



# INVESTMENTS IN DELAWARE FISCAL YEAR 2015

*Committed to the future of rural communities.*

*Dr. Bill McGowan  
State Director  
Delaware - Maryland*

Dear Friends:

I am proud of the tremendous accomplishments made by our Delaware and Maryland staff, consisting of 43 individuals strong, who have helped return more than \$186 million in Fiscal Year (FY) 2015 on behalf of Delaware's rural communities. For example, in FY 2015 we helped more than 706 rural families become first time homeowners and provided a lifeline to more than 1,200 low-income renters. We oversee a portfolio of 64 loans and grants for water and wastewater infrastructure that protects the health of our environment and the rural residents that live in those communities. In FY 2015 alone, Rural Development invested nearly \$5 million for critically needed rural water and wastewater projects, including emergency assistance to one small community.

Of special mention in this report is a \$300,000 business grant to the Town of Smyrna. Smyrna will establish a revolving loan fund at zero percent interest to grow businesses in town. The first loan made is helping to renovate the building at the corner of Main and Commerce Streets, soon to be home of The Inn at Duck Creek. The Smyrna area has a rich history of utilizing USDA Rural Development programs and as we look back over the past decade it adds up to \$116 million touching homeownership, rental housing, a water extension project north of Duck Creek, expansion of the Smyrna Police Station, renovations to the Smyrna Boys & Girls Club, construction of Telamon's new Head Start facility and much more. All the components that exemplify our mission to sustain a thriving rural America by making targeted investments in places that often find it difficult to access capital.

The Smyrna story is just one of many stories where Rural Development not only lends money and gives grants; it also shares its knowledge and skills with town leaders. It is our job to understand communities' aspirations and challenges, and work with them to make good things happen. We believe we learn from each other by working together and sharing knowledge skills, talents and stories.

Our programs would not be possible without the support of our Congressional Delegation, our many partners, and our dedicated USDA Rural Development employees. It is a pleasure to serve rural Delaware – a place that I call home.

William A. McGowan, Ed.D  
State Director  
Delaware and Maryland

# USDA RURAL DEVELOPMENT

The U.S. Department of Agriculture Rural Development mission area was created by the 1996 Farm Bill. It consists of three services: the Rural Housing Service (RHS); Rural Utilities Service (RUS); and the Rural Business-Cooperative Service (RBS).

## VISION

A rural America that is a healthy, safe, and prosperous place to live and work.

## MISSION

To assist rural communities in creating prosperity so they are self-sustaining and economically thriving through investments that create ladders of opportunity, build regional resilience, and support the growth of emerging markets.

**During fiscal year 2015, the following USDA Rural Development investments were made in Delaware.**

	<u>FY 2014</u>	<u>FY2015</u>
Water and Waste Disposal Loans and Grants	\$ 11,404,000	\$ 4,057,000
SEARCH* Grants	\$ 30,000	\$ 40,000
Predevelopment Planning Grants	\$ 24,000	\$ 25,000
Emergency Community Water Assistance Grant	\$ 0	\$ 500,000
Business and Industry Guaranteed Loans	\$ 0	\$ 1,350,000
Rural Business Development Grants**	\$ 141,800	\$ 111,000
Rural Economic Development Loan and Grant	\$ 593,120	\$ 300,000
Rural Microentrepreneur Assistance Program	\$ 605,000	\$ 36,688
Value Added Producer Grants	\$ 248,750	\$ 500,000
Rural Energy for America Program	\$ 142,000	\$ 935,526
Rural Single Family Housing Direct Loans	\$ 6,288,961	\$ 5,298,547
Rural Single Family Housing Guaranteed Loans	\$ 124,315,662	\$ 133,945,296
Self-Help Housing Technical Assistance Grant	\$ 0	\$ 0
Home Improvement and Repair Loans and Grants	\$ 36,000	\$ 60,431
Housing Preservation Grant	\$ 50,000	\$ 50,000
Rental Assistance	\$ 8,265,120	\$ 7,622,076
Voucher Program	\$ 33,162	\$ 32,976
Rural Community Development Initiative	\$ 152,492	\$ 0
Community Facilities Loans and Grants	\$ 18,224,800	\$ 31,231,400
<b>TOTAL ASSISTANCE TO DELAWARE:</b>	<b>\$ 170,554,867</b>	<b>\$ 186,095,940</b>

\*Special Evaluation Assistance for Rural Communities and Households (SEARCH)

\*\*Formerly Rural Business Enterprise Grants

Delaware and Maryland Rural Development programs are administered through the State Office in Dover, DE; one Area Office in Hagerstown, MD and two Satellite Offices located in La Plata, MD and Upper Marlboro, MD. Office information can be found at the back of this report.

