



CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

Welcome

The Broadcast will begin at 2:00 PM (Eastern)

Thank you

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



CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

Moderator

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Malcolm Guy

Coordinator, Government & External Affairs
Council of Development Finance Agencies

See all of CDFA's resources online at www.cdfa.net/resources



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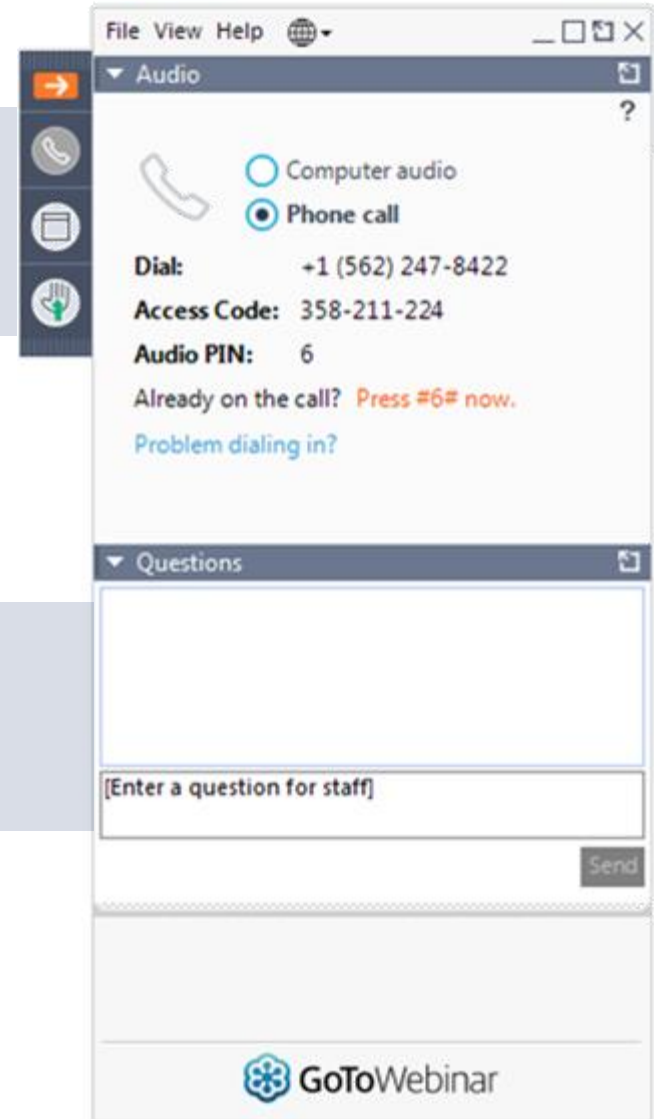
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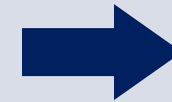


CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

Using your telephone will give you better audio quality.



Submit your questions to the panelists here.



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CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

Panelists



Alejandro Contreras

Director of Preparedness,
Communication and Coordination
U.S. Small Business Administration



Mitchell Harrison

Program Analyst, RLF Coordinator
U.S. Economic Development
Administration



Traci Smith

Business Loan and Grant Analyst
USDA Rural Development

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2021 SBA COVID-19 Economic Aid Overview

Current as of March 1, 2021

This presentation provides a general overview of the programs the SBA is administering related to provisions in the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act). In the event of any inconsistency between this presentation and the Economic Aid Act, the PPP Flexibility Act of 2020, the CARES Act, PPP IFRs, PPP FAQs, PPP Application Forms and Instructions, and other PPP guidance (together, official guidance), the official guidance governs.

Information Current as of 3/1/21 – Visit [SBA.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief) for the most up-to-date information.

Agenda

- 1 Where We Are
- 2 SBA COVID-19 Economic Aid Funding Options
- 3 Loan Program Details – PPP, EIDL
- 4 Grant Program Details – Targeted EIDL Advance, SVOG
- 5 Additional Assistance & Resources



Where We Are

Congress intended this round of COVID-19 economic aid funding to support the hardest-hit small businesses and those in underserved segments, including women, minorities and veterans. The SBA is committed to opening the programs as quickly as possible and ensuring the programs deliver critical economic aid to America's small businesses and other eligible entities.

On Feb. 22, the Biden-Harris Administration & SBA took steps to further ensure inclusivity and promote equitable relief for America's mom-and-pop businesses that anchor our neighborhoods and help families build wealth.

SBA COVID-19 Economic Aid Funding Options

Loan Programs

Grant Programs



Paycheck
Protection
Program
(PPP)



Debt Relief on
SBA 7(a), 504
and Microloans



Economic
Injury Disaster
Loan (EIDL)
and
Targeted EIDL
Advance



Shuttered
Venue
Operators
Grant (SVOG)

Top PPP Takeaways from the Economic Aid Act

- Expands PPP eligibility and how funds can be used
- A borrower can now select a covered period to be **between 8 and 24 weeks**
- Offers a Second Draw PPP loan option for hardest hit small businesses
- Allows for deduction of expenses covered with forgiven PPP loan debt on federal taxes
- Updates simplified forgiveness form to include PPP loans of up to \$150,000 (86% of PPP loans submitted in 2020)
- No longer subtracts EIDL Advance from PPP loan forgiveness amount



[SBA.gov/PPP](https://www.sba.gov/ppp)

Prioritizing Equitable Relief for Mom-and-Pop Businesses

14-day exclusive PPP loan application period for smallest businesses

- Began on Wednesday, Feb. 24 and ends on Tuesday, March 9, at 5p ET
- Allows **only** the smallest businesses and nonprofits to have their PPP loan applications submitted to the SBA by their lenders
- Any PPP loan application submitted by a lender to the SBA before the exclusivity period began is still being processed
- Following the exclusivity period, the PPP opens back up to allow lenders to submit applications from all eligible entities



[SBA.gov/PPP](https://www.sba.gov/ppp)

Information Current as of 3/1/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



Prioritizing Equitable Relief for Mom-and-Pop Businesses

Policy changes & additional guidance coming in early March

1. Increasing support for independent contractors, sole proprietors, and self-employed individuals
2. Fairer access for returning citizens by eliminating restrictions for certain ex-felons
3. Allowing those delinquent on federal student loan debt to apply
4. Ensuring access for eligible immigrant-owned small businesses



[SBA.gov/PPP](https://www.sba.gov/ppp)

Information Current as of 3/1/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

What is a First Draw PPP Loan?

