Welcome

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

November 7, 2017
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.

http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do
Business & Industry Loan Guarantee Program
## Funding Levels

**FY 2017:**

<table>
<thead>
<tr>
<th>State</th>
<th>Allocation</th>
<th>Funded</th>
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<tbody>
<tr>
<td>Vermont / New Hampshire</td>
<td>$15.8 million</td>
<td>$28.1 million</td>
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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

- 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

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Next up: Community Facilities