

U.S. Department of Agriculture

Rural Development



Committed to the future of rural communities.

Rural Development

Rural Development Mission Areas:

- Rural Utility Services
- Rural Business and Cooperative Services
- Rural Housing Services
- Office of Community Development



Rural Business and Cooperative Services

Programs:

- Business & Industry Loan Guarantees
- Rural Economic Development Loan & Grant Program
- Intermediary Relending Program



Rural Housing Service

Programs:

- Community Facility Loan Guarantees
- Community Facility Direct Loans
- Community Facility Grants



Rural Utilities Service

Program:

- Telemedicine & Distance Learning
Loans and Grants



Orange City Area Health System

Orange City, IA

- **CF Guaranteed loan: \$20,000,000; 90% Guarantee**
- **Business & Industry Loan Guarantee: \$1.75 million**
- **Rural Economic Development Grant: \$300,000**
- **GO Bonds: \$4,000,000**
- **Community fund raising: \$4,500,000**



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Business & Industry Loan Guarantees

Purpose:

- Develop and Finance Business and Industry
- Create/Save Employment
- Improve Economic Climate
- Improve Environmental Climate



Business & Industry Loan Guarantees

Eligible Loan Purposes:

- Business and industrial acquisitions to keep the business from closing.
- Business expansion or modernization.
- Purchase land, buildings or facilities.



Business & Industry Loan Guarantees

Eligible businesses must be located in rural areas:

- Outside of any city having a population of 50,000 or more.
- Outside of any urbanized and urbanizing area immediately adjacent to a city having a population of 50,000 or more.



Business & Industry Loan Guarantees

Eligible Borrowers:

- Cooperative, Corporation, Partnership, LLC or other legal entity
- Indian Tribe
- Individuals



Business & Industry Loan Guarantees

Key Program Points:

- Typically, 70 - 80% Guarantee of Loss
- Fees: 2% Guarantee Fee
- Annual Servicing Fee: 0.25%
- Tangible Balance Sheet Equity



Business & Industry Loan Guarantees

Key Program Points: (cont)

- Personal & Corporate Guarantees
- Rates and Terms
- Collateral
- Secondary Market



Affiliated Dentistry of Mayville, WI
Business & Industry Guarantee \$510,000
Hometown Bank, St. Cloud, WI



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Rural Economic Development Loan & Grant Program

Purpose:

- Economic Development
- Create Jobs



Rural Economic Development Loan & Grant Program

Eligible Loan Purposes:

- Advanced telecommunications services & computer networks for medical, educational and job training services
- Hospitals, nursing homes and medical clinics
- Fire stations and fire trucks



Rural Economic Development Loan & Grant Program

Eligible Applicants (Intermediary):

- Rural Telephone Companies that are RUS Borrowers
- Rural Electric Cooperatives that are RUS Borrowers



Rural Economic Development Loan & Grant Program

Ultimate recipients must be located in rural areas:

- Outside of any city having a population of 50,000 or more.
- Outside of any urbanized and urbanizing area immediately adjacent to a city having a population of 50,000 or more.



Rural Economic Development Loans

Key Program Points:

- Ultimate Recipient repays Intermediary
- Intermediary repays RUS
- Maximum Loan: \$750,000
- 10 year maximum term
- 0% Interest



Rural Economic Development Grants

Initial Ultimate Recipient:

- Non-profit entity
- Public Body
- Indian Tribe



Rural Economic Development Grants

Key Program Points:

- Purpose: Establish a locally controlled revolving loan fund
- Maximum Grant: \$300,000
- Ultimate Recipient repays Intermediary
- Intermediary re-lends funds



Intermediary Relending Program

Purpose:

Create revolving loan fund to

- Alleviate Poverty
- Increase Economic Activity
- Increase Employment



Intermediary Relending Program

Eligible uses of funds:

- Acquisition, construction, conversion, enlargement or repair of a business or business facility
- Purchase or develop land
- Start up costs and working capital
- Feasibility studies



Intermediary Relending Program

Ultimate Recipient businesses must be located in rural areas:

- Outside of any city having a population of 25,000 or more.



Intermediary Relending Program

Eligible Intermediaries:

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



Intermediary Relending Program

- Maximum Loan to Intermediary:
\$750,000
- Maximum Loan to Ultimate Recipient:
\$250,000 or 75% of total project costs



Family Health Center of Marshfield
Park Falls, WI
\$1.3M Direct CF Loan
Owner Contribution \$592,000



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Lac du Flambeau Band of Superior Chippewa Indians,
Lac du Flambeau, WI
Wellness Center
Direct CF Loan \$ 684,500 CF Grant\$495,000



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Hixton Fire Department Hixton, WI

Direct CF Loan \$230,000 Grant \$250,000



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Town of Sherman, Price County, WI Brush Fire Truck

Direct CF Loan \$30,000 Grant \$24,000



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Greenco Monroe, WI Direct CF Loan \$750,000 Grant \$500,000



