



# Native CDFI Capital Access Convening Rural Business Cooperative Service Intermediary Relending Programs

# RBCS Programs

Business & Industry (B&I) Loan Guarantees

Rural Energy for America Program (REAP) Loan Guarantees

Intermediary Relending Programs (IRP)

Rural Microenterprise Assistance Program (RMAP)

# RBCS Programs - Resources

<https://www.rd.usda.gov/about-rd/offices/state-offices>

<https://www.rd.usda.gov/programs-services/business-programs>



# OneRD Guaranteed Loan Initiative

## What is OneRD Guaranteed Loan Initiative?

- A standard policy and process for RD guaranteed loan making in four programs:
  - Water and Waste
  - Community Facilities
  - Business and Industry
  - Rural Energy for America

## Benefits

- ✓ Supports OneUSDA Initiative
- ✓ Standardize Documents Across Programs
- ✓ Improved Program Delivery
- ✓ Reduces Burden on Lenders, Applicants and Staff

Better Customer Experience

# RBCS Programs Covered Under OneRD Guarantee Loan Initiative

Business & Industry (B&I) Loan Guarantees

Rural Energy for America Program (REAP) Loan  
Guarantees

# Eligibility

## Business and Industry (B&I) Loan Guarantee



### **Lender Eligibility**

Banks, credit unions, saving and loans, Farm Credit System, and other lenders approved by USDA.



### **Borrower Eligibility**

For-profit businesses, nonprofits, cooperatives, Federally recognized Tribes, and public bodies

# Eligibility

## Rural Energy for America Program (REAP)



### **Lender Eligibility**

Banks, credit unions, saving and loans, Farm Credit System, and other lenders approved by USDA.



### **Borrower Eligibility**

Agricultural Producers & Rural Small Businesses

# Funding Requirements for B&I Guaranteed Loans

## Guaranteed Loan Amount

Minimum Request

**None**

Maximum Request

**\$25,000,000\***

\*up to \$40 million for rural cooperatives





# Funding Requirements for REAP Guaranteed Loans



## Guaranteed Loan Amount

Minimum Request

**\$5,000**

Maximum Request

**\$25,000,000**

OneRD/REAP Loan amount cannot exceed  
75% of eligible project cost



# Intermediary Relending Program

§ 4274.301 - §4274.352

# Rural Development Structure

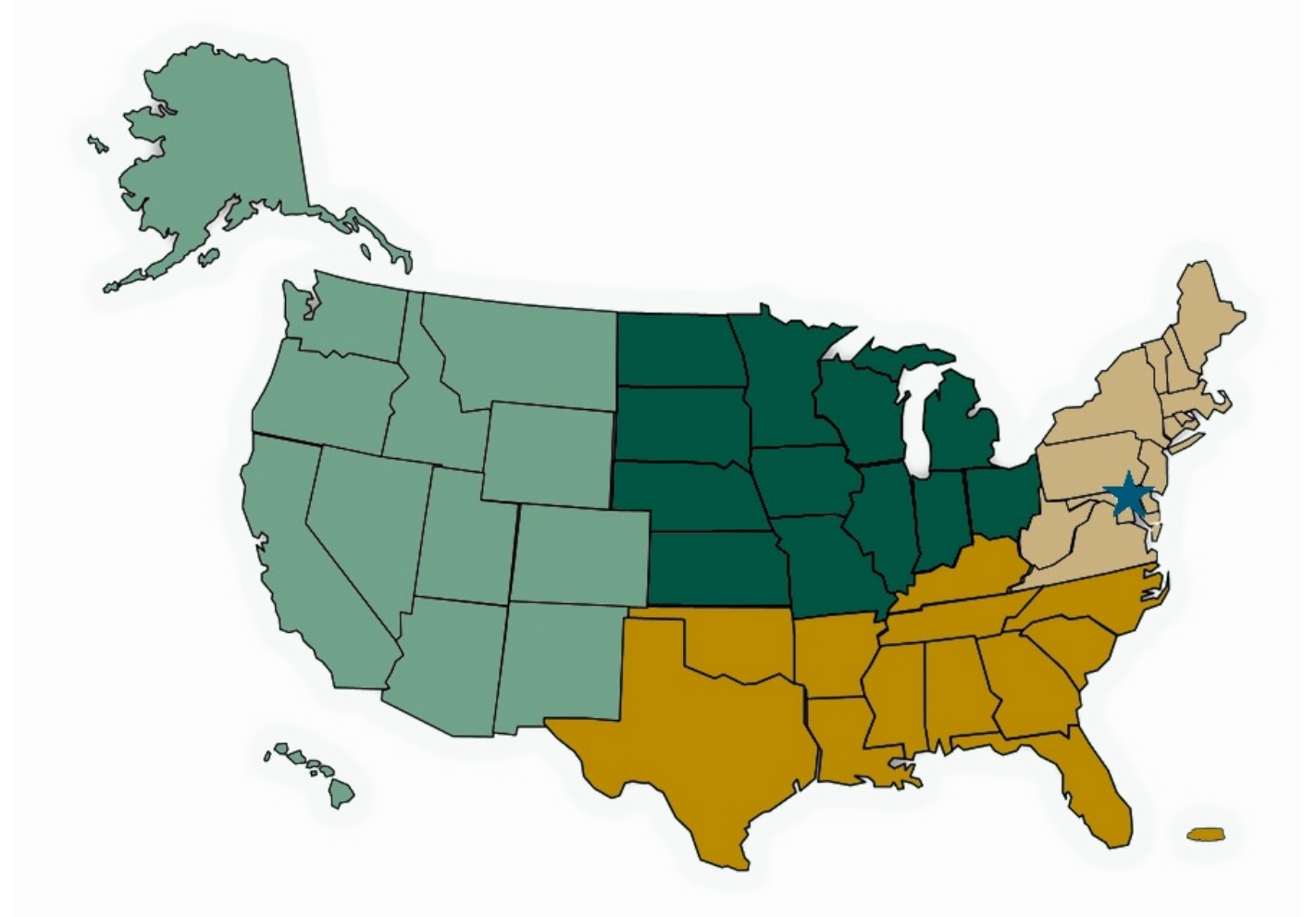
4 Regions

47 State Offices

400 Area Offices

1 National Office in DC

<https://www.rd.usda.gov/browse-state>



# Types of Funding and Funding Cycles

## Types of Funding

- Primarily Loans - Direct
- Tribal Set-aside (\$1.8M)
- MS Delta Set-aside (\$3.7M)
- EZ/EC REAP Set-aside.8 (\$181K)
- Regular Funding (\$4.1M)

## Funding Cycles

- Operate on Federal Fiscal Year (October 1 – September 30)
- Quarterly: Sept 30, Dec 31, March 30, June 30
- Set-aside Funding: May 31
- Set-aside Pooling of Funds: June 30



# Loan Limits – Intermediary

- Loans to an intermediary will not exceed the maximum award amount established by the Agency in an Annual Notice. This amount may be up to \$1,000,000
- Agency loan will not exceed the maximum amount the Intermediary can reasonably be expected to lend to eligible ultimate recipients within 3 years after loan closing.
- Total outstanding IRP indebtedness of an intermediary to the Agency will not exceed \$15 million at any time.

# Loan Purposes

Loans from the intermediary to the ultimate recipient include:

- Business and Industrial acquisitions;
- Business construction, conversion, enlargement, repair, modernization, or development;
- Purchase and development of land, easements, rights-of-way, buildings, facilities, leases, or materials;
- Purchase of equipment, leasehold improvements, machinery, or supplies;
- Pollution control and abatement;
- Transportation services;
- Start-up operating costs and working capital;
- Interest (including interest on interim financing) during the period before the facility becomes income producing, but not to exceed 3 years
- Feasibility Studies
- Debt refinancing\*
- Professional fees
- Bed & Breakfast, hotels/motels tourist & recreational and convention centers
- Educational institutions
- Revolving lines of credit
- Aquaculture, commercial fishing, hydroponics
- Forestry
- Value-added production
- Housing (limited to construction costs, etc.)

