



*Rural Business and Cooperative Programs  
Annual Activity Report  
Fiscal Year 2009*



*Committed to the future of  
rural communities*



**JUDITH A. CANALES**  
**ADMINISTRATOR**  
**BUSINESS AND COOPERATIVE PROGRAMS**

It has been over a year since being appointed as the Business and Cooperative Programs Administrator. It has been a pleasure to be associated with such hard working and dedicated men and women at the Department of Agriculture. Together, we can accomplish a great deal in these challenging economic times. As an introduction, I would like to provide a brief overview of my background and my work in rural America. I had the privilege of serving as the Deputy State Director for Rural Development in Texas for 5 years and I spent two years working at the U.S. Department of Housing and Urban Development in Washington, D.C. during the Clinton Administration. During the last eight years, I worked in economic development and taught at a community college in rural South Texas.

Business and Cooperative Programs serves rural America by providing technical assistance and financing for rural businesses and cooperatives to create quality jobs in rural areas. We establish partnerships with public and private organizations, businesses and lenders. We promote President Obama's National Energy Policy and ultimately the nation's energy security by tapping the entrepreneurial spirit of rural America in the development of renewable energy and energy efficiency improvements. We work with all individuals, state, local and Native American tribal governments.

Our purpose is to back the business of rural America.

*Judith A. Canales*

Administrator  
Business and Cooperative Programs

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# 2008 Farm Bill Renewable Energy Provisions

The following is a brief summary of the authorities found under Title IX of the 2008 Farm Bill. The sections referenced are ones contained in the 2002 Farm Bill that are amended by the Section 9001 of the 2008 Farm Bill.

## ***Section 9002: Biobased Market Program***

Provides provisions for a federal procurement program and a voluntary labeling program for biobased products. The bill provides \$1 million in mandatory Fiscal Year (FY) 2008 funding and \$2 million per year from FY 2009 through 2012. Additionally, the bill authorizes additional funds in the amount of \$2 million per year, from FY 2009 to 2012.

## ***Section 9003: Biorefinery Assistance Program***

Provides loan guarantees for the development, construction and retrofitting of commercial-scale biorefineries, and grants to help pay for the development and construction costs of demonstration-scale biorefineries. Provides \$75 million in FY 2009 and \$245 million in FY 2010 for commercial-scale biorefinery loan guarantees. It also authorizes funding of \$150 million per year starting in FY 2009 and continuing through FY 2012 for both demonstration- and commercial-scale biorefineries.

## ***Section 9004: Repowering Assistance***

Provides for payments to biorefineries (that were in existence at the time the 2008 Farm Bill was passed) to replace fossil fuels used to produce heat or power to operate the biorefineries with renewable biomass. The bill provides \$35 million for FY 2009 that will remain available until the funds are exhausted. The bill also authorizes additional funding of \$15 million per year, from FY 2009 through 2012.

## ***Section 9005: Bioenergy Program for Advanced Biofuels***

Provides for payments to be made to eligible agricultural producers to support and ensure an expanding production of advanced biofuels. The bill provides \$55 million in FYs 2009 and 2010, \$85 million in FY 2011, and \$105 million in FY 2012. Additionally, the bill authorizes additional funds in the amount of \$25 million per year, from FY 2009 to 2012.

## ***Section 9006: Biodiesel Fuel Education Program***

Provides competitive grants to eligible entities to educate government and private entities that operate vehicle fleets and the public about the benefits of biodiesel fuel use. The bill provides \$1 million in funds per year, from FY 2008 to 2012.

## ***Section 9007: Rural Energy for America Program***

Provides grants and loan guarantees for energy audits, feasibility studies and project development of renewable energy systems and energy efficiency improvements. Expands and renames the program formerly called the Renewable Energy Systems and Energy Efficiency Improvements Program. Under the expansion, hydroelectric source technologies will be added as eligible; energy audits will be included as eligible costs, and; loan limits will be increased. The bill provides \$55 million for FY 2009, \$60 million for FY 2010, and \$70 million for FYs 2011 and 2012. It also authorizes additional funds of \$25 million per year, from FY 2009 through 2012.

## ***Section 9008: Biomass Research and Development Initiative***

Provides competitive grants, contracts and financial assistance to eligible entities to carry out research on and development and demonstration of biofuels and biobased products, and the methods, practices and technologies for their production. The bill provides \$20 million in funds in FY 2009; \$28 million in FY 2010; \$30 million in FY 2011 and \$40 million in FY 2012. In addition, there is a funding authorization of \$35 million per year, from FY 2009 through 2012.

