

USDA Business and Industry Guaranteed Loans

The U.S. Department of Agriculture's Business and Industry (B&I) Guaranteed Loan Program helps create jobs and stimulates rural economies by providing financial backing for rural businesses. This program provides guarantees up to 80 percent of a loan made by a commercial lender. Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate and certain types of debt refinancing. The primary purpose is to create and maintain employment and improve the economic climate in rural communities. This is achieved by expanding the lending capability of private lenders in rural areas, helping them make and service quality loans that provide lasting community benefits. This program represents a true private-public partnership.

B&I loan guarantees can be extended to loans made by recognized commercial or other authorized lenders in rural areas (this includes all areas other than cities of more than 50,000 people and the contiguous and urbanized area of such cities or towns). Generally, authorized lenders include Federal or State chartered banks, credit unions, insurance companies, savings and loan associations, Farm Credit Banks or other Farm Credit System institutions with direct lending authority, a mortgage company that is part of a bank holding company and the National Rural Utilities Finance Corporation.

Assistance under the B&I Guaranteed Loan Program is available to virtually any legally organized entity, including a cooperative, corporation, partnership, trust or other profit or nonprofit entity, Indian tribe or federally recognized tribal group, municipality, county or other political subdivision of a state. Applicants need not have been denied credit elsewhere to apply for this program.

The maximum aggregate B&I Guaranteed Loan(s) amount that can be offered to any one borrower under this program is \$25 million. A maximum of 10 percent of program funding is available to value-added cooperative organizations for loans above \$25 million to a maximum aggregate of \$40 million.

The program is administered at the State level by Rural Development State Offices.

For more information regarding this or other USDA programs contact:
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