# Loan Limits – Ultimate Recipient

- Must not exceed *the lesser of*:
  - \$400,000 and 50% of the approved loan to the intermediary (including the unpaid balance of any existing ultimate recipient loan(s))

# SUCCESS STORY

- Illinois River Outfitters was established in 2019 through a loan made by the Cherokee Nation Economic Development Trust Authority to Bryce Huard. Bryce was just finishing college at NSU and had worked for another float operation through his college years. He came to us with an idea and a place picked out to purchase. The Cherokee Nation Small Business Assistance Center helped Bryce purchase the prime real estate and the equipment to get a brand new float operation established on the scenic Illinois River. Located at the intersection of Highway 10 and Steely Hollow Road, Illinois River Outfitters is in a perfect location to welcome floaters to our beautiful river. Bryce has grown his business, receiving a smaller second loan for more boats and by offering great service and prices. The operation continues to grow yearly, and Bryce is thankful for the start and continuing support that the Cherokee Nation SBAC and its staff has provided.



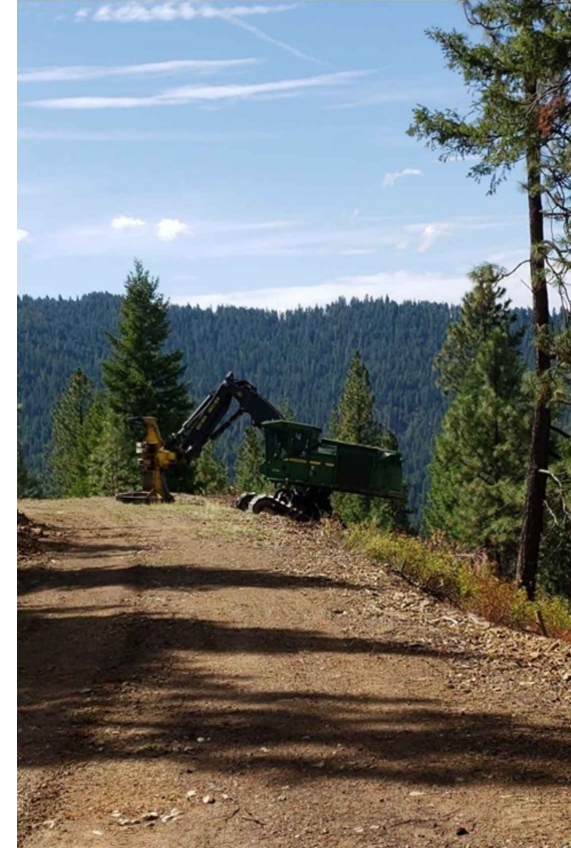


# SUCCESS STORY

- Borrower: Gallaher & Son Customized Cutting LLC
- Loan Amount: \$193,415
- Purpose: Purchase of a Feller Buncher

## Description:

Gallaher & Son Customized Cutting LLC is a Colville Tribal Member owned and operated logging company operating in eastern Washington State. Gallaher utilized funds from an Intermediary Relending Program loan provided by Northwest Native Development Fund to purchase a new feller-buncher, a vital piece of equipment for the business that has helped it expand its services. Northwest Native Development Fund is a lender and technical assistance provider based in Coulee Dam, WA. NNDF seeks to foster economic and financial independence for Native people by assisting in the development of personal assets through financial and entrepreneurial education as well as providing access to capital through creative lending products.





# Rural Microentrepreneur Assistance Program (RMAP)

7 CFR 4280 Subpart D

# What Is RMAP?

## **Provides loans and grants to Microenterprise Development Organizations (MDOs) to:**

- ❖ Provide microloans for microenterprise startups and growth through a Rural Microloan Revolving Fund
- ❖ Provide training and technical assistance to microloan borrowers and micro entrepreneurs

## **And an entity that, for the benefit of rural microentrepreneurs and microenterprises:**

- ❖ Provides training and technical assistance and/or;
- ❖ Makes microloans or facilitates access to capital or another related service; and/or
- ❖ Has demonstrated record of delivering, or an effective plan to develop a program to deliver, such services.

## **Who can apply for this program?**

### **The following are eligible to be an MDO:**

#### ❖ **Nonprofits**

- ❖ be at least 51 percent controlled by US citizens or those legally admitted for residence;
- ❖ Provide copies of their Bylaws and articles of incorporation; plus
- ❖ A Certificate of Good Standing (6 mos. old or less) affirming their status as a non-profit entity.

