MONTANA
Rural Business-Cooperative Service
USDA Rural Development Agency

Rural Prospector

July 2026

B&I - Business & Industry Guaranteed Loan Program

Why Lenders Trust B&I: Fewer Repairs, Fewer Denials, Stronger Guarantees

B&I says that the guarantee is “backed by the full faith and credit of the United States,” and the B&I process provides maximum assurance to our lending partners that you can rely on the B&I guarantee, confident that it will be there when you need it. The "it’s all about the relationship" B&I process from start to finish addresses the following "reasons for repair & denial" experienced in other guaranteed lending programs:

- **Ineligible loan purpose/unauthorized use of funds**
  B&I: the local B&I representative works directly with our lending partner to confirm eligibility prior to guarantee issuance. You can go forward with confidence.
- **Lien & collateral issues, including failure to fully collateralize the loan at origination**
  B&I: collateral issues are discussed and confirmed with loan specialist during application processing.
- **Undocumented servicing actions**
  B&I: Our lending partners work directly with the local B&I rep to discuss servicing actions as they happen, thus ensuring that the lender does not inadvertently do something to adversely impact the guarantee.

It’s All About the Relationship

Our loan specialists are available to work directly with you to answer your B&I questions.

FY 2026 Funding Status

Funding availability is strong, with ample funding expected for all of FY26. **We are Open for Business!**

Strategy: Talk to us early in your process so that the project moves quickly & efficiently through your typical processing routine, allowing you to meet your customer’s needs.

B&I Loss Payment/Purchase Process

B&I guarantee is a "loss" guarantee; we pay 80% (in most cases) of the loan loss after liquidation, collection from guarantors, etc. Prior to initiation of liquidation: **(1)** Lender submits to the local B&I rep the Lender’s Plan for Liquidation; **(2)** if a loss is anticipated, B&I pays to the Lender at that time, prior to the Lender’s incurring costs for liquidation, an Estimated Loss; **(3)** when liquidation is complete, the Lender and B&I "settle up."

The Lender will continue to work with local USDA representative for all post-loan servicing.
"It doesn’t have to be that bad..."

Lender comment regarding a 3.7 million loan; $1.6 million loss payment:
"I felt the process was exceptionally easy and clear to follow...of course your assistance was invaluable. I would never expect the turnaround that we received. Thank you!"

In Montana, thanks to the great relationship that we have with Montana's lenders, we can report that there have been **"0" claims denied**.

B&I Program Training Opportunities

USDA Rural Development Business Program Specialists are available to provide B&I program training to lenders. Contact Daniel Layton to discuss training opportunities and schedules.

Daniel Layton, Loan Specialist
USDA Rural Development - Business Programs
406-585-2545
Daniel.Layton@usda.gov
2229 Boot Hill Court, Bozeman, MT 59715

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CLASSIFIEDS

Pending Applications

$25 MM Loan Note for a helium extraction plant. CO_2 extracted will be used for advanced oil extraction process at oil field.

$7 MM Loan Note for a industrial hemp waste use case for implementation of a combined heat processing system. Project will generate energy and produce biochar for fertilizer and market sales

$20 MM Loan Note for modular home construction facility. Facility produces low-cost homes using interlocking prefabricated blocks.

$15 MM Loan Note for trucker safe parking location providing electric charging station corridor originating from west coast. Location provides facilities and hospitality services.

$5 MM Loan Note for secluded luxury resort.

$1.6 MM Loan Note for bed and breakfast hotel acquisition, renovation, and working capital.

$5 MM Loan Note for timber mill power production utilizing combined heat production units burning slash waste material for energy and bio-char production.

$10 MM Loan Note for engineered biochar facility using timber mill slash waste materials.

$850 K Loan Note for acquisition and construction of short-term rental cabins, construction and furnishings.

$15 MM Loan Note for construction of manufacturing facility, and debt refinance.

$30 MM Loan Note for construction of medical training facility, equipment, and working capital.

$5 MM Loan Note for mixed used building renovation consisting of office space and residential apartments. Over 50% of revenue generated by commercial spaces.

Pipeline Inquiries

- Ammunition Manufacturer
- Hardware Store
- Strip Mall
- Events Center
- Battery Production Plant
- Horse Training Facility
- Hotels

Free

Training opportunities with USDA Rural Development on Guaranteed Loan Programs. Contact Daniel Layton for more info and/or general questions. Email Daniel.Layton@usda.gov or call 406-585-2545. No Text Messages please!

Cats - Assume there are some free ones available. Contact your local animal shelter and don't forget to spay and neuter.

Dad Joke of the Quarter

I ordered a chicken and some eggs on Amazon……. I'll let you know.

