



USDA Rural Development's BUSINESS & INDUSTRY GUARANTEED LOANS (B&I)

USDA, RURAL DEVELOPMENT



Eligible Loan Purposes

- **Real Estate**
- **Machinery & Equipment**
- **Term Working Capital**
- **Business Acquisitions**
- **Tourism & Recreation**
- **Hotels & Motels**
- **Refinancing**
 - Including existing lender debt



Eligible Areas:

- Rural Areas Defined as:
 - Incorporated Communities under 50,000 Population.
 - Areas not within an area that is urbanized.
 - Refer to website for rural areas:
 - <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
 - **Exception for local food businesses**



Guarantee Limits

- Minimum loan amount \$750,000
- \$750,000 to \$5,000,000 is an 80% Guarantee
- \$5,000,000 to \$10,000,000 is a 70% Guarantee
- \$10,000,000 to \$25,000,000 is a 60% Guarantee
- Average Loan is over \$3,000,000
- One-Time Fee of 2% of the Guaranteed Portion of Loan
- Renewal Fee of .25% Annually



Credit Criteria

- Equity
 - Existing Businesses - Minimum of 10%
Tangible Book Equity
 - New Businesses - Minimum of 20%
Tangible Book Equity
 - Unable to Count Subordinated Debt or
Appraisal Surplus Towards Equity
Calculation

Credit Criteria

- The loan must be fully collateralized on a discounted basis.



Next Steps

- Contact Agency Early in the Process
- Suggest Lender Submit Preapplication to Get Agency's Comments
 - Cover Letter with some basic Information
 - Copy of Current and Past Three Years Financial Statements
 - Preliminary Business Plan for Start-up
 - Lender's Written Analysis and Spreads, if Available
- File Formal Application

USDA Rural Development's Rural Energy for America Program

(REAP)

Farm Bill

Section 9007

Purpose

- *Program is designed to help **agricultural producers and rural small businesses** reduce energy costs and energy consumption in order to help meet the nation's critical energy needs.*
- Application window for this program is now open year round.
- **Not for residential purposes**

Grant Amounts

- Grant amount will not exceed 25 percent of eligible costs.
 - Renewable Energy Maximum \$500,000
 - Energy Efficiency Maximum \$250,000
 - Minimum grant is \$2,500 & \$1,500
 - Maximum assistance to any one individual or entity is \$750,000.
 - Grant assistance is taxable. A 1099 will be sent to the grant recipient.

Expected Available Funding Fiscal Year 2011

- The 2008 Farm Bill provided for increased funding over previous years.
 - Funding for Fiscal Year 2011 is expected to exceed \$100 million, increasing available grant and loan guarantee authority.

Energy Efficiency Improvements

- Freezers & Coolers
- Lighting Improvements
- Electric Motors
- Gas Boilers
- Insulation
- Documented efficiency improvements per energy audit

Additional Information

- Program can be used with State of Ohio grants and loan programs.
- <http://www.dsireusa.org/>
 - Database of State Incentives for Renewables & Efficiency
- www.FarmEnergy.org
 - Applications and Tools
- [http:// www.rurdev.usda.gov/ia/rbcs_RE-EE_grants.html](http://www.rurdev.usda.gov/ia/rbcs_RE-EE_grants.html)

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