



NYSAC
NEW YORK STATE
ASSOCIATION OF COUNTIES

Webinar:

Support for Farmers & Food Systems during COVID-19

June 25, 2020



Jeanette Stanziano

Director of Education & Training
NYSAC

*NYSAC thanks our webinar
sponsor:*



FARM CREDIT EAST

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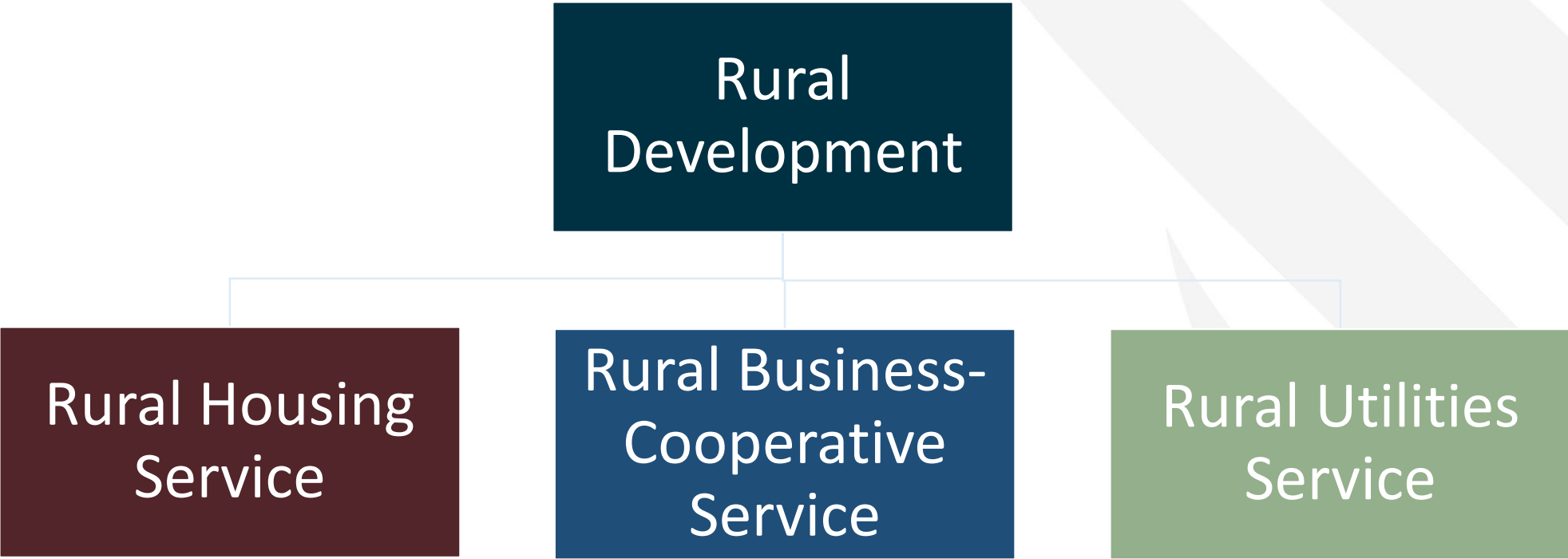


Rural Business Service – Summary of Programs

Richard Mayfield, State Director
USDA Rural Development - NY

What is USDA Rural Development?

- 1 Agency - 3 Mission areas - 40+ Programs



Where is USDA Rural Development – in New York?

- **1 State Office**

- Syracuse

- **10 Area Offices**

- Bath
- Batavia
- Canton
- Canandaigua
- Cortland
- Greenwich
- Marcy
- Middletown
- Schoharie
- Watertown

- **Co-Located with FSA / NRCS**

**USDA Rural Development
State Office**
441 South Salina Street
Syracuse, NY 13202
Tel. (315) 477 6400 Ext. 4

Canton Area Office
1942 Old DeKalb Road
Canton, NY 13167
Tel. (315) 386 2401 Ext. 4
Fax (855) 889 1629

Watertown Area Office
P.O. Box 838 (21168 NYS Rt. 232)
Watertown, NY 13601
Tel. (315) 782 7289 Ext. 4
Fax (855) 889 1635

