

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

News & insights for USDA Business & Industry  
(B&I) Guaranteed lenders – November 2007



Committed to the future  
of rural communities.

## LOCAL LENDERS CATAPULT OREGON INTO TOP B&I TIER – FY2007 results

The final numbers for USDA's FY2007 (which ended September 30<sup>th</sup>) are now in, and Oregon lenders and rural businesses came out big winners. Total B&I lending in Oregon surpassed \$57 million on 26 loans. This is the greatest level of B&I activity ever recorded in Oregon. It represents an increase of 2.7 times Oregon's volume in FY2006. **Oregon's B&I activity ranked #2 in the nation by number of loans and #3 in the nation by total dollars loaned.** Only California and North Carolina shared this top tier of B&I activity.

Fiscal Year	\$ (Oregon B&I) \$	#
FY2007	57,114,434	26
FY2006	21,104,055	8

Special thanks go to the ten Oregon lenders who took the B&I plunge in FY2007. The top ranking Oregon B&I lender was Temecula Valley Bank, who earned special recognition. Lead by hard-working, Lake Oswego-based, SVP & BDO Steven Alkana, Temecula Valley Bank was the #1 lender in B&I dollar volume in the entire US, having ranked #7 last year. Congratulations and thank you, Temecula Valley Bank! They were in good company here in Oregon, with half a dozen other B&I lenders active in our guaranteed programs:

Lender	\$ (Oregon B&I + \$9006) \$	#
Temecula Valley Bank	36,251,767	12
Oregon Coast Bank	5,435,000	2
Community Bank	3,789,827	3
Capital Pacific Bank	3,503,870	2
Oregon Pacific Bank	2,158,000	2
Borrego Springs Bank	1,772,500	2
West Coast Bank	1,600,000	1
Northwest Bank	932,000	1
ShoreBank Enterprise Cascadia	757,220	1
NW Farm Credit	600,000	1
Community West Bank	355,500	1

Most satisfying, our lending partners tell us that **the biggest winners were the rural business borrowers** who they were able to assist with more competitively priced & structured loans through the benefits of a B&I guarantee.

*Mark Simmons*

Mark Simmons, State Director

*Jeff Deiss*

Jeff Deiss, Business & Cooperative Program Director

## OVER \$1 BILLION IN B&I FUNDING EXPECTED: *FY2008 Outlook*

No sooner does one fiscal year end than another begins. Although the Federal Budget is still pending, the outlook for B&I funding is bright in FY2008. We expect again to have well over \$1 billion in B&I guaranteed authority available. With ample to meet the anticipated national demand, the Oregon B&I staff looks forward to partnering with even more Oregon lenders to help them reach their rural business lending goals.

*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)

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**\*FLASH! SWEEPING B&I RULE CHANGE PROPOSED – ALL LENDERS SHOULD COMMENT!**







The most wide-ranging and dramatic changes in B&I rules in 10 years were recently proposed by USDA. The “proposed rule” is a comprehensive effort to modernize B&I and other commercial guaranteed loan programs operated by USDA. Before being implemented sometime next year, lenders have just one chance to comment and help shape these changes. The proposed rule is online at: [http://www.access.gpo.gov/su\\_docs/fedreg/a070914c.html](http://www.access.gpo.gov/su_docs/fedreg/a070914c.html) (Select “Rural Business-Cooperative Service”, and then select the “Proposed Rule” for “Rural development guaranteed loans”). **Comments must be sent via e-mail by NOVEMBER 13, 2007** to: [comments@wdc.usda.gov](mailto:comments@wdc.usda.gov) Be sure to include the title “RIN No. 0570- AA65” in the subject line of your e-mail.

Many of the proposed changes are excellent, but some are problematic. Here are just a few highlights:

1. A single guaranteed loan regulation for USDA’s B&I, Community Facilities, §9006 Energy programs.
2. A Preferred Lender Program, rewarding lender expertise – but are the right lenders rewarded?
3. A new “Low Documentation application” – but is it Low-Doc enough?
4. Simplified underwriting tests – but are the guidelines clear, too simple, or insufficiently prudent?
5. Changes in eligible B&I purposes, including restrictions on debt refinancing & commercial lease projects

The key to the success of these changes is that they be in synch with Oregon commercial lending practices. *Since the rules were drafted without lender participation, your comments are crucial to assure that the final product is informed by the realities of commercial lending and your needs for guaranteed lending.* PLEASE take a few moments this week to review the changes and submit your comments. If you would like a detailed list of changes, feel free to contact our offices or e-mail [jeff.deiss@or.usda.gov](mailto:jeff.deiss@or.usda.gov)

**DONE DEALS! – Highlights of recent B&I guaranteed loans approved in Oregon**

 <b>\$3,748,577 B&amp;I</b> <u>Community Bank</u> (Pendleton) Permanent financing for a destination steakhouse & Western goods store	 <b>\$1,138,000 B&amp;I</b> <u>Oregon Pacific Bank</u> (Waldport) Debt refinancing for an essential oils air freshener manufacturer	 <b>\$1,772,500 B&amp;I</b> <u>Borrego Springs Bank</u> (Astoria & Cottage Grove) 2 loans for the expansion of a Mexican restaurant chain.
 <b>\$1,600,000 B&amp;I</b> <u>West Coast Bank</u> (Newport) Debt refinancing for a major tourist attraction	 <b>\$3,042,100 B&amp;I</b> <u>Temecula Valley Bank</u> (Hermiston) Debt refinancing for a flagged motel & adjoining restaurant.	 <b>\$757,220 B&amp;I</b> <u>ShoreBank Enterprise Cascadia</u> (Astoria) Equipment & working capital for a recycling business.

**USDA LOAN GUARANTEES – They’re *not* just for Business anymore!**

Do you know about USDA’s other guaranteed loan programs besides B&I? They support commercial lending for [multifamily rental housing](#), [water & wastewater infrastructure](#), & [community facilities](#). Call for info!

**OREGON’S GUARANTEED LENDING TEAM – Ready to help you in rural business lending:**

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