

USDA Rural Development

Business Programs: Funding Opportunities



Committed to the future of rural communities.

USDA Rural Development

- Mission: increase economic opportunities and improve quality of life in rural America
- Assist rural individuals, communities and businesses
- Financial and technical assistance



USDA Rural Development

- Essential public facilities & services
- Housing assistance
- Business programs
- Utilities programs



Funding Opportunities

- Several Potential Funding Programs
- Assist Different Types of Entities
 - For Profit/ Non-Profit
 - Public Bodies
 - Business or Community?



Brownfields

- Capital projects
- Re-Development, Re-Purpose, Clean-up
- Costs part of eligible project for RD program funding
- Financially feasible?

Rural Business Programs

- Business & Industry Guaranteed Loans
- Rural Business Enterprise Grants
- 9007 Renewable Energy for America Program (REAP)



Rural Business Programs

- Intermediary Relending Program
- Rural Economic Development Loans and Grants



Business & Industry Guaranteed Loan Program

- Lender originates and services loan
- USDA guarantees loss up to 80% of loan
- Loan amounts up to \$25 million



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Eligible Loan Purposes

- Purchase and develop land and improvements
- Business expansion
- Business acquisitions which will keep the business from closing / create or save jobs
- Machinery & equipment
- Start-up costs and working capital
- Fees & charges for professional services (legal, appraisal, feasibility, etc.)



Rural Business Enterprise Grant

- **Grants made to public bodies or non-profit entities**
- **Support the development of small and emerging business enterprises in rural areas**
- **Funding for infrastructure or technical assistance**



Rural Business Enterprise Grant

- **Funding can be competitive**
- **Average grant is \$10,000 - \$20,000**
- **Competitive priority determined by population and economic conditions in the area, jobs created, and commitment from other funding sources**



9007 Renewable Energy for America Program (REAP)

- **Grants and loan guarantees**
- **Provides financial assistance for farmers, ranchers and rural small businesses**
- **Purchase renewable energy system or make energy efficient improvements**
 - **Technology must be commercially available- not R&D**



Intermediary Relending Program

- **Eligible for public bodies or non-profits**
- **1% interest, 30-year loan**
- **Intermediary uses IRP loan from USDA and matching funds to set up Revolving Loan Fund**
- **Small business or community projects**



Intermediary Relending Program

- **\$750,000 max loan**
- **Typical loan amount is \$500,000**
- **Competitive application process**
- **Max loan from intermediary to ultimate recipient is \$250,000 or 75% of project cost**



Rural Economic Development Loans and Grants

- **Pass-through funding with Rural Electric Cooperatives**
- **Zero-interest 10-year loans**
- **For-profit and non-profit ultimate recipients eligible**
- **Competitive funding**
- **\$740,000 max loan**



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Rural Economic Development Loans and Grants

- **Electric cooperative can obtain grant to set up RLF**
- **\$300,000 max grant**
- **Electric coop must match 20% of grant amount**
- **First loan from RLF must be non-profit or community project**



Funding Levels- National (FY 2011)

- **B&I Guaranteed Loans- \$933 million**
- **Rural Business Enterprise Grants- \$30 million**
- **9007 REAP Loans- \$67 million**
- **Intermediary Relending- \$19 million**
- **Rural Ec. Development Loans/Grants- \$67 million**



Funding Levels- Missouri (FY 2011)

- **B&I Guaranteed Loans- \$24.5 million**
- **Rural Business Enterprise Grants- \$849,000**
- **9007 REAP Loans- \$1.3 million**
- **Intermediary Relending and Rural Ec. Development Loans/Grants- national competition for funding**



Community Facilities

- Direct and Guaranteed Loans for essential community facilities projects
 - Limited grant funds
- Communities with pop. 20,000 or less
- Borrower is public body or eligible non-profit



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