the agency’s homepage, about an inch from the top of the page, on the far left, there is a horizontal menu starting with the category, “Business Services”. When clicked, it will show items on the website under vertical columns. The first column will allow a search regarding the availability of a desired business name. The next column is titled “File Online” which, by clicking the “Business Entity” selection, allows the start of registering online, immediately. In the fourth column, called “Forms and Fees”, the “Business Entity” selection will result in a page called “**Downloadable Forms**” that shows all of the types of business entities and other items that can be registered with the SOS. When a specific entity type on the page is expanded open, it will show the basic fee amount, a link to immediately register electronically, plus a link to a PDF attachment regarding the item. The PDF attachment will include general information, instructions, plus a related application form. The blank PDF application form can be printed off and then hand completed. Or it can be typed for completion while displayed on the SOS website, and then printed. However, a completed PDF application cannot be filed electronically, nor can it be saved and retrieved from the website, later. The completed application must either be mailed or taken into SOS’s office in person to be filed. However, a printed and completed application form from the PDF attachment can be used as a reference while completing a registration, electronically. There is also a quick menu on the homepage of the SOS website called “Most Requested Info”, which also has a “**Downloadable Forms**” link.

Currently, the basic SOS registration fees are as following: Trade Name-\$25.00, Limited Liability Company (LLC)-\$100.00 and Corporation-\$50.00 minimum fee, but it can vary based on the “Total Authorized Capital” (TAC). An added online credit card payment fee for each registration, respectively, are Trade Name-\$1.00, LLC-\$4.00 and Corporation-\$4.00.

An LLC must also pay an **annual fee** of \$25.00 to the SOS to keep its registration active and in “good standing”. Similarly, a corporation must file an **annual franchise tax return** (with the Oklahoma Tax Commission) and, if owed, pay a **franchise tax** amount. Computation of the tax will require the two basic financial statements of a business: a “Balance Sheet” and an “Income Statement”. However, no annual fee or tax is required for a “Trade Name” registration.

A name is always included when registering a business with the SOS. Additionally, at the specific time of the registration, the desired name must also be available (not being used by another business). However, if the name is available, but the registration must be delayed, the name can be **reserved** (or **held**) for 60 days, for a \$10.00 fee, and used later. On the Downloadable Forms page, the “name reservation” [link](#) is under the “Other Business Forms” selection. The business name can also be registered indefinitely as a “trade name”, plus released later (for a \$25.00 fee) and used, then, in registering an LLC, corporation or other formal entity type.

**Selecting** the legal structure or entity type under which to operate a business is the decision of the business owner(s). The staff of SOS will not discuss what the selection should be. However, the structure selected and started with, initially, can be changed, later, to another type. Thus, if a future owner cannot consult or confer with a qualified professional (i.e., tax accountant or CPA, attorney or other source) before starting the business, then he or she should do so, as soon as possible, afterwards.

Persons involved as owners in a general partnership or an LLC (including family members should develop and maintain a written “partnership agreement” or “operating agreement” as applicable. Information concerning comparisons regarding starting or owning a small business can also be searched on the Internet.

The entity registrations with the SOS are also, often, mistakenly confused as the same actions to obtain various licenses or permits required to operate a business in Oklahoma. Licenses and permits are completely different requirements that are covered in the next section of this document.

## Obtaining an Employer Identification Number (EIN)

All businesses with employees (including those under the structure of a sole proprietorship) must obtain an **Employers Identification Number (EIN)**. An EIN (also, informally, called a “federal ID number”) is obtained, free of charge, from the website of the federal **Internal Revenue Service (IRS)** agency (of the U.S. Treasury Department), [www.irs.gov](http://www.irs.gov). However, even without having any employees, businesses operating as general partnerships or registered under a formal entity structure (i.e., LLCs, corporations and others) are required to obtain an EIN, as well. An EIN is also normally required to open a business banking account.

## Licenses, Permits and Other Operating Requirements

Different “licenses” and “permits” may be required for various businesses to officially (or legally) operate in Oklahoma.

