

OneRD Guarantee Loan Initiative: Business & Industry Loan Guarantees

EXHIBIT H.4

What does this program do?

This program provides loan guarantees to commercial lenders for loans to eligible rural businesses.

What types of lenders can apply?

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

Examples include:

- **Federal- and state-chartered banks**
- **Savings and loan associations**
- **Farm credit banks with direct lending authority**
- **Credit unions**

Using the OneRD Guarantee Loan initiative (information is available at this link: <https://go.usa.gov/xJnfQ>) Rural Development will consider certain non-regulated lending institutions for approval, as well.

Who can apply?

- For- or nonprofit businesses
- Cooperatives
- Federally-recognized Tribes (information is available at this link: <https://go.usa.gov/xJnf6>)
- Public bodies
- Individuals engaged — or proposing to engage — in an eligible rural business

What are the borrowing restrictions?

- Individual borrowers must be citizens of the United States, or reside in the U.S. after being legally admitted for permanent residence.
- Borrowers must demonstrate loan funds will remain in the U.S., and the facility being financed will create new - or save existing - jobs for rural U.S. residents.

What is considered an eligible area?

- Rural areas not in cities or towns with populations of more than 50,000, and adjacent urbanized areas
- A borrower's headquarters can be based in a larger city, as long as the project, itself is in an eligible rural area
- Eligible lenders can be located anywhere in the U.S.
- Local and Regional Food System Initiative projects (information is available at this link: <https://go.usa.gov/xJnGX> - PDF) can be funded in both rural and urban areas
- You can check eligible addresses for Business and Industry Loan Guarantees at this link: <https://go.usa.gov/xJnGQ>

How can guaranteed loan funds be used?

Examples of eligible uses include:

- Business development, growth, modernization, conversion, or repair
- Buy and develop land, buildings, and associated infrastructure for commercial or industrial use
- Buy and install machinery, equipment, supplies, and inventory
- Refinance debt to create cash flow and create jobs
- Acquire businesses or industries when the loan will maintain operations, and create or save jobs

Guaranteed loan funds cannot be used for:

- Lines of credit
- Owner-occupied or rental housing
- Golf courses, or golf course infrastructure
- Racetracks or gambling facilities
- Churches or church-controlled organizations
- Fraternal organizations
- Lending, investment, or insurance companies
- Agricultural production (with certain exceptions)
- Payment or distribution to a beneficiary of a borrower, or to an individual or entity that will retain ownership interest in the borrower

What are the interest rates and loan terms?

- Interest rates - which can be fixed or variable - are negotiated between the lender and borrower
- Variable interest rates cannot be adjusted more often than quarterly
- Loan terms cannot exceed 40 years

How do we get started?

- Interested borrowers work directly with lenders
- Lender-based applications are accepted year-round by field-based Rural Development staff
- You'll find an alphabetical list of offices by state at this link: <https://go.usa.gov/xJnHR>

Who can answer questions?

See "How do we get started" for a link to a list of our state- and area-based USDA Rural Development offices.

What governs this program?

- Code of Federal Regulations 7 CFR 5001, available at this link: <https://go.usa.gov/xJn6a>
- The Consolidated Farm and Rural Development Act, as amended, available at this link: <https://go.usa.gov/xJn6B> (PDF)
- 7 U.S.C. 1932, available at this link: <https://go.usa.gov/xJn6n>

Why does USDA Rural Development do this?

The Business and Industry Loan Guarantee program helps improve rural economic health by increasing access to business capital, allowing commercial lenders to offer affordable financing to eligible rural businesses.

NOTE: Because information is subject to change, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: <https://go.usa.gov/xzSKb>. You will find additional resources, forms, and program information at <https://rd.usda.gov>. USDA is an equal opportunity provider, employer, and lender.