

# USDA Rural Development



# *Rural Development*

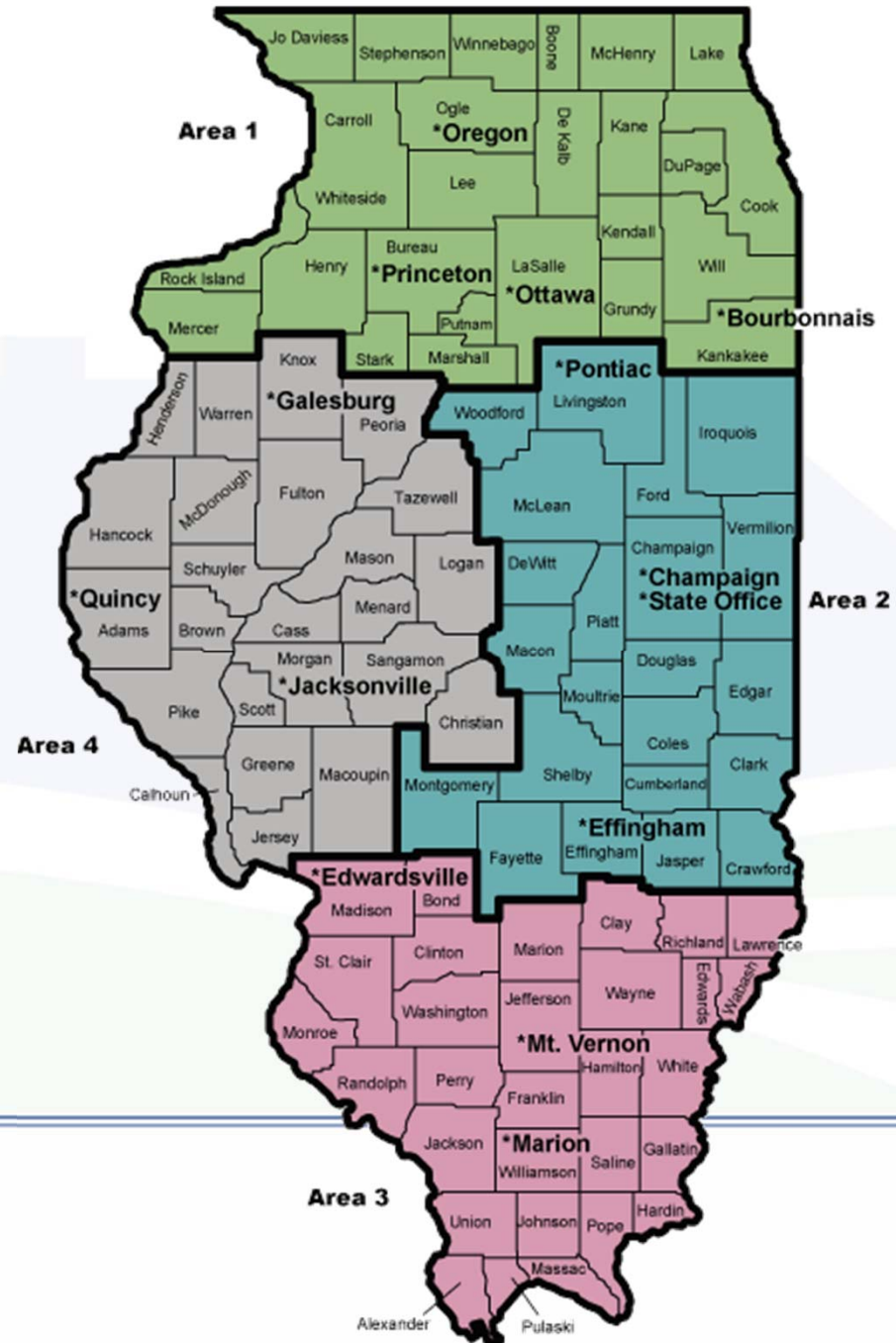
**INCREASING ECONOMIC OPPORTUNITY  
AND IMPROVING THE QUALITY OF LIFE  
FOR PEOPLE IN RURAL AMERICA**



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USDA RURAL DEVELOPMENT

# Rural Development Offices



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# **Rural Development Programs**

- **Business Programs**
- **Community Facilities**
- **Water and Waste**
- **Housing Programs**



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# *Business Programs*

- ❖ Business & Industry  
Guaranteed Loans (B&I)
- ❖ Intermediary Relending  
Program (IRP)
- ❖ Rural Economic Development  
Loan / Grant (REDLG)
- ❖ Rural Business Enterprise  
Grant (RBEG)
- ❖ Rural Business Opportunity  
Grant (RBOG)



# **Guaranteed Business & Industry** **Loan Program (B&I)**

- **Purpose:**
  - Spur Business activity and growth
  - Financial backing for businesses in rural areas
  - To create jobs and stimulate economic development
  - Build viable and sustainable rural communities with Guaranteed Loans
  - guaranteeing quality loans which will provide lasting community benefits.