For eligible applicants that did not receive a PPP loan prior to Aug. 9, 2020

- Must have been in business by Feb. 15, 2020
- Borrowers can set the covered period to use PPP loan proceeds to be any length between 8 and 24 weeks after disbursement
- Additional types of entities now eligible
- Covered eligible expenses are expanded
- Must apply **on or before March 31, 2021**, or until Congressional appropriations are exhausted



SBA.gov/PPP

First Draw PPP Loan Eligibility

Must comply with size standards, eligibility criteria & certain limitations

Newly Eligible

- Housing cooperatives
- Destination marketing organizations
- Certain 501(c)(6) organizations such as Chambers of Commerce
- Eligible news organizations

Still Eligible

- Sole proprietors, independent contractors, self-employed individuals
- Business entities (e.g., partnerships, corporations, LLCs)
- 501(c)(3) non-profit organizations
- 501(c)(19) Veterans organization
- Tribal businesses



SBA.gov/PPP

Information Current as of 3/1/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

What is a Second Draw PPP Loan?

For borrowers that previously received a PPP loan, have 300 employees or less, and suffered a 25% reduction in gross receipts

- Maximum loan amount is \$2 million
- First Draw and Second Draw PPP loan covered periods cannot overlap
- Must demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020



SBA.gov/PPP

PPP Loan Application Process



1. Find a PPP Lender

- [SBA.gov/LenderMatch](https://www.sba.gov/LenderMatch)
- [SBA.gov/paycheckprotection/find](https://www.sba.gov/paycheckprotection/find)
- Contact SBA Resource Partner: [SBA.gov/local-assistance](https://www.sba.gov/local-assistance)

2. Complete Application

- Include all supporting documentation
- Get help from SBA Resource Partner: [SBA.gov/local-assistance](https://www.sba.gov/local-assistance)

3. SBA Issues Loan

- Lender submits application electronically to the SBA for compliance check & loan number

March 31, 2021 (or when appropriated funding is exhausted) is the final deadline for lenders to submit PPP loan applications to the SBA



[SBA.gov/PPP](https://www.sba.gov/PPP)

Information Current as of 3/1/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

PPP Loan Terms / Maturity

If the PPP loan is not 100% forgiven

PPP loans have:

- A fixed interest rate of 1% that is non-compounding and non-adjustable
- No requirement for collateral or personal guarantees
- No fees or prepayment penalties
- A five-year maturity (for those before June 5, 2020, it's two years); borrowers can ask their lender to extend to five years
- Payments start once borrower knows how much of the PPP loan is forgiven; lender will notify the borrower
- If borrowers do not apply for forgiveness, payments start 10 months after the last day of the covered period



[SBA.gov/PPP](https://www.sba.gov/ppp)

PPP Loan Forgiveness

**Borrowers must apply for PPP loan forgiveness through their lender;
lenders submit lender forgiveness decisions to the SBA**

Updates per the Economic Aid Act

- EIDL Advances are no longer deducted from PPP loan forgiveness payment
- Expenses paid with PPP loan funds are federally tax deductible; **contact the IRS** for details on this
- Expanded forgivable expenses are permissible for any unforgiven PPP loan
- **New:** simplified forgiveness application for PPP loans \$150,000 and under

Per the CARES Act

- Forgiven PPP loans are not federally taxable income



SBA.gov/PPP

COVID-19 Economic Injury Disaster Loan (EIDL)

Provides economic aid to businesses experiencing a temporary loss of revenue due to COVID-19

Economic Aid Act Extends Deadline to Dec. 31, 2021

- Can be used for working capital and normal operating expenses such as continuation of health care benefits, rent, utilities, fixed debt payments
- **Terms:** 3.75% for businesses (fixed), 2.75% for nonprofits (fixed), 30 years, no pre-payment penalty; loans over \$25,000 secured by UCC filing (\$100 deducted from loan proceeds)
- **Eligibility:** qualified small businesses, cooperatives and agricultural enterprises with 500 or fewer employees (or defined as small per [sba.gov/sizestandards](https://www.sba.gov/sizestandards)), and private non-profits



[SBA.gov/eidl](https://www.sba.gov/eidl)

New Program: Targeted EIDL Advance

No action required until contacted by the SBA via direct email invite

New Program in the Economic Aid Act

- Only for businesses that applied for an EIDL and 1) are in a **low-income community**; 2) have suffered **greater than 30% economic loss**; and 3) have **300 or fewer employees**
- If you meet the above, a Targeted EIDL Advance will (per funding availability):
 - Balance out a previous EIDL Advance to a full \$10,000
 - Provide \$10,000 to those who applied for an EIDL Advance but didn't receive funds due to lack of funding
- The **SBA is emailing those who may qualify** with instructions on how to determine eligibility and submit documentation.



New Program: Targeted EIDL Advance

Items needed to verify eligibility and submit

- 2019 Federal Tax Return (recommended to have on hand when applying)
- EIN/SSN as specified in original EIDL application
- Monthly gross receipts for 2019, 2020, and completed months in 2021
- Confirmation that the information in original EIDL application is still accurate (changes may require a manual review and documentation)
- Applicants initially eligible will be required to sign a 4506-T for the SBA to obtain tax transcripts for Targeted EIDL Advance approval



New Program: Targeted EIDL Advance

Application Process

- Only one submission for each Targeted EIDL Advance can be made
- Carefully review the bank account information
- Ensure information submitted is 100% correct; due to limited Targeted EIDL Advance funds, the SBA will not be able to make reconsiderations
- SBA's goal is to process completed applications within 21 days; applications may not be considered complete until after IRS Form 4506-T is received
- **Application questions:** TargetedAdvance@sba.gov
- **If approved:** You will receive an email & ACH deposit to the bank account provided



New Program: Shuttered Venue Operators Grant

\$15 billion in total available; maximum grant is \$10 million

Eligible Entities

- Live venue operators or promoters
- Theatrical producers
- Live performing arts organization and motion picture theater operators
- Relevant museum operators, zoos and aquariums who meet specific criteria
- Talent representatives
- Maximum of five business entities related via affiliation (for example, one parent firm and four subsidiaries) that also meet the eligibility requirements

Plus ...

