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## USDA RD Program Overview

Housing & Utilities & Business  
<http://www.rd.usda.gov/wa>

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### Rural Housing Programs:

- 504 Direct Loans (DL) and Grants
- 502 Guaranteed Loans (GL) and DL
- Self-Help Housing
- Multi-family hsg GL and DL
- Housing Preservation Grants
- Farm Labor Housing

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### Rural Housing Programs 504 Program

- For low income
- < 10,000 population per 2010 census.
- Household income is projected for the next 12 mos unless seasonal. Foster care not included.
- Assets must be < \$7500, excludes home, household goods, vehicles. Any liquid assets RD may require for the home repairs prior to RD funds.
- Could assist with hookup to water/sewer.

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### Repair Steps = Safety



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### Rural Housing Programs 502 Program

- Direct Loan or Guaranteed Loan
- 33 years - 38 years
- Low interest rates
- Direct Loans have a subsidized interest rate
- GL: RH bank makes the loan.
- < 10,000 in population
- Self-Help Homes

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### FLH Financing

- To purchase a site or a leasehold interest in a site; to construct housing, day care facilities, or community rooms; to pay fees to purchase durable household furnishings; to pay construction loan interest.
- Loans are for 33 years at 1%
- Grants may cover up to 90% of development costs.

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### Essential Community Facilities

- GL and DL and Grants
- Can finance equipment/vehicles
- Acquisition or rehab of facilities
- Must have public support for project
- Loan term can be up to 40 years or the life of what is being financed
- Interest rate is fixed, 3.25%

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**ARC of Grays Harbor Co.**



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**Westport police cars**



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**Nisqually Tribe PSB**



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**City of Orting dike**



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**Rural Community Development Initiative (RCDI)**

- To develop the capacity and ability of private, nonprofit community-based housing and community development organizations, and low income rural communities to improve housing, community facilities, community and economic development projects in rural areas.

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**RCDI use of funds**

- Train sub-grantees to conduct home ownership training
- Train sub-grantees to conduct minority business ownership training
- Provide TA to sub-grantees on how to prepare a Strategic Plan
- Provide TA to sub-grantee on how to access alternative funding sources
- Provide organizational capacity through board trng
- Develop trng tools: videos, workbooks and reference guides
- Provide TA on how to set up childcare centers
- Provide training on fund raising techniques

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**Rural Utilities Programs**

- Electric & Telecommunication
- Broadband, Community Connect, Distance Learning Telemedicine
- Water and Wastewater
- ECWAG, PPG, Search

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## Electric & Telecommunication

- Guaranteed & Direct Loans
- Non-profits, Cooperatives, Public Bodies and other Utilities
- Generation, bulk transmission facilities, distribution of electric power, fiber optic cable, 911

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More than \$518,000,000 is being poured into rural electric cooperatives. These USDA funds will improve the delivery of electric power to small communities in 15 states. The investment stretches from Montana to No Carolina.

North Plains Electric Cooperative will have \$21.6 million to increase and improve service thanks to a low-interest loan from USDA. "The loan is to build electric infrastructure," said Bill Carson, manager of member services at NPEC. That infrastructure to be built or improved includes almost 350 miles of transmission and distribution lines as well as reliability equipment.

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## Broadband

- Guaranteed and Direct Loans
- < 20,000 population
- Legally organized entities providing or proposing to provide broadband service
- Construction, acquisition and improvement of broadband transmission facilities and equipment and refinancing

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## Community Connect

- Serves rural communities where broadband service is least likely to be available.
- The projects funded by these grants will help rural residents tap into the enormous potential of the Internet.

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## Community Connect Eligible Applicants

- Incorporated Organizations;
- Indian Tribes or Tribal Organizations, as defined in 25 U.S.C. 450b(e);
- State or local units of government; or
- Cooperatives, private corporations or limited liability companies organized on a for-profit or not-for-profit basis.

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## Community Connect Use of Funds

Construction, acquisition, or leasing of facilities used to deploy service at the Broadband Grant Speed to all residential and business customers located within the Proposed Funded Service Area and all participating Critical Community Facilities, including funding for up to 10<sup>3</sup> Computer Access Points to be used in a Community Center. Improvement, expansion, construction, or acquisition of a Community Center and provision of Computer Access Points. Grant funds for the Community Center will be limited to 10% of the requested grant amount.

The cost of providing the necessary bandwidth for service free of charge to the Critical Community Facilities for 2 years.

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### Distance Learning Telemedicine

To assist rural communities in acquiring distance learning and tele-medical technologies so local providers can establish interactive video conferencing links to teachers, medical professionals, and other needed expertise located elsewhere.

This video connection links those needing various services directly to the source of services needed in their communities, with the local service providers as intermediaries and beneficiaries.

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### Distance Learning Telemedicine

Grants: \$50,000 to \$500,000  
Need 15% match.

