



Opportunities in Rural Economies Loan Participation and Grant Program Guidelines

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Montana Growth Fund (HB881) – ORE LP and Grant Program Guidelines

Commerce (“MDOC”) has created the Opportunities in Rural Economies Loan Participation Program (ORE LPP) and Grant Program (ORE GP). The ORE Program suite exists within the Big Sky Economic Development Program authorized by §§ 90-1-201, MCA, *et seq.*

Purpose:

The purpose of ORE LPP and ORE GP is to assist in economic development for Montana that will: (a) create good-paying jobs for Montana residents; (b) promote long-term, stable economic growth in Montana; (c) retain or expand existing businesses; (d) provide a better life for future generations through greater economic growth and prosperity in Montana; and (e) encourage workforce development.

Definitions:

ORE LPP and Grant Program Guidelines incorporate by reference the definitions adopted by § 90-1-201(2), MCA, as well as the following:

Award Letter: The written letter originated by MDOC, issued to a grantee to notify them a grant award has been made and funds may be used in the approved manner.

Basic Sector Company: A basic sector company has a physical base in local communities but derives the majority of its revenue from outside the community.

Commitment Letter: The written document, originated by MDOC, specifies the terms and conditions under which MDOC will participate in a specific loan

Cost Estimate: Specify all sources and uses of funds for the entire project. Expenses and an explanation of how costs are derived should be included (for example, quotes from contractors, purchase orders, project cost breakdown, as applicable.)

Economic Development Organization (EDO): a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code, 26 U.S.C 501(c)(3) or 501(c)(6) or an entity actively engaged in economic development and business assistance work in a region of the state.



Eligible Business: A for-profit or nonprofit business, cooperative business, or tribally owned business that is engaged in business activities in the state that will provide a significant positive economic impact to the community, region, or state.

Grant Review Committee: An internal committee comprised of Commerce employees to review grant applications and ranking factors.

Jobs Created: Full-time equivalent (FTE) positions that are newly established as a direct result of the award or program. These positions must represent new employment opportunities and cannot include positions relocated from another Montana community.

Jobs Retained: Full-time equivalent (FTE) positions that currently exist within the business but are at risk of being lost without the support of the award or program.

Loan Review Committee: An internal committee comprised of Commerce employees to review loan applications and ranking factors.

MDOC: The Montana Department of Commerce.

Participating Lender: Is (1) a financial institution, (2) an economic development organization that manages revolving loan funds, or (3) a Community Development Financial Institution ("CDFI"). A Participating Lender must execute a lender loan servicing agreement with the MDOC.

Participation Loan: A loan where a Participating Lender, borrower, and MDOC have agreed to participate in a loan and collateral security.

Participation Loan Certificate: The certificate provided by MDOC and executed by the Participating Lender that is accepted in writing by both parties. The Participation Loan Certificate sets forth the amount of the Participation Loan, as well as the Participating Lender's and MDOC's respective shares thereof, according to the terms of the Commitment Letter.

Rural: To determine if your project is in a rural area for ORE programs, please visit: <https://mtdoc.maps.arcgis.com/apps/dashboards/cae102af36704124abac28734a1367ec>

Urban: To determine if your project is in an urban area for ORE programs, please visit: <https://mtdoc.maps.arcgis.com/apps/dashboards/cae102af36704124abac28734a1367ec>

Program Overview:

The ORE program suite has two components: (i) Participation Loans, including low-interest loans and forgivable loans; and (ii) grants.

- The Opportunities in Rural Economies Loan Participation Program (ORE LPP) is designed to accelerate the growth of new business opportunities, encourage the creation of high-paying jobs, and diversify the state's economy by providing low interest participation loans with a Participating Lender and/or forgivable loans.
- The Opportunities in Rural Economies Grant Program (ORE GP) may provide matching funds to assist with projects that would provide a significant economic benefit to a community.

ORE Program loans and grants may not be used for a project that would result in the transfer or relocation of jobs from one part of the state to another part of the state. See § 90-1-203(1), MCA.

Opportunities in Rural Economies

Loan Participation Program (ORE LPP)

Eligibility

The ORE LP program is available to Eligible Businesses, including both existing Montana businesses and businesses seeking to expand into the state. The funding and project term will be based upon application materials and application ranking criteria.

Eligible Businesses must comply with all applicable state, federal, and local laws and are excluded from receiving funds if they are on the federal or state debarment list. Eligible Businesses must be registered and in good standing with the Montana Secretary of State.

Eligible Participation Loan

ORE LPP funds may be used for any purpose allowed by § 90-1-204(2)(b), MCA, including but not limited to: (i) reduction in the interest rate of a commercial loan for the expansion of a Basic Sector Company; (ii) relocation expenses for a Basic Sector Company; (iii) rental assistance or lease buy-downs for a relocation or expansion project for a Basic Sector Company; (iv) short-term working capital loans; and (v) workforce activities or job creation.

