



Opportunities in Rural Economies Loan Participation and Economic Development Center Capacity Building Grant Guidelines

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Opportunities in Rural Economies Loan Participation and Economic Development Organization Capacity Building Grant Program Guidelines

The Montana Department of Commerce has created the Opportunities in Rural Economies Loan Participation Program and Opportunities in Rural Economies Economic Development Organization Capacity Building Grant Program. The ORE Program suite exists within the Big Sky Economic Development Program authorized by Section 90-1-201, MCA, et seq.

Purpose

The purpose of ORE LPP and ORE EDO CBGP is to assist in economic development for Montana that will:

- Create good-paying jobs for Montana residents.
- Promote long-term, stable economic growth in Montana.
- Retain or expand existing businesses.
- Provide a better life for future generations through greater economic growth and prosperity in Montana.
- Encourage workforce development.

Definitions

ORE LPP and ORE EDO CBGP guidelines incorporate by reference the definitions adopted by Section 90-1-201(2), MCA, as well as the following:

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.

Commerce: The Montana Department of Commerce.

Commitment Letter: The written commitment letter, originated by Commerce, specifies the terms and conditions under which Commerce will participate in a specific loan.

Economic Development Organization: An EDO is a private, nonprofit corporation, as provided in Title 35, Chapter 2, MCA, 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: An eligible business is a for-profit or nonprofit business or tribally owned business that is engaged in business activities in Montana which will provide a significant positive economic impact to the community, region or state.

Enrolled EDO: This is an economic development organization that has executed an EDO Enrollment Agreement with Commerce.

External Partner Organization: An EPO is an economic development organization, lender or Participating Lender that supports Eligible Businesses during the initial phases of the loan process.

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

Jobs Created: Jobs created are full-time equivalent 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: Jobs retained are full-time equivalent 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: The loan review committee is an internal committee comprised of Commerce employees to review loan applications and ranking factors.

Participating Lender: This is a financial institution, an economic development organization that manages revolving loan funds or a community development financial institution. A Participating Lender must execute a Lender Loan Servicing Agreement with Commerce.

Participation Loan: A participation loan is a loan in which a Participating Lender, borrower and Commerce have agreed to participate in a loan and collateral security under the ORE LPP.

Rural: To determine if your project is in a rural area for ORE Programs, please visit: mtdoc.maps.arcgis.com.

Program Overview

The ORE Program suite has two components: Participation Loans, including low-interest loans and forgivable loans, and grants.

- The Opportunities in Rural Economies Loan Participation Program 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 Economic Development Organization Capacity Building Grant provides targeted funding to enrolled EDOs to enhance their internal capacity and economic development strategies. This grant is intended to internally strengthen the ability of enrolled EDOs to reach underserved Rural businesses, facilitate high-quality loan applications and deliver technical assistance that advances economic development in their regions.

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 Section 90-1-203(1), MCA.

Opportunities in Rural Economies Loan Participation Program

Eligibility

The ORE LPP 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 Section 90-1-204(2)(b), MCA, including but not limited to:

- Reduction in the interest rate of a commercial loan for the expansion of a Basic Sector Company.
- Relocation expenses for a Basic Sector Company.
- Rental assistance or lease buy-downs for a relocation or expansion project for a Basic Sector Company.
- Short-term working capital loans.
- Workforce activities or job creation.

All loans must be originated by a Participating Lender, with Commerce supplying a portion of the loan through a Participation Loan.

Forgivable Loan

Loan forgiveness is only considered for existing Participation Loans that have been paid as agreed and are in good standing. The Participating Lender may apply to Commerce to have Commerce's Participation Loan amount forgiven. Commerce ultimately determines if the justification is sufficient to forgive Commerce's Participation Loan amount. Justification for forgiveness must include documentation supporting the claim of extraordinary circumstances. All requests for forgiveness will be reviewed by the Loan Review Committee with final approval from Commerce's director or deputy director.

Match for ORE LPP

ORE LPP requires a 50% match. The match may consist of private concurrent financing, cash injection by business or any private investment made to secure the Participation Loan. To qualify as matching funds, the contribution must be directly tied to the project and infused into the project no more than 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 Participation Loan is \$2 million dollars.