## ***Section 9009: Rural Energy Self-Sufficiency Initiative***

Provides grants for the purpose of enabling eligible rural communities to substantially increase their energy self-sufficiency. The bill authorizes funds of \$5 million per year, beginning in FY 2009 and continuing through FY 2012.

### ***Section 9010: Feedstock Flexibility Program for Bioenergy Producers***

Subsidizes the use of sugar for ethanol production through federal purchases of surplus sugar for sale to ethanol producers. Funds will be provided in sufficient amounts to carry out this program.

### ***Section 9011: Biomass Crop Assistance Program***

Provides support to establish and produce crops for conversion to bioenergy in project areas, and to help with collection, harvest, storage and transportation of eligible material for use in a biomass conversion facility. The program will be implemented by the Farm Service Agency with support from other federal and local agencies.

### ***Section 9012: Forest Biomass for Energy***

The bill authorizes the Forest Service to conduct a comprehensive research and development program to use forest biomass for energy. The Forest Service, other federal agencies, state and local governments, Indian tribes, land-grant colleges and universities, and private entities are eligible to compete for program funds. Priority research projects include:

- ✦ The use of low-value forest biomass for energy from forest health and hazardous fuels reduction treatment.
- ✦ The integrated production of energy from forest biomass into biorefineries or other existing manufacturing.
- ✦ The development of new transportation fuels from forest biomass.
- ✦ The improved growth and yield of trees for renewable energy production.

The bill authorizes funds in the amount of \$15 million per year from FY 2009 through FY 2012.

### ***Section 9013: Community Wood Energy Program***

Provides grants to state and local governments to develop community wood energy plans and to acquire or upgrade wood energy systems. The bill authorizes funds in the amount of \$5 million per year from FY 2009 through FY 2012.

### ***For More Information:***

On the 2008 Farm Bill renewable energy provisions listed here, visit [www.usda.gov/farmbill/](http://www.usda.gov/farmbill/), or contact Robin Robinson at [Robin.Robinson@wdc.usda.gov](mailto:Robin.Robinson@wdc.usda.gov) or Weldon Freeman at [Weldon.Freeman@wdc.usda.gov](mailto:Weldon.Freeman@wdc.usda.gov).

Printed September 2008

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To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Ave. SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer, and lender.

**FY 2009 Business Programs Activity Results Chart**

<b>PROGRAM</b>	<b>Number of Projects</b>	<b>Dollars Obligated</b>	<b>Jobs Created/Saved</b>	<b>Businesses Assisted</b>	<b>Preapplications/ Applications Pending</b>	<b>Dollars Pending</b>
<b>Business and Industry Guaranteed Loan Program - Regular Funding</b>	408	949,009,927	16,915	436	162	584,415,230
<b>Business and Industry Guaranteed Loan Program - ARRA</b>	19	49,411,700	1,637	13	33	129,091,900
<b>Business and Industry Guaranteed Loan Program - Disaster Funding</b>	79	246,196,531	2,675	87	4	1,484,900
<b>Intermediary Relending Program</b>	54	33,536,438	25,655	1,140	47	26,538,030
<b>Rural Business Enterprise Grant Program - Regular Funding</b>	507	40,162,595	14,938	12,463	614	89,960,769
<b>Rural Business Enterprise Grant Program - ARRA Funding</b>	145	15,314,425	12,015	1,534	122	15,894,023
<b>Rural Business Enterprise Grant Program - Disaster Funding</b>	49	4,709,899	1,405	1,680	2	450,000
<b>Rural Economic Development Loan Program</b>	57	36,171,370	4,370	120	7	3,245,000
<b>Rural Economic Development Grant Program</b>	34	9,914,156	2,210	65	9	2,700,000
<b>Audit-Renewable Energy Development Assistance</b>	22	2,173,631	117	1,348	0	0
<b>Renewable Energy Feasibility Study</b>	50	1,244,600	46	43	0	0
<b>Renewable Energy System-Energy Efficiency Improvements Grants 20K or Less</b>	904	12,040,048	1,272	976	93	1,265,993
<b>Renewable Energy System-Energy Efficiency Improvements Grants more than 20K</b>	199	11,167,222	847	167	372	73,506,894
<b>Renewable Energy System-Energy Efficiency Improvements Loans Only</b>	2	8,451,638	650	3	0	0
<b>Energy Combination Loan and Grant Program</b>	380	76,782,101	2,568	385	50	29,230,819
<b>Section 9003 Guaranteed Biorefinary Assistance Program</b>	2	105,000,000	92	2	1	60,000,000
<b>TOTALS</b>	<b><u>2,911</u></b>	<b><u>\$1,601,286,281</u></b>	<b><u>87,412</u></b>	<b><u>20,462</u></b>	<b><u>1,516</u></b>	<b><u>\$1,017,783,558</u></b>

