



## CDFA-ARI Rural Finance Webinar Series

# Welcome

The Broadcast will begin at 1:00 PM (Central)

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conversation  
today. Send us  
your questions  
and comments!



## CDFA-ARI Rural Finance Webinar Series

### Moderator

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**James Metz**

Coordinator, Research & Technical Assistance  
Council of Development Finance Agencies

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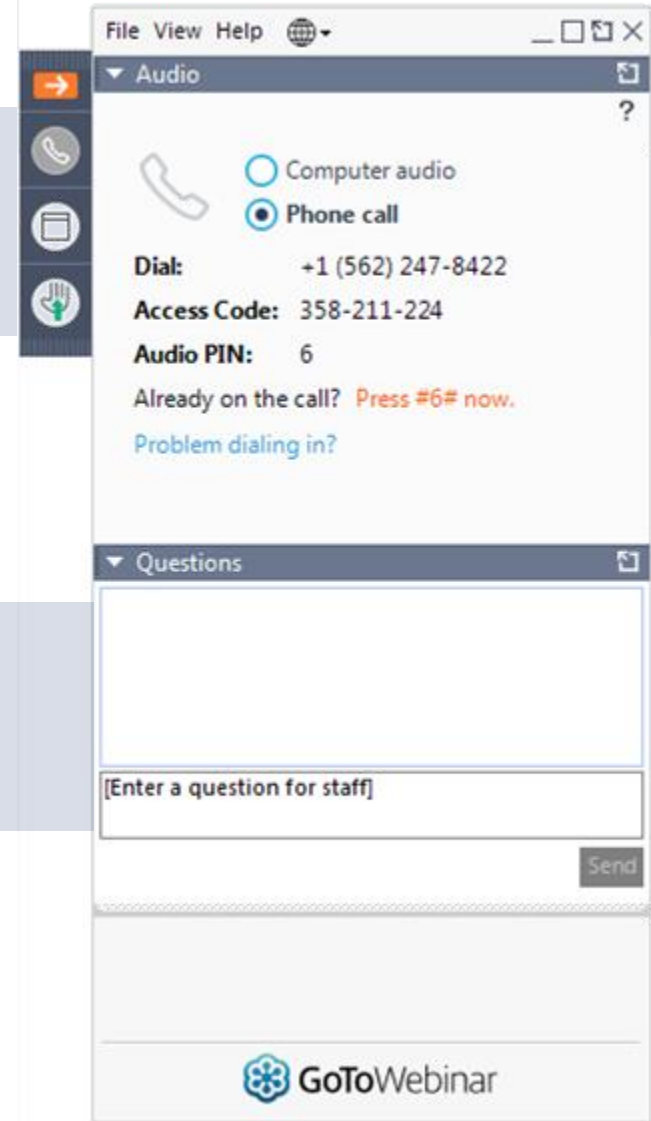
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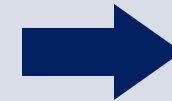
Using your telephone will give you better audio quality.



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Submit your questions to the panelists here.







# CDFA-ARI Rural Finance Webinar Series

## Panelists



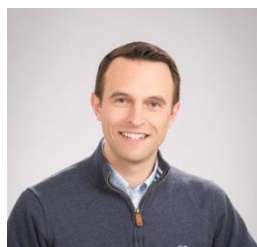
**Katie Kramer**

Vice President  
Council of Development Finance Agencies



**Karama Neal**

President  
Southern Bancorp Community Partners



**Andy Struckhoff**

President  
PGAV Planners



**Jim Parks**

President & CEO  
Louisiana Public Facilities Authority



**George Crawford III**

Member  
Butler Snow LLP



**Gregory Dale**

Southern Regional Coordinator  
USDA Rural Development

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**Katie Kramer**

Vice President  
The Council of Development Finance Agencies

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# Development Finance for Rural Communities: COVID-19



Education · Advocacy · Research · Resources · Networking

Katie Kramer  
Vice President  
Council of Development Finance Agencies  
May 6, 2020

# CARES Act Overview

- ▶ Coronavirus Aid, Relief, and Economic Security Act
- ▶ Congress' third stimulus aid package for coronavirus relief
- ▶ **\$2 trillion total**
  - Individuals: \$560 billion (estimated)
  - State and Local governments: \$340 billion
  - Small Businesses: \$377 billion
  - Big Corporations: \$500 billion
  - Public Health: \$153 billion

# Additional Stimulus Funding

- ▶ Paycheck Protection Program and Health Care Enhancement Act
- ▶ Passed April 23, 2020, additional **\$484 billion**
  - ▶ \$310 billion for the Paycheck Protection Program (PPP)
  - ▶ \$10 billion for the Emergency Economic Injury Disaster (EIDL) Grants
  - ▶ \$75 billion for health care providers
  - ▶ \$25 billion to expand testing capacity

# New Programs

## ► Paycheck Protection Program – U.S. Small Business Administration

- \$349 billion forgivable loan program, up to \$10 million per small business
- Provides 8 weeks' worth of payroll and overhead expenses
- The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. 75% of loan must be for payroll
- Loan payments will be deferred for six months.
- This loan has a maturity of 2 years and an interest rate of 1%.
- Through April 13, 2020, the SBA has guaranteed over 1 million loans under the Paycheck Protection Program.



# New Programs

## ▶ **Economic Injury Disaster Loan – U.S. Small Business Administration**

- Working capital loans of up to \$2 million
- Eligible applicants: sole proprietorships, independent contractors and self-employed persons, private non-profit organization or 501(c)(19) veterans organizations with under 500 employees
- Loan advances of up to \$10,000 for temporary revenue losses are also available, and do not have to be repaid

## ▶ **SBA Debt Relief – Small Business Administration**

- SBA is paying the interest, fees, and principal of current 504, 7(a), and microloans for the next six months

## ▶ **SBA Express Bridge Loan – Small Business Administration**

Allows businesses to access \$25,000 quickly to bridge the gap while waiting for the approval of an Economic Injury Disaster Loan

# Other Initiatives in the CARES Act

## ► **Coronavirus Relief Fund**

- Managed by Treasury, allocated to all states and select large local governments
- Rural local governments should be proactive in reaching out to their state for allocations
- Funding for expenses incurred due to the COVID-19 crisis, including increased expenditures for health and economic distress

## ► **Municipal Liquidity Facility – Department of the Treasury**

- States and eligible local governments establishing bond banks
- One per state
- Local Government: cities 250,000+ residents; counties 500,000+ residents
- Allows Federal Reserve to buy muni bonds directly from gov't agencies

# Supplemental Appropriations

## ► **Agriculture, Rural Development, FDA, Related Agencies - \$34 billion**

USDA Rural Development – \$145 million

Rural Business Cooperative Service – \$20 million

Distance Learning, Telemedicine, and Broadband program – \$25 million

USDA Food and Nutrition Service – \$25 billion

### **Secretary Perdue Statement on Economic Injury Disaster Loans Being Available to U.S. Agricultural Businesses Impacted by COVID-19 Pandemic**

USDA confirms that agricultural producers, for the first time, are now eligible for the Small Business Administration (SBA)'s Economic Injury Disaster Loan (EIDL) and EIDL Advance programs.

<https://www.usda.gov/media/press-releases/2020/05/04/secretary-perdue-statement-economic-injury-disaster-loans-being>

# Supplemental Appropriations

- ▶ **Department of Commerce - \$1.8 billion**

- Economic Development Administration - \$1.5 billion

- Manufacturing Extension Partnership – \$50 million

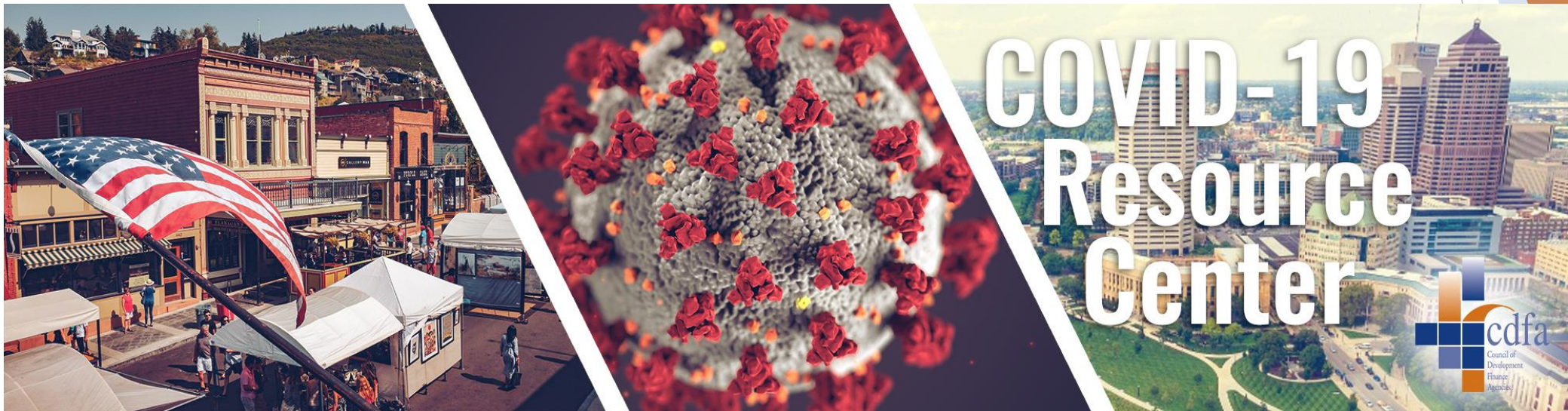
# Supplemental Appropriations

## ► Department of Housing and Urban Development - \$17 billion

- Community Development Block Grant - \$5 billion
- CDBG-CV in three rounds
  - **\$2 billion already distributed** based on the FY20 allocation formula to entitlement, state, and insular area grantees
  - **\$1 billion** will be distributed to **states** and insular areas "based on public health needs, risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruptions, and other factors"
  - **\$2 billion** will be distributed "directly to the State or unit of general local government, at the **discretion of the Secretary**, according to a formula based on factors to be determined by the Secretary, prioritizing risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruptions resulting from coronavirus"
  - Technical assistance grants available to governments needing assistance to deploy CDBG-CV funds

# Resources at Your Fingertips

- ▶ CDFA COVID-19 Resource Center



<https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/COVID-19.html>





## COVID-19 Resource Center

**Development finance has always been at the forefront of recovering from natural disasters and economic challenges. The CDFA COVID-19 Resource Center is a collection of financing programs and resources to address disaster relief and recovery.**

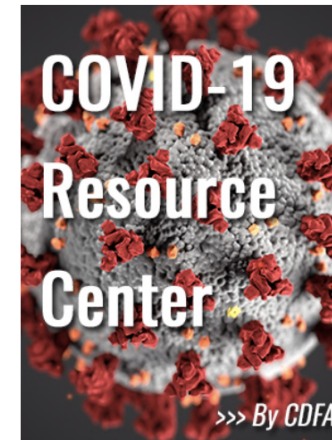
As the situation surrounding COVID-19 evolves, small businesses and communities across the country will very quickly face liquidity challenges, job losses, and project stagnation. Credit will be tightening and small businesses will struggle to make payroll while communities will be forced to scale back or halt infrastructure development. Moreover, communities are facing difficulties financing critical infrastructure such as health facilities, broadband networks, and testing centers to address local COVID-19 demands.

