

# USDA Rural Development



# **Rural Development**

**We are a lending arm of the United States Department of Agriculture.**

**We work to improve the quality of life and increase the economic opportunities in rural America.**



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# *Does Your Community Have Any of These?*



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# **Rural Development Financing**

**These program may help!**

- **Business Programs**
- **Community Facilities**
- **Water and Waste Systems**



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# *Business Programs*



*Bale Band-It,  
Pittsfield, IL*

*Diversatech,  
Gridley, IL*



# **Guaranteed Business & Industry** **Loan Program (B&I)**

- **Purpose:**
  - **Spur Business activity and growth**
  - **Financial backing for businesses in rural areas**
  - **To create jobs and stimulate economic development**
  - **Build viable and sustainable rural communities with Guaranteed Loans**

# B&I Purpose is achieved by...

...bolstering the existing private credit structure by  
guaranteeing quality loans which will provide  
lasting community benefits.



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# B&I Eligibility

- ***Project***
  - Must be located in a rural area
    - Population less than 50,000
    - <http://eligibility.sc.egov.usda.gov/eligibility/>
- ***Lender***
  - Federal or state chartered banks
  - Farm Credit System institutions with direct lending authority
  - Savings & loan associations





# B&I Eligibility

- ***Borrower***
  - Sole proprietorship
  - Corporations
  - Cooperatives
  - Partnerships
  - Other legal entities, public & private, that are organized and operated on a profit or nonprofit basis
  - Must be at least 51% U.S. citizen/permanent resident alien owned



# B&I Loan Purposes

Loans up to \$25 million for:

- Business acquisitions
- Business conversion, enlargement, repair, modernization or development
- Purchase & development of land, easements, right-of-way, buildings or facilities
- Machinery & equipment
- Startup costs & working capital

# Example of use:

Community has site that is available to be developed and a business wishes to locate there or wishes to develop the site.

Guaranteed B&I Loan Program could be used to loan funds to business to purchase site and clean it up. There must be adequate security for the proposed loan.



# Rural Business Enterprise Grant (RBEG)



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# RBEG

## Purpose:

- Finance and facilitate development of private business enterprises.
- Help small businesses create/retain jobs.
  - **Small business = employ 50 or fewer new employees and has less than \$1 million in projected gross revenue**
  - **(Manufacturing and merchandising businesses may deduct cost of goods sold to determine “gross revenue” )**

# **RBEG**

## **Eligibility Requirements:**

- **Not For Profit/Public Bodies: Eligible entities receive the grant to assist businesses; the grant does not go directly to a business.**
- **Grant funds may not be passed through directly to a small business.**
- **Communities with less than 50,000 pop.**

# **RBEG**

## **Uses:**

- **Technical assistance for proposed grantee projects**
- **Purchase or develop land, easements and rights-of-way**
- **Construct or renovate buildings, machinery or equipment, access streets and roads, parking areas, utilities**
- **reasonable fees and charges for professional services necessary for the planning and development of the project**
- **providing financial assistance to small businesses through a revolving loan fund**

# **RBEG**

## **Example of use:**

- **Community or not for profit wishes to clean up a brownfield in order to facilitate economic development of their community. They have a small business that is interested in renting the site. The community could apply for a Rural Business Enterprise Grant to do the actual clean up and then rent to the business.**



# Rural Business Opportunity Grant (RBOG)



**City of Freeport and U of I Extension are working on a plan to help farmers & other entrepreneurs add value to their produce and market it.**

# RBOG

## **Purpose:**

**Finance technical assistance for business development.**

**Conduct economic development planning in rural areas.**

# **RBOG**

## **Eligibility Requirements:**

**Not For Profit/Public Bodies, and coops with primarily rural members.**

**Grant funds may not be passed through directly to a small business.**

**Communities with less than 50,000 pop.**

# RBOG

## Uses:

**Technical assistance, training, new business support centers, economic development plans.**

# RBOG

## Example of Use:

**Community or not for profit wishes to clean up a brownfield in order to facilitate economic development in their community. They could apply for a Rural Business Opportunity Grant to: do a study of how to clean it up and to create a plan for the clean up if there will be a benefit to local businesses.**

# Rural Economic Development Loans and Grants (REDLG)



**Country Health, Inc. in Gifford received funds from Eastern Illini Electric Coop for an expansion of their nursing home facilities. EIEC used REDLG funds for this project.**

