

Rural Loan Information



Bolstering Local Economies

Rural small businesses are an integral part of local economies and communities. One of the key ways these companies continue to thrive is through small business loans from the U.S. Small Business Administration (SBA) and the U.S. Department of Agriculture (USDA). These government-guaranteed loans provide competitive interest rates, flexible terms, and multiple payment options, which give small businesses, including start-ups, the funds they need to succeed.

The following pages provide insight into different loan options available to rural small business owners to help them purchase, build, or renovate facilities, expand into new markets, purchase equipment, offer new products, hire more employees, or gain access to working capital.





Program	Maximum Loan Amount	Use of Funds	Details
Direct Farm Ownership Microloan (FO ML)	\$50,000	<ul style="list-style-type: none"> • Purchase farm • Construct buildings or other capital improvements • Soil and water conservation • Pay closing costs 	<ul style="list-style-type: none"> • Rate: Based on agency borrowing costs • Term: Up to 25 years
Direct Operating (OL)	\$400,000	<ul style="list-style-type: none"> • Purchase livestock, poultry, equipment, feed, seed, farm chemicals, and supplies • Soil and water conservation • Refinance debts with certain limitations 	<ul style="list-style-type: none"> • Rate: Based on agency borrowing cost • Term: From 1 to 7 years
Direct Emergency	100% actual or physical losses \$500,000 maximum program indebtedness	<ul style="list-style-type: none"> • Restore or replace essential property • Pay all or part of production costs associated with the disaster year • Pay essential family living expenses • Reorganize the farming operation • Refinance debts with certain limitations 	<ul style="list-style-type: none"> • Rate: Based on the OL rate plus 1%; with a cap of 3.75% • Term: From 1 to 7 years for non-real estate purposes • Term: Up to 40 years for physical losses on real estate
Direct Farm Ownership (FO)	\$600,000	<ul style="list-style-type: none"> • Purchase farm • Construct buildings or other capital improvements • Soil and water conservation • Pay closing costs 	<ul style="list-style-type: none"> • Rate: Based on agency borrowing costs • Term: Up to 40 years
Direct Farm Ownership Participation	\$600,000	Same as Direct FO	<ul style="list-style-type: none"> • Rate: Direct FO rate less 2%, with a floor of 2.5% if at least 50% of loan amount provided by other lender • Term: Up to 40 years
Direct Down Payment Farm Ownership Program	The lesser of 45% of: <ul style="list-style-type: none"> • The purchase price • The appraised value • \$667,000 (\$300,150 maximum) 	Purchase of farm by a beginning or underserved farmer	<ul style="list-style-type: none"> • Rate: Direct FO rate less 4%, with a floor of 1.5% • Term: 20 years • Down payment: At least 5%



Program	Maximum Loan Amount	Use of Funds	Details
Land Contract (LC) Guarantee	The purchase price of the farm cannot exceed the lesser of: <ul style="list-style-type: none"> • \$500,000 or • The current market value of property 	<ul style="list-style-type: none"> • Sell real estate through a land contract to a beginning or underserved farmer • Guarantee is with the seller of the real estate 	<ul style="list-style-type: none"> • Rate: Cannot exceed the Direct FO interest rate plus 3% • Down payment: At least 5% • Amortized over a minimum of 20 years with no balloon payments during the first 10 years of loan
Guaranteed Operating	\$1,825,000 <i>(Amount adjusted annually for inflation)</i>	Same as OL	<ul style="list-style-type: none"> • Rate: Determined by the lender • Term: From 1 to 7 years • Loan guarantee fee: 1.5%
Guaranteed Farm Ownership	\$1,825,000 <i>(Amount adjusted annually for inflation)</i>	Same as Direct FO, except loan may be used to refinance debts	<ul style="list-style-type: none"> • Rate: Determined by the lender • Term: Up to 40 years • Loan guarantee fee: 1.5%
Guaranteed Conservation Loan	\$1,825,000 <i>(Amount adjusted annually for inflation)</i>	<ul style="list-style-type: none"> • Implement any conservation practice in an NRCS-approved conservation plan • May be used to refinance debts related to implementing an NRCS-approved conservation plan 	<ul style="list-style-type: none"> • Rate: Determined by the lender • Term: Not to exceed 30 years, or shorter period, based on the life of the security • Loan guarantee fee: 1.5% • Eligibility requirements expanded to include large and financially strong operation