Development finance agencies are uniquely positioned to solve these challenges through pragmatic solutions and adjustments to existing initiatives. CDFA developed this COVID-19 Resource Center to serve as a central hub of everything the development finance world is doing to mitigate the impacts of COVID-19.

Tune in to CDFA's **Weekly Development Finance COVID-19 Briefing** to stay at the forefront of the development finance community's mitigation and recovery efforts.

Subscribe to CDFA's **COVID-19 Recovery & Relief Update** newsletter for regular updates on relief and recovery financing initiatives.

⇒ **Subscribe**



+ [CDFA's COVID-19 Comprehensive Recovery Strategy](#)

+ [Weekly Development Finance COVID-19 Briefings](#)

+ [State Response Map](#)

+ [COVID-19 Recovery & Relief Resources](#)

+ [Headlines](#)




# Resources at Your Fingertips

- ▶ CDFA COVID-19 Recovery & Relief Update Newsletter

<https://www.cdfa.net/cdfa/cdfaweb.nsf/newsletter.html?open&id=562A7E10D100B739C76792F8EB00B312>





## COVID-19 Recovery & Relief *UPDATE*

The Latest Headlines Covering COVID-19 Recovery & Relief

### Spotlight

**Subscribe Now to CDFA's New COVID-19 Recovery & Relief Update Newsletter!**  
CDFA is launching a weekly newsletter covering how development finance is addressing disaster relief and recovery with a special focus on the COVID-19 pandemic. Subscribe now to this free offering from CDFA to keep receiving this content in the future!

**Listen: COVID-19 Weekly Development Finance Briefing - April 3 (Free Recording)**  
During the April 3, 2020 Weekly COVID-19 Development Finance Briefing, experts from the North Carolina Rural Center, the Local Initiatives Support Corporation, and the New Orleans Business Alliance discussed their respective approaches to local financing programs to support small businesses.

### Features

**SBA, Treasury Launch \$349B Paycheck Protection Program**  
The CARES Act establishes a new \$349 billion Paycheck Protection Program that will provide much-needed access to capital so they can sustain their businesses and keep their workers employed. The new loan program will be available retroactive from Feb. 15, 2020, so that employers can rehire their recently laid-off employees through June 30, 2020.

**What Each State Is Doing to Help Restaurants Harmed by COVID-19**  
Many states are loosening liquor laws and extending tax deadlines, and some are offering low- or no-interest loans or grants. See what forms of assistance are available in your state.

**Announcing the CDFA-ARI Rural Finance Webinar Series**  
CDFA is pleased to announce the CDFA-ARI Rural Finance Webinar Series, a free, informative, and time-sensitive online series to serve rural America and the unique challenges they face. Join us on April 15, 2020, for the first installment of this series, where we will explore the immediate COVID-19 response and resources at the state, local, and national levels that local leaders can use to reduce the impact of this crisis.

# Resources at Your Fingertips

## ► CDFA Weekly Development Finance COVID-19 Briefings

### ◦ Weekly Development Finance COVID-19 Briefings

CDFA will be hosting a weekly briefing about development finance COVID-19 news and resources. These one-hour phone calls will feature legislative updates, news from our members, state and local financing strategies, and lessons learned from previous development finance responses to disasters.

CDFA's Weekly Development Finance COVID-19 Briefings will be held every Friday at 1:00 PM (Eastern) through May 29, 2020:

- **March 27 | Federal, State, and Local Responses to COVID-19**
- **April 3 | Innovative Small Business Relief Programs**
- **April 10 | Strategies for Catalyzing Investment in Communities**
- **April 17 | Latest Movements in the Capital Markets**
- **April 24 | Updates from SBA and HUD on PPP, EIDL, CDBG**
- **May 1 | Impact Investors' Responses to COVID-19**
- **May 8 | Capital Solutions: Realigning Assets, Evaluating Risk**
- May 15
- May 22
- May 29

Click register to confirm your interest and to receive weekly reminders with the dial-in information and agenda.

⇒ Register

<https://www.cdfa.net/cdfa/webcasts.nsf/register?open&set=COVID-19%20Weekly%20Briefings&events=7221789883>



# Resources for Rural Communities

- ▶ **CDFA Intro Rural Finance Course**  
<https://www.cdfa.net/cdfa/cdfaweb.nsf/0/B94D1C01F1C3294F88257DE9006F429A>
- ▶ **CDFA Online Resource Database: 565 Rural Development Resources**  
<https://www.cdfa.net/cdfa/cdfaweb.nsf/websearch.html?open&type=resource&categories=Rural+Development&sort=newest+first>
- ▶ **CDFA Federal Financing Clearinghouse: 87 Rural Resources**  
<https://www.cdfa.net/cdfa/cdfaweb.nsf/ffcresults.html?open&t=keyword&q=rural>

# Resources for Rural Communities

- ▶ **USDA Rural Development**  
<https://www.rd.usda.gov/>
- ▶ **USDA COVID-19 Federal Rural Resource Guide**  
[https://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=COVID-19\\_USDA\\_Federal-Resource-Guide.html](https://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=COVID-19_USDA_Federal-Resource-Guide.html)
- ▶ **EPA Smart Growth in Small Towns and Rural Communities**  
<https://www.epa.gov/smartgrowth/smart-growth-small-towns-and-rural-communities>
- ▶ **HUD Rural Gateway**  
<https://www.hudexchange.info/programs/rural/>
- ▶ **SBA Rural Initiative Pilot Program**  
<https://www.sba.gov/partners/lenders/cdc504-loan-program/rural-initiative-pilot-program>

# Resources for Rural Communities

- ▶ **Rural Community Assistance Partnership**  
<https://www.rcap.org/>
- ▶ **Rural LISC**  
<https://www.lisc.org/rural/>
- ▶ **Center for Rural Affairs**  
<https://www.cfra.org/>
- ▶ **Rural Opportunity Map**  
<https://ruralopportunitymap.us/>
- ▶ **National Rural Economic Developers Association**  
<https://www.nreda.org/>
- ▶ **Economic Development in Rural Areas | Harvard Institute for Strategy & Competitiveness**  
<https://www.isc.hbs.edu/competitiveness-economic-development/research-and-applications/pages/economic-development-in-rural-areas.aspx>

# Advancing Development Finance Knowledge, Networks & Innovation

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- ▶ Exclusive Access to the CDFA Online Resource Database and Federal Financing Clearinghouse
- ▶ Free Job and RFP Postings



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**[@CDFA\\_Update](https://twitter.com/CDFA_Update)**  
**[@CDFA\\_LegFed](https://twitter.com/CDFA_LegFed)**



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**George Crawford III**

Member  
Butler Snow LLP

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## **The Paycheck Protection Loan Program and Economic Injury Disaster Loan Program under the CARES Act**

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## General Eligibility Requirements for the Paycheck Protection Program (PPP)

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- A small business with fewer than 500 employees during the period between February 15, 2020 – June 30, 2020 or a small business with more than 500 employees between February 15, 2020 – June 30, 2020 that otherwise meets the SBA's size standard requirements.
- 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees.
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.
- SBA Affiliation rules are waived for any the business and that (i) is assigned a NAICS code beginning with 72 (Accommodations and Food Services) (ii) is a franchise listed in the SBA's Franchise Directory, (iii) receives financial assistance from small business investment companies licensed by the SBA, or (iv) is a faith-based organization.

## How is the loan size determined?

- The maximum loan size is \$10 million.
- If you were in business February 15, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs incurred during the 1 year period before the origination date of the PPP loan. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.
- If you were not in business between February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.
- If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020 and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount (less the EIDL advance) to the payroll sum. If EIDL was used for payroll purposes, then refinancing the EIDL in the PPP loan is mandatory.

## What costs are eligible for Payroll?

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent – capped at \$100,000.00)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees
- Costs that are **not** eligible for Payroll are (i) Taxes imposed or withheld under chapters 21 (FICA), 22 (Railroad Retirement Tax), and 24 (Payroll Taxes) of the IRS code (ii) Compensation of employees whose principal place of residence is outside of the U.S., (iii) Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act, and (iv) Employee/owner compensation in excess of \$100,000 prorated for the 8-week period.



## PPP Loan Proceeds can be *forgiven if* used for the following (eligible expenses):

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- 75% of the loan proceeds must be allocated to Payroll costs.
- 25% of the loan proceeds may be allocated towards:
  - Payments of interest on any mortgage obligation incurred prior to February 15, 2020 (which shall not include any prepayment of or payment of principal on a mortgage obligation).
  - Rent (including rent under a lease agreement) in force before February 15, 2020
  - Utilities, for which service began before February 15, 2020.
  - Interest on any other debt obligations that were incurred before February 15, 2020.
- A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the above during the 8-week period after the origination date of the loan. Loan forgiveness may be reduced if certain employee (FTE only) and wage measurables are not maintained. Any portion of the loan that is not forgiven will convert into a 2 year loan with a fixed interest rate of 1.0% and a 10 yr. amortization.

