

## GENERAL INFORMATION

### What is OSC's mission?

- OSC's mission is to attract and scale private capital in industries and technologies that are critical to America's national and economic security.
- To achieve its mission, OSC has launched several initiatives in partnership with other DoD components, other U.S. government agencies, and allied and partner countries to fill funding gaps in these critical industries and technologies.
- One of OSC's primary tools to address these gaps is via its credit authority. In December 2023, OSC was established in law and authorized to operate a Federal credit program to provide loans, loan guarantees, and technical assistance to eligible companies operating within 31 Covered Technology Categories.

### What kind of financing solutions does the OSC Credit Program offer?

- In September 2024, OSC announced its first debt product offering - equipment finance loans. The goal of this inaugural credit tool is to provide direct loans to eligible manufacturers seeking to expand or modernize their production facilities.
- OSC anticipates developing additional commercial financing solutions, to include additional direct loan and guarantee products.

### How can I learn about OSC Financial Products?

- On September 30<sup>th</sup>, 2024, OSC announced its equipment finance loan offering via a Notice of Funding Availability on both the [Federal Register](#) and [www.osc.mil](http://www.osc.mil).
- A Notice of Funding Availability is a public notice announcing the availability of loans, loan guarantees, grants or other financial tools offered by the government. The Notice of Funding Availability – or a “NOFA” – explains the type of financial tools the government will make available and sets forth the eligibility requirements for private parties to be able to take advantage of such tools, as well as the process for applying. A Notice of Funding Availability is usually limited to a time deadline. Click here for our first [NOFA](#).

OSC anticipates issuing additional financial products in the future.

## HOW DO I KNOW IF MY COMPANY IS ELIGIBLE FOR OSC SUPPORT?

OSC credit tools are designed to provide competitive financing solutions and technical assistance to eligible companies operating within 31 Covered Technology Categories. The Notice of Funding Availability describes the Eligibility Criteria for OSC loans.

### What are the Covered Technology Categories?

- [Section 903 of the FY24 NDAA](#) listed the following Covered Technology Categories: (A) Advanced bulk materials; (B) Advanced manufacturing; (C) Autonomous mobile robots; (D) Battery storage; (E) Biochemicals; (F) Bioenergetics; (G) Biomass; (H) Cybersecurity; (I) Data fabric; (J) Decision science; (K) Edge computing; (L) External communication; (M) Hydrogen generation and storage; (N) Mesh networks; (O) Microelectronics assembly, testing, or packaging; (P) Microelectronics design and development; (Q) Microelectronics fabrication; (R) Microelectronics manufacturing equipment; (S) Microelectronics materials; (T) Nanomaterials and metamaterials; (U) Open RAN; (V) Optical communications; (W) Sensor hardware; (X) Solar;

(Y) Space launch; (Z) Spacecraft; (AA) Space-enabled services and equipment; (BB) Synthetic biology; (CC) Quantum computing; (DD) Quantum security; and (EE) Quantum sensing.

### **How do I know if my company is operating within a Covered Technology Category?**

- OSC may consider a company to be operating in support of one or more Covered Technology Categories (“CTCs”) if:
  - i. the company’s final output is one of the stated CTCs (e.g., the final product is a core component of a space launch vehicle); and/or
  - ii. the company’s final output enables the production and/or operation of one or more CTCs (i.e., the final product is a core component of a CTC’s production, assembly, testing, or development, like a specialty gas or a precision magnet).
- Applicants will have the opportunity to explain their proposed project or transaction in their application material and a core component will be describing how their proposal advances investment in one or more of the Covered Technology Categories. A Pre-Application Consultation with OSC may clarify how OSC will perform a technical assessment of CTCs in loan applications.
- Applicants can submit a request for a Pre-Application Consultation via our [website](#) if they would like to discuss with OSC prior to submitting an Application Part 1.