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Rural Housing Service

Programs:

- Community Facility Loan Guarantees
- Community Facility Direct Loans
- Community Facility Grants



Rural Housing Service

Community Facility FY 2008 Allocations:

- Loan Guarantees: \$4,357,000
- Direct Loans: \$6,218,000
- Grants: \$346,000



Community Facility Programs

Purpose:

- Develop and Finance Essential Community Services
- Public Improvement
- Orderly Development of the Rural Community



Community Facility Programs

Essential Community Facilities:

- Hospitals
- Medical Clinics
- Dental Clinics
- Emergency Services



Community Facility Programs

Essential Community Facilities: (cont)

- Nursing Homes
- Assisted Living Facilities
- Child Care Centers



Community Facility Programs

Eligible Loan Purposes:

- Expansion or modernization.
- Purchase land, buildings or facilities.
- Purchase equipment, machinery, supplies and inventory.
- Start-up and working capital.
- Interest, Fees and Feasibility Studies.



Community Facility Programs

Eligible Locations:

- Rural Area

A city, town or unincorporated area that has a population of not more than 20,000 inhabitants.



Community Facility Programs

Eligible Borrowers:

- Not-For-Profit Organization
- Corporation or Cooperative with broad based community support
- Indian Tribe
- Public Body (Village, City, Town, County, Special Purpose Districts)



Community Facility Programs

Direct Key Points

- Collateral
- Repayment terms
- Interest Rates



St. Joseph's Community Health Services Hillsboro, WI CF Loan Guarantee: \$2,100,000



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Society of St. Vincent DePaul of Monroe
Monroe, WI
\$500,000 CF Guarantee & \$500,000 CF Direct Loan



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Community Facility Programs

Guarantee Key Points:

- Cannot Guarantee tax exempt credit
- Typical Guarantee: 90% of any loss of principal or interest on the loan
- Fees: 1% of principle amount at issuance of Loan Note Guarantee
- Annual Servicing Fee: \$0.00



Community Facility Programs

Guarantee Eligible Lenders:

- Federal or State Chartered Banks
- Farm Credit System
- Bank of Cooperatives
- Cooperative Finance Corporation



Community Facility Programs

Guarantee Eligible Lenders: (cont)

- Savings & Loans
- Mortgage Companies that are part of bank holding companies
- Insurance Companies regulated by the National Association of Insurance Regulators



Community Facility Programs

Borrower Benefits - Guarantee:

- No tangible balance sheet equity test
- Loan term equal to life of collateral
- Security Package: Assets & assignment of assured income, pledge of taxes
- Fixed or Variable Interest Rates

Community Facility Programs

Lender Benefits - Guarantee:

- Loans are processed on lender's forms
- Can sell loan on secondary market
- Guarantee reduces loan loss reserve needed



Community Facility Programs

Lender Benefits - Guarantee: (cont)

- Guaranteed amount is not included in legal lending limit
- Guaranteed amount is not subject to FDIC examination



St. James Health Services, Inc.

St. James, MN

- Total project cost \$24,325,000
- Farm Credit's Rural America
 - Bond program with a 90% CF
 - Guarantee: \$16,325,000
- CF Direct Loan: \$3,000,000
- Community contribution:
 - \$3,000,000



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Rural Utility Service

Program:

- Distance Learning and Tele-Medicine

Distance Learning & Telemedicine

Purpose:

- To meet the educational and health care needs of rural America through the use of advanced telecommunications technologies.



Distance Learning & Telemedicine

- Combination Loan and Grant Projects
- Loan only Projects
- Grant only Projects



Distance Learning & Telemedicine

Eligible Applicants:

- Rural hospitals
- Rural Health Care Clinics
- Rural schools



Distance Learning & Telemedicine

**Eligible facilities must be located
in a rural area:**

Outside of any city with a population of
20,000 or more.

OR

End user must be located in a rural
community



Distance Learning & Telemedicine

Eligible Grant only projects:

- Computer hardware & software
- Audio & video equipment
- Computer network components
- Terminal equipment



Distance Learning & Telemedicine

Eligible Loan & Grant combination projects:

- All eligible grant only purposes
- Medical equipment
- Links between medical professionals in the same facility
- Site development & building rehabilitation



Distance Learning & Telemedicine

Eligible Loan Only projects:

- All eligible loan & grant combination purposes
- Start up costs for 2 year maximum period
- Educational broadcasting for distance learning purposes



Distance Learning & Telemedicine

Key Program Points:

- Nationwide competition for funds
- Grant Only: limited application period
- Matching funds required for Grant only projects
- Minimum and maximum amounts



Distance Learning & Telemedicine

Wisconsin Recipients:

- Gunderson Clinic Ltd. – La Crosse
2006: \$119,270 grant
2007: \$107,212 grant
- Ministry Health Care, Inc. – Stevens Point
2006: \$114,558 grant



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Website:
www.rurdev.usda.gov/wi



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