



RD-Oregon Business Programs FY2010 Annual Report

The following federal rural business development assistance was delivered by USDA Rural Development-Oregon in FY2010 and the two preceding fiscal years:

Oregon RD Business Programs	FY2008		FY2009		FY2010	
	#	\$	#	\$	#	\$
Business & Industry Guaranteed Loans (B&I)	35	\$ 61,561,125	20	\$ 35,327,116	30	\$ 63,059,617
REAP Guaranteed Loans	2	\$ 200,500	1	\$ 2,227,140	1	\$ 81,093
REAP Grants	18	\$ 646,676	44	\$ 1,289,720	38	\$ 1,256,736
REAP Feasibility Study	n/a		7	\$ 173,000	6	\$ 164,787
REAP EA/REDA	n/a		2	\$ 199,991	2	\$ 200,000
Rural Energy for America Program (REAP)	20	\$ 847,176	54	\$ 3,889,851	47	\$ 1,702,616
§9005 Advanced Biofuel Payments	n/a		4	\$ 111,785	3	\$ 20,079
RBEG - State allocation	38	\$ 356,000	23	\$ 314,970	40	\$ 439,000
RBEG - National reserve	2	\$ 698,000	2	\$ 149,999	2	\$ 179,136
RBEG - Native American	4	\$ 495,284	3	\$ 328,900	4	\$ 400,760
RBEG - Disaster	n/a		3	\$ 449,998	n/a	
RBEG - ARRA	n/a		6	\$ 622,802	4	\$ 398,997
Rural Business Enterprise Grants (RBEG)	44	\$ 1,549,284	37	\$ 1,866,669	50	\$ 1,417,893
RBOG - State award	1	\$ 50,000	-	\$ -	1	\$ 50,000
RBOG - Multi-state award	-		1	\$ 150,000	1	\$ 249,340
RBOG - Native American	1	\$ 61,746	1	\$ 60,000	-	\$ -
Rural Business Opportunity Grant (RBOG)	2	\$ 111,746	2	\$ 210,000	2	\$ 299,340
Value-Added Producer Grant (VAPG)	10	\$ 1,038,562	n/a		10	\$ 1,664,688
RED Loans	-	\$ -	-	\$ -	2	\$ 1,100,000
RED Grants	-	\$ -	-	\$ -	-	\$ -
Rural Economic Development Loan & Grant (REDLG)	-	\$ -	-	\$ -	2	\$ 1,100,000
Intermediary Relending Program (IRP)	2	\$ 1,145,000	2	\$ 1,050,000	-	\$ -
RMAP Loans	n/a		n/a		2	\$ 500,000
RMAP Lender Grants	n/a		n/a		2	\$ 125,000
RMAP TA-Only Grants	n/a		n/a		-	\$ -
Rural Microentrepreneur Assistance Program (RMAP)	n/a		n/a		4	\$ 625,000
Total Business Programs	113	\$ 66,252,893	119	\$ 42,455,421	148	\$ 69,889,233

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FY2010 Recap

Overall, RD-Oregon's Business Program assistance increased by 64% in FY2010, rebounding from \$42.3 million in FY2009 to \$69.7 million – **a new Oregon record level of activity and volume**, just surpassing the previous record (and pre-recession) level achieved in FY2008.