# REDLG

## **Purpose:**

**Finance economic development and job creation through local utility companies.**



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# **REDLG**

## **Eligibility Requirements:**

**Electric & telephone utilities who are eligible for financing from the Rural Utilities Service may receive a REDLG to benefit communities with less than 50,000 population.**



# **REDLG**

## **Uses:**

**Establish revolving loan funds or lend funds to local non-profit and for profit businesses or public bodies that will create or retain jobs. Maximum grant to electric cooperative is \$300,000 and maximum loan is \$740,000.**

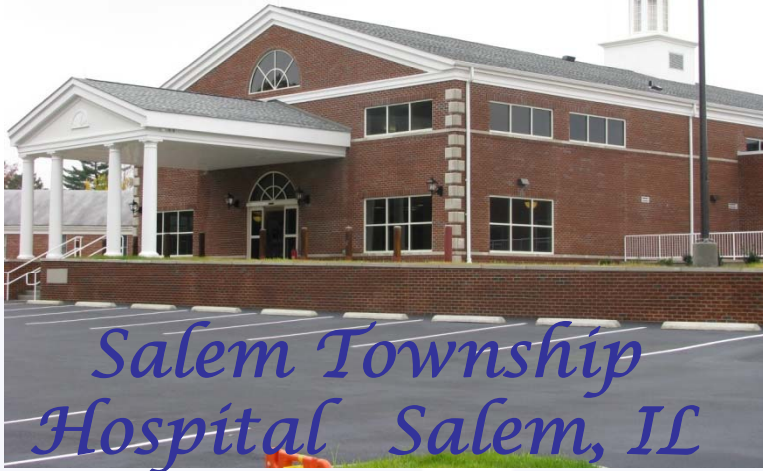


# **REDLG**

## **Example of Use:**

**Community has a brownfield they would like to clean up for business development. The electric coop could apply for a Rural Economic Development Loan/Grant. They then lend the money to the community at 0% interest for 10 years to do the clean up if local businesses would benefit.**

# Community Programs



*Salem Township  
Hospital Salem, IL*

*Eberhardt Village  
Arthur, IL*



*Piatt County Supported  
Living Facility*



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# Community Programs



*Dewitt Piatt Bi County Health  
Department,  
Clinton, IL*

*Flanagan-Graymont Fire  
Protection District*



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# *Community Facilities*

- **Purpose:**
  - Provide essential public services
  - Create jobs
  - Stimulate local economies



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# *Community Facilities*

## **USES:**

- **Buy and/or renovate facilities**
- **Purchase and equip facilities**
- **Access to health care**
- **Support for first responders**
- **Construction and repair of community facilities**



# *Community Facilities*

## **ELIGIBILITY:**

- **Local Governments**
- **Not for Profits**
- **Indian tribes**
- **Rural areas and towns of 20,000 or less**



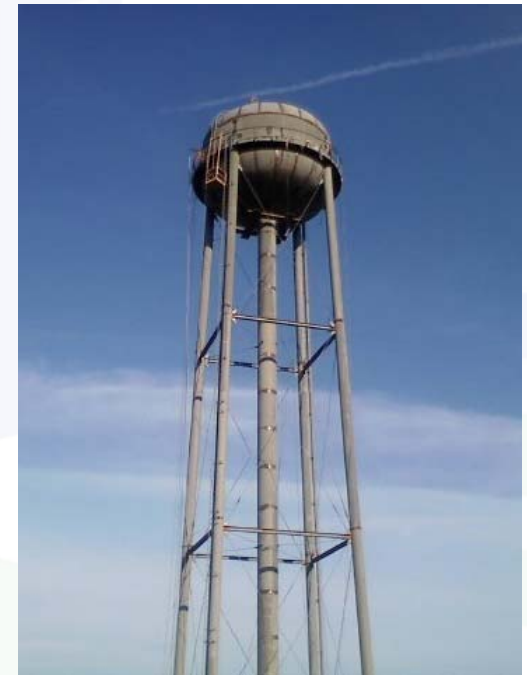
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# ***Water & Waste Programs***

*Village of Longview, IL*



*West Prairie Water District  
Arcola, IL*



*Sangamon Valley Public  
Water District  
Mahomet, IL*



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***Loans & Grants***



# **Water & Waste Programs**

## **Purpose:**

- Provide water and waste financing to provide safe, reliable drinking water, improve wastewater treatment systems, protect the environment