## Closing Thoughts: PPP Loans

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- No personal guaranties, collateral required, SBA fees, or prepayment penalty
- No discharge of indebtedness income attributable to PPP Loans that are forgiven under the CARES Act
- Future guidance concerning “forgiveness” of PPP loans
- Meaning of certification that “current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant”
- SBA review of PPP loans of \$2MM and higher

## Economic Injury Disaster Loan Program under the CARES Act

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- The Economic Injury Disaster Loan Program is the SBA's primary program for providing financial assistance to small businesses, private nonprofit organizations, and small agricultural cooperatives that are in a disaster area and suffered substantial economic injury as a result of the disaster.
- The maximum loan amount for an EIDL is \$2MM. The term and amortization of the EIDL is determined on a case-by-case basis with a maximum of 30 years. The interest rate is fixed at 3.75% for businesses and 2.75% for nonprofits.
- The CARES Act has expanded the EIDL program by providing for longer term loans and more favorable borrowing terms.



## Who is now eligible for and EIDL?

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- During the period beginning on January 31, 2020 and ending on December 31, 2020, in addition to small businesses, private nonprofit organizations, and small agricultural cooperatives, the following shall be eligible for Economic Injury Disaster Loans:
  - a business with not more than 500 employees;
  - any individual who operates under a sole proprietorship, with or without employees, or as an independent contractor;
  - a cooperative with not more than 500 employees;
  - an ESOP (as defined in section 3 of the Small Business Act (15 U.S.C. 632)) with not more than 500 employees; or
  - a tribal small business concern, as described in section 31(b)(2)(C) of the Small Business Act (15 U.S.C. 657a(b)(2)(C)), with not more than 500 employees.

## What EIDL rules and requirements have been waived?

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- With respect to Economic Injury Disaster Loans made during the period beginning on January 31, 2020 and ending on December 31, 2020, the SBA shall waive:
  - any rules related to the personal guarantee on advances and loans of not more than \$200,000 during the period beginning on January 31, 2020 and ending on December 31, 2020, for all applicants;
  - the requirement that an applicant needs to be in business for the 1-year period before the disaster, except that no waiver may be made for a business that was not in operation on January 31, 2020; and
  - the requirement that an applicant be unable to obtain credit elsewhere.

## CARES Act provides more flexibility in SBA approval process

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- With respect to Economic Injury Disaster Loans made during the period beginning on January 31, 2020 and ending on December 31, 2020, the SBA may:
  - approve an applicant based solely on the credit score of the applicant and shall not require an applicant to submit a tax return or a tax return transcript for such approval; or
  - use alternative appropriate methods to determine an applicant's ability to repay.

## EIDL Applicants can now receive emergency funding under the CARES Act

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- During the period beginning on January 31, 2020 and ending on December 31, 2020, those eligible to apply for Economic Injury Disaster Loans may request that the SBA advance certain amount to the applicant within 3 days after the SBA receives an application from the applicant (an “**Emergency Grant**”). Moreover, Title I provides the following regarding the Emergency Grant:

### Verification

- Before disbursing an Emergency Grant, the SBA shall verify that the applicant is an eligible entity by accepting a self-certification from the applicant under penalty of perjury.

## EIDL Applicants can now receive emergency funding under the CARES Act

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### Amount

- The amount of an Emergency Grant shall be not more than \$10,000.

### Use of Funds

- An Emergency Grant may be used to address any allowable purpose of an Economic Injury Disaster Loan, including:
  - providing paid sick leave to employees unable to work due to the direct effect of the COVID-19;



## EIDL Applicants can now receive emergency funding under the CARES Act

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- maintaining payroll to retain employees during business disruptions or substantial slowdowns;
- meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains;
- making rent or mortgage payments; and
- repaying obligations that cannot be met due to revenue losses.

### Repayment

- An applicant shall not be required to repay an Emergency Grant, even if subsequently denied an Economic Injury Disaster Loan.

## EIDL Applicants can now receive emergency funding under the CARES Act

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### Unemployment Grant

- If an applicant that receives an Emergency Grant transfers into, or is approved for, a 7(a) Loan, which includes 7(a) Paycheck Protection Loans, the Emergency Grant shall be reduced from the loan forgiveness amount for a loan for payroll costs made under the 7(a) Program.

### Termination

- The authority to carry out Emergency Grants shall terminate on December 31, 2020.



## Closing thoughts: EIDLs

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- No option to convert to a grant or be forgiven like PPP loan
- Less scrutiny than PPP loan
- Scenario where borrower can obtain both PPP loan and EIDL
- Favorable loan terms



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**Gregory Dale**

Southern Regional Coordinator  
USDA Rural Development

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# RURAL DEVELOPMENT COVID-19 Measures for Rural Communities



# Online COVID-19 Resources

- New COVID-19 Website
- Daily updates with stakeholder announcements and resources for rural lenders
- FAQs for borrowers
- Links to USDA COVID-19 website

**[rd.usda.gov/coronavirus](https://rd.usda.gov/coronavirus)**



**Rural Development COVID-19 Response**

HOME > CORONAVIRUS RESPONSE

Coronavirus.gov CDC USDA

**Updated April 14, 2020** — USDA Rural Development has taken a number of immediate actions to help rural residents, businesses, and communities affected by the COVID-19 outbreak. Rural Development will keep our customers, partners, and stakeholders continuously updated as more actions are taken to better serve rural America. Please bookmark this page and check back regularly as circumstances are changing daily and the width and depth of our responses to your questions and concerns will certainly increase. A PDF of all Immediate Actions to date is available in [English](#) and [Spanish](#).

**COVID-19 Federal Rural Resource Guide**  
A resource for rural leaders looking for federal funding and partnership opportunities to help address this pandemic.

**Responding to COVID-19**  
Rural Americans rising to the occasion and helping during this difficult time.

# Online COVID-19 Resources (cont.)



## COVID-19 Federal Rural Resource Guide

USDA and its Federal partners have programs that can be used to provide immediate and long-term assistance to rural communities affected by the COVID-19 outbreak. These programs can support recovery efforts for rural residents, businesses and communities through:

- technical, training, and management assistance;
- financial assistance; and
- state and local assistance.

This resource matrix organizes funding opportunities identified in the CARES Act and other federal resources that can help support rural America. Opportunities are categorized by customer and assistance type.

For more information on the immediate actions USDA is taking to respond to COVID-19, visit [usda.gov/coronavirus](https://usda.gov/coronavirus).

For the latest news from the CDC on COVID-19, visit [coronavirus.gov](https://coronavirus.gov).

- Developed Federal Rural Resource Guide to serve as a one-stop shop of federal programs that can be used by rural communities impacted by the COVID-19 pandemic.

- Find this and other information at [rd.usda.gov/coronavirus](https://rd.usda.gov/coronavirus)

# **RD Programs: COVID-19 Immediate Actions**

## **Rural Housing Service**

### **Single-Family Housing Direct and Guaranteed Programs**

- Issued 60 day moratorium on foreclosure and evictions
- Payment Moratoriums and Assistance
- Modified appraisal reporting, repair inspections, and employment verification

### **Multi-Family Housing Programs**

- Eviction and penalty protection due to non-payment of rent
- Forbearance extension for property owner borrowers

### **Community Facilities Direct and Guaranteed Loan Program**

- Direct loans may receive up to one year of payment deferrals
- Guaranteed Lenders may offer 180-day loan payment deferrals

# **RD Programs: COVID-19 Immediate Actions**

## **Rural Utilities Service**

### **Water and Waste Disposal Loan Guarantee Program**

- Lenders may offer 180-day loan payment deferrals without prior RD consent

### **Telecom**

- Extended the ReConnect Application deadline to April 15<sup>th</sup>
- Extended deadline for borrower audit submissions for 60 days

### **Electric**

- Extended deadline for borrower audit submissions for 60 days; historically due April 30<sup>th</sup>

### **Other Actions**

- RUS Administrator to consider requests to waive certain site inspection requirements during COVID-19 emergency to prevent project delays.
- Allowing applicant to utilize alternative methods to notify the public such videoconferences, teleconferences, and public notices on websites.



# RD Programs: COVID-19 Immediate Actions

## Rural Business Cooperative Service

- Lenders may offer 180-day loan payment deferrals on Business and Industry Loan Guarantees and Rural Energy for America Program Loan Guarantees without prior consent from RD.
- Intermediary borrowers participating in the following programs may approve loan payment deferrals for their borrowers without RD approval.
  - Intermediary Relending Program
  - Rural Business Development Grant
  - Rural Economic Development Loan and Grant
  - Rural Microentrepreneur Assistance Program
- Extended application deadline for the Rural Business Development Grant to April 15<sup>th</sup>.

# CARES Act Implementation

## **Business and Industry Guaranteed Loan Program**

- Appropriated \$20.5M in program level; supporting up to \$1B in lending authority
- Program would provide:
  - Increased maximum allowable repayment terms to 10 years. Loan repayment may be deferred on principal or principal and interest payments for a period up to 12 months from the loan closing and may extend for a period up to 3 years.
  - Eligible loan purposes include payroll costs, healthcare benefits, salaries, principal and interest payments, rent/leases, utilities, inventory and supplies.
- Notice of Funding Availability at OMB clearance, target release as soon as possible.

# CARES Act Implementation (cont.)

## ReConnect

- Appropriated a \$100M set-aside for grants; priority for grant applicants unfunded in Round 1.
  - Funding set-aside gives priority to applications that were unsuccessful in Round 1 due to the 100% unserved requirement but meet Round 2's 90% unserved requirement.
- Implemented via Federal Register Notice. ReConnect Round 2 application window is now closed.

## Distance Learning and Telemedicine

- Appropriated \$25M to support DLT grants
- Implemented via Federal Register Notice; application window opened April 14<sup>th</sup> and closes July 13<sup>th</sup>

## Single Family Housing and Multi-Family Housing Assistance

- Lenders must provide immediate forbearance when requested on guaranteed loans for up to 180 days. Penalties and fees may not be charged during the forbearance period.
- Multi-family borrowers may not evict tenants for non-payment of rent for the next 120 days.
- Implemented via Stakeholder Notice



[rd.usda.gov](https://rd.usda.gov)



[rd.usda.gov/coronavirus](https://rd.usda.gov/coronavirus)



[@usdaRD](https://twitter.com/usdaRD)





## CDFA-ARI Rural Finance Webinar Series

### Panelist

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for joining the  
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today. Send us  
your questions  
and comments!



