



USDA Rural Development Program Overview

USDA Rural Development's Mission

- USDA Rural Development is the lead Federal agency helping rural communities improve the economy and quality of life in rural America.
- We have **more than 40 programs** to support rural America, offering loans, grants, and loan guarantees to build infrastructure, expand access to electric and telecommunications utilities, and support business growth, healthcare, education, housing, and other community essentials.
 - Business Programs
 - Community Programs
 - Housing Programs
 - Utilities Programs

Business Programs

Business & Industry Loan Guarantees

- Guarantee protects the lender against losses:
 - 80% of loans up to \$5 million
 - 70% of loans greater than \$5 million, up to \$10 million
 - 60% of loans greater than \$10 million, up to \$25 million

Business & Industry Loan Guarantees



Businesses can...

- Qualify for greater loan amount
- Obtain more favorable loan rates/terms
- Obtain credit not otherwise available in a rural community

Business & Industry Loan Guarantees

Use of Funds:

- Real estate, buildings, improvements
- Machinery and equipment
- Working capital
- Refinancing



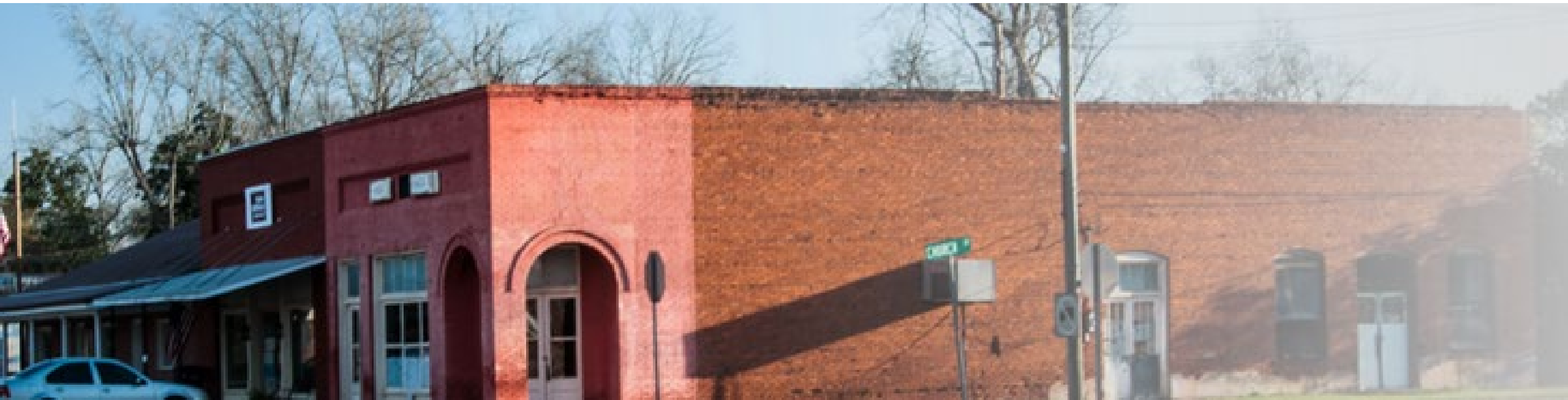
Business & Industry Loan Guarantees

- Convert, enlarge, repair, modernize, or develop business
- Purchase and develop land, easements, rights-of-way, buildings, or facilities
- Purchase equipment, machinery, supplies, or inventory
- Refinance when new jobs will be created and other conditions are met



Business & Industry Loan Guarantees

- Eligible in rural areas
- Cities or Towns of less than 50,000 population
- Unincorporated areas



Business & Industry Loan Guarantees

Who May Apply?

- For-profit businesses
- Nonprofits
- Cooperatives
- Federally recognized Tribes
- Public bodies
- Individuals
- Manufacturing
- Processing
- Wholesale
- Retail
- Service
- Community facility

Business & Industry Loan Guarantees

Business and Agri-business...

