



USDA Rural Development

IOWA 2016 PROGRESS REPORT



When I was sworn in as Secretary of Agriculture in January 2009, rural America was beginning to feel the devastating impact of the Great Recession. Rural counties were shedding 200,000 jobs per year, rural unemployment stood at nearly 10 percent, and poverty rates reached heights unseen in decades. Many rural communities were facing stagnant wages, outmigration, and a critical shortage of investment capital.

Over the course of the Obama Administration, USDA has made targeted federal investments in rural areas to create jobs, generate economic opportunity, and strengthen rural communities. This progress report outlines how USDA Rural Development (RD) has invested in rural America's remarkable comeback. Key economic indicators continue to show that rural America is rebounding. Rural unemployment has continued to decline, dropping below 6 percent in 2015 for the first time since 2007, and rural poverty rates have fallen. Median household incomes in rural areas increased by 3.4 percent in 2015, and rural populations have stabilized and are beginning to grow. Child food insecurity nationwide is at an all-time low.

USDA RD has been a leader in providing the investments to address rural America's economic challenges. From housing to renewable energy, essential community facilities to high speed broadband, water systems to electric lines with smart grid technology – RD has helped prepare rural America for the 21st Century economy.

Since 2009, RD has helped 1.2 million rural Americans buy, refinance, or repair their homes, and it has helped ensure safe, affordable rental housing for hundreds of thousands of seniors, people with disabilities, farmworkers, and other low-income rural families. Six million rural Americans now have access to high speed broadband thanks to RD. We've invested \$12 billion in more than 10,530 essential community projects like schools, hospitals, public safety facilities, and community centers. More than 107,000 rural businesses have received loans or grants, creating more than 791,000 jobs. Our water program has funded \$13.9 billion for nearly 5,825 projects, providing safe water to 19.5 million rural residents.

RD is also responding to the heroin and prescription opioid crisis, making transitional housing available to rural Americans in recovery, funding telemedicine projects to improve access to treatment in remote areas, and supporting healthcare facilities, including mental healthcare centers. As an example, this report tells the story of how RD is helping the community of Harrington, Delaware, assist those in need of treatment begin the path to recovery.

None of this would have been possible without the dedication, innovation, and hard work of the men and women of USDA Rural Development. Together with our national office staff in Washington and St. Louis, our staff in RD offices across the country have been creative and effective partners with local lenders, community leaders, and small businesses. They are exemplary public servants who, in spite of workforce reductions, been more productive in these past eight years than at any time in the history of this Department. I am proud to serve with them.

The future of rural America looks much brighter today than when President Obama took office. The results highlighted in this report demonstrate how long-term government investment and positive partnerships with public institutions are central to rural America's continued progress.

Sincerely,

Tom Vilsack, Secretary
United States Department of Agriculture



Thriving rural communities contribute to the prosperity of our entire nation, and throughout the last 80 years USDA Rural Development (RD) and its predecessor agencies have been committed to the success of rural America.

This year's progress report is an opportunity to share the great work that RD has done, and I am proud of our accomplishments.

About 15 percent of the population – 46 million people – are living in rural America. Rural America plays a key role in the national economy, producing food and other goods that are vital to the rest of the country. RD's investments in infrastructure and agriculture help rural America grow, and that growth contributes to the prosperity of the entire nation.

RD's Rural Housing Service (RHS), Rural Business-Cooperative Service (RBS) and Rural Utilities Service (RUS) have had many successes over the last year, and RD is committed to provide the financial support and technical expertise to help rural America thrive. This has been an historic year for Rural Development with record-breaking investments in our core programs in housing, utilities, and business.

As we look back, we celebrated the 80th anniversary of the Rural Electrification Act, which brought power to the people of rural America. And looking forward to rural America's next great infrastructure challenge, we also celebrated completing work on broadband projects funded through the American Recovery and Reinvestment Act. These projects brought broadband access to nearly six million rural Americans' homes, schools and businesses. While we are proud of these efforts, we know that there is much more work to be done if we are to meet this challenge which is as critical to the 21st Century's economy as electricity was to the 20th Century.

Thanks in part to the Recovery Act, Rural Development investments, and the hard work and resilience of her people, rural America as a whole is seeing job and income growth for the first time since the Great Recession of 2008. We are also realizing a reverse in outmigration from rural areas and lower rates of poverty. But too many rural communities have not yet fully shared in that recovery. There is more work to be done.

