



## B&I GUARANTEED LOAN PROGRAM COMPARED TO SBA 7A PROGRAM

	B&I	SBA 7A
<b>LOAN AMOUNTS</b>	No minimum Maximum \$10 million with some exceptions up to \$25 million and up to \$40 million on rural cooperatives that process value-added agricultural commodities.	Maximum \$2 million <i>(SBA maximum exposure \$1.5 million)</i>
<b>SIZE STANDARDS</b>	No restrictions	Tied to annual sales or number of employees
<b>ELIGIBLE LOAN PURPOSES</b>	<ul style="list-style-type: none"> <li>* Business and industrial acquisitions</li> <li>* Purchase of land, machinery and equipment</li> <li>* Construction, enlargement or modernization</li> <li>* Eligible fees and costs</li> <li>* Educational or training facilities</li> <li>* Tourist facilities</li> <li>* Hotels/motels</li> <li>* Pollution control or abatement</li> <li>* Recreation facilities</li> <li>* Working capital</li> <li>* Refinancing when it is determined that refinancing is necessary to improve cash flow and create new or save existing jobs.</li> <li>* Commercially available energy projects that produce biomass fuel or biogas.</li> </ul>	<ul style="list-style-type: none"> <li>* Purchase land or buildings</li> <li>* Acquire equipment, machinery, furniture, supplies or materials</li> <li>* Long term working capital</li> <li>* Short term working capital</li> <li>* Refinance existing business indebtedness which is not already structured with reasonable terms and conditions</li> <li>* Acquisition or expansion of an existing business</li> </ul>
<b>INELIGIBLE LOAN PURPOSES</b>	<ul style="list-style-type: none"> <li>* Relocate jobs or to expand a business where an excess of supply of the goods or services already exists</li> <li>* Pay any distribution to an owner or beneficiary who will continue in the business</li> <li>* Transfer the ownership of a business unless the transfer is necessary to keep the business from closing</li> <li>* Finance charitable, religious or fraternal organizations</li> <li>* Finance agricultural production with the exception of specialized crops</li> <li>* Finance golf courses, racetracks and gambling facilities</li> <li>* Any line of credit or revolving loan</li> <li>* Lending, investment institutions and insurance companies.</li> </ul>	<ul style="list-style-type: none"> <li>* Refinance existing debt where the lender is in a position to sustain a loss and SBA would take over that loss through refinancing</li> <li>* To effect a partial change of business ownership or a change that will not benefit the business</li> <li>* Permit the reimbursements of funds owed to any owner.</li> <li>* Repay delinquent state or federal withholding taxes or other funds</li> <li>* Non sound business purpose</li> <li>* Land and building purchase when the borrower <b>will not</b> substantially occupy the building.</li> </ul>

<b>TERMS</b>	30 years for real estate 15 years or usable life of equipment 7 years for working capital	25 years for real estate 25 years for equipment 7 years for working capital ( <i>except when a longer maturity (up to 10 years) may be needed to ensure repayment.</i> )
<b>TYPES OF ASSISTANCE</b>	* 80% maximum guarantee on loans up to \$5 million * 70% maximum guarantee on loans \$5 - \$10 million * 60% maximum guarantee loans greater than \$10 million	* 85% of loans of \$150,000 and less * 75% of loans above \$150,000
<b>EQUITY</b>	Tangible balance sheet equity requirement: * 10% for existing business * 20% for startup * 25-40% for energy projects  Determined in accordance with Generally Accepted Accounting Principles	No tangible equity requirement
<b>FEES</b>	<b>Guarantee fee:</b> 2% of the guaranteed portion of the loan payable to USDA Rural Development when the guarantee is issued.  ----- <i>Annual renewal fee based on the outstanding balance of the guaranteed portion of the loan.</i>  ----- <i>Prepayment Penalty negotiated between borrower and lender</i>	2% guaranty fee for loans of \$150,000 ( <i>lenders to retain 25% of the up-front guarantee fee on loans with a gross amount of 150,000 or less</i> ) 3% for loans \$150,000-\$700,000 3.5% for loans greater than \$700,000 3.75% for the portion greater than \$1,000,000 .25% additional guaranty fee will be charged for that portion greater than \$1,000,000  ----- <i>Annual on-going servicing fee 0.494% of the outstanding balance of the guaranteed portion of the loan</i>  ----- <i>Required prepayment penalty of 5,3,1 for loans with terms of 15 years or more</i>  ----- <i>Subsidy recoupment fee</i>
<b>ELIGIBLE AREAS</b>	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.	No restrictions
<b>ELIGIBLE LENDERS</b>	Federal or State chartered Bank, Farm Credit Bank, or other Farm Credit institutions with direct lending authority. The Agency may grant Certified Lender Program status to qualified lenders.	Any lending institution that has an executed SBA Form 750. If a credit union, must have prior approval from SBA headquarters.