- Must have been in operation as of Feb. 29, 2020
- Venue or promoter must not have applied for / received a PPP loan on or after Dec. 27, 2020



SBA.gov/svogrant

New Program: Shuttered Venue Operators Grant

What do to prior to application opening

- Get registered in the federal government's System for Award Management (SAM.gov)
- Review the often updated Frequently Asked Questions and video tutorials on [SBA.gov/svogrant](https://www.sba.gov/svogrant)

Determine Potential Grant; it will be the lesser of \$10 million or:

- If in operation **on** Jan. 1, 2019: 45% of the 2019 gross earned revenue
- If began operation **after** Jan. 1, 2019: the average monthly gross revenue for each full month in operation during 2019 multiplied by 6



[SBA.gov/svogrant](https://www.sba.gov/svogrant)

Cross Program Eligibility on Economic Aid

**** Certain criteria must be met for each program ****

→ Applicant for → ↓ Recipient of ↓	PPP	Shuttered Venue Operators Grant	COVID-19 Economic Injury Disaster Loan
PPP	First Draw PPP borrowers may be eligible to apply for Second Draw PPP loans	May apply for SVOG if received a PPP loan prior to 12/27/20	May apply for EIDL; PPP and EIDL can't be used for the same purpose/costs
Shuttered Venue Operators Grant	Not eligible to apply for PPP loan	May be eligible to receive a supplemental SVOG	May apply for EIDL; SVOG and EIDL can't be used for the same purpose/costs
COVID-19 Economic Injury Disaster Loan	May apply for PPP; EIDL and PPP can't be used for the same purpose/costs	May apply for SVOG; EIDL and SVOG can't be used for the same purpose/costs	The same business cannot apply for more than one EIDL



SBA-Backed Loan Debt Relief

Program for 7(a), 504 and Microloan Borrowers Only

- Assistance varies based on when the SBA-backed loan was approved and by type of loan (7(a), 504 and/or Microloan).
- Borrowers do not need to apply for this debt relief; the SBA provides it automatically.
- Letters have been distributed to eligible borrowers; a sample letter can be found at www.sba.gov/coronavirusrelief > Debt Relief > Sample Section 1112 Borrower Letter
- Contact your lender with debt relief questions



Key Takeaways

Loan Programs



Paycheck
Protection
Program
(PPP)



Debt Relief on
SBA 7(a), 504
and Microloans



Economic
Injury Disaster
Loan (EIDL)
and
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Grant Programs



Shuttered
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Follow the SBA on Instagram: www.instagram.com/sbagov/



Email: DisasterCustomerService@sba.gov



Call: (800) 659-2955



www.sba.gov/coronavirusrelief - all economic aid options

www.sba.gov/ppp - Paycheck Protection Program

www.sba.gov/svogrant - Shuttered Venue Operators Grant

Questions





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Program Analyst, RLF Coordinator
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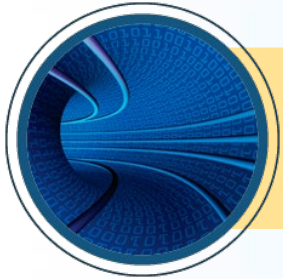