This year, building on place-based, economic development initiatives like StrikeForce and Promise Zones, we began a ground-breaking Community Facilities (CF) re-lending effort. In this innovative approach to economic development, we partnered with community-based financial organizations, private sector banks and philanthropic organizations to make more than \$400 million available for game-changing investments targeted to lift up America's rural areas that have struggled to overcome persistent poverty. This long-term, low-interest rate financing will unlock rural communities' economic potential. As we have seen from our CF direct loan program, which this year set an all-time record \$2.2 billion in investments, improved rural communities' education, healthcare and public safety facilities serve as a catalyst for growth. These investments, like the \$54.6 million loan to renovate the Fulton County Health Center in Wilmington, Ohio, not only provide critical access to life-saving medical care for rural residents, they are the hub around which a community can create jobs, attract homeowners, and build an economic future.

Since 2009, RHS helped more than 1.2 million rural families buy, refinance and maintain homes with more than \$155 billion in investments. Thanks to our partners in private sector, the RHS guaranteed loan program has helped more rural families realize the dream of home ownership than any other period in the agency's history. In 2016, RHS had its best year yet for the single family housing direct mortgage program, leaving no dollar unused. During the last fiscal year alone, RHS provided more than \$19 billion to help about 140,000 families with modest incomes buy, finance or repair their homes. All with an enviably low default rate.

RBS's Renewable Energy for America Program (REAP) also set records this year, providing rural businesses with guaranteed loan financing and grant funding for renewable energy systems and to make energy efficiency improvements for nearly 2,000 ag producers and rural small businesses. Encouraging energy independence for America's small towns, using abundant, renewable natural resources, isn't just fiscally sound, it also helps communities do their part to ensure an environmentally secure future for our children. A recent \$14 million dollar REAP loan guarantee to North Carolina-based

O₂ Energies is now producing enough solar energy to power 20 percent of all the homes in Mt. Airy. The REAP loan guarantee provided to North Carolina's Surrey Bank and Trust gave the bank the confidence to try something new that has benefitted the entire community, creating jobs and encouraging investment at a time when it was needed most.

RUS's Water and Environmental Programs (WEP) provided a record \$1.65 billion in funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage benefiting millions of rural Americans and their communities.

Through the Rural Alaska Village Grant program (RAVG) we have been able to address third-world sanitation conditions in rural Alaska. One example is in Lower Kalskag, Alaska, where an RD RAVG investment is constructing water and wastewater treatment facilities, and connecting the residents of Lower Kalskag to the system. By 2017, this nearly century-old settlement will have indoor plumbing for the very first time.

Since 2009, USDA has invested over \$1 billion in more than 40,000 local and regional food businesses and infrastructure projects. Between 2009 and 2014, the number of Value-Added Producer Grants awarded to local food projects has also jumped by more than 500 percent. During the 2014-2015 funding cycle, USDA dedicated nearly \$14 million, nearly half of the awarded funds, to 116 unique local food projects through this program.

In addition, we launched a microloan program in 2013 that has since financed over 18,000 farmers and ranchers with smaller loans of up to \$50,000. Seventy percent of these loans have gone to beginning farmers and many sell locally.

This year, I joined community leaders and elected officials to celebrate the grand opening of the Sprout regional food hub and Growers and Makers Marketplace in Little Falls, Minnesota. The food hub/market is bringing new sales opportunities for producers, and increasing access to fresh, locally grown foods for customers, too. USDA Rural Development supported this regional initiative, and the planned food hub, through a \$200,000 Rural Community Development Initiative grant. RD also provided the development commission with Rural Microenterprise Assistance Program funding that helped several area growers scale up production to meet the food hub demand. Today, 70 local growers already are selling their fresh, locally grown produce at the Sprout location in Little Falls.

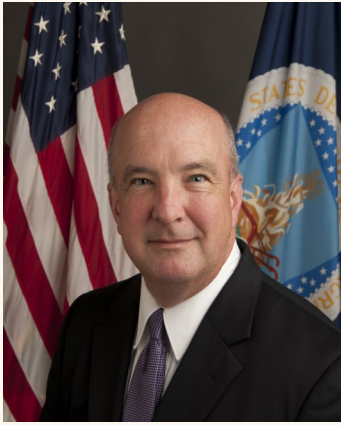
Finally, I am pleased to report that RD made important operational enhancements and streamlined how we do business and better serve the people of rural America. We made important investments in our people, with improved training programs and additional personnel after years of reductions in areas that are critical to carrying out our mission of serving rural America. We engaged the public and won support for a rule to integrate the nation's environmental law to secure that the projects we fund protect the environmental quality of the communities we serve. Our Business & Industry Guaranteed Loan Program (B&I) program expands opportunities for businesses and agricultural producers who provide fresh and local food for populations in rural and urban food deserts and expands eligibility for cooperatives with a cooperative stock purchase program. Our housing programs streamlined refinancing and reduced paperwork for homeowners and opened more opportunity to small, community banks and credit unions. We've improved our online functionality, from improving our website to making it easier to apply online for our programs. These improvements in how we do business will pay dividends down the road.

