

Southern Oregon Regional Economic Development, Inc.  
100 E. Main Street, Suite A  
Medford, Oregon 97501

January 19, 2026

Board of Directors  
Southern Oregon Regional Economic Development, Inc.

RE: Master Credit Policy & Program Policies

Dear Board Members,

At our February meeting, I will be bringing forward the Master Credit Policy along with three program-specific policies for your review and approval. All of these policies are attached for your review prior to the meeting. I also want to provide a brief overview beforehand so you have the broader context for how this strengthens our lending operations.

Besides our EDA Revolving Loan Fund plan, SOREDI has not historically had a governing credit policy to support its lending efforts. This new set of credit policies sets a comprehensive, organization-wide credit framework to guide all lending work, not just our EDA funds. The policy set you will see delivers that framework and is designed to help us responsibly grow lending activity. Our goal is to put more of our loan dollars to work for local businesses while managing risk and staying ready for new funding opportunities.

#### Master Credit Policy

The Master Credit Policy establishes the foundation for our lending work across programs. It aligns with EDA RLF and USDA IRP standards where helpful, even though our USDA dollars are defederalized and no longer subject to IRP rules. We structured it this way to keep SOREDI ready for additional federal funding if opportunities arise.

The policy formalizes the full credit lifecycle, sets expectations for underwriting, collateral, guarantees, lien perfection, credit analysis, and portfolio oversight, and establishes a consistent risk-rating framework for staff and the Loan Committee. It also adopts ASC 326 for allowance for credit losses, with a practical process that Ryan will follow each quarter.

#### Small Business Direct Loan (SBDL) Program

The SBDL Program updates and strengthens our primary small-business lending tool. It introduces clear underwriting standards, consistent financial analysis, defined terms, and eligibility criteria. This will help us activate more qualified loans and improve overall credit discipline while serving businesses that are not yet ready for conventional financing.

#### Loan Participation Program (LPP)

The LPP allows SOREDI to partner with banks and credit unions on commercial real estate

transactions where the borrower needs support with total loan-to-value. It is designed to be simple for lenders to use and relies on their conventional underwriting, with SOREDI applying its own minimum criteria. This tool leverages private capital and helps expand our reach without taking on disproportionate risk.

#### Purchase Order (PO) Financing Program

The PO Financing Program fills a market gap for businesses with firm purchase orders but without the working capital to fulfill them. It is short-term and self-liquidating, with repayment coming directly from the buyer. The program will be funded with non-federal dollars, giving us flexibility and allowing us to support manufacturers and producers who have strong opportunities but limited cash flow.

Together, these policies and programs will help SOREDI:

- Increase capital deployment from our loan funds
- Improve the consistency and quality of underwriting
- Strengthen risk management and compliance
- Better recognize and manage portfolio concentrations
- Establish predictable processes for collateral and lien perfection
- Standardize servicing and collections
- Stay ready for new USDA or EDA capital if opportunities arise
- Spread and balance credit risk across multiple useful products

Our goal is to responsibly deploy at least \$1 million per year. This set of policies are designed to do this safely, transparently, and with stronger tools for supporting local businesses.

Thank you for your time and attention. I look forward to discussing these items with you at the meeting and answering any questions you may have.

Best regards,

Blair Sundell  
Executive Director  
Southern Oregon Regional Economic Development, Inc.

Enclosed:

- Master Credit Policy
- Small Business Direct Program Policy
- Loan Participation Program Policy
- Purchase Order Financing Program Policy