



# Guaranteed Business & Industry (B&I) Loan Program

# Guaranteed Business & Industry (B&I) Loan Program

- Lender driven program
- Business acquisitions, construction, conversion, expansion, repair, modernization and development
- Purchase of M&E
- Startup costs and working capital
- Projects supported by NMTC
- Debt refinancing under certain conditions



# Guaranteed B&I Loan Program

Eligible Borrowers include:

- For-profit businesses.
- Nonprofits.
- Cooperatives.
- Federally-recognized Tribes.
- Public bodies.



# Guaranteed B&I Loan Program Eligible Lenders

Lenders need the legal authority, financial strength and sufficient experience to operate a successful lending program.

Pre-approved lenders include:

- Federal or state-chartered banks.
- Savings and loans.
- Farm credit banks.
- Credit unions.

# Guaranteed B&I Loan Program Rates and Terms

- Interest Rate and Loan Terms Negotiated by Borrower & Lender
  - \* May be fixed or variable, adjusted not more often than quarterly
- Maximum Loan Terms:
  - \* Working Capital - 7 years
  - \* M & E - 15 years
  - \* Real Estate - 30 years

# Guaranteed B&I Loan Program Collateral Requirements

- Loans are to be fully secured.
- Collateral discounting by the lender consistent with the sound loan to value policy outlined in the program regulation.
- The discounted value of the collateral must be equal to or greater than the loan amount.
- Personal guarantees required.

# Guaranteed B&I Loan Program Percentage of Guarantee

- 80 percent guarantee on loans up to and including \$5 million.
- 70 percent guarantee on loans greater than \$5 million up to and including \$10 million.
- 60 percent guarantee on loans greater than \$10 million up to \$25 million, the statutory maximum.

# Resources, Links, and Contacts

The bottom right corner of the slide features a stylized American flag pattern. It consists of several horizontal wavy stripes in a slightly darker shade of blue, and a field of small, five-pointed stars in a similar shade, arranged in a grid-like pattern.

# Guaranteed B&I Loan Program Resources and Links

- Website:
  - <https://www.rd.usda.gov/programs-services/business-industry-loan-guarantees>
  - Includes access to program regulations and forms
- Fact Sheet & FAQ

# Other Links and B&I Contacts

- State Office Contacts:
  - <https://www.rd.usda.gov/contact-us/state-offices>
- USDA Coronavirus Resources:
  - <https://www.usda.gov/coronavirus>
- B&I Points of Contact in Arizona:
  - Gary Mack, B&CP Director [Gary.Mack@usda.gov](mailto:Gary.Mack@usda.gov)
  - Clint Kaasa, B&CP Specialist [Clinton.Kaasa@usda.gov](mailto:Clinton.Kaasa@usda.gov)

Q & A

Wrap-up



USDA is an equal opportunity provider, employer, and lender.



# B&I CARES Act Program

# B&I CARES Act Program Implementation

- A "Lender driven" program
- Any B&I CARES Act Borrower must have been in operation on February 15, 2020
- Appropriated \$20.5M in program level; supporting up to \$1B in lending authority
- Available until expended, not to exceed September 30, 2021
- Interim Final Rule published on May 22, 2020
- Notice of Funding Availability published on May 22, 2020

# B&I CARES Act Program: Different than the (Regular) B&I Program



Limited Loan Purposes:  
Working Capital Loans Only!

- ❖ ***Includes: Payroll Costs, Healthcare Benefits, Salaries, Principal and Interest Payments, Rent/Leases, Utilities, Inventory and Supplies***



Loans have a 90% Guarantee,  
2% Guarantee Fee



New Eligible Purposes:  
Expanded to Include Ag Production



Modified Terms:  
Repayment Up to 10 Years  
Deferrals – Principal up to 3 Years  
Interest up to 1 year



Capital & Equity Requirements



Collateral Discounting by the  
Lender is not Required



Maximum Loan Amount:  
\$25 million

# B&I CARES Act Program: Eligible Loan Purposes

- Working capital loans only.
- Loan must be to cover costs to prevent, prepare and respond to the coronavirus pandemic.
- Loans for working capital to support agricultural production, including independent agricultural production, are eligible if the applicant's loan request exceeds Farm Service Agency (FSA) guaranteed loan authority or the applicant's request is otherwise ineligible for FSA loans.

