



**President's Advisory Commission on
Asian Americans and Pacific Islanders (PAC-AAPI) Town Hall
June 11, 2020**

Venus Welch-White, PhD

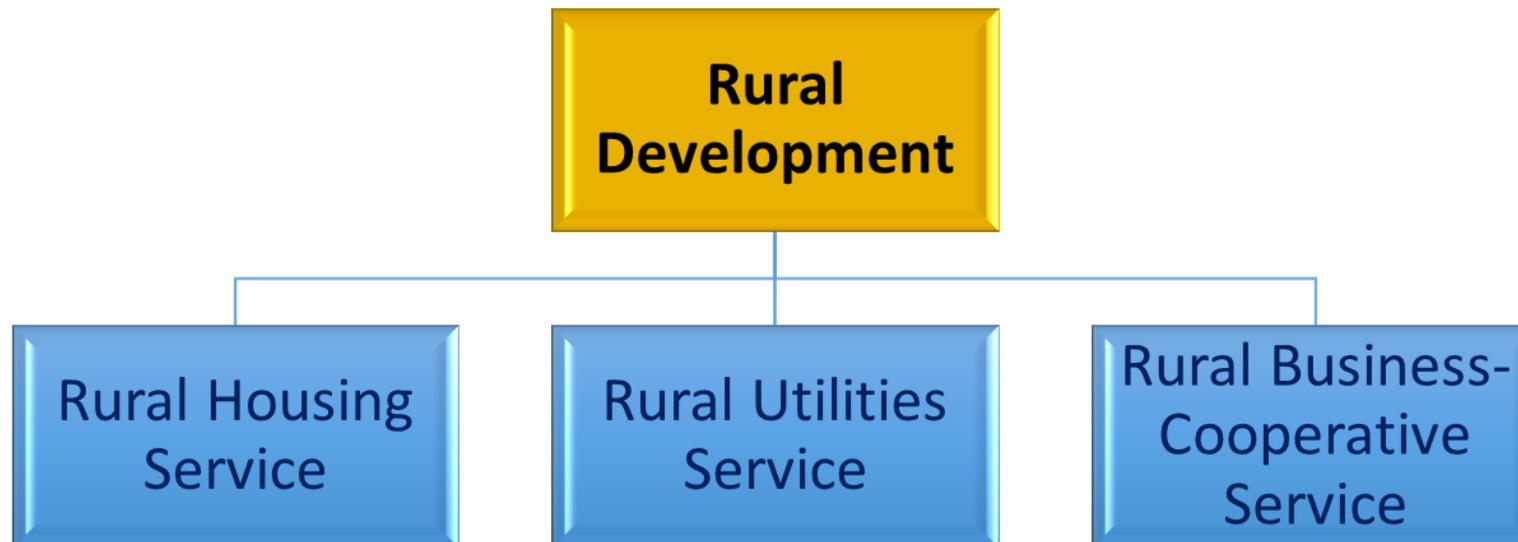
Rural Business-Cooperative Service (RBCS)

U.S. Department of Agriculture

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

USDA Rural Development's Mission

To assist rural communities in creating prosperity so they are self-sustaining and economically thriving through investments that create ladders of opportunity, build regional resilience, and support the growth of emerging markets.



B&I Programs and REAP Overview

Business & Industry Loan Guarantees (B&I)

The purpose of the B&I Guaranteed Loan Program is to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities (populations of 50K or less). This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans that will provide lasting community benefits.

Business & Industry CARES Act Loan Guarantees (B&I)

The purpose of the B&I Guaranteed Loan CARES Act Program is to provide loan guarantees to lenders for their loans to rural businesses (population of 50K or less) and agricultural producers to supplement their working capital to prevent, prepare for and respond to the economic impacts of the coronavirus.

Rural Energy for America Program (REAP)

(a) Grants or guaranteed loans, or a combination grant and guaranteed loan, for the purpose of purchasing and installing Renewable Energy Systems (RES) and Energy Efficiency Improvements (EEI), for Agricultural Producers (no pullulation limits) and Rural Small Businesses (population of 50K or less. Priority Application deadline for grants is Oct 30th, 2020 and March 30th 2021.

Rural Business Cooperative Service (RBCS) Program Funding Availability for FY 2020

	REAP	B&I	B&I CARES
Guaranteed Loans	\$500 Million	\$1.2 Billion	\$1 Billion
Grants	\$40 Million	n/a	n/a



B&I Guaranteed Loan Program

Eligible Borrowers include:

- For-profit businesses.
- Nonprofits.
- Cooperatives.
- Federally-recognized Tribes.
- Public bodies.