NATIVE AMERICAN EARMARK SUMMARY REPORT					
IMPACTED PROGRAM	AMOUNT AVAILABLE	AMOUNT ALLOCATED	PERCENT ALLOCATED	AMOUNT OBLIGATED	PERCENT OBLIGATED
RBEG	\$3,452,267	\$3,452,267	100.0	\$3,360,047	97.3

**Rural Business Enterprise Grant Program Detailed Report:**

SD	The Harvest Initiative, Inc.	\$99,528
AK	Chilkoot Indian Association	\$99,000
MT	Fort Peck Assiniboine & Sioux Tribes	\$19,449
SC	Catawba Indian Nation (CIN)	\$99,999
CA	Tuolumne Band of MeWuk Indians	\$95,586
MI	Grand Traverse Band of Ottawa and Chippewa Indians	\$99,000
OR	Siletz Tribal Business Corporation	\$169,000
AZ	Moenkopi Developers Corporation, Inc.	\$199,125
ME	The Aroostook Band of Micmacs	\$492,363
NE	Ho-Chunk Community Development Corporation (HCCDC)	\$107,829
ND	Turtle Mountain Community College	\$150,000
WI	Northwoods NiiJii Enterprise Community, Inc.	\$497,414
AK	UAF, Bristol Bay Campus	\$88,100
OR	Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians	\$99,900
SD	Rosebud Economic Development, Corp.	\$75,405
CA	Tule River Economic Development Corporation	\$99,680
AZ	Arizona Board of Regents for & behalf of Northern Arizona University	\$95,746
ME	Four Directions Development Corporation	\$301,605
SD	Pine Ridge Area Chamber of Commerce	\$82,265
OR	Confederated Tribes of the Warm Springs Reservation	\$60,000
CA	Hoopa Valley Indian Tribe	\$99,000
AK	Central Council Tlingit and Haida Indian Tribes of Alaska (CCTHITA)	\$230,053
	<b>Total</b>	<b>\$3,360,047</b>

**NATIVE AMERICAN EARMARK  
SUMMARY REPORT**

IMPACTED PROGRAM	AMOUNT AVAILABLE	AMOUNT ALLOCATED	PERCENT ALLOCATED	AMOUNT OBLIGATED	PERCENT OBLIGATED
IRP	\$4,119,474	\$250,000	6.1	\$250,000	6.1

**Intermediary Relending Program Detailed Report:**

CA	Rural Community Assistance Corporation	\$250,000
	<b>Total</b>	<b>\$250,000</b>

**SUMMARY  
EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES  
AND RURAL ECONOMIC AREA PARTNERSHIPS**

IMPACTED PROGRAM	AMOUNT AVAILABLE	AMOUNT ALLOCATED	PERCENT ALLOCATED	AMOUNT OBLIGATED	PERCENT OBLIGATED
RBEG	\$7,310,000	\$6,458,704	88.48	\$6,458,704	88.4

**Rural Business Enterprise Grant Program Detailed Report:**

GA	Cordele-Crisp Chamber of Commerce, Inc.	\$99,999
MI	Clare County	\$30,500
MI	Clare County	\$99,500
NY	Greater Wawarsing Local Development Corporation	\$99,000
ND	Adams County Development Corporation	\$99,211
ME	Heritage Hall	\$500,000
IL	City of Mounds	\$77,185
WI	NiiJii Capital Partners, Inc.	\$65,762
CA	Desert Alliance for Community Empowerment (Cahuilla Village Retail Center)	\$200,000
KY	Wayne County EZ Industrial Development Authority	\$199,000
VT	Northeast Kingdom Travel & Tourism Association	\$102,990
TX	Maverick County Development Corp.	\$95,000
GA	City of Vienna	\$99,999
ME	Town of Frenchville	\$63,224
NY	Sullivan County IDA	\$295,000
CA	Desert Alliance for Community Empowerment (Blythe Village Retail Center)	\$200,000
IL	Shawnee College	\$90,000
ND	Community Learning and Technology Center	\$16,000

WI	Menominee Indian Tribe of Wisconsin	\$29,659
KY	Kentucky Highlands Investment Corporation	\$299,000
MI	Middle Michigan Development Corporation	\$55,520
VT	Lyndon State College	\$250,000
VT	Northern Community Investment Corporation	\$286,000
VT	Northern Forest Canoe Trail, Inc.	\$50,000
TX	The Development Corp. of Mercedes	\$500,000
ME	Museum L-A	\$500,000
CA	Desert Alliance for Community Empowerment (Valley Estrellas Retail Center)	\$200,000
IL	Pulaski County Development Assn.	\$150,000
IL	Southern Illinois Stimulus Corporation	\$83,640
VT	Vermont Community Loan Fund	\$50,000
VT	Vermont Maple Sugar Makers Association	\$99,500
ME	Town of Limestone	\$112,291
CA	Westside Tule Enterprise Community	\$99,335
IL	Shawnee College	\$97,209
VT	Vermont Sustainable Jobs Fund	\$45,000
ME	Northern Maine Finance Corporation	\$350,000
CA	Redevelopment Agency of Riverside County	\$675,000
VT	Vermont WoodNet, Inc.	\$12,250
CA	Westside Housing & Economic Network	\$81,930

