



**Rural Development – Oregon**  
 Business & Cooperative Programs  
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## THE PRIORITY SCORING SYSTEM

### Business & Industry (B&I) Guaranteed Loan Program

#### How does the B&I priority scoring system work?

- Every B&I loan application is given a priority “score” by USDA which quantifies the rural benefits that USDA attributes to the project. (USDA wants to direct its B&I guaranteed loans to projects that will deliver the most benefit to the neediest areas.)
- Whenever B&I guaranteed funding authority is limited, loan applications compete for funding from nationwide pools. These competitions may occur once a week or once a month.
- B&I guaranteed funds are awarded to applications based on their priority score, rather than on a “first-come, first-serve” basis. A low-scoring B&I project will always be passed over for a higher-scoring one, regardless of how long the low-scoring application has been awaiting funds.

#### How is a B&I application’s priority score determined?

- RD Instruction 4279-B, §4279.155 delineates the criteria for priority scoring as follows:

B&I Priority Scoring Criteria	Points
Community Where Project Is Located:	
Population of ≤ 25,000.....	10
With job deterioration, out-migration.....	5
That has remained persistently poor.....	5
That has experienced economic or natural disaster.....	5
With an unemployment rate ≥ 125% of the State average.....	5
Federal “EZ/EC” area (none currently in Oregon).....	10
Federal “Champion Community” (none currently in Oregon).....	5
B&I Deal Structure:	
Interest rate ≤ Prime + 1.5 (or equivalent).....	5
Interest rate ≤ Prime + 1.0 (or equivalent).....	5 more
B&I loan represents < 50% of the total project cost.....	5
B&I guarantee requested is 10% below normal level -- e.g., 70%..	5
Type of Business Assisted:	
≥ 20% of sales are from exports.....	5
New industry to the area.....	5
Products are high-value goods or services.....	2
Provides additional market for existing local businesses.....	3
Locally owned business.....	3
Value-added, natural resource-based business.....	2
Average Wage Paid:	
≥ 125% of Federal minimum wage (i.e., ≥ \$6.44/hr).....	5
≥ 150% of Federal minimum wage (i.e., ≥ \$7.73/hr).....	5 more
State Director & RBS Administrator Administrative Points:	
Based on USDA mission & strategic goals (discretionary).....	20
<b>Maximum Total Points =</b>	<b>110</b>

**How are priority points assigned?**

USDA determines the priority score. Nearly all of the factors are objective; only the State Director and RBS Administrator's Administrative Points are discretionary.

Many factors are inherent in the project and can't be changed – e.g., project location, business type. Some factors are in the lender's control – e.g., interest rate, % guarantee requested.

**How can I know my project's priority score?**

USDA does a draft priority score as soon as a preapplication (with sufficient information) is received. USDA will share this information with you and discuss funding prospects.

**How many points does a project need to secure funding?**

If funds are not limited, there is no minimum required score. (Priority scores only become critical when funding is limited and only available on a competitive basis.)

When funds are limited, higher scoring projects will always secure funding before lower ones. So, the higher the score, the better.

***Based on recent activity, any B&I project scoring less than 50 points may have difficulty competing for funds from a National pool.*** If a project scores less than 35 points, the applicant could experience delays in obtaining funding and, consequently, final approval.

**How can a project improve its chances of funding?**

Target B&I lending to projects that score well.

For example, a lender might choose to focus on projects that have the following features:

1. Projects located in high unemployment areas – 5-10 points
2. Loans priced at Prime + 1 (or the equivalent) or less – 10 points
3. Businesses that pay an average wage of \$7.73/hour or more – 10 points

A project that meets these criteria will likely also get 10 Administrative Points – totaling 40 points. Each lender will want to adopt a business development strategy that fits its needs and the B&I scoring system.

**How can I find out where targeted communities are located?**

USDA can provide you with a list of areas that will qualify for community priority points – e.g., high unemployment communities, etc.