B&I Guaranteed Loan Program: Eligible Lenders

Lenders need the legal authority, financial strength and sufficient experience to operate a successful lending program.

Pre-approved lenders include:

- Federal or state-chartered banks.
- Savings and loans.
- Farm credit banks.
- Credit unions.



B&I CARES Act Program: Different than the (Regular) B&I Program



Limited Loan Purposes: Working Capital Loans Only!

- ❖ *Includes: Payroll Costs, Healthcare Benefits, Salaries, Principal and Interest Payments, Rent/Leases, Utilities, Inventory and Supplies*



**Loans have a 90% Guarantee,
2% Guarantee Fee**



**New Eligible Purposes:
Expanded to Include Ag Production**



**Modified Terms:
Repayment Up to 10 Years
Deferrals – Principal up to 3 Years
Interest up to 1 year**



Capital & Equity Requirements

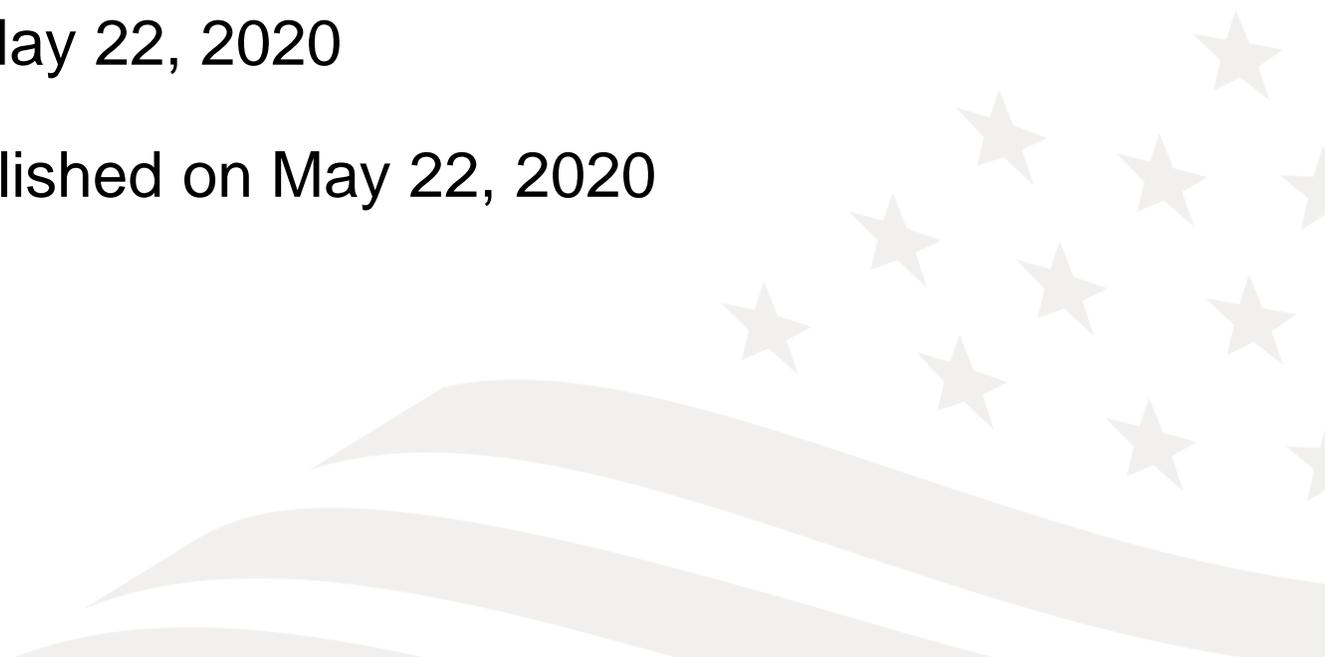


**Collateral Discounting by the
Lender is not Required**

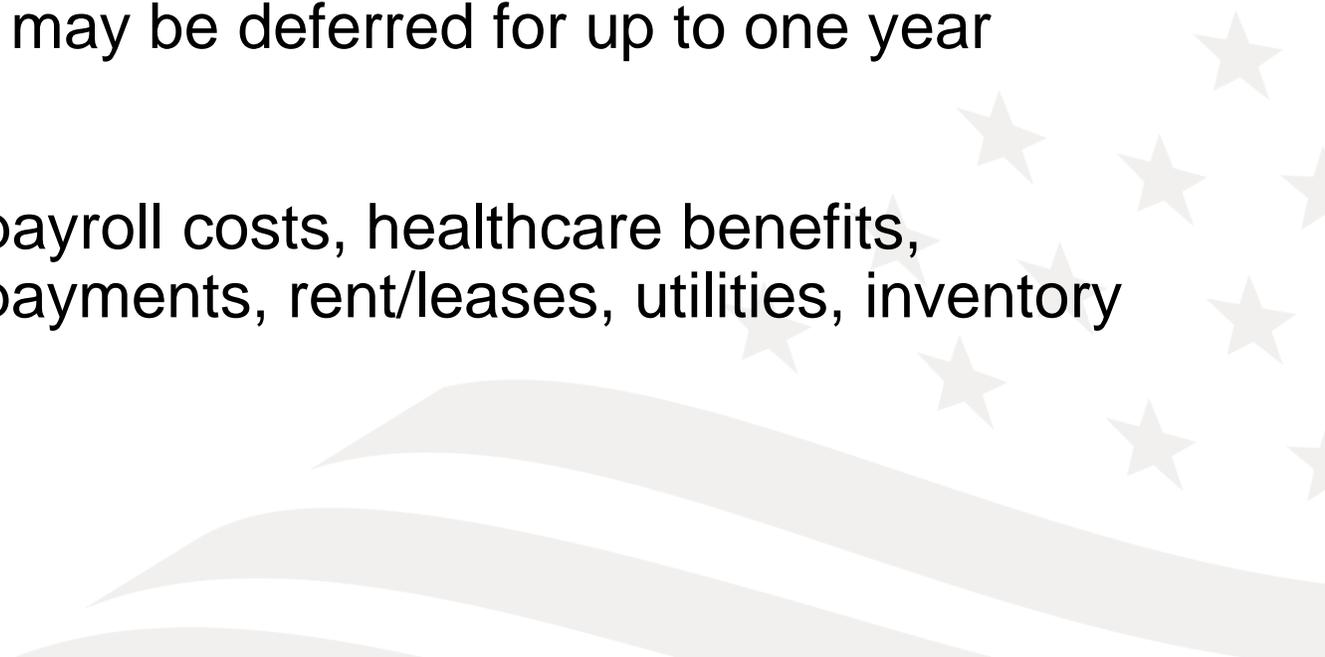


**Maximum Loan Amount:
\$25 million**

B&I CARES Act Program Implementation

- Appropriated \$20.5M in program level; supporting up to \$1B in lending authority
 - Available until expended, not to exceed September 30, 2021
 - Interim Final Rule published on May 22, 2020
 - Notice of Funding Availability published on May 22, 2020
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B&I CARES Act Program Provides:

- Increased maximum repayment term to 10 years.
 - Loan principal payments may be deferred for up to 3 years from the loan closing. Interest payments may be deferred for up to one year from loan closing.
 - Eligible loan purposes include payroll costs, healthcare benefits, salaries, principal and interest payments, rent/leases, utilities, inventory and supplies.
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B&I CARES Act Program Application Requirements

