

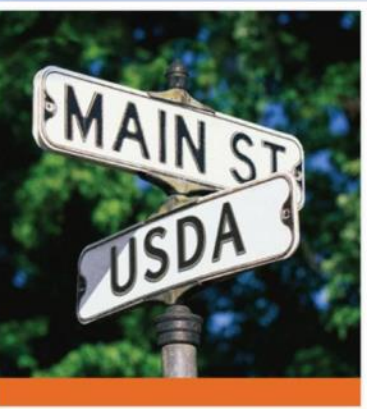


United States Department of Agriculture

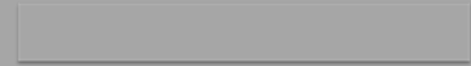
# Welcome

## USDA Loan Guarantee Programs: Increasing Access to Capital in Rural America

November 7, 2017



Backing the  
Business of  
Rural America



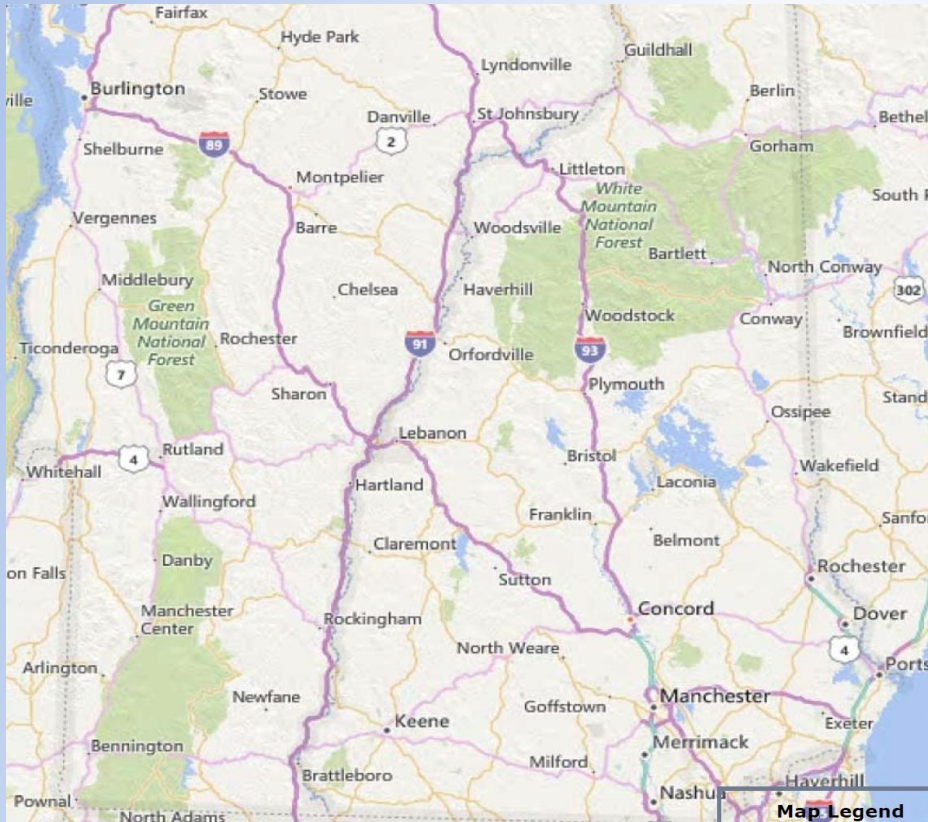
# **Loan Guarantee Programs:**

**Rural Energy for America Guarantee**

**Business Loan Guarantee**

**Community Facility Guarantee**

# Business & Energy Location Eligibility Map



Vermont – 100% Eligible including Burlington.

New Hampshire - Nashua, Manchester and some urbanizing communities are not eligible.

# Business & Industry Loan Guarantee Program



# Funding Levels

FY 2017 :

	<u>Allocation</u>	<u>Funded</u>
Vermont /		
New Hampshire	\$15.8 million	\$28.1 million

Ample national reserve helps states with smaller allocations fund more or larger projects.

# Guarantee Program Purposes

- Purpose is to improve, develop, or finance businesses in rural communities
- Bolster private credit structure through the guarantee of quality loans that will provide lasting community benefits
- Not intended for marginal or substandard loans or relief for lenders having such loans



# Loan Purposes

- New Market Tax Credits – Structure options
- Real estate purchase & improvements
- Machinery and equipment
- Working capital
- Debt refinancing
  - Existing exposure – up to 49% of new loan
  - 100% of debt from another lender
  - 100% of federally guaranteed debt – even existing lender
- Ag Production – limitations



# Guarantee Fees

## ➤ Fees

- Initial Guarantee Fee – 3 percent – OR:
  - 1 percent – for qualified projects
  - May be included in loan subject to collateral
- Annual Renewal Fee – 0.5%



# Loan Limits and Percentage of Guarantee

- Loan Limits
  - \$10 Million - standard
  - \$25 Million – must be “High Priority” score
  - \$40 Million for rural cooperative organizations
  
- Guarantor Limit - \$50 Million
  
- Percent of Guarantee Limits
  - 90 Percent for “High Priority” or Lending / Regulatory Limitations
  - 80 Percent for loans less than \$5 million
  - 70 Percent for loans between \$5 and \$10 million
  - 60 Percent for loans over \$10 million

# Loan Structure

- ***Highly Flexible:*** Negotiated by the lender and borrower - approved by USDA
- Fixed/Variable/Combination Interest Rates
- Maximum terms
  - Real estate - 30 years
  - Machinery and equipment - 15 years or useful life
  - Working capital - 7 years
- No balloon payments
- Reasonable prepayment fees allowed
- May hold, participate or sell to manage risk





# USDA Business Program Local Contacts

- Business Programs Director – Vermont / New Hampshire  
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Next up: Community Facilities