Growing up in rural Oregon, I learned that inspiration, innovation, hard work and the promise of making a better life for our families and our communities are at the heart of rural America. You will find them in the men and women featured in this report. We've made great progress in fulfilling that promise this year and for years to come.

Sincerely,

Lisa Mensah

Rural Development Under Secretary



As I reflect on the eight years of the Obama Administration, as they related to USDA Rural Development in Iowa, there are three numbers that jump out at me:

-5,000,000,000

-500,000,000

-27,000

Those three numbers reflect for me the impact our agency has had on the residents of rural Iowa – and more importantly the impact our work will have on Iowans yet to come.

Five billion is the amount of money invested by USDA Rural Development in small towns and rural areas across Iowa since 2009. Those investments came in the form of small grants to help rural fire departments purchase critical equipment. They came in mortgage guarantees that allowed families to purchase a home in a small town. And they came through multi-million dollar loans to help build or expand critical public facilities.

\$5 billion is a lot of money and it has had a huge impact on our state.

The next number is 500 million. That's how much of the \$5 billion was targeted to rural health care.

Life in a small town or a rural area should not come at the expense of health care access. And Iowa is fortunate to have a network of 89 rural hospitals and hundreds of health and dental clinics, assisted living facilities, nursing homes and pharmacies.

Rural Development has the tools to empower rural providers, the Congressional support to finance rural health care projects, and the ability to ensure residents have access to the care they need.

The last of these three numbers is 27,000.

At first glance, it doesn't seem as impressive as 5 billion or 500 million. But in fact, it's the number of projects we have financed in the last eight years. And that's where a remarkable group of public servants fits into the equation.

Were it not for the 88 Rural Development employees in 11 offices across Iowa working with individuals, local leaders, small business owners and elected officials in every county, we would not have accomplished what we have.

Every mortgage, rehab of a senior citizen's home, water project, hospital construction, small business loan, rural apartment complex and community center can be traced to these individuals who dedicate their lives to serving rural Iowa.

I leave this position knowing our agency, and our state, are in excellent hands!

Sincerely,

Bill Menner

USDA Rural Development State Director in Iowa



Randy Pleima (left) from the Mahaska Rural Water System, with Under Secretary Lisa Mensah and State Director Bill Menner at the 2016 Iowa State Fair

Rural Business Programs

In Fiscal Year 2016, USDA Rural Development invested \$56.4 million in Iowa's rural businesses, supporting 121 projects. Business and Cooperative Programs serve Iowa communities by creating new businesses, growing production, maintaining jobs, conducting feasibility studies, improving rural energy development, creating professional business plans, and increasing revenue for rural business ventures.

Helping community leaders identify ways to improve economic opportunities in rural America is a leading emphasis at USDA Rural Development.

Through a variety of job-creation programs the agency partners with private and community-based organizations to create and preserve quality jobs in rural communities and move America forward.

USDA Rural Development's Business and Industry (B&I) guaranteed loan program helps back the business of rural America by providing protection and incentives to lenders. In turn, businesses benefiting from a loan guarantee have a better chance of receiving the financing and terms they need so they can thrive.

USDA Rural Development has a long-standing initiative that assists rural electric and telephone cooperatives and community-development organizations in their efforts to improve the rural economy.

The agency also assists small businesses and producers through its Rural Energy for America

Program that provides financial assistance when energy-efficiency improvements are made to reduce energy costs or when renewable energy systems such as wind turbines, geothermal and solar are installed.

FY 2016 Highlights

- \$56 million was awarded through USDA Rural Development Business Programs
- \$46 million in loan guarantees were awarded to lenders who were assisting 13 rural businesses with expansion and job-creation initiatives.

- \$7 million in rural economic development loans and grants were awarded to rural electric cooperatives to local businesses, organizations and communities with a variety of projects.
- More than 70 rural Iowa businesses were able to install renewable energy systems or make energy-efficiency improvements.



Many USDA Rural Development programs focus on creating job and enhancing a wide variety of economic opportunities for rural Americans

Rural Housing Programs

USDA Rural Development improved rural housing in Iowa with \$235 million in loans and grants to build, repair, rehabilitate, and purchase homes that ultimately improve the quality of life in rural Iowa. Rural Development provides funding for single-family homes, apartments for lower-income families or the elderly, and housing for farm laborers. In Fiscal Year 2016, the agency obligated 2,008 direct and guaranteed loans to finance homes for rural Iowa families.

USDA Rural Development has two low-interest, no-down-payment loan programs to help eligible families living in rural communities and areas purchase new or existing homes. Loans, and some grants, are also available to help families make needed repairs to their homes.