### **Which size companies will qualify for OSC loans?**

- There are no qualification restrictions relating to company size, number of employees or market capitalization, so long as other eligibility criteria are met, such as working in at least one of the 31 Covered Technology Categories set forth in the FY24 NDAA. Specific qualifying criteria will be set forth in each Notice of Funding Availability.

### **Can OSC finance U.S. federal contracts or contractors?**

- OSC cannot finance projects or transactions for which most or all of the revenue for that project or transaction is coming from U.S. federal sources (e.g., Federal acquisitions contracts). When underwriting transactions, OSC will evaluate the sufficiency of non-Federal sources (i.e., private sector) of revenue for the purpose of repaying OSC-issued loans.

### **Does OSC financing support sales of military equipment or products?**

- Pursuant to FY24 NDAA, OSC is not authorized to provide loans and loan guarantees for the manufacture or sale of military products (i.e., direct sale to the Department of Defense).

### **What is OSC’s equipment finance loan offering?**

- OSC is offering loans to eligible companies within the Covered Technology Categories set forth in the NY24 NDAA that need financing to support equipment purchases and manufacturing lines.

### **How can I use financing offered through OSC equipment finance loans?**

- Direct loans made for eligible projects through OSC may be used to finance the purchase or rehabilitation of equipment, as well as the following costs directly associated with the financed equipment:

- Pre-installation costs, such as planning, development, engineering analysis, financing, legal expenses, and associated fees (excepting application costs, which shall not be covered);
- Ancillary costs, such as preparation of facility, permitting, utility upgrades, delivery, calibration, first-article testing and/or qualification, integration with existing systems, as well as associated modifications or software necessary for operational use;
- Installation costs, including cost of labor and materials required for installation;
- Appraisal and inspection costs, appraisals required to determine value of asset, or appraisal or inspections required by law and industry regulations; and
- On a case-by-case basis, OSC will consider refinancing the costs summarized above.

**Can OSC financing be used to cover soft and ancillary costs related to the equipment purchase?**

- Yes. OSC may consider providing financing support for goods and services necessary to operate the primary equipment procurement, such as spare parts, minor renovations, and upgrades essential to utilize the equipment.

**Can OSC's loan financing be used in overseas projects?**

- OSC's current equipment finance loan product is primarily aimed at U.S.-based projects. Such projects may have U.S. and/or foreign owners or sponsors, however. OSC may develop additional products for overseas projects in the future.

**Am I eligible for an OSC Loan if my company has foreign commercial or foreign government, customers?**

- OSC will evaluate company's application on the basis of its overall creditworthiness, including revenue quality from non-U.S. sources. Foreign sources of revenue will be evaluated from a national security perspective as well.

**My Company has existing federal grants. Does that make my company ineligible for an OSC Loan?**

An applicant's existing grants or research contracts with the Federal government will not make them ineligible. However, OSC will primarily factor in non-Federal sources of revenue for the proposed project or transaction when underwriting the loan. Please note that projects that receive Federal funding provided via a deliberate act of Congress are ineligible for an OSC loan. Consequently, applicants should carefully review the Eligibility Criteria presented in the Notice of Funding Availability prior to submitting an application.

**HOW DO I APPLY?**

Instructions for applying will be detailed in the NOFA and Application forms listed on our website at [www.osc.mil](http://www.osc.mil).

**What do I need to apply for an OSC loan?**

- OSC will require company and project-specific information for the purpose of evaluating commercial and technical viability of the underlying transaction and to be able to conduct financial, legal/regulatory, technical, environmental, commercial/market, and national security review of the applications.

- For specific informational requirements, please refer to NOFA, Application Part 1, and Application Part 2 forms (OMB Control Number No. 0704-0694), which can be found at the [OSC website here](#).

#### **What if recent financial statements are not available?**

- OSC prefers audited financials, but OSC may accept the most recent company prepared interim, half year, or year-end financial statements. Statements must be signed by the company's Chief Financial Officer and or any other relevant authorized company officers that can attest to the statement's accuracy.

