



Committed to the Future of Rural Communities.

**Business & Industry  
(B & I)  
Loan Guarantees**

**Eligible Purposes**

Rural Development can guarantee quality loans made by private lenders to business and industry involving manufacturing, wholesale, retail and services. Projects must involve the creation and/or saving of jobs. The purpose need not be agriculturally related. Loan purposes can include real estate, machinery and equipment, or term working capital.

**Ineligible Purposes**

Charitable institutions; churches and fraternal organizations; lending and investment institutions; insurance companies; agriculture production, race tracks, golf courses, and revolving lines of credit.

**Eligible Applicants**

Individual, sole proprietorship, partnership, corporation, cooperative, trust or other legal entity organized on a profit or non-profit basis, a municipality, county or other political subdivision of a State.

**Eligible Areas**

Incorporated communities which have under 50,000 population and are not adjacent to urban areas. Check applicant location eligibility at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

**Eligible Lenders**

Must be a local lender such as any federal or state chartered bank, savings and loan association, building and loan association, or some mortgage and insurance companies.

**Borrower's Equity**

A new start-up business must have proforma tangible balance sheet equity of 20 percent (appraisal surplus and subordinated debt will not be included as equity items). Existing businesses with a history of proven successful operations must have a minimum of 10 percent tangible balance sheet equity. Larger amounts may be required.

**Maximum Loan, Rates & Terms**

Maximum of \$10,000,000 (\$25,000,000 under limited circumstances) and preference given to loans \$5,000,000 and under. Interest rates (fixed or variable) and terms (maximum 30 years) are negotiated between the lender and borrower subject to approval by Rural Development. Generally, personal guarantees will be required.

**Collateral**

The collateral for the loan must be sufficient to protect the interest of the lender and USDA. The discounted collateral value must be at least equal to the loan amount. Exceptions could be considered for businesses which are primarily cash flow oriented and the cash flow is supported by a successful and documented financial history.

**Guarantee**

The maximum percent of guarantee is normally eighty percent (80%). A one-time guarantee fee, equal to two percent (2%) of the guaranteed portion of the loan, is due at the time the guarantee is issued. A Renewal Fee of ¼% will be charged on the guaranteed portion of the principal balance of 12-31 of each year.

**Inquiries**

United States Department of Agriculture  
Rural Development  
3001 Coolidge Rd., Ste. 200  
East Lansing, MI 48823  
<http://www.rurdev.usda.gov>

Traci Smith (517) 324-5221  
Bobbie Morrison (517) 324-5222  
Carol Webb (517) 324-5219  
Rick Vanderbeek (517) 324-5218  
Lisa Epple, Watervliet (269) 463-8030  
Alan Anderson, Traverse City (231)-941-0951 x128  
Jackie Morgan, Gladwin (989) 426-2750  
Paula Gromak, Caro (989) 673-8173 x120  
Lori Krause, Gladstone (906) 428-1060 x112  
Barb Marshall, Mason (517) 676-1808 x119

“USDA is an equal opportunity provider, employer and lender.” To file a complain of discrimination, write USDA, Director, Office of Civil Rights 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD).