



United States Department of Agriculture

Rural Development

Business and Industry (B&I) Guaranteed Loan Program

What is the Purpose?

To improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities (less than 50,000 population*). This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans.

Who is Eligible to Apply?

Any Federal or State chartered bank, Farm Credit Bank, other Farm Credit System institution with direct lending authority, Bank for Cooperatives, Savings and Loan Association, or mortgage company that is part of a bank-holding company and subject to credit examination and supervision by an agency of the United States or a State is an eligible lender. A borrower may be a cooperative, corporation, partnership, or other legal entity operated and organized on a profit or nonprofit basis; an Indian tribe on a Federal or State reservation or other Federally recognized tribal group; a public body; or an individual.

What Types of Projects are Eligible?

Eligible loan projects include but are not limited to the following: business and industrial acquisitions when the loan will keep the business from closing, prevent the loss of employment opportunities, or provide expanded job opportunities; business conversion, enlargement, repair, modernization, or development; purchase and development of land, easements, rights-of-way, buildings, or facilities; purchase of equipment, leasehold improvements, machinery, supplies, or inventory; start-up costs and working capital.

What is the Percentage of Guarantee?

The percentage of guarantee, up to the maximum allowed, is negotiated between the lender and the Agency. The maximum percentage of guarantee is 80% for loans up to \$5 million; 70% for loans between \$5 million and \$10 million; and 60% for loans exceeding \$10 million.

What are the Rates and Terms and Typical Assistance?

The interest rate is negotiated between the lender and the borrower and may be fixed or variable. The maximum repayment for loans on real estate is 30 years; machinery and equipment is the lesser of the useful life of machinery and equipment or 15 years; and working capital is 7 years.

How Are Applications Made?

Lenders are strongly encouraged to contact the State Office to discuss the project and application process. Borrowers are strongly encouraged to contact a lender in their area to see if they are a participant in the B&I Program, or contact the State Office for a current listing of participating lenders.

For Additional Information Contact:

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