



Timber Production and Expansion Guaranteed Loan Program (TPEP)

Rural Development & Forest Service



Rural Development

U.S. DEPARTMENT OF AGRICULTURE

Agenda

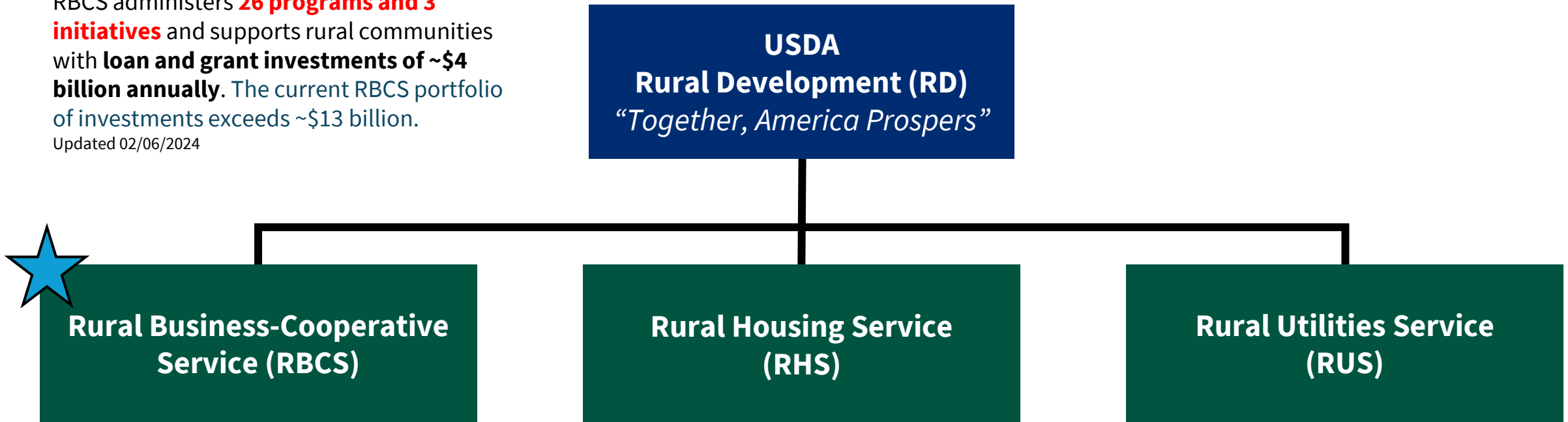
- Rural Development – Mission Area Overview
- Historic Partnership – Rural Development & Forest Service
- Program Need
- Bipartisan Infrastructure Law
- How Does TPEP Work?
- Ultimate Recipients
- Who Does TPEP Benefit?
- Eligibility Restrictions – ArcGIS Map Demonstration
- TPEP Website Resources
- Timber & Wood Products Industry Resource Guide



Mission Area: Rural Development (RD)

RBCS administers **26 programs and 3 initiatives** and supports rural communities with **loan and grant investments of ~\$4 billion annually**. The current RBCS portfolio of investments exceeds ~\$13 billion.

Updated 02/06/2024



Rural Development administers **over 70 programs** and supports rural communities with **loan and grant investments of ~\$30 billion annually**. The current RD portfolio of investments exceeds ~\$230 billion.

Updated 02/06/2024

Rural Development Agencies

RUS

Rural Utilities Service

RUS provides infrastructure or infrastructure improvements to rural communities.

- Clean and reliable energy production
- Affordable and sanitary water & environmental
- Expanding rural broadband

RHS

Rural Housing Service

RHS offers programs to build or improve housing and essential community facilities in rural areas.

- Supporting affordable single family home ownership, multi-family housing, and farm labor housing
- Supporting community facilities like healthcare, education, childcare and other public owned facilities

★ RBCS

Rural Business-Cooperative Service

RBCS offers programs to help businesses grow as well as job training in rural areas.