Eligible homes must be located in a rural area and/or community of generally less than 20,000. In most cases, a family of four with an adjusted annual income of up to \$75,650 may qualify for the agency's guaranteed home loan program. If that same family of four's adjusted annual income is less than \$49,450 they may also qualify for a direct loan from the agency. These income limits increase in communities located near metro areas.

USDA Rural Development also provides financing for more than 430 apartment complexes in rural Iowa. These complexes provide rural residents with access to 8,651 apartment units. Rent in the apartments is based on income, and rental assistance may be available depending on the income of the tenant.

FY 2016 Highlights

- \$214 million in guaranteed and direct mortgage loan funds assisted more than 2,000 rural Iowa families and individuals in purchasing homes.
- \$18 million in rental assistance helped many elderly residents living in USDA-financed apartment complexes.



Each year USDA Rural Development programs help around 2,000 rural Iowa households achieve their homeownership dreams

Community Programs

During Fiscal Year 2016, USDA Rural Development invested \$331 million in rural Iowa through community and utilities program loans and grants. The 72 projects, including funding for schools and fire safety equipment, was used to benefit more than 128,000 rural Iowa residents. Community programs help build, expand, rehabilitate, purchase, and support the development of many different types of essential community facilities and infrastructure.



USDA Rural Development loan and grant programs help make rural communities vibrant places to live and raise a family

Community Programs offer direct and guaranteed loans and grants to facilitate the development of such things as water and wastewater systems, hospitals, nursing homes, health clinics; police, fire or rescue facilities, equipment or vehicles, libraries, municipal or county buildings.

Applicants must have the legal authority to borrow and repay loans, to pledge security for loans, and construct, operate, and maintain the facilities. They

must also be financially sound and able to organize and manage the facility effectively.

Contact Rural Development for information about programs and advice on how to assemble information to determine engineering feasibility, economic soundness, cost estimates, organization, financing and management matters.

FY 2016 Highlights

- \$331 million in loans and grants helped hundreds of rural Iowa communities make a variety of improvements to their services, infrastructure and facilities.
- \$69.64 million was used for healthcare-related projects in rural Iowa
- \$51 million helped 22 communities and areas improve their water quality

Helping Eliminate Iowa Food Deserts

The latest food access research atlas maintained by USDA Economic Research Service's shows pockets of food deserts all across the state, with the highest concentration in southern Iowa where eight adjoining counties all have some level of food access issues.

Food deserts are geographic areas where access to affordable and healthy food options is limited. While these areas are mostly associated with high-populated cities and metropolitan communities, food deserts can also pop up in rural areas, and even in states like Iowa.

Local leaders in Ottumwa are working hard to remove their community from the food desert map with a new greenhouse facility that will expand work opportunities for people with disabilities and increase local food options all throughout southeast Iowa.

The large, 88-foot by 128-foot, four-bay state-of-the-art hydroponic greenhouse, operated by Tenco, Inc., was dedicated in October 2016 and received a \$70,000 USDA Rural Development business grant to help purchase various pieces of equipment used inside the facility.

"This amazing facility would not be a reality today without our many donors, friends and benefactors," said Mendy McAdams, marketing and development director, Tenco Inc. "From the ground it sets on, to the gravel on the driveway, to the equipment inside, each piece fell into place thanks to wonderful supporters of our organization."

The four-bay greenhouse has the capacity to raise 1,440 tomato plants along with 9,300 plant positions for lettuce, with additional space for 6,400 nursery positions.

All plants are grown without the use of soil and are fed purified water with nutrients giving the hydroponic tomatoes higher sugar content and more intense flavor when picked in their final stage of ripening. Each tomato plant in the greenhouse can produce up to 60 pounds of fruit annually.

The greenhouse will provide more than 80 paid vocational training and employment opportunities for people with disabilities, rotating in groups of 10 throughout the year, along with training/supervisory positions.



New greenhouse near Ottumwa will help eliminate food deserts in southern Iowa

Making Homeownership Dreams Come True

Owning a home is a central part of the American Dream. Jeff and Angie White of Newton found great joy in becoming first-time homeowners thanks to a USDA Rural Development mortgage loan. Last year 2,008 rural Iowa households purchased homes through USDA's direct and guaranteed loan programs

Jeff and Angie White of Newton became homeowners for the first time in May 2016 and are extremely happy to be realizing the American Dream.

The Whites, who are brother and sister, first learned about USDA's home loan program 12 years ago. Even though they both have limited incomes and thought they could never afford a home, they held onto their dreams and never gave up.

