



# RURAL DEVELOPMENT

• (515) 284-4714 & [www.rurdev.usda.gov/ia](http://www.rurdev.usda.gov/ia)

## BUSINESS AND INDUSTRIAL LOAN GUARANTEES

- ✓ **Guarantee Commercial Loans up to \$25 Million per Borrower in Rural Communities under 50,000 Population.**
- ✓ **Job Creation and Retention Goal - Not Transfer of Employment.**
- ✓ **Economic Development Groups, Investors, and Creditworthy Businesses are Eligible Applicants.**
- ✓ **Guarantee Levels of 80% are Typical on Amounts up to \$5 Million; 70% up to \$10 Million; and 60% from \$10-25 Million. Guarantee Levels are not "Stair-Stepped."**
- ✓ **Guarantee Fee is 2% of the Guaranteed Loan Amount. No Servicing Fee.**
- ✓ **USDA Evaluation of Applications:**
  1. **Borrower Eligibility:** Individuals, Non or For Profits, Development Groups, Investors; Citizenship/Residence Applies.
  2. **Eligible Loan Purpose:** Typical Business Creation and Expansion Items like Land, Facility, Equipment and Working Capital.
  3. **Reasonable Assurance of Repayment Ability:** The Ability to Repay a Loan from the Cash Flow of the Business is the Most Important Consideration in the Loan Making Process. Historical Financial Statements are the Best Basis to Evaluate, Document and Support Cash Flow. Feasibility Studies Required for Startups or when Necessary to Support Projections.
  4. **Sufficient Collateral:** Lender Discounts Collateral in Accordance with Normal Banking Practices and Generally Accepted Methods of Determining Value. Lender Responsible for Ensuring that Appraisal Values Adequately Reflect the Actual Value of the Collateral.
  5. **Sufficient Equity:** New Business - 20-25%; Existing Businesses - 10-15%; Tangible Balance Sheet Pro-Forma Equity Calculated in Accordance with Generally Accepted Accounting Principles (GAAP).
  6. **Compliance with Applicable Statutes and Regulations:** Agency Conducts an Agency Environmental Review.



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to USDA, Director, OCR, Washington D.C. 20250-9410.

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