- Feed and seed dealer
- Grain cooperatives
- Slaughter and processing
- Fertilizer companies
- Implement dealer/service
- Manufacturing facilities
- Logistics and warehouses
- Retail stores
- Restaurants and Hotels
- Medical and educational facilities

*Community Facilities (CF)
Direct Loan & Grant Program*

CF - Program Purpose

- Provides affordable funding to develop essential community services or facilities in rural areas.
- Does not include private, commercial, or business undertakings.
- Funds can be used to purchase, construct, and/or improve essential community facilities, to purchase equipment, and to pay related project expenses. Examples include healthcare facilities, public facilities, public safety, educational services, and local food systems. *“We can help build a community from the ground up.”*

CF - Eligible Project Examples

Health Care

Hospital/Medical
Clinic/Dental
Clinic

Medical
Equipment

Nursing
Home/Assisted
Living

Public Safety

Fire Station/Fire
and Rescue
Equipment

Ambulance

Police Equipment

Public Service

Storm
Siren/Shelter

Library/Museum

Schools/Cafeteria

Public Facilities

Courthouses

Street
Improvements

Community
Centers

Community Support

Childcare centers

Fairgrounds

Food
Pantry/Farmers
Market

CF - Who is Eligible?

- Eligible borrowers include:
 - Public bodies
 - NOTE: Due to Missouri statute, loans cannot be made to public bodies, unless the security is revenue/general obligation bonds.
 - Community-based non-profit corporations
 - All loans made to a non-profit will require a review of organizational paperwork.
 - Federally-recognized Tribes

CF - Eligibility

- Rural areas including cities, villages, townships and towns including with no more than 20,000 residents.
- Facility must serve primarily rural residents
- Project must have community support
- Applicant must have the legal authority to authorize the project, operate and maintain the facility
- Applicant is unable to obtain financing through commercial credit at reasonable rates and terms
- No commercial activities included in project

CF - What kinds of funding are available?

- Low-interest direct loans
- Grants
- A combination of the two above
- The loan guarantee program. These may be combined with commercial financing to finance one project if all eligibility and feasibility requirements are met.

CF - Direct Loans

- There is no maximum dollar amount
 - Amount of loan determined by the amount needed to meet the applicant's needs, repayment ability, and funds available
- Loan term – Maximum 40 years or life of security, whichever is less
- Type of security – Land, building, equipment, revenue, taxes, bonds, etc.
- No pre-payment penalties
- Fixed interest rate
 - Currently at 3.75%
 - Rates change quarterly—check with your servicing office for current rates

CF - Grants

- Grant assistance is very limited and is based on the median household income (MHI) of the area to be served by the facility, and the population of the facility location.
- Grant funding may be used to supplement a loan or other funding sources
- Grant-only projects are allowed
- Provided to projects based on financial need
- Applicant must be unable to finance the proposed project without the grant assistance.

CF - Grants, *cont.*

- Grants cannot exceed 75% of the project.
- Grant is based upon the MHI of the service area and population:

MHI	< \$27,262	< \$31,806	< \$36,350	< \$40,894
Population	< 5,000	< 12,000	< 20,000	< 20,000
Grant	Max. 75%	Max. 55%	Max. 35%	Max. 15%

Single Family Housing Programs

Single Family Housing (SFH) Programs

SFH Programs:

- Single Family Housing Direct Home Loans (aka Section 502)
- Single Family Housing Home Loan Guarantees
- Single Family Housing Repair Loans & Grants (aka Section 504)
- Housing Preservation Grants (aka Section 533)
- Rural Housing Site Loans (aka Section 524)

Single Family Housing Direct Home Loans (aka Section 502)

- Assists low and very-low-income households purchase (or build) a home in an eligible rural area.
- Zero down payment is typically required.
- Loans are typically 33 years (sometimes 38 years if certain criteria is met), fixed rate terms.
- Interest rates are set by USDA—currently at 4.00%.
- Payment assistance (subsidy) is available to those applicants that qualify.
- The program is not restricted to first-time homebuyers.
- Some closing costs may be able to be financed, depending on the appraised value and purchase price.

Single Family Housing Direct Home Loans, *cont.*

- To qualify, applicants must meet all eligibility criteria including income limits, having decent credit demonstrating a willingness and ability to repay debt, be unable to obtain a loan from other resources, and more.
- The property selected must also meet certain eligibility criteria.
- Applications are accepted for this program year-round.
- Interested applicants can reach out to any USDA Rural Development office for further eligibility details or to obtain an application.

Single Family Housing Home Loan Guarantees

- Assists up to moderate income households purchase (or build) a home in an eligible rural area.
- Zero down payment is typically required.
- Loans are typically 30 years, fixed rate terms.
- Interest rates are set by the lender.
- The program is not restricted to first-time homebuyers.
- Some closing costs may be able to be financed, depending on the appraised value and purchase price.