# Asphalt Plant



# Printing company





# Assisted living



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# B&I Eligibility

- ***Project***
  - Must be located in a rural area
    - Population less than 50,000
- ***Lender***
  - Federal or State chartered banks
  - Farm Credit System institutions with direct lending authority
  - Savings & loan associations



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# B&I Eligibility

- ***Borrower***
  - Sole proprietorship, corporations, partnerships, not for profits
  - Must be at least 51% U.S. citizen/permanent resident alien owned
  - Up to 80% guarantee
  - Rates and terms negotiated between lender and applicant



# B&I Loan Purposes

Loans up to \$25 million for:

- Business acquisitions
- Business conversion, enlargement, repair, modernization or development
- Purchase & development of land, easements, right-of-way, buildings or facilities
- Machinery & equipment
- No lines of credit allowable



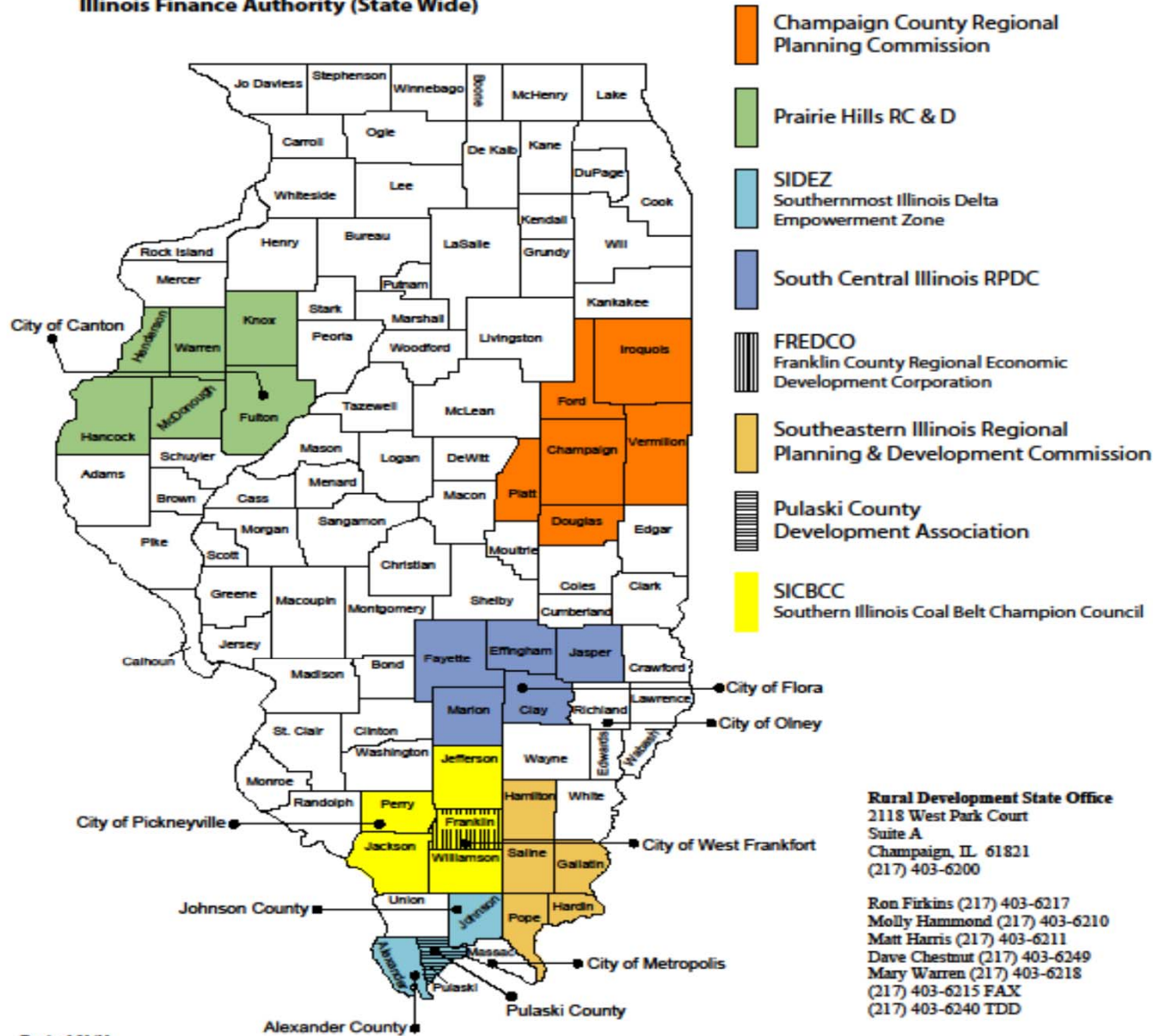
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# Intermediary Relending Program (IRP)

- Loan to public bodies or not for profits
- Population less than 25,000
- Used for community development projects or establish or expansion of businesses that create or save jobs
- IRP paid back from loans to businesses
- Terms to ultimate recipients negotiated

## RURAL DEVELOPMENT IRP Loans

### Illinois Finance Authority (State Wide)



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Revised 01/11

# Rural Economic Development Loans and Grants



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# REDLG

## **Purpose:**

**Finance economic development and job creation through local utility companies.**



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# REDLG

## Eligibility Requirements:

**Electric & telephone utilities who are eligible for financing from the Rural Utilities Service may receive a REDLG to benefit communities with less than 50,000 population.**

# **REDLG**

## **Uses:**

**Establish revolving loan funds or lend funds to local non-profit or for profit businesses or public bodies that will create or retain jobs. Maximum grant for a revolving loan fund to electric cooperative is \$300,000 and maximum loan is \$740,000.**



## REDLG

### **Example of Use: Brownfield**

**A business or not for profit wants to borrow money to clean up a Brownfield in the course of their project. The electric coop could apply for a Rural Economic Development Loan/Grant. Then lend the money to the business/not for profit.**



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# Rural Business Enterprise Grant (RBEG)



# RBEG

## Purpose / Uses

- Finance and facilitate development of private business enterprises.
- Help small businesses create/retain jobs.
  - **Small business = employ 50 or fewer employees and has less than \$1 million in projected gross revenue**
  - **(Manufacturing and merchandising businesses may deduct cost of goods sold to determine “gross revenue” )**

# **RBEG**

## **Purposes / Uses**

- **Technical assistance for proposed grantee projects**
- **Purchase or develop land, easements and rights-of-way**
- **Construct or renovate buildings, machinery or equipment, access streets and roads, parking areas, utilities**
- **reasonable fees and charges for professional services necessary for the planning and development of the project**
- **providing financial assistance to small businesses through a revolving loan fund**

# **RBEG**

## **Eligibility Requirements:**

- **Not For Profit/Public Bodies: Eligible entities receive the grant to assist businesses; the grant does not go directly to a business.**
- **Grant funds may not be passed through directly to a small business.**
- **Communities with less than 50,000 pop.**

# Resale shop





# **RBEG**

## **Example of use: Brownfields**

- **Community or not for profit wishes to clean up and develop a Brownfield in order to facilitate economic development of their community. They have a small business or businesses that are interested in renting the site. The community could apply for a Rural Business Enterprise Grant to do the clean up along with infrastructure upgrades then rent to the business.**

# Rural Business Opportunity Grant Grant (RBOG)



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# RBOG

## **Purpose:**

**Finance technical assistance for business development.**

**Conduct economic development planning in rural areas.**



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# RBOG

## **Eligibility Requirements:**

**Not For Profit/Public Bodies, and coops with primarily rural members.**

**Grant funds may not be passed through directly to a small business.**

**Communities with less than 50,000 pop.**

# RBOG

## Example of Use: **Brownfields**

**A not for profit wishes to clean up a Brownfield in order to facilitate economic development in their community. They could apply for a Rural Business Opportunity Grant to: finance a study of what is needed and create a plan for the clean up. Must show benefit to local businesses.**

# RBEG and RBOG

- Scored on several factors such as area income, population, sustainability and leverage
- States get a small allocation and the grants are very competitive.
- Area 3 got one RBOG and two RBEGs in the last year.
- We are always looking for good applications so call if you have an idea for a project.