**Total RBEG** **\$6,458,704**

<b>SUMMARY EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES AND RURAL ECONOMIC AREA PARTNERSHIPS</b>					
<b>IMPACTED PROGRAM</b>	<b>AMOUNT AVAILABLE</b>	<b>AMOUNT ALLOCATED</b>	<b>PERCENT ALLOCATED</b>	<b>AMOUNT OBLIGATED</b>	<b>PERCENT OBLIGATED</b>
IRP	\$2,102,748	\$500,000	23.8	\$500,000	23.8

**Intermediary Relending Program Detail Report:**

VT	Vermont Community Loan Fund	\$500,000
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<b>Total</b>	<b>\$500,000</b>
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**SUMMARY  
MISSISSIPPI DELTA REGION COUNTIES  
EARMARK FUNDS**

IMPACTED PROGRAM	AMOUNT AVAILABLE	AMOUNT ALLOCATED	PERCENT ALLOCATED	AMOUNT OBLIGATED	PERCENT OBLIGATED
IRP	\$8,241,338	\$2,150,000	26.1	\$2,150,000	26.1

**Intermediary Relending Program Detail Report:**

AR	Alt. Consulting	\$400,000
IL	City of Metropolis	750,000
IL	Southern Illinois Coal Belt Champion Community, Inc.	1,000,000
<b>Total</b>		<b>\$2,150,000</b>

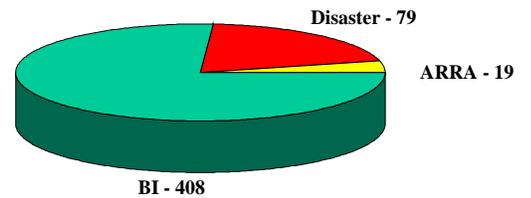
## *Business and Industry Guaranteed Loan Program Activity*

The B&I program is administered through National Office staff in Washington, D. C., and a network of field staff. The network of 47 Rural Development State offices, supported by area and local offices, delivers the programs in the States and U.S. territories. The staff works closely with program participants, their project engineers, and State regulatory agencies to ensure that projects are reasonable and affordable.

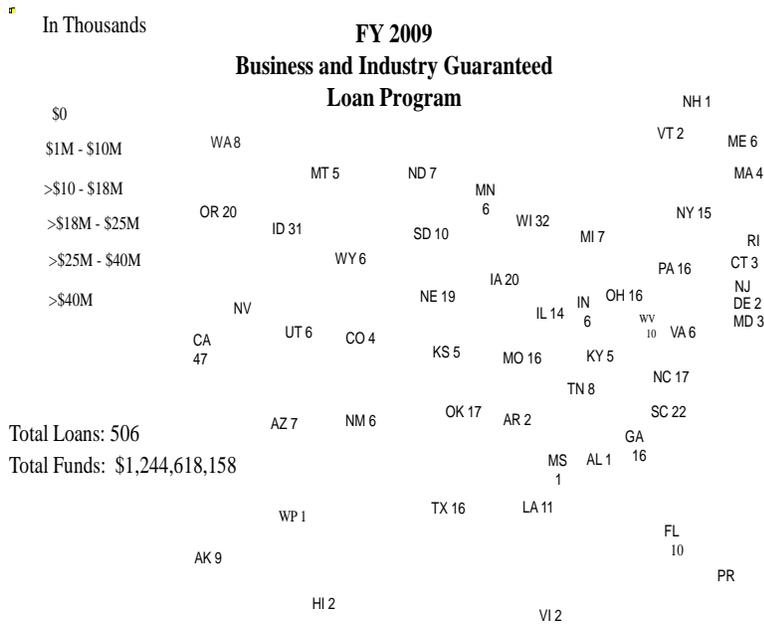
In FY 2009, B&I funded 506 projects for \$1.2 billion of which 79 projects were for disaster funding; 19 projects for B&I Guaranteed ARRA and 408 projects for regular B&I Guaranteed projects.

The map below shows the range and number of projects funded by State.

