



USDA B&I LOANS

LESSON TOPICS

1. One RD Business and Industry Guaranteed Loan Program

The Guaranteed Loan program, from Rural Development, will allow lenders looking to finance commercial needs of businesses and expansions, to apply with USDA Rural Development for a loan guarantee. The loan guarantee is beneficial to the lenders because it provides security, and allows them to increase their lending potential to assist more businesses in the area. The B&I Loan program is a 80% guarantee of up to 25 million dollars. The lender will take the application from the borrower, review it, work with the local USDA Rural Development office, and put together a complete application for review.

2. Who is Interested?

The industries that are most commonly interested in a B&I Loan are manufacturing industries, service industries, and even healthcare industries.

3. Lender's Role

- The business will approach the lender to work together to determine the rates and terms of the loan.
- The lender will approach USDA to get the guaranteed loan.
- Items that are required are equity position of at least 10% for existing business and 20% for new business.
- Lenders can take the guaranteed loan and sell them on the secondary market to generate income.
- When the lender is approached about a loan from a borrower, they will work with USDA to run a pre-eligibility check.
- Lenders work with USDA to make sure that 100% coverage for the collateral submitted to secure the loan is met when the application is filed.
- Lenders will have some fees including an origination fee and an annual renewal fee.