*A “license” is, normally, a document required by a business that provides a service. In addition to paying a fee, obtaining a license, in a classic sense, will also normally require completing a “course of study”, plus passing a qualifying “test or exam”. A “permit”, on the other hand, usually*



*only requires providing some specific information regarding the ownership and activities of the business. The fees for permits typically cost less than license fees.*

*Other terms regarding requirements to operate a business in Oklahoma can include being “certified”, “registered” or “bonded”. However, terms are often used interchangeably by agency staff persons (particularly regarding licenses or permits).*

## License Requirements and Service Businesses in Oklahoma

In Oklahoma, as mentioned, a **"License"** is normally a requirement pertaining to a business that provides a **service**. However, a license is not required for all service businesses. Furthermore, when a license is required, the license is typically issued to the owner(s) or operator(s) of the service business and is not issued to the business as an entity. For example, in a typical doctor's office, the doctor and certain medical staff (such as a nurse) must be licensed, but not the actual office, itself. However, if the doctor wants the office or practice to be under a formal entity structure (i.e., an LLC or corporation), then it must be registered, as such, with the SOS (which will include the desired business name).

The above licensing factors are similar for other businesses or practices such as attorneys; accountants/CPAs; guidance and behavior counselors; insurance and real estate agents, plus engineers and architects. Examples of service businesses that commonly require providers to obtain a license include food establishments (e.g., restaurants, cafes, food counters, plus catering and food truck operators); cosmetologists, barbers and massage therapists (plus their shops), plus home and building construction contractors providing plumbing, electrical and HVAC services. Lesser known service businesses requiring providers to obtain licenses include: mortgage and consumer credit providers; alarm controls and surveillance equipment installers; security guard services; locksmiths; amusement equipment operators; elevator and boiler pressure repair and installers; pressure line welders, plus transport, delivery and trucking services and chemical applicators for lawns and trees.

Examples of some service businesses that do not require the owner or providers to obtain licenses include: janitorial and residential cleaning; general lawn services (mowing and edging grass, plus trimming and cutting scrubs, hedges and trees); general power washing services (with exceptions regarding livestock transport trailers and washing to remove contaminated materials); auto, truck and equipment repair services; windows, garage door, guttering installation and repair; IT and general business consulting; general business brokers; auctioneers (with exceptions regarding real estate and livestock); general welding and construction services (with the exceptions, above) including carpentry, dry wall, concrete, fencing, painting, carpeting & flooring and other areas cited as repair, remodeling & renovation services.

Also, in several states of the U.S., just starting a business will require paying a fee that is called a **“general business license”**. However, in Oklahoma a general business license or fee is not required. The regulating of businesses in the state (issuing of licenses, permits, etc.) is done directly by the specific state agencies or sources designated to do so.

More specific information regarding licensing requirements can be found at the following link of our agency's website, <https://www.okcommerce.gov/doing-business/startups-entrepreneurs/business-licensing-operating-requirements/>.

## Sales Tax Permits Required of Wholesale and Retail Businesses

The sale of tangible products or material items to customers in Oklahoma involves the collection of **sales taxes**. Thus, **wholesale** and **retail** businesses that sell such items to customers in the state, are required to obtain one or more applicable **sales tax permits** from the **Oklahoma Tax Commission (OTC)**, [www.tax.ok.gov](http://www.tax.ok.gov), **405-521-3160**. There is a "general sales tax permit" (STP) for general products, plus "special permits" required for the sale of products such as gasoline, cigarettes, beer and wine, liquor, vehicle tires and other items. The act of applying for or obtaining one or more STPs from the OTC is also called "**registering**". A STP is also one of the items that must be obtained online from the OTC website. In other states, a STP may also be called a "**reseller's permit**".

The sale tax rates for cities, towns and communities across the state are available from OTC. Under their related STP number, wholesaling and retailing businesses must charge and collect sales taxes (based on multiplying the applicable percentage rates against the prices of the items sold to customers). Then later (usually in the following month, unless extended), the taxes must be remitted to OTC, along with a report.

A **wholesaler** is not required to charge and collect sales taxes if it is selling its items to a "retail" (or "resale") business customer that has a required STP. However, since a retailer sells to the final customer in the general public, it must charge, collect and remit sales taxes to OTC. However, an exception can pertain to a customer with an exemption certificate such as those issued to disabled veterans.

Retail businesses vary in size. They include large chain outlets, local neighborhood stores, as well as the growing number of small, "home-based" businesses which sell items from websites or other online platforms (e.g., clothing, jewelry, cosmetics, soaps, health supplements, plus other tangible products or items). However, regardless of size, retail businesses located in Oklahoma who sell products to customers in Oklahoma, must obtain STPs, as applicable, and charge, collect and remit such taxes to OTC. Thus, STPs from OTC are the most issued regulatory permit in the state.