Participation Loan Requirements

Collateral Requirements

All program-supported Participation Loans must 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 Commerce. Unless otherwise approved in writing by

Commerce, the Participating Lender and Commerce shall share collateral on a “pari passu” basis.

Guarantees

Personal or entity guarantees are 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 five 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: Commerce may participate in a LOC so long as the LOC is not revolving, and it must be a draw down LOC. The term should align with project needs but cannot exceed five years.
- Real estate: Maximum allowable term of 10 years. Commerce may participate in construction loans that convert to permanent financing. Real estate-secured loans may be amortized up to 25 years, so long as the participated portion of the funds is paid off within the maximum loan term.
 - Eligible passive company/operating company: A business may receive loans for both an EPC and an OC, provided that the following conditions are met:
 - The loans serve different Eligible Business purposes related to the same overall project; and
 - 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.

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

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

Deferral of Payments

Loan payments may be deferred for up to one year at any given time during the life of the loan at the discretion of the Participating Lender and Commerce. The deferral request must include a reasonable explanation for the deferral. Commerce may require that interest payments be made during the period of deferral.

Prohibited Loan Usage

ORE LPP funds may not be used for any purpose that violates state or federal law or conflicts with the intent of economic development. Additionally, loan proceeds may not be used for passive real estate investment, including the acquisition, development or holding of real estate as an investment vehicle without the purchasing entity being the primary active business operating on the premises. Real estate-related expenses are only eligible when tied to the purchase, construction, renovation or tenant improvements of an active place of business and when clearly connected to job creation or job retention. Additionally, Participation Loan funds may not support businesses deriving more than one-third of their annual gross revenue from legal gambling.

Interest Rate

The interest rate on the Commerce-participated portion of the Participation Loan will be based on the amortization period and will remain fixed for the term of the Participation Loan as follows:

- Up to a three-year term with monthly payments – 100 basis points (1.00%)

- Three-year up to five-year term with monthly payments – 200 basis points (2.00%)
- Five-year up to seven-year term with monthly payments – 250 basis points (2.50%)
- Seven-year up to 10-year term with monthly payments – 300 basis points (3.00%)
- Ten-year term with monthly payments – 400 basis points (4.00%)
- For loans with balloon payments or structures where the amortization period exceeds the loan term, the interest rate will be determined based on the amortization period, not the maturity date. In cases of blended or stepped amortization, the combined amortization will apply.

Fees and Disclosure of Terms

Participating Lenders may charge a lender loan servicing fee on the ORE LPP portion of funds. The Participating Lender loan service fee cannot exceed 100 basis points (1.00%).

The Participating Lender may charge reasonable and customary upfront fees, provided that the fees do not exceed 5% of the total Participation 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 Enrolled EDO, Participating Lender or program staff to discuss their prospective projects and feasibility with ORE LPP requirements and guidelines.

Once the Eligible Business decides to proceed, it will collaborate with an External Partner Organization or Enrolled EDO to navigate the application process during both phases of the application: (1) An initial preliminary project review application and (2) a comprehensive loan application. EPOs serve as the primary liaison between the applicant and Commerce during the pre-application and application phases. They are responsible for facilitating application development, managing communication among all parties and submitting the required materials on behalf of the Eligible Business. The role of the EPO concludes upon issuance of a Commitment Letter by Commerce.

Commerce strongly suggests that applicants collaborate with an Enrolled EDO throughout the application process. Enrolled EDOs are uniquely positioned to provide technical assistance, ensure alignment with program objectives and support high-quality applications. Commerce recognizes that geographic limitations may prevent access to an Enrolled EDO in every region of the state; however, whenever possible, applicants should seek out and engage with an Enrolled EDO as their primary point of contact. This approach supports equitable access to program resources and promotes stronger outcomes for businesses and communities across Rural Montana.

Each phase of the process must be completed and approved before advancing to the next. The structure is designed to integrate ORE LPP funds with private financing,

ensuring the Eligible Business achieves the most effective financial structure. Receipt of an application does not imply a commitment for funding.

