

USDA GUARANTEED LOAN PROGRAMS

USDA Business and Industry (B&I)	
USE	<p>Eligible Loan Purposes</p> <ul style="list-style-type: none"> • Purchase owner occupied or investor real estate • Business and industrial acquisitions, construction, conversion, expansion, repair, modernization or development costs. • Purchase of equipment, machinery or supplies. • Startup costs and working capital. • Processing and marketing facilities. • Pollution control and abatement. • Refinancing for viable projects, under certain conditions. • Purchase of startup cooperative stock for family sized farms where commodities are produced to be processed by the cooperative.
SIZE	<ul style="list-style-type: none"> • \$150,000 to \$10,000,000* • *Loan guarantees are limited to a maximum of \$10 million per borrower, although the Rural Business-Cooperative Programs Administrator can grant up to \$25 million. • Maximum of \$400,000 for purchase of startup cooperative stock.
TERM	<p>Maximum Repayment Terms</p> <ul style="list-style-type: none"> • Working Capital - 7 years. • Machinery and Equipment – 15 years (or useful life) • Real Estate - 30 years.
INTEREST RATE	<p>Interest Rate</p> <ul style="list-style-type: none"> • Interest rates for loans may be fixed or variable. • The rate is negotiated between the lender and borrower and is similar to those rates customarily charged to other borrowers in similar circumstances. • A variable rate must be tied to a nationally published rate. • Variable rates cannot be adjusted more than quarterly.
ELIGIBILITY	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> • Any legal entity, including individuals, public and private organizations, profit or non-profit and federally recognized Indian tribal groups, may qualify. • There is no size restriction on the businesses. • Local economic development organizations and investors can be considered.
COLLATERAL	<p>Borrower Equity Requirements</p> <ul style="list-style-type: none"> • A minimum of 10 percent tangible balance sheet equity is required at the time of issuing the loan note guarantee for existing businesses. • Twenty percent (20%) tangible balance sheet equity is required for new businesses. Equity is developed in accordance with general accepted accounting principles. Feasibility studies may be required.
FEES	<ul style="list-style-type: none"> • Bank loan fee of 1% of loan amount. May be waived in certain situations. • Normal closing costs • A one-time guarantee fee of 3% of the guaranteed principal amount is paid by borrower to USDA. USDA also charges an annual .5% servicing fee on the unpaid principal balance of the guaranteed portion of the loan.
BENEFITS	<ul style="list-style-type: none"> • Low down payment • Longest maturities • Reduce monthly payment • Owner user or investment property • Small markets OK