

THE OREGON B&I CREDIT MEMO....

News & Insights for USDA Business & Industry
(B&I) Guaranteed Lenders – April 2008



Committed to the future
of rural communities.

WE'RE "BULLISH" ON RURAL OREGON – *Ready to support your business lending*

As the national economy experiences some tough times, commercial lenders are faced with the challenge of balancing their institution's need for a strong portfolio and their customers' need for business financing. With today's falling interest rates business loans can be more affordable than ever for viable loan candidates. To further strengthen your rural deals, Oregon's B&I program stands ready to help by providing 70-80% loan guarantees backed by the "full faith and credit of the Federal Government." Whether you are looking to assist your existing borrowers (see the Debt Refinancing article on page 2) or new customers, B&I guarantees offer a prudent, profitable tool for rural business lending. We look forward to working with you!

Mark Simmons

Mark Simmons, State Director

Jeff Deiss

Jeff Deiss, Business & Cooperative Program Director

OREGON-RD AWARDED \$10 MM LOAN APPROVAL AUTHORITY – *Local decisions*

The Oregon State Office has received authority to approve B&I guaranteed loans up to \$10 million – the largest routinely available B&I guaranteed loan. This means that *all* loan making and servicing decisions for B&I projects in Oregon can be handled locally. It assures the fastest possible decision can be made. Oregon is one of only seven states in the nation to receive this level of authority. Most RD state offices have \$3-5 million authority, so larger loans must be submitted for approval to RD's National Office in Washington, DC. Last year Oregon's approval authority was raised from \$5 million to \$7.5 million, and now it stands at \$10 million. This gives us a tremendous advantage in our ability to be responsive to Oregon lenders. There's no mysterious 'black box' to Oregon's B&I program. Banks can count on talking directly to the RD staff that will make the underwriting and approval decisions, even on their larger loans.

BEST B&I WEB SITE ON THE PLANET! – *Tailor-made for Oregon lenders*

The URL www.rurdev.usda.gov/or/bi.htm may not be the most memorable, but once you bookmark it, you'll have a powerful tool at your fingertips for all your B&I guaranteed lending. Custom-designed by Oregon-RD for Oregon lenders, you'll find a link for determining rural vs. urban areas and accessing B&I info sheets, forms in Word, contacts, and other resources (including this newsletter). It's the next best thing to giving us a call!

MULTI-AGENCY WORKSHOPS ON GOVERNMENT LOAN PROGRAMS – *Coming to a city near you!*

The "answer men & women" of USDA Rural Development, Small Business Administration, USDA Farm Service Agency, and Oregon Economic & Community Development Department are teaming up again this year to present free workshops around the state that demystify the many federal and state government programs that support commercial lending. In a single morning you'll get a crash course on all of the government loan guarantee, loan, and grant programs available to help with the financing of your business customers' needs.

April 8 - Roseburg

May 6 – Medford

May 21 – Pendleton

June 3 – Portland

April 29 - Bend

May 20 – Ontario

May 28 – Eugene

Space is limited so register now by contacting Melissa Davis at (503) 326-2657 or melissa.davis@sba.gov

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.

RECORD B&I FUNDS RECEIVED – *Over \$1.4 billion available in 2008*

It's official. The B&I program's FY2008 (through 9/30/2008) budget is final, and it authorizes RD to guarantee up to \$1.4 BILLION of rural business loans. This far exceeds last year's level of B&I activity and assures ample funding to meet lender demand without delay or interruption.

DEBT REFINANCING FLEXIBILITY INCREASES – *Rates going down, refinancing opportunities abound*




A popular use of the B&I program has always been debt refinancing. B&I loans are often made to eliminate balloon payments and offer better rates with longer terms to rural businesses. But a longstanding restraint on a lender's ability to use this B&I tool for their existing borrowers has been the B&I rule that lenders must limit the refinancing of their own debt to less than half of a B&I loan's purpose. Now a significant exception has been published, removing this limit *if* the lender's existing debt being refinanced is already government guaranteed – e.g., guaranteed by the B&I, SBA 7(a), or some other federal guaranteed loan program. With this new flexibility, lenders can now do B&I-guaranteed refinancing for any rural, small business borrowers who have reached their SBA 7(a) loan limits.

MORE OREGON BANKS JOIN THE B&I FAMILY – *New lenders*

Two new community banks have joined the growing fold of B&I lenders in Oregon. Community First Bank (based in Madras) and Banner Bank (based in Hermiston) both received Conditional Commitments under the program in the last few months. Welcome!

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

Two of these recent deals reflect one of the interesting developments of 2008 – the increased popularity of B&I's "*One-Doc*" program which offers a streamlined application & speedy approvals for loans of ≤\$600,000.

 \$1,719,390 B&I <u>Community First Bank</u> (Madras) Transfer of ownership of an automobile dealership	 \$515,000 B&I <u>Banner Bank</u> (Hermiston) Working capital & refinancing for an industrial & ag parts supplier	 \$404,000 B&I <u>Oregon Coast Bank</u> (Lincoln City) Real estate improvements for a roofing contractor's shop
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STATUS OF MAJOR B&I RULE CHANGE– *Lender comments now being considered*

In our last newsletter we highlighted a major "proposed rule" change to revamp the B&I and other commercial guaranteed loan programs operated by USDA. Lender comments are now under review, and a "final rule" crafted after consideration of these comments is expected around December 2008.

USDA LOAN GUARANTEES – *They're not just for Business & Industry anymore!*

Do you know about USDA's other guaranteed loan programs besides B&I? They support commercial lending for renewable energy & energy efficiency, community facilities, water & wastewater infrastructure, & multifamily rental housing. Call for info!

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

Jeff Deiss	Business Program Director	Portland	503-414-3367	jeff.deiss@or.usda.gov
Dan Streng	Loan Officer	Portland	503-414-3366	dan.streng@or.usda.gov
Tom Simonson	Loan Officer	Corvallis*	541-750-7051	tom.simonson@or.usda.gov
Curt Dixon	Loan Officer	Redmond	541-923-4358 x125	curt.dixon@or.usda.gov
Don Hollis	Loan Officer	Pendleton	541-278-8049 x129	don.hollis@or.usda.gov
Mark Simmons	Oregon State Director	Portland	503-414-3305	mark.w.simmons@or.usda.gov

* **NEW ADDRESS!** Note that effective March 24th, our Eugene office has moved to Corvallis. The new address is 4077 SW Research Way, Corvallis, OR 97333, (541) 750-7033 (general #), (541) 752-9480 (fax).