## Rural Utilities - FY 2015 Investments \$4,622,000

USDA Rural Development's utility programs are the primary financial source for infrastructure investment for rural America. Rural utility programs help provide modern telecommunications, electricity, clean water and wastewater disposal facilities in rural areas.

**Water and waste disposal loans and grants** develop water and waste disposal systems (including solid waste disposal and storm drainage) in rural areas and towns with populations up to 10,000. This program provides safe, clean drinking water and sanitary, environmentally sound wastewater facilities in rural America. Funds are available to public entities such as municipalities, counties, special-purpose districts, Indian tribes, and non-profit corporations. Rural Development also guarantees water and waste disposal loans made by banks and other eligible lenders. The same types of applicants are eligible for both grants and loans. This program addresses basic unmet needs of health and infrastructure in rural areas.

<u>NAME</u>	<u>TYPE</u>	<u>RUS LOAN AMOUNT</u>	<u>RUS GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>CONNECTIONS</u>
Kent County – Levy Court (Hilltop area Camden)	Sewer	\$ 94,000	\$ 279,000	\$ 0	50
Kent County – Levy Court (London Village area Magnolia)	Sewer	\$ 421,000	\$ 1,263,000	\$ 2,526,000	248
City of Milford	Sewer	\$ 1,000,000	\$ 1,000,000	\$ 2,000,000	8,187
<b>Totals:</b>		<b>\$ 1,515,000</b>	<b>\$ 2,542,000</b>	<b>\$ 4,526,000</b>	<b>2485</b>



Toasting to safe, clean water USDA officials and Members of Congress join New Castle representatives highlighting the completion of New Castle's new water filtration system and the \$500,000 USDA grant that helped support it. Left to right: Mayor Donald Reese; U.S. Senator Chris Coons; U.S. Representative John Carney, President of the City of New Castle's Municipal Services Commission, Dr. Roy Sippel; President of City Council Linda Ratchford; USDA Rural Development State Director Bill McGowan; and U. S. Senator Tom Carper

**Emergency Community Water Assistance Grant \$500,000** awarded to the Municipal Services Commission for the City of New Castle, Delaware. The grant enables the City of New Castle to install necessary filtration equipment to the water system to remove high levels of the contaminants: Perfluorooctane Sulfonate (PFOS) and Perfluorooctanic Acid (PFOA). Health concerns caused the wells to be shut down, and a short term solution was provided by purchasing water at a cost from a neighboring utility, until temporary filtration could be installed.

**Special Evaluation Assistance for Rural Communities and Households (SEARCH) Program** is designed to make predevelopment planning grants for feasibility studies, design assistance, and technical assistance to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects.

<u>NAME</u>	<u>GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>PURPOSE</u>
Town of Blades	\$10,000	\$0	To fund the cost of a Preliminary Engineering Report (PER) and Environmental Report(ER) for updating the public water system for the town.
Town of Delmar	\$30,000	\$0	To fund the cost of a PER and ER for sewer testing and improvement.
<b>Totals:</b>	<b>\$40,000</b>	<b>\$0</b>	

**Predevelopment Planning Grants for Water and Waste Disposal Projects** help pay costs associated with developing an application for water and waste disposal projects that can be funded by Rural Development. Major cost items are the Preliminary Engineering Report (PER) and the Environmental Report.

<u>NAME</u>	<u>GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>PURPOSE</u>
Commissioners of Bridgeville	\$25,000	\$25,000	To fund the cost of a PER and ER for current wastewater system and processes that will meet new compliance requirements.
<b>Totals:</b>	<b>\$25,000</b>	<b>\$25,000</b>	

**Rural Business - FY 2015 Investments \$3,233,214**

USDA Rural Development’s business programs help provide financial assistance, business planning, technical assistance, research, education, and information to cooperatives and rural businesses in cooperation with public and private community-based organizations.

**Business and Industry Guaranteed Loan (B&I)** are made to bolster the existing private credit structure through the guaranteeing of loans for rural businesses, allowing private lenders to extend more credit than they would typically be able to. This program improves the economic health of rural communities by increasing access to business capital through loan guarantees that enable commercial lenders to provide more affordable financing for businesses in eligible rural areas.