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# Community Programs

*Direct and Guaranteed loans*

surgical room in vet building



CT scanner Hardin County Hospital



# *Community Facilities*

- **Purpose:**
  - Provide essential public services
  - Create jobs
  - Stimulate local economies



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# **Community Facilities**

## **USES:**

- **Buy and/or renovate facilities**
- **Purchase and equip facilities**
- **Access to health care**
- **Support for first responders**
- **Construction and repair of community facilities**



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# *Community Facilities*

## **ELIGIBILITY:**

- **Local Governments**
- **Not for Profits**
- **Indian tribes**
- **Rural areas and towns of 20,000 or less**



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# Jail



# Fire Station



# Industrial Park



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# *Water & Waste Programs*



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*Lakeside Water District*

# **Water & Waste Programs**

## **Purpose:**

- Provide water and waste water financing to provide safe, reliable drinking water, improve wastewater treatment systems, protect the environment

## **USES:**

- Drinking water systems
- Sanitary sewer
- Storm drainage



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# **Water & Waste Eligibility**

- **Public Bodies and Not for Profit Corporations**
- **Rural areas and towns of 10,000 or less**
- **Very favorable interest rates and terms**



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# Housing Programs

- Purchase existing home or new construction
- 3.25% interest for 33 years no down payment
- Towns with populations less than 10,000
- Builders can get a conditional commitment to guarantee RD financing if built to specs

# Conditional Commitment



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# Housing program for possible Brownfields

- A community with abandoned lots could entice builders to build spec homes with the understanding that the home will qualify for Rural Development financing and the price we could loan.

**HOUSING PROGRAMS: Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (approved banks, mortgage companies)**

Program	Objective	Applicant	Uses	Rural Population	Loan/Grant	Terms/Conditions
Direct-Single Family Housing Loans: 502	Provide safe, well-built, affordable homes for rural Americans	Families and individuals	Buy, build, improve, repair or rehabilitate the applicant's permanent residence	20,000 or less	Direct loan	Up to 100% of market value or cost, whichever is less. 33 and 38 year fixed rate. Applicant may be eligible for payment assistance (funded buy down) on the loan.
GRH-Single Family Housing Guaranteed Loans: 502	Help applicants buy their homes by guaranteeing loans made by private lenders.	Families and individuals	Purchase new or existing home	20,000 or less	Loan guarantee	30 year fixed rate. Interest rate negotiated between lender and borrower. Loans to 100% of market value plus a 2% fee.
Repair-Single Family Direct Loans/Grants: 504	Help very-low-income homeowners remove health and safety hazards or repair their homes	Families and individuals who currently own their home	Repair or replace roof, winterizing, purchase or repair a heating system, structural repair, and water and sewage connect fees	20,000 or less	Direct loan, grant	Up to 20 years at 1%. Loans cannot exceed \$20,000. Grants up to \$7500 are only available to very-low-income applicants 62 years or older who cannot afford to pay 1% loan.
Mutual Self-Help Housing Grants: 503	Help lower income families build their own homes	Non-profits and public bodies	Technical assistance to qualify and supervise small groups of families who help build each other's homes	20,000 or less	Grant	Two year grant agreement; homeowners must provide 65% of the necessary labor.
RRH-Rural Rental Housing Direct Loans: 515	Provide safe, well-built, affordable rental housing for very-low, and low income individuals and families	Individuals, limited profit and non-profit organizations.	New construction or rehabilitation of rental housing	20,000 or less	Direct loan	Non-profit up to 102% of total development cost; for-profit 97%. 30-year term with up to 50 year amortization; for-profit with Low-Income Housing Tax Credits 95% of total development costs.
GRRH-Rural Rental Housing Guaranteed Loans: 538	Provide safe, well-built, affordable rental housing for very-low, and low income individuals and families	Guarantees available to partnerships, LLCs, trusts, state and local agencies and Indian Tribes	New construction or rehabilitation of rental housing	20,000 or less	Loan guarantee	Non-profit up to 97% loan to value; for-profit up to 90% loan to value. Repayment 25 to 40 year fixed rates.
HPG-Housing Preservation Grants: 533	Repair and rehabilitate housing owned or occupied by very-low and low-income rural families	Public bodies and non-profit organizations	Operation of a program which finances repair and rehabilitation activities for single family and small rental properties	20,000 or less	Grant	Two year grant agreement
FLH-Farm Labor Housing: 515 & 516	Provide safe, well-built affordable rental housing for farm workers.	Individuals, public and private non-profit organizations	New construction or substantial rehabilitation of rental housing	No population restriction	Direct loan, grant	Loans up to 102% of total development cost; 1% at up to 33 years; grants up to 90% of total development costs. Farm workers must be permanent residents or U.S. citizens.