#### ❖ **Federally recognized Tribes**

- ❖ Evidence that they are a Federally-recognized Indian tribe;
- ❖ Certification that the tribe neither operates nor is served by an existing MDO.

#### ❖ Institutions of higher education

- ❖ All applicants must certify that they are unable to obtain sufficient credit elsewhere to fund the RMAP program activities with similar rates and terms.

# Eligible

**The following are eligible to apply for a loan from the MDO as an ultimate recipient:**

- ❖ Businesses located in an eligible area with 10 or fewer full-time employees

**Eligible Area:**

- ❖ Rural areas outside of cities or towns with populations fewer than \$50,000 are eligible to apply. Urbanized areas near cities of \$50,000 or more may not be eligible.
- ❖ The borrower's headquarters can be based in a larger city if the project service area itself is in an eligible rural area.
- ❖ The lender can be located anywhere

**Other requirements:**

MDOs must demonstrate experience in managing a Revolving Loan Fund, or:

- ❖ Certify that they or their employees have received education and training from a qualified microenterprise development training entity so that the applicant has the capacity to manage such a revolving loan fund; or
- ❖ Demonstrate that they are actively and successfully participating as an intermediary lender in good standing under the U.S. Small Business Administration (SBA) Microloan Program or other similar loan programs as determined by the Administrator

# Agency Loan to Microlender- Purpose, Terms, and Conditions

Purpose - To capitalize revolving loan accounts (RMRF) used to make and service microloans in rural areas.

Terms and Conditions - Funds deposited into an RMRF may only be used to make microloans, accept repayments, accept reimbursements from the Loan Loss Reserve Fund (LLRF), and repay the Agency loan. In rare instances, and with advance Agency approval, RMRF funds may supplement the LLRF.

- ❖ The maximum RMAP loan to an MDO is \$500,000, with an aggregate debt maximum total of \$2.5 million.
- ❖ Once obligated, the RMAP Loan closing is REQUIRED within 90 days, or the funds will be de-obligated.
- ❖ The RMAP Loan Term is 20 years at a fixed interest rate of 2%. Interest will accrue on funds disbursed to the MDO starting on the date of disbursement.
- ❖ Payments are deferred for 2 years and then amortizing payments based on the full loan amount are required.

## **Loan Funding Limitations:**

Minimum RMAP Loan Amount = \$50,000

Maximum RMAP Loan Amount = \$500,000.

Aggregate Maximum Loans to an MDO = \$2,500,000.

- ❖ (1) The maximum amount any microlender may borrow on a single loan application under this program, or in any given Federal FY, will be \$500,000. In no case will the aggregate outstanding balance owed to the program by any single microlender exceed \$2,500,000.
- ❖ (2) Use of funds. Agency loan funds must be used only to establish or recapitalize an existing Agency funded RMRF account out of which microloans will be made, into which microloan payments will be deposited, and from which repayments to the Agency will be made.

# Technical Assistance (TA) Grants

- ❖ Technical Assistance Only Grant- An eligible MDO that provides business-based training but does not seek funding as a microlender may apply for a Technical Assistance Only Grant. These grants have a term of 12 months. Grantees will be required to refer clients to internal or external non-program funded lenders for loans of \$50,000 or less and collect data regarding such clients. TA Only grants are successful if a minimum of 1-in-5 TA clients are referred to a microloan and operating a business within 18 months of receiving technical assistance from MDO
- ❖ Microlender Grant\*- Eligible Microlenders may apply for a technical assistance grant equal to 25% of their loan application amount. Grants shall be used to assist the MDO in providing marketing, management and other technical assistance to rural microbusinesses.
- ❖ *\*Annual technical assistance grants to microlenders will be awarded annually on a non-competitive basis in an amount based on the MDO's outstanding loan balance between 20% to 25% as of June 30 of the current FY.*

## **Grant Provisions:**

- ❖ **Matching Requirement:** The MDO is required to provide a match of not less than 15% of the total amount of the grant in the form of matching funds, indirect costs, or in-kind goods or services
- ❖ **Administrative expenses:** Not more than 10% of a grant may be used to pay administrative expenses. Microlenders must annually submit a budget or proposed administrative expenses for Agency approval. Applicants using less than 10% of the grant funds for administrative expenses will score higher.