EDA Revolving Loan Funds

CDFI Federal Financing Webinar Series

Expanding Capital Access to Preserve Small Businesses

March 9, 2020



EDA: Agency Overview and Program Summary



REVOLVING LOAN FUNDS: Planning & Managing an EDA RLF



RLF CAPITALIZATION GRANTS: Examples from Recent Awards

EDA Investments Create Jobs and Leverage Private Funds

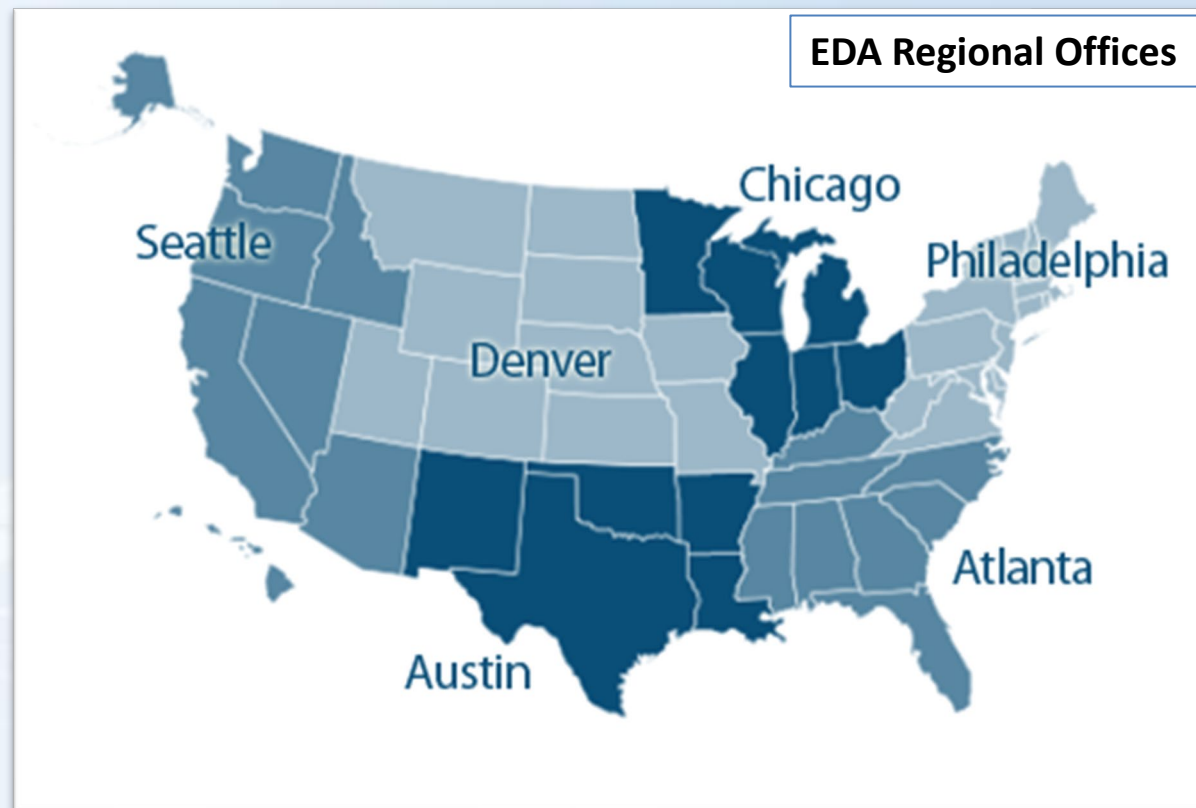


- ★ EDA provides **grant-based investments** to units of state and local government, tribal organizations, and non-profits in communities and regions suffering from economic distress
- ★ EDA targets its investments to promote the attraction of **private capital investment** and the creation and retention of **higher-skill, higher-wage jobs**
- ★ EDA investments are intended to help communities and regions **build the capacity** for economic development
- ★ EDA primarily focuses on projects that help build or contribute to an area's **economic base**.

Mission: lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy.

Investment Priorities are used as part of the initial project analysis of EDA applications. . .

- Recovery & Resilience
- Critical Infrastructure
- Workforce Development & Manufacturing
- Exports & Foreign Direct Investment
- Opportunity Zones



EDA makes grants to support regional economic development planning and implementation projects for communities suffering economic distress.

EDA supports *locally-developed, regionally-driven* economic development strategies that capitalize on communities’ inherent assets and comparative advantages. . .(FY 2021 funding allocations)

- **Planning** (\$33M)
- **Economic Adjustment** (\$38M + \$33M Coal Communities + \$17M Nuclear Closure Communities)
- **Public Works** (\$119M)
- **Technical Assistance** (\$10M)
- **Research & Evaluation** (\$1.5M)
- **Trade Adjustment Assistance** (\$14M)
- **Regional Innovation Strategies** (\$38M)
- **STEM Apprenticeship** (\$2M)

EDA’s most flexible program, RLFs are a type of award in the Economic Adjustment program.

FY19 Disaster Supplemental (\$587M)

CARES Act Supplemental (\$1.467B)

NOFO, FAQs and resources:

<https://www.eda.gov/funding-opportunities/>

Prior to CARES Act (2020), about 6 RLF grants were awarded each year.

FY21 Capital Challenge (formerly known as “Seed Fund Support”)

★ *Increase access to capital in communities where risk capital is in short supply.*

★ *The Capital Challenge provides operational support for...*

Allocating \$6 million in total for the Capital Challenge in FY2021

- Formation, launch, or scale of investment funds that seek to invest their capital in scalable startups
- Organizations with a goal to expand capital deployment within a community, region, or regional industry (i.e. angel networks or investor training programs)
- Applicants may request up to \$400k in federal funds over a 3-year project period
- 1:1 match is required (cash or in-kind)

★ *Allocating \$6 million in total for the Capital Challenge in FY2021*

Capital Challenge	1:1 Match Required	Venture Challenge	\$32M AVAILABLE
\$6M AVAILABLE	BUILD	SCALE	
<ul style="list-style-type: none"> • Increase access to capital in communities where risk capital is in short supply • Build operational capacity • Up to \$400K over 3 years 	<ul style="list-style-type: none"> • Building and piloting programs to address a proven community need • Up to \$750K over 3 years 	<ul style="list-style-type: none"> • Scaling an existing initiative with proven impacts • Up to \$1.5M over 3 years 	

EDA CARES Act Recovery Assistance Supplemental Awards

★ *All applications for CARES Act Recovery Assistance projects must explain how the project meets EDA's Recovery and Resilience investment priority.*

★ *The applicant may also explain how the proposed project will meet any of EDA's other investment priorities. Review EDA's investment priorities at: <https://eda.gov/about/investment-priorities>*

★ *CARES Act Recovery Assistance grants using three separate, parallel processes:*

- Competitive awards through EDA's Regional Offices
- Non-Competitive awards
- Competitive awards through EDA Headquarters

Pending...

America Rescue Plan Act: \$3 Billion for EDA, Economic Adjustment Assistance

EDA RLFs established for business lending

Economic Adjustment Assistance Grants to capitalize or recapitalize RLFs most commonly fund business lending, but also may fund public infrastructure or other authorized lending activities.

RLF grant application:

- Demand for public financing tool, based on CEDS priorities (or EDA approved plan)
- Types of financing activities anticipated
- Capacity of the applicant to manage lending activities
- Ability of the applicant to create networks with other lending partners

Note: CEDS = Comprehensive Economic Development Strategy, the five-year regional economic development plan prepared by EDA-funded Economic Development District (EDD)

EDA makes grants to eligible entities inline with CEDS priorities

RLF award is a grant from EDA, matched with local funds

- Capitalize RLF to make loans to eligible borrowers
- Repaid loans enable RLF to make additional loans
- RLF Income ‘subsidizes’ cost of operating RLF

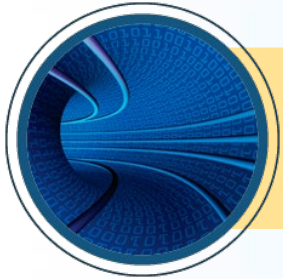
Terms and Conditions

RLF Plan: RLF Strategy & Operational Procedures

Financial Report, Audit and Risk Rating



RLF Act: EDA Release of Federal Interest in RLF Award



EDA: Agency Overview and Program Summary



REVOLVING LOAN FUNDS: Planning & Managing an EDA RLF



RLF CAPITALIZATION GRANTS: Examples from Recent Awards



EDA's Existing RLF Portfolio:

- ★ Number of active RLFs – about 830 (500 + 330)
 - ★ EDA grant funding – \$1.2B (\$574M + \$654M)
 - ★ Combined Capital Base: \$1.5B
-

From the pre-CARES RLF portfolio of 500 awards,

- ★ Over \$3.5B in loans made (about 39,000 loans)
 - ★ Avg. loan size \$90k
- ★ Almost \$18B investment leveraged
- ★ Over 670,000 jobs created or retained

“Where credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed”

EDA RLF guiding principles

- ★ RLF lending strategy aligns with CEDS priorities
- ★ Gap financing for economic development purposes
 - Job creation (RLF \$ lent per job created/saved)
 - Leverage Ratio (Leverage : RLF :: \$2 : \$1)
- ★ Start-up, Expansion, Retention
- ★ Fixed Assets, Working Capital
- ★ Use of RLF Income for administrative expenses
- ★ Portfolio monitoring – RLF Risk Analysis System



Construction projects require Davis-Bacon prevailing wages

RLF Standard Terms and Conditions

EDA's Regulations – 13 CFR chapter III

RLF Plan [§ 307.9]

- ★ Consistency with CEDS or EDA-approved plan
- ★ Updated every 5 years
 - ★ Part I – Revolving Loan Fund Strategy
 - ★ Part II – Operational Procedures

Loan Committee

Prudent Lending Practices



Operating an EDA RLF:

- RLF grant management – RLF Standard Terms and Conditions + Risk Analysis System
- RLF Plan – Revolving Loan Fund Strategy (Part 1) & Operational Procedures (Part 2)
 - Consistency with CEDS and RLF Award
 - Updated as economic conditions change, at a minimum every 5 years
- Loan Committee
- Prudent Lending Practices and local lending laws
- RLF Income can subsidize administrative expenses
- RLF reporting, audit & risk rating; Release EDA interest 7 years after final disbursement

RLF Lending Requirements – Gap financing for economic development purposes

- RLF Plan establishes lending strategy, targets, and limits
- Where credit is not otherwise available...for the activity to be financed
- Leverage requirement (\$2 : \$1)
- Job creation (cost/job target)

Restrictions on use of RLF Capital [§ 307.17(c)]

RLF funds cannot be used for the following:

- Acquire equity position in private business
- Subsidize interest payments on existing RLF loan
- Provide borrowers' required equity contribution under other Federal loan programs
- Enable borrowers to acquire an interest in a business (unless sufficient economic benefit)
- Provide loan for purpose of investment capital
- Refinance existing debt (unless 'sound economic justification' or purchase rights of prior lien holder...)



RLF Risk Analysis System

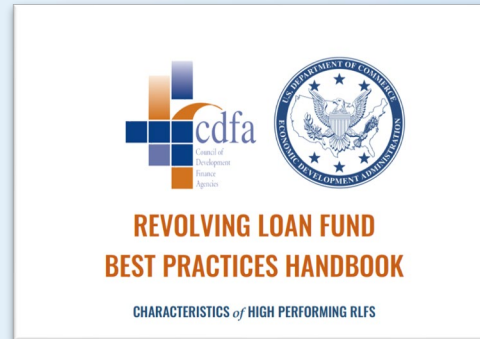


- ★ **CAMELS Approach:** The CAMELS approach adapted by EDA includes capital, assets, management, earnings, liquidity and strategic results.
- ★ **Classification:** The risk-based analysis system uses a series of metrics and measures to rate RLF as 3 levels: A, B or C
[15 measures, scored 3 (highest) to 1 (lowest)]
- ★ **Tailored Technical Assistance:** EDA allocates effort to the level C RLFs, in order to adequately address risk and performance.

EDA's RLF Risk Analysis System scoring and rating uses RLF Financial Report (Form ED-209) and independent audit

RLF Best Practices Program:

- RLF Best Practices Handbook
- CDFA – EDA RLF Resource Center
- Online archive of program materials
- Workshops, webinars, peer mentoring, examples, & samples
- <https://www.cdfa.net/cdfa/cdfaweb.nsf/pages/edarlfprogram.html>



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EDA RLF Webpage

The National Association of Development Organizations (NADO) has posted the recording and slides from their February 16, 2021-hosted *Reinvigorating Lending for the Future Act (RLF Act)* webinar. During the webinar, NADO was joined by EDA leadership and program staff who provided an overview of the process by which EDA is inviting eligible EDA RLF operators to submit written requests asking EDA to release its federal interest in RLF awards. The webinar recording is linked here and the slide deck is linked here (PDF). Please direct any further questions to your EDA Regional Office.

EDA provides Economic Adjustment Assistance (PDF) grants to eligible recipients to capitalize or recapitalize lending programs that service businesses that cannot otherwise obtain traditional bank financing (and in limited situations to governmental entities for public infrastructure). These loans provide access to capital as gap financing to enable small businesses to grow and generate new employment opportunities with competitive wages and benefits. Financing also helps retain jobs that might otherwise be lost, create wealth, and support minority and women-owned businesses.

Information on how to apply eligibility, etc., can be found in EDA's FY 2020 Public Works and Economic Adjustment Assistance Programs Notice of Funding Opportunity (PWEAA NOFO).

Examples of how small businesses are plugging into EDA-supported Revolving Loan Funds to ensure their continued growth and success can be found on our RLF success stories page.

RLF RECIPIENTS
A sortable list of EDA-funded RLF Recipients is available here (XLSX). Information includes organization name, city, state, webpage and lending area.

LOCATE AVAILABLE REVOLVING LOAN FUND GRANTEE'S BY STATE
Click on a state in the image below or select from the following drop down menu.