- Supporting rural small businesses and entrepreneurs
- Supporting co-operatively owned enterprises
- Supporting local food systems and clean energy development

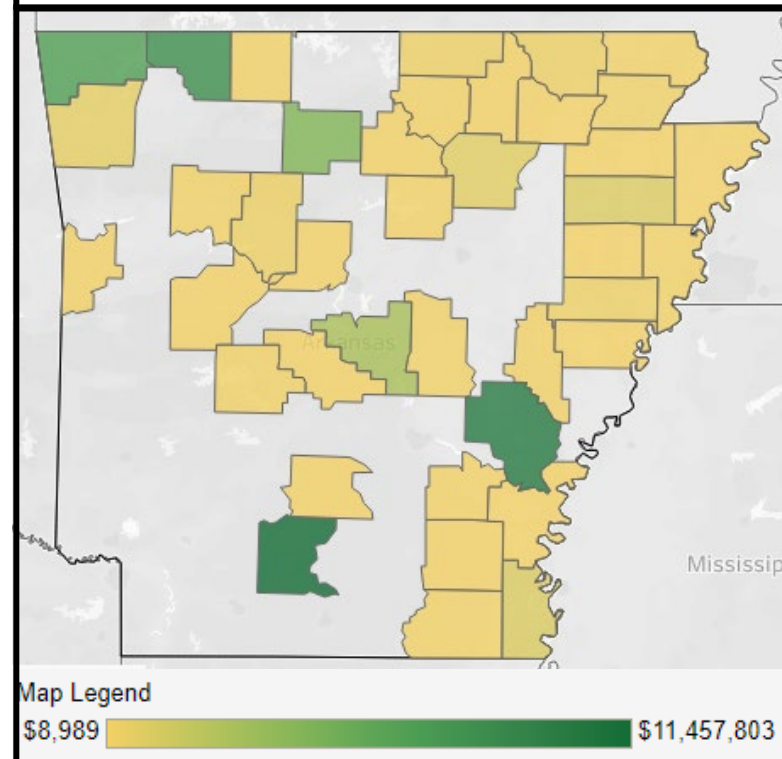
Rural Data Gateway

The **Rural Data Gateway** makes Rural Development's data more available and easier to access for the public. The dashboard types significantly expand access to RD financial data through easy-to-use interfaces that allow data from **more than 65 RD programs** to be viewed and downloaded. Dashboard types include:

- Overview
- Program Area
- Socially Vulnerable Communities
- Geography by County
- Geography by Congressional District
- Data Download

Need help or have questions? Use the [Quick Reference Guide](#) or email USDA.RD.DATA@usda.gov

EXAMPLE – Geography by County



Data Filters

Select State

- Arkansas

Select Counties

- All

Select Fiscal Years

- FY21 & FY22

Select Program Areas

- Business Programs

Select Investment Types

- All

RD Geographic Breakdown

47 State Offices

400 Area Offices



A Historic Partnership



A first-of-its-kind intra-agency partnership to ensure our timber-dependent rural communities can maximize assistance from USDA.



Program Need

To complement USDA's 10-year [Wildfire Crisis Strategy](#), announced in 2022; to treat up to 20 million acres of National Forest System lands, the Nation needs to supplement public investments in fuels and forest health treatments by helping to build markets for **biomass and small-diameter materials** removed during ecosystem restoration.

Restoration – through the removal of vegetative matter – is necessitated by the growing risk of unnaturally severe wildfires, or insect and disease infestation. The Nation is also losing sawmills and other facilities at a rate of almost **one per week** – this means a loss of jobs and communities at greater risk of forest fires.



Bipartisan Infrastructure Law (BIL)

Sec. 40804(d)3 – Ecosystem Restoration (Pub. L. 117-58)

This section directs the USDA Forest Service to provide financial assistance to entities seeking to establish, reopen, expand, or improve a sawmill or other wood processing facility that is in close proximity to a unit of USFS National Forest System lands, including Indian forest land or rangeland, that has been identified as **high or very high priority for ecological restoration** and that is using ecological byproducts from the unit of land.

TPEP is a **pilot program** – once funds are expended; additional funds could be available depending on Congressional action and/or rescission.

How Does TPEP Work?

- TPEP will be run through the **OneRD Guarantee Loan Initiative** and has been kept as close as possible – in design & implementation – to the **Business & Industry (B&I) Guaranteed Loan Program**.
- Like B&I, TPEP will be administered through State Offices
- **“First come, first served”** for all applications using selection criteria contained in 7 CFR Part 5001.
- Maximum Loan Amount: \$25 million
- Minimum Loan Amount: N/A
- No Annual or Guarantee Fees
- 90% Guarantee on loans extending up to 30 years
- FY25 Subsidy Rate: 7.54%

Program Level
~\$220 million
(\$220,159,151.19)

Who Does TPEP Benefit?

