

those areas by encouraging developmental venture capital investments in smaller enterprises primarily located in rural areas; and

(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises located in rural areas, by authorizing the Secretary—

(A) to enter into participation agreements with rural business investment companies;

(B) to guarantee debentures of rural business investment companies to enable each rural business investment company to make developmental venture capital investments in smaller enterprises in rural areas; and

(C) to make grants to rural business investment companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by rural business investment companies.

(Pub. L. 87-128, title III, §384B, as added Pub. L. 107-171, title VI, §6029, May 13, 2002, 116 Stat. 391.)

§ 2009cc-2. Establishment

In accordance with this subchapter, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

(1) enter into participation agreements with companies granted final approval under section 2009cc-3(e) of this title for the purposes set forth in section 2009cc-1 of this title;

(2) guarantee the debentures issued by rural business investment companies as provided in section 2009cc-4 of this title; and

(3) make grants to rural business investment companies, and to other entities, under section 2009cc-7 of this title.

(Pub. L. 87-128, title III, §384C, as added Pub. L. 107-171, title VI, §6029, May 13, 2002, 116 Stat. 391.)

§ 2009cc-3. Selection of rural business investment companies

(a) Eligibility

A company shall be eligible to apply to participate, as a rural business investment company, in the program established under this subchapter if—

(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

(3) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller enterprises.

(b) Application

To participate, as a rural business investment company, in the program established under this subchapter, a company meeting the eligibility requirements of subsection (a) of this section shall submit an application to the Secretary that includes—

(1) a business plan describing how the company intends to make successful developmental venture capital investments in identified rural areas;

(2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the management of the company;

(3) a description of how the company intends to work with community-based organizations and local entities (including local economic development companies, local lenders, and local investors) and to seek to address the unmet equity capital needs of the communities served;

(4) a proposal describing how the company intends to use the grant funds provided under this subchapter to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, as necessary, on the staff of the company or from an outside entity;

(5) with respect to binding commitments to be made to the company under this subchapter, an estimate of the ratio of cash to in-kind contributions;

(6) a description of the criteria to be used to evaluate whether and to what extent the company meets the purposes of the program established under this subchapter;

(7) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the business plan of the company; and

(8) such other information as the Secretary may require.

(c) Status

Not later than 90 days after the initial receipt by the Secretary of an application under this section, the Secretary shall provide to the applicant a written report describing the status of the application and any requirements remaining for completion of the application.

(d) Matters considered

In reviewing and processing any application under this section, the Secretary—

(1) shall determine whether—

(A) the applicant meets the requirements of subsection (e) of this section; and

(B) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this subchapter;

(2) shall take into consideration—

(A) the need for and availability of financing for rural business concerns in the geographic area in which the applicant is to commence business;

(B) the general business reputation of the owners and management of the applicant; and

(C) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

(3) shall not take into consideration any projected shortage or unavailability of grant funds or leverage.