



# Business & Cooperative Programs

USDA Program	Purpose <i>What is the program's goal?</i>	Program Type <i>How does it work?</i>	Eligible Applicants <i>Who can apply?</i>	Eligible Areas <i>What is rural?</i>	Authorized Purposes <i>What can funds be used for?</i>	Typical Amount of Assistance	Rates & Terms <i>Rates subject to change</i>	Key to Success	When to Apply
<b><u>B&amp;I Guaranteed Loans</u></b> Business & Industry Guaranteed Loan	Provide an incentive for business lending that will save & create jobs (typically for larger businesses)	USDA guarantees business loans made by commercial lenders	Banks, credit unions and other commercial lenders who make loans to rural businesses	Areas outside the boundaries of a city or town of > 50,000 population and the urbanized area contiguous and adjacent to such city or town; also considers "rural in character" and strings in determining rural areas.	The loans guaranteed can be used for real estate, equipment, working capital & refinancing – for nonfarm businesses	80% loan guarantees for loans up to \$5 million; 70% on loans up to \$10 million	Negotiated by business & lender; fixed or variable rates, typically near prime (no balloons)	Lender-driven; have a bank willing to make the loan (USDA only guarantees it); business with strong equity & collateral	Year round
<b><u>IRP</u></b> Intermediary Relending Program	Capitalize locally-run revolving loan programs for small businesses unable to qualify for bank financing	USDA loans money to a local revolving loan fund for relending to nonfarm businesses	Nonprofit groups, tribes & public bodies who will make loans to rural businesses and community projects	Areas outside the boundaries of a city or town of > 50,000 population and the urbanized area contiguous and adjacent to such city or town	The loan is used to set up a loan program that makes business loans for nonfarm, rural businesses	loans up to \$1,000,000 in a fiscal year to re-lenders to make loans up to \$150,000 to businesses	1%, 30 years to re-lender to make loans at negotiated rates and terms to rural businesses and community projects	Funding is limited, so these loans tend to go only to loan funds that will serve the neediest areas	Year round with a quarterly competition at the national level
<b><u>RMAP</u></b> Rural Microentrepreneur Assistance Program	Capitalize locally-run revolving microloan programs that offer both microloans and counseling for microbusinesses	Loans to a local revolving loan fund for microlending; generally with companion grant support for business counseling	Nonprofit micro-enterprise development organizations, tribes and colleges	Same as B&I Guaranteed Loan Program	To set up a microloan fund from which loans of \$50,000 or less are made; the companion grant provides business help to the microborrowers	Loans up to \$500,000 in a fiscal year with annual companion grant equal to 25% of the microloan portfolio size	2%, 20 years to a micro-lender for microloans at lender-determined rates & terms of not more than 10 years	Microlender must provide technical assistance and training along with administering the revolving loan fund.	Year round with a quarterly competition at the national level
<b><u>RED Loan</u></b> Rural Economic Development Loan	Promote specific community or business development projects improving the local economy	Loans to certain utilities that are in turn re-loaned for local community or business projects	Electric & telephone utilities eligible for USDA's Rural Utilities Service	Areas outside the boundaries of a city or town of >50,000 population and the urbanized area contiguous and adjacent to such city or town	The RED Loan is re-loaned by the utility to a nonfarm business or community project for real estate & equipment	Loans up to \$2,000,000	Loan is zero%, 10 years; re-loaned at zero%, 10 years	Requires a community-oriented nonprofit or cooperative utility willing to borrow & relend on the project's behalf	Year round with a monthly competition at national level
<b><u>RED Grant</u></b> Rural Economic Development Grant	Promote specific community development projects to improve the rural economy	Grants to certain utilities to capitalize a revolving loan fund for community projects	Electric & telephone utilities eligible for USDA's Rural Utilities Service	Same as RED Loan.	Grant is used to set up a revolving loan fund; the initial grant funds must be used for a community facility, education or health care project	\$300,000 grant maximum	Grant.	Requires a community-oriented nonprofit or cooperative utility willing to oversee a loan fund; requires 20% match	Year round with a monthly competition at national level
<b><u>VAPG</u></b> Value-Added Producer Grant	Support producers in ventures that will increase the return on their agricultural commodities	USDA provides matching grants for value-added ventures	Farmers, ranchers, foresters and fishers; coops; producer groups & joint ventures	No rural area requirement	Grants for planning or working capital to operate value-added ventures; minimum 1:1 match required	≤\$100,000 (planning); ≤\$300,000 (working capital)	Grant	Application requirements are complex, so consult with USDA well in advance of application deadline	Once-a-year competition at national level
<b><u>SDGG</u></b> Socially-Disadvantaged Groups Grant	Foster business success of socially-disadvantaged groups	USDA makes grants for technical assistance projects	Coops or CDCs where a majority of the governing board are members of socially-disadvantaged groups	Unincorporated areas and cities with <50,000 population	Feasibility studies, business plans, product and/or service improvement, training.	≤\$175,000	Grant for 1 year or less project period	Preference for experience & projects that help the most socially-disadvantaged groups & smaller, poorer communities	Once-a-year competition at national level



