



B&I Guaranteed Loan Program vs. Rural Energy for America Program

	B&I	REAP Loan	REAP Grant
LOAN AMOUNTS			
Minimum	No minimum	\$5,000	\$2,500 (system) \$1,500 (efficiency) None (feasibility study) None (EA/REDA)
Maximum	Maximum \$10 million with some exceptions up to \$25 million and up to \$40 million on rural cooperative organizations that process value-added agricultural commodities.	\$25 million or 75% of total eligible project costs, whichever is less. (75% includes grant dollars received under REAP Combination Program)	\$500,000 (system) \$250,000, (efficiency) \$50,000, (feasibility study) Or 25% of eligible project cost, which ever is less \ \$100,000 to one applicant for an EA/REDA
ELIGIBLE PURPOSES	<ul style="list-style-type: none"> * Business and industrial acquisitions * Purchase of land, machinery and equipment * Construction, enlargement or modernization * Eligible fees and costs * Educational or training facilities * Tourist facilities * Hotels/motels * Pollution control or abatement * Recreation facilities * Working capital * Refinancing when it is determined that refinancing is necessary to improve cash flow and create new or save existing jobs. * Commercially available energy projects that produce biomass fuel or biogas. 	<ul style="list-style-type: none"> * Purchase and installation of a renewable energy system or energy efficiency improvement which includes: Post application purchase and installation of equipment Post application construction or project improvements Energy audits and assessments Permit and license fees Professional service fees Feasibility Study, Business Plan Retrofitting Construction of a new energy efficient facility only when the facility is used for the same purpose, is approximately the same size, and based on the energy audit will provide more energy savings than improving an existing facility. Working capital and land acquisition 	<ul style="list-style-type: none"> * Purchase and installation of a renewable energy system or energy efficiency improvement which includes: Post application purchase and installation of equipment Post application construction or project improvements Energy audits and assessments Permit and license fees Professional service fees Feasibility Study, Business Plan Retrofitting Construction of a new energy efficient facility only when the facility is used for the same purpose, is approximately the same size, and based on the energy audit will provide more energy savings than improving an existing facility. Applicants can also apply for funding for the following activities: * Feasibility Study for a Renewable Energy System. * Certain organizations can apply for grant assistance to conduct Energy Audits and Renewable Energy Development Assistance for Agricultural Producers and Rural Small Businesses
INELIGIBLE PURPOSES	<ul style="list-style-type: none"> * Relocate jobs or to expand a business where an excess of supply of the goods or services already exists * Pay any distribution to an owner or beneficiary who will continue in the business * Transfer the ownership of a business unless the transfer is necessary to keep the business from closing * Finance charitable, religious or fraternal organizations * Finance agricultural production with the exception of specialized crops * Finance golf courses, racetracks and gambling facilities * Any line of credit or revolving loan 	<ul style="list-style-type: none"> * Residential projects * Debt refinancing * Any line of credit * Agricultural tillage equipment * Used equipment (<i>remanufactured is OK</i>) * Vehicles * Application preparation fee 	<ul style="list-style-type: none"> * Working capital * Land acquisition * Residential projects * Debt refinancing * Any line of credit * Agricultural tillage equipment * Used equipment (<i>remanufactured is OK</i>) * Vehicles * Application preparation fee
TERMS	30 years for real estate 15 years or useful life of equipment 7 years for working capital	30 years for real estate 20 years or useful life of equipment 7 years for working capital	NA