<u>NAME</u>	<u>LOAN AMOUNT</u>	<u>TYPE OF ASSISTANCE</u>	<u>ANTICIPATED JOBS CREATED OR SAVED</u>
MRJ Rentals, LLC (Laurel)	\$ 1,350,000	To refinance outstanding debt and provide working capital.	8
<b>Total:</b>	<b>\$ 1,350,000</b>		<b>8 created/saved</b>

**Rural Business Development Grants (RBDG)** are made to support targeted technical assistance, training and other activities leading to the development or expansion of small and emerging private businesses in rural areas that have fewer than 50 employees and less than \$1 million in gross revenues. This program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses help fund distance learning networks, and help fund employment related adult education programs. To assist with business development, RBDGs may fund a broad array of activities. *The New Farm Bill combined the Rural Business Economic Grant and Rural Business Opportunity Grant Programs into RBDG.*

<u>NAME</u>	<u>GRANT AMOUNT</u>	<u>TYPE OF ASSISTANCE</u>	<u>ANTICIPATED JOBS CREATED OR SAVED</u>
Downtown Dover Partnership, Corp.	\$15,000	For small business development and marketing technical assistance.	13
Town of Ellendale	\$15,000	To fund a survey for a Business Development and Economic Development Study to attract new business	0
Joshua M. Freeman Foundation (Selbyville)	\$15,000	To engage the services of an architectural firm and acoustician for designs needed for performing arts center.	5
Kent Economic Partnership (Dover)	\$15,000	To hire a private partner to create a pre-development plan for food innovation district/rental licensed kitchen space.	0
City of Milford	\$13,000	To conduct a feasibility study to assess tourism and how to market attractions.	36
Milford Aquarium, Inc.	\$10,000	To pay part of the costs of a business plan to evaluate feasibility of building a regional Aquarium.	0
Rehoboth Beach Film Society	\$15,000	To renovate a space for 5,000 sq. ft. theatre in order to continue showing cultural films.	3
Town of Smyrna	\$13,000	To employ a marketing consultant to implement phase 2 of its multi-year marketing strategy.	1
<b>Totals:</b>	<b>\$111,000</b>		<b>57 created / saved</b>



Rendition of the building that will be renovated with the support of the \$300,000 Rural Economic Development Grant awarded to the Town of Smyrna. The Inn at Duck Creek will provide upscale dining and create jobs. The buildings upper floors will be transformed and available for public use purposes to include education and training to facilitate economic development projects, general meeting space and for special events.

**Rural Economic Development Loan & Grant Program** provides financing to eligible electric or telecommunications Intermediaries to promote sustainable rural economic development and job creation projects. **The Town of Smyrna received a \$300,000 grant** to capitalize a revolving loan fund. The initial loan will be used to construct/renovate a facility that will provide education and training to rural residents which will assist in facilitating economic development.

**Rural Microentrepreneur Assistance Program** provides direct loans, technical assistance grants, and technical assistance-only grants to microdevelopment organizations to support the development and ongoing success of rural microentrepreneurs and microenterprises. **First State Community Loan Fund received a grant in the amount of \$36,688** to provide creative opportunities for access to capital for small businesses, community organizations, and developers of affordable housing throughout Delaware.

**Rural Energy for America Program (REAP)** was authorized as part of the 2008 Farm Bill to assist farmers, ranchers, and rural small businesses develop renewable energy systems and make energy efficiency improvements to their operations.

<u>NAME</u>	<u>GRANT AMOUNT</u>	<u>PURPOSE</u>
Bayside Exteriors, LLC (Lewes)	\$8,890	Renewable energy – solar Roofing and Siding Business
Bonk Farms, LLC (Magnolia)	\$32,700	Renewable energy – solar Grain and Crop Farm
BP Dunes, LLC (Lewes)	\$42,500	Renewable energy – solar Leasing Agent
Dempsey Farms (Dover)	\$47,117	Energy efficiency – grain dryer Grain Farm
Diamond State Pole Buildings, LLC (Magnolia)	\$20,000	Renewable energy – solar Construction Business
DIYA Corporation dba Bridle Bit Liquors (Harrington)	\$25,250	Renewable energy – solar Liquor Store

**Rural Energy for America Program (REAP) (con't.)**

<b><u>NAME</u></b>	<b><u>GRANT AMOUNT</u></b>	<b><u>PURPOSE</u></b>
Ellis Farms, Inc. (Millsboro)	\$49,946	Renewable energy – solar Crop Farm
George & Lynch, Inc. (Dover)	\$34,164	Renewable energy – solar Land Developer
HB Farms (Harrington)	\$11,511	Renewable energy – solar Crop Farm
John T. Brown (Harrington)	\$43,525	Renewable energy – solar Organic Poultry Farm
Kirk Farms (Laurel)	\$36,922	Renewable energy – solar Poultry Farm
Legacy Racing of Delaware, Inc. (Seaford)	\$49,946	Renewable energy – solar Racing Stables
Lewis R. Atkins (Laurel)	\$113,725	Renewable energy – solar Poultry Farm
Longbranch Farm (Laurel)	\$33,957	Renewable energy – solar Crop Farm
Loockerman Farms (Bridgeville)	\$36,307	Renewable energy – solar Crop Farm
Milford Grain Co., Inc. (Milford)	\$62,924	High Efficiency Grain Dryer Grain Storage
MOT Medical Properties, LLC (Townsend)	\$28,323	Renewable energy – solar Health Care Building Operators
Nanticoke Racing, Inc. (Seaford)	\$49,946	Renewable energy – solar Racing Stables
Race Track Car Wash, LLC (Dover)	\$40,425	Renewable energy – solar Car Detailing Business
Reedwood Development, LLC (Lewes)	\$105,463	Renewable energy – solar Real Estate Managers
Schejn Oliphant (Millsboro)	\$40,000	Renewable energy – solar Poultry Farm
The Store in Gumboro (Millsboro)	\$15,125	Renewable energy – solar Restaurant and Store
Wheatley Farms, Inc. (Bridgeville)	\$6,860	Renewable energy – solar Crop Farm
<b>Total</b>	<b>\$935,526</b>	