# B&I CARES Act Program: Eligible Uses

- Wages, salaries, sales commissions to employees, group healthcare benefits, and other employee benefits;
- Administrative expenses and administrative service contracts;
- Property insurance, hazard insurance, and other business insurance;
- Principal and interest payments on existing loans during the pandemic recovery, excluding any owner/stockholder debt or related-party debts;
- Rent, payments on leases, and routine maintenance;

## B&I CARES Act Program: Eligible Uses (continued)

- Taxes and utilities;
- Business inventory;
- Ag production expenses including inventory, feed, seed, fertilizer and chemicals, livestock (excluding livestock for breeding) and supplies;
- Marketing, shipping, and other expenses incurred through normal business operations or such additional expenses due to the national COVID-19 Public Health Emergency; and
- Loan costs and essential loan-related expenses.

# B&I CARES Act Program Resources and Links

- Regulation
  - <https://www.govinfo.gov/content/pkg/FR-2020-05-22/pdf/2020-11242.pdf>
- Notice of Funding Availability
  - <https://www.govinfo.gov/content/pkg/FR-2020-05-22/pdf/2020-11243.pdf>
- Web Site:
  - <https://www.rd.usda.gov/programs-services/business-and-industry-cares-act-program>

# Other Links and B&I Contacts

- State Office Contacts:
  - <https://www.rd.usda.gov/contact-us/state-offices>
- USDA Coronavirus Resources:
  - <https://www.usda.gov/coronavirus>
- B&I Points of Contact in Arizona:
  - Gary Mack, Business & Cooperative Program Director [Gary.Mack@usda.gov](mailto:Gary.Mack@usda.gov)
  - Clint Kaasa, Business & Cooperative Program Specialist [Clinton.Kaasa@usda.gov](mailto:Clinton.Kaasa@usda.gov)



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# Your Partner in Lowering Energy Costs

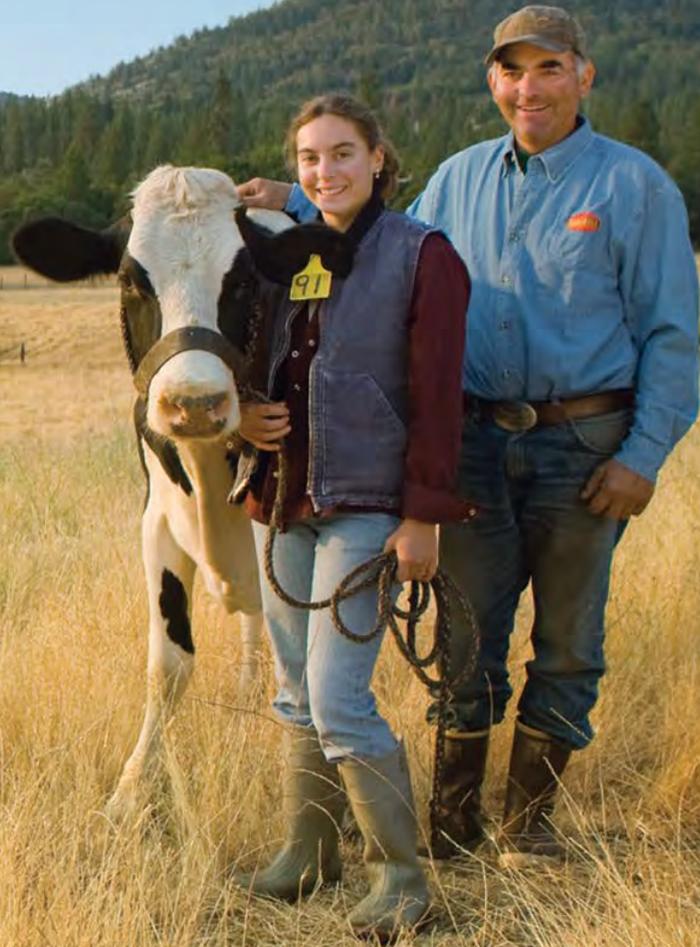
USDA Rural Development Arizona

Presented by Gregg Humphries, Energy Program Coordinator

Grants and loans are available for installing renewable energy systems and for energy efficiency improvements.



