Committed to the future of rural communities.
Welcome to Rural Development

Our Mission:
To increase economic opportunity and improve the quality of life for all rural Americans

Nationally, Rural Development has invested $91 billion in water/wastewater, electric, and telecommunications infrastructure; housing; community facilities; and business development since 2001. In addition, more than 1.7 million jobs have been created or saved through these investments.
Rural Development Programs

• Administered through three services:
  ✓ Rural Housing Service
  ✓ Rural Utilities Service
  ✓ Rural Business & Cooperative Development Service

• USDA Rural Development:
  “The Venture Capitalists of Rural America.”
Housing Programs

- Rural Development’s housing programs provide access to safe, decent, and sanitary housing to rural low income residents.

- Through its single and multi-family housing programs, Rural Development supports communities by providing rental assistance, and loans or grants for repairing, buying, or building homes.
Community Development
Community Development Programs

- Community Facility Loans and Grants are provided to assist essential community facilities, including hospitals, clinics, rural schools, libraries, day care centers, and police and fire stations.

- Through this program, Rural Development is striving to ensure that such facilities are readily available to all rural Americans.
Business Development

[Images of various business events and initiatives related to business development, including ReStore Home Improvement Center and Magic Wings.]

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Business & Cooperative Programs

• Promoting a dynamic business environment in rural America is the goal of business and cooperative programs.

• The business programs work in partnership with the private sector and the community-based organizations to provide financial assistance and business planning.

• The programs also help fund projects that create or preserve quality jobs and/or promote a clean rural environment.

• Financial resources are often leveraged with those of other public and private credit needs in underserved areas.

• Recipients of these programs may include individuals, corporations, partnerships, cooperatives, public bodies, nonprofit corporations, Indian tribes, and private companies.
Business Programs

• **Loans**
  - Business and Industry (B&I) Guaranteed Loans
  - Rural Energy for America Program Guaranteed Loans
  - Intermediary Relending Program (IRP)

• **Grants**
  - Rural Business Enterprise Grant
  - Rural Energy for America Program Grants (REAP)
  - Rural Cooperative Development Grant (RCDG)
  - Value Added Producer Grant (VAPG)
Rural Eligibility

- Must be 50,000 or less population
- Also cannot be contiguous (adjacent) to a community of over 50,000 population
- Web site to determine if location is eligible. There are many STRING AREAS in MA/CT/RI which are not shown on this site. We’ll get to this later...
MASSACHUSETTS (MA/CT/RI) JURISDICTION
RURAL DEVELOPMENT ELIGIBLE AREAS FOR
GENERAL BUSINESS PROGRAMS

ELIGIBILITY KEY

- Eligible
- Not Eligible
- Partially Eligible (Must know specific address in partially eligible towns because eligibility differs by the exact location)

General Business Programs Include:
- Business and Industry Loans (B&I Guar)
- Rural Business Enterprise Grants (RBEG)
- Rural Business Opportunity Grants (RBOG)
- Rural Economic Development Loans (REDL)
- Rural Economic Development Grants (REDG)
- Renewable Energy and Energy Efficiency Program (REEP)

Hadley Field Office
195 Russell Street, B7
Hadley, MA 01035
Phone: 413-585-1000, Ext. 4
Fax: 413-586-6648

Holden Field Office
52 Boyden Road
Holden, MA 01522
Phone: 508-529-4477, Ext. 4
Fax: 508-526-3721

West Wareham Field Office
15 Cranberry Highway
West Wareham, MA 02576
Phone: 508-295-5151, Ext 3
Fax: 508-291-2368

* Indicates Area Offices

USDA/RD/2009
What is a B&I Loan Guarantee?

- Federal guarantee of a loan made by a lender (think “co-signature”)
- The LENDER applies to USDA-Rural Development for a guarantee (usually 80%)
- Review. Committee. Funding.
- 3-6 week turn around, project depending (application to guaranty issuance)
Who May Borrow?

A borrower may be a cooperative organization, corporation, partnership, or other legal entity organized and operated on a profit or nonprofit basis; an Indian tribe on a Federal or State reservation or other Federally recognized tribal group; a public body; or an individual.

A borrower must be engaged in or proposing to engage in a business that will:

• Provide employment;
• Improve the economic or environmental climate;
• Promote the conservation, development, and use of water for aquaculture; or
• Reduce reliance on nonrenewable energy resources by encouraging the development and construction of solar energy systems and other renewable energy systems.
Eligible Loan Purposes

- Real Estate, Buildings
- Equipment, FF&E
- Supplies and Inventories
- Working Capital
- Value-Added Agriculture Projects
- Refinancing: Unless the amount to be refinanced is owed directly or is guaranteed by the Federal Government, the existing lender debt to refinanced must be less than 50% of the overall loan.
How Does It Work?

What is the percentage of Guarantee?
The maximum percentage of guarantee is 80 percent for loans of $5 million or less, 70 percent for loans between $5 and $10 million, and 60 percent for loans exceeding $10 million.

What are the Loan Amounts?
The total amount of Agency loans to one borrower must not exceed $5 million.

What are the Loan Terms?
The maximum repayment for loans on real estate will not exceed 30 years; machinery and equipment repayment will not exceed the useful life of the machinery and equipment or 15 years, whichever is less; and working capital repayment will not exceed 7 years.