**Value-Added Producer Grants** A competitive grant program for agricultural producers that add value to their products through processing, segregation, or other means. Funds may be used for feasibility studies or business plans, working capital for marketing value-added agricultural products and for farm-based renewable energy projects. Eligible applicants include independent producers, farmer and rancher cooperatives, and agricultural producer groups. Value-added products are created when a producer increases the consumer value of an agricultural commodity in the production or processing stage.

<u>BUSINESS</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
Calloway Farms, LLC (Bethel)	\$250,000	To expand the local market for watermelon.
Fifer Farms, Inc. (Camden Wyoming)	\$250,000	To expand the local market for fresh peaches.
<b>Total:</b>	<b>\$500,000</b>	

**Rural Housing - FY 2015 Investments \$147,009,326**

USDA Rural Development’s housing programs help provide rural Americans with decent, safe, sanitary and affordable housing. The housing programs are designed for rural Americans whose incomes range from very low to moderate.

**Home Ownership Loans** are available in two types: guaranteed and direct. The purpose is to provide financing with no down payment and at favorable rates and terms to rural residents living in communities with a population of 35,000 people or less and is rural in character. A guaranteed loan is made by a private financial institution and is guaranteed against most loss if there is a default. Loans are for the purchase, construction, rehabilitation, or relocation of a dwelling and related facilities.

<u>DIRECT LOANS</u>	<u>GUARANTEED LOANS</u>	<u>NUMBER OF HOMES</u>
\$5,298,547	\$133,945,296	<b>706</b>

**Total FY 2015 Home Ownership Loans: \$139,243,843**

\*30 direct loans and 676 guaranteed loans = 706 homes.



**Home Improvement & Repair Loans and Grants** enable very low-income rural homeowners to remove health and safety hazards from their homes and to make homes accessible for people with disabilities. Loans have a maximum interest rate of one percent. Grants are available for people 62 years old and older who cannot afford to repay a loan.

<u>GRANTS</u>	<u>LOANS</u>	<u>NUMBER OF HOMES REPAIRED</u>
\$52,390	\$8,041	<b>7</b>

**Total FY 2015 Home Improvement & Repair Loans & Grants: \$60,431**

**Regional Self-Help Technical and Management Assistance Grant \$877,800** awarded to National Council on Agriculture Life and Labor Research Fund, Inc. (NCALL) headquartered in Dover, DE. The grant enables NCALL to assist and train organizations interested in or already operating self-help, sweat equity, homeownership programs throughout a 21-State region including the northeast and north central portion of the nation (CT, DE, IL, IA, IN, KY, MA, MD, ME, MI, MN, NH, NJ, NY, OH, PA, RI, VA, VT, WI, and WV.)

**Housing Preservation Grants** are provided to non-profit groups and public bodies to help very low- and low-income homeowners repair and rehabilitate their homes. Rental property owners can use them to repair and rehabilitate their units if they agree to make such units available to low and very low-income families.

<u>NAME</u>	<u>GRANT AMOUNT</u>
Kent County Levy Court	\$25,000
Sussex County Council	\$25,000
<b>Total</b>	<b>\$50,000</b>

**Rural Rental Housing Direct and Guaranteed Loans** provide apartment living for people who cannot afford to purchase and maintain their own home. Loans are made for site development and construction of apartments for people with very low, low, and moderate incomes. Some units are reserved for people age 62 and over, and people with disabilities age 18 and over. **Farm Labor Housing loans and grants** provide decent and safe living quarters for migrant or year-round farm workers. Loans are available to farmers, public or private nonprofit organizations and units of state and local governments. Rental Assistance helps reduce rents for lower income households.

This year, Rural Development provided **\$7,622,076** in servicing and renewal rental assistance that will serve 1,243 rental units. Overall, USDA Rural Development provides continuous monitoring, guidance and servicing of 51 properties in Delaware consisting of 1,681 units.