SBA Loan Guarantee Programs



Program	Maximum Loan Amount	Use of Funds	Details
Microloans	\$50,000	<ul style="list-style-type: none"> Working capital Supplies Machinery & equipment, fixtures Intermediary may chose to refinance debt Cannot be used for real estate 	<p>Maximum term: 7 years Interest rate: negotiable based on microlender’s cost of funds Fees: 3% maximum</p>
Community Advantage	\$350,000	Same as 7(a) below	<p>Underwriting favors businesses located in rural areas or owned by socially and economically disadvantaged individuals. Rates/Terms/Fees/Down-Payment/Pre-payment: See 7(a) below</p>
SBAExpress	\$500,000	<ul style="list-style-type: none"> May be used for revolving lines of credit (Must have term out period not less than draw period) Other use of funds the same as 7(a) below 	<p>Maturity: 10 years, if revolving feature used, otherwise same as 7(a) below Rates and Fees: Same as 7(a) below</p>
Export Express	\$500,000	<ul style="list-style-type: none"> Same as SBAExpress above, plus standby letters of credit At least 70% of proceeds must be used for an export development activity 	<p>Requires export business plan Must demonstrate that loan will enable business to enter a new—or expand in an existing—export market Business must have been in operation for at least 12 months (though not necessarily in exporting) Loan can be for direct or indirect exporting Term: 7 years if revolving (no term-out period required), otherwise same as 7(a) below Interest Rate, Pre-payment, Fees, Guarantee Fees, Down Payment: All same as 7(a) below</p>
7(a) Loans	\$5 million	<ul style="list-style-type: none"> Purchase building New construction Expansion/renovation Machinery and equipment Inventory Lease-hold improvements Working capital Debt refinance Change of ownership 	<p>Maximum term: 25 years to finance real estate. 10 years for everything else. May blend term for multiple uses of proceeds. Guarantee fees: These fees apply and are added to loan amount Interest rate: Generally variable and tied to prime rate Down payment: Negotiable with a minimum of 10% for new business or change of ownership Pre-payment fee: Applies for first 3 years</p>



Program	Maximum Loan Amount	Use of Funds	Details
504 Loans	Generally \$5 million	<ul style="list-style-type: none"> Long-term, fixed-asset loans Lender (non-guaranteed) financing secured by first lien on project assets CDC loan provided from SBA, 100% guaranteed debenture sold to investors at fixed rate secured by 2nd lien Refinance of debt on “qualified project” both with and without expansion Eligible business expenses (EBE) 	<p>Job Creation: Generally 1 job per \$75,000 of CDC portion</p> <p>Term: 20 or 25 for real estate, 10 for equipment</p> <p>Interest Rate: Fixed for CDC portion; generally favorable for bank or credit union portion</p> <p>Pre-payment: 10 year declining fee</p> <p>Loan Structure: Project costs financed as follows:</p> <ul style="list-style-type: none"> CDC: up to 40% Bank or credit union: 50% (non-guaranteed secured by 1st lien on property) Equity: 10% plus Additional 5% if new business and/or 5% if special use property <p>Fees: Various fees generally totaling 3-5% of project depending on lender</p> <p>To apply: Check with your bank or credit union</p>
CAPLines	\$5 million	<ul style="list-style-type: none"> Finance seasonal and/or short-term working capital needs Cost to perform Construction costs Advances against existing inventory and receivables Consolidation of short-term debts May be revolving 	<p>Maximum term: 10 years except for Builder’s CAPLine, which is 5 years</p> <p>Guarantee fees: Same as 7(a) above</p> <p>Additional fees: May apply depending on servicing requirements</p> <p>Interest rates: Same as 7(a) above</p>
Export Working Capital Program	\$5 million	<ul style="list-style-type: none"> Short-term, working-capital loans for exporters May be transaction based or asset based Can also support standby letters of credit 	<p>Requires export business plan</p> <p>Term: Up to 3 years</p> <p>Interest Rate and Fees: Negotiable, but must be reasonable per SBA</p> <p>Supports direct or indirect exporting</p> <p>Higher advance rates than conventional loans translate into more borrowing capacity</p>
International Trade	\$5 million	Term loan for permanent working capital, (maximum of \$4 million) equipment, facilities, land, buildings and debt refinance related to international trade	<p>Requires export business plan</p> <p>Term: 10 to 25 years, depending on use of proceeds</p> <p>Interest Rate, Pre-payment, Fees, Guarantee Fees, Down Payment: All same as 7(a) above</p>

Small Business Resources



The SBA has a network of partnerships to provide business consulting, market research, mentoring, and training services to small businesses across the country. The following independent organizations provide free or low-cost services:

- Small Business Development Centers (SBDC)
- Women's Business Centers (WBC)
- Veterans Business Outreach Centers (VBOC)
- SCORE Association

For assistance with SBA and partner services in your local area, please visit:
sba.gov/local-assistance



The SBA also has an online tool, **Lender Match**, to help small businesses find lenders:
sba.gov/funding-programs/loans/lender-match



The USDA provides multiple services to help rural businesses succeed, including the following tools, which assist businesses that are starting the loan process:

FSA Farm Discovery Tool
farmers.gov/loans/farm-loan-discovery-tool



USDA Service Center Locator
offices.sc.egov.usda.gov/locator/app





USDA and SBA are equal opportunity providers, employers, and lenders.