**B&I 2009 Obligations**



**Total Projects = 506**

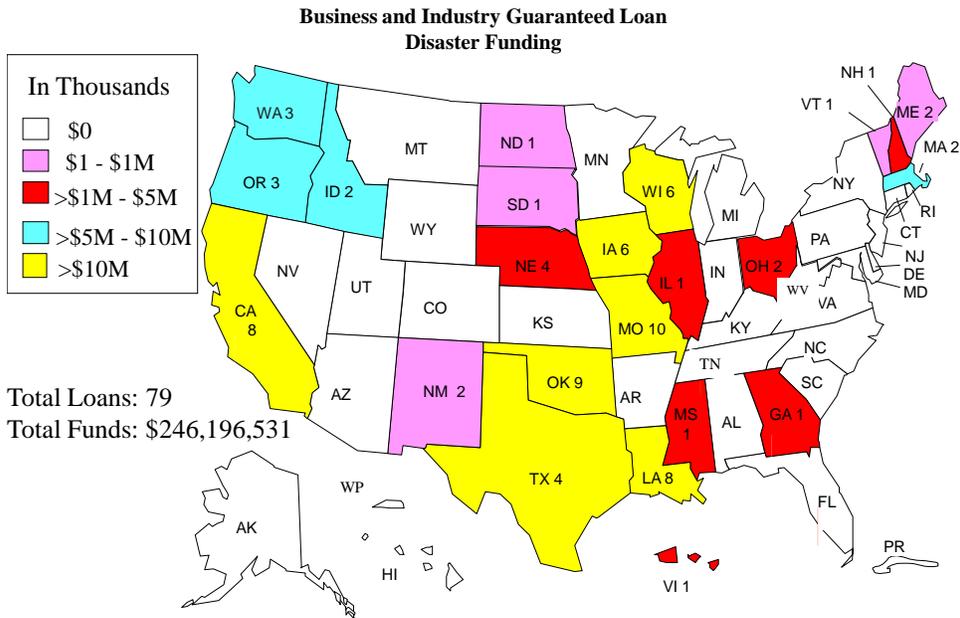


As of September 30, 2009

### *Business and Industry Guaranteed Loan Disaster Funding*

Disaster funds were used to fund all projects that were in a federally declared disaster area. The map and chart below shows the range and number of projects funded by State.

<u>State</u>	<u>Amount</u>	<u>Number</u>
California	\$18,333,000	8
Georgia	4,500,000	1
Idaho	6,396,600	2
Illinois	4,000,000	1
Iowa	31,500,000	6
Louisiana	39,936,000	8
Maine	600,000	2
Massachusetts	8,512,500	2
Mississippi	4,000,000	1
Missouri	25,462,000	10
Nebraska	2,030,000	4
New Hampshire	4,500,000	1
New Mexico	525,000	2
North Dakota	850,000	1
Ohio	1,655,021	2
Oklahoma	35,695,000	9
Oregon	6,029,900	3
South Dakota	150,000	1
Texas	10,454,000	4
Vermont	964,510	1
Virgin Islands	2,450,000	1
Washington	6,953,000	3
Wisconsin	30,700,000	6
<b>Total</b>	<b>\$246,196,531</b>	<b>79</b>



As of September 30, 2009

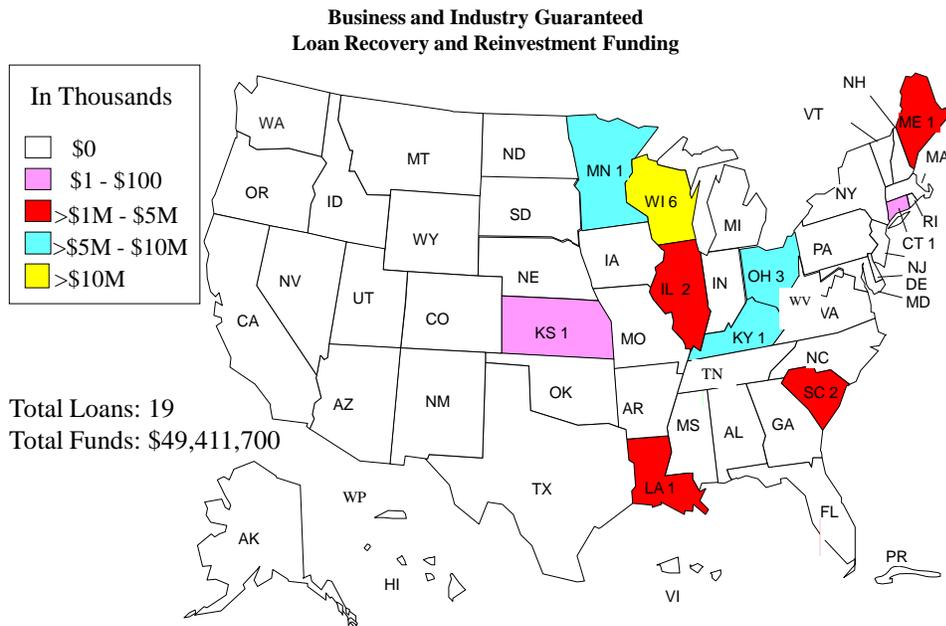
## The American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act (Recovery) helped businesses get access to the capital they needed to launch and expand their businesses and help bring additional jobs to America's small cities and towns. More information about USDA's Recovery Act efforts is available at [www.recovery.gov](http://www.recovery.gov).