Canandaigua Area Office
Agricultural Service Center
3037 County Rd. #10
Canandaigua, NY 14424
Tel. (585) 394 0525 Ext 4
Fax (855) 558 7583

Marcy Area Office
9025 River Road
Marcy, NY 13403
Tel. (315) 736 3316 Ext. 4
Fax (855) 558 7596

Batavia Area Office
29 Liberty Street, Suite 2
Batavia, NY 14020
Tel. (585) 343 9167 Ext. 4
Fax (855) 889 1627

Greenwich Area Office
2530 State Rt. 40
Greenwich, NY 12834
Tel. (518) 692 9940 Ext. 4
Fax (855) 889 1631

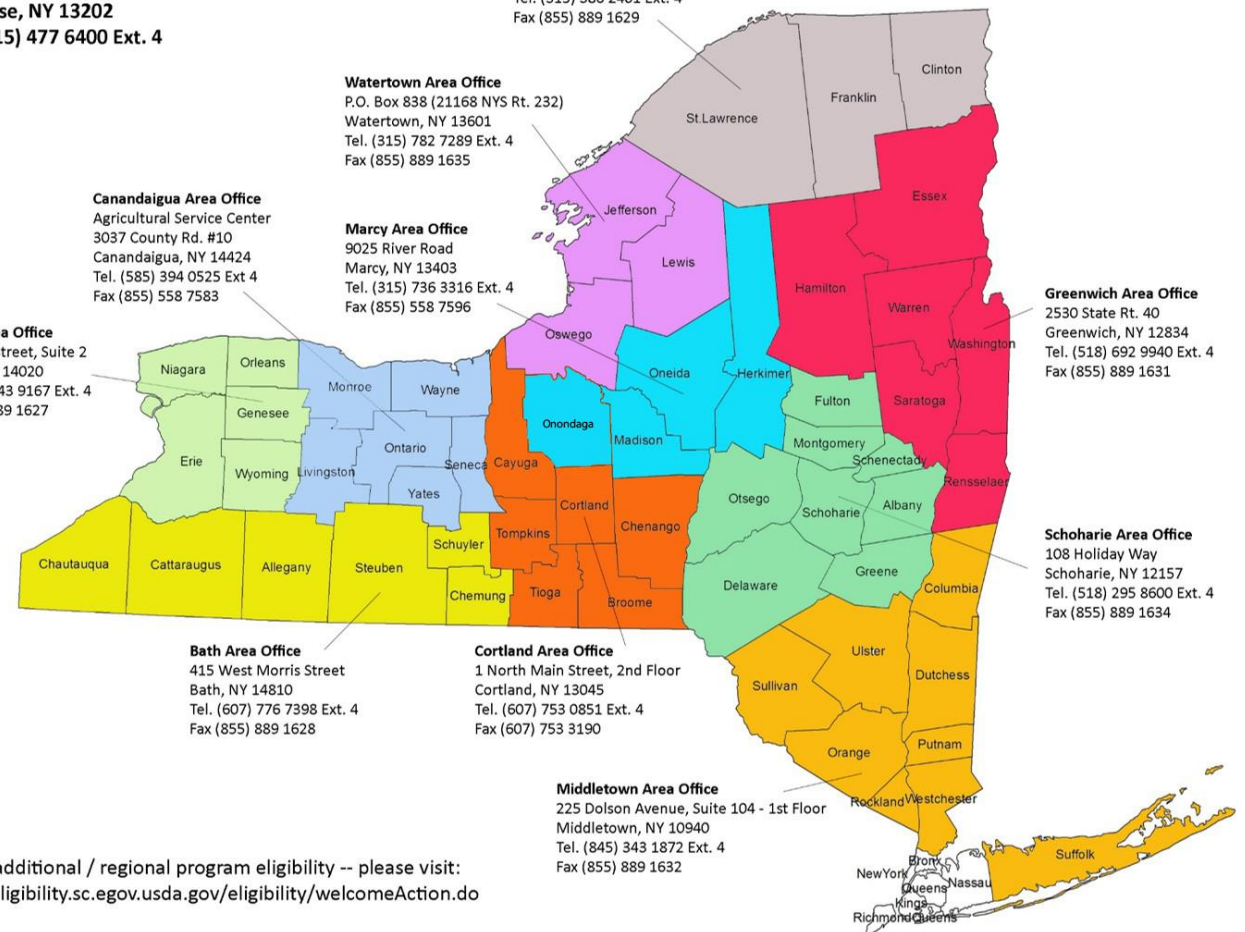
Schoharie Area Office
108 Holiday Way
Schoharie, NY 12157
Tel. (518) 295 8600 Ext. 4
Fax (855) 889 1634