Sales tax collections are also required of special service businesses such as hotels, motels, recreational cabins and bed & breakfast operations, as well as car rental service owners and warehouse operators. Vending business owners and trailer dealers are also required to be permitted or licensed by OTC and to purchase decals and stickers to be placed on their machines and trailers.

## Additional Requirements and Filings for Businesses with Employees

If a business in Oklahoma have actual employees, it will also have additional state requirements and filings as following:

- **Oklahoma Tax Commission (OTC)**, [www.tax.ok.gov](http://www.tax.ok.gov), 405-521-3160; to apply for and obtain an Oklahoma "income tax withholding account".
- **Oklahoma Employment Security Commission (OESC)**, [www.oesc.ok.gov](http://www.oesc.ok.gov); to apply, as an employer, for computation and payment of an "unemployment taxes" amount.
- **Oklahoma Workers Compensation Commission (WCC)**, [www.wcc.ok.gov](http://www.wcc.ok.gov), 405-522-3222; in accordance to WCC regulations, businesses must cover its employees in

Oklahoma under “workers compensation insurance”. If needed, the insurance is available from Oklahoma’s state owned insurance company, **CompSource Mutual Insurance Company**, [www.compsourcemutual.com](http://www.compsourcemutual.com), 405-232-7663, 800-347-3863.

## Financial Estimates and Projections

*This area pertains to the “numerical” and “financial” aspects regarding a small business that should be addressed by persons wishing to start a successful small business.*

### Numeric and Financial Estimates

In planning, aspiring owner(s) must decide the products or services that their business will sell or provide. Similarly, they must be able to identify the potential customers (including by various segments or types) for marketing and solicitation efforts. For example, a retail clothing business might offer items only for women or only for men, or items could be only for teens and children. Construction companies may offer services to only single residential property owners or just to multi-family property owners, or to both. It could also be vice-versa to owners of small or large commercial buildings. Detailed notes may be needed regarding the various customer categories for a business.

Information should also be developed regarding the prices to be used in selling or providing the products or services. Likewise estimates or actual amounts should be developed regarding the direct costs involved. Normally for retail businesses, the major direct cost is the cost of the merchandise inventory purchased for resale. The direct costs for a repair and installation service business include parts and materials, direct labor and shop supplies and expenses. Similar costs are involved with various products or items that are handmade or processed for sale by owners of home-based small businesses.

### Annual Financial Operating Projections

Some of the key objectives in starting and operating a business are for it to be profitable and to grow financially. Thus, it is recommended that “**Annual Projected Financial Operating Statements**” be developed for the business. The projected statements are developed in the same format of a regular “Income (or Profit & Loss) Statement”. The main purposes of the statements are to try to realistically project and analyze the financial dynamics and profitability of the business.

The projected **annual sales (or revenue)** for a business are reached from computing the money to be received from the annual sales of an estimated number of the various products and services, at their assigned prices, to an estimated number of customers. The related annual total amount of anticipated direct costs are subtracted from the projected annual sales to derive an annual **gross profit** amount. Next, annual estimates of a categorized listing of expected **operating expenses** are developed, and their total is subtracted from the annual gross profit to reflect a projected annual **net income (or net profit)** amount for the business.

Efforts to project the possible financial results of the business are of crucial importance. Certainly, the first year of operation is important. However, projected annual operating statements for a business should be developed for up to three years. Purposely (and necessarily) at this point, the computations regarding the projected statements are being briefly described. Realistically, however, they will involve lengths of time. The numbers for items may

be substituted at times to develop statements with different ranges of acceptable net income (or net profit) goals.

## Initial Capital or Financing

Estimating the total initial capital or financing required to start the business is also important. Information from the annual projected operating statements can also be utilized to develop this item. Included will be an estimated amount to purchase an initial amount of merchandise inventory (if applicable). A similar estimated direct cost amount regarding repair and installation service businesses would include parts and materials, direct labor and other overhead. Common examples of costs to consider are costs involved in the purchase or lease of machinery and equipment; computer purchase or rental costs (including hardware, software and peripherals); costs for leasing building space (if applicable), construction costs (for renovation, remodeling and decorating a physical location); costs for shelving & fixtures (if applicable), plus other anticipated costs for office supplies, utilities, telephone, advertising & promotion, insurance, accounting & legal (and for other needs, as determined).

