

**MISSOURI AGRICULTURAL AND SMALL BUSINESS
DEVELOPMENT AUTHORITY (MASBDA)**

**MISSOURI AGRIBUSINESS REVOLVING
LOAN FUND**

Guidelines and Procedures

Program Description

The Missouri Agricultural and Small Business Development Authority's (MASBDA) Missouri Agribusiness Revolving Loan Fund offers financing to Qualifying Missouri Agribusinesses, such as value-added agriculture enterprises, agriculture support businesses, marketers or retailers of agricultural products, and businesses with emerging agricultural technology. This funding is provided in part by the USDA Rural Development's Intermediary Relending Program.

Eligibility

Applicants must be:

- Located in communities of less than 50,000
- Business must be owned by legal US citizens or legal residents
- Borrower must be able to provide proof of citizenship, identity and legal Missouri residence. If the borrower employs laborers, he/she must also provide proof of enrollment and participation in the federal work authorization program
- An individual who is at least 18 years of age, a partnership, corporation, firm, LLC, or cooperative association
- A "Qualifying Missouri Agribusiness:" A business which adds value (through processing, packaging, further processing, etc) to agricultural products, an agriculture support business, a marketer or retailer of agricultural products, or a business offering emerging agricultural technology.
-

Funds may be used for various costs associated with starting, acquiring, operating or expanding a qualifying Missouri agribusiness, including but not limited to:

- Business construction, expansion, repair, modernization or development;
- Purchase of land, buildings, machinery, or supplies;
- Startup costs and working capital;
- Pollution control and abatement;

- Fees rendered by professional services as it relates to the business including but not limited to feasibility and marketing studies, legal fees, etc.

Funds may **not** be used for:

- Agricultural production;
- Transfer of ownership unless the loan will keep the business from closing, prevent job loss, or expand job opportunities;
- Lending, investing, or insurance institutions;
- Any illegal activity;
- Any other purpose prohibited by the USDA Intermediary Relending Program or by MASBDA, including compliance with conflict of interest policies for both organizations.

Qualifying

Applications are evaluated based on:

- Credit history of borrower
- Financial position of business
- Business history and ongoing potential and/or feasibility/marketing study results
- Location demographics (population less than 50,000, median household income, etc)
- Business' direct impact on local producers and the rural economy
- Other evaluation criteria based on individual project

Special consideration will be given to livestock, particularly dairy and swine, producers who are:

- seeking new avenues through which to process and/or market their product
- forming an organization to process, market or add value to their products.
-

Experience

Borrower must have a professionally prepared business plan, legitimate training and experience both in the area of the project and business management.

Loan Terms

Loan Amount

The Missouri Agribusiness Revolving Loan Fund will finance:

- 75% of the project cost if in a 1st lien position, with a maximum loan of \$112,500, or
- 50% of the project cost if in a 2nd lien position, with a maximum loan of \$75,000.

- Borrowers may have more than one Missouri Agribusiness Loan with MASBDA, but the cumulative outstanding debt may at no time exceed the allowable loan limit. The borrower, may, however, use other MASBDA programs to support their project as they fit their needs. Each application will be considered individually, but the cumulative risk exposure will be taken into account.

Rate and fees

The interest rate will be set annually at the January MASBDA board meeting based on current economic conditions. The rate currently being offered for this program is 5% fixed for the term of the loan. Any other costs or fees associated with each loan will be passed on to the borrower and may be financed with the loan, not to exceed the maximum loan amount after fees are included. These fees include but are not limited to recording fees, credit check, professional services such as title search, appraisal, environmental assessments, legal fees and others that may be incurred with any individual loan. There is also a nonrefundable \$50 application fee.

Security

The value of collateral must secure at least 75% of loan amount if MASBDA takes 1st position; 100% if MASBDA takes 2nd position. MASBDA may make exceptions based on evidence of other adequate collateral.

Repayment

Payment schedules for each loan may be monthly, quarterly, semi-annual or annual based on the business model. The term of the loan will be negotiated with the borrower based on the nature of the project being financed and, in the case of construction or asset purchases, will be based on the expected useful life of the items.

Application Process

Applicant must submit the Missouri Agribusiness Revolving Loan Fund Application along with:

- Current financial statements (not more than 6 months old), including projected cash flow and balance sheet post- loan with assumptions listed
- Affidavit of Authorized Workers if not previously provided to MASBDA
- Description of project, proposed uses of loan funding and proposed security for loan
- Business plan and feasibility study (if applicable)
- Experience and qualification of management
- Articles of Incorporation and Corporate Authorization Resolution, if applicable
- if purchasing a business, the financial information is required for both the purchaser and for the business being purchased
- and a \$50 application fee to:

MASBDA
 Agribusiness Revolving Loan Fund
 PO Box 630
 Jefferson City, MO 65102

The applicant must agree to a site visit by a MASBDA representative prior to loan review. The application will be considered at the MASBDA board meeting following the receipt of all required information and following the initial site visit.

- Upon approval, the application will be forwarded to the USDA for review and to request the distribution of funds.
- Once the funds are received, the loan will be closed at the borrower's convenience and a loan proceeds check will be issued to the borrower from the Missouri Agribusiness Revolving Loan Fund. The borrower must agree to annual, or more frequently as requested by the borrower, MASBDA or the USDA, site visits by a MASBDA representative after closing until the loan is paid in full.
- The borrower must provide updated financials and a copy of tax returns by April 30 annually for the duration of the loan.
- The borrower must agree to allow inspection and audit of any records at any time within normal business hours during the loan and for a period of seven years following the loan being paid in full.
- Borrowers are expected to comply with all state laws, including maintaining worker's compensation insurance as required by the Missouri Department of Labor. MASBDA may request evidence of such compliance.

"This institution is an equal opportunity provider and employer."