



Rural Development – Oregon

Business & Cooperative Programs

www.RuralOregon.biz

or

www.rurdev.usda.gov/or/biz.htm

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USDA Rural Development's Business & Cooperative Programs

USDA Rural Development delivers a variety of assistance to rural businesses and communities. All of them work in financial partnership with local economic organizations – banks and lenders, economic development groups, local revolving loan funds, colleges, cities, counties, tribes, and utility coops. Several programs assist rural small business directly.

USDA Program	Total Funds Available FY2010	Purpose (What is the program's goal?)	Program Type (How does it work?)	Eligible Applicants (Who can apply?)	Eligible Areas (What is rural?)	Authorized Purposes (What can funds be used for?)	Typical Amount of Assistance	Rates & Terms (rates subject to change)	Key to Success	When to Apply
B&I Guarantee Business & Industry Guaranteed Loan	\$993MM (\$12.4 MM Oregon allocation)	Provide an <u>incentive for business lending</u> that will <u>save & create jobs</u> (typically for larger businesses)	USDA <u>guarantees</u> business loans made by banks	Banks and other commercial lenders who make loans to rural businesses	Areas outside the urbanized edge of cities of >50,000 population	The loans guaranteed can be used for real estate, equipment, working capital, & refinancing – for nonfarm businesses	80% loan guarantees for loans of \$200,000 to \$5MM; 70% on loans up to \$10MM	Negotiated by business & lender. Fixed or variable rates, typically near Prime (No balloons)	<u>Lender-driven</u> : There must be a bank willing to make the loan. (USDA only guarantees the loan.) Business with strong equity & collateral.	Year round
IRP Intermediary Relending Program	\$33.5 MM (No separate Oregon allocation)	Capitalize <u>locally-run revolving loan programs</u> for small businesses unable to qualify for bank financing	USDA loans money to a local revolving loan fund for relending to nonfarm businesses	Nonprofit groups, tribes, & public bodies who will make loans to rural businesses	Unincorporated areas & ≤25,000 population cities	The loan is used to set up a loan program that makes business loans for nonfarm, rural businesses	\$300,000 - \$750,000 loans to re-lenders to make loans up to \$150,000 to businesses	1%, 30 years to re-lender ... to make loans at near-Prime to rural businesses	Funding is limited, so these loans tend to go only to loan funds that will serve the neediest areas.	Year round. Quarterly competition at national level
RMAP Rural Micro-entrepreneur Assistance Program	\$45 MM (No separate Oregon allocation)	Capitalize <u>locally-run revolving microloan programs</u> that offers both microloans and counseling for microbusinesses,	USDA loans money to a local revolving loan fund for microlending; generally with a companion grant to support business counseling	Nonprofit microenterprise development organizations, tribes, and colleges	Areas outside the urbanized edge of cities of >50,000 population	The loan is used to set up a microloan fund from which loans of \$50,000 or less are made. The companion grant provides business help to the microborrowers.	<\$400,000 with annual companion grant equal to 25% of the microloan portfolio size	2%, 20 years to microlender ... to make microloans at rates determined by lender and terms of not more than 10 years	Microloan funds profits cannot be used to cover cost of operating the RLF, so an outside source of administrative funds is needed	Year round. Quarterly competition at national level
RBEG Rural Business Enterprise Grant	\$41.9 MM (\$439,000 Oregon allocation)	Support economic development projects that will <u>assist specific small & emerging private businesses</u>	USDA makes grants to local economic development groups to assist private business development	Nonprofit economic development groups, tribes, and public bodies (e.g., cities or counties)	Areas outside the urbanized edge of cities of >50,000 population	The grant can be used to do a <u>feasibility study</u> , provide <u>technical assistance</u> to businesses, provide <u>job training</u> , set up a <u>revolving loan fund</u> , or develop <u>infrastructure</u> ,	<\$25,000	Grant	Funding is limited, so these grants tend to go only to the neediest areas. Grant funds cannot be used for regional planning or business attraction projects.	Once-a-year. Annual competition at state level
RBOG Rural Business Opportunity Grant	\$2.5 MM (No separate Oregon allocation)	Support <u>economic development planning</u>	USDA makes grants to support general economic growth & planning	Nonprofit economic development groups, tribes, and public bodies	Unincorporated areas & <50,000 population cities	<u>Regional planning</u> , <u>develop area economic strategies</u> , provide <u>technical assistance</u> to businesses, and <u>develop local leadership</u>	<\$50,000	Grant	Funding is limited, so these grants tend to go only for projects helping the neediest areas.	Once-a-year. Annual competition at national level
VAPG Value-Added Producer Grant	\$19 MM (No separate Oregon allocation)	Support producers in <u>ventures that will increase the return on their agricultural commodities</u> .	USDA provides matching grants for value-added ventures	Farmers, ranchers, foresters, fishers – inc. coops, agricultural producer groups, & joint ventures	No rural area requirement.	Grants for planning or working capital to operate value-added ventures. Minimum 1:1 match required.	≤\$100,000 (planning); ≤\$300,000 (working capital)	Grant	Application requirements are complex, so consult with USDA well in advance of application deadline.	Once-a-year. Annual competition at national level
SSDPG Small Socially Disadvantaged Producer Grant	\$3.4 MM (No separate Oregon allocation)	Foster business <u>success of coops of small, minority agricultural producers</u>	USDA makes grants for technical assistance projects	Coops with ≥75% women or minority membership assisting small, minority producers	Areas outside the urbanized edge of cities of >50,000 population	The grant can be used for <u>feasibility or market studies</u> , <u>product improvement</u> , <u>training</u> or <u>legal advice</u> .	≤\$175,000	Grant	Preference for experience & projects that help the most farmers & smaller, poorer communities.	Once-a-year. Annual competition at national level

Committed to the future of rural communities.

