

May 26, 2020

### **HF Issue Alert: USDA Loan Program Announcement**

The U.S. Department of Agriculture is making available and expanding eligibility for up to \$1 billion in loan guarantees to help rural businesses meet their working capital needs during the coronavirus pandemic. Agricultural producers that are not eligible for USDA Farm Service Agency loans may receive funding under [USDA Business & Industry \(B&I\) CARES Act Program](#) provisions included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

According to Hardwood Federation contacts in USDA Secretary Sonny Perdue's office, hardwood sawmills should be eligible for these loans. Interested applicants should contact their local [USDA Rural Development State Office](#) in the state where the project is located. In addition, those interested should consider participating in one of two informational webinars which will provide an overview of program requirements.

**To register for the webinar on Wednesday, May 27 at 3:30 p.m. Eastern Time, visit [globalmeet.webcasts.com/starthere.jsp?ei=1322642&tp\\_key=7a700acddd](http://globalmeet.webcasts.com/starthere.jsp?ei=1322642&tp_key=7a700acddd).**

**To register for the webinar on Wednesday, June 3 at 2:00 p.m. Eastern Time, visit [globalmeetwebinar.webcasts.com/starthere.jsp?ei=1324161&tp\\_key=6067315417](http://globalmeetwebinar.webcasts.com/starthere.jsp?ei=1324161&tp_key=6067315417).**

In addition to expanding eligibility to certain agricultural producers, the program changes allow USDA to:

- Provide 90 percent guarantees on B&I CARES Act Program loans;
- Set the application and guarantee fee at two percent of the loan;
- Accept appraisals completed within two years of the loan application date;
- Not require discounting of collateral for working capital loans, and
- Extend the maximum term for working capital loans to 10 years.

B&I CARES Act Program loans must be used as working capital to prevent, prepare for or respond to the effects of the coronavirus pandemic. The loans may be used only to support rural businesses, including agricultural producers, that were in operation on Feb. 15, 2020. USDA intends to consider applications in the order they are received. However, the Department may assign priority points to projects if the demand for funds exceeds availability.