#### **Do I need a FAR or DFARS specialist to help me apply?**

- No. Loan contracts and loan guarantee contracts are not covered by the Federal Acquisition Regulations ("FAR") or the Defense Federal Acquisition Regulation Supplement ("DFARS"). FAR and DFARS apply to procurement contracts – that is, when the federal government is buying, leasing, or licensing a good or a service from your company. OSC loans and guarantees are not procurement contracts.

#### **How will OSC review my application for national security issues?**

- OSC will review Applicants, their owners, senior managers, and other key personnel to assess whether they pose a risk of adversarial ownership or control, or any criminal risk such as, but not limited to, espionage, bribery, fraud, money-laundering, or sanctions violations.

#### **How should I format my Application Part 1?**

- Application Part 1 includes specific instructions for submission, but please return the principal application and attachments in .PDF format and include any additional attachments with clearly identifiable labels, i.e., "[NAME OF COMPANY/SPONSOR] – [NAME OF PROJECT] – Application Part 1 Submitted".
- Signature pages affixed to Application Part 1 should be modified to reflect the correct entity and authorized signatory of the applicant. OSC will accept digital signatures.
- Annex E to Application Part 1 indicates forms of information that OSC requires to perform its assessment, and applicants should respond in Excel / .XLSX format. OSC will accept existing financials if they address the points outlined in Annex E, i.e., a new document may not be necessary to submit Application Part 1.

#### **Why is the OSC Application in two parts?**

- Application Part 1 allows OSC to provide timely feedback to applicants on project or transaction eligibility requirements. Application Part 1 is open to any company that believes it meets the eligibility criteria and has a viable business plan for financial support from OSC.
- OSC's intent is to lighten the application burden for applicants who may not meet the eligibility criteria, or that otherwise are not invited to submit the more detailed Application Part 2.
- Application Part 2 requires commercial due diligence and is therefore only open to companies that have received an invitation after OSC's review of Application Part 1.
- OSC will not accept Application Part 2 from applicants that have not been formally invited by OSC to submit one.

#### **What security measures should I take in submitting Application Part 1 or Application Part 2?**

- OSC advises using commercial encryption when submitting your materials, but OSC does not recommend a specific tool or a particular protocol to employ. Furthermore, OSC recommends removing metadata, authorship indicators, and any personally identifiable information (unless expressly requested in Application Part 1 or Application Part 2) from your materials.

### **How do I request a Pre-Application Consultation?**

- You can submit a request using the notice information provided in the Notice of Funding Availability, but OSC may not be able to respond to every request and Pre-Application Consultations will generally not provide any information not otherwise available in this FAQ, the Notice of Funding Availability, Application Part 1, or Application Part 2.

### **What if I do not want a Pre-Application Consultation, but still have questions about the program or the Notice of Funding Availability?**

Discrete questions regarding the OSC credit program, or the Notice of Funding Availability can be directed to [OSC.Loan.Application@osc.mil](mailto:OSC.Loan.Application@osc.mil), and we will endeavor to respond in a timely manner.

### **WHAT ARE THE TERMS OF AN OSC LOAN?**

- **Interest Rate:** OSC will offer cost-competitive pricing with interest rates as low as the US treasury yield with a maturity comparable to the tenor of the requested loan. The OSC direct loan interest rate will include a spread assessed to the underlining characteristics of the transaction.
- **Loan Disbursement Period:** OSC will work with the company to offer a drawdown availability period that is in alignment with the underlying credit risk and the development cycle of the underlying project.
- **Loan Repayment Tenor:** OSC will work with the company to offer a loan repayment tenor that is in alignment the underlying credit risk and the operations cycles of the underlying project. The maximum repayment tenor is tied to the technical and economic useful life of the asset being financed.
- **Security Package:** Determined on a case-by-case basis and will generally include a security interest in the equipment that is being financed by OSC.
- **Funding requirement:** OSC can fund up to 80% of total project costs. The balance of the funding requirement can be met with capital from the company (e.g., retained earnings) or grant, equity and debt providers.
- Additional covenants and loan features will be determined on a case-by-case basis.