EDA NEWSROOM

Newsroom
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CDFA EDA Revolving Loan Fund Best Practices Program

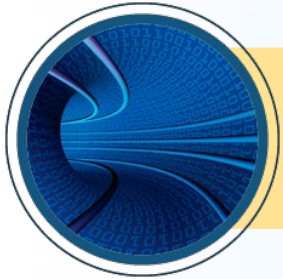
The EDA Revolving Loan Fund Program is a staple of the federal economic development access to capital delivery system. The program, established in 1975, is designed to provide grants to state and local governments, political subdivisions, and nonprofit organizations to operate a lending program that offers low-interest loans to businesses that cannot get traditional bank financing. Grant recipients are required to manage their RLF according to their RLF administrative plan, a document that describes the lending strategy and administrative procedures for a specific RLF project. The EDA has charged CDFA with developing an education program which will help to improve this crucial program.

CDFA has worked with the EDA to develop an innovative technical assistance approach to better support and improve the more than 500 EDA funded Revolving Loan Funds in the United States. The CDFA EDA RLF Best Practices Program will include a diverse set of offerings that will encourage learning, best practice collaborations, evaluations of service efficiencies and improvements, and a comprehensive resource collection and dissemination process.

Key program elements will include:

- **EDA Revolving Loan Fund Training**
CDFA will present its comprehensive Intro Revolving Loan Fund Finance Course once in each of EDAs six regions. The course curriculum will be tailored to address the specific needs of EDA RLF grantees with a focus on introductory elements related to program design, marketing, management, decision making, pre- and post-loan closing processing, disclosure and monitoring, underwriting strategies, program expansion, evaluations and program risk strategies.
- **EDA Revolving Loan Fund Webinar Series**
Understanding that not all RLF grantees will have the resources or ability to attend in-person training, the CDFA EDA RLF Best Practices Program will offer an exclusive online learning environment through CDFA's established webcast system. This learning module will include

<https://www.eda.gov/news/> ----->



EDA: Agency Overview and Program Summary



REVOLVING LOAN FUNDS: Planning & Managing an EDA RLF



RLF CAPITALIZATION GRANTS: Examples from Recent Awards



Racine County Economic Development Corporation Racine, Wisconsin

- Recruit, retain, and grow businesses
- Redevelopment assistance for vacant, urban industrial and commercial buildings
- Real estate projects, equipment purchases and limited working capital needs

Eligible Project Costs

- Land and building purchases
- Building construction or renovations
- Equipment, furniture and fixture purchases
- Limited working capital

Fees

- Estimated \$1,000 legal fee
- 1.5% processing fee
- Out-of-pocket closing costs

Rates & Terms

- As low as 2.44%
- Up to 10 year term
- Up to 20 year amortization
- Key man life insurance typically required.



Program Parameters

Borrower Equity Requirement:

- 10% of project cost.

Loan Amount:

- Generally up to 33% of the project costs.

Community Benefit Required:

- Examples: Job creation, increased tax base.



Nelson Bros. and Strom Co., Inc. benefitted from the EDA-RLF using it to purchase new manufacturing equipment.

***Region 9 Economic Development District
Southwest Colorado***



- Collaborates for mentoring/training start-ups
Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE)
 - Loans made to program graduates
- Loans structured around working capital and fixed assets
- New Management with greater emphasis on marketing



Burlington Electric Department Burlington, Vermont

- Business energy efficiency revolving loan fund
- Financing for commercial electric users seeking to make energy efficiency electrical improvements
- Business investment to reduce operating expenses



safety
efficiency
service

ENERGY EFFICIENCY

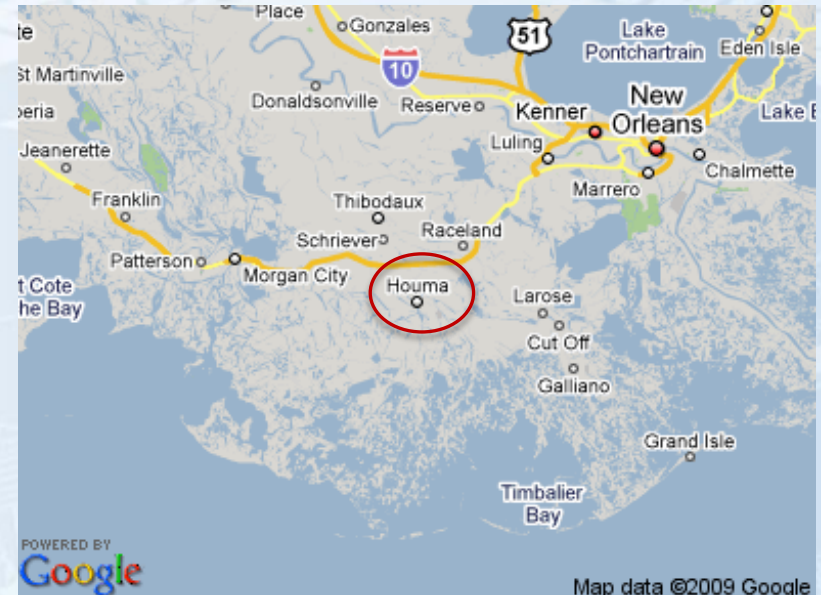
PUBLIC POWER SINCE 1905

www.burlingtonelectric.com

South Central Planning and Development Commission South Central Louisiana



- Oil spill disaster recovery loan fund
- Financing for small business assistance in response to oil spill affecting fishermen and seafood and tourism industries



Feed the Hunger Foundation Hawai'i

- Focus on sustainable food ecosystem and food security
- Tsunami disaster – 2012 Japan earthquake
- Empower marginalized communities through access to capital to participate in community's food economy
- Micro-lending and continued support
 - Amount: \$10k – \$75k
 - Term: 18 – 60 months



