

THE OREGON B&I CREDIT MEMO....

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



Committed to the future
of rural communities.

HORN OF PLENTY FOR OREGON & ITS LENDERS – *FY2006 a big year for B&I program activity*

Thanks to your partnership, FY2006 was Oregon's biggest year *ever* for total guaranteed lending (B&I plus §9006)! **Oregon's B&I activity totaled \$21,104,055, ranking #12 in the nation!** Special thanks goes to the cutting-edge bankers who made noteworthy contributions to the B&I program in Oregon – **Temecula Valley Bank (#1 in guaranteed dollars)** and **Community Bank (#1 in number of guaranteed projects)**! These two lenders deserve to be singled out for special recognition, as they also ranked in the Top 20 B&I lenders in the US – Temecula Valley Bank ranked #7 and Community Bank ranked #13 based on total number of B&I loans.

Mark Simmons

Mark Simmons, State Director

Jeff Deiss

Jeff Deiss, Business & Cooperative Program Director

DONE DEALS! – *Highlights of recent B&I and §9006 guaranteed loans in Oregon*



\$4,300,000 B&I

Temecula Valley Bank
(Lake Oswego)

Debt refinancing, working capital, & equipment for timber mill in Lane Co.



\$3,862,500 B&I

Community Bank
(Baker City)

Transfer of ownership of truck plaza in Baker Co.



\$355,655 B&I

Community Bank
(Baker City)

Established restaurant operation buys its real estate in Baker Co.



\$2,350,000 §9006

Northwest Farm Credit Services
(Spokane)

Wood biomass cogeneration equipment for timber mill in Josephine Co.



\$35,000 §9006

Umpqua Bank
(Jefferson)

Energy efficient equipment for a nursery in Marion Co.



\$3,828,500 B&I

Community West Bank
(Bend)

New plant for food seasonings manufacturer in Deschutes Co.

BEAT THE CLOCK: *FY2006 processing times*

The biggest concern every lender has when considering a government guaranteed loan is how much time it will take. USDA is very conscious of the need to provide an expedited turnaround. **In FY2006, for loans within USDA-Oregon's approval authority (i.e., ≤\$5 million), we issued draft approval conditions to the lender in an average of 11 days from the receipt of a complete application from the lender.** Only one B&I project (involving new development & so needing some environmental study) took over a month to approve.

FY2007 FUNDING OUTLOOK: *Ample B&I funding expected*

The outlook for the B&I program's new fiscal year 2007 (which began October 1) is the best in many years. With about \$250 million of carryover authority from FY2006, **there is no interim shortage of B&I funding.** Based on preliminary Federal Budget figures in the House and Senate, **B&I authority in FY2007 seems likely to exceed \$1 billion** (vs. \$923,194,154 in FY2006 & \$609,688,895 in FY2005). **The B&I funding outlook is excellent!**

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

USDA is an equal opportunity lender, provider & employer.

B&I ANNUAL RENEWAL FEE OUTLOOK – *No fee increase expected*

In FY2006, the B&I program instituted a ¼% annual renewal fee for all new B&I loans. The actual fee, payable by the lender, is calculated based on a ¼% of the guaranteed principal balance owing on the loan as of each December 31. This fee has allowed a great increase in the availability of B&I guaranteed loan funds. **No increase in B&I fees is expected in FY2007.** (In contrast, USDA’s §9006 Rural Energy Guaranteed Program is expected to see an increase in its 1/8% annual renewal fee to ¼%.)

OREGON LENDERS PROVIDE FEEDBACK TO NATIONAL LEADER – *Bill Hagy visit a success*



On September 12, Oregon lenders gathered in Portland to meet and counsel USDA Rural Development’s Business Programs Deputy Administrator Bill Hagy on how to improve the B&I program. Hagy heard concerns about the need to revisit the B&I program’s requirement that borrowers obtain compiled financial statements and that lenders seek USDA concurrence on subsequent unguaranteed loans to B&I borrowers. **Expect an opportunity to comment on proposed B&I rule changes in late 2006 or early 2007.** We will give you timely notice when this important chance to influence B&I regulations occurs.

HELPFUL HINTS – *Links, Tools, & Shortcuts*

- ☆ **Rural or urban?** Have you bookmarked USDA’s web site for determining if a property is located in a B&I-eligible rural area? It’s <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do> Select “Business Programs” & type in the project address (including zip code).
- ☆ **In-person B&I briefings.** If you would like to have a B&I program orientation at your bank’s next loan officer gathering, just ask and we will be happy to arrange it. Just e-mail Jeff at jeff.deiss@or.usda.gov
- ☆ **Need a B&I lender manual?** We will provide any Oregon lenders with a free binder containing a complete set of all B&I and §9006 guaranteed loan regulations. Just e-mail Julie at julie.stedman@or.usda.gov
- ☆ **The “One-Doc” program** is available for ≤\$600,000 rural business loans. You’ll get a quick B&I approval with the submission of just one USDA form, your credit memo, and your draft loan agreement.
- ☆ **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>

ON-LINE B&I LOAN REPORTING SOON TO BE AVAILABLE – *web-based reporting:*

Stay tuned for the release of a new USDA software enhancement later this year that will make it possible for B&I lenders to submit their semiannual B&I loan status reports, bi-monthly delinquent/problem loan reports, and loan closing reports via the web. This will eliminate the need for paper reporting. The software will also automatically compute any annual renewal fees due from a lender & allow for their collection electronically.

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

Your cooperative partners in rural business finance! Oregon’s B&I staff:

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