All loans must be originated by a Participating Lender with Commerce supplying a portion of the loan through a ORE LPP loan.

Forgivable Loan

Only considered for existing ORE LPP loans that have paid as agreed. The Participating Lender may apply to MDOC to have the MDOC loan participation amount forgiven. MDOC ultimately determines if the justification is sufficient to forgive the MDOC's loan participation amount. Justification for forgiveness must include documentation supporting the claim of extraordinary circumstances. All forgivable loans will be reviewed by Loan Review Committee with final approval from the Director's Office.

Match for ORE LPP

ORE LP Program must include a 50% match. That match can be either private concurrent financing, cash injection by business, or any private investment to secure the loan. To qualify as matching funds, the cost must have incurred no more than twelve (12) months prior to the application date.

Loan Amount

There is no minimum loan amount for participation. The maximum loan amount for Commerce's portion of the loan is \$2,000,000.00 (two million dollars).

Participation Loan Requirements

Collateral Requirements

All Program supported loans should be secured with fixed assets, personal guarantees, or any other reasonable source of available collateral. The collateral must have sufficient value to support the debt and can be shared proportionately with the Participating Lender and MDOC.

Guarantees

Personal or Corporate guarantees as required by the Participating Lender.

Term and Amortization

Maximum allowable terms for each loan type are as follows:

- **Working Capital Loans:** Maximum loan term of 5 years.
- **Equipment Loans:** Consistent with the useful life of the equipment and individual project needs, with a maximum loan term of 10 years.
- **Lines of Credit (LOC):** The Program may participate in a LOC so long as the LOC is not revolving and must be a draw down LOC. The term should align with project needs but cannot exceed 5 years.
- **Real Estate (RE):** Maximum allowable term of 10 years. The Program may participate in construction loans that convert to permanent financing. R/E secured loans may be



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amortized up to 25 years so long as the participated portion of the funds is paid off within the maximum loan term.

- **EPC\OC:** A business may receive loans for both an eligible passive company and an operating company provided that the following conditions are met:
 - (1) The loans serve different eligible business purposes related to the same overall project and,
 - (2) both loan requests are submitted in the same application cycle and clearly identify how the projects are interrelated. Businesses may not apply for additional loans for related projects at a later date.

Any change in terms document must be reported to ORE LPP within 30 days of the change.

Participating Lenders are encouraged to reach out to Program staff during their underwriting process to ensure alignment with Program requirements and mutual understanding of the loan structure.

Interest Rate

The interest rate on MDOC portion of funds will be based on the term of the loan and are as follows:

- Up to 3-year term with monthly payments – 50 basis points (0.50%)
- 3-year up to 5-year term with monthly payments – 150 basis points (1.50%)
- 5-year up to 7-year term with monthly payments – 200 basis points (2.00%)
- 7-year up to 10-year term with monthly payments – 300 basis points (3.00%)
- 10-year up to 15-year term with monthly payments – 400 basis points (4.00%)

Fees and Disclosure of Terms

Participating Lenders may charge a lender loan servicing fee on the Programs portion of funds. The Participating Lender loan service fee cannot exceed 50 basis points (0.50%).

The Participating Lender may charge reasonable and customary upfront fees provided that the fees do not exceed 5.00% of the total loan amount. Upfront fees or charges that count toward this cap include application fees, origination fees, document preparation fees and similar charges. Out-of-pocket expenses the lenders incur that are common to commercial loan transactions are not subject to this cap. Out-of-pocket expenses may include, but are not limited to, expenses for title insurance, title examination, property surveys, appraisals, environmental site assessments, notarizations, and credit reports. Out-of-pocket expenses do not include salaries, wages, or administrative overhead of the Participating Lender.

ORE LPP supported transactions must include disclosure by the Participating Lender of all key terms in an easy-to understand manner including, but not limited to, loan/investment amount; payment obligation/schedule; terms providing control over cash balances, cash flows, or ownership; conversion rights; future rights to purchase equity; and any fees or extra costs.

Application Process:

Eligible Businesses may work with either an Economic Development Organization, CDFIRLF, Participating Lender, or Program Staff to discuss their prospective projects and feasibility with Program requirements and guidelines.

Once the Eligible Business decides to proceed, it must collaborate with an enrolled Economic Development Organization to navigate the application process during both phases of the application: 1) an initial Preliminary Project Review Application and 2) a Comprehensive Loan Application.

The application process is collaborative and requires close engagement between the eligible business and its EDO. Each phase of the process must be completed and approved before advancing to the next. The structure is designed to integrate program funds with private financing, ensuring the business achieves the most effective financial structure. Receipt of an application does not imply a commitment for funding.