Feed The Hunger
Foundation



***Redwood Region Economic Development Commission
-and- The County of Humboldt, California***

- County provides matching funds for partner loans [from non-Federal RLF]
- Economic diversification for resource dependent economy (timber & fishing)
 - Robust and growing entrepreneurial culture attracted to Humboldt
 - Lending to scale up nascent businesses
- Targeted lending:
 - Buying Machinery, Equipment, Furniture, and Fixtures
 - Working Capital and Inventory
 - Starting a Business; Buying a Business
 - Purchasing Commercial Real Estate

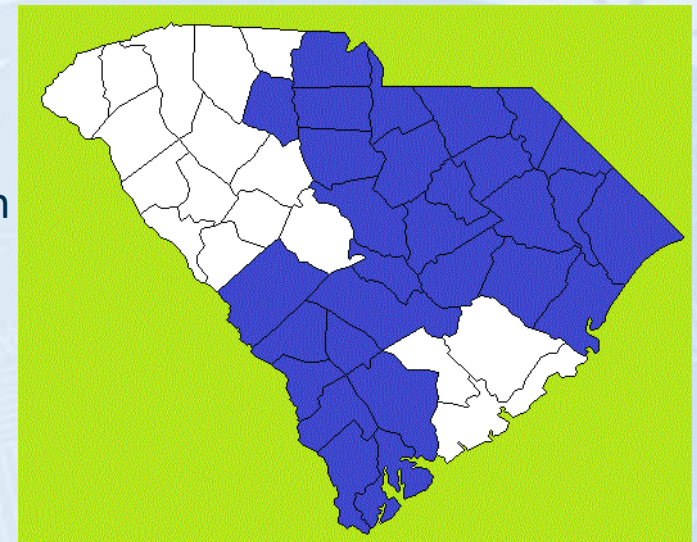


Redwood Region Economic Development Commission

Catawba Regional Council of Governments South Carolina



- Finance new projects and support retention and expansion of existing businesses, special purpose districts, units of local government and nonprofits
- Operates other government funded programs – USDA IRP, SBA 504 and South Carolina Brownfield Cleanup Fund
- Lending area covers 29 of South Carolina’s 46 counties and seven EDA Districts
- Six smaller RLFs transferred to Catawba
 - Economies of scale in marketing, lending and portfolio management
 - More than doubled total RLF to over \$7 million
- Focus on job creation in small businesses



RLF Coordinator – Mitchell Harrison, Performance and National Programs
Phone: 202.482.4696, Email: mharrison@eda.gov

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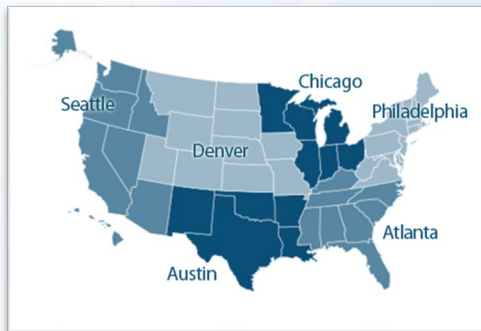
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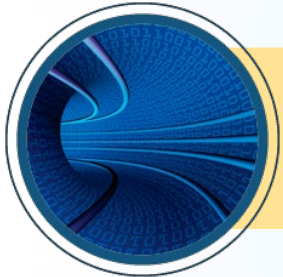
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EDA: Agency Overview and Program Summary



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RLF CAPITALIZATION GRANTS: Examples from Recent Awards



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CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

Thank you

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today. Send us
your questions
and comments!

Questions?



CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

Panelist

Thank you

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Traci Smith

Business Loan and Grant Analyst
USDA Rural Development

See all of CDFA's resources online at www.cdfa.net/resources



USDA Rural Development

Traci Smith, Business Loan & Grant Analyst
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517-324-5221

USDA's Rural Development Mission Area



- Homeownership Loans
- Home Repair Loans & Grants
- Mutual Self-Help Technical Assistance Grants
- Multi-Family Housing Loans
- Housing Preservation Grants
- Community Facility Loans & Grants

- Electric Program
- Water & Environmental Programs
- Telecommunications & Broadband Programs

- Business & Industry Guaranteed Loans
- Rural Business Development Grants
- Intermediary Relending Program
- Rural Energy for America Program
- Value Added Producer Grants
- Cooperative Development Assistance

Rural Business Programs

- Rural Business Development Grants (RBDG)
- Rural Microentrepreneur Assistance Program (RMAP)
- Intermediary Relending Program (IRP)
- Business & Industry CARES Act Guaranteed Loans



Definition of Rural for Business Programs being discussed today:

“Any area of a State **not in a city or town that has a population of more than 50,000** inhabitants, according to the latest decennial census of the United States, and the contiguous and adjacent urbanized area, and any area that has been determined to be “rural in character” by the Under Secretary for Rural Development, or as otherwise identified in this definition.”



USDA Rural Development Rural Business Programs Eligibility



Shaded areas represent locations that are ineligible for financing in the Rural Business Programs.

Property-specific determinations: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Contact your Rural Development Area Office for more detailed maps.



Rural Business Development Grants

- Eligible Applicants:
 - Public Body/Government Entity
 - Native American Tribe
 - Nonprofit Entities
- Competitive Grant – Scoring Matters
- No maximum grant amount
- Must be serving rural areas

Rural Business Development Grant

Deadline: March 31, 2021

Business Enterprise Grant (RBEG)

- Must be helping Small and Emerging Businesses (50 or fewer employees AND < \$1 Million gross revenue)
 - Business Incubators
 - Farmers Markets
 - Trail Grooming Equipment & Signage
 - Business Training
 - Market Research
 - Development of land/buildings etc.
 - Establish Revolving Loan Funds
- *if assets are purchased, applicant must own

Business Opportunity Grant (RBOG)

- Does not include limitation to business size
 - Leadership & Entrepreneur Training
 - General Business Strategic Planning
 - Feasibility Studies (not pass through to private businesses)

Ineligible Use of Funds

- Duplicate current services
- Pay organizations administrative expenses
- Costs of preparing application
- Expenses incurred prior to award
- Agriculture production
- Comprehensive Area-wide planning
- Pass through grants
- Fund part of project that is dependent on other funding unless there is a firm commitment of the other funding to ensure project completion
- Make loans when rates, terms and charges are not reasonable or would be for ineligible purposes (ag production or housing)

