



Commercial and Business

**LENDING**

# Commercial and Business Lending

Jason T. Okuhama, Managing Partner



- Commercial and Business Lending established in January 2000
- Past 23 years we have specialized in USDA Rural Development, US Small Business Administration, USDA Farm Service Agency, and various Ag and commercial loan programs
- Recently, majority of our financing has been in Agriculture

# Keys to Financing Projects

## Initial Loan Discussion/Process – FSA Financing



- Perfect world – meet and discuss with an Ag lender or FSA before you begin applying for a loan to purchase an Ag parcel
- If possible, discuss your project prior to or while you are writing your business plan, projections & assumptions, etc.
- Know the basic details of your project and what you are looking for
- We determine if applicant meets Ag loan program's guidelines and identify possible loan program to utilize
- We structure financing of the project to fit the appropriate ag loan program(s)
- Be very honest about your credit history – this is important!

# Keys to Financing Projects

## Initial Loan Discussion/Process – FSA Financing



- Farm/Ag experience is important but sometimes this can be augmented by other factors and background of the applicant
- If project looks favorable, obtain and review applicant's financial information
- Start-up businesses requires detailed business plan, projections & assumptions, background and experience
- If necessary, work with Business Plan consultants such as the Hawaii SBDC, Kohala Center and other TA providers/organizations
- Temper your expectation & time frame for financing when utilizing Gov't loan programs – must have patience
- We refer applicants to other financing options if the project may fit these programs



# CBL Ag & Gov't Lenders



- We have two mainland lenders that specialize in USDA Farm Service Agency, Farmer Mac and other agricultural loan programs:
- American Farm Mortgage Co. – based in Illinois (2003)
  - First Financial Bank – based in Arkansas (2013)



# AG/Gov't Loan Program Options



- USDA Farm Service Agency (FSA) Guaranteed & Direct Farm Ownership Loan Programs
- We do not compete with FSA – FSA Direct FO Loan \$600,000
- Farmer Mac Conventional Ag Loan Programs
- State of Hawaii DOA Loan Program
- Feed the Hunger
- Various loan programs

# USDA FSA Guaranteed Farm Ownership Loan Program



- Maximum guaranteed loan amount: **\$2,037,000**
- FSA loan guarantee 90% or 95% (socially disadvantaged)
- 30-year loan term with various interest rate options
- Finance up to 80% of purchase price/appraised value
- Loan purpose: purchase ag land, refinance debt and fixed asset improvements, residences are acceptable
- Flexible underwriting compared to FSA Direct Loan program



# EXAMPLES OF ACTUAL FSA GUARANTEED FARM OWNERSHIP LOANS



South Point Ag Land purchase – \$168,000 FSA Guaranteed Loan





Kapoho Greenhouse/Ag Land purchase – \$285,000 FSA Guaranteed Loan





Kohala Ag Land purchase – \$240,000 FSA Guaranteed Loan





Kona Coffee Orchard Land purchase – \$316,000 FSA Guaranteed Loan





Pahala Mac Nut Orchard Land purchase – \$668,000 FSA Guaranteed Loan









Maui Haiku Ag Land purchase – \$1,480,000 FSA Guaranteed Loan

# FSA Joint Guaranteed & Direct Farm Ownership Loans

- Maximum Joint Guaranteed & Direct loans: **\$2,037,000**
  - \$1,437,000 guaranteed & \$600,000 direct
  - Guaranteed in 1<sup>st</sup> mtg & Direct in 2<sup>nd</sup> mtg positions
- Joint FSA Direct loan rate: 2.75%, drops from 4.75%
- Loan purpose: purchase ag land and fixed asset improvements, residences are acceptable, No Refi
- Must be qualified farmer under FSA Direct Loan guidelines
- Speak to FSA for detailed information on Direct Loan program qualifications



FARM SERVICE AGENCY

**EXAMPLES OF ACTUAL JOINT  
FSA GUARANTEED & DIRECT  
FARM OWNERSHIP LOANS**





Lahaina Ag Land purchase – Joint \$450,000 FSA Guaranteed & \$449,000 Direct Loans





Pahala Coffee Orchard purchase – Joint \$710,000 FSA Guaranteed \$600,000 Direct Loans