**Rural Development Voucher Program** is intended to offer protection to eligible multifamily housing tenants in properties financed through Rural Development's Section 515 Rural Rental Housing Program (515 property) who may be subject to economic hardship through prepayment of the Rural Development mortgage. When the owner of a 515 property pays off the loan prior to the loan's maturity date (either through prepayment or foreclosure action), the Rural Development affordable housing requirements and rental assistance subsidies generally cease to exist. Rents may increase, thereby making the housing unaffordable to tenants. Through this program, **\$32,976** was made available to provide housing rent assistance to tenants living in a Rural Development rental housing property where the owner has prepaid the existing Rural Development mortgage.

**Community Facilities Loans and Grants – FY 2015 Investments \$31,231,400**

Community Facilities direct and guaranteed loans help provide essential services in rural areas and towns with a population of up to 20,000. Direct loan funds are available to public entities such as municipalities, counties, special-purpose districts, and non-profit corporations. Rural Development also guarantees community facility loans made by banks or other lenders. The Community Facilities program is very versatile. Projects can range from libraries, museums, public schools, police and fire equipment, jails, civil defense buildings, streets and sidewalks to hospitals, animal shelters, dental clinics, nursing homes and child care facilities.

<u>NAME</u>	<u>PURPOSE</u>	<u>LOAN/GRANT AMOUNT</u>	<u>LEVERAGED FUNDS FROM OTHER SOURCES</u>
Connections Community Support Program	To purchase an existing facility to provide Kent and Sussex Counties with a Withdrawal Management Center.	\$ 5,050,000 loan	\$ 0
Town of Delmar	To purchase portable radios and upgrade existing radios for the Bi-State Police Department.	\$ 50,000 grant	\$ 18,800
Delmarva Community Services, Inc. (Cambridge, MD)	To fund improvements to six residential group homes in Sussex County.	\$ 40,700 grant	\$ 33,000
Georgetown Fire Company, Inc.	To purchase portable radios for firefighters.	\$ 25,000 grant	\$ 69,630
City of Harrington	To purchase one police vehicle to replace one that was destroyed in vehicle accident	\$ 15,700 grant	\$ 29,374
Lewes Public Library	To furnish the new Lewes Public Library.	\$ 50,000 grant	\$ 0
Nanticoke Memorial Hospital, Inc. (Seaford)	To connect two existing buildings, to create much larger complex.	\$ 7,500,000 loan	\$ 1,500,000
The City of Rehoboth Beach	To construct a City Hall Complex.	\$ 18,000,000 loan	\$ 0
Sussex Academy Foundation, Inc. (Lewes)	To pay for renovations at existing charter school.	\$ 500,000 loan	\$ 3,082,754
<b>Totals:</b>		<b>\$ 31,231,400</b>	<b>\$ 4,733,558</b>

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## Rural Development – Housing and Community Facilities Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
<b>Single Family Home Ownership Direct Loans</b>	Safe, well-built, affordable homes for rural Americans.	Families and individuals.	Buy, build, improve, repair or rehabilitate a rural home as the applicant's permanent residence.	Rural areas with populations of up to 35,000.	Direct loan.	Up to 100% of market value or cost. Loan term of 33/38 years. Applicant may be eligible for payment assistance (subsidy) on the loan.
<b>Single Family Home Ownership Guaranteed Loans</b>	To assist moderate-income applicants(s)/household(s) in buying their homes by guaranteeing loans made by private lenders.	Families and individuals.	Purchase new or existing home and refinance existing Rural Development guaranteed or direct loans.	Rural areas with populations of up to 35,000.	Loan guarantee.	30-year, fixed rate. Interest rate is negotiated between lender and borrower. Loans up to 100% of market value plus the amount of the up-front guarantee fee being financed.
<b>Single Family Repair Loans and Grants</b>	To help very-low-income applicants remove health and safety hazards or repair their homes.	Families and individuals who currently own their home.	Repair/replace roof, winterizing, purchase or repair heating system, structural repair, water/sewage connect fees, etc.	Rural areas with populations of up to 35,000.	Direct loan and grant.	Loans up to \$20,000 up to 20 years at 1%. Grants available to very-low-income applicants 62 years or older unable to pay 1% loan.
<b>Mutual Self-Help Housing Grants</b>	Assist lower-income families in building their own homes.	Non-profits and public bodies.	Technical assistance to help small groups of families to build each other's homes.	Rural areas with populations of up to 35,000.	Grant.	Grant agreement.
<b>Rural Rental Housing Direct Loans</b>	Safe, well-built, affordable rental housing for very-low-income individuals and families.	Individuals, trusts, associations, limited partnerships, for-profit and non-profit entities, Tribes, public bodies.	New construction or substantial rehabilitation of rental housing.	Rural areas with populations of up to 35,000.	Direct loan.	Up to 100% of total development cost (non-profits); 97% (for-profits); 95% (for-profits with Low-Income Housing Tax Credits). 30-year term with up to 50-year amortization.
<b>Rural Rental Housing Loan Guarantees</b>	Provides loan guarantees on loans to build or preserve affordable housing for very-low to moderate-income tenants.	For profit and non-profit lenders.	Build or rehabilitate affordable rental housing.	Rural areas with populations of up to 35,000.	Loan guarantee.	At least 25-year term with fixed interest rate. Loan guarantees up to 90% of the principal.
<b>Housing Preservation Grants</b>	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.	Rural areas with populations of up to 35,000.	Grant.	Grant agreement.
<b>Farm Labor Housing Loans and Grants</b>	Safe, well-built affordable rental housing for farmworkers.	Individuals, public and private non-profit organizations.	New construction or substantial rehabilitation of rental housing.	N/A.	Direct loan and grant.	Up to 102% of total development cost. Up to 33 years to repay at 1% interest.
<b>Community Facilities Loans and Grants</b>	Improve, develop, or finance essential community facilities for rural communities.	Public bodies, non-profits, and Federally recognized Indian Tribes.	Construct, enlarge or otherwise improve essential community facilities, such as public safety, fire and rescue, telecommunications, schools, libraries, hospitals, other health care facilities, etc. This may include furnishings, fixtures and other required equipment.	City, town or unincorporated area of not more than 20,000 in population. Facilities must primarily serve rural residents.	Direct loan, loan guarantee or grant.	Up to 100% of market value. Term is for useful life of the facility or equipment, the state statute, or 40 years. Maximum grant 75% of project cost. Grant eligibility based on income, population and need.
<b>Rural Community Development Initiative</b>	To facilitate housing, community facility and community and economic development projects.	Private non-profit or public organizations, philanthropic foundations, low-income communities.	Technical assistance grants of \$50,000 to \$300,000 to develop the capacity and ability of the awardees to carry out needed projects.	City, town or unincorporated area of not more than 50,000 in population.	Grant.	Matching funds required for grant.