“USDA is an equal opportunity provider, employer and lender.”

(10/4/2010)

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REAP Grants (for Renewable Energy & Efficiency projects)	\$50.6+ MM (\$ 734,000 Oregon allocation)	Financing for <u>renewable energy generation systems or energy efficiency improvements</u>	USDA makes grants to small rural businesses & farmers	Rural small businesses (using SBA definition) & agricultural producers	Areas outside the urbanized edge of cities of >50,000 population	Renewable energy systems (wind, solar, biomass, biofuel, digesters, geothermal, & micro-hydro); or for installation of energy efficiency	\$500,000 for renewables; ≤\$250,000 for efficiency (25% of project cost or less).	Grant	Application can be complex, so consult with USDA well in advance of application deadline. ≤\$20,000 grants strongly favored!	Applications invited annually in the spring; award via national competition
REAP Loan Guarantees Rural Energy Guaranteed Loan	\$264 MM	Provide <u>incentive for business lending for renewable energy or efficiency improvements</u>	USDA <u>guarantees</u> business loans made by banks to small businesses & agricultural producers	Banks and other commercial lenders who make loans to rural businesses	Same as REAP grants above.	The loans guaranteed can be used for the purchase & installation of renewable energy systems or efficiency improvements	85-60% loan guarantees on \$50,000 to \$25MM loans.	Negotiated by business & lender. Fixed or variable rates, typically near Prime (No balloons)	<u>Lender-driven</u> : There must be a bank loan that USDA guarantees. May be combined with a REAP grant.	Year round
REAP Grants (for Feasibility Studies)	\$3.0 MM (No separate Oregon allocation)	Pays part of the cost of a feasibility study for a renewable energy project	USDA makes grants to small rural businesses & farmers	Rural small businesses (using SBA definition) & agricultural producers	Same as REAP grants above.	USDA makes grants to help cover the cost of obtaining a feasibility study from an independent consultant	≤ \$50,000	Grant	Competitive national awards.	Once-a-year. Annual competition at national level
REAP Grants (for Energy Audit or Renewable Energy Assistance)	\$2.4 MM (No separate Oregon allocation)	Help pay the cost of providing energy project technical assistance to farmers & small rural businesses	USDA makes grants to programs providing rural businesses with energy audits or other energy technical help	State or local governments, tribes, colleges, or electric coops & publicly owned utilities	Same as REAP grants above.	Grants to defray part of the cost of conducting detailed energy studies for rural businesses (business is expected to pay 25% of cost)	≤\$100,000	Grant	Very competitive national awards. Experienced, multi-county or statewide programs favored; programs with cost per audit of ≤\$2,000	Once-a-year. Annual competition at national level
\$9005 Advanced Biofuel Payment	\$110 MM (No separate Oregon allocation)	Provide an <u>incentive payment to producers of "advanced biofuels"</u>	USDA makes a payment based on production level of the producer	Rural producers of non-cornstarch ethanol or biodiesel	Producers outside the urbanized edge of cities of >50,000	Incentive payment may be used by the producer as desired	Funds are shared among all enrolled producers per BTU	Incentive payment	Enroll in the program during the annual sign-up period	Once-a-year. Annual sign-up at the State Office level.
RED Loan Rural Economic Development Loan	\$37 MM (No separate Oregon allocation)	Promote specific <u>community or business development projects</u> improving the local economy	USDA makes loans to certain utilities that are in turn re-loaned for local community or business projects	Electric & telephone utilities financed by USDA's Rural Utilities Service.	Areas outside the urbanized edge of cities of >50,000 population	The RED Loan is reloaned by the coop to a nonfarm business for real estate & equipment.	\$740,000 loan maximum	Loan is zero%, 10 years, which is in turn reloaned at zero%, 10 years.	Requires a community-oriented utility coop that is willing to borrow & re-lend on the project's behalf.	Year round. Quarterly competition at national level
RED Grant Rural Economic Development Grant	\$10 mm (No separate Oregon allocation)	Promote specific <u>community development projects</u> to improve the rural economy	USDA makes grants to certain utilities to capitalize a revolving loan fund for community projects.	Electric & telephone utilities financed by USDA's Rural Utilities Service.	Areas outside the urbanized edge of cities of >50,000 population	The RED Grant is used to set up a <u>revolving loan fund</u> . At first, loans must be for community, education or health care projects	\$300,000 grant maximum	Grant. Loans from loan fund must initially be reloaned at zero%; revolved funds are reloaned at ≤Prime.	Requires a community-oriented utility coop that is willing to oversee a loan fund. Requires 20% match.	Year round. Quarterly competition at national level
RCDG Rural Coop Development Grant	\$7.9 MM (No separate Oregon allocation)	Support centers to assist cooperatives	USDA makes grants to centers for rural cooperative development	Universities and nonprofit economic development groups	Areas outside the urbanized edge of cities of >50,000 population	Grants are used to operate Centers that assist rural cooperatives.	\$250,000 – ≤\$300,000	Grant	Funding is limited, so these grants tend to go only for projects helping the neediest areas.	Once-a-year. Annual competition at national level

More information on all of these programs at: <http://www.ruralOregon.biz> or contact us:

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