**Andy Struckhoff**

President  
PGAV Planners

See all of CDFA's resources online at [www.cdfa.net/resources](http://www.cdfa.net/resources)



# Pandemic Adjustment Period

## Recovery and Reopening

---

- State and Local Governments are Focused on Two Things:
  - Recovery
  - Reopening
- As State and Local Governments permit businesses to re-open, the focus shifts to address much to resources for safe re-opening as resources for recovery.

# Pandemic Adjustment Period

## Recovery and Reopening

---

- Texas

- Governor permits limited biz operations on May 1.
- Prefaced by a comprehensive report laying out strategies for safe business operations, increased testing, and contact tracing (staff of more than 2,200).
  - Supply Chain Task Force
  - Published guidance for safe business operations
  - More information [here](#).

# Pandemic Adjustment Period

## Recovery and Reopening

---

- Missouri - Governor permits limited biz operations on May 4.
- Legislature adopted recovery assistance programs in April.
  - Pandemic Emergency Unemployment Compensation Program
  - \$90 million in compensation for nursing homes
  - \$66 million in childcare assistance
  - \$24 million for emergency food assistance and delivery programs
  - \$18 million for a utility assistance program for low-income households
  - \$11 million in funding for the Missouri National Guard as the governor has mobilized it to help deal with the pandemic
  - \$1 billion in aid to Cities and \$2billion in aid to K-12 schools.

# Pandemic Adjustment Period Recovery and Reopening

---

- Arkansas
  - Ready for Business Grant Program
  - Quick Action Loan Program
  - Grants to local governments from CDBG funds

# Pandemic Adjustment Period

## Recovery and Reopening

---

- Tennessee

- Strategic Partnerships for Essential Supplies and Services

- Renfro Corp. – 300,000 free, reusable cloth masks to all counties
    - Battelle – free N95 mask decontamination services
    - Special Pricing on Touchless Thermometers
    - \$10M for grants to small and rural hospitals
    - Published guidance for safe business operations
    - More information [here](#).

# PGAV Planners

Andy Struckhoff, AICP, DFCP

Vice President

314-231-7318







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**Karama Neal**

President  
Southern Bancorp Community Partners

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# Tools, Programs, and Opportunities Within Rural America

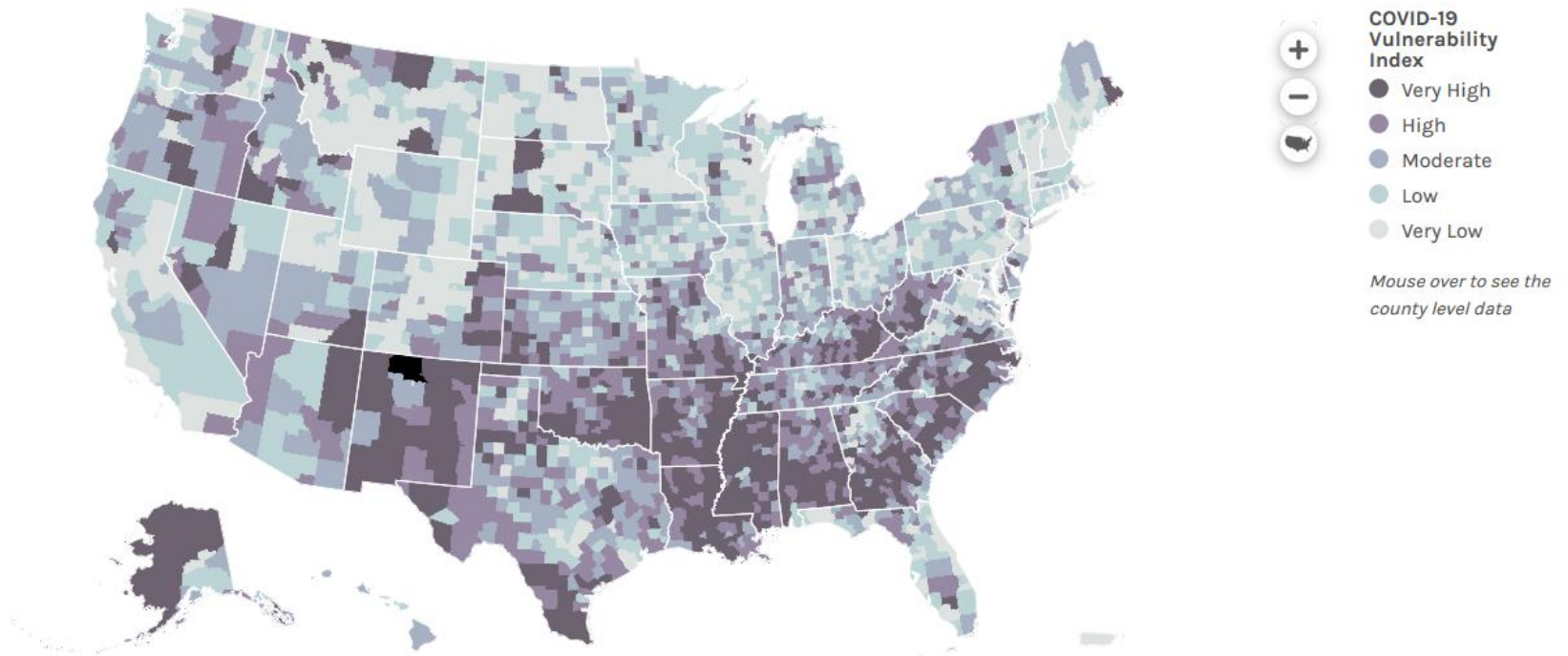
CDFA-ARI Rural Finance Webinar Series

Karama Neal, PhD, President  
Southern Bancorp Community Partners

May 6, 2020



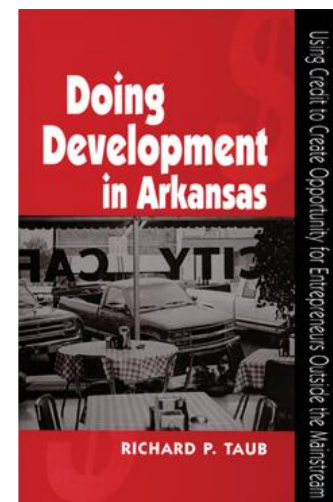
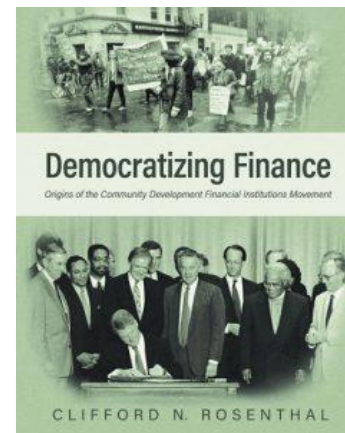
# The COVID-19 Community Vulnerability Index Map



<https://precisionforcovid.org/ccvi>

# Democratizing Finance

Rosenthal reminds us that South Shore Bank, which collapsed in the aftermath of the Great Recession of 2008 and 2009, was a pivotal institution in the growth of community finance. South Shore Bank was the first community development bank focused on low-income communities and it was able to raise significant capital to invest in businesses and residential real estate in low-income communities. The bank drew the attention of the Clintons through helping to establish Southern Bank Development Corporation in Arkansas, and its success galvanized incoming President Bill Clinton to make community development banks a centerpiece of his economic policy.

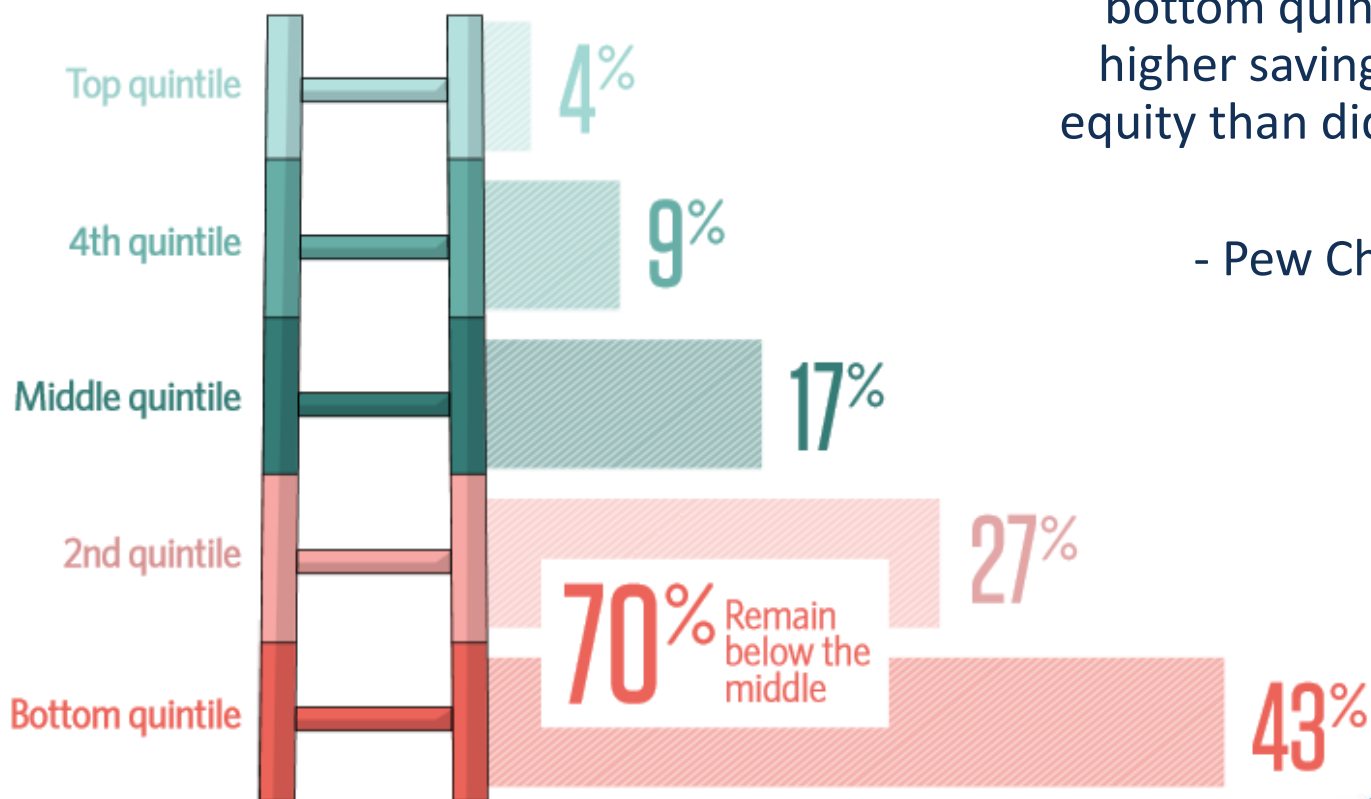


From *Tracing the Roots of CDFIs: A review of Democratizing Finance* at <https://shelterforce.org/2019/02/11/tracing-the-roots-of-cdfis-a-review-of-democratizing-finance/>

# Net Worth Drives Economic Opportunity

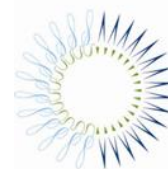
Most Americans Born at the Bottom of the Income Ladder Never Reach the Middle Rung

Percent of Americans raised in the bottom income quintile who stay put or move up as adults



“Those who moved out of the bottom quintile had considerably higher savings, wealth, and home equity than did their peers who did not move up.”

