



Business & Industry Loan Guarantees

Application Window: **Open**

Program Application Period: **Applications are accepted from lenders year-round.**

Overview

One RD Guarantee

This program is streamlined under the OneRD Guarantee Loan Initiative. For more information, visit www.rd.usda.gov/onerdguarantee

What does this program do?

This program offers loan guarantees to lenders for their loans to rural businesses.

What lenders may apply for this program?

Lenders need the legal authority, financial strength, and sufficient experience to operate a successful lending program. This includes lenders that are subject to supervision and credit examination by the applicable agency of the United States or a State including:

- Federal and State-chartered banks.
- Savings and loans.
- Farm Credit Banks with direct lending authority.
- Credit unions.

Other non-regulated lending institutions may be approved by the Agency under the criteria of the OneRD Guarantee Loan Initiative regulation.

Who may qualify for these guaranteed loans?

- For-profit or non-profit businesses.
- Cooperatives.
- Federally-recognized Tribes.
- Public bodies.
- Individuals engaged or proposing to engage in a 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.

- Private-entity borrowers must demonstrate that loan funds will remain in the U.S., and the facility being financed will primarily create new or save existing jobs for rural U.S. residents.

What is considered an eligible area?

- Rural areas not in a city or town with a population of more than 50,000 inhabitants.
- The borrower's headquarters may be based within a larger city, as long as the project is located in an eligible rural area.
- The lender may be located anywhere in the United States.
- Projects may be funded in either rural or urban areas under the [Local and Regional Food System Initiative](#).
- Check [eligible addresses for Business Programs](#).

How may guaranteed loan funds be used?

Eligible uses include (but are not limited to):

- Business conversion, enlargement, repair, modernization, or development.
- The purchase and development of land, buildings, and associated infrastructure for commercial or industrial properties.
- The purchase and installation of machinery and equipment, supplies or inventory.
- Debt refinancing when such refinancing improves cash flow and creates jobs.
- Business and industrial acquisitions when the loan will maintain business operations and create or save jobs.

Guaranteed loan funds may NOT be used for:

- Lines of credit.
- Owner-occupied and rental housing.
- Golf courses or golf course infrastructure.
- Racetracks or gambling facilities.
- Churches or church-controlled organizations.
- Fraternal organizations.
- Lending, investment, and insurance companies.
- Agricultural production, with certain exceptions (1).
- Distribution or payment to a beneficiary of the borrower or an individual or entity that will retain an ownership interest in the borrower.

What Collateral Is Required?

Collateral must have documented value sufficient to protect the interest of the lender and the Agency. Lenders will discount collateral consistent with sound loan-to-value policy with the discounted collateral value at least equal to the loan amount. The lender must provide satisfactory justification of the discounts being used. Hazard insurance is required on collateral (equal to the loan amount or depreciated replacement value, whichever is less).

What is the maximum amount of a loan guarantee?

The loan guarantee percentage is published annually in a Federal Register notice. B&I loans approved in [Fiscal Year 2025](#) will receive an 80 percent guarantee

What are the loan terms?

The lender, with Agency concurrence, will establish and justify the guaranteed loan term based on the use of guaranteed loan funds, the useful economic life of the assets being financed and those used as collateral, and the borrower's repayment ability. The loan term will not exceed 40 years.

What are the interest rates?

- Interest rates are negotiated between the lender and borrower.
- Rates may be fixed or variable.
- Variable interest rates may not be adjusted more often than quarterly.

What are the applicable fees?

- There is an initial guarantee fee, currently 3 percent of the guaranteed amount.
- There is a guarantee retention fee, currently 0.55 percent of the guaranteed portion of the outstanding principal balance, paid annually (2).
- Reasonable and customary fees for loan origination are negotiated between the borrower and lender.
- Qualifying projects may receive a reduced fee of 1 percent.

What are the underwriting requirements?

- The lender will conduct a credit evaluation using credit documentation procedures and underwriting processes that are consistent with generally accepted prudent lending practices and, also consistent with the lender's own policies, procedures, and lending practices.
- The lender's evaluation must address any financial or other credit weaknesses of the borrower and project and discuss risk mitigation requirements.

- The lender must analyze all credit factors to determine that the credit factors and guaranteed loan terms and conditions ensure guaranteed loan repayment.
- Credit factors to be analyzed include but are not limited to character, capacity, capital, collateral, and conditions.

How do we get started?