Bath Area Office
415 West Morris Street
Bath, NY 14810
Tel. (607) 776 7398 Ext. 4
Fax (855) 889 1628

Cortland Area Office
1 North Main Street, 2nd Floor
Cortland, NY 13045
Tel. (607) 753 0851 Ext. 4
Fax (607) 753 3190

Middletown Area Office
225 Dolson Avenue, Suite 104 - 1st Floor
Middletown, NY 10940
Tel. (845) 343 1872 Ext. 4
Fax (855) 889 1632

www.rd.usda.gov/NY



To view additional / regional program eligibility -- please visit:
<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Rural Business Service Programs

Rural Business Development Grants (RBDG)

Business & Industry Loan Guarantee Program (B&I)

Renewable Energy for America Program (REAP)

Value-Added Producer Grant Program (VAPG)

B&I CARES Act Program

Rural Business Development Grants (RBDG)

This program provides grant money to assist with economic development planning and/or the financing or expansion of rural businesses.

Rural Business Development Grants (RBDG)

- Grants to support the development of small private businesses in rural areas.
- Applicants can be:
 - Public bodies
 - Private/ Non profit corporations
- No size limit, however, highest priority is for applications of less than **\$100,000**.
- New York State has historically been allocated approximately **\$800,000** each year.
- Application window varies

Rural Business Development Grants (RBDG)

- Grant funds can be used for:
 - Training and technical assistance, such as project planning, business counseling/training, market research and feasibility studies
 - Acquisition or development of land, easements, or rights of way; construction, conversion, renovation of buildings; plants, machinery, equipment, access for streets and roads; parking areas and utilities
 - Pollution control and abatement
 - Capitalization of revolving loan funds, including funds that will make loans for start-ups and working capital
- Distance adult learning for job training and advancement
- Rural transportation improvement
- Community economic development
- Technology-based economic development
- Feasibility studies and business plans
- Leadership and entrepreneur training
- Rural business incubators
- Long-term business strategic planning
- Equipment leasing

Business & Industry Loan Guarantee Program (B&I)

This program improves the economic health of rural communities by increasing access to business capital through loan guarantees. This enables commercial lenders to provide affordable financing for rural businesses

Business & Industry Loan Guarantee Program (B&I) Loan Limits

Loan Size	B&I	REAP
≤ \$600k	80%	85%
\$600k – \$5 million	80%	80%
\$5 – 10 million	70%	70%
\$10 – 25 million	60%	60%

Please keep in mind – **USDA is not the lender** – the process starts with your local lender.

Business and Industry Loan Guarantee Fees & Costs

	B&I	REAP
Initial Fee	3%	1%
Annual Renewal Fee	0.50%	0.25%
Fees are calculated as follows: Principal outstanding * Guarantee percentage * Fee percentage		

Business & Industry – Eligible Vs. Ineligible Loan Purposes



- Business and industrial acquisitions
- Purchase of land, machinery and equipment
- Construction, enlargement or modernization
- Pollution control or abatement
- Working capital
- Refinancing (when it is necessary to save jobs)
- Eligible fees and costs



- Pay and distribution to an owner who will continue in the business
- Finance of:
 - Charitable
 - Religious, or
 - Fraternal organizations
- Finance of:
 - Agricultural production – unless it is also processing agricultural products

Business & Industry

- Use lender's underwriting
- Minimum tangible equity of **10%** is required for existing businesses, **20%** for new and/or high risk businesses
- 1:1 discounted collateral ratio (minimum)
- Feasibility studies required for new businesses and new ventures
- Personal guarantees required for individuals owning \geq **20%** share

Renewable Energy for America Program (REAP)

This program helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy through energy efficiency improvements.