- Pew Charitable Trusts, 2013



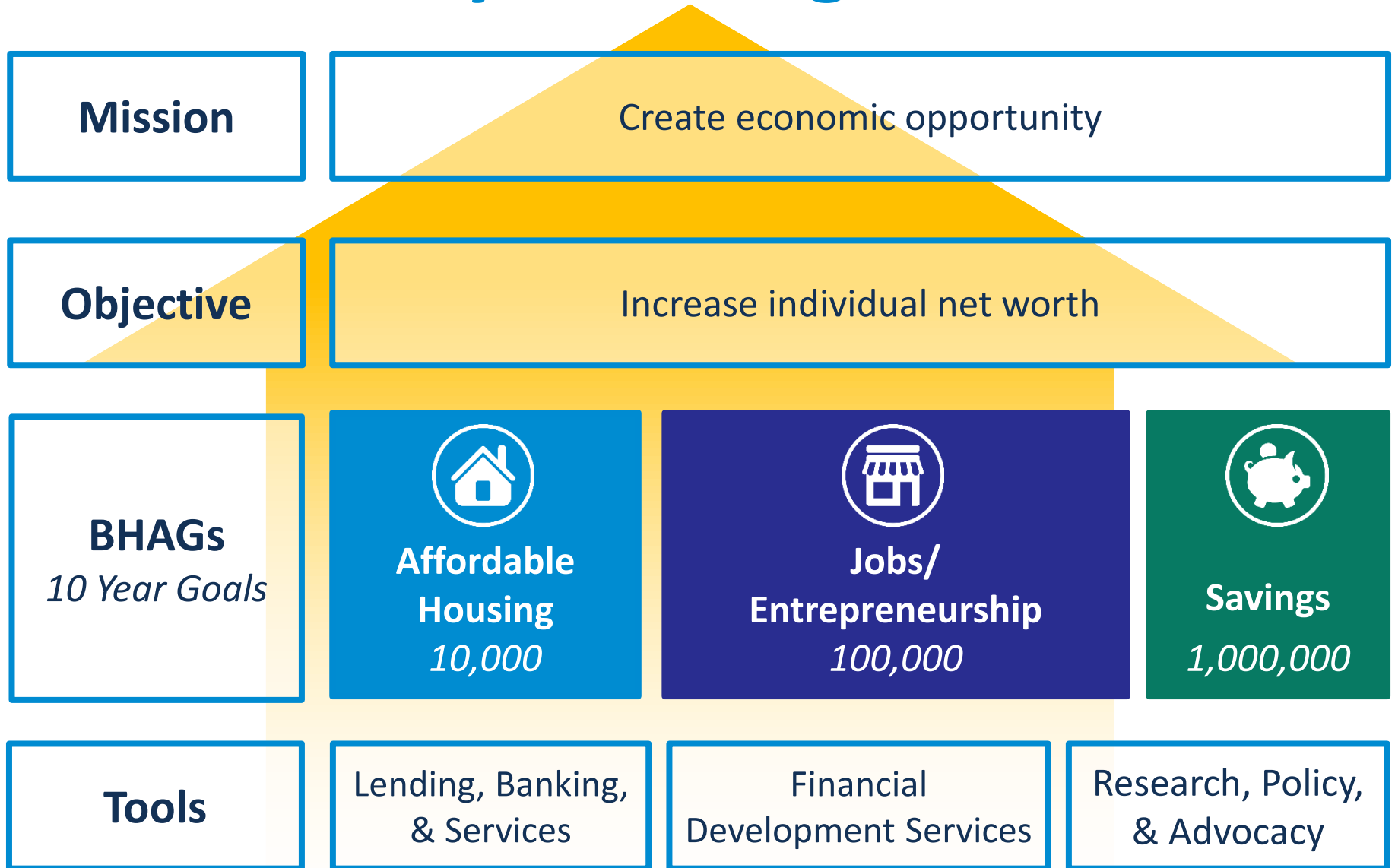
THE  
**PEW**  
CHARITABLE TRUSTS

# Assets Are Key For Mobility

- Pew research “shows savings and assets are key to moving up the economic ladder, both within a lifetime and across generations.”
- [www.economicmobility.org](http://www.economicmobility.org)

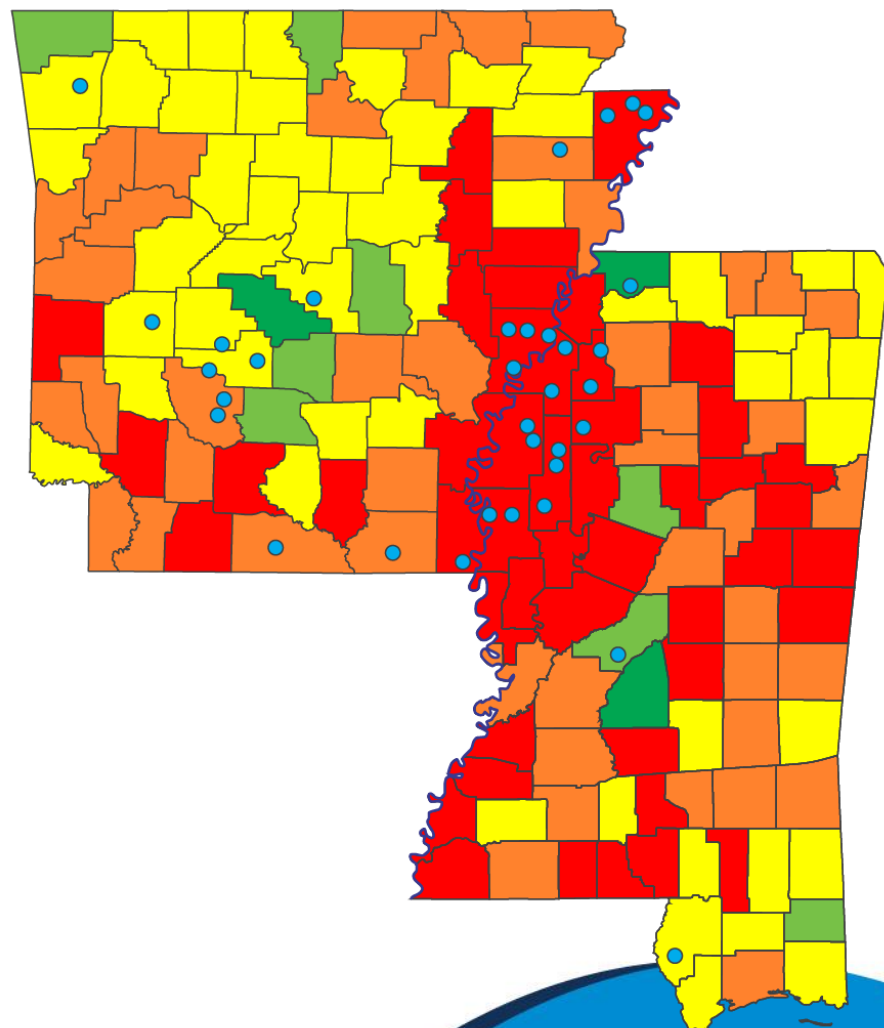


# Our Theory of Change

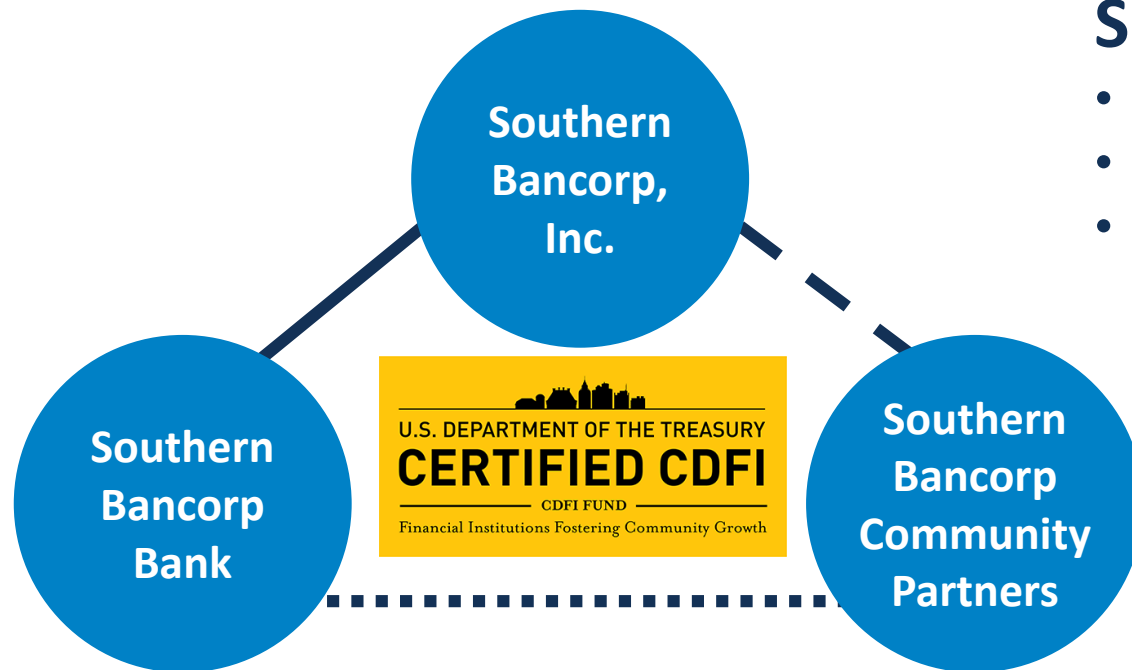


# Southern's Markets

- Higher than national averages in
  - Poverty (red, at right)
  - Child poverty
  - Unbanked rates
  - Underbanked rates
  - Economic distress
- Southern intentionally locates in these areas



# Integrated Structure & Strategy



## SBI – Vision and Strategy

- Capital
- Communications
- Governance & Metrics

## SBCP – Financial Development

- Loans & Credit Enhancement
- Financial Education
- Research & Advocacy

## SBB – Banking Services

- Loans
- Deposits
- Targeted Investment Portfolio

# Key points

- COVID public health impact not always aligned with COVID economic, educational, and related impacts.
- CDFIs are well positioned to respond to the economic crisis and help businesses, communities, families, and more sustain, recover, and improve their position.
- When developing solutions, it is critical to address both supply and demand.
- When developing solutions, it is critical to address short, medium, and long term public health and economic concerns.

