



# BUSINESS & INDUSTRY LOAN GUARANTEE PROGRAM

## 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 job creation or job savings.
- Loan purposes can include:
  - Real estate
  - Machinery and equipment
  - Term working capital
  - Debt refinancing
- Project does not have to be owner occupied.

Types of businesses previously assisted:

- Restaurant
- Metal forge operation
- Window treatment manufacturer
- Sawmill, millwork and lumber distribution company
- Gas station/ convenience store
- Nursing home / Assisted care facility
- Snack food manufacturer
- Greenhouse (non-food production)
- Hotel
- Real estate holding company
- Poultry processor
- Home improvement sales and service company
- Produce processing company
- Pharmacy
- Feed mill and grain storage facility
- Grocery store
- Daycare facility
- Trucking & excavation company
- Precast concrete company
- Aggregate and readi-mix

## Eligible Applicants

- Individual or sole proprietorship
- Partnership or corporation
- Cooperative
- Can be either a for-profit or non-profit entity.

## Eligible Areas

- Incorporated communities under 50,000 population and not adjacent to urban areas.
- Check applicant location eligibility at:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

## Eligible Lenders

- Federal or state chartered bank
- Savings and loan association
- Credit unions

## Loan Rates & Terms

- Interest rates (fixed, variable or combination of both) – no greater than what is charged typical commercial customer.
- Terms – Maximums
  - Real estate 30 years
  - M&E 15 years or useful life
  - Term working capital 7 years.
  - Debt refinancing – dependent upon security

## Collateral

- All loans must be fully secured based upon on the discounted value of the collateral available.
- Personal or corporate guarantees will be required if ownership is 20% or greater.

## Borrower's Equity

- Start-up business requires proforma tangible balance sheet equity of 20 percent.
- Existing businesses required to have a minimum of 10 percent tangible balance sheet equity.
- Increased equity may be required.
- Appraisal surplus and subordinated debt will not be included as equity.

## Guarantee & Fees

- 80% guarantee for loans up to \$5,000,000
- 70% guarantee for loans of \$5,000,000 to \$10,000,000
- 3% onetime guarantee fee on the guaranteed portion
- 0.50% annual renewal fee.

## Ineligible Purposes

- Charitable institutions, fraternal organization, churches.
- Agricultural production
- Race tracks, golf courses and lines of credit.

## **Inquiries**

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For Lenders:

[http://www.rurdev.usda.gov/BCP\\_BI\\_LEAP.html](http://www.rurdev.usda.gov/BCP_BI_LEAP.html)