Renewable Energy for America Program (REAP)

- Loan guarantee and grant program for renewable energy and energy efficiency projects
- Up to 75% of total project cost can be in the form of a guarantee loan
 - Borrowers can also apply for a grant of up to **\$500,000** or **25%** of the total project cost
 - Total grant / loan combo cannot exceed **75%**
- Eligible applicants include:
 - Agricultural Producers
 - 50% + of gross income from their Ag business
 - Rural Small Businesses
 - SBA Standards
- Non-profit organizations and public entities are **NOT** eligible

Renewable Energy for America Program (REAP)

Eligible Projects

Renewable Energy

Biomass
Anaerobic Digesters
Geothermal
Hydrogen
Wind & Solar
Hydroelectric

Energy Efficiency

Energy Efficiency Improvements
verified by an energy audit or
assessment

Renewable Energy for America Program (REAP)

Eligible Costs

- Post application purchase and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment and vehicles.
- Post application non-residential construction, project improvements
- Energy audits or assessments
- Permit and license and professional service fees
**except for application preparation*
- Feasibility studies and technical reports
- Business Plans
- Retrofitting
- Construction of a new energy efficient facility only when the facility, based on the energy audit, will provide more energy savings than improving an existing facility.
- Working capital as well as Land acquisition related to the project

Equity requirements for loans

- For loans greater than **\$600,000:**
 - at least 25% equity into the project
- For loans less than **\$600,000:**
 - at least 15% equity into the project
- Grants can count *towards* the equity requirement (including Rural Development grants)

Value-Added Producer Grant Program (VAPG)

The Value-Added Producer Grant (VAPG) program helps agricultural producers enter into value-added activities related to the processing and marketing of new products.

The goals of this program are to generate new products, create and expand marketing opportunities and increase producer income.

Value-Added Producer Grant Program (VAPG)

- Grant program to help independent agricultural producers enter into value-added activities
 - Milk to butter
 - Milk to cheese
 - Berries to jam
 - Wool to shirts / clothing
 - Tomatoes into sauce
 - Grapes into wine
- Commodity cannot revert back to original state
- Applicants can apply for a working capital or planning grant – but not both
- Maximum grant for working capital is \$250,000
- Maximum grant for planning is \$75,000
- Grant funds cannot exceed 50% of the total project cost
- Marketing assistance is currently a priority of this program
- Grant application window varies



B&I CARES Act Program

Business & Industry (B&I) Guaranteed Loan Program

- Helping rural businesses access private capital since 1972.
- Typical loan purposes include the purchase and development of land and buildings, equipment, machinery and supplies.

B&I CARES Act Program Modifications

Loan proceeds limited to working capital purposes only.



B&I Guaranteed Loan Program

Eligible Borrowers include:

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



B&I Guaranteed Loan Program: Eligible Lenders

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

Pre-approved lenders include:

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

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



Limited Loan Purposes: Working Capital Loans Only!

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



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



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



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



Capital & Equity Requirements



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



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

B&I CARES Act Program Provides:

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

B&I CARES Act Program Provisions

- 90% guarantee percentage for all loans
- 2% guarantee fee paid at loan closing
- 0.5% annual renewal fee
(50 bps)





B&I CARES Act Program: Eligibility

- Eligible B&I borrowers are defined in 7 CFR 4279.108
- Agricultural producers are eligible borrowers, with conditions
- Any B&I CARES Act Program borrowers must have been in operation on February 15, 2020

B&I CARES Act Program: Eligible Loan Purposes

- Working capital loans only.
- Loan must be to cover costs to prevent, prepare and respond to the coronavirus pandemic.
- Loans for working capital to support agricultural production, including independent agricultural production, are eligible if the applicant's loan request exceeds Farm Service Agency (FSA) guaranteed loan authority or the applicant's request is otherwise ineligible for FSA loans.

