

AGRIBUSINESS FINANCING PROGRAMS

The Michigan Department of Agriculture & Rural Development (MDARD), in partnership with the Michigan Economic Development Corporation (MEDC), offers multiple programs to help support the financing and growth of agricultural businesses in the State of Michigan. Michigan is an international leader in the agriculture industry, and MDARD and MEDC are committed to supporting the continued growth of the industry within the state. Businesses need capital to grow. The following programs are available to support the capital needs of the agricultural processing and support industries.

LOAN ENHANCEMENT

MDARD and MEDC offer loan enhancement assistance to help businesses gain access to financing through private lenders, including banks and credit unions. The programs are designed to enhance a borrower's financial position to meet standard loan requirements.

Collateral Support Program

The Collateral Support Program is designed to help the borrower overcome deficiencies in the value of loan collateral. This helps lenders meet regulatory compliance while allowing borrowers with insufficient or unvalued assets obtain loans at near market rates.

Loan Participation Program

The Loan Participation Program is designed to provide debt service relief through delayed payments for expansions or capital restructuring projects. The Program can purchase a portion of a private loan and delay a portion of interest and principle payments for up to 36 months. The program "frees up cash flow" allowing applicants to reinvest in the business or develop and grow in new markets.

PROGRAM OVERVIEW & BENEFITS

- Can be used for financing real estate, equipment, and working capital.
- Fast and simple application process.
- Many participating banks.
- Support for the lesser of \$5,000,000 or 49.9% of the loan amount is available.
- Cannot be combined with SBA or USDA Guarantee Programs.
- On-farm operations and retail projects are not eligible.

DIRECT LOANS & LOAN PARTICIPATION

The Michigan Community Development Block Grant (CDBG) Revolving Loan program offers direct loans to businesses in the agriculture industry that create or retain jobs for low and moderate income individuals.

Energy Efficiency & Renewable Energy (EERE) Loans are available for farm irrigation, dairy and greenhouse projects involving energy efficiency and renewable energy equipment, and hoop houses. These loans generate positive cash flow for Michigan agri-businesses through energy savings.

PROGRAM OVERVIEW & BENEFITS

- CDBG loans can be structured as a direct loan or in participation with a bank lender. In some cases, the loan can be subordinated to the bank's loan.
- EERE loans are structured as a direct loan from the MEDC.
- Flexible repayment terms are available.
- Federal regulations specific to jobs, prevailing wage, environmental reviews and relocation rules apply to projects financed.
- Due to public board requirements, application process can exceed 90 days.

HOW TO GET CONNECTED TO LOAN PROGRAMS

- If you represent a business, contact either your MEDC Regional Business Development Manager or Mike DiBernardo at MDARD: dibernardom@michigan.gov or 517.373.9144.
- If you represent a lender, contact Chris Cook at MEDC: cook@michigan.org or 517.373.8089.
- For information on EERE loans, contact Robert Jackson at MEDC: jacksonr1@michigan.gov or 517.373.2731.
- For more information, visit our website at www.michiganbusiness.org/grow/access-capital.

EQUITY INVESTMENT

The State of Michigan recognizes the importance of large and growing equity markets. To catalyze the equity market, public dollars have been invested into nearly 30 venture capital, private equity, and mezzanine funds, which are now actively investing in Michigan companies. Some of these firms are interested in opportunities in the agriculture industry. For more information visit our website: www.michiganbusiness.org/start-up/capital/#equity-funding.