



Biorefinery Assistance Program Guaranteed Loans

Biorefinery Assistance Program Fact Sheet – Federal Catalog Number 10.865

Overview

The BioRefinery Assistance Program is administered by USDA - Rural Development. The purpose of this program is to provide guaranteed loans for the development and construction of commercial-scale biorefineries or for the retrofitting of existing facilities using eligible technology for the development of advanced biofuels.

- The maximum guaranteed loan is \$250 million.
- There is no minimum amount.
- The amount of guaranteed loan will be reduced by the amount of other direct Federal funding that the eligible borrower receives for the same project.

Due Dates and Location

In FY 2009, there will be 2 rounds of applications in a national competition for funds.

- ☒ 1st round applications **must** be received by December 31, 2008.
Up to 50% of funds will be available.
- ☒ 2nd round applications **must** be received between the dates of March 1 and no later than April 30, 2009.

Submit an original and two copies to: USDA Rural Development National Office: Energy Branch
Attention: BioRefinery Assistance Program
1400 Independence Avenue, SW., STOP 3225,
Washington, DC 20250-3225

Borrower Eligibility

- a) Be one of the following:
 - Individual
 - Indian tribe
 - Unit of state or local government
 - Corporation
 - Farm Cooperative
 - Farmer Cooperative organization
 - Association of agricultural producers
 - National Laboratory
 - Institution of higher education
 - Rural electric cooperative
 - Public power entity
 - Consortium of any of those entities
- b) If an individual, have to be either a citizen of U.S., or reside in U.S. after legal admittance for permanent residence.
- c) Entities have to be at least 51% owned by citizens of U.S. or those that reside in the U.S. after legal admittance for permanent residence.
- d) Each borrower must have or obtain, the legal authority necessary to construct, operate, and maintain the proposed facility and services and to obtain, give security for, and repay the proposed loan.
- e) The borrower or any owner with more than 20% ownership interest in the borrower cannot have:
 - an outstanding judgment obtained by the U.S. in a federal court
 - Is delinquent on the payment of Federal Income taxes
 - Is delinquent on any Federal debt
 - Is debarred or suspended from receiving Federal assistance.



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Project Eligibility

The project has to be located in a rural area (50,000 or less population and not in an urbanized area) and has to be for either:

- The development and construction of commercial-scale biorefineries using eligible technology, or
- The retrofitting of existing facilities, including, but not limited to, wood products facilities and sugar mills, with eligible technology.

Eligible technology is defined as either:

- A technology that is being adopted in available commercial-scale operation of a biorefinery that produces an advanced biofuel; or
- A technology not described in the previous paragraph that has been demonstrated to have technical and economic potential for commercial application in a biorefinery that produces an advanced biofuel.

The project must meet the financial metric criteria calculated from pro forma statements or borrower financial statements of a typical operating year after the project is completed and stabilized.

- a debt coverage ratio of 1.0 or higher;
- a debt-to-tangible net worth ratio of 4:1 or lower for start-up businesses and of 9:1 or lower for existing businesses, and
- a loan-to-value ratio of no more than 1.0.

Preference will be given to projects where first-of-a-kind technology will be deployed at the commercial scale. To that end, the program will promote the development of the first commercial scale biorefineries that do not rely on corn kernel starch as the feedstock or standard biodiesel technology.

Eligible project costs

1. Purchase and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment, and vehicles
2. Construction or retrofitting, except residential
3. Permit and license fees
4. Professional service fees, except for application preparation
5. Feasibility studies
6. Business plans
7. Working capital
8. Land acquisition
9. Cost of financing, excluding guarantee and renewal fees

Rates and Terms

What percentage of the loan is guaranteed?

If the loan amount is	Then	The maximum guarantee is
Equal to or less than \$80 million		80% of principal and interest due.
Greater than \$80 million but less than \$125 million		70% for the amount in excess of \$80 million.
Equal to or greater than \$125 million		60% for the entire loan amount.



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The interest rate is:

- ✓ Negotiated between the lender and the applicant
- ✓ Shall be in line with interest rates on other similar government guaranteed loan programs
- ✓ Can be fixed or variable
- ✓ Shall be fully amortizing
- ✓ Shall be the same for both the guaranteed and unguaranteed portions of the loan (both fixed or both variable)
- ✓ Is subject to Agency review and approval

The length of a loan guaranteed under this program would be:

- ✓ No more than 20 years or 85% if the useful life of the project
- ✓ As determined by the lender and confirmed by the Agency, whichever is less.
- ✓ Has to be the same for the guaranteed and unguaranteed portions of the loan.

Lender eligibility

A lender must be a regulated or supervised lender and must maintain at all times the following minimum acceptable levels of capital:

- Total Risk-Based Capital ratio of 10% or higher;
- Tier 1 Risk-Based Capital ratio of 6% or higher; and
- Tier 1 Leverage Capital ratio of 5% or higher.

These levels would be based on those reflected in Call Reports and Thrift Financial Reports.

Further, the Agency will approve loan guarantees only for lenders with adequate experience with similar projects and the expertise to make, secure, service, and collect loans approved under this Notice.

Lenders debarred from other Federal credit programs will not be eligible under this program.

Provisions in the FY 2009 Notice of Funds Availability contains pages 70544 through 70567- 24 pages

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