- Establishing, reopening, expanding, or improving a sawmill or other wood processing facility that uses ecosystem byproducts from an identified unit of USFS National Forest System lands.
- Purchasing and processing ecological restoration byproducts and development of facilities that purchase and process ecological restoration byproducts from an identified unit of USFS National Forest System lands.
- Building markets for biomass and small-diameter materials removed during ecosystem restoration.
- Implementing projects which support wood product innovation, biochar, and other options for transporting and using the material.
- Implementing projects that reduce the risk of extreme threats of wildfires, insects, and diseases to the Nation's forests.
- **Implementing projects that reduce the threat of forest fires on forestlands, rebuild the timber industry, and provide good jobs in rural areas across the country, and support for the nascent mass timber industry.**

Ultimate Recipients

Entities engaged in or proposing to engage in establishing, reopening, retrofitting, expanding, or improving a **sawmill** or other **wood-processing facility**.

Wood Processing Facility means a facility that produces:

- solid wood products (including lumber, posts, and poles),
- engineered wood products (including plywood, veneer panels, and mass timber products),
- biomass energy products (heat, power, combined heat and power, and biochar), and
- fuel products (firewood, wood pellets, briquettes, and liquid biofuels).

Eligibility Restrictions

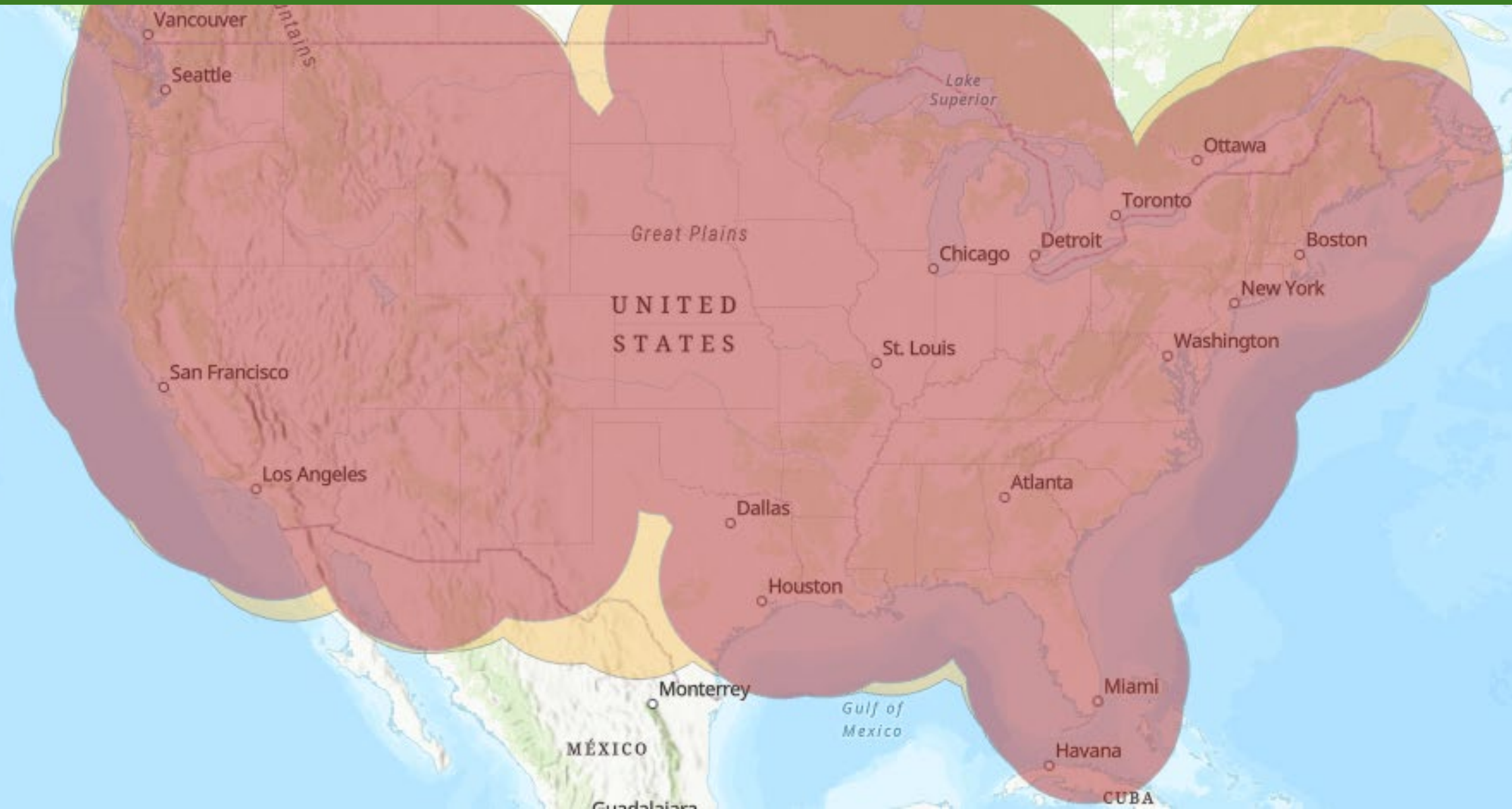
Eligibility Restriction #1 – Use of Ecosystem Byproducts

