



Rural Business-Cooperative Service (RBS)

Guaranteed Loan Programs

	Business & Industry (B&I)	Rural Energy for America Program (REAP)
MINIMUM LOAN	No minimum	\$5,000
MAXIMUM LOAN	Maximum \$25 million and up to \$40 million on rural cooperative organizations that process value-added agricultural commodities	\$25 million or 75% of total eligible project costs, whichever is less (75% includes grant dollars received under REAP, if applicable)
ELIGIBLE PURPOSES	<ul style="list-style-type: none"> • Business and industrial acquisitions • Purchase of land, machinery and equipment • Construction, enlargement of modernization • Eligible fees and costs • Educational or training facilities • Tourist facilities • Hotels/motels • Pollution control or abatement • Recreation facilities • Working capital • Refinancing when it is determined that the project is viable and equal or better rates and terms are offered • Commercially available energy projects that produce biomass fuel or biogas. (May include co-digestion of non-renewable feedstocks) • Processing of locally/regionally produced Ag food products • Loans to purchase stock issued by a cooperative organization 	<p>Eligible projects are:</p> <ol style="list-style-type: none"> 1. Installation of renewable energy systems such as solar photovoltaic, solar thermal, wind turbines, anaerobic digesters, biomass/bioenergy, geothermal, hydrogen, ocean energy, and small-hydroelectric 2. Energy efficiency improvements to buildings, equipment, and processes that reduce use of energy such as Heating, Ventilation, and Air Conditioning (HVAC), heat and heat recovery, combined heat and power, cooling/refrigeration, lighting, variable frequency drive or automated control updates, window replacement, motor conversions, insulation, power usage, etc.) <p>Eligible loan purposes include post application costs that are directly related to a commercially available renewable energy system and energy efficiency improvement, including:</p> <ul style="list-style-type: none"> • Purchase and installation of new or refurbished equipment • Construction, retrofitting, replacement and project improvements • Energy efficiency improvement identified in an energy assessment or energy audit • Fees for construction permits and licenses • Building/Equipment for existing renewable energy system • Refinancing of outstanding debt (subject to conditions) <p>The following purposes cannot exceed more than 5% of the loan amount:</p> <ul style="list-style-type: none"> • Working capital • Land acquisition • Routine lender fees • Energy Assessments, Energy Audits, technical reports, business plans, and Feasibility studies

	Business & Industry (B&I)	Rural Energy for America Program (REAP)
INELIGIBLE PURPOSES	<ul style="list-style-type: none"> Relocate jobs or to expand a business where an excess of supply of the goods or services already exists Pay any distribution an owner or beneficiary who will continue in business Transfer the ownership of a business unless the transfer is necessary to keep the business from closing Finance inherently religious activities Finance agricultural production with the exception of specialized crops Finance golf courses, racetracks and gambling facilities 	<ul style="list-style-type: none"> Residential projects Agricultural tillage equipment Used equipment Vehicles Lines of credit Lease payments Finance a project if the business operations derive income from activities of a sexual nature, illegal activities, or derive more than 10% of gross revenues from gambling activity Finance political or lobbying activities Finance a project that creates a conflict of interest or the appearance of a conflict of interest. Pay off any Federal direct or guaranteed loans or other Federal debts
ELIGIBLE BORROWERS	Non-profit and for profit entities engaged or proposing to engage in a business that are located in rural area under 50,000 population	<ul style="list-style-type: none"> Agricultural producers Small business located in rural area under 50,000 populations
GUARANTEE PERCENTAGE	<ul style="list-style-type: none"> 80% maximum guarantee on loans up to and including \$5 million 70% maximum guarantee on loans greater than \$5 million and up to and including \$10 million 60% maximum guarantee loans greater than \$10 million 	<ul style="list-style-type: none"> 85% maximum guarantee on loans \$600,000 or less 80% maximum guarantee on loans more than \$600,000 but less than \$5 million 70% maximum guarantee on loans \$5 million up to and including \$10 million 60% maximum guarantee loans greater than \$10 million
EQUITY	Tangible balance sheet equity requirement: <ul style="list-style-type: none"> 10% for existing business 20% for startup 25-40% for energy projects Determined from balance sheets prepared in accordance with Generally Accepted Accounting Principles 	Other funding requirement: <ul style="list-style-type: none"> 25% of the total project cost Agricultural Producers can submit financial information in a format that is accepted by Agricultural Lenders
COLLATERAL	<ul style="list-style-type: none"> Real estate - 80% of appraisal value M&E – 60-70% of appraised value Accounts Receivable/Inventory- 50% of book value 	<ul style="list-style-type: none"> Real estate - 80% of appraisal value M&E – 60-70% of appraised value Accounts Receivable/Inventory- 50% of book value
FEES	<p>Guarantee fee: 3% of the guaranteed portion of the loan payable to USDA Rural Development when the guarantee is issued</p> <p>-----</p> <p>Annual renewal fee: 0.5%</p> <ul style="list-style-type: none"> Based on the outstanding balance of the guaranteed portion of the loan as of December 31st. 	<p>Guarantee fee: 1% of the guaranteed portion of the loan payable to USDA Rural Development when the guarantee is issued</p> <p>-----</p> <p>Annual renewal fee: 0.25%</p> <ul style="list-style-type: none"> Based on the outstanding balance of the guaranteed portion of the loan as of December 31st.
TERMS	<ul style="list-style-type: none"> 30 years for real estate 15 years or useful life of equipment 7 years for working capital 	<ul style="list-style-type: none"> 30 years for real estate 15 years or useful life of equipment 7 years for working capital