Rural Business Development Grant

Farmers Market & Incubator

Frankenmuth, MI

\$ 50,000 RBDG Grant

\$1,370,000 CF Guarantee



Vogue Theater

Manistee, MI

\$10,000 Feasibility Study Grant

Rural Microentrepreneur Assistance Program

Deadline: 3/31,
6/30, 9/30, 12/31

Purpose:

- Provide loans and grants to Microenterprise Development Organizations (MDOs)
 - Nonprofits, Federally-recognized tribes or Institutions of higher education
 - Loans of \$50,000 to \$500,000 (total aggregate capped at \$2.5 million)
 - 20 year term with 2-year payment deferral
- Provide microloans for microenterprise startups and growth through a Rural Microloan Revolving Fund
 - max \$50,000 microloan to each borrower NTE 75% of project costs
 - Business must be located in an eligible rural area with 10 or fewer full-time employees
- Provide training and technical assistance to microloan borrowers and micro entrepreneurs
 - Max grant is up to \$205,000 annually
 - 15% matching funds are required

Intermediary Relending Program

Deadline: 3/31, 6/30, 9/30, 12/31

- Purpose:
 - Provide low interest loans to local “intermediaries” that relend to rural businesses to improve economic conditions and create jobs in rural communities
 - Nonprofits, Cooperatives, Federally-recognized Indian Tribes or Public Bodies
 - Maximum \$2MM for first financing and maximum of \$1MM per request thereafter
 - Interest rate is 1% fixed for 30 years
 - Interest only payments for first three years
 - Intermediary loans to ultimate recipients
 - Applicants may be individuals, public or private organizations or other legal entities
 - \$250,000/\$150,000 max loan amount NTE 75% of project costs
 - Borrower unable to access affordable commercial financing



Business & Industry (B&I) & B&I CARES Act Guaranteed Loans

*Special eligibility modifications made to traditional loan program due to funding from CARES Act

Business & Industry & CARES Act Loans

- ✓ Cooperatives
- ✓ Corporations
- ✓ Partnerships
- ✓ Individual
- ✓ Public Body

- ✓ Tribal Group
- ✓ Non-profit*

*Charitable Organizations, Churches & Fraternal Organizations are not eligible

No requirement for citizenship provided that use of funds/collateral will remain in the United States.

Eligible Project Examples

- Grain Elevator
- Cold Storage
- Lumber Yard
- Rail Line
- Food Processor
- Wine Tasting Room
- Brewery
- Grocery Store
- Assisted Living Facility
- Manufacturing
- Community Health Facility
- Hospital
- Hotel
- Business Complex
- * Agriculture Producer *

*Only eligible for CARES Act loans (not eligible for traditional B&I loans)

Ineligible Project Examples

- Housing
- Gambling
- Marijuana
- Hemp – *CBD related ineligible
- Race tracks
- Golf Courses
- Cemeteries
- Research and Development
- Charitable Organizations
(> 10% revenue from donations)
- Equity distribution to owners

- Business & Industry Loan Guarantees (B&I)
 - Guaranteed loans by eligible lenders to rural businesses
 - Maximum \$25 million per borrower
 - One-time guarantee fee of 3%; .50% annual
 - Real estate: 30 year term
 - Equipment: 15 year term
 - Working capital: 7 year term
 - 80% Guarantee
 - Must have 1 to 1 collateral coverage on a discounted basis
 - 10-25% equity requirement

Research Tool Corporation

Ovid, MI

Guaranteed Loan for Restructuring Debt



Jackson Health Center

Guaranteed Loan to Build Facility

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**

RBCS Program Access Points:

- <https://www.rd.usda.gov/contact-us/state-offices>
- <https://www.rd.usda.gov/publications/fact-sheets>
- <https://www.rd.usda.gov>
- <https://www.rd.usda.gov/programs-services/business-and-industry-cares-act-program>





CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

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Questions?

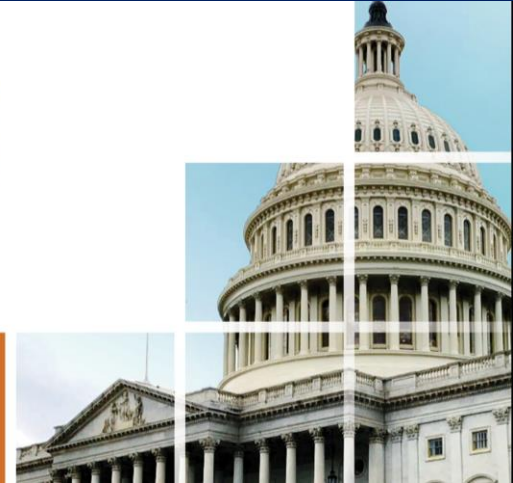


CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

Upcoming Events



CDFA Federal Financing Webinar Series



REGISTER
TODAY >>

Feb 9 | Mar 9 | May 11 | Jun 8 | Aug 24 | Sep 14 | Dec 14

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Next in this Series:

**CDFA Federal Financing Webinar Series:
Federal Programs for Affordable Housing Investment**
May 11, 2021

Register online at www.cdfa.net



CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

Upcoming Events



Intro Tax Increment Finance WebCourse

This course qualifies for the CDFA Training Institute's Development Finance Certified Professional Program.

REGISTER
TODAY >>

March 24-25, 2021 DAILY: 12-5 PM Eastern

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**CDFA // BNY Mellon Development Finance Webcast Series:
Social Justice and the Muni Markets**

March 16, 2021

**CDFA Rural Development Finance Webinar Series:
Disaster Resiliency in Rural Communities**

March 23, 2021

**CDFA-Bricker PACE Webinar Series:
How PACE Gets Utilized Across All Market Segments**

March 30, 2021



CDFA Federal Financing Webinar Series: Expanding Capital Access to Preserve Small Businesses

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