# How Can Funds Be Used?

Microlenders may make microloans for qualified business activities and expenses including, but not limited to:

- ❖ Working capital
- ❖ Debt refinancing
- ❖ Purchasing equipment and supplies
- ❖ Improving real estate

## **How to apply?**

Applications are accepted on an ongoing basis. Please contact your local state office or additional information and to apply.

# Success Stories

## **Embroidery business moves to Aroostook Mall:**

Aroostook Embroidery & Design, LLC is a newly formed entity between close friends Darren Donovan and Wayne and Danielle Cyr, husband and wife. Darren has owned and operated Aroostook Arborculture for close to 20 years and as a result of the hard labor and long hours he was looking for a change that would be kinder on his body, especially as he look towards the next 10-15 years. He mentioned the Arborculture business is really a young guys job and while he can still handle it, he wants to look to transition from it. As a result, he approached his close friends, Wayne and Danielle, to go in on buying the existing asset of Cushman's Embroidery, a longstanding, well-known local embroidery entity in Presque Isle. Wayne has worked as the manager of Rent A Center and most recently as a manager at Lowes. Like Darren, Wayne was looking for a change and hoping to get out of Corporate American companies and work locally. This business presented him with that opportunity. Lastly, Wayne's wife, Danielle, was the store Manager at Kay Jewelers for over 20 years while it was established at the Presque Isle Mall. Just like many retail stores, Kay's succumbed to the internet. After Danielle lost her job at Kay's which was one of the longest standing businesses in the Presque Isle mall, she struggled to find something she enjoyed doing again. She most recently worked as a recruiter for a local hospital, but found she was only doing it, not because she enjoyed it, but because it was a steady job. By all joining forces together, the 3 were able to purchase the assets of Cushmans Embroidery and move the business across Town to the Presque Isle mall, back where Danielle worked for so many years as Kay Jewelers Manager. The day-to-day operations of the retail store are run by Danielle and Wayne. Darren works as needed on large orders and on nights and weekends when he is not working in his Arborculture business. RMAP funds assisted in the area retaining this unique business and allowed for each member to adjust their lifestyles to line up more with each others own ambitions.



# Success Stories Cont.

## Young entrepreneur opens mobile sandblasting operation:

Cody Campbell is a 25-year-old entrepreneur and owner of Aroostook Eco Blasting. Cody has been working toward his dream of opening a mobile sandblasting business with NMDC since 2021 when he began working with our team to explore what opportunities existed to help his business purchase a large piece of equipment to help strip rust, paint, and elements of the weather away from expensive factory and farming equipment in the region. With the help of the RMAP program, NMDC extended financing to Cody, and he opened his business in 2023. Dustless sandblasting is an eco-friendly type of removing rust, graffiti, and paint from surfaces. This type of media blasting combines crushed & recycled glass with pressurized water, removing unwanted materials from surfaces. Because sandblasting uses silica, it creates respiratory distress. Cody's non-toxic method of sandblasting helps not only the environment, but businesses keep their goods in production and inside their useful lives for longer than ever before. By providing this service locally in Maine, businesses can avoid using out of state providers which are typically silica-based and bring pollutants to the region, and money out of the region. Thanks to the RMAP program, Cody received the dedicated one-on-one business advising he needed to determine the best fit for his business and help him with issues he had licensing and getting off the ground.

EMDC would like to share a success story about Hey Sailor. Located in Searsport Maine, this restaurant opened in the early stages of the pandemic. Through a partnership with EMDC and Maine Department of Economic & Community Development, we were able to initially provide a CARES Act/federal relief package to help the business navigate the negative COVID impacts. Along with this, EMDC worked with USDA RD to provide a loan through the RMAP program. Over the last year, there have been challenges to the viability of the business including weather-related coastal flooding and significant Maine DOT reconstruction barriers of Route 1 through the middle of downtown Searsport. Despite this, the business is thriving and has recently expanded their space to include a music venue. Hey Sailor has become a good leader within the mainstream downtown Searsport community and is working side-by-side with other businesses in Searsport to attract local, State and national visitors to coastal Maine.

