

Business Programs

Through its Business Programs, USDA Rural Development provides for business credit needs in under-served rural areas, often in partnership with private-sector lenders.

Commercial Lending

Business and Industry Guaranteed Loans

This program provides financial backing for rural businesses. Commercial loan guarantees are available up to 80 percent of the loan amount.

Assistance is available to virtually any legally organized entity, including:

- Individuals;
- Cooperatives;
- Corporations or partnerships;
- Trusts or other profit-oriented or nonprofit entities;
- Indian tribes or federally recognized tribal groups;
- Municipalities, counties, or other political subdivisions of a State.

The aggregate loan amount available to any one borrower under this program is limited to \$25 million at any given time. An exception to the limit is for cooperative organizations when the facility is located in a rural area and the facility provides value-added processing of an agricultural commodity. The maximum amount in such cases is \$40 million.

B&I loans are normally available in rural areas, which include all areas other than cities or towns of more than 50,000 people and the contiguous and adjacent urbanized area of such cities or towns. However, loans of up to \$25 million can be made for facilities located in non-rural areas, provided the business is a cooperative organization engaged in value-added processing and all members of the cooperative are located within 80 miles of the facility.

Revolving Loan Funds And Technical Assistance

Intermediary Relending Program Loans

USDA Rural Development lends funds to intermediaries, which, in turn, provide loans to finance business facilities and community development projects. Projects must be located in rural areas, which for the purposes of this program excludes cities with a population of 25,000 or more. Eligible intermediaries include public bodies, nonprofit corporations, Indian tribes, and cooperatives.

Rural Business Enterprise Grant Program

This program offers grants to public bodies, nonprofit corporations, and federally recognized Indian tribal groups to finance and facilitate development of small and emerging businesses located in rural areas.

Grant funds may be used for:

- Acquisition and development of land and the construction of buildings, plants, and equipment, access streets and roads, parking areas and utility and service extensions;
- Revolving loan funds;
- Fees for professional services, technical assistance, etc.

Rural Business Opportunity Grant Program

Under this program, funds are available for technical assistance and planning activities to improve economic conditions in rural areas.

Applicants must be located in rural areas (areas other than cities or towns of more than 50,000 people and the contiguous and adjacent urbanized areas of such cities or towns).

Rural Economic Development Loan and Grant Program

Loans and grants under this program are made to Rural Development Utilities Programs-financed telephone and electric borrowers to promote rural economic development and/or job creation projects in non-urban areas. Eligible purposes include, but are not limited to, project feasibility studies, startup costs, incubator projects, and other reasonable expenses. The maximum loan and grant to any eligible recipient is established on an annual basis.

Rural Business Investment Program

The Rural Business Investment Program (RBIP) promotes rural economic development through venture capital investment by for-profit Rural Business Investment Companies (RBICs).

USDA licenses newly formed for-profit entities as RBICs and provides financial assistance to fund their rural area investment activities. Additionally, USDA awards Operational Assistance grants to each RBIC for providing technical assistance to smaller enterprises.

As required in the authorizing statute, USDA has delegated to the Small Business Administration (SBA) many of the day-to-day responsibilities for the RBIP, including receipt of applications and most of the selection process for licensing as a RBIC. More information about all aspects of the RBIP is available in the regulations authorizing the program, at 7 CFR part 4290.

Renewable Energy and Energy Efficiency Improvement Grants

This program provides grants, loans, and loan guarantees to eligible farmers, ranchers, and rural small businesses to assist in developing renewable energy systems and make energy efficiency improvements. Projects provided assistance must be located in a rural area (any area other than cities or towns of greater than 50,000 population and the immediate and adjacent urbanized areas of the cities or towns).

Eligible small businesses include sole proprietorships, partnerships, corporations, and cooperatives organized in accordance with 501c(12) of the Internal Revenue Code. In addition, the applicant must meet the Small Business Administration's Small Business size standards.

For More Information

Detailed information and applications for financial assistance are available through State and local offices of USDA Rural Development. Some of the authorized programs described above require the implementation of regulations before they are available for funding projects. Consult your USDA Rural Development State Office for information on fund availability.

For more information on USDA Rural Development Business programs, you may also call the Rural Development National Office at (202) 720-0813, or connect to the Rural Development website: <http://www.rurdev.usda.gov>.

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