



United States Department of Agriculture
Rural Development

Restructuring Business & Industry Loan Guarantees for Working Capital

To spur business activity and economic growth and help rural communities recover from the current economic downturn, the Obama Administration has made available \$1.7 billion in American Recovery and Reinvestment Act funds through USDA Rural Development's Business and Industry (B&I) Guaranteed Loan Program. For businesses hit hardest by the economic downturn, a series of immediate steps have been taken to assist lenders expand access to capital and modify existing loans.

COMPREHENSIVE BUSINESS STABILIZATION STRATEGY

- Businesses are eligible for working capital refinancing, machinery and equipment, real estate and construction, business development and expansion. Under this initiative, USDA Rural Development will consider loan term adjustments as part of a comprehensive business stabilization strategy, including adjustments in interest rates, principal reduction and loan terms.
- **NOT SECTOR SPECIFIC.**
 - The current economic distress affects all sectors of the economy.
 - While certain sectors -- automobile and auto parts manufacturers and dealerships; poultry processors; ethanol producers -- are experiencing especially severe difficulties at this time, all B&I borrowers and lenders are eligible to participate.
- All existing B&I authorities remain in place.
- USDA will work with borrowers and lenders on a case-by-case basis to provide needed financing.
- Priority will be given to projects in areas of greatest need.

HIGHLIGHTS

Lenders working with creditors to restore distressed businesses to a sound condition will be processed as rapidly as possible. Among the available tools are:

- Forbearance: Deferral of principal for 12 or more months up to regulatory limitations to achieve long-term financial viability.
- Extension of loan terms within current regulatory limitations.
- Debt write-down where necessary and appropriate.
- Interest forgiveness by lenders.
- Limitation or suspension of dividends to investors.
- Consideration of higher guarantee limits (up to 90%).
- These tools may be used individually or in combination. Again, participation is voluntary. The solution has to work for the borrower, lender, and USDA Rural Development.

HOW TO GET MORE INFORMATION

Additional information on USDA Rural Development's B&I program can be obtained at:

http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm or by contacting any USDA Rural Development state office. A list of offices can be obtained at http://www.rurdev.usda.gov/recd_map.html.

GUARANTEED BUSINESS LOAN PROGRAM COMPARISON	B&I	ARRA (restructuring assistance)
LOAN AMOUNTS	\$25 million max \$40 million for cooperative organizations statutorily limited to no more than 10% of annual appropriation	\$25 million max \$40 million for cooperative organizations statutorily limited to no more than 10% of annual appropriation
PERCENT OF GUARANTEE	Average percent of guarantee is 78% (Ranges from 60% to 90%)	90% for all loans \$10 million or less that meets certain criteria
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.	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.
FUNDS AVAILABLE	\$993 Million (no year funds)	\$1.7 Billion (expires on 9/30/2010)
FEES	2% Annual Renewal: 0.25%	1% No Annual Renewal
TERMS	30 years for real estate 15 years or useful life of equipment 7 years for working capital	30 years for real estate 15 years or useful life of equipment 7 years for working capital
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 * Support for local and regional food systems * 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. <p>Eligible for financing: Zoos, Aquariums, Convenience Stores, Pools, Water Parks, Hotel/Motels with pools or water parks, Museums.</p>	<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 * Support for local and regional food systems * Tourist facilities * 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. <p>Not eligible for financing: Zoos, Aquariums, Convenience Stores (except if the store provides quality jobs and sells or will sell E85 fuel upon completion of the project), Pools, Water Parks, Hotel/Motels with pools or water parks, Golf Courses, Museums, Casinos or other gambling establishments.</p>

ARRA funding requires compliance with Davis Bacon Act and Buy American provisions.