

USDA Business Programs

A faint, light blue illustration of a rural town with a water tower, serving as a background for the text.

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USDA/Rural Development

USDA Rural Development



Over 40 grant, direct loan, and guaranteed loan programs to finance housing, businesses, and infrastructure in rural areas.

Program Areas:

- **Rural Housing Programs**
- **Rural Utility Programs**
- **Rural Business and Cooperative Programs**

<http://www.rurdev.usda.gov>

Programs

- **Business & Industry (B&I) Guaranteed Loan**
- **Intermediary Relending Program (IRP) Loan**
- **Rural Business Enterprise Grant ** (RBEG)**
- **Rural Business Opportunity Grant (RBOG)**
- **Rural Economic Development Loan and Grant (REDLG)**
- **Value-Added Agricultural Product Market Development Grant (VAPG)**
- **Rural Energy for America Program**

****not available in the FSM (Pohnpei, Chuuk, Yap, Kosrae), Republic of Palau & Republic of the Marshall Islands (Majuro)**

Intermediary Relending Program (IRP) RD Instruction 4274-D

- **Loan funds awarded to an intermediary who in turn provide loans to recipients who are developing business facilities or community development projects.**
- **Eligible Intermediaries include public bodies, nonprofit corporations, Indian tribes and cooperatives.**

IRP

Eligibility Requirements – Ultimate recipients

- **Individuals, public or private organizations, or other legal entities, with authority to incur the debt and carry out the purpose of the loan.**
- **Must be citizens of the U.S. or reside in the U.S. after being legally admitted for permanent residence.**
- **Must be located in a rural area of a State.**
- **Must be unable to finance the proposed project from its own resources or through commercial credit or other Federal, State, or local programs at reasonable rates and terms.**

Rural Business Enterprise Grant (RBEG) RD Instruction 1942-G

- To support the development of small and emerging private business enterprises in rural areas.

***Small and emerging private business is any private business which will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues.**

RBEG

- **Eligibility**

Public bodies and private nonprofit corporations serving rural areas.

The end result of the project must finance or develop a small and emerging private business enterprise.

RBEG

- **Eligible uses**

Technical assistance, reasonable fees and charges for professional services, training, create, expand, and operate rural distance learning networks or rural learning programs that provide educational instruction or job training instruction related to potential employment or job advancement for adult students.

RBEG

- **Ineligible uses**

To produce agriculture products through growing cultivation, and harvesting either directly or through horizontally integrated livestock operations except from commercial nurseries, timber operations or limited agricultural production related to technical assistance projects.

Rural Business Opportunity Grant (RBOG) RD Instruction 4284-G

Promoting economic development that is sustainable over the long term through local effort without subsidies or external support and that leads to improvements quality as well as the quantity of economic activity in the community

RBOG

- **Applicant Eligibility**

Public bodies, nonprofit corporations, Indian tribes on Federal or State reservations and other Federally recognized tribal groups, and cooperatives with members that are primarily rural residents and that conduct activities for the mutual benefit of the members.

RBOG

- **Applicant eligibility (cont.)**

Must have financial strength and expertise.

Any delinquent debt to the Federal government shall cause the applicant to be ineligible to receive any RBOG funds until the debt has been paid.

RBOG

- **Eligible grant purposes**

Identify and analyze business opportunities that will use local rural materials or human resources, ie, business plan and feasibility studies;

Identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers;

RBOG

- **Eligible grant purposes (cont.)**

Establish business support centers, or training, technology, and trade centers;

Conduct leadership development training of existing or prospective rural entrepreneurs and managers;

Pay reasonable fees and charges for professional services necessary to conduct the technical assistance, training, or planning functions.

RBOG

- **Ineligible grant purposes**

Duplicate current services or replace or substitute support previously provided;

Pay for assistance to any private business enterprise which does not have at least 51% ownership by those who are either citizens of the U.S. or reside in the U.S. after being legally admitted for permanent residence;

Pay costs of real estate acquisition or development or building construction.

Rural Economic Development Loan and Grant Programs (REDLG)



REA of 1936 & 7 CFR Part 1703, Subpart B

- **To promote rural economic development and/or job creation projects.**
- **Projects that enhance rural economic development by providing advanced telecommunications services and computer networks for medical and educational services.**

REDLG

- **Eligibility**

Must be a RUS electric or telephone utility borrower that is not delinquent on any Federal debt or in bankruptcy proceedings.

Rural Energy for America Program

- **Program designed to assist farmers, ranchers and rural small businesses with energy projects.**
- **Provides guaranteed loans and/or grants for renewable energy and/or energy efficiency projects.**

Business and Industry Guaranteed Loan Program (B&I) RD Instruction 4279-B

- **To improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities.**
- **Achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits.**

Benefits to Businesses

- Higher loan amounts, lower interest rates, and longer repayment terms assist businesses that may not qualify for conventional lender financing
- Assists a business in providing stability, growth, expansion, and rural employment

Benefits to Lenders

- Provides lenders with another tool to expand their loan portfolio
- Improves the economy and quality of life in rural communities
- Allows lenders to make loans above their legal lending limits
- Meets with the provisions of the Community Reinvestment Act

B&I Guaranteed Loan Program

These types of loans may be made in any area 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.

Who May Borrow?

- **Individuals**
- **Public and private organizations**
- **Federally recognized Indian Tribal groups**



Who May Not Borrow

- **Charitable institutions**
- **Businesses not owned or controlled by U.S. citizens (less than 51% ownership)**
- **Churches or church-sponsored organizations**
- **Fraternal organizations**
- **Lending and investment institutions and insurance companies**

How may loan funds be used?

- **Business and industrial acquisitions when the loan will keep business from closing and preserve and/or create job opportunities**
- **Purchase machinery and equipment**
- **Startup costs and working capital**
- **Tourist and recreation facilities, hotels, motels, bed and breakfast**
- **Certain debt refinancing**
- **Refer to Section 4279.113 of RD Instruction 4279-B**

How may loan funds not be used?

- **Distribution or payment to owners of a business when they will retain any portion of the ownership of the borrower**
- **Charitable institutions, churches**
- **Lending and investing institutions and insurance companies**
- **Lines of credit**
- **Golf courses**
- **Refer to Section 4279.114 of the Code of Federal Regulations and RD Instruction 4279-B**