Application materials submitted to MDOC may be subject to the public's right to know (Article II, § 9 of the Montana Constitution) as well as Montana's Public Records Act (§§ 2-6-1001, et seq.).

1. Phase One: Preliminary Project Review

To begin an application to the Program, Eligible Businesses must work with an enrolled EDO, which will assist in completing a Qualification Checklist. This checklist is used to assess the business's initial eligibility and the project's alignment with program objectives. Once completed, the EDO will submit the Qualification Checklist in conjunction with the Preliminary Project Review Application to the MDOC.

The application is then reviewed by the Loan Review Committee, which consists of MDOC Program Staff and Program Management. The Loan Review Committee assesses the



application for eligibility under program guidelines, project competitiveness for funding, and anticipated economic impact, including job creation and retention. Following the review, MDOC will notify the EDO of the Loan Review Committee's decision. If approved, the EDO will receive notice the applicant may proceed to the Detailed Loan Application phase. If the project is not approved, the applicant will be provided with reasons for the decision and, if applicable, recommendations for resubmission.

2. Phase Two: Comprehensive Loan Application

Once the Preliminary Project Review Application is approved, the Eligible Business, in collaboration with the EDO, begins preparing the Comprehensive Loan Application. This application involves compiling detailed project information and aligning program funds with private financing sources. The loan application must encompass the following project information:

- Preliminary Cost Estimate: an itemized overview of expenses associated with the project, including but not limited to, materials, labor, equipment, fees and any other relevant expense.
- Proposed investment amounts including requested program funds, borrower equity injection, and concurrent private financing;
- Identification of matching funds;
- Participating Lender information; and
- Number of jobs to be created or retained.

The EDO must submit the completed Comprehensive Loan Application to MDOC for evaluation by the Loan Review Committee. The Loan Review Committee reviews the loan application to ensure it aligns with program objectives, evaluates the project's viability, and considers its economic and community impact as further detailed in the ranking criteria.

Application Final Review: The Loan Review Committee will review all complete and submitted applications. The review will consider many economic factors, as outlined in the ranking criteria.

Following the detailed loan application review, MDOC may:

- Request additional information or action from the EDO, applicant, or Participating Lender to obtain the necessary information to approve or reject the application.
- Approve the application and provide a Commitment Letter outlining the terms and conditions of the funding to the EDO, applicant, and Participating Lender.
- Reject the application and provide detailed reasons for the decision and, if applicable, guidance for future applications.



The Loan Review Committee provides funding recommendations to MDOC's Director, who will make the final funding decision. The Program does not accept appeals to rejected applications, and all decisions are final.

Application Submission: Applications must be completed online through the ServiceNow application platform located at <https://montana.servicenowservices.com/mtgl>

Applicants will be required to create an Okta profile, which requires a valid email account. Okta is located at <https://okta.loginmt.com>

The application portal will close when the loan pipeline awaiting approval is equivalent to the available funding. In the event of surplus funding following the loan pipeline review, the ServiceNow application portal will reopen, and EDOs and Participating Lenders enrolled in the program will receive a notification accordingly. The total funding amount will be announced prior to the application portal opening. Enrolled EDOs and Participating Lenders will be notified of funding details and application timelines in advance. Program announcements, including application dates and funding details will be made available through Commerce communication channels and posted to the Service Now application portal.

Ranking Factors

MDOC has established the following ranking factors to be considered when reviewing ORE LPP applications:

- Rural, as defined above;
- Expansion of an existing business;
- Job creation/Retention;
- Community Impact (examples to include, but not limited to, childcare creation; increase to tax base, increase in MT manufacturing, workforce activities, and level of community support); and
- Justification for utilization of state funds.

Prospective applicants are encouraged to work closely with their EDO to present a complete and competitive application. At any point during the application process, enrolled EDOs and Participating Lenders are encouraged to contact program staff with questions or to ensure the application aligns with Program guidance.

Opportunities in Rural Economies Grant Program (ORE GP)

Eligible Applicants

The ORE GP program is available to Eligible Businesses and non-profits. Applicants may work with Economic Development Organizations on an application. The funding will be competitive based upon application materials and application ranking criteria.

Eligible applicants must comply with all applicable state, federal, and local laws and are excluded from receiving funds if they are on the federal or state debarment list. Eligible applicants must be registered and in good standing with the Montana Secretary of State.

Eligible applicants are limited to one submission per grant cycle. Only one application per project is permitted for each application cycle. Applications from multiple eligible applicants for the same project in any given application cycle are not allowed.