The **B&I** program led the rebound, with a nearly 80% increase in \$'s, reaching an all-time Oregon record of \$63 million. Nearly 2/3's of this activity (13 loans, \$40,098,534) derived from B&I-ARRA funding – a Recovery Act enhancement to the regular B&I program allowing increased guarantees with lower fees designed to stimulate rural business lending. Oregon's **B&I-ARRA** activity constitutes 158% of the Oregon's state allocation of these favorable funds, meaning recession-strapped Oregon got more than its "share" of the stimulus. At least in part due to the attractive B&I-ARRA opportunity, B&I activity nationwide increased significantly, reaching the unprecedented level of over \$3 billion in B&I obligations across the US, twice FY2009's then-historic record level. It is not an overstatement to say that, in FY2010, B&I emerged nationwide as recognized tool in rural business lending. In the context of this nationwide surge, Oregon's B&I program stands in the top half of the nation in production. Rural Oregon business lending, which seemed to nearly evaporate in FY2009, is reviving, and B&I is playing a part in this. In FY2010, 20 different **lenders** (banks, credit unions, and insurance companies) used the B&I program – more than any previous year (11 in FY2008 was the previous high) – led by in #'s by *Community Bank* and *South Valley Bank & Trust* and in \$'s by *United Western Bank*, *Bank of Whitman*, and *Oregon First Community Credit Union*.

Oregon's **B&I portfolio** broke the century barrier, ending the year with 107 loans guarantees, up from 80 last year, with a balance of about \$180 million. The delinquency rate increased as Oregon businesses struggled against the recession – with 3 borrowers in liquidation and 1 in bankruptcy. We continue to actively and cooperatively work with our lenders and borrowers to find viable solutions when financial problems arise.

Total **Business Program grant** obligations increased to \$4.9 million (the highest in Oregon history) from last year's \$3.7 million level, surpassing FY2006's \$4.5 million old-record year. FY2010's 104 awards are also the most number of grants ever in Oregon. Through national competitions - ARRA, Disaster, Native American, and National Reserve - Oregon more than tripled its **RBEG** "state allocation". Notably, Oregon snagged 4 more **RBEG-ARRA** awards under the Recovery Act, bringing our total FY2009-2010 RBEG-ARRA awards to \$1,021,799 – i.e., 5% of the entire \$20 million allocated by Congress for the national RBEG stimulus. Most of these funds went to booster locally-operated revolving loan funds for small business lending. Also notable, Oregon (and the Pacific Northwest generally) benefited greatly when *Ecotrust's* food-hub.org online marketplace was awarded 1 of the only 4 **RBOG's** chosen in the nation.

The **REAP** program held steady in grant awards for renewable energy and energy efficiency projects, with over \$1.2 million awarded to 38 projects. Solar photovoltaic projects again accounted for the majority of the projects (60%, 23 of 38), with energy efficiency (9), small wind (5), and biomass (1) also represented. Both Oregon State University and Oregon Institute of Technology again received energy audit/renewable energy development assistance REAP's to provide help to farmers and small businesses considering energy projects.

The **VAPG** program resumed awards in FY2010, and Oregon was well-represented. Ten Oregon agricultural applicants shared \$1.6 million in grants for value-added projects, the third most in the US. VAPG projects spanned the bounty of Oregon agriculture – from cheese to wine to flowers, from wool to woodland products.

Two Oregon nonprofits – *Lane MicroBusiness* and *Klamath-Lake Regional Housing Center* – were among the first set of awardees for RD's new Rural Microentrepreneur Assistance Program (**RMAP**). These pioneers in the field of microlending will receive low-cost RMAP funds to capitalize their microlending funds and receive companion RMAP grants to support technical assistance and counseling for their microbusiness customers.

Another standout development in FY2010 was activity in the under-utilized 0% Rural Economic Development Loans (**REDL**). Two rural electric cooperatives received REDL funds for re-lending to rural development projects in their regions. *Oregon Trail Electric Coop* received funds to assist with a biomass pellet facility near John Day, and *Columbia Basin Electric Coop* received funds to help finance a CT scanner for a rural hospital.

The many achievements of FY2010 are tinged with the recognition that Oregon continues to struggle against recession, with an unemployment rate mired at 10.6%, 7th highest in the US. **In the year ahead, FY2011**, with RD's funding "bump" and enhanced authorities from the Recovery Act expired, our challenge will be to make the most of the return to reduced, "regular" funding levels, with quality projects, aggressive participation in national grant competitions, and a commitment to partnership with Oregon business lenders.