

USDA



Rural
Development

Committed to the future of rural communities.

Nevada—Rural Business & Cooperative Service

Capital Markets

Expansion in Microlending Aids Startups, Extends Capital to Rural Markets

Outline of Need:

Rural Nevada businesses needed capital, but banks were unwilling to make small- or medium-sized loans. In particular, loans were not being offered to Nevada's emerging business communities.

How Rural Development Helped:

In September 2010, USDA Rural Development selected the Rural Nevada Development Corporation (RNDC) to be among the first nonprofit development corporations in the nation to participate in the Rural Micro-entrepreneur Assistance Program (RMAP). Since then, RNDC has borrowed the maximum amount possible, \$500,000, and received a grant of \$103,000 to provide technical assistance to businesses as well. RNDC's RMAP loan funds have been relent as microloans between \$500



Marie's Café in McGill, Nevada, was the first business to receive a loan under the Intermediary Relending Program. USDA Rural Development loans funds to the intermediary, Rural Nevada Development Corporation (RNDC) which in turn relends the funds to rural Nevada small businesses.

and \$50,000 to rural small businesses, farmers and ranchers in eligible areas across Nevada. RNDC has worked with USDA Rural Development's Intermediary Relending Program (IRP) since 1993, so the transition to micro lending was a natural fit. RNDC received a \$700,000 IRP loan during FY '10 as well, bringing the IRP partnership with Rural Development to \$4.7 million.

The Results:

Over the last three years the RNDC, through the RMAP and Intermediary Relending Program (IRP), has provided over \$2 million in loans to small rural Nevada businesses, creating 40 jobs and retaining 66 jobs.

Marie's Café located in McGill, Nevada, was the first to receive a loan under the Intermediary Relending Program. Eight employees have been hired.

"We are glad we can assist start-up businesses in this tough economic climate- which is something that traditional lenders are shying away from right now," says RNDC Lending Administrator Mary Kerner.

Over the 18 years that USDA Rural Development and RNDC have worked together, more than \$10 million has been loaned out in rural Nevada, more than \$4.5 million of that from USDA. All total, more than 100 businesses have been funded.

Fast Facts

Program: Rural Microentrepreneur Assistance Program and Intermediary Relending Program

Investment: \$500,000 RMAP Loan and \$103,000 TA grant; follows on \$4.7 million in prior Intermediary Relending Program loans from USDA Rural Development.

Partners: All of Nevada's Economic Development Authorities, 27 tribal governments, Inter-Tribal Council of Nevada, all of the banks and credit unions, all Chambers of Commerce, NV Small Business Development Centers, city and county governments, State of Nevada Community Development Block Grant program.

Congressional District: NV 02, NV 04

Demographics:

- Statewide, Nevada, Unemployment rate 13.5%.

Impact:

- Over the past 18 years, more than \$10 million has been invested in business development in rural Nevada by RNDC. Over the past three years, the RMAP and IRP programs have provided more than \$2 million in loans, creating 40 jobs and retaining 66 jobs.

Contact: Kelly.Clark@nv.usda.gov

December 2011