- Applications are accepted from lenders through [USDA local offices](#) year-round.
- Interested borrowers should inquire about the program with their lender.
- Lenders interested in participating in this program should contact the [USDA Rural Development Business Programs Director in the state](#) where the project is located.

Who can answer my questions?

Contact the [local Rural Development office](#) that serves your area.

What law governs this program?

- Code of Federal Regulations, [7 CFR 5001](#).
- This program is authorized by the Consolidated Farm and Rural Development Act, [7 U.S.C. 1932](#).

Why does USDA Rural Development do this?

This program improves the economic health of rural communities by increasing access to business capital through loan guarantees. This enables commercial lenders to provide affordable financing for rural businesses.

NOTE: Because information on this page may change, please always consult the program instructions listed in the section above titled “What law governs this program?” You may also contact your [local office](#) for assistance.

(1) Agricultural production is eligible only if the project is vertically integrated, ineligible for USDA Farm Service Agency (FSA) farm loan programs assistance, and it is part of an integrated business also involved in the processing of agricultural products. Commercial nurseries, forestry, and aquaculture operations are eligible without these restrictions.

(2) The annual renewal fee is currently 0.55% of the outstanding principal loan balance as of December 31. The renewal fee rate is set annually by Rural Development in a notice published in the [Federal Register](#). The rate, in effect at the time the loan is made, will remain in effect for the life of the loan. Annual renewal fees are paid by the lender and due on January 31.

Payments not received by April 1 are considered delinquent and, at the Agency’s discretion, may result in cancellation of the guarantee to the lender.

Holders' rights will continue in effect as specified in the loan note guarantee and assignment guarantee agreement. Any delinquent annual renewal fees will bear interest at the note rate and will be deducted from any loss payment due the lender. For loans where the loan note guarantee is issued between October 1 and December 31, the first annual renewal fee payment will be due January 31 of the second year following the date the loan note guarantee was issued.

To Apply

Rural Development has implemented the [OneRD Guarantee Loan Initiative program](#). Visit the site for additional program information, to include [forms, and sample documents](#).

NOTE: Please speak to your [local program specialist](#) before attempting to fill out any forms or applications. This will save you time in completing your application.

Interest Rates:

Interest rates are negotiated between the lender and borrower, subject to Agency review. They may be fixed, or variable, and variable interest rates may not be adjusted more often than quarterly.

Other Requirements

There are no engineering requirements at the national level.

Rural Development environmental requirements: [RD 1970 Environmental Policies and Procedures](#).

OneRD Guarantee

What is the OneRD secured loan initiative?

USDA has eliminated unnecessary regulations to increase private investment in rural businesses and economic development projects and to improve customer service within four flagship loan guarantee programs. The Agency implemented a standard set of requirements, processes and forms for these programs. Only lenders are eligible to apply. The programs are:

- [Loan Guarantees for Water and Waste Disposal](#)
- [Community Facilities Guaranteed Loan Program](#)
- [Loan Guarantees for Companies and Industries](#)
- [Rural Energy for America Guaranteed Loan Program](#)
- [Rural Data Gateway](#)
- [Timber Production Expansion Guaranteed Loan Program \(TPEP\)](#)

FY25 Funding Availability

Fiscal year 2025

FY 2025 Annual Notice of Fees and Warranty Fees

Ahead of fiscal year 2025, USDA published guarantee fees and percentages that will apply to four critical loan guarantee programs to support investments in rural businesses, infrastructure, and community development. The rates in this notice are effective March 27, 2025.

Find out if a community is a distressed community by clicking the button below.

[Search for communities in difficulty](#)

| Program | Money | Funds obligated to date | Funding status - Remaining balances | Total Pending Loan Amounts |
|--|------------------|-------------------------|-------------------------------------|----------------------------|
| Business & Industry Guaranteed Loan Program 3% & 1% | \$3,272,644,830 | \$580,669,471 | \$2,691,975,359 | \$612,684,546 |
| Rural Energy for America Guaranteed Loan Program | \$24,726,945 | \$19,434,000 | \$5,292,945 | \$192,668,680 |
| Community Facilities Guaranteed Loan Program | \$293,800,000 | \$780,000 | \$293,020,000 | \$98,772,375 |
| Water and Waste Disposal Guaranteed Loan Program | \$22,600,000 | \$0 | \$22,600,000 | \$0 |
| Timber Production Expansion Guaranteed Loan Program | \$220,159,151.19 | \$0 | \$220,159,151.19 | \$0 |

Lender Help Desk

As USDA's four flagship secured loan programs are streamlined under the OneRD Secured Loan Initiative, a core team of program experts is available to help you prepare for the new policies and procedures included in the final rule.