Single Family Housing Home Loan Guarantees, *cont.*

- To qualify, applicants must meet all eligibility criteria including income limits, having decent credit demonstrating a willingness and ability to repay debt, and more.
- The property selected must also meet certain eligibility criteria.
- Applications are accepted for this program year-round.
- Interested applicants can reach out to any lender approved to offer Single Family Housing Home Loan Guarantees (a list of active lenders is searchable on the program's webpage: <https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-guaranteed-loan-program>)

Single Family Housing Repair Loans & Grants (aka Section 504)

- Assists very-low-income homeowners repair, improve, or modernize their homes.
- This program helps people stay in their own home and keep it in good repair, ultimately helping families and their communities.
- Applications are accepted for this program year-round.
- Interested applicants can reach out to any USDA Rural Development office for an application. Applicants can apply directly with USDA or through an approved packager/intermediary.

Single Family Housing Repair Loans & Grants, *cont.*

- Loans:
 - May be used to repair, improve or modernize homes or remove health and safety hazards.
 - Low, 1% interest rates.
 - Maximum loan amount is \$40,000 out at any one time.
- Grants:
 - Must be used to remove health and safety hazards.
 - Applicant must be age 62 or older and not able to repay a repair loan.
 - Lifetime maximum grant amount is \$10,000.
- Loans and grants may be combined for up to \$50,000 in assistance.

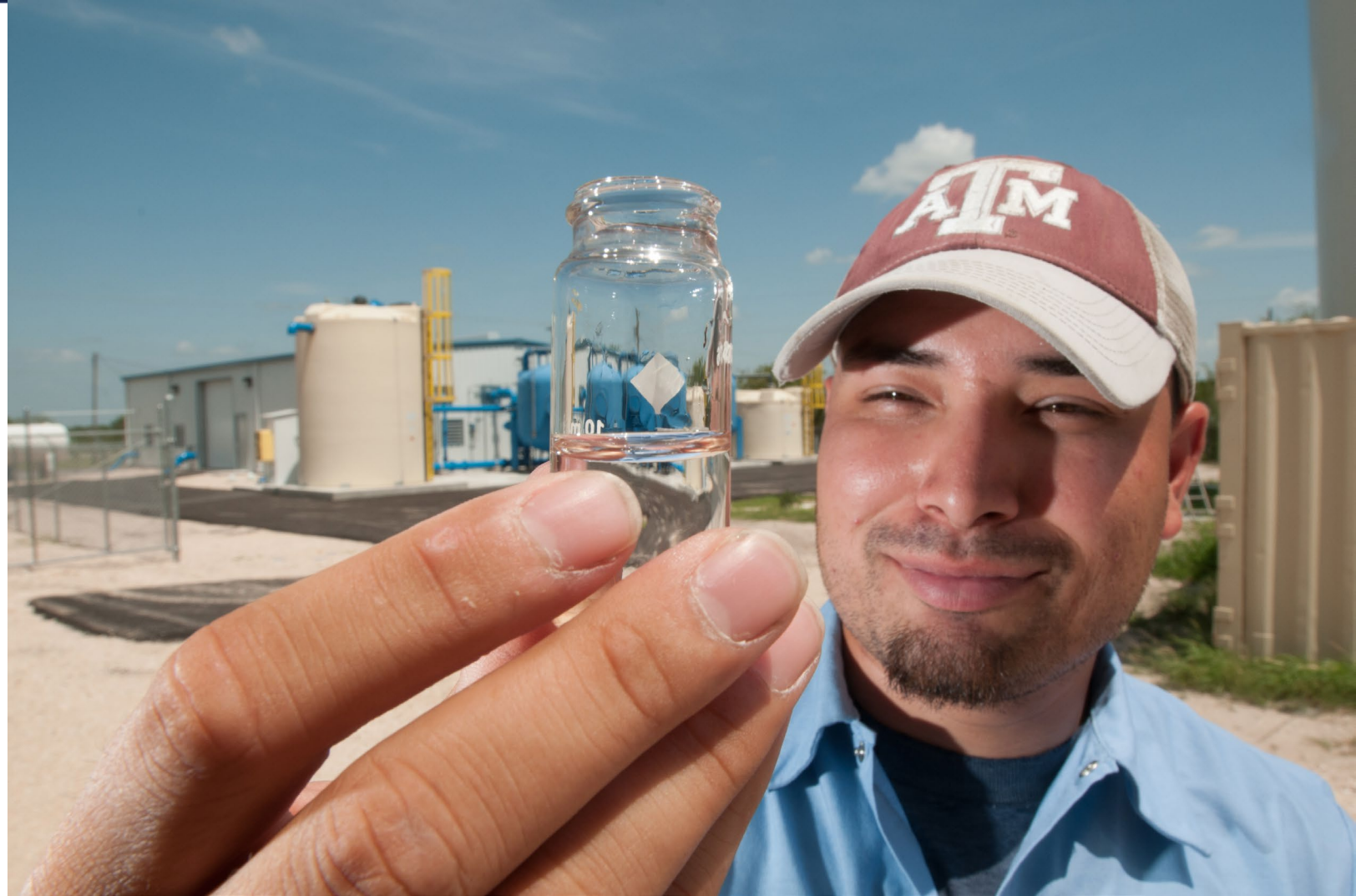
Single Family Housing Repair Loans & Grants, *cont.*