Recommended Reading

Guaranteed Lending Specialists Quarterly Report (copy and paste to browser):

https://www.glsusda.com/quarterly-reports/q2-2026

PROJECT SPOTLIGHT

Ohs Auto Body – Business & Industry (B&I) Loan Guarantee

Freedom Bank

- Refinance of a SBA 7(a) loan and sellers note used to purchase the business 7 years prior
- $4.4 MM loan refinanced with 80% LNG ($3.5 MM)
- Reduced weighted interest rate by 4.35%
- Ability to assist Lender above legal lending limit
- Through guarantee and participation in secondary market assignment, Lender was able to:
    - Assist with favorable debt refinancing when otherwise not possible
    - Retain servicing rights with fee income
    - Become an established and long-term trusted partner
- Business Owner expanded and improved several locations with monthly savings while also stabilizing operations as they were combating post-COVID supply chain shortages
- Saved 45 jobs across four locations leading to greater market share and competition

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Freedom Bank celebrating its 20th year

From left, Becky West, Bank President Don Bennett and Tracy Dougherty. West and Dougherty have been with the bank since the beginning.

| March 26, 2025 8:35 AM

It started out in a trailer in the parking lot of the Nite Owl. Today, on its 20th anniversary, Freedom Bank in Columbia Falls has assets of $140 million.

It was not an easy journey, bank President Don Bennett said last week, but he's proud of the work the independent bank has done in the community and the causes it supported over the past two decades.

Bennett was president of First Citizens Bank in Columbia Falls back in 2004, when he had an inkling the bank would be sold.

"I didn't feel like working for someone else," he said.

So he resigned from the bank he'd worked for 16-1/2 years and began working on an application to the Federal Deposit Insurance Corporation for a new bank in Columbia Falls.

Most investors hire a host of attorneys and consultants when they start up a bank. But Bennett had a thorough knowledge of the industry. His father, Jim, was a longtime banker and Bennett followed in his footsteps. He received his bachelor's degree in business and finance from the University of Montana and a master's degree from the Pacific Coast Banking School where his thesis in 1989 was prophetic, "How banks can make use of personal computers."

It's in the school's permanent collection, he said.

Peterson, C. (2025) *Freedom Bank celebrating its 20th year*, *Hungry Horse News*. Available at: https://hungryhorsenews.com/news/2025/mar/26/freedom-bank-celebrating-its-20th-year/

He even wrote an advanced management platform for loans, software which Freedom and other banks still use today. He thought about simply going into the software side of the business at one point, but he wanted his own bank.

So Bennett went to work in the basement of his Columbia Falls home working on the FDIC application. When he finished it in December 2004, it weighed 8 ½ pounds. He often worked until 2-3 in the morning.

“I didn’t know what day it was,” he said.

He credited his wife Barbra for her help. She was right there with him working on the application. She also helped design the bank.

He called the FDIC and they said no one ever did what Bennett had just done. They also asked if he could mail it after the new year, since by law, they had 90 days to make a decision, and the holidays were coming up.

Bennett mailed it out in January, 2005. He also had to go before the Montana Banking Commission. He knew some officials there and one asked him if he had an attorney.

He said, “no.”

“Well get one,” they told him.

He hired Dave Chisholm out of Missoula. Dave is local attorney Dean Chisholm’s brother. The oversight by the commission can easily take a day, even more.

Bennett’s took an hour and half.

“There wasn’t a single question I couldn’t answer,” Bennett said. “I never opened my book.”

He had the full support of his family, which helped. His father Jim was deeply familiar with the banking industry. In the 1980s Jim Bennett researched the intricacies of taking over failing banks and would come to acquire the Bank of Columbia Falls, which would later become First Citizens Bank. Like his son, Jim Bennett would also leave First Citizens.

“If you’re doing something wrong, your mother (Frankie) can hit you over the head with a turkey leg at Thanksgiving,” one commissioner joked when Freedom Bank was approved.

It usually costs millions to go through the application process and at least 18 months of work. Bennett did it with $100,000 and in about six months, he said.

On April 12, 2005, with about $3.6 million in assets, Freedom Bank received its charter. Bennett, his wife Barbra and employees Becky West and Tracy Dougherty went to work. They had a trailer, an American flag, a vault and community support.

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His daughters, Melissa, Kellen and Blayne also worked at the bank at one point. Today Blayne is the vice president of technology.

Meanwhile, a permanent bank building was going up in the corner of the lot at Ninth Street and Sixth Avenue, designed and built by Schwarz Engineering and Architecture, with plenty of input from the Bennetts.

Business was brisk. Columbia Falls and the Flathead Valley was in a building boom. The bank grew quickly, perhaps too quickly Bennett concedes looking back at it.

The Great Recession hit in late 2008. Bennett had never been in that position before as borrowers began to default on loans. But he stuck with many of them as long as he could. He recalled one customer that didn't make a loan payment for three years. Regulators said he should foreclose, get what he could. But he knew if he foreclosed the business would fail and the property would bring pennies on the dollar and he could see the people were working their tails off.