"For so long we were not in the right financial situation to make the move to homeownership," Angie said. "While it was not always easy, we stuck with our vision and today it is so hard to express in words how excited we are that our dreams have come true."

The Whites have already referred other people to the USDA loan program.

"If anyone thinks there is no way they can ever own a home, we are proof it is possible," Angie added.

"There are good programs out there and, more importantly, there are people who will go above and beyond to help you and guide you through the process. We are so grateful for everyone who has assisted us along our homeownership journey."

Last year USDA Rural Development provided Iowans with \$214 million in guaranteed and direct loans to help 2,000 families living in rural communities become homeowners, many of whom now own their first home.

USDA Rural Development has two low-interest, no-down-payment loan programs to help eligible families living in rural communities and areas purchase or construct a new home. Loans and some grants are also available to help families make needed repairs to their homes as well.

With guaranteed lending USDA Rural Development provides up to a 90 percent guarantee to the lender on qualifying loans, reducing the lender's risk in the event of a default by the borrower.

Direct home loans through USDA Rural Development feature 33-year loan terms and payment assistance is available.



Jeff and Angie White are new homeowners through a USDA Rural Development home loan program

Improving Health Care with Telemedicine

Having convenient access to quality health care opportunities has been a state strength for many years. The increased adoption of telemedicine and its ever-changing technologies funded through USDA are benefiting more rural lowans each year.

Since 2009, USDA has awarded funding to 17 telemedicine-related projects with the goal of improving access to health care for rural lowans.

One of the projects, a \$498,973 grant to the University of Iowa Hospitals and Clinics (UIHC) is establishing telemedicine sites in nearly 70 rural health care locations in 46 counties across the state. With matching contributions from UIHC, these rural facilities, including family medicine clinics, nursing homes and Child Health Specialty Clinics, will receive almost \$1 million in telemedicine equipment.

“The USDA grant has enabled us to re-create a service using new technology that we used to provide in the early days of medicine,” said Patrick Brophy, M.D., M.H.C.D.S., assistant vice president of eHealth & Innovation for University of Iowa Health Care. “Our collaboration with the USDA is allowing us to connect with our rural roots and make it easier to keep practitioners and communities connected to world-class medical specialty care.”

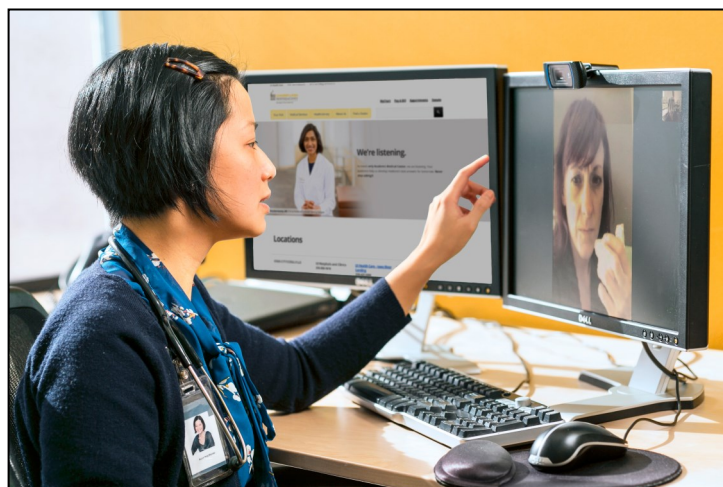
One of the first sites to go live through this USDA partnership was Pleasantview Home in Kalona, a skilled nursing and long-term care facility that also offers independent living for residents. The first service available to residents were geriatric telepsychiatry. Other specialty services available over time will include dermatology, burn and wound, and geriatrics.

Within a year, approximately 40 family medical clinics and 15 nursing homes also will be offered UIHC

telemedicine services that give patients the option of visiting with UIHC specialists via telemedicine from a local site rather than traveling to Iowa City.

For some patients, a telemedicine visit will save time and money. Patients would not need to drive, sometimes hundreds of miles, to Iowa City to see a UIHC specialist in person, miss time away from work or school, or possibly stay in a hotel and pay for meals while away from home.

Technology is always changing and improving,” Brophy said. “We want to provide rural lowans the best possible equipment options to help them have better, increased access to specialty care locally.”



Rural lowans have access to many healthcare options through advances in telemedicine.