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### Water and Wastewater

- To develop water and waste disposal systems in rural areas
- < 10,000 population per 2010 Census
- public bodies, non-profit corporations and Indian tribes
- unable to obtain the financing from other sources at rates and terms they can afford and/or their own resources
- for construction, land acquisition, legal fees, engineering fees, capitalized interest, equipment, initial operation and maintenance costs, project contingencies, and any other cost necessary for the completion of the project.
- for the benefit of rural users.

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### Water and Wastewater Direct Loans

- Up to 40-year loans
- Current Interest Rates: Poverty 2.0%, Intermediate 2.625%, Market 3.25%
- Receive updated interest rates from Wash DC quarterly.
- Fixed interest rate for the life of the loan
- Applications are accepted at any time

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### Cathlamet Sewer Plant



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### Willapa Regional WWTP



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## ECWAG

- Assist residents of rural areas that have experienced significant decline in quantity or quality of water, or when such a decline is considered imminent
- Population of 10,000 or less
- MHI < \$60,049
- Public bodies, nonprofit corporations, and Federally-recognized Indian Tribes

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## ECWAG

- Grants made to alleviate a significant decline in quantity or quality of water must demonstrate that the decline occurred within two years of the date the application was filed with the Agency.
- Situations involving imminent decline must demonstrate the decline is likely to occur within one year of the date the application is filed.

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## ECWAG

- Waterline extensions
- Replace waterlines
- Repairs to existing water facilities
- Significant maintenance to an existing system
- Equipment replacement
- Construction of new wells, reservoirs, transmission lines, treatment plants and other sources of water.
- Other costs such as legal, engineering, surveys, environmental, and administrative costs.

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## ECWAG

- Grants not to exceed \$500,000 may be made to alleviate a significant decline in quantity or quality of water. (new water source/ reservoir/ lines).
- Grants made for repairs, partial replacements, or significant maintenance on an established system to remedy an acute shortage or significant decline in the quality or quantity of water, cannot exceed \$150,000. (existing systems repairs and maintenance)

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### Boistfort Valley Water



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## PPG

- To pay costs associated with developing an application for a proposed water or wastewater project.
- Up to \$25,000 or 75% of the project costs, whichever is less.
- Funding for the balance of eligible projects costs not funded by the PPG must be from applicant resources or funds from other sources.

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## PPG

- MHI of the service area must be < \$48,039
- Must show they do not have resources to pay predevelopment expenses on their own.
- The proposed project must be for eligible loan and grant purposes.
- Grants are limited to projects the Agency expects to fund soon after the application is submitted. If the Agency provides additional construction funds for a portion of the project, PPG funds advanced will be considered when calculating the amount of loan and grant funding needed, and will be subtracted from total grant eligibility

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## PPG Eligible Costs

- Those necessary expenses to be incurred to develop a complete application. Such as:  
Preliminary Engineering Report  
Environmental Report
- Costs incurred prior to grant closing will not be considered eligible

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## SEARCH

Special Evaluation Assistance for Rural Communities

States are authorized to use up to the greater of one percent or \$30,000 of the State grant allocation.

Funds are managed in the USDA RD National Office.

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## Business Programs

- Business&Industrial Guaranteed Loans
- Intermediary Relending Program loans
- Rural Energy America Program loans/grants
- REDLG
- Value Added Producer Grants
- RBIP
- Repowering
- Biofuels
- RB Enterprise Grants, RB Opportunity Grants

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## B&I Guaranteed Loans

- To improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities.
- Bolsters the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits.
- Not intended that the guarantee authority will be used for marginal or substandard loans or for relief of lenders having such loans.

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## B&I GL Borrowers

- Cooperative organization, corporation, partnership, or other legal entity organized and operated on a profit or nonprofit basis
- Federally-recognized Indian Tribes
- Individuals

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## B&I GL Purpose

- Provide employment
- Improve the economic/environmental climate
- Promote the conservation, development, and use of water for aquaculture
- Reduce reliance on nonrenewable energy resources by encouraging the development and construction of solar energy systems and other renewable energy systems

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## B&I GL Use of Funds

- B&I acquisitions when the loan will keep the business from closing, prevent the loss of employment opportunities, or provide expanded job opportunities.
- Business conversion, enlargement, repair, modernization, or development.
- Purchase and development of land, easements, rights-of-way, buildings, or facilities.
- Purchase of equipment, leasehold improvements, machinery, supplies, or inventory.

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## B&I Guaranteed Loans

- Percentage of guarantee is negotiated between the lender and the Agency.
- Maximum percentage of guarantee is 80% for loans < \$5 million, 70% for loans between \$5 and \$10 million, 60% for loans > \$10 million.

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## B&I Guaranteed Loans

- Maximum repayment for loans on real estate will not exceed 30 years
- Machinery and equipment repayment will not exceed the useful life of the machinery and equipment purchased with loan funds or 15 years, whichever is less
- Working capital repayment will not exceed 7 years.