### B&I Recovery Act Funding

<u>State</u>	<u>Amount</u>	<u>Number</u>
Connecticut	\$ 650,000	1
Illinois	1,590,000	2
Kansas	700,000	1
Kentucky	5,000,000	1
Louisiana	2,200,000	1
Maine	1,750,000	1
Minnesota	5,000,000	1
Ohio	6,129,700	3
South Carolina	3,000,000	2
Wisconsin	23,392,000	6
<b>Total</b>	<b>\$49,411,700</b>	<b>19</b>

The map below shows the range and number of projects funded by State.



As of September 30, 2009

*Business and Industry Guaranteed Loan Program 3 -Year Funding*

<u>State</u>	<u>FY 2007</u>		<u>FY 2008</u>		<u>FY 2009</u>	
	<u>Amount</u>	<u>No. of Loans</u>	<u>Amount</u>	<u>No. of Loans</u>	<u>Amount</u>	<u>No. of Loans</u>
Alabama	19,354,400	7	7,252,230	2	2,400,000	1
Alaska	24,186,000	9	27,114,050	15	24,268,750	9
Arizona	14,932,846	2	20,144,830	8	18,832,680	7
Arkansas	2,500,000	2	0	0	1,350,000	2
California	103,296,100	50	203,102,567	87	95,816,320	47
Colorado	2,030,000	2	13,009,275	6	10,566,500	4
Delaware	0	0	4,240,826	2	2,153,627	2
Maryland	0	0	6,300,000	6	1,305,000	3
Florida	19,835,000	9	26,931,963	7	39,366,700	10
Virgin Islands	0	0	3,250,000	1	12,450,000	2
Georgia	24,507,000	7	14,050,801	8	58,034,035	16
Hawaii	4,415,000	3	1,078,400	1	9,913,000	2
W. Pacific Areas	4,825,543	3	6,075,000	2	5,000,000	1
Idaho	17,402,505	15	35,821,997	26	35,700,339	31
Illinois	42,196,229	13	38,134,600	16	24,577,750	14
Indiana	9,386,405	5	16,090,000	5	14,350,693	6
Iowa	18,477,148	10	134,066,616	27	79,094,125	20
Kansas	3,785,188	6	754,500	4	7,370,000	5
Kentucky	1,025,000	2	9,478,500	8	17,266,000	5
Louisiana	38,005,000	6	51,793,050	11	46,952,500	11
Maine	15,850,150	7	3,205,000	3	4,965,000	6
Massachusetts	795,600	1	3,999,000	3	14,562,500	4
Connecticut	7,700,000	2	18,960,000	5	2,450,000	3
Rhode Island	0	0	0	0	0	0
Michigan	13,222,100	7	18,063,388	9	11,961,900	7
Minnesota	2,451,000	3	38,434,450	17	19,365,000	6
Mississippi	6,200,000	1	1,260,000	1	4,000,000	1
Missouri	18,355,000	17	40,744,000	17	36,655,000	16
Montana	600,000	1	19,824,650	8	19,361,000	5
Nebraska	4,493,160	12	14,532,220	7	11,993,528	19
Nevada	10,960,000	3	11,303,000	5	0	0
New Jersey	0	0	3,800,000	1	0	0
New Mexico	0	0	21,902,900	10	10,479,120	6
New York	20,585,000	4	22,045,000	11	26,750,675	15
North Carolina	66,359,761	26	52,029,000	26	32,993,800	17
North Dakota	15,664,610	15	18,980,560	20	18,387,000	7
Ohio	18,461,000	11	48,662,000	28	44,549,721	16
Oklahoma	44,525,000	16	75,954,885	26	66,325,000	17
Oregon	57,114,434	26	61,561,125	35	35,277,116	20
Pennsylvania	11,031,602	5	22,761,750	12	54,113,900	16
Puerto Rico	0	0	308,000	1	0	0
South Carolina	43,112,220	15	27,282,000	12	47,021,496	22
South Dakota	2,753,866	1	14,123,160	8	6,638,250	10
Tennessee	15,064,000	9	63,769,923	15	16,922,584	8
Texas	15,974,755	10	34,485,200	11	50,599,965	16
Utah	17,581,195	14	13,036,328	4	8,595,265	6
Vermont	7,554,924	11	12,581,000	5	1,178,260	2
New Hampshire	2,000,000	1	4,176,360	2	4,500,000	1
Virginia	12,495,000	3	13,346,420	6	12,170,500	6
Washington	4,649,302	2	14,354,100	12	20,464,500	8
West Virginia	1,222,000	1	17,753,000	6	16,689,000	10
Wisconsin	15,140,000	9	48,230,071	17	133,412,059	32
Wyoming	34,860,443	6	10,373,900	3	5,468,000	6
<b>Totals</b>	<b>\$836,935,486</b>	<b>390</b>	<b>\$1,390,531,595</b>	<b>588</b>	<b>\$1,244,618,158</b>	<b>506</b>