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<b>RBDG</b> Rural Business Development Grant	Support economic development or expansion of small emerging rural private businesses that have fewer than 50 employees and less than \$1 million in gross revenues	Grants to eligible entities to assist private business development and provide business and economic development services	Towns, communities, State agencies, authorities, nonprofit corporations, institutions of higher education, Federally-recognized tribes, rural cooperatives	Same as B&I Guaranteed Loan Program	Includes but is not limited to: <ul style="list-style-type: none"> <li>• Training and technical assistance</li> <li>• Acquisition / development of land</li> <li>• Pollution control and abatement</li> <li>• Capitalization of revolving loan funds</li> <li>• Distance adult learning</li> <li>• Rural transportation</li> <li>• Economic development</li> <li>• Rural business incubators</li> <li>• Feasibility studies and business plans</li> </ul> <p>For a comprehensive list, visit the web page for this program.</p>	Generally, grants range from \$10,000 up to \$500,000. The average amount of a grant is <\$100,000	Grant	Limited funding; grants tend to projects that help the neediest areas, contribute significant funds to the project, or meet strategic initiatives; cannot be used for regional planning or business attraction	Once-a-year competition at state level
<b>RCDG</b> Rural Cooperative Development Grant	Facilitate job creation in rural areas through the development of new cooperatives	USDA makes grants to organizations to provide cooperative development services	Nonprofit corporations and institutions of higher education	Unincorporated areas and cities <50,000 population	Establish and operate centers that assist rural cooperatives	<\$200,000 (established each year in FR notice)	Grant for 1 year or less project period; up to 75% (95% for 1994 Institution) of costs of the centers	Limited funding; grants tend to go to areas applicants demonstrating the best track record and capability for cooperative development	Once-a-year competition at national level
<b>DHCS</b> Delta Health Care Services	Support the unmet health care needs of the Delta Region	USDA makes grants to cooperatives or consortiums in the Delta Region for development of health related services and programs and centers.	Health Care Cooperatives or a Consortium of Academic Health and Research institutes, Regional institutes of higher education, economic development entities	Any area not included within (a) the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 50,000 inhabitants and (b) any urbanized area contiguous and adjacent to a city or town described and that is located within the Delta Region	To develop health care services, health care job and education training programs or for the development or expansion of health care centers	200,000 – 2,500,000	Grant	Limited funding; grants tend to go to projects helping areas with the most need	Once-a-year competition available to the Delta Region Only.