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## B&I Guaranteed Loans

- Interest rate will be negotiated between the lender and the applicant
- May be either fixed or variable
- Interest rates are subject to Agency review and approval
- Variable interest rate may be adjusted, but the adjustments may not be more often than quarterly.

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## B&I Guaranteed Loans

- Collateral must have documented value sufficient to protect the interest of the lender and the Agency.
- Annual renewal fee is paid by the lender - required to maintain the enforceability of the guarantee.

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**Burlington, WA**



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**Intermediary Relending Program  
Eligible Entities:**

- Private non-profit corporations
- Public agencies
- Indian groups
- Rural Cooperatives

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**Intermediary Relending Program  
Maximum Loan**

- May borrow up to \$2 million under its first financing
- Up to \$1 million at a time thereafter
- Total aggregate debt is capped at \$15 million
- An ultimate recipient borrower may borrow up to \$250,000

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**Intermediary Relending Program  
Ultimate Recipient**

- Individual citizens or individuals who have been legally admitted to the U.S.
- 2010 Census population of < 25,000
- An entity that is able to incur debt, give security, and repay the loan
- A corporation, partnership, LLC, individual, non-profit corporation, public body

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**Rural Energy for America  
Program Grants**

- Guaranteed Loan and grant eligibility is limited to rural small businesses and agricultural producers
- Must go towards the purchase of a renewable energy system or to make energy efficiency improvements
- Technology is commercially available, and replicable
- The project must have technical merit
- small business must be located in a rural area, though an agriculture producer may be located in a rural or non-rural area
- applicant must be the owner of the project and control the finances and maintenance of the project
- Sites must be controlled by the agricultural producer or small business for the term of the loan
- Must have satisfactory sources of revenue for the life of the project

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**REAP Eligible Costs**

- purchase and installation of equipment
- construction or improvements, except residential
- Energy audits or assessments
- Permit, license, Professional service fees
- Feasibility studies and Technical Reports
- Business Plans and Retrofitting
- Construction of a new energy efficient facility when: used for the same purpose; approximately the same size; and, will provide more energy savings than improving an existing facility. Only costs identified in the energy audit are allowed. New equipment if similar size to equipment being replaced
- Working capital (GL only)
- Land acquisition (GL only)

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**Firstup Knudsen wind turbine**



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**Rural Economic Development Loans and Grants**

- Must have been a REA borrower or a current Rural Development Electric or Telecommunication Programs Borrower
- Capitalization of revolving loan funds
- TA in conjunction with projects funded under a 0% REDLoan
- Business Incubators
- Community Development Assistance to non-profits and public bodies (particularly job creation or enhancement)
- Facilities and equipment for education and training for rural residents to facilitate economic development
- Facilities and equipment for medical care to rural residents
- Telecommunications/computer networks for distance learning or long distance medical care

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**Value Added Producer Grants**

- To help rural businesses grow, diversify and create jobs.
- This year RD is investing \$25 million to help 247 businesses nationwide expand their operations and create new products to market.
- Helps agricultural producers grow their businesses by turning raw commodities into value-added products, expanding marketing opportunities and developing new uses for existing products.
- Funds can be used for planning, working capital,
- There is a match requirement.

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**Farmers Market & Aphenfire**



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**Rural Business Investment Program**

- At least 75% of investments must be made in Rural Business Concerns
- Community with population of 50,000 or less
- No more than 10% of investments may be in Enterprises whose principal office is located in an urban area (population of 150,000 or more.)
- At least 50% of investments must be in "Smaller Enterprises," and of those, at least 50% must be in "Small Business Concerns".

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**Repowering (9004)**

- Eligible biorefineries are those that were in existence prior to June 18, 2008.
- Must install new systems that use renewable biomass to produce heat and power for plant operations and replace the use of fossil fuels.
- Demonstrate that the renewable biomass system of the biorefinery is feasible based on an independent feasibility study

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## BioFuels (9003)

- The development and construction of commercial-scale biorefineries or retrofitting existing facilities
- use eligible feedstock for production of advanced biofuels and biobased products
- Majority of the biorefinery production must be an advanced biofuel
- The project must provide funds of not less than 20% of eligible project costs
- Refinancing may be eligible

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## Rural Business Enterprise Grants

- Purchase of Property Plant Equipment
- Applicants: Public Bodies, non-profits, Tribes
- Population of 50,000 or less
- Finance and facilitate the development of small emerging private businesses
- Can establish a revolving loan fund

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## Port of Klickitat



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## Skagit Fresh equipment



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## Rural Business Opportunity Grants

- Technical Assistance grants
- Applicants: Public Bodies, non-profits, Tribes
- Population of 50,000 or less
- Leadership training, business support centers, economic development plans
- Assistance for Business Development Planning

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## Any Questions?

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