- To qualify, applicants must:
 - Not exceed very-low maximum income limits. Income limits are reviewed annually and are established per county, per person. *(For example, in Cole County households of 1-4 persons have a maximum of \$38,350; 5-8 persons \$50,650.)*
 - Be the homeowner and occupy the house (located in an eligible rural area).
 - Be unable to obtain affordable credit elsewhere.
 - Must demonstrate ability to repay debt (for loans).
 - Must be age 62 or older (for grants).

Water & Environmental Programs

Water and Waste Disposal Loans and Grants

- Improve infrastructure
- Support public health and safety or
- Promote economic development



Water and Waste Disposal Loans and Grants

PURPOSE

- Provide financing for water, sanitary sewerage, solid waste disposal and storm wastewater facilities for rural residents.

ELIGIBILITY

- Public bodies such as municipalities (cities, towns, and villages)
- Counties
- Special purpose districts (water district and sewer districts)
- Nonprofit corporations
- Federally recognized Indian tribes
- Must be a feasible project

POPULATION LIMIT

- City or town with a population of 10,000 or less.
- Priority to communities of less than 5,500.

Water and Waste Disposal Loans and Grants

WHAT CAN WE DO?

- Construct, enlarge, extend or improve water or waste disposal facilities
- Pay fees necessary for the project development such as legal and engineering
- Pay for costs of land acquisition, rights of way, permits
- Purchase necessary equipment
- Pay for environmental reports

Water and Waste Disposal Loans and Grants

LOAN TERMS

- Missouri Statutes limit the term of public body revenue bonds to 35 years.
- Not for Profit corporations may borrow on terms up to 40 years.

INTEREST RATES

- The agency has three interest rate levels: Poverty, Intermediate, and Market.
- The type of rate applicable to your project is dependent on the Median Household Income (MHI) of the service area.
- Poverty rate is appropriate if the MHI is below the poverty line of \$27,750 or is below 80% of the State Non-Metropolitan MHI (SNMHI) AND is in violation of a health or sanitary standard.

Interest Rates FY 2022				
	10/1/22 to 12/31/22	1/1/23 to 3/31/23	4/1/23 to 6/30/23	7/1/23 to 9/30/23
Poverty	2.125% (40.80) *	2.250% (41.59) *		
Intermediate	2.750% (44.86) *	3.000% (46.54) *		
Market	3.500% (50.00) *	3.750% (51.78) *		
<i>* Amortization Factor is indicated in () for 35 years</i>				

Water and Waste Disposal Loans and Grants

SECURITY

- Water and wastewater disposal loans to public bodies are normally secured by revenue bonds.
- General Obligation bonds can be taken, if the test for credit requirement can be met.
- Loans to nonprofit corporations are secured by a promissory note and real estate deed of trust.

Water and Waste Disposal Loans and Grants

WILL I GET A GRANT??????

- Grants are considered only after a determination is made on the maximum amount of loan the applicant can afford and still have reasonable user rates.
- Reasonable user rates are considered to be approximately 2% of the MHI per user per month.
- We must remember that grant funding is considered *gap* financing, after all other available funds have been considered. Such as applicant contribution, RD Loan and perhaps any other partner agency such as Community Development Block Grant (CDBG) or MO Department of Natural Resources (MoDNR).

Water and Waste Disposal Loans and Grants

HOW DO I START?

- Contact your Project Engineer or put out a Request for Qualifications (RFQ) and ask for a Request for Proposal (RFP) to hire a professional engineer.
- Invite them to your community and prepare a plan – not just an immediate plan; a 2-year, 5-year, 10-year plan.
- Take steps to get to know your system and if it works.
- Learn if it is making you money or costing you money.
- Involve the entire Board of Directors or City Council – they own it! It is not the job of the operator to “fix” it – SURPRISE!!
- Raise rates to keep things in line, so you don’t pass the burden on to someone else.