# CDFIs: Financial First Responders

- CDFIs are “mission-driven financial institutions that take a market-based approach to supporting economically disadvantaged communities.” <https://www.cdfifund.gov/>
- 1,142 certified Community Development Financial Institutions
  - 552 loan funds
  - 324 credit unions
  - 147 banks
  - 104 depository holding companies
  - 15 venture funds



## Nationwide PPP:

- Round 1 used \$349 billion in 13 days.
- Round 2 another \$310 billion
  - \$30 billion reserved for CDFIs, MDIs, and banks and credit unions with less than \$10 billion in assets

# Southern's COVID response - business



- Commercial loan modifications
- Certain fee waivers
- Business technical assistance referrals
- CDFI sector public policy
- SBA Economic Injury Disaster Loan application assistance
- SBA Paycheck Protection Program loans, as of 4/28
  - \$100 million + in loans
  - 800+ PPP loans (some for noncustomers)
  - Largest loan: >\$4 million
  - Smallest loan: \$600
  - Average loan, round 1: \$147,000
  - Average loan, round 2: \$60,000
  - Average of last 250 loans submitted: \$16,860



U.S. Small Business  
Administration



# Southern's COVID response - consumer

- Consumer loan modifications
- Cashing stimulus checks for noncustomers
- Certain fee waivers
- Housing counseling
- Credit counseling
- Tax preparation
- Matched savings accounts
- Financial education
- State and federal savings policy
- Bank On certified accounts
- Credit building products



**Credit and Housing Counseling**  
from Southern Bancorp Community Partners

*Schedule a session today:*  
**Call**

*Pay down your debt.  
Save for a home.  
Qualify for a mortgage.*



# Financial Empowerment

- Community Development Financial Institutions
  - <https://www.cdfifund.gov/>
- HUD-certified counseling agencies
  - [https://www.hud.gov/i want to/talk to a housing counselor](https://www.hud.gov/i_want_to/talk_to_a_housing_counselor)

# HUD Housing Counseling Agencies

[https://www.hud.gov/i\\_want\\_to/talk\\_to\\_a\\_housing\\_counselor](https://www.hud.gov/i_want_to/talk_to_a_housing_counselor)

- Foreclosure counseling
  - Rental Counseling
  - Credit repair counseling
  - Credit establishment counseling
  - Pre-purchase counseling
  - Classroom education
- 
- Also legal aid
    - <https://www.lsc.gov/what-legal-aid/find-legal-aid>



# Financial Empowerment

- Community Development Financial Institutions
  - <https://www.cdfifund.gov/>
- HUD-certified counseling agencies
  - [https://www.hud.gov/i want to/talk to a housing counselor](https://www.hud.gov/i_want_to/talk_to_a_housing_counselor)
- IRS certified VITA tax preparation
  - <https://irs.treasury.gov/freetaxprep/>
- Tax-time savings policy and practice
  - <http://southernpartners.org/taxtimesavings>

# Financial Empowerment

- <https://irs.treasury.gov/freetaxprep/>
- <http://southernpartners.org/taxtimesavings>
- **Cites for Financial Empowerment**
  - <https://cfefund.org/>



Split paychecks  
Financial education  
Automated savings  
Youth savings  
BankOn  
Etc.

VITA **50** YEARS ANNIVERSARY

VITA – One Tax Season At A Time Since 1969!



# Financial Empowerment

- CFPB Your Money Your Goals - <https://www.consumerfinance.gov/>
  - **Free** specific guides for
    - Native communities
    - People with disabilities
    - People with criminal records
  - **Free** guides for
    - Debt management
    - Savings goals
    - Credit management
    - Bills and debt



Debt getting in your way? Get a handle on it.



Behind on bills? Start with one step.



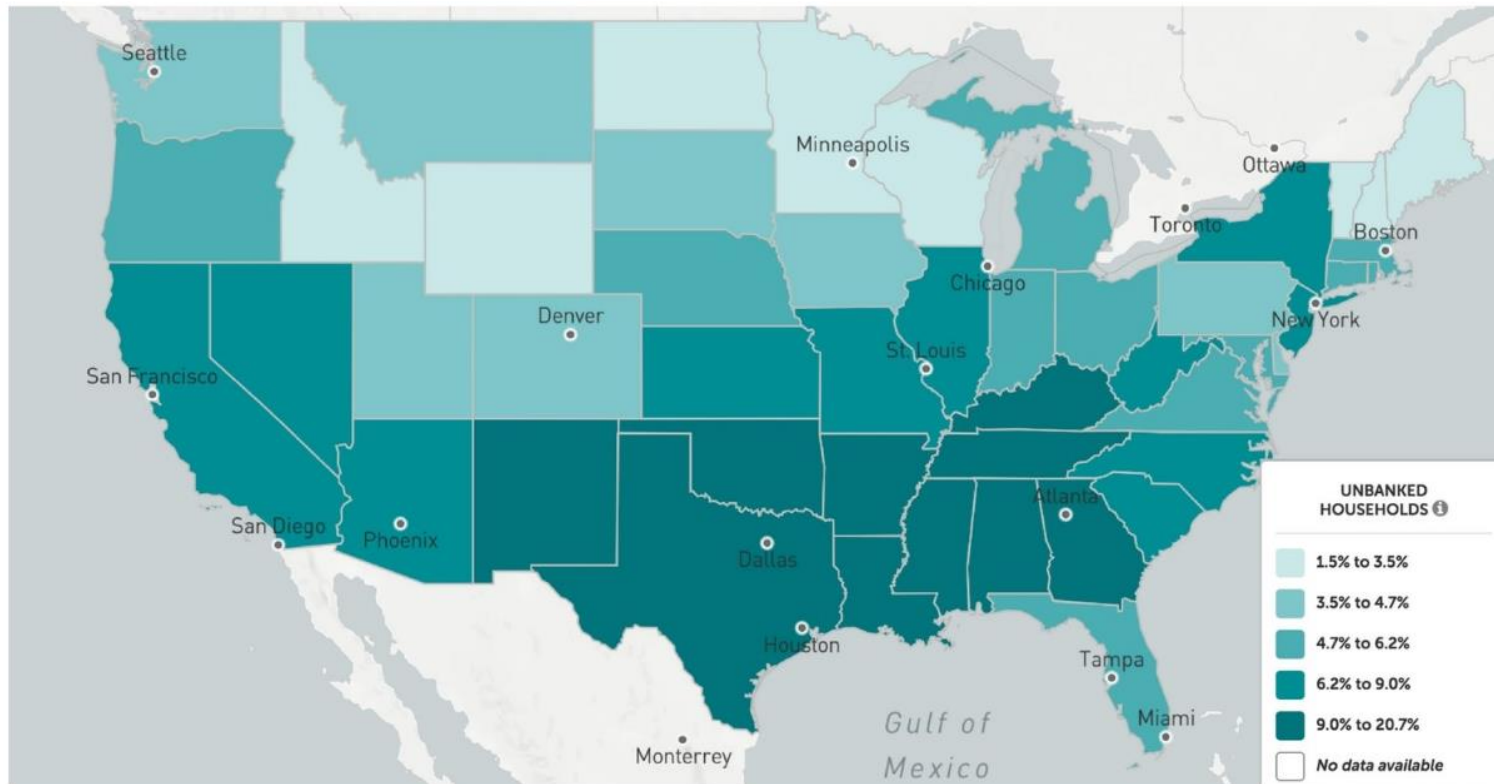
Want credit to work for you?  
Start with these steps.



Building your savings? Start  
with small goals.