**Direct Loans and Grants: Apply to Rural Development. Loan Guarantees: Apply to participating intermediaries such as approved banks, mortgage companies, etc.**

## Rural Development – Business and Cooperative Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
<b>Business and Industry Loan Guarantees</b>	Create jobs/stimulate rural economies by providing financial backing for rural businesses.	Lender/Businesses.	Real estate, buildings, equipment, supplies, working capital, and some debt refinancing.	All areas except cities over 50,000 and their contiguous urbanized areas.	Loan guarantee.	Lender and borrower negotiate terms. Up to 30 years for real estate, 15 years for machinery and equipment, and 7 years for working capital.
<b>Rural Business Development Grants</b>	Assist the startup or expansion of small and emerging private businesses and/or non-profits in rural communities. <b>Note:</b> This program combines the former Rural Business Enterprise Grant and Rural Business Opportunity Grant programs and was created through the 2014 Farm Bill.	Public bodies, government entities, non-profit entities, and Federally recognized Indian Tribes.	Acquire or develop land, buildings, plants and equipment; build or improve access roads, parking areas, utility extensions, and water and waste disposal facilities; provide technical assistance; establish revolving loan funds; and to support rural distance learning programs that provide educational or job training.	All areas rural in character except cities over 50,000 and their contiguous urbanized areas.	Grant.	Refer to the new rules, when available, for grant terms and conditions.
<b>Intermediary Relending Program Loans</b>	Establish revolving funds for business facilities and community development projects.	Public bodies, non-profit corporations, Native American Tribes and cooperatives.	Community development projects, establishment or expansion of businesses, creation or saving of rural jobs.	Rural areas and incorporated places with populations of less than 50,000.	Direct loan.	The intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered. Intermediary pays 1% for 30 years.
<b>Rural Microentrepreneur Assistance Program</b>	Establish revolving funds to target assistance to small rural enterprises.	Microenterprise Development Organizations (MDOs).	Loans, technical, and capacity-building assistance to businesses with 10 or fewer employees and sole proprietorships.	All areas except cities over 50,000 and their contiguous urbanized areas.	Loans, grants.	Rural microenterprises apply directly to the intermediary.
<b>Rural Economic Development Loans and Grants</b>	Finance economic development and job creation in rural areas.	Rural Utilities Service-financed electric and telephone utilities.	Business startups or expansion projects that create rural jobs.	Rural areas with priority to places with populations of 2,500 or less.	Direct loan or grant to establish revolving loan fund.	Intermediary makes loans to for-profit or non-profit businesses and public bodies. Loans are 0% for 10 years.
<b>Rural Cooperative Development Grants</b>	Establish/operate centers for cooperative development.	Non-profits and institutions of higher education.	Establish centers to provide technical assistance, training, applied research, and collection and interpretation of data, for the purpose of cooperative development.	All areas except cities over 50,000 and their contiguous urbanized areas.	Grant.	Minimum 25% fund match (5% for 1994 Institutions). Grants awarded competitively.
<b>Socially Disadvantaged Groups Grants</b>	Provides funds to eligible cooperatives or an association of cooperatives to provide technical assistance to small, socially disadvantaged producers in rural areas.	Cooperatives and associations of cooperatives whose membership and board of directors is comprised of at least 75% socially disadvantaged agricultural producers.	Technical assistance.	All areas, except cities over 50,000 and their contiguous urbanized areas.	Grant.	Grants are awarded on a competitive basis. There is no matching requirement.
<b>Value-Added Producer Grants</b>	Help independent agricultural producers enter into activities that add value to their crops.	Independent producers, farmer and rancher cooperatives, producer groups, majority-controlled producer-based business ventures.	Feasibility studies, business plans; working capital.	All areas.	Grant.	Grants are awarded on a competitive basis. Funds cannot be used to build facilities or purchase equipment. Funds must be matched on a dollar-for-dollar basis.

