

**PROGRAM:** RD Business and Industry Guaranteed Loan Program

**AGENCY:** USDA Rural Development (RD), Rural Business-Cooperative Service (RBS)

**DESCRIPTION:** The purpose of the program is to improve, develop or finance business, industry and employment, and improve the economic and environmental climate in rural communities (under 50,000 population) and non-urbanized or non-urbanizing areas. This is achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits.

**ELIGIBLE USES:**

- Motels, hotels, bed and breakfast establishments; 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; and refinancing for viable projects under certain conditions are eligible uses.

**PROGRAM/LOAN STRUCTURE:**

- Percentage of guarantee:
  - 80% guarantee on loans \$5 million or less;
  - 70% guarantee on loans \$5 million to \$10 million;
  - 60% guarantee on loans over \$10 million; and
  - 90% guarantee on loans \$10 million or less considered on an exception basis.
- A maximum aggregate B&I Guaranteed Loan(s) amount that can be offered to any one borrower under this program is \$25 million. A maximum of 10 percent of program funding is available to value-added cooperative organizations for loans above \$25 million to a maximum aggregate of \$40 million.
- Equity: Minimum 10% tangible balance sheet equity for an existing business; minimum 20% tangible balance sheet equity for a new business. Higher requirements may be imposed.
- Maturities: Seven years for working capital; 15 years or useful life for the purchase of machinery and equipment; 30 years for real estate; and refinancing based on collateral.
- Rates: Fixed or variable, and negotiated between the lender and the borrower.
- Fees: 2% guarantee fee on the guaranteed portion of the loan. 1% guarantee fee available under certain circumstances.

**QUALIFICATION CRITERIA/COMMENTS:**

- Priority is given to projects in communities under 25,000 in population.
- Any legal entity including individuals, public and private organizations, and federally recognized Indian tribal groups are eligible borrowers.
- Visit [http://www.rurdev.usda.gov/rbs/busp/b&i\\_gar.htm](http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm) for more information.
- Rural Development Homepage: <http://www.rurdev.usda.gov/rbs/index.html>