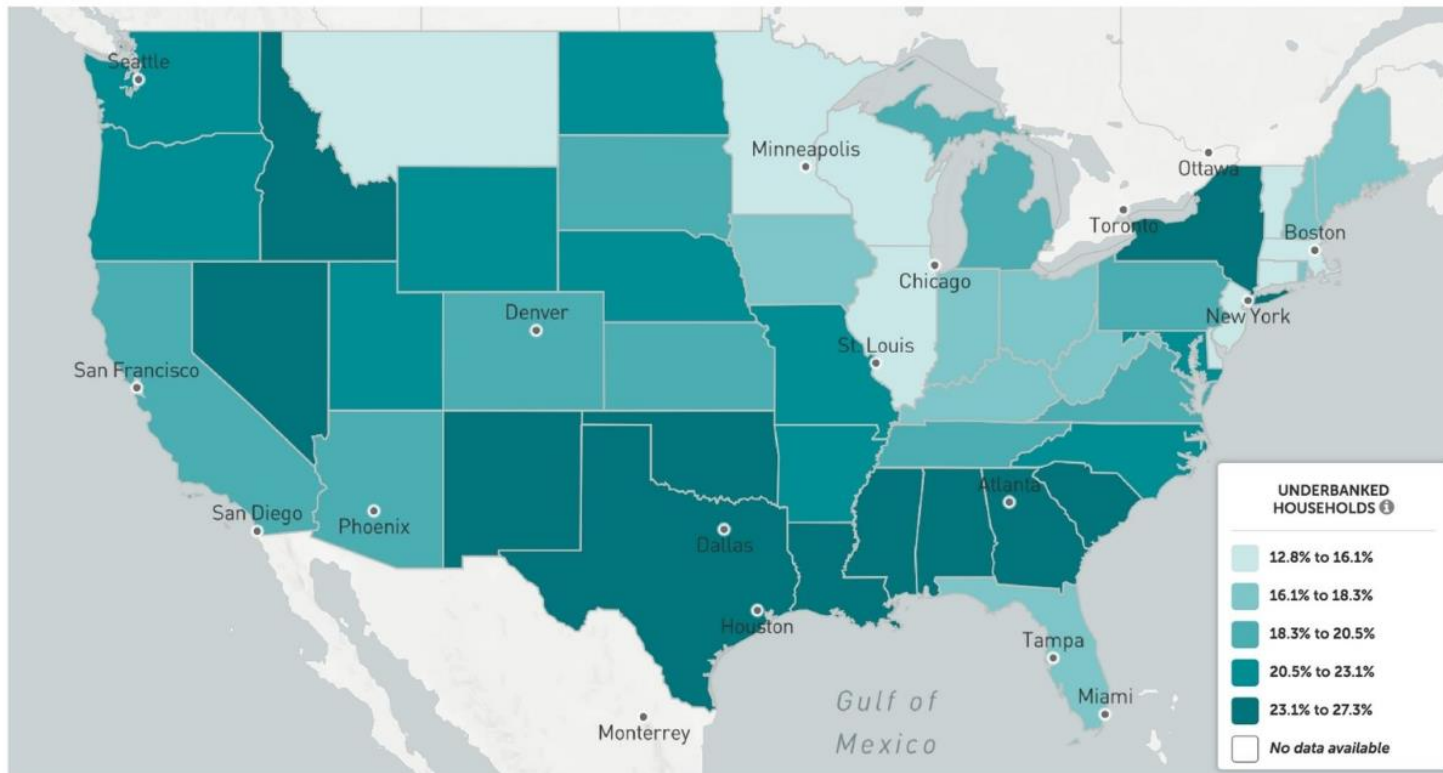


## Unbanked Households



FDIC, 2017

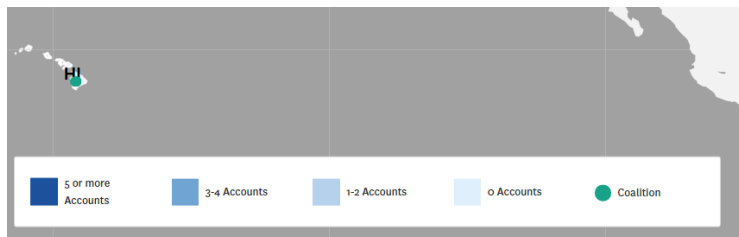
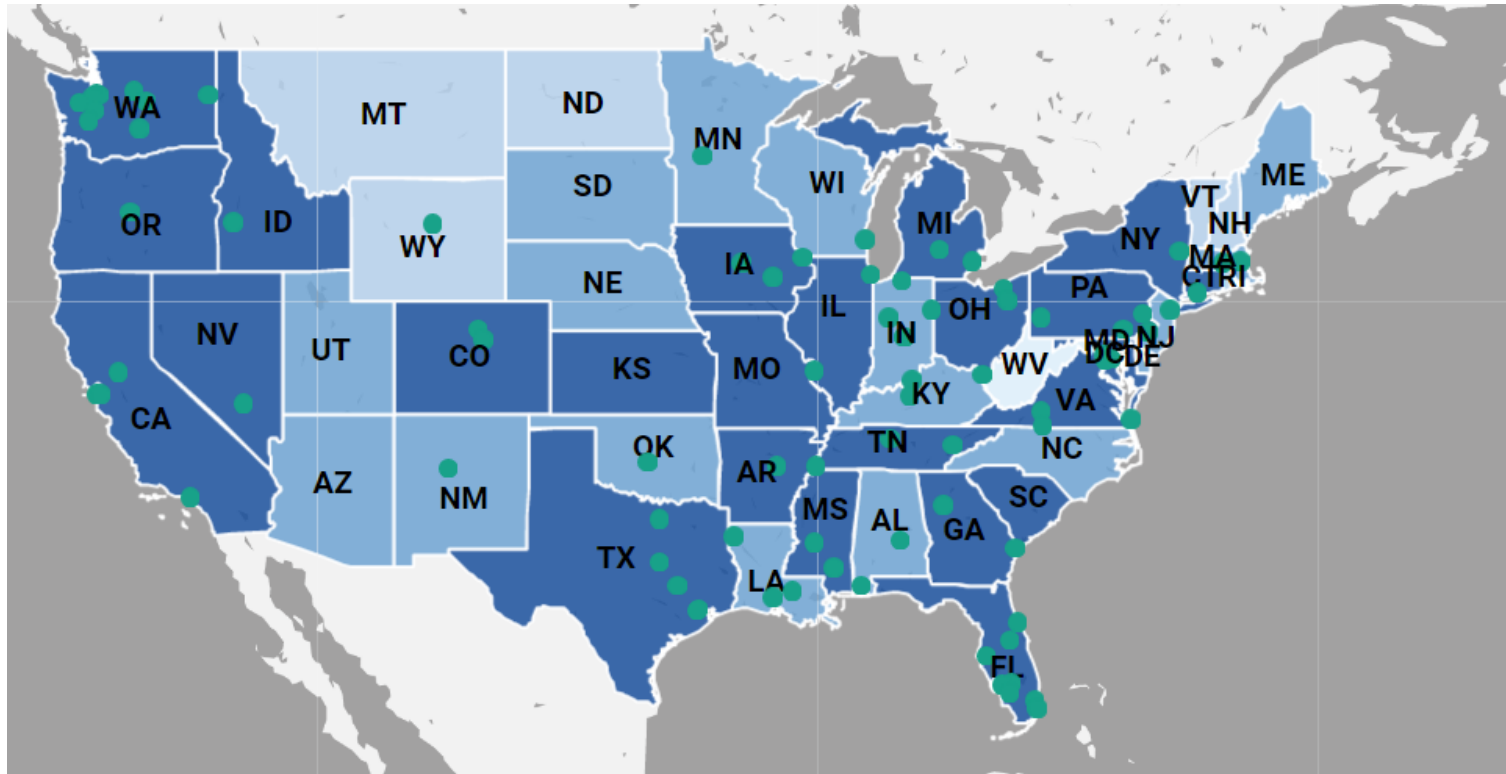
## Underbanked Households



FDIC, 2017

# Bank On Coalitions and Accounts

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



# Financial Empowerment

- Community Development Financial Institutions
  - <https://www.cdfifund.gov/>
- HUD-certified counseling agencies
  - [https://www.hud.gov/i want to/talk to a housing counselor](https://www.hud.gov/i_want_to/talk_to_a_housing_counselor)
- IRS certified VITA tax preparation
  - <https://irs.treasury.gov/freetaxprep/>
- Tax-time savings policy and practice
  - <http://southernpartners.org/taxtimesavings>
- Financial education and empowerment
  - <https://www.consumerfinance.gov/>
- Bank On
  - <http://www.joinbankon.org/>

# Key points

- COVID public health impact not always aligned with COVID economic, educational, and related impacts.
- CDFIs are well positioned to respond to the economic crisis and help businesses, communities, families, and more sustain, recover, and improve their position.
- When developing solutions, it is critical to address both supply and demand.
- When developing solutions, it is critical to address short, medium, and long term public health and economic concerns.


**Thank you!**

Karama.neal@southernpartners.org



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**Jim Parks**

President & CEO  
Louisiana Public Facilities Authority

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## Louisiana Loan Portfolio Guaranty Program ("LPGP") in Response to COVID-19

The Louisiana Loan Portfolio Guaranty Program, or LPGP, is a partnership of Louisiana Economic Development (LED), which will provide a loan guaranty fund; the Louisiana Bankers Association (LBA), whose participating members will offer the loans; and the Louisiana Public Facilities Authority (LPFA), which will administer the program.

The purpose of the LPGP is to provide loans to Louisiana small businesses in response to COVID-19. At this time, LED recognizes small business needs are immediate, and if there isn't a timely response, the State risks losing a foundational element of its economy. In collaboration with the LBA and LPFA, LED has worked with the banking community to provide access to capital to small companies that may experience (have experienced) a sudden drop in revenues due to lost business caused by the COVID-19 pandemic. The State through LED is guaranteeing a portion of each participating bank's loan.

The LPGP will supply capital to create a loan guaranty fund of up to \$50 million, in which LED would guarantee 20 percent of the pool allocated to each participating bank.

Each bank will be responsible for reviewing, issuing, securing collateral, if applicable, and collecting, under standard banking practices, loans of up to \$100,000 per applicant and any affiliates. All small businesses employing under 100 workers are eligible, including day cares, farmers and fishermen and we especially encourage main street small businesses, e.g., restaurants. Suggested uses for the loan are to maintain employee payroll for an 8-week period at payroll levels at the time of application for the loan, as well as to maintain continuance of operations within COVID-19 executive orders, proclamations, and relevant state agency guidance.

The repayment period would be at least one year, but could be longer depending on business functionality during the length of the emergency period and would be anticipated to be no more than 5 years.

Rate would be fixed up to 3.5 percent (lower rates subject to lending institution).

First six months would bear no interest; AND no payment would be due for the first 6 months of the loan.

An acceptable loan amount would be tied to pre-COVID 19 employment and functionality of business expenses pre-COVID 19, as evaluated by the lending institutions.

Ineligible businesses are those solely engaged in gaming, non-profit organizations, real estate developers, pawn shops, pay-day loans, lending and investment concerns, or speculative activities.

Banks to provide the documentation of a streamlined application.

Periodic reporting including, but not limited to, compliance with the borrower's obligations, will be required on the loan.

## GOV. EDWARDS: STATE-LED PROGRAM TO OFFER COVID-19 SMALL BUSINESS HELP

*Firms of fewer than 100 employees will be able to borrow up to \$100,000 at below-market interest rates*

BATON ROUGE, La. — Today, Gov. John Bel Edwards announced a new Louisiana Loan Portfolio Guaranty Program, which will offer loans of up to \$100,000 to Louisiana small businesses of fewer than 100 employees that are impacted by the COVID-19 crisis. To help Main Street and rural businesses sustain operations, the loans will require no payments for 180 days and carry below-market interest rates of no more than 3.5 percent.