## **USES:**

- Drinking water systems
- Sanitary sewer
- Storm drainage



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# **Water & Waste Eligibility**

- **Public Entities**
- **Not for Profit Corporations**
- **Rural areas and towns of 10,000 or less**



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# **CF and Water & Waste**

## **Example of use:**

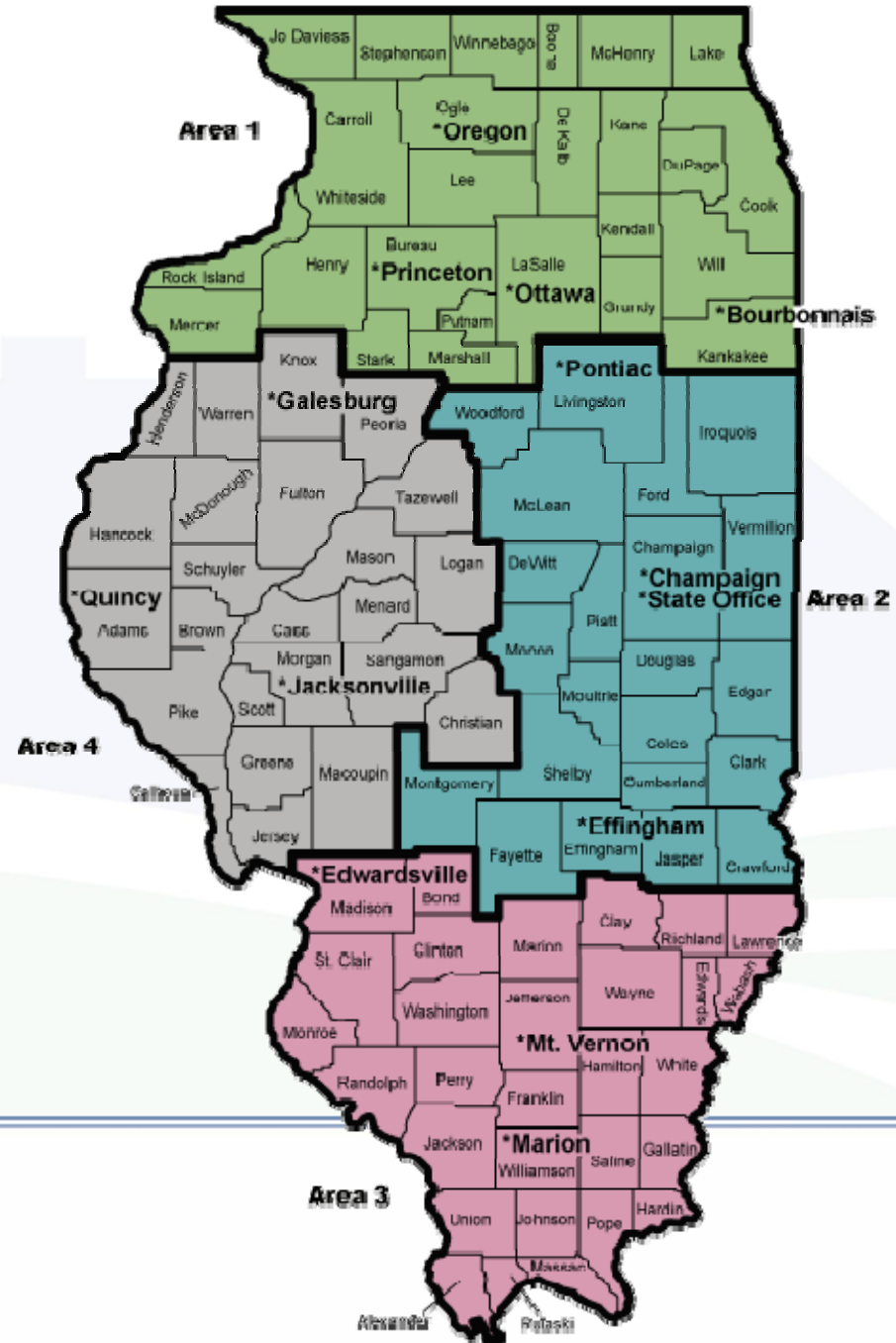
**Community may use these programs to fund a water treatment plant on a brownfield site or a build a water tower on the site.**



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USDA RURAL DEVELOPMENT

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# USDA



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