

## USDA Rural Development

All ARRA funds will be delivered through existing programs.

Programs will use same eligibility criteria, taking into account section 1604 of Division A of the Recovery Act which states that:

*“none of the funds appropriated or otherwise made available in this Act may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.”*

Overview of funds available by program (national totals)

Single Family Housing Sec. 502 Direct and Guaranteed Loan

\$10 billion total in guaranteed loans

\$1 billion total in direct loans

Business & Industry Guaranteed Loan Program

\$2.9 billion

Rural Business Enterprise Grant Program

\$20 million

Community Facilities Loan & Grant Program

\$1.1 billion in direct loans

\$61 million in grants

Water and Waste Disposal Loan and Grant

\$ 2.8 billion in loans

\$968 million in grants

Overview of programs

USDA PROGRAM	PURPOSE Program goal	ELIGIBLE APPLICANTS Who can apply	PROGRAM TYPE How it works	ELIGIBLE AREAS Rural population	AUTHORIZED PURPOSES Use of funds	TYPICAL FUNDING PER PROJECT	RATES AND TERMS Rates can change	KEYS TO SUCCESS	WHEN TO APPLY	WHO TO CONTACT
<b>Business and Industry Loan Guarantee</b>	Creates incentive for business lending that saves and creates jobs	Rural business owners, banks and commercial lenders	USDA guarantees business loans made by banks	All rural areas other than cities of more than 50,000 population and their adjacent urbanized areas	The loans guaranteed can be used for real estate, equipment, working capital, and refinancing - for nonfarm businesses	\$1 million - \$10 million	Negotiated between business and lender - fixed or variable rates with no balloons	Lender-driven: there must be a bank willing to make the loan - (USDA only guarantees the loan) - business must have strong equity and collateral	Year-round	Local banks and business lenders or USDA Rural Development State Office
<b>Rural Business Enterprise Grant (RBEG)</b>	Supports community economic development programs that will assist small businesses	Nonprofit economic development groups, tribes and public bodies (e.g. cities or counties)	USDA makes grants to local economic development programs that support non-farm businesses	All rural areas other than cities of more than 50,000 population and their adjacent urbanized areas	The grant can be used to set up a revolving loan fund, provide technical assistance to businesses, develop infrastructure, provide job training, or do a feasibility study	\$25,000 - \$100,000	Grant	Funding is limited, so these grants tend to go only to the neediest areas - grant funds cannot be used for regional planning or business attraction projects	Once a year with annual competition at state level	USDA Rural Development Local or State Office

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<b>Community Facilities Direct Loan</b> <i>(CF Direct)</i>	Develop essential community facilities	Nonprofits, tribes, and public bodies (e.g., cities or counties)	USDA makes loans and grants to develop essential community facilities	Cities, towns, unincorporated areas with less than 20,000 population	The loans or grants can be used for real estate and equipment - types of projects include clinics, hospitals, public buildings, day care centers, and fire stations or fire trucks	\$100,000 - \$2 million	4.5%-5.5% fixed; 40 years maximum	The loan must be fully secured by a lien on the property financed or by a pledge of tax revenues	Year-round	USDA Rural Development Local Offices	
<b>Community Facilities Grant</b> <i>(CF Grant)</i>	Help communities that cannot qualify for a CF loan pay for the cost of developing essential community facilities					\$15,000 - \$40,000	Grant	May pay for 15-75% of the project cost depending on the community's population and median household income			
<b>Water and Waste Disposal Loan and Grant</b> <i>(WWD Loan and Grant)</i>	Develops and repairs water, sewer, storm drainage, and solid waste systems	Public bodies, tribes, and nonprofits (cities, water districts, mutual water companies)	USDA makes loans (sometimes with grants) for water and waste disposal facilities	Cities, towns, unincorporated areas with less than 10,000 population	Eligible projects include water, sewer, solid waste and storm drainage systems - both new and repair projects - for domestic and industrial users (excludes irrigation)	\$1 million - \$3 million	Loans: below market, fixed, 40 years, also grants	Loans must be fully secured by revenues or assessments - grants focus on neediest applicants, depending on population, income, and health factors			
<b>Single Family Housing Direct Loan</b> <i>(502 Loan)</i>	Creates option for low income people to buy a modest home	Low and very low income people	USDA makes loan to home-buyers	Unincorporated areas, cities with less than 10,000 population, and some cities with less than 25,000 population and not part of an urban area	Buy and perform needed repairs on new or existing homes - 100% financing - no down payment required	\$90,000-\$190,000; up to 100% of the market value of the home	6.0% fixed (or lower if subsidized); 33-38 years	Applicants must have good credit and stable income adequate to repay the loan - Self-Help program available			USDA Rural Development Local Offices
<b>Single Family Housing Guaranteed Loan</b> <i>(502 Guarantee)</i>	Creates incentive for mortgage lender to make home loans to low and moderate income people	Mortgage lenders making loans to low and moderate income people	USDA guarantees home loan made by mortgage lenders			\$290,000; up to 100% of the market value of the home	Mortgage lender's interest rate is negotiated but is fixed; 30 years; guarantee fee applies	Lender-driven: participant lenders make the loan - (USDA guarantees the loan) - applicants need good credit, stable income adequate for loan repayment			Participating mortgage lender, or USDA Rural Development State Office