



Committed to the future of rural communities.



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# Welcome to Rural Development

## Our Mission:

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

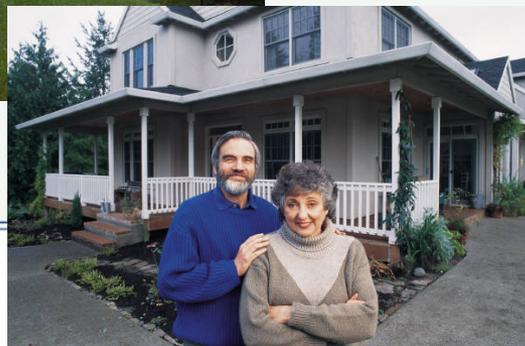
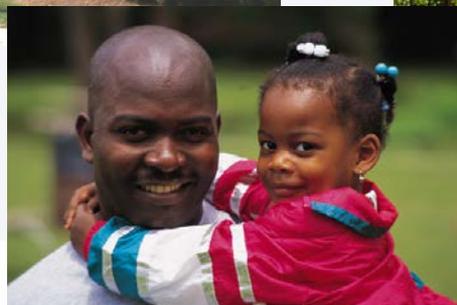
*Nationally, Rural Development has invested **\$91 billion** in water/wastewater, electric, and telecommunications infrastructure; housing; community facilities; and business development since 2001. In addition, more than **1.7 million jobs** have been created or saved through these investments.*



# 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



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# 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



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# 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



# 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)

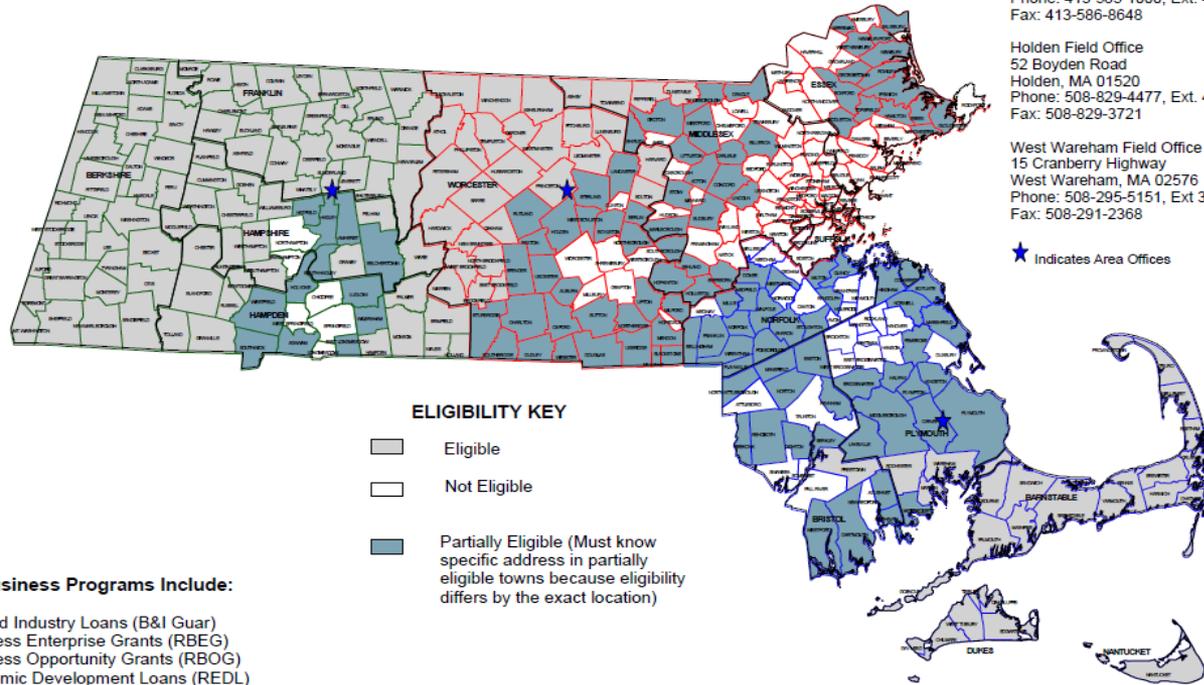
- **Grants**

- 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...
- <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

## MASSACHUSETTS (MA/CT/RI) JURISDICTION RURAL DEVELOPMENT ELIGIBLE AREAS FOR GENERAL BUSINESS PROGRAMS



Hadley Field Office  
195 Russell Street, B7  
Hadley, Ma 01035  
Phone: 413-585-1000, Ext. 4  
Fax: 413-586-8648

Holden Field Office  
52 Boyden Road  
Holden, MA 01520  
Phone: 508-829-4477, Ext. 4  
Fax: 508-829-3721

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

★ Indicates Area Offices

### 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)

USDA/RD/2009



Done

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# 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?**