So he hung with the borrower. They were eventually able to sell and clear the debt.

But admittedly, it was a stressful few years. He hardly slept.

"I never once had anyone trash a place," he said. "Or trash me."

The economy swung around and the revitalization of Columbia Falls started in earnest in 2015, when developer Mick Ruis began construction of the Cedar Creek Lodge. Ruis was persistent in trying to buy the property, Bennett recalled.

But he eventually was able to secure the purchase and Freedom Bank helped finance the lodge, which is owned by Xanterra Parks and Resorts today.

"That kind of got things rolling," Bennett said.

Over the years Freedom Bank has financed a host of projects in Columbia Falls and the Flathead Valley, all told, more than 4,245 loans since it opened. It's in the top 6% of banks in its class nationwide.

Today, the bank gives back about $100,000 annually to community causes and nonprofits. Last year, it gave $128,000, Bennett noted. Over the years there's been some memorable moments. Bennett started the Columbia Falls Kids Foundation, which helps youth programs in Columbia Falls and is the umbrella nonprofit running the former junior high school, which Ruis recently donated.

When Columbia Falls was looking long in the tooth, Freedom Bank offered $5,000 in unsecured loans to businesses to spruce up storefronts. During the pandemic, it offered $1,500 unsecured loans to individuals so they could get by.

Also during the pandemic, the bank hosted the Easter egg hunt drive. Families went through the drive-thru to get candy, as large gatherings weren't allowed.

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"I just really appreciate the support I've received from Columbia Falls and the Flathead Valley," Bennett said. "It's been a wonderful experience."

He sees the future as bright, with Ruis developing the former Columbia Falls Aluminum Co. site for both residential and commercial uses as well as other significant growth in the area.

At 69, he still enjoys the business and it remains in the family.

"I love what I do. I love entrepreneurs," he said. "It takes courage to make a business from scratch."

The bank will celebrate on April 11 with a barbecue at the bank.

Facebook Comments		
Name	**Comment**	**Reply**
Ann DeCoster	Congrats Don and team on this milestone. You've definitely followed this vision.	Thank you! It has been a journey.
Raymond Pitman	Congrats Don! Thanks for your help!	We love being problem-solvers and solution-finders. Thank you!
Cari K Klepper	Congratulations to 20 great years!	Thank you!
Andrea Robinson	Congratulations	Thanks!
Deb Benson Morem	Hi Don! Congrats from FL! You're the best!!	Freedom Bank: Thank you! The message has been passed along!
Kris Ruff Knudsen	Love this bank!! They actually know your name!! Awesome place to keep your $$	Freedom Bank: Thank you! We love our customers and are thankful to be a part of so many stories in this community.
Brittany Buckallew	Congratulations Don and the entire team!!	Freedom Bank: Thank you!
Dorothy Meyer	Congrats on your milestone!	Freedom Bank: Thank you! Wouldn't be possible without our wonderful community.
Mike Gossett	Congratulations on your 20 year anniversary!	Freedom Bank: Thank you!
Craig L. Kempthorne	Happy Anniversary!	Freedom Bank: Thank you!
Judy Windauer	Wonderful! Congratulations!	Freedom Bank: Appreciated, thank you!
Brad Painter	Congratulations Freedom Bank… 20 years of outstanding service.	Freedom Bank: Thank you for years of support and encouragement!
Gary Hall	Congrats, you're the best…	Freedom Bank: Thank you!
Suz Estes	Bravo Don and Freedom Bank crew! You are a gift to our community on many levels.	Freedom Bank: Thank you for the kind words.
Cory Lane	Congratulations	Freedom Bank: Thank you!

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Name	Comment	Reply
Kathy Sjostrom	Freedom Bank is the very best!!!	Freedom Bank: Thank you for the kind words!
Mary Laud	Congratulations, watching Freedom grow from the mobile home into the bank it has become has been pretty cool. Don and the crew are so committed to community and people's needs.	Freedom Bank: Thank you for the heartwarming message!
Nancy Bennett	Great job Don.	Freedom Bank: Thanks for the support!
Teri Juneau	Congratulations Don and crew.	Freedom Bank: Thanks Teri!
Craig L. Kempthorne	Judy Windauer	
Kimberly Smith	Congratulations Freedom Bank on 20 wonderful years and many more to come!!	Freedom Bank: Thank you, we fondly appreciate your contributions!
Lisa Baker	Congratulations!!! Best bank and personable people. Love this!	Freedom Bank: Thank you! We think our customers are personable and the best too!
Kathy Shaffer Price	Freedom Bank is a cornerstone of our small town community. Thank you Don and staff!!	Freedom Bank: We appreciate the kind words!

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