## ***Business and Industry Guaranteed Loan Program Success Story***

### **Outline of Need:**

During 2009 the commercial credit markets were still difficult to maneuver within even for well established companies. Mortex Corporation, a textile company, was having difficulty arranging a refinance that would help them with some working capital needs. These road blocks existed, despite having a twenty-five (25) year track record and an excellent credit history with their bank.

### **How Rural Development Helped:**

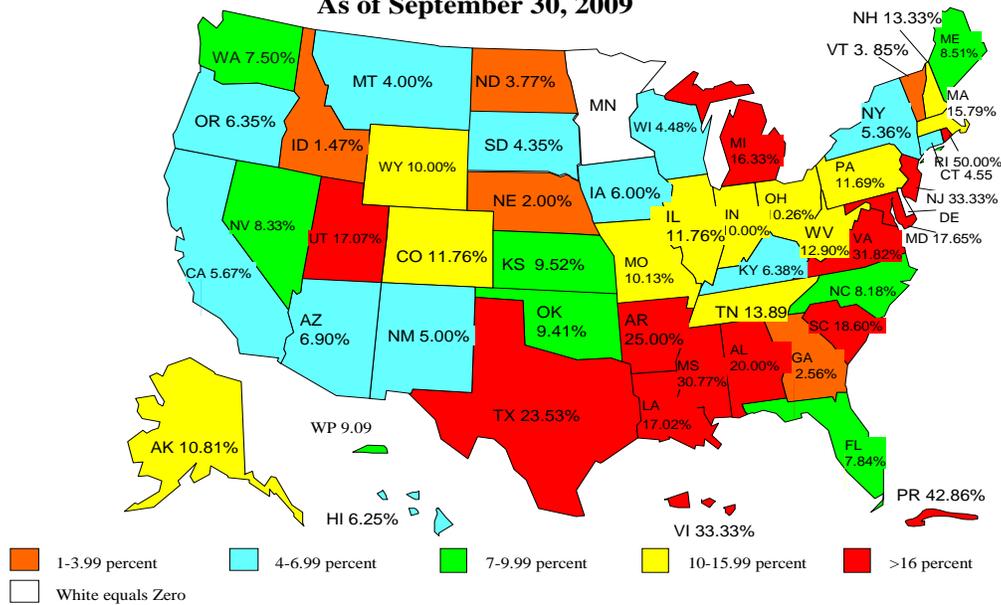
Rural Development through its Business and Industry (B & I) Guaranteed Loan program helps commercial lenders by providing government guarantees for business loans. The programs mission is to help create and save jobs within rural communities. Mortex Corporation has approximately 400 direct employees at six (6) rural locations. The company is also vital to the operation of an affiliate company that has 300 employees. Rural Development was approached by Capital Bank to provide a B & I guarantee in the amount of \$2,670,000 that would assist Mortex in refinancing with better terms. The new debt structure allowed Mortex to continue operations and avoid large lay-offs. Without the new debt structure the company would have been forced to slow operations and many jobs would have been cut during the process.

