



Rural Development Business and Cooperative Programs

RURAL BUSINESS ENTERPRISE GRANTS

PROGRAM DESCRIPTION

Rural Business and Cooperative Programs makes grants under the Rural Business Enterprise Grants (RBEG) Program to public bodies, private nonprofit corporations, and Federally-recognized Indian Tribal groups. Funds may be used to finance and facilitate development of small and emerging private business enterprises (any private business which will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues). The public bodies, private nonprofit corporations and Federally-recognized Indian tribes receive the grant to assist a business. **GRANT FUNDS DO NOT GO DIRECTLY TO THE BUSINESS.**

ELIGIBILITY

Applicants for RBEG funds are public bodies, private non-profit corporations or Federally-recognized Indian Tribal groups. Projects must be located in a rural area. Rural areas are any areas other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town, as defined by the U.S. Bureau of the Census using the latest decennial census of the United States.

Selection factors are:

- Population
- Economic Conditions – unemployment and median household income
- Applicant experience
- Evidence of small business development
- Commitment of nonfederal funding sources
- Evidence of need for a revolving loan fund
- Evidence of jobs to be created/saved
- Project is part of a community or economic development plan covering the project area
- Grant size
- State Director discretionary points

USE OF GRANT FUNDS

- ◆ Acquisition and development of land, easements and rights-of-way.
- ◆ Construction, conversion, enlargement, repairs or modernization of buildings, plants, machinery, equipments, access streets and roads, parking areas, utilities and pollution control abatement facilities.
- ◆ Financial assistance to third parties through a loan (revolving loan fund).
- ◆ Loans for start up operating cost and working capital (from grantee's revolving loan fund).
- ◆ Technical assistance for private business enterprises.
- ◆ Reasonable fees and charges for professional services necessary for the planning and development of a project.
- ◆ Training, when necessary, in connection with technical assistance.
- ◆ Create, expand and operate rural distance learning networks or rural learning programs that provide educational instruction or job training instruction or job training instruction related to potential employment or job advancement for adult students.

Grant funds may not be used for:

- Agricultural Production.
- Comprehensive area wide planning.
- Loans by grantees when the rates, terms, and charges for those loans are not reasonable or would be for purposes not eligible under RBEG regulations.
- Development of a proposal that may result in the transfer of jobs or business activity from one area to another. This provision does not prohibit establishment of a new branch or subsidiary.
- Development of a proposal which may result in an increase of goods, materials, commodities, services, or facilities in an area when there is not sufficient demand.
- For programs operated by cable television systems.
- To fund part of a project which is dependent on other funding, unless there is a firm commitment of the other funding to ensure completion of the project.

MAXIMUM AND MINIMUM GRANT AMOUNTS

- Maximum and minimum grant amounts are not established.

APPLICATION PROCESS

You may request additional information and copies of regulations and forms, as well as file applications, with your local Rural Development Local Office.

CONTACT INFORMATION

To obtain addresses and telephone numbers of the nearest Rural Development Local Office by you, visit: <http://www.rurdev.usda.gov/tx/officeinfo.htm>