Haiku Maui Farm land purchase – Joint \$800,000 FSA Guaranteed & \$600,000 Direct Loans





Waianae Ag Land purchase – Joint \$900,000 FSA Guaranteed & \$600,000 Direct Loans





Kula Ag Land purchase – Joint \$1,225,000 FSA Guaranteed & \$600,000 Direct Loans and \$400,000 Private 3<sup>rd</sup> Mortgage Loan





Honomalino Ranch Refi & Imp – Joint \$1,460,000 USDA B&I Loan, \$1,000,000 and \$440,000 FSA Guaranteed Loans





Ag Processing Construction/Term – Joint \$1,150,000 FSA Guaranteed & \$600,000 Direct Loans  
\$200,000 3<sup>rd</sup> Mtg Loan and \$180,000 FSA Operating Loan

# Farmer Mac Conventional Ag Loan Program



- Minimum loan amount: \$100,000
- FM does not require applicant to be a farmer
- Parcel must be used for Ag purposes
- Stricter underwriting guidelines and good credit history
- Finance up to 70% of purchase price/appraised value
- Loan term up to 30 years with various rate options
- Loan purpose: purchase ag land, refinance debt and other real estate purposes, residences are acceptable

**FARMER**  **MAC**



**FIRST FINANCIAL BANK**  
Farm and Ranch Division

# Farmer Mac AgXpress Loan Program



- Maximum loan amount: **\$1,500,000**
- Loan approval based on AgXpress loan application and
- Credit score of 720 or greater
- No financial information required
- Loan term up to 30 years with various rate options
- Loan purpose: purchase Ag land, refinance debt and 100% cash out is allowed
- Finance **55%** of purchase/appraised, **no exceptions**

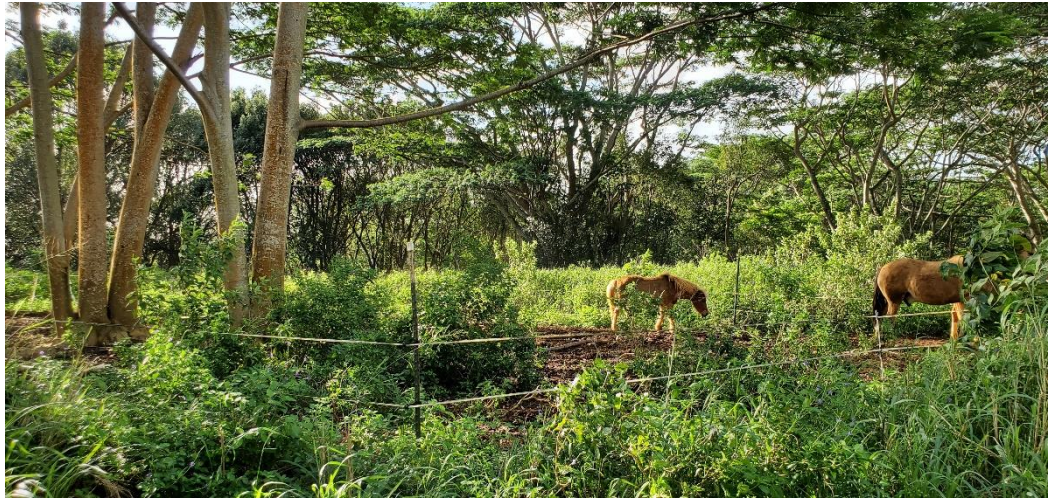
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**EXAMPLES FARMER MAC AND  
FARMER MAC AGXPRESS  
LOANS**





Kauai Ag CPR Subd Refinance 1-2 acres – \$150,000, \$150,000 & \$350,000 Farmer Mac Loans





Waialua 2-acre Ag land purchase - \$251,000 Farmer Mac Loan





Anahola 5-acre Farm Refinance & Cash Out – \$358,000 AgXpress Loan





Maui Horseback Riding Business Refinance – \$500,000 Farmer Mac Loan





Waialua Ag Land Refinance – \$720,000 Farmer Mac Loan





Waialua Ag Land purchase – \$790,288 Farmer Mac AgXpress Loan





Kona Ag Land purchase – \$800,000 Farmer Mac Loan





Waialua Ag Land purchase – \$811,000 Farmer Mac AgXpress Loan

# **Mahalo!**

*Any Questions?*