

## 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. Most of the programs in this fact sheet have a rural area requirement, which may vary between programs. See the “For More Information” section to learn how to determine if you are located in an eligible rural area for those programs with a rural area requirement.

### Commercial Lending

#### **Business and Industry Guaranteed Loans**

This program provides financial backing for rural businesses. Commercial loan guarantees are available for 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.

Business and Industry (B&I) loans are normally available in rural areas. 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, use the funds to capitalize a revolving loan fund and provide loans to finance business facilities and community development projects. Projects must be located in rural areas. 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;
- Technical assistance training, job training and instruction for adult students, etc.

#### **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 and used to make zero-interest-rate loans for rural economic development and/or job creation projects in non-urban areas. Eligible purposes include, but are not limited to: business start-up or expansion costs, business incubator projects,

health care, community facility and economic development projects, and feasibility studies 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 economic development by helping to meet the equity capital investment needs of smaller enterprises in areas that are primarily rural. USDA licenses newly formed for-profit investment fund entities as Rural Business Investment Companies (RBICs). RBICs use the equity raised in capitalizing their fund to make equity capital investments.

An entity is eligible to apply for an RBIC license if: the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity; the company has a qualified management team with experience in community development financing or relevant venture capital financing and the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller enterprises.

## ***Energy Programs***

### ***Rural Energy for America Program (REAP)***

This program provides grants and loan guarantees to eligible agricultural producers and rural small businesses to assist in purchasing, installing, and constructing renewable energy systems and making energy efficiency improvements to non-residential buildings and facilities. The program also provides grants to these same entities to conduct feasibility studies for renewable energy systems. Grants are also available under this program to units of governments, colleges and universities, rural electric cooperatives, and public power entities to conduct energy audits and provide renewable energy development assistance. Such audits and assistance must be for the benefit of agricultural producers and rural small businesses.

### ***Biorefinery Assistance Program***

This program provides loan guarantees of up to \$250 million for the development, construction, and retrofitting of commercial-scale biorefineries that produce advanced biofuels to assist in the development of new and emerging technologies for the development of advanced biofuels.

### ***Repowering Assistance Program***

This program provides reimbursement to biorefineries to replace fossil fuels used to produce heat and power with renewable biomass. These payments help offset the costs associated with converting existing fossil fuel

systems to renewable biomass fuel systems. To be eligible, the biorefinery must have been in existence on or before June 18, 2008.

### ***Advanced Biofuels Payment Program***

This program provides payments to eligible advanced biofuel producers for the amount of advanced biofuels produced from feedstock, other than corn kernel starch. Additional incentive payments may be made to certain producers who have increased their biofuel output over the previous year's production.

## ***For More Information***

Detailed information and applications for financial assistance are available through USDA Rural Development State and local offices. Consult your USDA Rural Development State Office for information on fund availability. To determine if you are located in a rural area eligible for any of the programs listed in this fact sheet, you may contact your State Office or use the Web tool at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do> and select "Business Programs" from the left-hand side of the Web page.

For more information on USDA Rural Development Business programs, you may also call Rural Development toll free, at (800) 670-6553, or connect to the Rural Development Website: <http://www.rurdev.usda.gov>.

Program Aid 1589  
Revised August 2012

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