**BUSINESS PROGRAMS: Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (approved banks, mortgage companies)**

Program	Objective	Applicant	Uses	Rural Population	Loan/Grant	Terms/Conditions
B & I Business and Industry Guaranteed Loans	Create jobs and stimulate rural economies by providing financial backing for rural businesses	Eligible lenders	Most legal business purposes except production agriculture. Includes acquisition, start-up and expansion of businesses that create rural employment	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas	Loan guarantee	Lender and borrower negotiate terms. Interest rate tied to published rate; changes allowed quarterly
B & I IRP-Intermediary Relending Program Loans	Finance business facilities and community development projects	Public bodies, non-profit corporations, Indian tribes, and cooperatives	Community development projects and establishment or expansion of businesses that create or save jobs	Rural and incorporated areas with populations of less than 25,000	Direct loan	The intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered at a rate of 1% for 30 years
B & I RBEG-Rural Business Enterprise Grants	Finance and facilitate the development of small and emerging private business enterprises	Public bodies, private non-profit corporations, and Indian Tribes	Buy and develop land, establish a revolving loan fund, construct buildings, plants, equipment, access streets, roads, parking areas, utility and service extensions, and rural distance learning networks	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas	Grant	When grant funds are used for revolving loan funds, the intermediary makes loans to businesses on terms consistent with security offered
B & I REDLG-Rural Economic Development Loans and Grants	Finance economic development and job creation in rural areas	Electric and telephone utilities eligible for financing from the Rural Utilities Service	Projects that promote economic development and/or job creation including feasibility studies, startup costs, and business expansion	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas	Direct loans; grants for revolving loan programs	Electric or telephone utilities make loans to profit or non-profit businesses and public bodies for economic development and/or job creation projects. Loans are 0% for 10 years.
B & I RDCG-Rural Cooperative Development Grants	Establish and operate centers for cooperative development to improve rural economic conditions by developing new cooperatives and improving existing ones.	Non-profit corporations and institutions of higher education	Conduct feasibility studies, business plans, applied research, and provide training and other technical assistance to new and existing cooperatives and businesses	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas.	Grant	Selection criteria include matching funds of at least 25%.
B & I VAPG-Value-Added Producer Grants	Assist independent agricultural producers to enter into activities that add value to their commodities.	Independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.	Planning (e.g., conducting feasibility studies or business plans) or working capital for start-up operations	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas	Grant	Specific selection criteria. Funds must be matched dollar-for-dollar and cannot be used to build facilities or purchase equipment or produce raw commodity.
B & I REAP-Rural Energy for America Program	Finance the purchase of renewable energy systems, and make efficiency improvements.	Agricultural producers and rural small businesses.	Construction or improvements, purchase and installation of equipment, energy audits, permit fees, professional service fees, business plans, feasibility studies.	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas.	Loan guarantee, grant	Specific selection criteria. Loans cannot exceed 50% of eligible project costs. Grants cannot exceed 25% of eligible project costs.



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## Program Summary

**COMMUNITY and UTILITY PROGRAMS: Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (approved banks, mortgage companies)**

