

Shellfish Growers Loan Program

Citation of Law or Resolution: Session Law 2021, Senate Bill 105

Section Number: Section 11.4

Report Due Date: September 1, 2022

Report Submission Date:

Receiving Entities:

Joint Legislative Oversight Committee on Agriculture and
Natural and Economic Resources
Chairs of the Joint Legislative Economic Development and
Global Engagement Oversight Committee
Chairs of the House of Representatives Appropriations
Committee on Agriculture and Natural and Economic
Resources
Chairs of the Senate Appropriations Committee on
Agriculture, Natural, and Economic Resources
Fiscal Research Division

Submitting Entity:

North Carolina Department of Commerce

TABLE OF CONTENTS

Receiving Entities:.....	1
Submitting Entity:	1
TABLE OF CONTENTS	2
INTRODUCTION.....	3
NARRATIVE	3
REPORTED DATA.....	4
CONCLUSION	4

INTRODUCTION

During the 2021 Legislative Session, Session Law 2021 Senate Bill 105 appropriated nonrecurring funds in the amount of \$1,000,000 to the North Carolina Rural Center for fiscal years 2021-22 and 2022-23. Section 11.4 created the Shellfish Growers Loan Program.

The program provides a revolving source of low-interest working capital and equipment loans to emerging and existing small shellfish growers in the State. Funds credited to the program are available in perpetuity and must be used only for administrative fees and to provide loans to eligible businesses as allowed by the legislation.

NARRATIVE

The Shellfish Growers Loan Program is still in development and not expected to launch until September of 2022.

The launch of the program was delayed as a result of a technical correction that was needed to the legislation. That correction was received in April of 2022 and a contract was executed with the Department of Commerce on April 11, 2022.

During the period between the approval of the amended legislation and the end of the report period the Rural Center and Thread Capital teams have been hard at work on preparing the groundwork for an effective launch of the program. Efforts well underway include the following:

- Mentorship of Array CDC to support their participation in the program. Array was listed in the legislation as a lender under the program and the Rural Center team has worked to help prepare them for that role. The organization does not have experience making loans but is hungry to learn and to establish themselves as a CDFI in eastern NC. This mentorship has taken the form of bi-weekly coaching sessions since early in calendar year 2022.
- Establishing parameters and required documentation for the program. Given the limited experience of Array, and the desire to have each shellfish grower to have a uniform experience, the Rural Center has been working to establish common underwriting criteria, documentation requirements, and messaging.
- Legal agreements that will govern the relationship between the Rural Center and the lenders (Array CDC and Thread Capital) have been developed and should be finalized by the end of August.

As a result of the background work being done, there are no reportable outcomes at this time. We anticipate a September launch, with a target for a first loan in October.

REPORTED DATA

Category	Through Report Date
The number, average size, and location of qualifying businesses that received loans under the prior fiscal year of the report	N/A
The average loan amount	N/A
The total amount loaned to date	N/A
The total amount of loans repaid to date	N/A
The total amount of loans defaulted on to date	N/A
The total amount of loans defaulted that have been recaptured	N/A

CONCLUSION

The NC Rural Center looks forward to reporting lending activity and results, potentially during Q4 of FY21-22, but definitely in early FY22-23. If you have any questions on any of the information provided in this report, please contact Jonathan Brereton at jonathan@threadcap.org.