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<a href="#">REAP Grants</a> Renewable Energy Systems & Energy Efficiency Improvements	Promote the use of Renewable Energy Systems and Energy Efficiency Improvements	USDA makes grants to agricultural producers (e.g., farmers, ranchers) and rural small businesses	Agricultural producers and rural small businesses	Areas outside the boundaries of a city or town of > 50,000 population and the urbanized area contiguous and adjacent to such city or town; also considers "rural in character" and strings in determining rural areas.	Renewable energy systems (wind, solar, biomass, biofuel, digesters, geothermal & micro-hydro) and energy efficiency improvements	Renewable Energy Systems grants from \$2500 to \$500,000. Energy Efficiency Improvements grants range from \$1500 to \$250,000 (maximum grant assistance is 25% of project costs)	Grant	Program has various thresholds and application contents vary, consult with USDA well in advance of deadline; grants ≤\$20,000 are encouraged	Applications can be submitted at any time, but Notice establishes a submittal date by which applications must be received to compete for funding
<a href="#">REAP Loan Guarantees</a> Renewable Energy Systems & Energy Efficiency Improvements	Promote the use of Renewable Energy Systems and Energy Efficiency Improvements	USDA guarantees loans made by lenders to agricultural producers & rural small businesses	Banks and other commercial lenders who make loans to agricultural producers and rural small businesses	Same as REAP Grants	The loans guaranteed can be used for the purchase & installation of renewable energy systems and energy efficiency improvements	85-60% loan guarantees on \$5,000 to \$25 million loans	Negotiated by business & lender; fixed or variable rates,	Lender-submits the application to USDA. Loan guarantee requests may be combined with a REAP grant	Year round
<a href="#">REAP Grants</a> Energy Audit and Renewable Energy Development Assistance	Assist agricultural producers and rural small businesses by conducting energy audits & providing information on renewable energy and energy efficiency	Grants to entities to provide agricultural producers and rural businesses with energy audits and/or information to promote the use of renewable energy	State or local governments, tribes, colleges, and electric coops & publicly owned utilities, councils	Same as REAP Grants	Help cover the costs of activities specific to the completion of the energy audit or renewable energy development assistance	≤\$100,000	Grant; agricultural producers and rural small businesses must pay at least 25 percent of energy audit costs	Very competitive; experienced multi-county or statewide programs favored; cost per audit of ≤\$2,000	Annual competition at national level
<a href="#">Advanced Biofuel Payment Program (9005)</a>	Support and ensure an expanding production of advanced biofuels	USDA makes payments based on production of advanced biofuels	Producers of advanced biofuels (biofuels other than ethanol derived from corn kernel starch)	No rural area requirement	No restrictions	Funds are shared among all enrolled producers per BTU; types of feedstock and advanced biofuel affects payment level	Incentive payment	Enroll in the program during the annual sign-up period	Annual enrollment (October) at the State Office level.
<a href="#">Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program (9003)</a>	Provide support for the production of advanced biofuels and renewable chemicals and for the production of end-user biobased products	USDA guarantees loans made by commercial lenders	Individuals, tribes, entities, State and local government units, corporations, farm cooperatives, ag producers associations, national laboratories, higher education institutions, rural electric cooperatives, public power entities, and consortiums of the above	No rural area requirement	Development, construction, and retrofitting of commercial-scale biorefineries using eligible technology; biobased product manufacturing facilities using technologically new commercial-scale processing and manufacturing equipment; refinancing in certain circumstances may be eligible	Loan guarantees of up to \$250 million, not to exceed 80 percent of total eligible project costs; 80% guarantee on loan amounts <\$125 million; 70% for \$125 million to less than \$150 million; 60% for \$150 million to less than \$200 million; 60% for \$200 million up to and including \$250 million	Negotiated by business & lender; fixed or variable rates, typically near prime (no balloons); maximum term length is 20 years or useful life of the project, whichever is less	Lender-driven; have a bank willing to make the loan (USDA only guarantees it); business with strong technology, feedstock supply, marketing agreements and equity	Applications can be submitted at any time. Twice-a-year competitions at national level - October 1 and April 1



# Business & Cooperative Programs

More information on all of these programs is online at: <http://www.rd.usda.gov/programs-services>

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