Successes & Challenges in Rural and Agricultural Lending

How can CDFIs do a better job of delivering capital and assistance to farms and businesses in rural communities?

Introductions
Who’s Here, Who’s Who?
Burning Questions
Challenges and benefits of working in rural communities

A snapshot of CDFI experiences working in rural communities:
Natural Capital Investment Fund, Rick Larson, Chapel Hill, NC
SC Community Loan Fund, Brendan Buttimer, Spartanburg, SC
Mountain BizWorks, Kimberly Hunter, Asheville, NC

Discussion
Partnerships
Opportunities
Burning questions

Wrap-up and Evaluation
• **Business Lending & Technical Assistance**
  - Focus: Green businesses & vital community services (Triple Bottom Line)
  - Loans: $25,000 - $750,000
  - Terms: Market interest rates; equity-like capital
  - Mini-grants for 3rd party consultants
  - 76% of businesses rural

• **Rural Strategies**
  - Loans to farms & businesses
  - Pair microloans with grants to “buy down” infrastructure costs (grain bins, cold storage)
  - Bridge loans for reimbursable grants (e.g., USDA REAP, NRCS)
  - Farmers of Color focus
  - Support entire value chain (rural to urban)
Goal: Build diverse enterprises across the ag value chain
ABOUT SCCLF

• SCCLF is a nonprofit, mission based lender serving the state of South Carolina
• We are certified by the U.S. Treasury as a Community Development Financial Institution (CDFI); CDFIs are market-based, private-sector financial intermediaries that exist to create opportunities that benefit communities
• We have a staff of 11 and 18 member board of directors
• We have regional offices in Charleston, Columbia, and Spartanburg
INVESTING IN COMMUNITY

We advance equitable access to capital by providing loans, technical assistance, and advocacy for:

- Affordable Housing
- Healthy Food Access
- Community Businesses
- Community Facilities

www.SCCommunityLoanFund.org
LENDING IMPACT

December 2005 – December 2017

329 Loans
$45.7 Million in Financing
$326.6 Million in Development
3,116 Jobs Created or Retained

2,034 Housing Units
11 Healthy Food Retail Outlets
20 Community Businesses
11 Community Facilities
CASE STUDY: ALLENDALE COUNTY ALIVE
$61,500 AFFORDABLE HOUSING LOAN, ALLENDALE COUNTY

Problem

• Allendale County is located in the SC Promise Zone and is struggling economically
• Median household income is less than half national average and 40% of county residents live in poverty
• Residents struggle with severe lack of affordable housing

Solution/Impact

• Allendale County Alive builds and rehabs affordable housing
• Ran into unexpected issues when rehabbing four rental units and applied for loan through SCCLF
• SCCLF provided a $61,500 loan to complete renovation
• Units now in good repair and occupied by low income families
CASE STUDY: MARKET ON MAIN OF LAKE VIEW

$75,000 HEALTHY FOOD ENTERPRISE LOAN, DILLON COUNTY

**Problem**

- Industry moved out of Lake View and all three grocery stores closed leaving community in need of jobs and a food supply
- Residents had to travel 10 miles + to nearest grocery store
- Matthew Elvington decided to open small grocery store in heart of community but could not secure conventional financing

**Solution/Impact**

- Attended SCCLF loan workshop and worked with SBDC on business plan
- SCCLF provided funding for rehab of building for store, machinery, equipment, and inventory
- Market on Main is now open providing fresh meat and produce
- The business employs and serves low income individuals from Lake View and surrounding communities
HOW TO APPLY

• Have your plan for the loan amount, collateral, use of funds and repayment of funds ready to share with SCCLF

• You will also need:
  • History of the organization
  • Past financials and forecast of future financials with the loan in place
  • Biographies of management and board
  • Organizational paperwork and board resolution to request loan funds

LOAN TERMS

- **Loan Amounts**
  - $50,000 - $1,000,000

- **Interest Rates**
  - Prime – 4 pts over prime

- **Max Term**
  - 10 Years

- **Debt Coverage**
  - 1.15 or 1.25

- **Other Details**
  • Real estate collateral preferred, other accepted
  • 10% or 20% equity development
  • Flexible payments
  • Borrower pays $500 application fee and closing costs
CONTACT
Questions? Please contact

Brendan Buttimer
Upstate Community Development Loan Officer
803-403-5524
brendan@sccommunityloanfund.org

Interested in receiving news + updates from SC Community Loan Fund?
TEXT SCCLF to 22828 to join our email list.