What are the Interest Rates?
The interest rate for the guaranteed loan will be negotiated between the lender and the applicant and may be either fixed or variable as long as it is a legal rate.

Is Collateral Required?
Yes. Collateral must have documented value sufficient to protect the interest of the lender and the Agency.

Are there Fees?
There is a one-time guarantee fee of 3% of the amount guaranteed, which may be included in the loan. There is an annual renewal fee of 50 basis points of the amount guaranteed, due on January 31.
Rural Energy for America Program (REAP)

Assists farmers, ranchers and rural small businesses with renewable energy and energy efficiency projects.

Provided $70 million in grants and loan guarantees in FY 2011.
REAP

Eligible Applicants:
Agricultural Producer
Rural Small Business - meets SBA definition of small business (typically 500 or fewer employees and $20 million or less in total annual receipts). Most non-profits, such as schools, are ineligible.

Purposes:
Purchase Renewable Energy Systems (Generates)
Make Improvements That Reduce Energy Consumption (Efficiency)
Technical Eligibility

Proposal must be for an eligible technology

**Renewable Energy**
- Wind
- Solar
- Geothermal
- Biomass
- Hydrogen
- Hydroelectric
Energy Efficiency Projects

Improvements to a facility, building, or process that reduces energy consumption, or reduces energy consumed per square foot.

- Compressed Air Systems
- Building Envelope
- Greenhouse Thermal Blankets
- Lighting
- Motors
- Pumps
- HVAC
Ineligible Projects

- Residential improvements
- Energy efficiency improvements related to new construction
- Agricultural tillage equipment
- Vehicles
“Rural” Eligibility

Project must be located in rural area. To make sure your project is in an eligible area visit same website as previous slide.
Small Business Eligibility

Proposed project in a rural area.
Demonstrated financial need (grants only).
Meets the definition of a small business according to SBA (http://sba.gov/size/index.html)
Use the “NAICS search” option
A private entity including a sole proprietorship, partnership, corporation, a cooperative, and a governmental electric utility.
Nonprofit organizations and public entities are not eligible
Guaranteed Loan

• “Lender Driven”
• 85% Maximum Guarantee
• Interest rate negotiated between lender and borrower
• Guarantee Fee 1% maximum
• Renewal Fee .25 - .5% (TBD Annually)
Grant Scoring

• Applicant self-scores (RD verifies score)
• Applicant attaches documentation to support each scoring criteria
• Applicant sends in the score sheet and documentation with the application package.
• “Combo” (Grant + Guarantee) receive additional points
Value-Added Producer Grants (VAPG)

VAPG program helps agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based value-added products.

- Generating new products
- Creating and expanding marketing opportunities
- Increasing producer income

Grants are awarded on a competitive basis.
Eligibility

You must meet the requirements of one of the following applicant types:

- Independent Producer
- Agricultural Producer Group
- Farmer or Rancher Cooperative
- Your proposed value-added product must also fall within eligible product categories, and you must also comply with all the other eligibility requirements detailed in the program regulation

NOTE: There is no geographic eligibility requirement in VAPG
Program Purposes

You may use grant funds for:

- Eligible economic planning activities conducting feasibility studies and developing business plans for processing and marketing of the proposed value-added product.
- Eligible working capital expenses. Processing costs, marketing and advertising expenses, and some inventory and salary expenses directly related to your value-added project.
- You cannot use grant funds to purchase property or construct facilities, or to purchase equipment. The Program Regulation provides more information on eligible uses of the grant.
Summary of the 2011 VAPG Program

Funding Available - $40.3 million available

Applications

• 512 received requesting $63.7M
• 311 eligible requesting $41.3M
• *Independent Producer* made up 80% of the eligible applicant types.
Eligibility

• Applicant eligibility
• Product eligibility
• Purpose eligibility
• Matching eligibility
• Other eligibility requirements
Applicant Eligibility

• Independent Producer
• Farmer or Rancher Cooperative
• Agricultural Producer Group
• Majority-Controlled Producer-Based Business Venture
Purpose Eligibility

- Planning Activities (e.g. feasibility study, business plan, marketing plan)
- Working Capital (e.g. labor, inventory, advertising)
Matching Eligibility

- Matching funds of at least 50% of total project costs are required
- Match must be spent at a rate equal to or greater than grant funds
- Match must be provided by the applicant or a third-party
- Match must be spent on eligible purposes and must be from eligible sources
Other Eligibility

• Grant period eligibility
• Completeness eligibility
• Multiple grant eligibility
• Current grant eligibility
Grant Period Eligibility

- Applications cannot have a timeframe of more than 3 years.
- Proposed workplan must identify project timeline.
- No extensions beyond 3 years.
Completeness Eligibility

• Applications must contain all requested information to be considered for funding.
Multiple Grant Eligibility

• Only one application per applicant may be submitted in a funding cycle.
• Applicants who have already received a planning grant for a project cannot receive another planning grant for the same project.
• Applicants who have already received a working capital grant for a project cannot receive another grant for the same project.
Contact Information

USDA Rural Development – Cooperative Programs
http://www.rurdev.usda.gov/rbs/coops/vadg.htm

USDA Rural Development State Office Contacts
http://www.rurdev.usda.gov/recd_map.html

Agricultural Marketing Resource Center (AgMRC)
http://www.agmrc.org/
QUESTIONS?

Jim Lavin
Area Specialist
508-829-4477 x126
James.Lavin@ma.usda.gov
Thank You