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

1. Phase one: preliminary project review

To begin an application to the program, Eligible Businesses must work with an EPO, which will assist in completing a qualification checklist. This checklist is used to assess the business' initial eligibility and the project's alignment with program objectives. Once completed, the EPO will submit the qualification checklist in conjunction with the preliminary project application to Commerce. The preliminary project 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 ORE LPP funds, estimated borrower equity injection and concurrent private financing.

The application is then reviewed by the loan review committee, which consists of Commerce ORE LPP staff and management. The Loan Review Committee assesses the application for eligibility under ORE LPP guidelines, project competitiveness for funding and anticipated economic impact, including Jobs Created and Jobs Retained. Following the review, Commerce will notify the EPO of the loan review committee's decision. If approved, the EPO will receive notice that the applicant may proceed with the comprehensive 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 EPO, 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:

- Final cost estimate.
- Final investment amounts, including borrower equity injection and concurrent private financing.
- Detailed Participation Loan information.
- Participating Lender information.

The EPO must submit the completed comprehensive loan application to Commerce for evaluation by the loan review committee. The Loan Review Committee reviews the loan application to ensure it aligns with ORE LPP 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 economic factors, as outlined in the ranking criteria.

Following the detailed loan application review, Commerce may:

- Request additional information or action from the EPO, 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 EPO, 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 Commerce's director or deputy director, who will make the final funding decision. Commerce 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 montana.servicenowservices.com.

Applicants will be required to create an OKTA profile, which requires a valid email account. OKTA is located at okta.loginmt.com.

The application portal will remain open for the duration of the application period. The annual application period is expected to take place each October and will remain open for 20 business days. After the application portal closes, in the event of surplus funding following the loan pipeline review, the ServiceNow application portal will reopen, and Enrolled 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. ORE LPP announcements, including application dates and funding details, will be made available through Commerce communication channels and posted to the ServiceNow application portal.

Ranking Factors

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

- Rural, as defined above;
- Expansion of an existing business;
- Jobs Created or Jobs Retained;
- Project involves workforce development, e.g., training, upskilling or partnerships with education providers;
- Community impact. Examples include, but are not limited to, childcare creation, increase to tax base, increase in Montana manufacturing, industrial park creation and level of community support;
- Justification for utilization of state funds; and
- Business is a Basic Sector Company, as defined above.

Applicants are encouraged to work closely with their EPO to present a complete and competitive application. At any point during the application process, EPOs and Participating Lenders are encouraged to contact Commerce ORE LPP staff with questions or to ensure the application aligns with ORE LPP guidance.

Opportunities in Rural Economies Economic Development Organization Capacity Building Grant Program

Eligibility

ORE EDO CBGP is available to Enrolled EDOs that are actively engaged in supporting Rural business development and seeking to bolster their ability to support economic development in Montana; to improve the administration and operational readiness of their own revolving loan fund programs; or to strengthen their internal capacity to implement the ORE LPP. Grant funds may not be used to capitalize or recapitalize a loan fund.

Eligible uses of grant funds may include, but are not limited to, technology investments, including software and hardware upgrades, workflow optimization, staff training, contracted services, marketing to increase program or organization visibility, community engagement efforts and partnership development with local lenders, workforce entities or education providers and other capacity-building uses that align with programmatic strategy.

ORE EDO CBGP investments aim to ensure Enrolled EDOs have the resources to act as effective intermediaries between Eligible Businesses and the ORE LPP. Funding is not intended to support routine operations but to help Enrolled EDOs strategically increase their impact within Rural Montana.

Match for ORE EDO CBGP

A minimum 10-to-1 match is required. For every \$10 of ORE EDO CBGP funding requested, the Enrolled EDO must contribute at least \$1 in private funds. Match contributions must be clearly documented and may not be sourced from other state funds. In-kind contributions will not be accepted toward the required match; all match funding must be in the form of verifiable private or federal contributions.

Award Amount

The maximum award under ORE EDO CBGP is \$65,000 per award cycle. Final grant amounts will be based on project scope, justification and available funding. Commerce reserves the right to issue partial awards or require modification to the proposed scope of work as a condition of funding.

Grantees will have one year from the date of the grant agreement to fully expend awarded funds. Extensions may be granted at Commerce's discretion. Extension requests must be submitted 60 calendar days prior to the original grant expiration date and must include a justification for the delay, an updated timeline and a revised expenditure plan. Submission or receipt of extension request does not guarantee approval.