- Loans for working capital are classified as categorical exclusions for purposes of the Agency's environmental requirements
- A draft loan agreement is not required at the time of application
- A business plan or feasibility study is not required
- Lenders may substitute and rely on the borrower's tax returns when financial statements prepared in accordance with GAAP are not available from the borrower
- Agricultural producers' financial records must meet the industry's standard accounting practices
- We encourage the use of § 4279.161(c), simplified applications, for loan applications of \$600,000 and less.

B&I CARES Act Program Processes and Procedures

- Applications are received and processed in the RD State Office
- Funds will be maintained in a National Reserve account
- The Agency will consider applications in the order they are received
- Toward the end of the funding period the Agency will assign priority points for the limited remaining funds, and for this purpose the Agency will compare an application to other pending applications that are competing for funding in accordance with 7 CFR 4279.166.



B&I CARES Act Program: Combined Applications

A lender or borrower may combine applications for a B&I CARES Act Program loan for working capital with an application for the standard B&I Guaranteed Loan Program using appropriated fiscal year funds.

The provisions of the B&I CARES Act Loan Program section do not apply to applications for B&I appropriated fiscal year funds.

Business & Industry Loan Guarantees

Eligible Borrowers

- Any legal entity, including nonprofit organizations, Federally recognized tribal groups, public bodies and individuals
- Individual borrowers must be US citizens or permanent residents. Corporations must be at least 51 percent owned by US citizens or permanent residents.
- Must be in an eligible rural area.

