



▲ Bankers all over Oregon are doing their part to help their customers during uncertain times.

Oregon Banks use PPP to Support their Small Business Customers

By Tom Unger, ABC, APR, Fellow PRSA

The coronavirus whipped through Oregon consumers and businesses in March, April and May like a tornado, leaving in its wake illness, isolation, shuttered businesses and hundreds of thousands of layoffs.

The largest healthcare crisis of the century also, practically overnight, caused both a financial and a humanitarian disaster in our state.

Deemed an essential industry, bankers kept working. The crisis became a shining moment for many members of the Oregon banking industry, especially when the Small Business Administration (SBA) rolled out the new Paycheck Protection Program (PPP) on April 3.

The program provided forgivable loans to businesses so they could keep paying their employees and meet other expenses. In the first few weeks of the program, Oregon bankers worked tirelessly seven days a week to process as many PPP loan applications as possible for their customers.

The SBA had allocated the entire \$349 billion initially budgeted for the stimulus loan program by April 16. According to an SBA report, Oregon banks provided 18,732 PPP loans totaling more than \$3.8 billion in Round 1. Once an additional \$300 billion in funds were authorized, Oregon banks got to work making another 35,000-40,000 loans totaling more than \$3.2 billion.

“We are honored to be in such capable hands,” one Oregon PPP loan recipient emailed his banker. “Your teams have been proactive, caring, compassionate and reassuring to those of us navigating the various available programs. They have been instrumental in helping us make critical business decisions. This is community banking at its finest and a real-life example of putting people first.”

While the crisis and the loan program continue to change daily, here are stories from six Oregon banks and four of their customers from that historic two-week period in April:

Heritage Bank

Headquartered in Olympia, Wash., Heritage Bank has nine branches in the Portland metro area. It quickly made its branch lobbies accessible by appointment only and relied on its drive-throughs for most transactions, said President and CEO **Jeff Deuel**.

"Most of our customers are understanding and appreciative of our efforts to keep them and our employees safe," said Deuel.

The emergency loan program "came on us quickly and without a lot of detail early on," said Deuel. "At least half of the bank has worked on this to make sure we get as many of our customers into the queue before it runs out of money."

PPP was less about underwriting loans and more about getting the necessary customer documents to process them, Deuel said.

"We had enough people to put on it. The number of applications was large for us, but not so large that we couldn't get our arms around it," said Deuel. "It was an opportunity for our industry to step up and provide the services that everyone needs in this environment. Banks are healthy, supportive and in a position to make things like PPP available to help people."

The bank refined the process to the point where it could process and submit an application in one day. Heritage Bank worked with close to 3,000 PPP loan customers, just in Round 1, including Broadway Medical Clinic in Portland.

The clinic had to lay off 30% of its staff when the number of patients seeking help dropped by two-thirds, said Clinic Administrator **Candy Chapman**.

The clinic set up tents in its parking lot to become among the first medical facilities in Portland to operate a drive-up virus testing site.

When the crisis hit Oregon, Heritage Bank extended the clinic's line of credit to fund its normal operations and helped the clinic apply for a PPP loan.

"They told us exactly what we needed to send to them to get it through the system quickly and accurately," Chapman said.

It took only five days after the bank submitted the application for the clinic to receive its funds.

The clinic is using the loan to gradually re-hire some of its employees and help fund health insurance for all its staff.

▼ Left: Seattle Shellfish CEO **Jim Gibbons**.

Right: Broadway Medical Clinic obtained a PPP loan with the help of Heritage Bank. The clinic set up a drive-up virus testing site in its parking lot. Photo by Baker Poulshock.



The Commerce Bank of Oregon

A division of Zions Bancorporation, The Commerce Bank of Oregon has 21 employees. Its only branch is in downtown Portland. The team there worked around the clock to submit successful PPP applications for its customers, said CEO **Mike Barr**.

"It was a lot of trial and error. It was a mess," said Barr. "But we got \$70 million in during Round 1, which is pretty good for a bank our size."

The key to success was submitting the applications one at a time instead of trying to automate the process, said Barr. Each one took about an hour and even a tiny mistake could slow it down, he said.

"The phones were burning off the hooks," said Barr, who has worked in banking for 30 years. "It was pretty overwhelming. I've never seen anything like this ... The damage this has done to the economy is unbelievable. About 75% of our customers are negatively impacted by this."



The bank's customers include Seattle Shellfish, based in Shelton, Wash. CEO **Jim Gibbons** said he saw the crisis impact early because the firm exports 85% of its geoduck clams to restaurants in China. Orders from there stopped suddenly in late January.

To survive, Gibbons reduced his staff of 82 down to 20 by mid-March. The Commerce Bank increased his credit line and then banker **Richard Glassman** helped him apply for a PPP loan. It took less than a week to get the funds.

"They were super responsive and it worked out really well," Gibbons said. "They're very professional and they know what they're doing."

Orders from China resumed and Gibbons was able to increase his staff to 52.

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Oregon Pacific Bank

Florence-based Oregon Pacific Bank has been able to keep all five of its branches open and fully staffed, even though it has restricted its lobbies to appointment-only for many weeks, said President and CEO **Ron Green**.

Oregon Pacific Bank has also reminded its customers of the many ways to bank, other than in person. But in the retirement community of Florence, a large percentage of customers have not yet embraced digital banking, Green

Business owner Lisa Walter Sedlacek obtained a PPP loan with the help of Oregon Pacific Bank. Photo courtesy of Laurel Bay Gardens.



said. Some of the drive-up lanes there became plugged when clients with automatic deposit for Social Security wanted to check their account balances.