Once an initial amount of “startup capital or financing” is determined, the next decision is how or from where to obtain it. In reality, most new businesses must be **self-financed** by their aspiring owner(s). There are no general, small business startup grants. Plus, it is usually challenging for such owners to meet the initial lending criteria required by banks and other lenders (e.g., personal cash injection, available collateral assets, credit rating and more).

## Other Assistance

Financial factors and projections in starting a small business are very important. Assistance from other private business professionals may be required. Plus, if available, assistance may be sought from the state programs in Oklahoma supported by the U.S. Small Business Administration (SBA). They include the “Oklahoma Small Business Development Center” (OKSBDC), [www.oksbdc.org](http://www.oksbdc.org) ; the “Women’s Business Center” (WBC), [www.reiwbc.org](http://www.reiwbc.org) and the “Service Corp of Retired Executives” (SCORE) chapters in Oklahoma City, [www.oklahomacity.score.org](http://www.oklahomacity.score.org) and Tulsa, [www.tulsa.score.org](http://www.tulsa.score.org). These sources emphasize the development of a written business plan. Plus, they regularly offer counseling and various workshops regarding starting, owning and operating a small business at a low or no cost amount. Additional assistance may also be sought from small business advisors at the state’s various “technology centers”.

At this point of planning, the aspiring owner(s) may find that more time will be needed before the business can be started. With a delay in registering the business with the SOS, if the proposed name is available, action will be needed to keep it. As indicated previously, if the start-up and registration delay will be less than two months, for \$10.00 the name can be reserved (held) for 60 days and used for registering within that time period. However, if the delay will be several more months to over a year, the owners may want to just register the name, indefinitely, as a “trade name”, and for \$25.00, release it later to be used (in a registration for an LLC or other formal entity type).

## Summary

All parts of the information in this document are important. As such, they emphasize that starting a small business involves many factors and details.

In the initial organizing phase, it is critical to decide the “legal” or “entity” structure under which the business will be operated. The types of entity (or legal) structures used most by small businesses are a sole proprietorship, a general partnership, a limited liability company (LLC) and a corporation (also called a common corporation or C-Corp).

A “sole proprietorship” and a “general partnership” are the simple entity structure types, and they can be formed automatically by the owner(s). “LLCs” and “C-Corps” are formal structure types that can, possibly, offer more beneficial options regarding annual income tax filing and limited liability from lawsuits.

A business can also start under one type of entity structure and, later, change to another. However, regarding entity structuring, it is certainly recommended to consult with professional experts (such as public accountants, CPAs, attorneys, certified business financial planners, plus others qualified to work with small businesses).

After deciding the name and entity structure to start the business, the next step is to register the related information (in accordance to the specific entity type) with the Oklahoma Secretary of State (SOS). For businesses operating under the entity structures of a “sole proprietorship” or a “general partnership”, only a “trade name” is registered with SOS. Registrations for businesses regarding formal entity types (i.e., LLCs and corporations) are done under the specific format and procedures for each of those structures.

After registering with the SOS, the business, will likely need to obtain an “Employers Identification Number” (EIN) from the federal agency, the Internal Revenue Service (which is free of charge).

Under Oklahoma laws, businesses that provide services may require the owner or its key operators to have a specific license. However, a license is not required for every type of service business. Business who sell tangible products and material items in Oklahoma are required to collect sales taxes on these sales. These businesses, whether wholesale or retail, that sell such items to customers in Oklahoma, are required to obtain one or more applicable sales tax permits from the Oklahoma Tax Commission (OTC), and to charge and collect the applicable rate of sales tax on the purchase prices of the items sold. Then, under their permit number(s), they must remit the taxes to OTC in the following month (unless extended longer) with a report. Wholesale businesses do not have to charge and collect sales taxes, if selling to a retail or resale business that has a sales permit. Since retail businesses sell to the final using or consuming customers, they must charge, collect and remit sales taxes to OTC unless the customer has an exemption. The requirement of businesses to obtain a sales tax permit (or permits) and to collect and remit sales taxes to SOS applies to retail businesses regardless of size. This includes even the smallest businesses that may be homebased who sell products online.

