

BENEFITS OF USING GUARANTEED LOAN PROGRAMS

- Guaranteed portion of loan is secured by full faith and credit of U.S. Government
- Provide longer terms and fixed rate loans without the risk
- Increase earnings through participation in the secondary market - retain interest rate margin for servicing and increase yield on the unguaranteed portion of the loan
- Reduces risk of “rural” or specialized collateral
- Allows lenders to make loans in excess of lending limits
- Improve public relations in the community by financing community projects and supporting local jobs and businesses
- Utilize lender’s loan documents and forms
- Loans may be used toward CRA requirements

Mission Statement: USDA Rural Development’s mission is to increase economic opportunity and improve the quality of life for all rural Americans.

TESTIMONIALS

“The RD guarantee programs can be a great fit for both the bank and the borrower. The business program is particularly good for large loans that might not be accommodated under the more traditional programs. The community program addresses the unique issues associated with non-profit lending. One feature I like best is the field contact between RD and the borrower. The initial field visit does more than just answer questions or eliminate later surprises . . . it connects the borrower to the program with a personal touch and the RD staff make it easy to work through the details of the application.”

John Swedberg, Meredith Village Savings Bank, Meredith, NH

“Participating in the USDA RD program has allowed us to originate and service three larger loans for our customers, loans in excess of our legal lending limits without a guarantee. With both the B&I and Community Facilities programs we have been able to partner with RD to serve both our commercial and non-profit customer base. RD’s staff are involved and flexible, working closely with us in putting loan packages together, meeting with us both at the bank and on-site at various times throughout the process. We believe our strong working relationship has led to many loans that have benefited the communities we serve.”

Tim Bronson, Community National Bank, Derby, VT

APPLICATION INFORMATION/QUESTIONS:

VERMONT

USDA Rural Development
VT/NH State Office
87 State Street, Suite 324
Montpelier, VT 05601

Business: (802) 828-6031
Community: (802) 828-6044
Energy: (802) 828-6031
Rental Housing: (802)828-6067

NEW HAMPSHIRE

USDA Rural Development
Concord Center
Suite 218, Box 317
10 Ferry Street
Concord, NH 03301-5004

Business: (603) 223-6037
Community: (603) 223-6045
Energy: (802) 828-6031
Rental Housing: (802) 828-6067

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COMMERCIAL LOAN GUARANTEE PROGRAMS



Visit our web site at
<http://www.rurdev.usda.gov/nh-vtHome.html>

WHAT TYPES OF LOAN GUARANTEES ARE AVAILABLE?

Business Guarantees

Provides guarantee of loans (up to \$10 million) to businesses with the goal of creating and/or saving quality jobs and improving the economic condition of rural communities. Can include manufacturing, wholesaling, retail, service industry and commercial real estate. A good program to assist businesses that have outgrown the SBA 7A or 504 programs or otherwise do not meet SBA “small” business limits.

Community Facility Guarantees

Provides guarantee of loans to non-profit organizations that provide essential services to local communities. Loan must be for a capital asset acquisition, construction or improvement. Examples include child care, public safety, health care, education and recreational facilities.

Renewable Energy/Energy Efficiency Guarantees

Provides guarantee of loans for small businesses and agricultural producers to install renewable energy systems or make energy efficiency improvements. Renewable energy includes wind, solar, biomass or geothermal.

Rental Housing Guarantees

Provides guarantee of loans to profit or non-profit entities for costs related to development of rental housing to be occupied by family, elderly or disabled tenants with incomes that do not exceed 115% of the median income of the area.

	Business	Energy	Community Facility	Rental Housing
Loan Limits	No minimum. Generally a \$10 million maximum limit.	Minimum \$5,000 Maximum \$25,000,000 In addition, guaranteed loan cannot exceed 75% of total project cost (50% when used with 25% grant).	None. Local approval authority up to \$3 million.	No minimum. Maximum is lesser of: For-profit borrowers: 90% of appraised value or development cost. For non-profit and public borrowers: 97% of those values.
Guarantee Limits	80% - \$5 million or less 70% - over \$5 million and up to \$10 million 60% - over \$10 million	85% - up to \$600,000 80% - over \$600,000 and up to \$5 million 70% - over \$5 million and up to \$10 million	Up to 90%	90%
Rural Area Limit	Up to 50,000 population.	Up to 50,000 population.	Up to 20,000 population.	Up to 20,000 population.
Eligible Borrower	Any type of business; must be at least 51% owned by US citizen	Small business (use SBA size limits) Agricultural producers (no size limits)	Non-profit organizations. Must own and operate or control facility financed and services provided.	Individuals, partnerships, corporations, LLCs, trusts, nonprofits, public bodies (including housing authorities)
Loan Uses	RE, M&E, working capital, refinancing. Can include soft costs and guarantee fee.	Post-application costs related to energy system or improvement. Includes soft costs and working capital.	Purchase equipment and furnishings, purchase, repair or construct buildings. Can include soft costs (design, interim interest, loan fees, etc.).	Development of new rental housing (including related facilities). Acquisition or refinance only with rehab involved.
Interest Rate	Set by lender Fixed or Variable Variable not adjusted more often than quarterly	Set by lender Fixed or Variable Variable not adjusted more often than quarterly	Set by lender Fixed or Variable Variable not adjusted more often than quarterly	Maximum rate set annually. Must be fixed.
Maximum Terms	Working capital – 7 years M&E – 15 years Real Estate – 30 years Balloons not allowed.	Working capital – 7 years M&E – 20 years Real Estate – 30 years Balloons not allowed.	M&E – 15 years Real Estate – 30 years Balloons not allowed	Minimum – 25 years Maximum - 40 years Balloon mortgages with a 25 year term are allowed.
Guarantee Fee	3% up-front fee on the guaranteed portion..	1% of the guaranteed portion.	1% of the guaranteed portion.	1% of guaranteed portion. No application fee
Annual Servicing Fee	.05% of outstanding principal	Set annually (max. .5%)	None	.5% of outstanding principal
Minimum Equity or Borrower Contribution	10% tangible balance sheet equity (after loan) for existing business; 20-25% for start-ups	25% over \$600,000 15% \$600,000 or less	None May finance 100% of project	Non-profit borrowers or public borrowers: 3% For-profit borrowers: 10%