## Rural Development – Business and Cooperative Programs (Cont'd.)

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
<b>Rural Energy for America Program (REAP) Loan Guarantees and Grants</b>	Provide assistance for energy efficiency improvements or purchase of a renewable energy system for operations.	Rural small businesses and agricultural producers.	Energy efficiency improvements, renewable energy systems, land acquisition and working capital.	Cities, towns, unincorporated areas with population less than 50,000. (Population limits do not apply to agricultural producers)	Loan guarantee and/or grant.	Grants up to 25% of project costs not to exceed \$250,000 for energy efficiency projects and \$500,000 for renewable energy. Loan guarantees up to 75% of project cost not to exceed \$25 million.
<b>REAP Audit/Development Grants</b>	Provide grant to entity to pass through to a small business or agricultural producer for 75% of the cost of an energy audit or renewable energy development assistance.	State, Tribal or local government institutions of higher education; rural electric cooperatives; or public power entities.	\$100,000 grant to entities, smaller ones to small business and agricultural producers for 75% of energy audit or renewable energy development assistance.	Cities, towns, unincorporated areas with population less than 50,000.	Grant.	\$100,000 to entities and up to 75% of the cost of energy audit for renewable energy development assistance.
<b>Biorefinery Assistance Program Loan Guarantees</b>	Provide loan guarantees for the development and construction of commercial-scale biorefineries or to retrofit facilities using eligible technology for the development of advanced biofuels.	Individuals, Indian Tribes, State or local governments, corporations, farm cooperatives, associations of agricultural producers, national laboratories, higher learning institutions, rural electric co-ops, public power entities, consortiums of any of the entities.	Loan guarantees to develop and construct commercial-scale biorefineries or retrofit facilities to use eligible technology for the development of advanced biofuels.	No restrictions.	Loan.	90% (maximum) guarantee on loans up to \$125 million; 80% (maximum) guarantee on loans less than \$150 million; 70% (maximum) guarantee on loans of \$150 million but less than \$200 million; 60% (maximum) guarantee on loans of \$200 million up to \$250 million.
<b>Repowering Assistance Program</b>	Provide payments to biorefineries to replace fossil fuels with biomass.	Biorefineries.	Grant to biorefineries, including ethanol and biodiesel plants that use electricity generated from natural gas and coal and require this for the fermentation process.	No restrictions.	Grant.	As funds are available. Complete applications submitted to National Office for review.
<b>Advanced Biofuel Payment Program</b>	Provide payments to producers of advanced biofuels.	Eligible producers of advanced biofuels.	Grant to producers of advanced biofuels (non-commercial-based).	No restrictions.	Grant.	As funds are available. Complete applications submitted to National Office for review. Grant awards determined by National Office.

**Direct Loans and Grants: Apply to Rural Development. Loan Guarantees: Apply to participating intermediaries such as eligible banks, etc. Revolving Funds (RMAP, IRP, REDLG): Intermediaries apply to Rural Development, others to the intermediaries.**