# Agricultural Producers

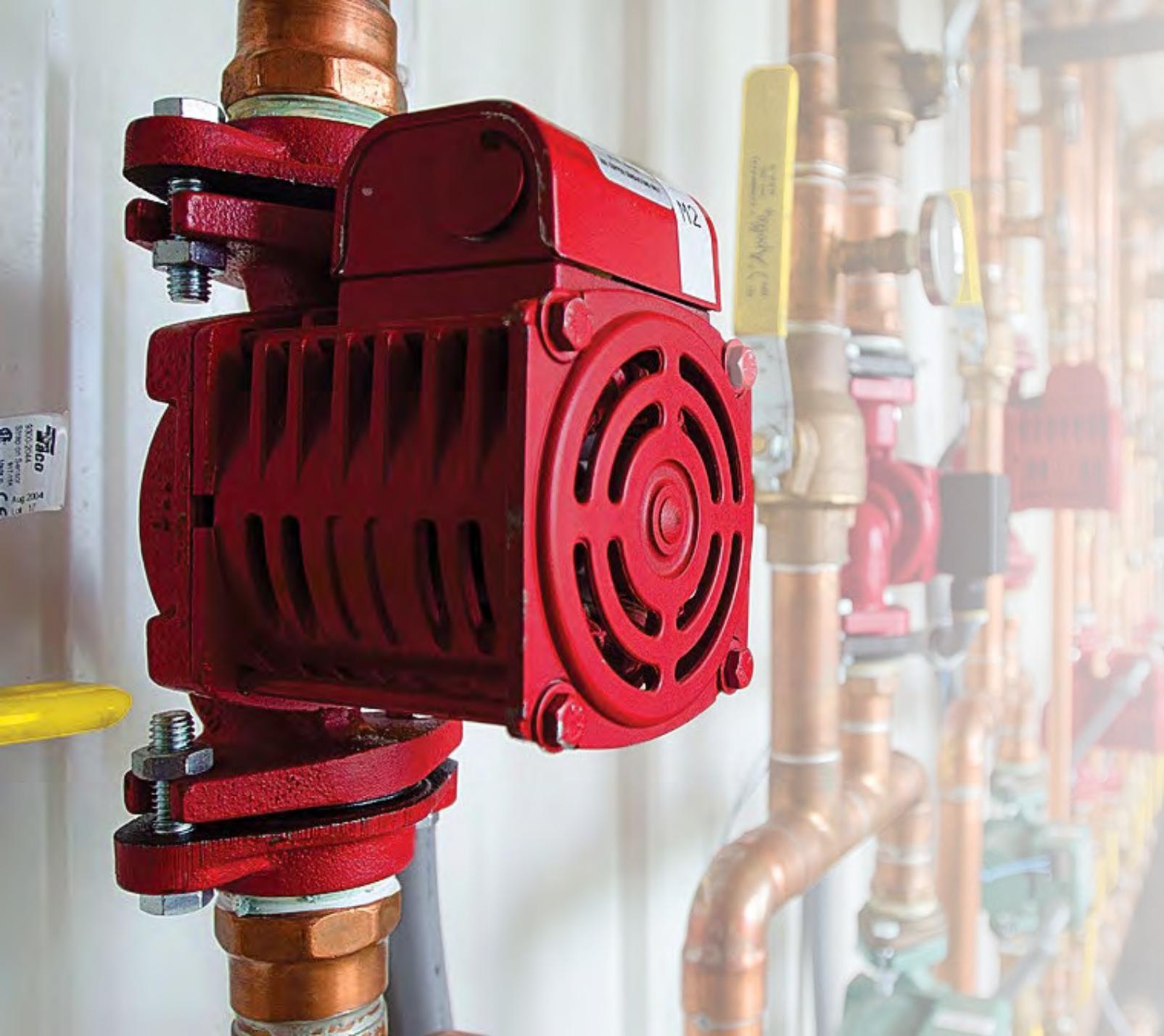


# Rural Small Businesses



Renewable Energy  
Systems and Energy  
Efficiency Improvements  
(RES and EEI) grants and  
guaranteed loans





## Energy Efficiency Eligible Projects



Lighting



Heating



Cooling



Ventilation



Fans



Automated Controls



Insulation



# Renewable Energy Eligible Projects



Solar



Wind



Small Hydroelectric



Anaerobic Digesters



Biomass



Geothermal



Wave/Ocean Power

Energy Efficiency

Irrigation





Renewable Energy

Solar Panels

# Contact Information

Assistance under USDA Rural Development programs is available to applicants in areas designated as “rural.” Under law, the definition of “rural area” is different for each program.

Contact your local USDA Rural Development office for more information.

Gregg Humphries at (602) 280-8767 or [Gregg.Humphries@usda.gov](mailto:Gregg.Humphries@usda.gov)

Or go to: [www.rd.usda.gov](http://www.rd.usda.gov)

Or call 1 (800) 670-6553 (toll free)





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# Rural Energy for America Program Renewable Energy & Energy Efficiency

## What does this program do?

**Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses to purchase or install renewable energy systems or make energy efficiency improvements.**

## Who may apply?

- **Agricultural producers with at least 50% of gross income coming from agricultural operations, and**
- **Small businesses in eligible rural areas.**

**NOTE: Agricultural producers and small businesses must have no outstanding delinquent federal taxes, debt, judgment, or debarment.**

### What is an eligible area?

- Businesses must be in an area other than a city or town with a population of greater than 50,000 inhabitants and the urbanized area of that city or town. Check eligible business addresses.
- Agricultural producers may be in rural or non-rural areas.