Rural Iowa Investment FY 2016

Program	Amount	Award
Business and Industry Guaranteed Loans	\$46,278,400	13
Renewable Energy and Energy Efficiency Loans and Grants	\$1,937,336	79
Rural Economic Development Loans and Grants (REDLG)	\$7,322,833	14
Rural Business Development Grants	\$300,000	9
Value-Added Producer Grants	\$571,295	6
Single Family Housing Direct Loans	\$9,548,236	103
Single Family Housing Guaranteed Loans	\$204,959,611	1,905
Home Repair Loans and Grants	\$942,510	200
Housing Preservation Grants	\$41,997	2
Multi-Family Housing Voucher Assistance Program	\$1,150,220	322
Rental Assistance	\$18,330,765	7,164 units
Community Facility Direct Loans, Guaranteed Loans and Grants	\$184,048,100	43
Water and Environmental Program Loans and Grants	\$51,747,840	23
Telecommunications Loans and Grants	\$15,181,000	2
Electric Loans	\$80,225,000	4
Total	\$622,269,904	9,889

Rural Community and Housing Programs

	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Single-Family Housing Direct Loans (including Self-Help Loans)	Safe, well-built, affordable homes for very-low- and low-income 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.
Single-Family Housing Loan Guarantees	To assist low- to moderate-income applicants/ households in buying their homes by guaranteeing loans made by private lenders.	Families and individuals.	Purchase new or existing homes and refinance existing Rural Development guaranteed or direct loans.	Rural areas with populations of up to 35,000.	Loan guarantee.	30-year, fixed. The 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.
Single-Family Housing Repair Loans and Grants	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, winterize, 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.
Self-Help Housing Technical Assistance Grants	Assist lower income families in building their own homes.	Nonprofits 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.
Rural Rental Housing Direct Loans	Safe, well-built, affordable rental housing for very-low-income individuals and families.	Individuals, trusts, associations, limited partnerships, for-profit and nonprofit 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 (nonprofits); 97% (for-profits); 95% (for-profits with Low-Income Housing Tax Credits). 30-year term with up to 50-year amortization.
Rural Rental Housing Loan Guarantees	Provides 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.
Housing Preservation Grants	Repair and rehabilitate housing owned or occupied by very-low- and low-income rural families.	Public bodies and nonprofit organizations.	To operate a program that finances repair and rehabilitation activities for single-family and small rental properties.	Rural areas with populations of up to 35,000.	Grant.	Grant agreement.
Farm Labor Housing Loans and Grants	Safe, well-built affordable rental housing for farmworkers.	Individuals, public and private nonprofit organizations.	New construction or substantial rehabilitation of rental housing.	Not applicable.	Direct loan and grant.	Up to 102% of total development cost. Up to 33 years to repay at 1% interest.
Community Facilities Loans and Grants	Improve, develop, or finance essential community facilities for rural communities.	Public bodies, nonprofits, and Federally recognized tribes.	Construct, enlarge, or otherwise improve essential community facilities, such as public safety, fire and rescue, telecommunications, schools, libraries, hospitals, other healthcare facilities, etc.	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.
Rural Community Development Initiative	To facilitate housing, community facility, and community and economic development projects.	Private nonprofit or public organizations, philanthropic foundations, low-income communities.	Technical assistance grants of \$50,000 to \$300,000 to develop the capacity and ability of 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.

For direct loans and grants, apply to Rural Development. For loan guarantees, apply to participating intermediaries such as approved banks, mortgage companies, etc.

Rural Business Programs

	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Business and Industry Loan Guarantees	Create jobs/stimulate rural economies by providing financial backing for rural businesses.	Lenders/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.
Rural Business Development Grants	Help startup or expand small and emerging private businesses and/or non-profits in rural communities. Note: This program, created through the 2014 Farm Bill, combines the former Rural Business Enterprise Grant and Rural Business Opportunity Grant programs.	Public bodies, government entities, nonprofit entities, and Federally recognized 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 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.	Grants are awarded on a competitive basis.
Intermediary Relending Program Loans	Establish revolving funds for business facilities and community development projects.	Public bodies, nonprofit corporations, Native American tribes, and cooperatives.	Community development projects, establish or expand businesses, create or save 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.
Rural Microentrepreneur Assistance Program	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.
Rural Economic Development Loans and Grants	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 for places with populations of 2,500 or less.	Direct loan or grant to establish revolving loan fund.	Intermediary makes loans to for-profit or nonprofit businesses and public bodies. Loans are 0% for 10 years.
Rural Cooperative Development Grants	Establish/operate centers for cooperative development.	Nonprofits 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.
Socially Disadvantaged Groups Grants	Provides funds to eligible co-ops or co-op associations, or co-op development centers to provide technical assistance to small, socially disadvantaged groups in rural areas. Note: formerly known as the Small, Socially Disadvantaged Producer Grant Program.	Cooperatives and co-op development centers that serve socially disadvantaged groups where a majority of the board of directors or governing board is comprised of individuals who are members of socially disadvantaged groups.	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.