B&I CARES Act Program: Eligible Uses

- Wages, salaries, sales commissions to employees, group healthcare benefits, and other employee benefits;
- Administrative expenses and administrative service contracts;
- Property insurance, hazard insurance, and other business insurance;
- Principal and interest payments on existing loans during the pandemic recovery, excluding any owner/stockholder debt or related-party debts;
- Rent, payments on leases, and routine maintenance;

B&I CARES Act Program: Eligible Uses (continued)

- Taxes and utilities;
- Business inventory;
- Ag production expenses including inventory, feed, seed, fertilizer and chemicals, livestock (excluding livestock for breeding) and supplies;
- Marketing, shipping, and other expenses incurred through normal business operations or such additional expenses due to the national COVID-19 Public Health Emergency; and
- Loan costs and essential loan-related expenses.

B&I CARES Act Program: Ineligible Loan Purposes

- Business acquisitions
- Purchase of land, buildings, equipment, construction and other capital expenses
- Refinancing, unless such debt refinancing is for debts incurred subsequent to February 15, 2020 for eligible purposes
- § 4279.117 Ineligible purposes and entity types

B&I CARES Act Program: Collateral Requirements

- Loans must be adequately secured.
- Collateral discounting by the lender is not required for B&I CARES Act Program Loans for working capital purposes.
- The value of the collateral (fair market value) must be equal to or greater than the loan amount.

B&I CARES Act Program: Appraisal Guidelines

- Appraisals of real estate and chattel collateral are required when the amount of the loan exceeds \$1,000,000, unless the chattel is newly acquired equipment and the value is supported by a bill of sale.
- Notwithstanding the provisions of § 4279.144, the Agency will accept appraisals older than 1 year but completed within 2 years of the application date.
- Lenders may provide an updated appraisal in lieu of a new complete appraisal when the original appraisal is more than 2 years old.
- During the COVID-19 pandemic, an interior or on-site inspection of the collateral is not required under certain circumstances.

B&I CARES Act Program: Capital and Equity Requirements

- 10 percent balance sheet equity;
- Balance sheet equity that includes owner-contributed capital of 10 percent or more of total fixed assets; or,
- The business must invest other funds into the project equal to 10 percent or more of total eligible project costs.



B&I CARES Act Program Application Requirements

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

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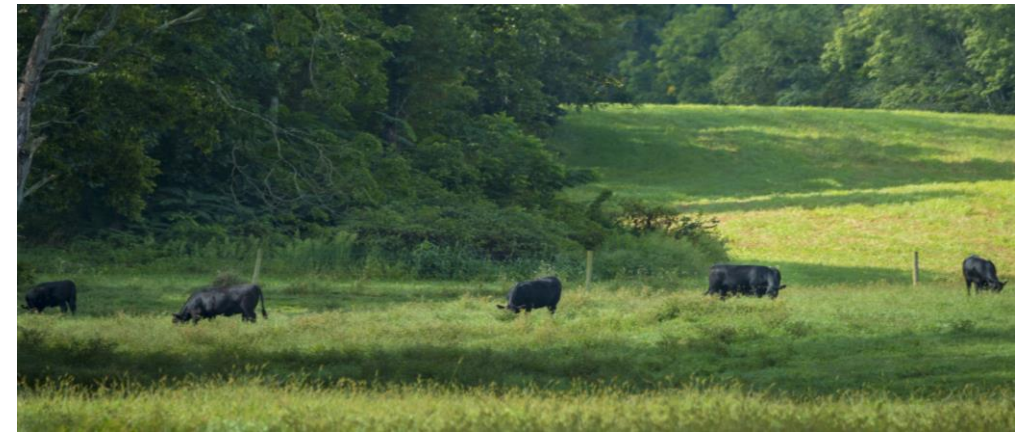
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Coronavirus Food Assistance Program

Last updated May 28, 2020

**Farm
Service
Agency**

fsa.usda.gov

What is the Farm Service Agency

The Farm Service Agency (FSA) is part of the U.S. Department of Agriculture (USDA).