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	B&I Guaranteed Loan	REAP Guaranteed Loan
TYPES OF ASSISTANCE	<ul style="list-style-type: none"> * 80% maximum guarantee on loans up to and including \$5 million * 70% maximum guarantee on loans greater than \$5 million up to and including \$10 million * 60% maximum guarantee loans greater than \$10 million <p>A limited amount of guarantee authority for 90 percent guarantees on loans of \$10 million and less is available annually for high priority projects.</p>	<ul style="list-style-type: none"> * 85% maximum guarantee on loans \$600,000 or less * 80% maximum guarantee on loans more than \$600,000 but less than \$5 million * 70% maximum guarantee on loans greater than \$5 million up to and including \$10 million * 60% maximum guarantee loans greater than \$10 million
EQUITY	<p>Tangible balance sheet equity requirement:</p> <ul style="list-style-type: none"> * 10% for existing business * 20% for startup * 25-40% for energy projects <p>Determined from financial statements prepared in accordance with Generally Accepted Accounting Principles</p>	<p>Cash equity requirement:</p> <ul style="list-style-type: none"> * 15% for loans \$600,000 or less * 25% for loans greater than \$600,000 <p>May use market value of real estate equity pledged as collateral.</p>
COLLATERAL	<p>Real estate – Lender’s typical discount for this collateral. Generally around 80% of appraisal value.</p> <p>M&E – Lender’s typical discount for this collateral. Generally around 70% of appraised value</p> <p>AR/Inventory – Lender’s typical discount for this collateral. Generally around 60% of book value.</p>	<p>Real estate -- Lender’s typical discount for this collateral. Generally around 80% of appraisal value</p> <p>M&E – Lender’s typical discount for this collateral. Generally around 70% of appraised value</p> <p>AR/Inventory – Lender’s typical discount for this collateral. Generally around 60% of book value.</p>
FEES	<p>Guarantee fee: 2% of the guaranteed portion of the loan payable to USDA Rural Development when the guarantee is issued.</p> <p>-----</p> <p>Annual renewal fee: 0.25% (Based on the outstanding balance of the guaranteed portion of the loan as of December 31st.)</p>	<p>Guarantee fee: 1% of the guaranteed portion of the loan payable to USDA Rural Development when the guarantee is issued.</p> <p>-----</p> <p>Annual renewal fee: 0.25% (Based on the outstanding balance of the guaranteed portion of the loan as of December 31st.)</p>
ELIGIBLE AREAS	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such city or town as defined by the latest decennial census of the United States.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such city or town as defined by the latest decennial census of the United States.
ELIGIBLE LENDERS	Federal or State chartered bank, Farm Credit Bank, or other Farm Credit institutions with direct lending authority, Bank for Cooperatives, and Savings and Loan Association, Credit Unions, insurance companies, National Rural Utilities Cooperative Finance Corporation, and mortgage companies that are part of a bank-holding company.	Federal or State chartered bank, Farm Credit Bank, or other Farm Credit institutions with direct lending authority, Bank for Cooperatives, and Savings and Loan Association.
APPRAISALS	<p>Real estate: Prepared by State Certified General Appraiser.</p> <ul style="list-style-type: none"> * In compliance with Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 and Standards 1 and 2 of the Uniform Standards of Professional <p>Appraisal Practices (USPAP)</p> <ul style="list-style-type: none"> * Less than one (1) year old. * Identify the lender and USDA Rural Development as the intended users. <p>Copy of environmental site assessment (Phase I or Phase II) <i>(if applicable)</i></p> <p>Chattels: In accordance with normal banking practices and generally accepted methods of determining value.</p>	<p>Specialized appraisers required.</p> <p>Loans of \$600,000 or more require a complete self-contained appraisal.</p> <p>Transaction Screen Questionnaire for any undeveloped sites and a Phase I for existing business sites.</p> <p>Loans less than \$600,000 same requirements as B&I.</p> <p>Appraisal Practices (USPAP)</p> <ul style="list-style-type: none"> * Less than one (1) year old. * Identify the lender and USDA Rural Development as the intended users. <p>Copy of environmental site assessment (Phase I or Phase II) <i>(if applicable)</i></p>
ISSUANCE OF LOAN NOTE GUARANTEE	Commercially available energy projects that produce biomass fuel or biogas as an output must have completed two operating cycles at design performance levels submitted to the Agency.	All planned property acquisitions and development have been performing at a steady state operating level in accordance with the technical requirements, plans, and specifications, conforms with applicable Federal, State, and local codes, and costs have not exceeded the amount approved by the lender and the Agency.