Realistic estimates regarding the customers, the products and services to be provided, the prices to be charged, estimates of direct costs (e.g., merchandise inventory or direct parts, materials, labor and other overhead), plus the categories of operating expenses of a business

should be developed. The information should be used to develop annual projected financial operating statements for the business that reflect acceptable net income (or net profit) amounts. Projections of such statements for up to three years are recommended. It is also necessary to develop an estimate of capital or financing needed to start the business in its first year. Many small businesses must also be self or internally financed by their aspiring owner(s).

Developing the financial data and other information may reveal that it will take longer, than expected, to start the business. If there is a delay in registering the business with the SOS, action can be taken to keep the proposed name, if available. For \$10.00, the name can be reserved for 60-day intervals. Or, if the delay will be considerably longer, the name can just be registered, indefinitely, as a "trade name", then released later, for \$25.00, and used as intended (to register an LLC or other formal entity).

It is hoped that this document will be helpful to aspiring and new small business owners. Again, however, none of the contents of this document should be considered legal advice. It is recommended that, before starting a business, an aspiring business owner consult with a lawyer, an accountant and or other small business professionals as the business owner deems prudent.

## Business Structure

Type	Sole Proprietor	General Partner	Limited Partner	C-corp	S-corp	Limited Liability Company
<b>Business</b>	<b>Sole Proprietor</b>	<b>General Partner</b>	<b>Limited Partner</b>	<b>C-corp</b>	<b>S-corp</b>	<b>Limited Liability Company</b>
<b>Definition</b>	A business owned and operated by one person for profit.	Two or more people who jointly own and operate a business.	One or more partners have limited liability and no rights of management.	Formed under State and Federal Law. An artificial entity separable from its owners.	Structured like a corporation but taxed like a partnership.	Business entity created by statute. Owners called members. Taxed like S-Corp or partnership. Has limited Liability like a corporation.
<b>Ease of formation</b>	Easiest form of business to set up. Permits licenses, taxpayer ID still may be required.	Easy to form and operate. A written partnership agreement is recommended. Employer ID number required.	File certificate of Limited Partnership with the Secretary of State. Name must show that business is a limited partnership. Need written agreement and must maintain	File articles of incorporation with Secretary of State. Prepare bylaws and follow corporate formalities.	Meet all qualifications of S-Corp and file a timely election with the IRS. (within 2.5 mos. of 1st Taxable year.)	File articles of organization with the Sec/State. Adopt operating agreement, and file necessary reports with the Sec/State. LLC must be in the name.
<b>Period of Existence</b>	Terminates at will or on the death of the owner.	Terminates by agreement, or by death or withdrawal of partner, unless there is a partnership agreement to the	<b>Same as General Partnership.</b>	Formal dissolution. Most stable form of business Not affected by death or disaffiliation of shareholder.	<b>Same as C-Corp.</b>	Terminate by agreement or withdrawal of member. Depending on the operating agreement.
<b>Taxes</b>	Profits taxed once. Profit and loss are reported on individuals State and Federal tax returns.	Profits taxed once. Each partner reports his or her share of the profit and federal income tax returns. Partnership files an information return.	<b>Same as General Partnership.</b>	Subject to double taxation. Once at the corporate level and again at the shareholder level.	Taxes once. Each shareholder reports individual profit or loss on individual tax returns. S-Corp does not pay taxes.	Each member reports individual share of profit and loss on their individual income tax returns. Taxed like a partnership or S-Corp. If not structured properly LLC can be taxed as C-Corp.
<b>Liability</b>	The owners personal assets are at risk.	Each partner's personal assets are at risk.	General partners' personal assets are at risk. Limited partner is liable only to the extent of his or her investment.	Limited to corporate assets, except: ..... 1. Personally guaranteed business debts. .... 2. Personal negligence or fault. .... 3. Corporate form is found to be a sham.	<b>Same as C-Corp.</b>	Similar to rules for Corporations.
<b>Dissolution</b>	Easiest to dissolve. Pay debts, taxes, and claims against the business.	Pay debts, taxes, and claims against business, settle partnership accounts.	Same as General Partnership plus: File cancellation of Certificate with the Secretary of State.	Shareholders must vote to approve dissolution. File intent with Sec/State. Pay all debts, taxes and distribute corporate assets to shareholders.	<b>Same as C-Corp.</b>	Pay debt, taxes and claims against LLC. Distribute remaining assets to members. File articles of dissolution with the Sec/State.