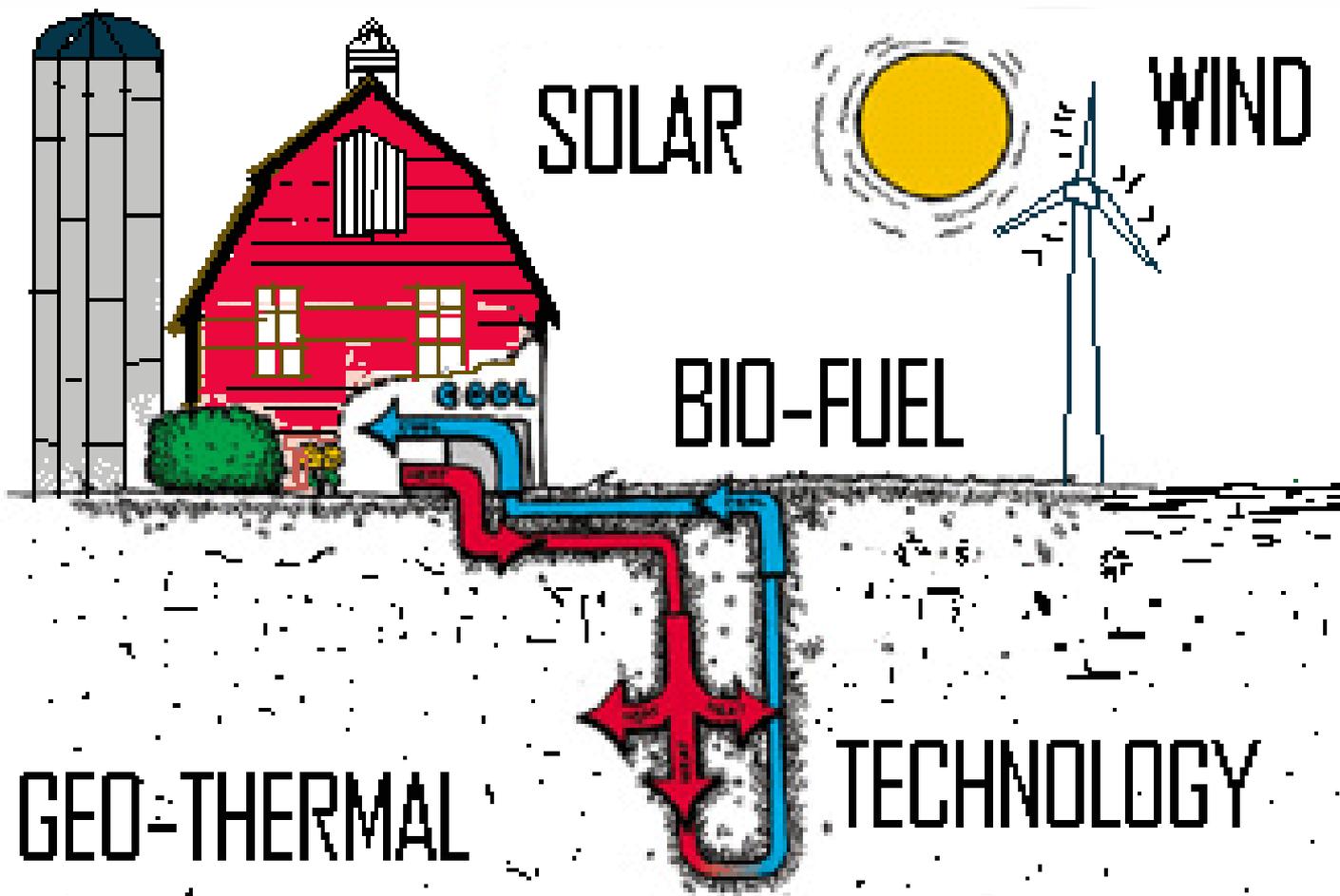
There is a one-time guarantee fee of 3% of the amount guaranteed, which may be included in the loan. There is an annual renewal fee of 50 basis points of the amount guaranteed, due on January 31.



# 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)



**Celebrate the New Year at the Lavender Farm!**

**Friends & Family In-Store Sale**  
Thursday, Jan. 1 thru Sunday, Jan 4, 2009,  
Save 15% on your entire purchase (one per person).  
Open on New Year's Day!

**Lavender Beading Workshop**  
Sunday, Jan. 11, 2009 • 1 pm – 3 pm, \$30 a person, plus tax. Creative, easy & fun, includes two bracelets (40 value).

**The Maui Book of Lavender Book Launch**  
Saturday, Jan. 10, 2009 • 10 am – 2 pm, FREE. Join us for "talk story" with authors, music by Emma Veary, Chef Paul to demo recipes & more!

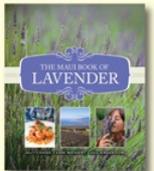
**Learn to Grow Your Own Lavender with Aifi Chang**  
Saturday, Jan. 17, 2009 • 11 am – 12:30 pm, \$15 a person, plus tax. Includes instruction, and two potted lavender plants.

**Start Your Own Container Herb Garden**  
Sunday, Jan. 25, 2009 • 1:30 pm – 3 pm, \$30 a person, plus tax. Includes herb starts and instruction. Bring your container or containers available for purchase.

**Daily Walking Tours Available**  
9:30 am, 10:30 am, 11:30 am, 1 pm, 2:30 pm, Advanced booking rate \$10 a person (Regularly \$12)  
Add a Lavender Gourmet Lunch Basket for \$25 more per person.

To book a reservation, call 808-878-3004 or email [reservations@akimaui.com](mailto:reservations@akimaui.com)  
Open daily 9 am – 4 pm. • [www.akimaui.com](http://www.akimaui.com)

**Available NOW exclusively at the Lavender Farm!**  
Stunning photography and useful information on lavender crafts and home uses, as well as 40 recipes incorporating lavender, make this hardcover book a treasure for gardeners, home crafters, cooks and anyone else who appreciates a little lavender in their life.



# 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](http://www.rurdev.usda.gov/recd_map.html)

Agricultural Marketing Resource Center (AgMRC)

<http://www.agmrc.org/>



# QUESTIONS ?

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Area Specialist

508-829-4477 x126

[James.Lavin@ma.usda.gov](mailto:James.Lavin@ma.usda.gov)



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# Thank You