Program	Objective	Applicant	Uses	Rural Population	Loan/Grant	Terms/Conditions
<b>CF-</b> Loans, Grants and Guaranteed Loans (Faith-Based and First Responder)	Provide essential community facilities for rural communities.	Public bodies, non-profit organizations, and Indian Tribes	Build facilities and purchase equipment for fire and rescue, early warning systems, police stations, health clinics, schools, libraries, hospitals, etc.	20,000 or less	Direct loan and loan guarantee	Direct: up to 100% of market value. 40 years or life of security. Maximum grant: 75% of project cost. Guaranteed: up to 90%; fixed or variable rate established by lender; useful life not to exceed 40 years
<b>WW-</b> Water and Waste Disposal Loans, Grants and Guaranteed Loans	Provide water and waste financing to the most financially needy applicants to keep user fees reasonable; provide guarantees to lenders	Public entities, Indian Tribes, and non-profit corporations	Build, repair, and improve public water systems, waste collection and treatment systems and related costs.	10,000 or less.	Direct loan, grant, loan guarantee	Interest rates are set quarterly based on an index of current market yields for municipal obligations. Repayment up to 40 years. Grant funds may be available. Up to 90% guarantee available to eligible lenders.
<b>RCDI-</b> Rural Community Development Initiative Grant	Develop recipient's capacity and ability to undertake projects related to housing, community facilities, or community and economic development.	Non-profit organizations and public bodies	Intermediary provides technical and financial assistance to recipients, which include non-profit community-based housing and/or development organizations and low-income rural communities.	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas.	Grant	Grants are awarded on a competitive basis. Three year grant agreement with matching funds.
<b>PPG-</b> Pre-development Planning Grants (Water & Waste Disposal)	Pay costs associated with developing an application for a proposed water or wastewater project	Public entities and non-profit corporations	Predevelopment costs, such as preliminary engineering and environmental reports, for entities intending to apply in the near future for water and waste disposal loans and grants.	10,000 or less	Grant	Median household income of the service area must be less than \$39,000. Applications accepted year round.
<b>SWMG-</b> Solid Waste Management Grants	Reduce or eliminate water pollution and improve solid waste sites.	Non-profit organizations and public bodies	Provide technical assistance and training to communities. Improve planning and management of solid waste facilities	10,000 or less.	Grant	Grants awarded on a competitive basis. Applications accepted from October 1 to December 31 each year.
<b>DLT-</b> Distance Learning and Telemedicine Loans and Grants	Develop and deploy advanced telecommunication services to improve education and health care. Provide access to broadband transmission service to residents in a currently unserved community	For-profit and non-profit incorporated entities that operate rural schools, libraries, health care clinics, and educational facilities etc. Legally organized entities such as incorporated organizations, units of government, cooperatives, private corporations, or limited liability companies organized on a for-profit or not-for-profit basis	Hardware and software for classrooms (cameras, monitors, computers, LAN) and for healthcare facilities like medical records programs and telemedicine. Construction, acquisition, or lease of facilities to deploy broadband transmission services; and improvement, expansion, construction or acquisition of a community center with at least ten computer access points free from charges for two years	20,000 or less.	Direct loan and/or grant	Matching funds required
<b>Broadband Grants</b>	Provide access to broadband transmission service to residents in a currently unserved community	Legally organized entities (except those serving more than 2% of the telephone subscriber lines) providing or proposing to provide broadband service in eligible rural communities	Construction, acquisition, and improvement of broadband transmission facilities and equipment; land and buildings used for broadband service; and the refinancing of Telecommunications Program debt	20,000 or less	Grant	Grants awarded on a competitive basis annually. 15% matching contribution required. \$50,000 minimum; no maximum amount.
<b>Rural Broadband Loans and Loan Guarantees</b>	Deploy broadband service to eligible rural communities.	Legally organized entities (except those serving more than 2% of the telephone subscriber lines) providing or proposing to provide broadband service in eligible rural communities	Construction, acquisition, and improvement of broadband transmission facilities and equipment; land and buildings used for broadband service; and the refinancing of Telecommunications Program debt	Eligible population of 20,000 or less.	Direct loan, loan guarantee	Treasury rate at the time of the advance for a period equal to expected composite economic life of the assets financed. Loans are guaranteed at lender's rate for no more than 80% of the principal.
<b>Electric and Telecommunications Loans and Guarantees</b>	Provide financial aid through direct and guaranteed loans for electric and telecommunications services.	For profit entities, non-profit and cooperative associations, public bodies, and other utilities. Apply directly to Rural Development National Office.	Generation, bulk transmission facilities and distribution of electric power. Enhance 911 emergency service, digital switching equipment, fiber optic cable and traditional main system telecommunications service and broadband services.	Electric: Rural areas as defined by the U.S. Census. Telecommunication: 5,000 or less.	Direct loan and loan guarantee	Interest rates are established in accordance with 7 CFR 1745.

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**Ottawa Area Office**  
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**Princeton Area Office**  
Phone: 815-875-8732 ext. 5  
Fax: 815-872-1175

**Area 2**  
**Champaign Area Office**  
Single Family Housing Loans  
Phone: 217-352-3536 ext. 4  
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**Champaign Area Office**  
All other loans  
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# USDA



## Rural Development

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