Program applicants must **initially** use ecosystem restoration byproducts from Federal or Tribal lands considered **high- or very-high priority for ecological restoration** through the removal of vegetative materials – for example, small and mid-diameter trees.

Eligibility Restriction #2 – “Close Proximity”

The proposed or already-established wood processing facility or sawmill **must be located within 250 miles** of the areas designated in Restriction #1.

Who is Eligible? 99% of the Continental United States!



ArcGIS Map Demonstration

- The U.S. Department of Agriculture's Forest Service developed this dashboard in cooperation with USDA Rural Development. While informative for other purposes, **the dashboard is intended for use by financial institutions to help inform loan application requests based on the need for ecological restoration work.**
- **The map ranks land areas of the country from high to very high priority for restoration work,** including vegetation removal, with respect to addressing wildfire hazard potential and risks of insects and diseases.
- The information supports, in part, the country's focus on ecosystem recovery, as outlined in the BIL.

TPEP Website Resources

Resources are made publicly available on Rural Development's TPEP Webpage. These include:

- [TPEP Fact Sheet](#)
- [Federal Register Notice](#)
- [Frequently Asked Questions \(FAQs\)](#)
- Submit Questions to TPEP@usda.gov

IMPORTANT NOTE

The Press Release incorrectly stated that applications were to be submitted through Grants.gov. TPEP will be administered through the [OneRD Guarantee Loan Initiative program](#). Applicants are encouraged to visit the site for additional information, such as [forms and sample documents](#), and to contact their [local program specialist](#).



Timber & Wood Products Industry Resource Guide

Rural Development

OneRD Guarantee Loan Initiative



What is the OneRD Guarantee Loan Initiative?

➤ A standard policy and process for RD guaranteed loan making in four programs:

- Water and Waste (WWD)
- Community Facilities (CF)
- ★ Business and Industry (B&I)
- ★ Rural Energy for America Program (REAP)
- ★ Timber Production Expansion Guaranteed Loan Program (TPEP)



Business & Industry (B&I) Guaranteed Loans

B&I offers **80% loan guarantees** to lenders for their qualified loans **up to \$25 million** to businesses in rural areas. The program is administered through your local Rural Development office and enables lenders to provide affordable financing for rural businesses.

- Lender registration - <https://www.rd.usda.gov/onerdguarantee>
- Training for nonregulated lenders - <https://www.youtube.com/watch?v=3AWJiCDY-Cs>

Eligible Uses:

- Business conversion, enlargement, repair, modernization, or development
- The purchase and development of land, buildings, and associated infrastructure for commercial or industrial properties
- The purchase and installation of machinery and equipment, supplies, or inventory.
- Debt refinancing when such refinancing improves cash flow and creates jobs.
- Business acquisition when the loan will maintain business operations and create or save jobs.

Top Uses of B&I Funds – FY23

FY23 Obligation Amounts in the RBCS B&I Portfolio



These 13 NAICS Codes account for
47% of the B&I Portfolio.
Pictured: \$1,133,457,800

Overall Total:
\$2,410,238,860

TPEP vs. B&I – How They Differ



TPEP provides a 90% loan guarantee and does not have upfront or annual fees.



Use of guaranteed loan funds must adhere to the TPEP purpose (establish, reopen, expand, or improve a sawmill or other wood processing facility that processes ecosystem restoration byproducts from USDA Forest Service National Forest System lands. Borrower's facility must be within 250 miles of high/very high designated area for ecological restoration.



