

Demand in Eastern Oregon was high for Paycheck Protection Program loans

By JADE MCDOWELL
STAFF WRITER

A financial life preserver thrown to small businesses is out of money.

The Small Business Administration announced April 16 that the Paycheck Protection Program was no longer able to accept applications “based on available appropriations funding.” The only way the program will reopen is if Congress comes back into session and allots more money.

The program, which came online April 3 as part of the larger stimulus package known as the CARES Act, offered loans to businesses affected by COVID-19 with fewer than 500 employees, covering their payroll, rent and utilities for eight weeks. The loans are forgivable if they meet certain criteria, including not cutting employees or wages during the two-month period.

Kelly McPhee, vice president of communications for Banner Bank, said demand for the loans in Oregon has been high. The Pacific Northwest bank had 11,482 inquiries of interest in the first week. On April 13, she said that Banner Bank is usually one of the Small Business Administration’s top performers, processing about 250 applications a year.

“In four days, we did 443,” she said.

The program was off to a “shotgun start” on April 3, McPhee said, with banks scrambling to launch the massive undertaking after getting guidelines just hours before the money was supposed to be available.

“This was something that had never been done before,” she said. “There was no process, no loan application, not promissory notes.”

Lenders had to work carefully through the process with businesses, making sure they had everything right so as not to put the loan forgiveness aspect in jeopardy.

“It’s taking banks a little bit longer, because we definitely don’t want to misstep,” she said.

“THE RESPONSE WAS OVERWHELMING, WITH 6,500 APPLICATIONS IN THE FIRST 24 HOURS. THANKS TO OUR AMAZING TEAM OF BANKERS AND ASSOCIATES, WE WERE ABLE TO APPROVE NEARLY 7,000 SBA LOANS REPRESENTING ABOUT \$1.4 BILLION IN FUNDING FOR SMALL BUSINESSES.”

Kurt Heath, communications manager for Umpqua Bank

Before the SBA ran out of money, some banks had already reached their capacity to make loans, based on general rules for banks that only allow them to make loans up to a certain percentage of their balance sheet. By April 13, Columbia Bank had a notice on their website stating that, “After receiving a significant number of applications and serving a majority of client requests, we have reached our capacity to provide support through the SBA’s Paycheck Protection Program.”

“While we are no longer accepting applications for the program, we will continue to help clients navigate other SBA options, additional credit options as well as payment deferral options,” the bank stated.

McPhee said Banner Bank had not reached capacity yet, but was also offering relief to businesses in the form of fee waivers, payment plans and other options, in addition to helping them look into options such as the SBA’s Economic Injury Disaster Loan, which has since run out of money as well.

Bank of Eastern Oregon was also among the lenders processing PPP loans for Eastern Oregon businesses.

CEO Jeff Bailey said the bank was “inundated with requests” from the first day.

He said from a borrower’s standpoint, the process was fairly straightforward, but on the back end, the SBA “is building the plane as they’re flying it.”

“They’re getting \$349 billion out the door in a matter of weeks,” he said.

Early applicants through Bank of Eastern Oregon are already seeing money in the

bank, helping them meet payroll and keep the lights on after the financial blow most businesses have been dealt by the pandemic. Bailey said that’s great for Main Street, but there is some apprehension on the part of lenders.

“It’s good for communities, but on the back side of that, are we putting undue risk on the banks?” he said.

He said BEO chose to participate, however, because of the obvious benefit to customers. Now the real test will be whether the loan forgiveness part of the program works the way it’s been advertised.

“The loans are forgivable, but there are hoops to jump through, and things are changing daily, if not hourly,” he said.

Kurt Heath, communications manager for Umpqua Bank, said in an email that they were the first bank on the West Coast to start processing applications.

“The response was overwhelming, with 6,500 applications in the first 24 hours,” he wrote. “Thanks to our amazing team of bankers and associates, we were able to approve nearly 7,000 SBA loans representing about \$1.4 billion in funding for small businesses.”

Those included the Hermiston and Pendleton branches.

Heath said despite all of the current SBA funds having been allotted, Umpqua Bank is still working with businesses on applications so that they will be ready if additional funding is approved by Congress.

According to the Small Business Administration, as of April 13 — 10 days after loans first opened — more

than 4,600 lenders had made 1,035,086 loans totaling \$247.5 billion. The average loan size was \$239,152, but 70% of the loans were for less than \$150,000.

Construction topped the list of industries, with 13.7% of the loans, followed by “professional, scientific and technical services” at 12.3%, manufacturing at 12.3%, health care and social assistance at 11.3%, hotels and food services at 9.2% and retail at 8.6%.

Oregon had 9,508 loans approved for more than \$2.4 billion.

Earlier this month, Umatilla Electric Cooperative opened an office in Hermiston to assist area businesses with advice on applying for the Paycheck Protection Program and Economic Injury Disaster Loan. On April 16, the office sent out a news release stating that while both programs are out of money, staff are still available for general business advising and other potential financing options.

“We are waiting to hear whether additional stimulus funds will be appropriated and will alert the public immediately should this occur,” the release stated.

It also noted that some businesses were having money from the programs show up in their account unannounced, and encouraged people who have already applied to check their balance often.



Staff photo by Ben Lonergan

The Blue Mountain Community College Board of Education has declared an emergency in late March. The board made the move as COVID-19 halted on-campus instruction and forced classes online.

BMCC furloughs nine employees

By KATHY ANEY
STAFF WRITER

Blue Mountain Community College furloughed nine employees last week.

The temporary release of the employees came several weeks after the Oregon Department of Corrections suspended all visits to the prison and also locked out personnel working in prison education programs. The DOC said the change was necessary to prevent the spread of COVID-19 within the state’s correctional institutions.

BMCC holds the contract to provide education services to inmates at Pendleton’s Eastern Oregon Correctional Institution, Two Rivers Correctional Institution in Umatilla, and Powder River Correctional Facility in Baker City.

The nine employees worked at EOIC and TRCI. Their furlough began April 13 and will last until at least June 13.

State officials originally notified educational partners on March 13 about the suspension of education contracts, but didn’t immediately stop payments to the college. That move came about a month later.

“On April 12th, we again notified our education partners that we needed to suspend the education contracts until the governor lifted the state of emer-

gency,” said DOC spokeswoman Jennifer Black, via email. “The suspension, rather than a contract termination, will allow us to more easily restart the education programs.”

In a letter to inmates, state corrections director Collette Peters said stopping visits and education was the first in department history.

“The decision did not come lightly,” she wrote. “We value visiting, we value your connections with your loved ones, and we value all of the activities and programs available to you. Visiting, education, programming, special events make incarceration what it should be — an opportunity to learn and grow and prepare to become neighbors once again.”

BMCC, the largest provider contracted by the state DOC system, is contracted to instruct 961 inmates across the three prisons, according to Casey White-Zollman, BMCC’s vice-president of college relations and advancement.

White-Zollman said BMCC’s faculty association is working to draw up a memorandum of understanding regarding expectations for the remaining 15 full-time faculty members and four part-time faculty members who worked in the prison education program.

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