Ineligible Uses of Funds

ORE EDO CBGP funds may not be used for the following purposes:

- Paying down any existing state or federal debt.
- Replacing or supplanting other state or federal funding sources.
- Buying out individuals with ownership interests, making distributions to founding members or otherwise transferring equity or control within the organization.
- Covering basic organizational operations, such as employee benefits, utilities, rent or insurance.
- Supporting construction, renovation, or 'hammer-to-wall' requests. This includes, but is not limited to, labor costs or any physical improvements to real property.
- Providing salary increases, bonuses or other compensation enhancements for executive leadership or existing staff. However, funds may support the engagement of contracted personnel if directly tied to the proposed capacity-building project.

Application Process

Applicants must complete and submit the ORE EDO CBGP Application Form during the open application period. The application period will be 20 business days and is expected to occur annually every January. Applicants may submit up to two applications per award cycle. The combined total request across all applications may not exceed the maximum grant amount of \$65,000. Applicants are strongly encouraged to consolidate proposed activities into a single cohesive proposal when feasible. Separating unrelated or independently scoped initiatives into separate applications is permitted and may help streamline implementation and reporting.

Applications must include a narrative project summary, itemized budget, timeline, documentation of eligible match and a clear description of how the proposed activities will enhance the organization's ability to support and implement the ORE LPP. Letters of support from community, industry or financial partners are encouraged, especially when demonstrating regional collaboration or alignment with economic development priorities.

The application process is competitive. Applicants are encouraged to submit strong, well-documented proposals that clearly demonstrate organizational readiness, project impact and alignment with application scoring criteria. Receipt of an application does not guarantee an award.

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

Eligible Applicants

Enrolled EDOs are eligible to apply for the ORE CBGP.

Application Submission

Applications must be completed online through the ServiceNow application platform located at montana.servicenowservices.com.

Applicants will be required to create an OKTA profile, which requires a valid email account. OKTA is located at okta.loginmt.com.

Application Scoring

Applications will be scored based on the following criteria:

- Alignment with the ORE Program's Rural economic development priorities
- Strength and clarity of the proposed project scope and activities
- Anticipated impact on the organization's capacity
- Demonstrated need for capacity investment
- Quality and feasibility of the project budget and timeline
- Organizational ability to manage grant funds and deliver outcomes
- How the proposed activities will bolster revolving loan fund operations
- Status and availability of all matching funds

If multiple applications are submitted by an Enrolled EDO, each application will be reviewed and scored independently. Final awards will be determined by Commerce based on application scores, total available funding and other considerations such as geographic distribution or anticipated grant impact.

Application Final Review

Applications will be reviewed by the Grant Review Committee based on several factors, including how well the proposed project aligns with the goals of the ORE Program, the strength and justification of the proposed use of funds, the applicant's ability to meet the required match, the overall readiness of the project and its anticipated outcomes and

the organization's demonstrated capacity to manage the grant and deliver measurable results.

The Grant Review Committee will provide funding recommendations to Commerce's director and deputy director, who will make the final funding determinations. Commerce does not accept appeals for rejected applications, and all decisions are final.

Reporting and Oversight

This is not a reimbursement-based grant; grantees will receive funds in advance of actual expenditures. Commerce will disburse ORE EDO CBGP funds to the Enrolled EDO's dedicated business bank account after the application is fully approved and the grantee has completed the required documentation including but not limited to the Grant Agreement and the EDO Enrollment Agreement. Grantees must establish and maintain a checking account specifically for the receipt and use of ORE EDO CBGP funds.

Commerce will actively monitor performance and financial activity through required quarterly progress reports. The required progress reports must detail accomplishments, outcomes, timeline or scope adjustments and how funds are being used in alignment with the approved grant application. The Enrolled EDO must document and report all subsequent grant cost disbursements by supplying one or more of the following: invoices, paid purchase orders, cleared checks or documentation of completed deliverables. Commerce will require periodic bank statements from the designated bank account as part of the financial monitoring process.

If, after the one-year period, funds remain unspent without sufficient justification, documentation or progress, Commerce reserves the right to recapture the unused balance. This structure ensures transparency, accountability and meaningful impact in the deployment of state funds.