Eligible Uses of Funds and Match

ORE GP funds may be used for any planning purpose allowed by § 90-1-204(2)(b), MCA, including but not limited to:

- Planning support for business improvement districts and central business district redevelopment;
- Planning for industrial development;
- feasibility studies;
- Creation and maintenance of baseline community profiles;
- Technical studies including Preliminary Architectural Report (PAR) and Preliminary Engineering Report (PER).

Match for ORE GP

ORE GP must include a match. For projects in rural areas the match is 2:1 (\$2 committed by the state for every \$1 of local match), for all other projects match is 1:1. (\$1 committed by the state for every \$1 of local match)

Eligible Match:

- Cash: at minimum 1/3 of the total match must be cash provided by the Applicant.
- Grants
- Loans

Grant Amount

There is no minimum grant amount. The maximum grant amount is \$30,000.

Ineligible use of Grant Funds

Grantees may not use Program funds for the following purposes:

- Any costs incurred prior to the date identified in the award letter.
- Any reimbursement for travel expenses.
- Any undertaking prohibited by Montana or federal law.
- Any undertaking that would occur outside of Montana or tribal boundaries located within Montana.
- Any ongoing or monthly general operating expenses such as wages, insurance, equipment, office supplies, postage, or machinery needed for day-to-day operations.
- Any undertaking prohibited or not authorized by the contract signed by the Grantee and Department.
- Activities that do not deliver on the program objectives or related to the submitted proposal;

Additional Considerations

Procurement

All applicants must procure an independent third party to prepare and complete reports funded with ORE Program grants. Grantees must provide documentation of invoices by the third-party contractor before reimbursement requests are processed for project expenses.

Application Process

Eligible applicants must submit to the MDOC a complete application with supporting documentation. The completed application will be reviewed by the Grant Review Committee to ensure it aligns with program objectives, evaluates the project's viability, and considers its economic and community impact as outlined in the ranking criteria. If necessary, the Grant Review Committee may request additional documentation or clarification during the review process.

The Grant Review Committee provides funding recommendations to MDOC's Director, who will make the final funding decision. The Program does not accept appeals for rejected applications, and all decisions are final. Receipt of an application does not imply a commitment for funding from MDOC.

Application Submission

Applications must be completed online through the ServiceNow application platform located at <https://montana.servicenowservices.com/mtgl>

Applicants will be required to create an Okta profile, which requires a valid email account. Okta is located at <https://okta.loginmt.com>

Program announcements, including application dates and funding details will be made available through Commerce communication channels and posted to the Service Now application portal.

Ranking Criteria

MDOC has established the following ranking criteria to be considered when reviewing ORE GP applications:

- Projects located in rural area.
- Significant economic impact to the region or community.


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- Potential for future job creation/retention.
- Community impact.
- Justification for utilization of state funds.

Ranking Scoring

Below are the ranking criteria that will be utilized. The maximum is 100 points and projects must receive at least 50 points to be considered for funding.

- Significant Economic Impact (40 pts)- examples to include, but not limited to: potential for jobs created or retained, potential for business expansion, development or attraction, increase to the tax base, and increase to Montana manufacturing.
- Community Impact (25 pts) – Does the project provide a significant benefit to the community redevelopment of blighted area (renovations of older or abandoned buildings), childcare creation, workforce activities, level of community support
- Scope of Work (15 pts) – Does the summary provide a clear explanation of what the eligible funding will be used for, and why the requested amount of funding is necessary?
- Location (10 pts) – Projects located in coal country and a rural area will receive 10 points; projects located in coal country but not rural receive 5 points; other rural locations will receive 5; and all other projects will receive 0 within this category.
 - *Please refer to the map located in the definitions section*
- Readiness to proceed (10 pts) - Is match readily available? Has the third-party contractor been identified? Is the timeline realistic?

Award Process and Grant Administration

After the successful completion of the final review process, MDOC staff will notify all successful applicants by sending a formal award letter. Once award letters are sent, Grantees must sign the contract required by the MDOC to receive grant funds. The MDOC grant contract will have all programmatic requirements that the Grantee must follow.



Each Grantee will be assigned a MDOC liaison who will facilitate Grantee Project monitoring, reporting, and final Project requirements. During the contracting process, the Grantee and MDOC liaison will review Project administration requirements, including:

- Contracting requirements (including insurance, W9, EFT, and business assistance agreement as applicable).
- All reporting requirements (including close-out report).
- How to submit forms and other documents to the Department.
- How to submit a request for funds.

Reporting Requirements/Project Monitoring

Grantees will be required to submit progress and expenditure reports in accordance with the requirements of the grant contract. Grantees must submit a draft at 50% complete, a final draft for comment, and the final adopted copy. Please note, MDOC reserves the right to withhold 10% of the grant award until both the close-out report and adopted plan have been received and approved by MDOC. After MDOC confirms all contract requirements have been met, the final payment will be processed, and a final notice of close-out will be sent to the Grantee.