## Rural Development – Utilities Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
<b>Water and Waste Disposal Loans and Grants</b>	Provide infrastructure for rural areas.	Public entities, Indian Tribes and non-profit corporations.	Build, repair and improve public water systems and waste collection and treatment systems.	Rural areas, and towns with up to 10,000 population.	Direct loan and grant.	Repayment period is a maximum of 40 years. Grant funds may be available.
<b>Water and Waste Disposal Loan Guarantees</b>	Provide infrastructure for rural areas.	Public entities, Indian Tribes and non-profit corporations.	Construct, repair and improve water supply and distribution systems and waste collection and treatment systems.	Rural areas, and towns with up to 10,000 population.	Loan guarantee.	Eligible lenders obtain up to a 90% guarantee on loans they make and service.
<b>Solid Waste Management Grants</b>	Provide technical assistance and/or training to those who operate and maintain active landfills.	Public bodies, private non-profit organizations, Indian Tribes, academic institutions.	Technical assistance and training to improve landfill conditions and protect against threats to nearby water resources.	Rural areas, and towns with up to 10,000 population.	Grant.	Applications accepted year-round. Complete applications submitted to National Office for review.
<b>Technical Assistance/ Training/Circuit Rider</b>	Provide technical assistance and training.	Public, private, and non-profit organizations.	Provide technical assistance and training to assist with management of water and waste projects.	Rural areas and towns with up to 10,000 population.	Grant.	As funds are available. Complete applications submitted to National Office for review.
<b>Rural Broadband Loan and Loan Guarantee</b>	Deployment of broadband service to eligible rural communities. <b>Note:</b> The 2014 Farm Bill revises program provisions. New rules are expected to be published in FY 2015.	Entities seeking to provide broadband services in rural areas.	Finance the construction, improvement and acquisition of facilities and equipment to provide broadband service in eligible rural communities.	Refer to the new rules, when available, for population limits.	Refer to the new rules, when available, for loan details.	Refer to the new rules, when available, for loan terms and conditions.
<b>Electric and Telecommunications Loans</b>	Assist rural communities in obtaining affordable, high-quality electric and telecommunications services.	Non-profit and cooperative associations, public bodies, and other utilities.	Generation, transmission facilities and distribution of electric power, including alternative, renewable, conservation and energy efficiency programs. Enhance 911 emergency service, digital switching equipment, and fiber optic cable, along with traditional main system telecommunications service.	Electric: areas served by an existing rural electric borrower, or rural areas other than a city or town of more than 20,000. Telecommunications: areas cities with population over 5,000.	Direct loan or loan guarantee.	Interest rates are established in accordance with 7CFR 1714. Contact RUS at <a href="http://www.rd.usda.gov">www.rd.usda.gov</a> or 1 (800) 670-6553.
<b>Distance Learning and Telemedicine</b>	Development and deployment of advanced telecommunication services throughout rural America to improve education and health care.	Incorporated entities, including municipalities, for-profit, and non-profit corporations that operate rural schools, libraries, health care clinics and other educational or health care facilities.	To provide end-user equipment and programming that delivers distance learning and telemedicine services into eligible areas.	Rural areas outside incorporated or unincorporated cities with population over 20,000.	Grant.	Awards range from \$50,000 to \$500,000. A minimum of 15% in matching funds is required.

**Water and Electric Programs: Contact the Rural Utilities Service Administrator; All others: Contact the Rural Development State or local office.**

## Summary of Rural Development Program Purposes

	Land & Bldgs.	Mach. & Equip.	Working Capital	Infrastructure	Tech. Asst./Train.
<b>Rural Housing and Community Facilities Programs</b>					
Single Family Housing Direct Loans (including Self-Help Loans)	♦				
Single Family Housing Loan Guarantees	♦				
Single Family Housing Repair Loans/Grants	♦				
Rural Rental Housing Direct Loans	♦			♦	
Rural Rental Housing Loan Guarantees	♦			♦	
Housing Preservation Grants	♦	♦	♦	♦	♦
Farm Labor Housing Loans/Grants	♦			♦	
Community Facilities Direct Loans, Loan Guarantees, Grants*	♦	♦	♦	♦	
Rural Community Development Initiative					♦
<b>Rural Business and Cooperative Programs</b>					
Business and Industry Loan Guarantees	♦	♦	♦	♦	
Rural Business Development Grants	♦	♦	♦	♦	♦
Intermediary Relending Loans	♦	♦	♦		
Rural Microentrepreneur Assistance Program	♦	♦	♦	♦	♦
Rural Economic Development Loans and Grants	♦	♦	♦	♦	♦
Rural Cooperative Development Grants				♦	♦
Value-Added Producer Grant			♦	♦	♦
Rural Energy for America Program Loan Guarantees/Grants	♦	♦		♦	♦
Biorefinery Assistance Program Loan Guarantees					
Repowering Assistance Program					
Advanced Biofuel Payment Program					
<b>Rural Utilities Programs</b>					
Water and Waste Disposal Direct Loans, Loan Guar., Grants	♦	♦		♦	
Solid Waste Management Grants					♦
Rural Broadband Direct Loans and Loan Guarantees	♦			♦	
Electric and Telecommunications Direct Loans/Loan Guarantees	♦	♦		♦	
Distance Learning and Telemedicine Loans/Grants		♦		♦	
Community Connect Grants	♦	♦	♦	♦	

\* Initial operating expenses are eligible in conjunction with the financing of an eligible community facility project. However, grant funds may not be used to fund initial operating expenses.

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