Rural Business Programs (continued)

	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Value-Added Producer Grants	Help independent agricultural producers enter into activities that add value to their crops.	Independent producers, farmer and rancher cooperatives, producer groups, and 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 Energy for America Program (REAP) Loan Guarantees and Grants	Provide assistance for energy efficiency improvements or purchase 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 populations 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.
REAP Audit/ Development Grants	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 populations less than 50,000.	Grant.	\$100,000 to entities and up to 75% of the cost of energy audit for renewable energy development assistance.
Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program Loan Guarantees	Provide loan guarantees to develop and construct commercial-scale biorefineries or retrofit facilities using eligible technology for the development of advanced biofuels. Note: The program was formerly known as the Biorefinery Assistance Program.	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; or 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.
Repowering Assistance Program	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. Grant awards determined by National Office.
Advanced Biofuel Payment Program	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.

For direct loans and grants, apply to Rural Development. For loan guarantees, apply to participating intermediaries such as eligible banks, etc. For revolving funds (RMAP, IRP, and REDLG), intermediaries apply to Rural Development, others to the intermediaries.

Rural Utilities Programs

	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Water and Waste Disposal Loans and Grants	Provide infrastructure for rural areas.	Public entities, Indian tribes and nonprofit corporations.	Build, repair, and improve public water systems and waste collection and treatment systems.	Rural areas and towns with up to 10,000 in population.	Direct loan and grant.	Repayment period is a maximum of 40 years. Grant funds may be available.
Water and Waste Disposal Loan Guarantees	Provide infrastructure for rural areas.	Public entities, Indian tribes and nonprofit 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 in population.	Loan guarantee.	Eligible lenders obtain up to a 90% guarantee on loans they make and service.
Solid Waste Management Grants	Provide technical assistance and/or training to those who operate and maintain active landfills.	Public bodies, private nonprofit organizations, Indian tribes, and 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 in population.	Grant.	Applications accepted year-round. Complete applications submitted to National Office for review.
Technical Assistance/ Training/Circuit Rider	Provide technical assistance and training.	Public, private, and nonprofit organizations.	Provide technical assistance and training to assist with management of water and waste projects.	Rural areas and towns with up to 10,000 in population.	Grant.	As funds are available. Complete applications submitted to National Office for review.
Rural Broadband Direct Loans and Loan Guarantees	Deployment of broadband service to eligible rural communities. Note: The 2014 Farm Bill revised program provisions. An interim rule was published in FY 2015.	Entities seeking to provide broadband services in rural areas.	Funds to construct, improve, and acquire facilities and equipment to provide broadband service in eligible rural communities.	Rural areas. Refer to the rule for specific definition and population limits.	Minimum and maximum loan amounts published annually in the Federal Register.	Refer to the rule for loan terms and conditions.
Electric and Telecommunications Loans	Help rural communities obtain affordable, high-quality electric and telecommunications services.	Nonprofit 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 or cities with populations under 5,000.	Direct loan or loan guarantee.	Interest rates are established in accordance with 7 CFR 1714. Contact RUS at www.rd.usda.gov or 1 (800) 670-6553.
Distance Learning and Telemedicine	Develop and deploy advanced telecommunication services throughout rural America to improve education and healthcare.	Incorporated entities, including municipalities, for-profit, and nonprofit corporations that operate rural schools, libraries, healthcare clinics, and other educational or healthcare 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 populations up to 20,000.	Grant.	Awards range from \$50,000 to \$500,000. A minimum of 15% in matching funds is required.
Community Connect Grants	Provide public access to broadband in otherwise unserved communities.	Public bodies, tribes, cooperatives, nonprofits, limited dividend or mutual associations; corporations, and other legally organized entities.	To build broadband infrastructure and establish a community center that offers free public access to broadband for two years.	A single community, outside incorporated or unincorporated cities, with a population over 20,000 and that does not have broadband.	Grant.	Minimum: \$50,000; Maximum: \$1 million. Amounts are published in Notices of Funding Availability and may vary.

Electric and Telecom Programs: Contact the Rural Utilities Service Administrator; Water Programs: Contact the Rural Development State Office. CFR refers to Code of Federal Regulations.

