

## Business & Industry Guaranteed Loan Program

**Offered by:** U.S. Department of Agriculture (USDA)

### Target Credit

**Union Participants:** Credit unions wanting to finance businesses in rural communities.

### Program

#### Objectives:

1. To provide guaranteed loan funds to finance rural businesses.
2. To create and preserve jobs in rural areas.
3. To improve the economic and environmental climate of rural communities.

### Credit Union

#### Eligibility:

All credit unions may participate in this program.

### Program Features

#### and Requirements:

##### Lender Benefits:

1. An active secondary market for guarantees.
2. The guaranteed portion of the loan is protected by a Federal guaranty.
3. The guaranteed portion of the loan does not count against the credit union's lending limits.
4. Lenders use their own forms, loan documents, and security instruments.

##### Guarantee Limits:

80% on loans up to \$5 million

70% on loans from \$5 million—\$10 million

60% on loans over \$10 million

Funding Limits: Up to \$10 million per request; \$25 million is possible.

Loan Terms: 30 years for real estate, 15 years for machinery and equipment, 7 years for working capital

Eligible Purposes: Real estate, buildings, equipment, supplies, working capital, and debt refinancing.

Eligible Areas: Loan proceeds must be used in areas outside the boundaries of a city or town of more than 50,000 in population and urbanized area contiguous and adjacent to such city or town.

Interest Rate: 2% of the guaranteed amount, 1/4% annually.

#### Contact:

U.S. Department of Agriculture  
1400 Independence Ave., SW  
Room 5813-S, Mail Stop 3220  
Washington, DC 20250-3220  
Phone: (202) 690-4730

Website: Refer to the USDA state office directory at:

[http://www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)