Typical Loan Purposes

- Real estate purchase and improvements
- Machinery and equipment purchase
- Working capital
- Integrated agriculture production/processing facilities--agricultural-production portion of any loan will not exceed 50 percent of the total loan or \$1 million, whichever is less
- Debt refinancing and business acquisitions - under certain conditions

Loan Structure

- Negotiated by the lender and borrower
- Rates can be Fixed/Variable/Combination, but cannot vary more often than quarterly
- Origination fees and prepayment penalties are permitted
- No balloon payments

Rural Energy for America Program (REAP)

Eligible Applicants	Rural Small Businesses	Agricultural Producers
Eligible Projects	Renewable Energy Systems	Energy Efficiency Improvements

Grants

*Up to 25% of Total Eligible Project Costs

Guaranteed Loans

*Up to 75% of Total Eligible Project Costs

Details

- USDA guarantees a commercial loan; applicant must have a willing lender.
- Terms are negotiated between the lender and borrower.
- Fees, appraisals, equity & collateral requirements apply.



For More Information and How to Apply

- **Business & Industry CARES Act Loan Guarantees (B&I)**
• <https://www.rd.usda.gov/programs-services/business-and-industry-cares-act-program>
- **Business & Industry Loan Guarantees (B&I)**
• <https://www.rd.usda.gov/programs-services/business-industry-loan-guarantees>
- **B&I Points of Contact:**
 - Aaron Morris, Director, Program Processing Division Aaron.Morris@usda.gov
 - David Chestnut, Branch Chief, Program Management Division David.Chestnut@usda.gov
- **Rural Energy for America Program (REAP)**
www.rd.usda.gov/reap
- http://www.rd.usda.gov/files/RBS_StateEnergyCoordinators.pdf

The screenshot shows the USDA Rural Development website. The header includes the USDA logo and navigation links like Home, About RD, Programs & Services, Browse by State, Newsroom, Publications, and Contact Us. The main content area is titled 'State Offices' and lists contact details for several states:

State	Director	Address	Voice	Fax	Website
Alabama	Chris Beeker, III	State Director, Sterling Centre, Suite 601, 4121 Carmichael Road, Montgomery, AL 36106-3683	(334) 279-3400	(855) 304-8456	http://www.rd.usda.gov/al
Alaska	Jerry Ward	State Director, 800 West Evergreen, Suite 201, Palmer, AK 99645-0539	(907) 761-7705	(907) 761-7783	www.rd.usda.gov/ak
Arizona	J.C. Sherman III	State Director, 230 North First Avenue, Suite 206, Phoenix, AZ 85003-1706	(602) 280-8701	(855) 699-8035	
Nebraska	Karl Elmshaeuser	State Director, Federal Building, Suite 308, 100 Centennial Mall North, Lincoln, NE 68508-3859	(402) 437-5551	(855) 207-0384	www.rd.usda.gov/ne
Nevada	Philip Cowee	State Director, 1390 South Curry Street, Carson City, NV 89703-9910	(775) 887-1222	(775) 885-0841	www.rd.usda.gov/nv
New Jersey	Kenneth C. Drewes	Acting State Director, 521 Fellowship Road, Suite 130, Mt. Laurel, NJ 08054	(856) 787-7700	(855) 305-7343	

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

Additional USDA COVID Information and Resources

<https://www.usda.gov/coronavirus>

The screenshot shows the USDA Rural Development website's COVID-19 response page. The header includes the USDA logo and navigation links. A large banner features a 3D model of a coronavirus particle with the text "Rural Development COVID-19 Response". Below the banner, there are two blue buttons: "COVID-19 Federal Rural Resource Guide" and "Immediate Actions Factsheet". The "Resource Guide" button has links for PDF in English and Spanish. The "Factsheet" button has links for Word Document, PDF in English, and PDF in Spanish. A text block on the left provides an update from June 1, 2020, stating that USDA Rural Development has taken immediate actions to help rural residents and businesses.

The screenshot shows the USDA Media page. The top navigation bar includes "HOME", "TOPICS", "OUR AGENCY", and "MEDIA". A sidebar on the left lists "Blog Categories" such as Animals (45), Biotechnology (3), Broadband (10), Climate (15), Conservation (61), Disaster (7), Energy (5), Farming (43), Food and Nutrition (103), Forestry (141), Health and Safety (67), Initiatives (42), Plants (1), Recreation (6), and Research and Science (212). The main content area features a headline: "USDA Now Accepting Applications for Coronavirus Food Assistance Program". Below the headline, it says "Posted by Richard Fordyce, Farm Service Agency Administrator in Farming" and "May 29, 2020". A large image of a red barn is shown with the text "CORONAVIRUS FOOD ASSISTANCE PROGRAM" and "Now Accepting Applications www.farmers.gov/CFAP or 877-508-8364". A caption below the image states: "Producers can apply now through August 28, 2020, for direct assistance through the Coronavirus Food Assistance Program."

<https://www.rd.usda.gov/coronavirus>

<https://www.farmers.gov/cfap>



Dr. Venus Welch-White

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Rural Business-Cooperative Service | Business Development Division

U.S. Department of Agriculture | Rural Development

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