In Round 1, the bank processed 470 PPP loans totaling almost \$95 million for customers, despite the SBA and Treasury Department guidance changing daily, Green said.

“Getting this money in the hands of these businesses has been our primary focus,” said Green. “I can’t tell you how proud I am to be a community banker because we are making a difference in people’s lives.”

One of those businesses is Laurel Bay Gardens in Florence, owned by **Lisa Walter Sedlacek**. She operates a two-acre nursery and provides landscape installation and maintenance services.

A drop in business caused Sedlacek to reduce the work hours of her 13 employees.

Sedlacek worked with Oregon Pacific Bank to submit a PPP application online. It took only seven days for her to receive the funds.

“It was an amazing process. In 31 years (of doing business), I’ve applied for loans many, many times. This was the easiest.”

The PPP loan will enable Sedlacek to increase her employees’ hours back to normal.

“We’re super fortunate to have Oregon Pacific as our bank,” she said.

Community Bank

Like many banks, Community Bank was quick to offer its customers in Oregon and Washington a 90-day payment deferral on consumer and commercial loan payments, said President and CEO **Tom Moran**.

The bank, based in Joseph, Ore., closed its branch lobbies and directed customers to its drive-up windows, online and mobile banking solutions.

“It’s been working fine now that both customers and employees are getting used to this arrangement,” Moran said.

Early on, the bank contacted deposit clients to remind them of the FDIC insurance safety features. It also encouraged customers to set up or use the many available options to quickly access their accounts.

The PPP quickly became the focus for most of Community Bank’s small business customers. Requests for more information and loan applications from customers and non-bank customers flooded in.

“It was slow going at first. But once we understood the program requirements and refreshed our SBA credentials, the application submission process became easier,” said Moran.

Speaking to the negative conditions of the broader economy, Moran added, “Community Bank is secure and extremely liquid. Our balance sheet is appropriately positioned to face a crisis of this nature.”



People's Bank of Commerce

"Our young employees will look back in 20 years and say, 'You would not believe what we did,'" said **Ken Trautman**, president and CEO of this six-branch bank based in Medford.

People's Bank assigned its senior executives, along with its loan and bank operations staffs, to different locations. If the virus broke out in one spot, not everyone would be impacted.

When the PPP started, the bank immediately started submitting loan applications. Early on, its 110 employees worked tirelessly to secure \$61.4 million for 373 in the first round of funds.

"That was critical for us and we feel pretty good about that," said Trautman. "Right now, our biggest focus is getting our clients the aid that's available, and we're just about there."

One of those clients is **John Mytinger**, owner of a Medford firm that sells and services office equipment.

With so many people working from home, the need for office equipment repairs or replacement dropped, he said.

"On the 18th of March it seemed like someone turned off the lights," said Mytinger. "By the 20th, it was a ghost town. It happened that fast."

Mytinger temporarily reduced his staff of 12 by half. His banker, **Thomas Knox**, later called him and asked if he had thought of applying for a PPP loan.

Mytinger worked with Knox to apply on April 5. The loan, which funded 10 days later, enabled him to rehire the six people and prepare the company for when business picks up again.

"The People's Bank staff have gone above and beyond," said Mytinger. "They are the epitome of a community bank. I know their entire loan department has worked tirelessly through the last two weekends doing PPP applications and guiding and coaching customers."

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▲ *Despite the challenging situation, bankers continue to work diligently to support their customers.*

◀ *John Mytinger of Office Tech in Medford.*

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Willamette Community Bank

Based in Albany, this three-branch bank reduced the lobby hours of its Salem location and converted its Albany and Lebanon sites to drive-through service only (except by appointment), said President and CEO **Joan Reukauf**.

More than half of the 40 employees have been working from home, including Reukauf. Branch staff have worked part-time, on-call, and on a rotating schedule.

Because they're on call, the bank is still paying branch staff for full-time hours. Anyone working in a branch also receives hazard pay because of the risks.

"Who knew a deposit slip would be considered hazardous material?" said Reukauf.

The PPP was a "no brainer" because business customers needed the loans to survive, she said. The program was a challenge for many reasons, including the suddenness in which it was introduced and the lack of guidance for applying.

It also initially took more than four days for bankers to be able to access the SBA portal to input loan applications, she said.

"I won't say it hasn't been painful. It's been very painful," Reukauf said.

Willamette Community Bank started calling its customers to reassure them about the bank and to assess their needs.

"We knew it was going to affect everyone," she said. "This was a true test of community banks," adding her bank saw a high demand initially for PPP loans.

"Customers were anxious and worried. They were clawing at our doors," said Reukauf.

Reukauf has also worked to keep up her employees' spirits. The team members use video conferencing to play Bingo and hold fun meetings, like weekly happy hours and "Coffee Houses".

The bank encourages everyone to drink a cup of coffee, virtually, with their co-workers and answer fun questions such as "What is the first thing you are going to do when quarantine is over?"

"Being apart from each other has been extremely difficult," said Reukauf. "We're just like a family. We keep each other lifted to make it through the day."

Banks are truly an essential service during a crisis, said Reukauf.

"People will worry about three things the most in a crisis: shelter, food and money," she said. "We want to be there to provide financial resources and advice. We are critical to the success of customers who want to survive." ■

Tom Unger is an independent communicator in Milwaukie, Ore. He can be found online at NewsWritingPro.com.

A Time to Shine

"Oregon's banks have gone above and beyond in helping their customers weather the impact of COVID-19. This dreadful crisis has helped shine a spotlight on the crucial role banks fill in the economic health of their communities and this state. Our hard-working bankers have become heroes to their customers. I couldn't be prouder of our industry."

Linda Navarro, President & CEO of the Oregon Bankers Association

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