Questions?

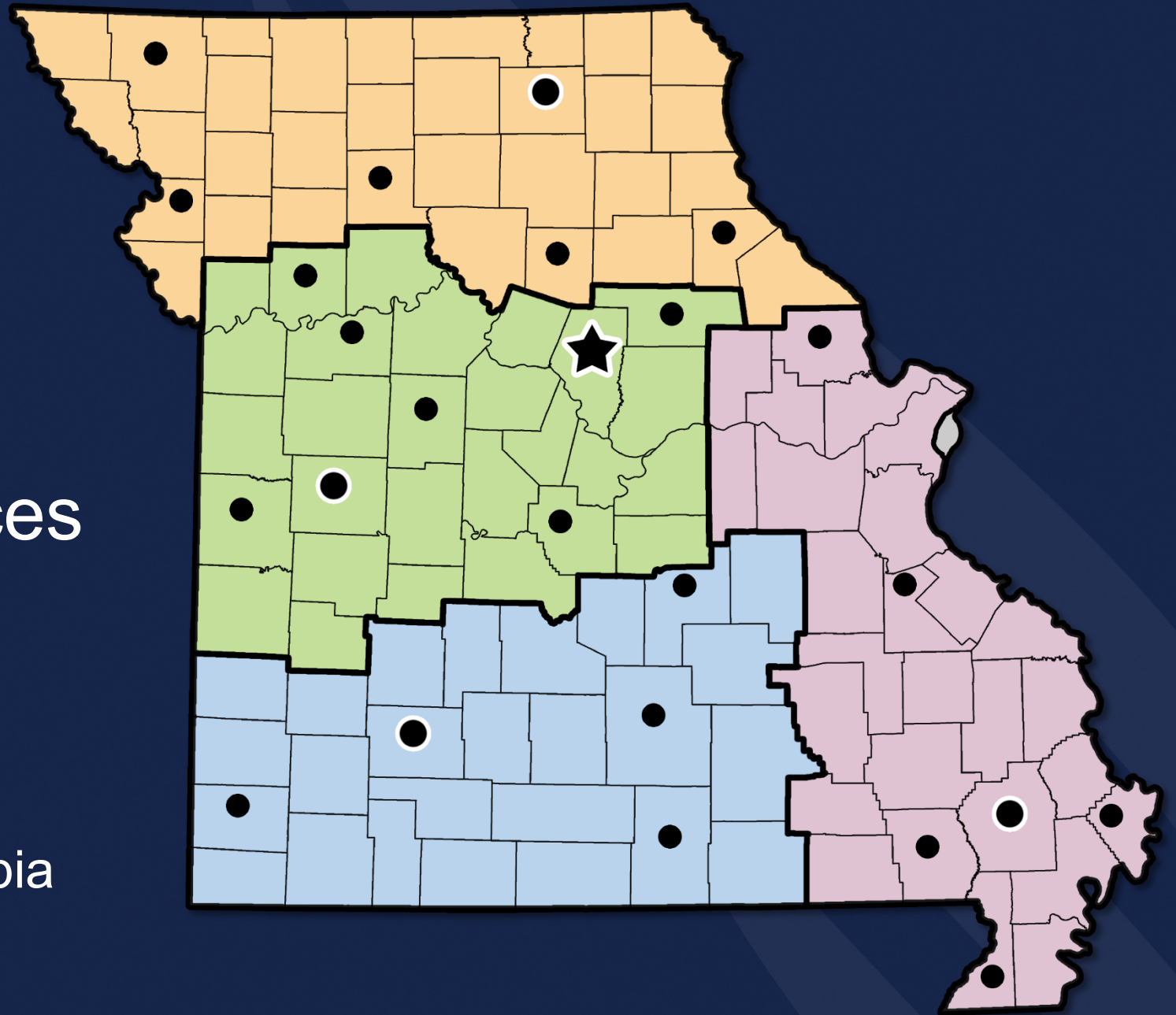
Missouri Rural Development Offices

4 Areas

4 Area Offices

20 Sub-Area Offices

1 State Office in Columbia



Contact Information

Assistance under USDA Rural Development programs is available to applicants in areas designated as “rural.” Under law, the definition of “rural area” is different for each program.

Contact your local USDA Rural Development office for more information:

USDA Rural Development Missouri State Office

Phone: (573) 876-0995

Or go to: <http://www.rd.usda.gov/mo>

Twitter (@RD_Missouri): http://twitter.com/RD_Missouri

USDA is an equal opportunity provider, employer, and lender.

