

# THE OREGON B&I CREDIT MEMO....

News & insights for USDA Business &  
Industry Guaranteed lenders – June 2006



Committed to the future  
of rural communities.

## “FOR YOUR B&I’S ONLY” – *News you can use*

Beginning with this, the inaugural issue of our newsletter, we at USDA Rural Development-Oregon plan to keep Oregon’s government guaranteed business lenders up-to-date on our Business & Industry (B&I) guaranteed loan program and to provide timely information on other USDA programs that may be of interest to rural business lenders. We are committed to giving Oregon lenders the best possible service, and this periodic publication is part of that commitment – to share information, funding updates, B&I insights, and B&I case studies. We hope you will find it streamlined and helpful, just like the B&I guaranteed program it features!

*Mark Simmons*

Mark Simmons, State Director

*Jeff Deiss*

Jeff Deiss, Business & Cooperative Program Director

## DONE DEAL! – *Highlights of recent B&I loans in Oregon*



**\$5,243,000 B&I**

Hanmi Bank  
(Los Angeles)

Permanent financing for a new  
medical office building in  
Clatsop Co.



**\$3,084,400 B&I**

Temecula Valley Bank  
(Lake Oswego)

Debt refinancing and working  
capital for an RV dealer in  
Clackamas Co.



**\$240,000 + \$190,000 B&I’s**

Community Bank  
(Baker City)

Transfer of ownership of cabinet  
manufacturing business in Baker Co.

👍 **“For any rural business or commercial property, a B&I loan should be considered. Our experience was excellent.”** – Steven Alkana, Temecula Valley Bank, Lake Oswego

👍 **“I have worked with USDA in the Mid-West in the past and always found their services to be exemplary. Working with Don Hollis in Eastern Oregon was no different. His professionalism and attention to detail made the approval process stress-free and quick. Once the application was submitted, it took less than a week for the USDA to approve the request. I would not hesitate to call on the USDA again in the future for additional requests.”**– Jeremy Gilpin, Community Bank, Baker City

## LOAN LOSS CLAIM: **PAID!**

No lender makes a loan expecting to suffer a loss, but it happens – one reason that B&I guarantees serve to support a sound rural lending strategy. Recently, one Oregon lender experienced this on a B&I loan when a rural business closed its doors. Working diligently, the recovery on collateral was maximized, but a loss remained. USDA’s B&I guarantee then stepped up and in this case paid 90% of the final loss suffered – over \$460,000. After all was said and done, the lender reported, **“USDA’s approach was professional and realistic. When the time came to pay, our loss claim was handled fairly and promptly.”**

*The Oregon B&I Credit Memo* is the newsletter for USDA Rural Development’s Guaranteed B&I Program in Oregon.

For more information, contact us at 503-414-3366 or visit our web site at [www.rurdev.usda.gov/or/rbs.htm](http://www.rurdev.usda.gov/or/rbs.htm)

USDA is an equal opportunity lender, provider & employer.

## B&I FUNDING OUTLOOK – as of June 6, 2006

The B&I program’s funding authority is established annually as part of the Federal Budget process. In FY2006 (which runs through 9/30/2006), \$923,194,154 of B&I guaranteed authority is authorized (vs. \$609,688,895 in FY2005 – a 51% increase from the previous year). **B&I guaranteed loans obligated so far in FY2006 total \$391,304,442, leaving \$531,889,712 still available for B&I lending.** So as we enter the final third of FY2006, ***the B&I funding outlook remains excellent!***

## HELPFUL HINTS – Links, Tools, & Shortcuts

★ **Rural or urban?** B&I assistance is restricted to rural areas only, so this is a critical question. Fortunately, USDA’s web site for determining if a B&I prospect is located in a rural area has been upgraded! Just go to <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do> select “Business Programs”, and type in the project address (including zip code). Or you can drill down to street level from a national map.

★ **The “One-Doc” program** allows most small ( $\leq$ \$600,000) rural business loans to receive B&I guarantee approvals quickly with the submission of just ***one*** USDA form, the bank’s credit memo, and the bank’s draft loan agreement. Approvals rarely take more than a few days.

★ **B&I application forms available in Word.** Both the regular and the One-Doc B&I application forms can be downloaded ***free*** from our web site. You’ll find them at <http://www.rurdev.usda.gov/or/glhelp.htm>

★ **Oregon’s B&I web site.** Next only to your friendly local USDA loan officer (see below), your best B&I buddy is Oregon’s B&I web site. You’ll want to bookmark it! <http://www.rurdev.usda.gov/or/bi.htm>

## REGULATION WATCH – recent B&I Administrative Notices issued by USDA:

USDA’s National Office periodically issues administrative notices (“AN’s”) to clarify procedural issues on the B&I program. For a complete list of AN’s, see: [http://www.rurdev.usda.gov/regs/regs\\_toc.html#4279](http://www.rurdev.usda.gov/regs/regs_toc.html#4279)

The guidance of an AN lapses after 12 months, so they are generally reissued annually. The only recent “new” AN – No. 4167, dated 3/27/2006, “Lender repurchase from the secondary market” – explains that if a B&I guarantee has been sold on the secondary market, any interest rate reduction on the B&I loan should only be done with the concurrence of the secondary market investor.

## GET THE INSIDE TRACK – meetings, training, & networking opportunities:

**“Financing Made Easy” – workshop on federal & state business finance programs!** A free, joint USDA Rural Development/Small Business Administration/Oregon Economic & Community Development Department program designed for lenders is planned for Wednesday, July 12, 8:45am-Noon at the ODS building, 601 SW 2<sup>nd</sup> Ave, 20<sup>th</sup> floor conference room, in Portland. To register, contact Melissa Davis: (503) 326-2657 or email ‘[melissa.davis@sba.gov](mailto:melissa.davis@sba.gov)’

**Your cooperative partners in rural business finance!** Rural Development’s staff is always glad to meet with interested lenders about the details of the B&I program. Please feel free to call on our Oregon B&I staff:

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