## Financing Agricultural Businesses

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Purpose</th>
<th>Maximum Loan Amount</th>
<th>Rates and Terms</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic 7(a) Loan Program</td>
<td>Starting, acquiring, and expanding a small business. This type of loan is the most basic and the most used among Small Business Administration (SBA) business loan programs.</td>
<td>$5 million</td>
<td>Interest Rates: Negotiated between the applicant and lender, subject to the SBA maximums</td>
<td>SBA</td>
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<tr>
<td>Certified Development Company/504 Loan</td>
<td>The purchase of land, including existing buildings; purchase of improvements, including grading, street improvements, utilities, parking lots, and landscaping; construction of new facilities or modernizing, renovating, or converting existing facilities; and/or purchase of long-term machinery and equipment.</td>
<td>$5.5 million</td>
<td>Interest rates on 504 loans are pegged to an increment above the current market rate for 5-year and 10-year U.S. Treasury issues.</td>
<td>SBA</td>
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<tr>
<td>SBA Microloans</td>
<td>Working capital; Inventory or supplies; Furniture or fixtures; Machinery or equipment</td>
<td>$50,000</td>
<td>Term: 6 years Interest rate generally between 8 and 13 percent.</td>
<td>SBA</td>
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<tr>
<td>SBA Disaster Assistance</td>
<td>Provide financial assistance to victims of disasters or to individuals in a declared disaster area.</td>
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<td>SBA</td>
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<tr>
<td>SBA Economic Injury Loans</td>
<td>Assist small businesses, small agricultural cooperatives, and nonprofit organizations as they recover from economic losses resulting from physical disaster or an agricultural production disaster.</td>
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<td>SBA</td>
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</tbody>
</table>
### USDA Business and Industry Loan Program

- Business conversion, enlargement, repair, modernization, or development
- Purchase and development of land, easements, rights-of-way, buildings, or facilities
- Purchase of equipment, leasehold improvements, machinery, supplies, or inventory
- Debt refinancing when new jobs will be created and other conditions are met
- Business and industrial acquisitions when the loan will keep the business from closing and/or save or create jobs

- 80 percent for loans of $5 million or less
- 70 percent for loans between $5 and $10 million
- 60 percent for loans exceeding $10 million, up to $25 million maximum
- Maximum term on real estate is 30 years
- Maximum term on machinery and equipment is useful life or 15 years, whichever is less
- Maximum term on working capital not to exceed 7 years
- Interest rates are negotiated between the lender and borrower, subject to Agency review

### Value-Added Producer Grants

Helps agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based, value-added products.

- $75,000 for planning grants;
- $250,000 for working capital grants

*Matching funds requirement

*SBA is not an agency within USDA