The Farm Service Agency:

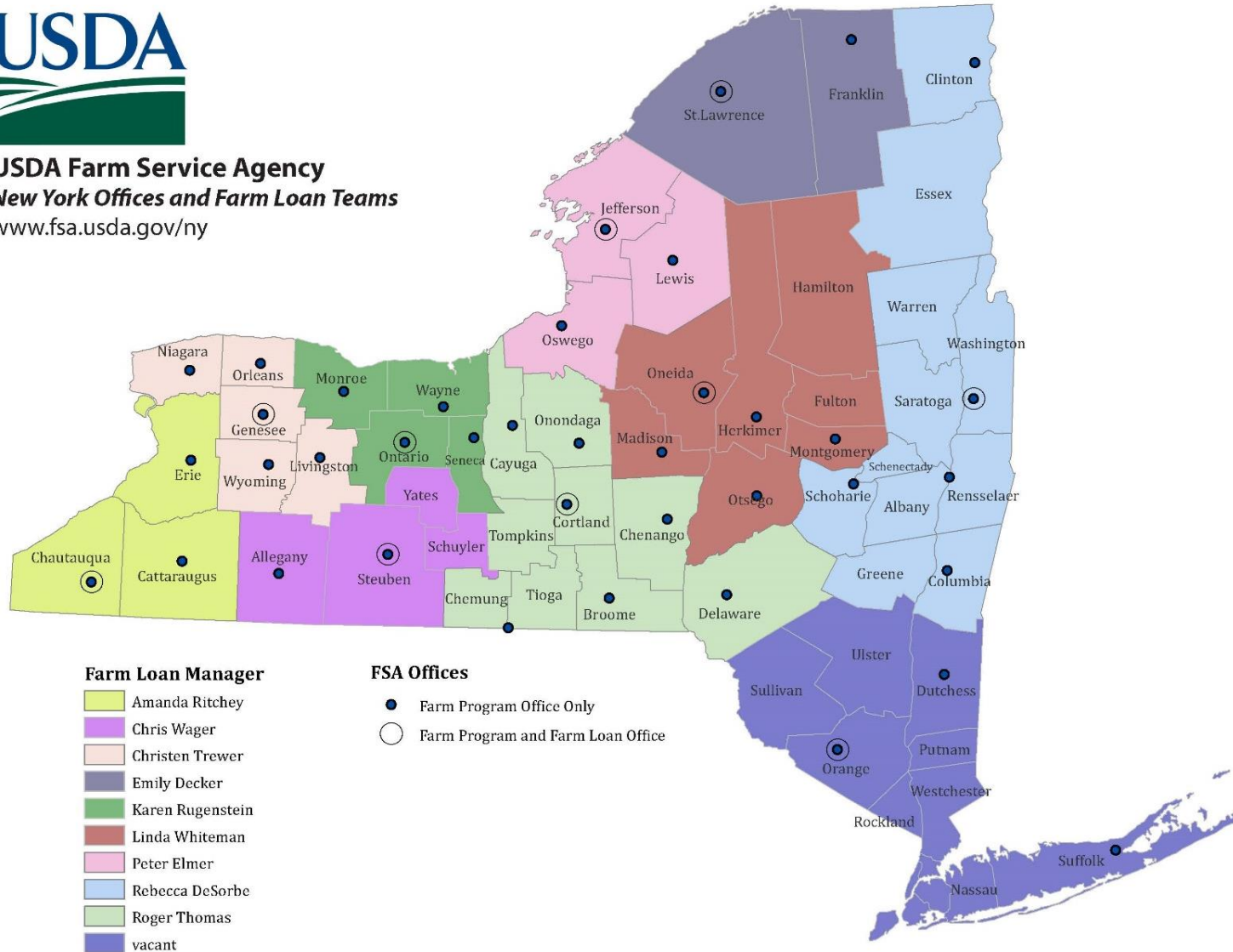
- Implements agricultural policy
- Administers credit and loan programs
- Manages conservation, disaster & price support programs
 - Coronavirus Food Assistance Program



United States
Department of
Agriculture



USDA Farm Service Agency
New York Offices and Farm Loan Teams
www.fsa.usda.gov/ny



**Farm
Service
Agency**

fsa.usda.gov

Coronavirus Food Assistance Program

Goal: Relief for a producer's operations impacted by COVID-19

Provides direct payments to producers of eligible commodities

- Addresses price declines and supply chain disruptions
- Partial compensation
- 80% of eligible payment now
- Funding sources: CARES Act & CCC

Coronavirus Food Assistance Program

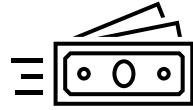
- CFAP sign up runs from **May 26, 2020 - August 28, 2020**
- Producers self-certify to their losses but should have documentation available
- Producer can participate in PPP or EIDL or USDA programs (including loans or risk management programs), if eligible, without conflict.