The Loan Portfolio Guaranty Program, or LPGP, is a partnership of Louisiana Economic Development, which will provide a loan guaranty fund; the Louisiana Bankers Association, whose membership will provide the loans; and the Louisiana Public Facilities Authority, which will administer the program. A total loan pool of \$50 million will be quickly disbursed to eligible small businesses across Louisiana.

"Time and again, Louisianans have demonstrated the desire and commitment to help their neighbors in times of crisis," Gov. Edwards said. "The Loan Portfolio Guaranty Program is another great example of that service. So far, we have commitments from more than 30 banks across Louisiana who have agreed to participate in this program. We believe it will be instrumental in helping our small businesses recover from the COVID-19 crisis."

The Louisiana loan program partners — LED, LBA and LPFA — envision helping small businesses meet critical needs for operating their firms during and beyond the disruption of the COVID-19 pandemic.

"The beauty of this program is we are not competing with the essential financial products offered by the U.S. Small Business Administration — we are complementing SBA," LED Secretary Don Pierson said. "Our bankers know their customers well. They have confidence in the LPFA to administer this program in a professional, proactive manner; and they have the further confidence of an LED loan guaranty fund that will enhance the security of these loans."

LPGP loans will provide up to \$100,000 in immediate financing to help small firms impacted by COVID-19 meet their payroll, retain employees, pay their rent and mortgages, and keep their lights on and their doors open. Interested businesses may find loan details at [OpportunityLouisiana.com/covid19](https://OpportunityLouisiana.com/covid19), and a list of participating bankers will be posted at the site by Friday as banks complete their participation agreements.

"Louisiana banks play an important role in economic activity, and continue to do so during disaster recovery," said Louisiana Bankers Association CEO Robert Taylor. "The work Louisiana Economic Development and the Louisiana Public Facilities Authority have done on this loan guaranty program for small businesses is great. We appreciate the opportunity to get the program details out to all the bankers in the state. The can-do spirit of everyone involved has been very positive."



"The LPFA has an extensive history of assisting the State of Louisiana in some of its most challenging times," said President and CEO James W. Parks II of the Louisiana Public Facilities Authority. "I am pleased that LPFA's experience and capacity has allowed us to quickly bring this program forward. Access to funding for Louisiana businesses is a priority, and by working with our Louisiana banking community we can make loan decisions here in Louisiana. This state guaranty program will leverage available funds and enhance eligibility."

Through the program, bankers will have the flexibility to extend loan terms for up to five years, while interest rates will be below conventional commercial lending rates and no higher than 3.5 percent. To date, participating banks have requested allocations for about two-thirds of the \$50 million in loan capacity available through LPGP.

Other lenders interested in participating should contact LED by calling Business Development Manager Kelly Raney at 225.342.1940 or by emailing [LEDSmallbizloans@la.gov](mailto:LEDSmallbizloans@la.gov).

#### **About LED**

Louisiana Economic Development is responsible for strengthening the state's business environment and creating a more vibrant Louisiana economy. LED cultivates jobs and economic opportunity for the people of Louisiana, and promotes business opportunity for employers of all sizes. In 2019, LED attracted more than 80 new economic development projects representing 12,300 new jobs, 15,500 retained jobs and over \$8.4 billion in new capital investment. LED's Small Business Services team assisted more than 9,500 Louisiana small businesses and entrepreneurs in 2019. For more information, visit [OpportunityLouisiana.com](http://OpportunityLouisiana.com).

#### **About LBA**

The Louisiana Bankers Association is the professional trade organization for commercial banks and thrifts in Louisiana. Founded in 1900, the LBA works to provide advocacy, communication, education and other services to its member institutions, and to provide banking information to the general public. For more information, visit [LBA.org](http://LBA.org).

#### **About LPFA**

The Louisiana Public Facilities Authority is a self-supporting public trust and public corporation that issues taxable and tax-exempt bonds to finance projects throughout the state. LPFA finances industrial and economic development projects; and provides low-cost funding for hospitals and hospital equipment, universities and other educational facilities, as well as essential programs for state and local governmental units. The LPFA does not receive any funds from the state for its operations. To learn more about the LPFA, visit [LPFA.com](http://LPFA.com).



**"Exhibit A-1"**  
**Louisiana COVID-19 Loan Portfolio Guaranty Program (LPGP) Application Worksheet**

**Loan Description:**

**DATE:** date

**TOTAL AMOUNT REQUESTED:** amount

**TERM:** term

**Legal Business Name:** business name

**Last 4 digits - Federal Tax ID#:** last 4 digits

**Date Business Started:** start date

**Last 4 digits - State ID#:** last 4 digits

**Business Physical Address:** physical address

**City:** city

**Zip:** zip

**Business Phone:** number

**Email Address:** email

**Type of Business** (describe): business type

**# Employees Pre-COVID-19:**

**Full Time:** number

**Part Time:** number

**# Employees Post-COVID-19:**

**Full Time:** number

**Part Time:** number

**Entity Type** (check one): ☐ Sole Proprietor ☐ Partnership ☐ S-Corp ☐ C-Corp ☐ LLC ☐ LLP

**Business Owner(s) Information:** (attach additional documents as needed):

**First Name:** first name

**Middle Initial:** initial

**Last Name:** last name

**Last 4 digits - SS#:** last 4 digits

**Date of Birth:** mm/dd/yyyy

**Last 4 digits - Driver's License#:** last 4 digits

**Title:** title

**Ownership %:** %

**Home Address:** home address

**City/Zip:** city/zip

**Phone:** number

**Email:** email

**Credit & Financial Information:**

**Bank Name:** bank name

**Bank Address:** bank address

**Bank Officer:** name

**Email:** email

**Phone:** number

	FY 2017	FY 2018	FY 2019
<b>Annual Revenue:</b>	\$amount	\$amount	\$amount
<b>Total Payroll:</b>	\$amount	\$amount	\$amount
<b>Pre-Tax Income:</b>	\$amount	\$amount	\$amount

**Type of Credit** (check one): ☐ LOC ☐ TERM

**Loan Purpose:**

**Source of Repayment** (check one): ☐ Personal Funds ☐ Business Funds ☐ Insurance Proceeds

☐ Bank Loan ☐ SBA Disaster Loan ☐ Other Government Loan

**"Exhibit A-2"**  
**Louisiana COVID-19 Loan Portfolio Guaranty Program (LPGP)**

**Business Purpose and Loan Use Statement:** Please describe the functions and activities of your business and use of the proceeds of this loan to cover operating expenses and maintain business operations:

[Click or tap here to enter text.](#)

**COVID-19 Impact Statement:** Please describe the impact COVID-19 has had on your business:

[Click or tap here to enter text.](#)

By signing below, Borrower hereby attests that the above is true and accurate according to best available knowledge and, furthermore, agrees to allow a limited audit, no more than once annually for the years in which a loan subject to the program remains outstanding, for the purpose of auditing the use of funds as represented in the above Business Purpose and Loan Use Statement upon written request by either Lender or LED.

**Borrower Website:** Website

**Borrower Name:** Name

**Borrower Signature:**

**Name and Title of Person Signing for Borrower:** Name & Title







### Program Overview:

The LPFA's Rural Development Low Interest Loan Program helps provide local governments and non-profits with interim financing for capital and infrastructure projects until permanent financing is received from the U.S. Department of Agriculture's (USDA) Rural Development Program.

The borrower works with its local bank to obtain the most favorable interest rate possible and borrows 60% of the necessary funds from the local bank at the negotiated interest rate. The LPFA provides the remaining 40% of the loan at an interest rate equal to one-half of the local bank's interest rate. Thus, the borrower saves a substantial amount in interest costs by participating in the Program.

Since its inception, the Program has saved borrowers more than \$800,000 in future interest costs.

### Contact Us:

For more information about the LPFA programs, please visit our website at [lpfa.com](http://lpfa.com) or contact Martin Walke, CECD, VP of Economic & Program Development at [walke@lpfa.com](mailto:walke@lpfa.com), (225) 923-0020 or (800) 228-4755.

## Rural Development Low Interest Loan Program

### Program Guidelines:

Authorization:	Louisiana Public Facilities Authority Board of Trustees
Source of Funds:	Louisiana Public Facilities Authority
Use of Proceeds:	Purchase of capital facilities and equipment (No Refunding)

### Eligibility Requirements:

Eligibility:	Any Louisiana local government entity or not-for-profit corporate entity
Maximum Total Borrowing:	40% of total USDA Loan; up to \$5,000,000
Maximum LPFA Program Portion:	40% of total USDA Loan
Repayment Terms:	Maximum of 2 years; Paid out with proceeds of permanent financing from USDA
LPFA Program Borrowing Limit:	No limits imposed

### Financing Request Process:

- Submit a request to LPFA.
- Only requests for participation made by the local governmental entity on its official letterhead will be considered valid.
- Requests must be for a specifically identified financing by the local governmental entity (ex. USDA-A-1 Letter).
- Valid requests will be logged in as received.
- Projects will be funded in order of the date the request is received on a first come, first served basis as monies are available.
- At the time funds become available, the local governmental entity that is first in line for funds will be contacted and the funds will be offered to that local governmental entity for the specifically identified financing. If the local governmental entity is no longer in need of funds from the Program for the specifically identified financing, the funds will be offered to the local governmental entity that is next in line for Program funds.

2237 South Acadian Thruway, Suite 650, Baton Rouge, LA 70808 Ph: 225-923-0020 Fax: 225-923-0021





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your questions  
and comments!

**Questions?**



**Thank you**

for joining the conversation today. Send us your questions and comments!

## CDFA-ARI Rural Finance Webinar Series

### Upcoming Events

**Intro Tax Increment  
Finance WebCourse**

Register >>>

May 20-21, 2020  
12:00 - 5:00 PM Eastern

**CDFA Food Systems Finance Webinar Series: The Landscape of Food Systems Finance**  
May 28, 2020

**Next webinar in CDFA-ARI Rural Finance Webinar Series**  
June 10, 2020

**CDFA Federal Financing Webinar Series: Federal Financing for Community Facilities**  
June 18, 2020

**Register online at [www.cdfa.net](http://www.cdfa.net)**



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**James Metz**

Coordinator, Research and  
Technical Assistance

614-705-1316

[jmetz@cdfa.net](mailto:jmetz@cdfa.net)

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