

VEDA FORESTRY LOAN PROGRAM



VEDA recognizes that Vermont forestry and forest products-based businesses are a vital source of innovation, employment, and economic growth in Vermont and have faced challenges related to unpredictable weather events and changing markets. To help these businesses, VEDA created a special \$3.0 million loan program to offer loans up to \$500,000 at a subsidized interest rate to meet the working capital and capital-asset financing needs of businesses in the forest products sector. The program is available for up to one year or when the allocated \$3 million runs out. Other forestry loans remain available through VEDA's regular agricultural and forestry loan program.

WHAT CAN LOANS BE USED FOR?

- Purchase of capital assets such as vehicles, machinery & equipment including, but not limited to log trucks, excavators, feller bunchers, and wood processors
- Purchase of low impact logging equipment, machinery for implementing AMPs, and equipment, supplies and/or management costs that support soil and water conservation, such as floatation wheels/tires
- Pay operating expenses
- Support seasonal working capital needs
- Refinance existing debt at more affordable rates and/or terms

WHO IS ELIGIBLE FOR THIS PROGRAM?

- Businesses in the forest economy, including foresters, loggers, log truckers, biomass producers, sawmills, firewood producers and wood product manufacturers
- Businesses (sole proprietorships, partnerships, corporations, LLC's) in good standing with all state agencies
- Loan proceeds must be used for projects located in Vermont and use forest products at least partially produced in Vermont


WHAT ARE THE LOAN RATES AND TERMS?


- Based on VEDA's fixed or variable Agricultural Loan Rates, as adjusted from time to time, **minus 2%** for the first five years of the loan
- For reference purposes, based on rates as of 6/1/24, the initial subsidized rate will be approximately **6 – 7%**
- After the initial 5-year period, the rate will adjust to VEDA's prevailing variable rate
- Based on the useful life of assets being financed, typically up to 10 years for equipment and up to 5 years for working capital lines of credit
- Consistent with conventional lending practices, loans will be secured by business and/or personal assets.
- Will be based on repayment ability, with the maximum not to exceed the lesser of 95% of the value of the assets securing the loan or \$500,000
- Loans will be guaranteed by any entity or individual who owns or controls 20% or more of the business
- Reimbursement to VEDA for any additional fees, as applicable, such as: credit report fee, appraisal, flood certification, or document recording fees

HOW DO I APPLY?

- Applicants are advised to discuss their loan needs with a VEDA lender prior to submitting the application

LOAN APPLICATIONS:

 Downloaded at <https://www.veda.org/financing-options/vermont-agricultural-financing/vermont-agricultural-credit-corporation/>

 Obtained from any of VEDA's locations

CONTACT US 

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