The borrower must be engaged or proposed to engage in establishing, reopening, retrofitting, expanding, or improving a sawmill or wood processing facility.



Debt refinancing is restricted to no more than 50% of loan funds.

Rural Energy for America Program (REAP) – Loans

Renewable Energy Systems and Energy Efficiency Improvements (RES/EEI)

REAP provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for **renewable energy systems** or to make **energy efficiency improvements**. The program is administered through Rural Development State Offices.

Eligible loans of up to \$25 million can receive an 80% guarantee. The loan can cover up to 75% of eligible project costs and can also be used in combination with a REAP grant. REAP guaranteed loans can cover eligible:

- **Energy Efficiency Improvements (EEI)** - lighting, building envelopes, refrigeration, controls, etc.
- **Renewable Energy Systems (RES)** - solar, wind, small hydro, biomass, biogas etc.
- **Energy Efficiency Equipment (EEE)** - for agricultural producer applicants

Rural Energy for America Program (REAP) – Grants

Renewable Energy Systems and Energy Efficiency Improvements (RES/EEI)

The REAP grant can provide up to \$1 million to ag producers and rural small businesses applying for **Renewable Energy Systems** and up to \$500,000 for **Energy Efficiency Improvements**.

The REAP grant can cover up to 50% of eligible project costs if it meets one of the following:

- It is a renewable energy system producing zero greenhouse gases at the project level,
- It is in an [Energy Community](#) as defined by the Department of Energy,
- It is a project proposed from an eligible Tribal corporation or other Tribal Business entities, or
- It is an Energy Efficiency Improvement project

All other projects such as biomass and biogas RES projects are eligible for 25% funding.

Additional Programs to Consider

Intermediary Relending Program (IRP) provides 1% low-interest rates (max term of 30 years) to local lenders or “intermediaries” that re-lend to businesses to improve economic conditions and create jobs in rural communities.

For Example: Like B&I loan guarantees, IRP ultimate recipient loans can be used to help retrofit or expand eligible sawmills to handle small trees or scale up current operations.

Rural Business Development Grants (RBDG) provides technical assistance and training (TAT) for small rural businesses. Small means that the business has fewer than 50 new workers and less than \$1 million in gross revenue.

For Example: RBDG can be used to provide grant assistance to eligible organizations, which in turn provide TAT to small and emerging timber businesses. Under RBDG, eligible organizations also can use grant funds to purchase equipment that can be leased to small and emerging timber businesses.

Additional Programs to Consider (cont.)

Rural Microentrepreneur Assistance Program (RMAP) provides loans and grants to Microenterprise Development Organizations (MDOs) to help microenterprises startup and growth through a Rural Microloan Revolving Fund and to provide training and technical assistance to microloan borrowers and microentrepreneurs.

For Example: For instance, RMAPs can provide funding to local builders to use cross-laminated timber (CLT) materials, scale up production, or retrofit small-to-midsized facilities to make mass timber products. It's important to note that eligible businesses (ultimate recipients) must have 10 or fewer employees, and the maximum loan amount is \$50,000.

Value Added Producer Grants (VAPG) provide funds for economic planning activities or eligible working capital expenses to enable viable Agricultural Producers who grow their own trees and can produce at least 51% of the timber needed for a value-added project can use VAPG to help retrofit or expand eligible sawmills to handle small trees or scale up current operations

BioPreferred® Program

- Identifies and seeks new markets for biobased products
- Spurs economic development, creates new jobs, increases the use of renewable agricultural resources, etc.
- Two major program elements:
 - Voluntary Labeling Program
 - A Federal Procurement Preference



*Skillcraft
Biobased Cleaner*



*Sink made from
plant-based resins*



*Biobased linoleum made
from linseed oil, pine
rosins, wood flour*

Contact Information

Applicants and stakeholders are encouraged to ask questions in two different ways:

1. Contacting the Business Programs Director in their State.
2. If you need additional assistance, please contact the National Office via TPEP@usda.gov

National Office POCs include the following:

Shaun Stehr – Special Projects Coordinator

Program Processing Division, RBCS

Brian Wiles – Director of Guaranteed Lending

Program Processing Division, RBCS

Keith O’Loughlin

Small Business Administration & Special Forest Products
Coordinator, USDA Forest Service

John Hebert – Special Policy Advisor, Bioeconomy

Office of the Administrator, RBCS

Live Q&A!



USDA is an equal opportunity provider, employer, and lender.