Summary of Funding Purposes

	Land & Bldgs.	Mach. & Equip.	Working Capital	Infrastructure	Tech. Asst./Train.
Rural Housing and Community Facilities Programs					
Single-Family Housing Direct Loans (including Self-Help Loans)	♦				
Single-Family Housing Loan Guarantees	♦				
Single-Family Housing Repair Loans/Grants	♦				
Self-Help Housing Technical Assistance 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					♦
Rural Business and Cooperative Programs					
Business and Industry Loan Guarantees	♦	♦	♦	♦	
Rural Business Development Grants	♦	♦	♦	♦	♦
Intermediary Relending Program Loans	♦	♦	♦		
Rural Microentrepreneur Assistance Program	♦	♦	♦	♦	♦
Rural Economic Development Loans and Grants	♦	♦	♦	♦	♦
Rural Cooperative Development Grants				♦	♦
Socially Disadvantaged Groups Grants					♦
Value-Added Producer Grants			♦	♦	♦
Rural Energy for America Program Loan Guarantees/Grants	♦	♦		♦	♦
Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program Loan Guarantees					
Repowering Assistance Program					
Advanced Biofuel Payment Program					
Rural Utilities Programs					
Water and Waste Disposal Direct Loans, Loan Guarantees, Grants	♦	♦		♦	
Solid Waste Management Grants					♦
Technical Assistance/Training/Circuit Rider					♦
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.

December 2016

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Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

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(1) mail: U.S. Department of Agriculture,
Office of the Assistant Secretary for Civil Rights,
1400 Independence Avenue, SW, Washington, D.C. 20250-9410;

(2) fax: (202) 690-7442; or

(3) email: program.intake@usda.gov (link sends e-mail).

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Contact us to learn more at:

USDA Rural Development National Office

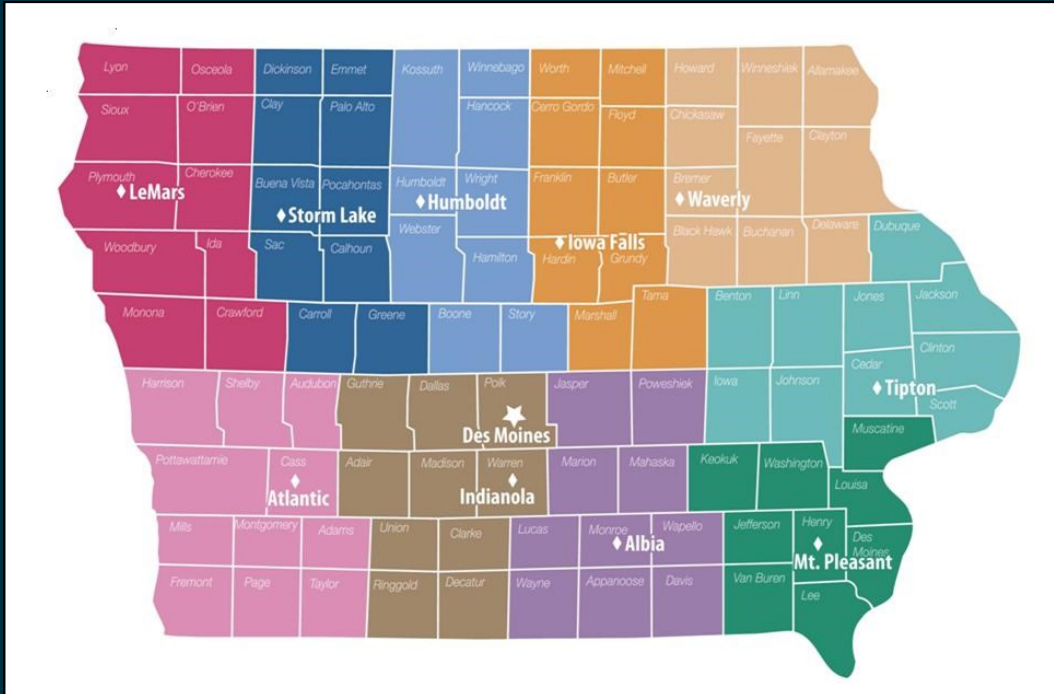
Mail Stop 0107

1400 Independence Avenue SW Washington, DC 20250-0107

1 (800) 670-6553 (toll free)

www.rd.usda.gov

USDA Rural Development Iowa Contacts



State Office

210 Walnut Street, Room 873
 Des Moines, Iowa 50309
 Phone: (515) 284-4663
www.rd.usda.gov/ia
 Twitter: @RD_Iowa

Iowa Falls Area Office

Phone: (641) 648-5151 Ext. 4

Waverly Area Office

Phone: (319) 352-1715 Ext. 4

Tipton Area Office

Phone: (563) 886-6006 Ext. 4

Mt. Pleasant Area Office

Phone: (319) 986-5800 Ext. 4

Albia Area Office

Phone: (641) 932-3031 Ext. 4

Indianola Area Office

Phone: (515) 961-5365 Ext. 4

Atlantic Area Office

Phone: (712) 243-2107 Ext. 4

Le Mars Area Office

Phone: (712) 546-5149 Ext. 4

Storm Lake Area Office

Phone: (712) 732-1851 Ext. 4

Humboldt Area Office

Phone: (515) 332-4411 Ext. 4