Eligibility

Eligible producers:

- Must have ownership risk of identified commodities that suffered a 5% or greater national price loss as a result of the COVID-19 Pandemic or had substantial marketing costs of inventories
- Produce or own one of the following commodities:
 - Milk
 - Livestock – Beef, Hogs, Lamb
 - Non-Specialty Crops – Corn, Soybean etc...
 - Wool
 - Specialty Crops – fresh fruits & vegetables

CFAP Payments



- For approved applications will be processed on a rolling basis
 - Over \$118 million paid in NY as of 6/22
- There is no fee to apply for this program.
- Do not come with stipulations.
- Will not be withheld to satisfy prior USDA debts.

Note: This is not a loan program and payments do not have to be repaid (unless there has been an error or fraud)

Payment Limitation

- In general, the total amount of CFAP payments that a person or legal entity (excluding general partnerships and joint ventures) may receive is \$250,000.
- There are exceptions for multi member entities, which could be eligible for increased payment limitations. However, this will have no bearing on how the payment is calculated.
 - Corporations
 - Limited Liability Companies
 - Limited Partnerships
 - 400 hours of personal labor or management

Forms & Documentation

When applying, farmers may need to complete the following forms:

- **CFAP Application – AD-3114**
(automatically generated from the payment calculator)
- **Member Information – CCC-901***
- **Adjusted Gross Income – CCC-941***
- **Income from Farming – CCC-942***
- **Highly Erodible Land / Wetlands – AD-1026***
- **Customer Information – AD-2047***
- **Direct Deposit – SF-3881***

AD-3114 CFAP Application

- **Form AD-3114 can be accessed from farmers.gov/cfap**
- **[A CFAP Payment Calculator](#) is available to assist with the CFAP application process.**
- **One application per producer, listing all applicable commodities**
- **Producer Certification**
 - Documentation is **only** required upon spot check or when requested by COC.

Guidance for producers

- Visit: www.farmers.gov/cfap
 - Video of payment calculator available
- Take advantage of virtual applications
 - If needed, can be mailed
- Call local office for help

FSA Farm Loan Program

- **Designed to help farmers start, purchase, or expand their farming operation, if they can not get credit elsewhere.**
- **Different types of loans depending on your current situation and what you need the loan for.**
- **FSA loan officers are available to answer your questions and to help with the application process.**
- **FSA places special emphasis on providing loans to beginning and targeted underserved (minority and women) farmers.**

Direct Farm Loan Program

- **Farm Operating**
 - Up to \$400,000 with 1-7 year terms
 - Must have participated in farming for at least a year
- **Farm Ownership**
 - up to \$600,000 with term up to 40 years
 - Must have participated in farming for at least 3 years

Microloans

- **Operating & Ownership Loans**
 - \$50,000 or less
- **Simplified application process, paperwork and verification requirements**
- **Reduced Security Requirements**
- **Mentor can Replace Experience Requirement**
 - Operating Loans Only

FSA Guaranteed Loan Program

- **FSA guarantees loans made by banks to farmers to help producers obtain credit from commercial sources.**
- **Bank is FSA's client**
- **Farmer is Bank's client**
- **Loan is made at bank rates and terms to the farmer**
- **FSA generally guarantees 90% of the loan with a maximum of \$1,776,000**

Disaster Set Aside

Existing Customers

The following is now authorized:

Covid 19-DSA when the borrower does not have sufficient income available to pay all family living and farm operating expenses, other creditors, and debts to the Agency as a result of the pandemic.

DSA allows FSA to move a loan payment due between 3/1/20 - 9/1/21 to the end of the loan

Farm Programs

- **Price Support Programs**
- **Disaster Programs**
- **Conservation Programs**
- **Compliance & Eligibility**

Thank you! Questions?

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www.fsa.usda.gov/ny

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*NYSAC thanks our webinar
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