

# USDA Rural Development Commercial Loan Guarantees

300% more funds; up to 90 percent guarantee, no annual renewal fee and 1 percent guarantee fee available on ARRA eligible projects through September 30, 2010

## Business Size Standards

- None

## Borrower Contribution / Equity Injection

- No cash contribution necessary
- Existing business = 10% tangible balance sheet equity
- New business = 20 % tangible balance sheet equity

## Project Size Maximum (no minimum)

- \$25 million loan per borrower
- \$40 million loan if cooperative

## Guarantee Percentage

- 90 percent available on loans up to \$10 million that meet high priority score AND quality jobs AND location criteria (using ARRA Funds see page 2)

### Otherwise:

- 80 percent - ≤ \$5 million
- 70 percent - \$5 - \$10 million
- 60 percent - \$10+ million

## Job Creation

- No requirements

## Loan Terms

- 30 years for real estate
- 15 years for equipment
- 7 years for working capital
- Refinancing based on collateral

## Interest Rates

- Variable or fixed, negotiated between lender and business

## Eligible Businesses

- Located in rural communities less than 50,000 population (see page 2 for website)
- For profit corporations, partnerships, individuals, non-profit corporations, public bodies, cooperatives

## Eligible Purposes

- Purchase of land, building, machinery & equipment
- New construction
- Leasehold improvements
- Renovation or additions to existing buildings
- Working capital
- Restructure / refinance debt
- Inventory needs
- Non-owner occupied projects are acceptable

## Ineligible Purposes

- Golf courses, agriculture production, housing, lines of credit

## Why Lenders Use RD Guarantees

- Risk management – collateral stability
- Capital allocation – improve risk based capital utilization
- Liquidity – guarantee portion is salable for a premium to the secondary market
- Larger loans – provide financing beyond normal lending limit

## Why Businesses Use RD Guarantees

- Improve cash flow with longer repayment terms
- Obtain working capital
- No balloon payments

## How to Apply

- Submit Preapplication / lender's own credit presentation to Rural Development

PLEASE SEE BACK FOR LOCAL CONTACT INFORMATION



Committed to the future of rural communities  
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**Eligibility Website for “Rural” Determination:**  
<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

## Shaded Counties ARE Eligible for 90% ARRA Guaranteed Loans With November Unemployment Info