### How may the funds be used?

Funds may be used for the purchase, installation, and construction of renewable energy systems, such as:

- Biomass (for example: biodiesel and ethanol, anaerobic digesters, and solid fuels)
- Geothermal for electric generation or direct use
- Hydropower below 30 megawatts
- Hydrogen
- Small and large wind generation
- Small and large solar generation
- Ocean (tidal, current, thermal) generation

Funds may also be used for the purchase, installation, and construction of energy efficiency improvements, such as:

- High efficiency heating, ventilation, and air conditioning systems (HVAC)
- Insulation
- Lighting
- Cooling or refrigeration units
- Doors and windows

- Electric, solar, or gravity pumps for sprinkler pivots
- Switching from a diesel to electric irrigation motor
- Replacement of energy-inefficient equipment

### What funding is available?

- Loan guarantees on loans up to 75% of total eligible project costs
- Grants for up to 25% of total eligible project costs
- Combined grant and loan guarantee funding up to 75% of total eligible project costs

### What are the loan guarantee terms?

- \$5,000 minimum loan amount
- \$25 million maximum loan amount
- Up to 85% loan guarantee
- Rates and terms negotiated with the lender and subject to USDA approval
- Maximum term of 30 years for real estate
- Maximum term of 15 years, or useful life, for machinery and equipment
- Maximum term of 7 years for capital loans
- Maximum term of 30 years for combined real estate and equipment loans

## What are the grant terms?

Renewable Energy System Grants:

- \$2,500 minimum
- \$500,000 maximum

Energy Efficiency Grants:

- \$1,500 minimum
- \$250,000 maximum

## Are there additional requirements?

- Applicants must provide at least 75% of the project cost if applying for a grant only.
- Applicants must provide at least 25% of the project cost if applying for loan, or loan and grant combination.
- Projects greater than \$200,000 require a technical report.
- Energy efficiency projects require an energy audit or assessment.

## How do we get started?

Applications for this program are accepted year round at your local RD office.

## Who can answer questions?

Contact your State Rural Development Energy Coordinator.

## What governs this program?

- Basic Program – 7 CFR 4280, Subpart B
- This program is authorized by Title IX of the Agricultural Act of 2018, (2018 Farm Bill).

## Why does USDA Rural Development do this?

This program helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy through energy efficiency improvements. Over time, these investments can also help lower the cost of energy costs for small businesses and agricultural producers.

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**NOTE: Because citations and other information may be subject to change, please always consult the program instructions listed in the section above titled “*What Governs This Program?*” You may also contact your local office for assistance. You will find additional forms, resources, and program information at rd.usda.gov. *USDA is an equal opportunity provider, employer, and lender.***

# Borrowing With Farm Credit West

August 27, 2020  
Dalton Dobson  
Farm Credit West



COMMITTED. EXPERIENCED. TRUSTED.

- Know your application
- 5 C's
- Financials
- Terms
- YBS / FSA

- Do's

- Know how much you will need
- Put together a projection
- Have a plan
- Plan for future



- Don'ts

- Expect us to do the work
- Overstate financials
- Bring angel investing ideas
- Bite off more than you can chew

# 5 C's of Credit



- **Character**
  - Credit Score
  - Lending history
- **Capital**
  - Balance sheet
  - Equity (net worth)
  - Debt to equity
  - Current Ratio
- **Capacity**
  - Earnings (How much debt can I handle)
  - Profit
  - Debt Coverage Ratio
- **Collateral**
  - What you bring to the table
- **Conditions**
  - What we measure

## Income Statement

- Income and Expenses
- How much money am I making
- Can I pay for my debt

## Balance Sheet

- Snapshot in time (same time each year)
- How am I improving over the long run
- Your personal wealth
- Ability to take on debt

## Projections

- Include debt payments
- Be realistic

## Terms

- How long
  - Short term is 10 years and under, long term is over 10 years
  - Plan to have manageable payments
- How much
  - Sustainable amount of debt
- Payment
  - Monthly, quarterly, annual



# Young, Beginning, and Small

- Farm credit believes in helping these borrowers in order to keep agriculture moving forward for generations
- Up to 85% in certain scenarios

## Great working relationship with FSA

- Preferred lender with FSA
- Partner on loans through guarantees





## Contact us at:

Dalton Dobson

[Dalton.Dobson@farmcreditwest.com](mailto:Dalton.Dobson@farmcreditwest.com)