### **What is the Seniority / priority ranking of the OSC Loan?**

- OSC offers senior loans, which may be *pari passu* with other debt obligations.
- OSC will

### **Can I secure additional sources of financing for the same project?**

- Yes. OSC funding is designed to crowd in additional private sector investment.
- OSC will permit additional equity contributions, subject to appropriate analysis and ongoing national security review.

OSC can work with other existing or prospective commercial lenders to coordinate terms and associated conditions.

## **ADDITIONAL INFORMATION AND FUTURE CREDIT OFFERINGS**

### **Do NEPA or Davis-Bacon and related acts apply to OSC loans?**

- Yes, both the National Environmental Policy Act and the Davis-Bacon Act and related acts apply to most loans and loan guarantees where the federal government is the lender or guarantor. Additionally, OSC loans or loan guarantees do not provide a blanket exemption from other federal, state, or local statute or regulation. OSC will provide feedback to applicants during Application Part 2 on specific compliance requirements based on their project or transaction.

### **What is the Cargo Preference Act, and does it apply to OSC transactions and projects?**

- The Cargo Preference Act of 1954 (found at 46 U.S.C. 1241(b); with regulations issued at 46 C.F.R. Part 381, “Cargo Preference”) requires that 50% of the tonnage of “Government-impelled” goods and materials shipped by ocean vessels, including commodities, must be shipped on U.S. built and flagged vessels. “Government-impelled” means that the federal government provided financing for the purchase or lease of such goods and materials.
- Cargo Preference applies to OSC transactions when goods and materials financed by OSC are shipped by ocean vessels as either exports from the United States or imports into the United States.
- Please note that the Military Cargo Preference Act of 1904 is a distinct law from Cargo Preference. The Military Cargo Preference Act of 1904 does not apply to goods and materials financed by OSC. The goods and materials financed by OSC are not considered “military cargo” because such goods and materials are not purchased by, or for the use of, the U.S. military.
- Please also note that the Jones Act (46 U.S.C. 55102) requires that all “coastwise” shipping be shipped on U.S. vessels that have the appropriate documentation, including a “coastwise” endorsement. “Coastwise” shipping is any shipment by water, including inland waterways, from one U.S. port to another, even with an intermittent stop at a foreign port. The Jones Act applies to all such shipping.
- Cargo Preference, the Military Cargo Preference Act of 1904, and the Jones Act are all regulated by the Maritime Administration of the Department of Transportation (“MARAD”). In addition to the governing statute, and the MARAD regulations, both cited above, please also see the [MARAD website](#) for guidance on the applicability of Cargo Preference.
- The MARAD regulations require that the “first” 50% of Government-impelled cargo be shipped on U.S. vessels.
- Additionally, MARAD regulations dictate that MARAD is to receive reports regarding compliance with Cargo Preference, on a shipment-by-shipment basis. These reports are generally due within 20 days of shipment for exports, and within 30 days of shipment for imports. These requirements will be reflected in OSC loan documents and procedures regarding Cargo Preference.
- OSC has no authority to waive or modify Cargo Preference shipping or reporting requirements.
- For more information regarding MARAD, or if you have any questions regarding the requirements of the Cargo Preference Act or related MARAD requirements, please contact Marad at [Cargo.Marad@DOT.gov](mailto:Cargo.Marad@DOT.gov).

### **When will loan guarantees be available?**

- OSC is developing its loan guarantee product and will make an announcement when OSC is ready to receive applications for loan guarantees.

**When will project finance loans be available?**

- OSC will make an announcement when it is ready to receive applications for project finance transactions.

**When will working capital guarantees be available?**

- OSC will make an announcement when it is ready to receive applications for working capital guarantees.