

Timber and Wood Products Industry Resources

The U.S. Department of Agriculture (USDA) proudly supports rural America's forest-dependent communities. These communities are at the forefront of the growing bioeconomy, with forests rich in biomass and traditional timber providing a gateway both to robust economic development and the thoughtful stewardship of our national forestlands.

Industries such as timber production, cross-laminated timber, and biochar are key, long-term economic drivers for these communities and the nation. With the increase in forest fires and the spread of invasive species and plant-based diseases, rural forest-dependent communities are on the front line of domestic security, disaster prevention, and national resiliency.

USDA Rural Development (RD) recognizes the importance of our forest-dependent communities. We've created this resource to help forest-based industries make the most of RD's programs and resources. From grants to guaranteed loans, we offer diverse financing options that can make a real difference for your business and community.

Rural Business-Cooperative Service

USDA RD's Rural Business-Cooperative Service (RBCS – available at this link: tinyurl.com/RDRBCS) offers programs that provide the capital, training, education, and entrepreneurial skills to help people in rural areas start and grow businesses or find jobs in agricultural markets and the biobased economy. Along with our public and private partners, we connect rural residents to the global economy by:

- Supporting business growth and development
- Helping create and build wealth in rural America
- Improving the effectiveness of programs that support cooperatives
- Creating jobs in the rural recreation economy while restoring, conserving, and managing rural America's natural resources
- Bringing high-speed internet to more rural homes and businesses

OneRD Guarantee Loan Initiative Programs:

To better serve the rural lending community, we have standardized the requirements, processes, and forms necessary to apply for our guaranteed loan programs. Only lenders are eligible to apply on behalf of ultimate recipients.

Eligible lenders include:

- Federal and state-chartered banks
- Savings and loans institutions
- Farm Credit banks with direct lending authority
- Credit unions
- Additional nonregulated lending institutions approved by USDA

For the purposes of this guide, the programs serviced through OneRD that support sawmills and timber processing facilities are the:

- Timber Production and Expansion Guaranteed Loan Program
- Business and Industry Guaranteed Loan Program
- Rural Energy for America Program

Funding from these programs often can be “stacked” – combined with other loans and grants available through USDA Rural Development and other federal agencies and mission areas.

Timber Production and Expansion Guaranteed Loan Program:

The Timber Production and Expansion Guarantee Loan Program (TPEP – available at this link: tinyurl.com/RD-RBCS-TPEP) provides 90-percent loan guarantees to qualified lenders to provide loans of up to \$25 million to eligible applicants who want to 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. Loan terms can extend up to 30 years with no annual or loan guarantee fees. TPEP is administered by USDA Rural Development on behalf of the USDA Forest Service.

Business and Industry Guaranteed Loan Program:

The Business and Industry Guaranteed Loan Program (B&I – available at this link: tinyurl.com/RBCSBILG) provides loan guarantees to qualified lenders to make loans to eligible rural businesses. For example, a B&I loan guarantee can be used to help retrofit or expand eligible sawmills to handle small trees or scale up current operations.

Rural Energy for America Program:

Rural Energy for America Program Renewable Energy Systems and Energy Efficiency Improvement Grants (REAP – information is available at this link: tinyurl.com/RBCSREAPEE) funds renewable energy systems (RES) and energy efficiency improvement (EEI) loans and grants for eligible agricultural producers and rural small businesses.

RES examples include solar, wind, small hydroelectric, anaerobic digesters, biomass, geothermal, and wave or ocean power. EEI examples include lighting, heating, cooling, ventilation, fans, automated controls, and insulation.

Intermediary Relending Program:

The Intermediary Relending Program (IRP – available at this link: tinyurl.com/RBCSIRP) provides 1 percent, low-interest loans to local lenders (intermediaries) which then re-lend to eligible businesses. Like B&I loan guarantees, IRP loans can be used to help retrofit or expand eligible sawmills to handle small trees or scale up current operations.

Rural Business Development Grants:

Rural Business Development Grants (RBDGs – available at this link: tinyurl.com/RBCSRBDG) support technical assistance, training, and associated activities that promote the expansion and development of small and emerging private businesses in rural areas.

Eligible businesses must have fewer than 50 employees and less than \$1 million in gross annual revenue. For instance, an RBDG can be used to provide grant assistance to eligible organizations, which in turn provide technical assistance and training 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.

Rural Microentrepreneur Assistance Program:

The Rural Microentrepreneur Assistance Program (RMAP – available at this link: tinyurl.com/RBCSRMAP) provides loans and grants to microenterprise development organizations (MDOs) to help start or grow eligible small businesses (ultimate recipients) through a Rural Microloan Revolving Fund. RMAP funds cannot be used for construction, but **can** be used for working capital, equipment, supplies, and debt refinancing.

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:

Value-Added Producer Grants (VAPGs – available at this link: tinyurl.com/RBCSVAPG) help agricultural producers find ways to generate new products, create and expand marketing opportunities, and increase producer income.

For instance, eligible ag producers who grow their own trees and can produce at least 51 percent 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:

The BioPreferred® Program (available at this link: tinyurl.com/BioPref) includes mandatory purchasing requirements for federal departments, agencies, and their contractors, along with a voluntary labeling initiative for biobased products. The program's goal is to spur economic development, create new jobs, and provide new markets for farm commodities.

Contact Information:

- Most RBCS programs are managed at the USDA Rural Development state office level. A list of state offices is available at this link: tinyurl.com/RDStateOffices.
- For RBCS energy programs, your state-based USDA Rural Development Energy Coordinator can help. A list of coordinators is available at this link: tinyurl.com/RDEnCoor - PDF
- For help with programs managed by the Rural Business-Cooperative Service national office, please email TPEP@usda.gov.

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