Lenders can send questions to OneRDGuarantee@usda.gov.

Build America, Buy America Act

USDA assists agencies, personnel offices, award recipients, and subrecipients by providing information on the requirements of the Build America, Buy America Act (BABAA), guidance documents on the waiver and comment process, and a list of exemptions. published.

[Learn more](#)

Lender Guide and Checklists

- [2021 Lender Guide: Eligibility, Origination and Servicing Provisions](#)
- [Lender Preliminary Eligibility Review Checklist](#)
- [Complete B&I Lender Application Checklist](#)
- [Complete CF Lender Application Checklist](#)
- [Complete REAP Lender Application Checklist](#)
- [Complete WEP Lender Application Checklist](#)

How to apply

The Agency is making resources available to help lenders begin their applications for programs under the OneRD Guarantee Loan Initiative. Resources will be added to this website as they become available. Learn more about each resource below:

Instructions on how to apply

To apply for programs under this initiative, lenders are encouraged to complete the following steps:

1. Please review the [OneRD Guaranteed Loan Initiative Lenders Guide](#) for eligibility, origination and application provisions.
2. Download [5001-1 – Loan Guarantee Application Form](#) and [5001-2 – Lender Agreement Form](#) . Important notice : Potential applicants can view these forms in Internet Explorer (IE) and Edge browsers. In Chrome or Safari , you must first download the forms to view the form content. For assistance, contact OneRDGuarantee@usda.gov.

Instructions for Unregulated Lenders to Submit Approval Status Applications Online

Submit Applications Online – Unregulated Lenders Seeking Approved Status

All unregulated lenders must apply for approval status with the Agency to participate in programs under the OneRD Guarantee Loan Initiative. All lender approval authority previously granted is no longer valid. Rural Development has created a portal to upload all your documents to request approval status. To use this portal, complete the following steps:

1. Review the [sample](#) document as an example of an introduction and cover letter to send first.
2. Email your cover letter to OneRDlenderapproval@usda.gov . Upon receipt of that document, RD will send you a link to the Unregulated Lender Portal with instructions to upload and submit all supporting files listed in the sample document.

For more information on eligibility and approval requirements, review the final rule.

Lenders who are unable to submit their application package through this portal may contact OneRDlenderapproval@usda.gov for assistance.

Additional instructions, forms and sample documents

Instructions

- [EAuth LINC Instructions](#)

Sample documents

- [Example of Approval Request Document](#)
- [OneRD Loan Note Guarantee Form Example](#)

Forms

Important Notice: Potential applicants can view these forms in Internet Explorer (IE) and Edge browsers. In Chrome or Safari, you must first download the forms to view the form content.

- [5001-1 – Loan Guarantee Request Form](#)
- [5001-2 – Lender Agreement Form](#)

Applications for programs covered by SECD set-aside funds

To apply for funds set aside for Strategic Economic and Community Development (SECD) under the OneRD guarantee loan programs, applicants must submit their Form 1980-88 at the same time as Form 5001-1 and any required documentation per the application guidelines. the OneRD Guarantee Loan Initiative .

The OneRD programs covered by SECD set-aside funds are the Waste and Water Disposal Loan Guarantee Program and the Community Facilities Guaranteed Loan Program .

Visit the Strategic Economic Community Development program to learn more.

FY2025 Annual Notice of Fees and Warranty Fees

Ahead of fiscal year 2025, USDA published guarantee rates and percentages that will apply to four critical loan guarantee programs to support investments in rural businesses, infrastructure, and community development. The rates in this notice are effective October 1, 2024.

Rates and percentages for each program are listed below:

Commercial and Industrial Loan Guarantee Program

- **Regular rates and percentages**
 - Guarantee fee: 3%
 - Periodic Guarantee Withholding Fee: 0.55%
 - Loan guarantee percentage: 80%
 - Fee for Issuance of Security of Loan Notes Before Construction: 0.5%
- **Reduced rates and percentages**
 - Guarantee fee: 1%
 - Periodic collateral retention fee: 0.5%
 - Loan guarantee percentage: 80%
 - Fee for Issuance of Security of Loan Notes Before Construction: 0.5%
- **Project in an isolated, high-cost rural area of Alaska that is not connected to a highway system**
 - Guarantee fee: 1%
 - Periodic collateral retention fee: 0.5%
 - Loan guarantee percentage: 90%
 - Fee for Issuance of Security of Loan Notes Before Construction: 0.5%