### **Results:**

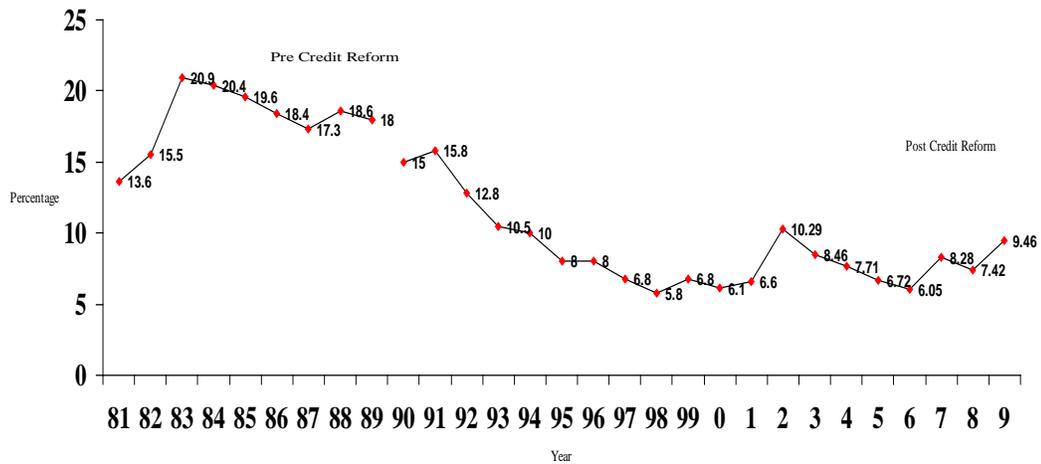
Through the new banking relationship that was forged in this process with CapitalBank the company has been able to continue to operate and has seen sales stabilize along with some new opportunities to market their product. The company continues to have a large workforce throughout all six (6) of their rural locations. The use of the loan guarantee enabled the bank to take Mortex as a client and extend better rates and terms that would help the company through economic down-turn.



**B&I Guaranteed Borrower Portfolio Delinquency  
Status Excluding Bankruptcies  
As of September 30, 2009**

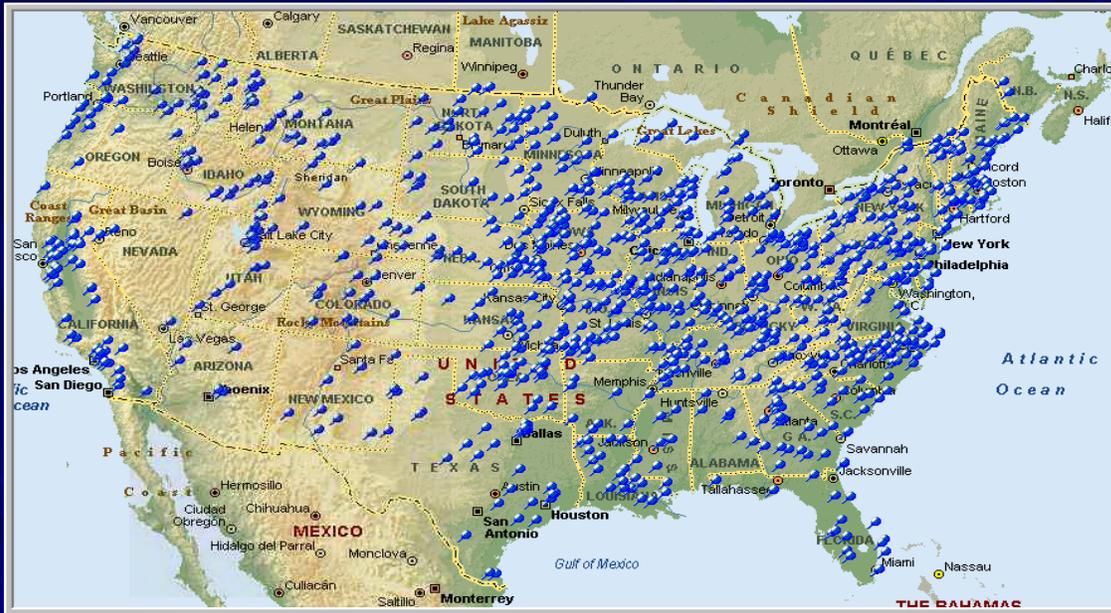


**BUSINESS AND INDUSTRY  
Borrower Delinquency Rate**



Percentages are shown as of FY September 30 in accordance with the Finance Office excluding bankruptcies.

## Active B&I Lenders in the Continental United States



### Access to Loans

## Top 10 B&I Lenders in FY 2009

- |                |                               |
|----------------|-------------------------------|
| ■ \$72,697,800 | EXCEL NATIONAL BANK           |
| ■ \$66,766,000 | RIDGESTONE BANK               |
| ■ \$35,834,393 | HIGH TRUST BANK               |
| ■ \$33,915,153 | BORREGO SPRINGS BANK          |
| ■ \$29,022,100 | COMMUNITY SOUTH BANK          |
| ■ \$25,000,000 | AMERICAN TRUST & SAVINGS BANK |
| ■ \$25,000,000 | HERITAGE LAND BANK, ACA       |
| ■ \$22,713,000 | PLAINS STATE BANK             |
| ■ \$21,510,000 | BANK OF THE WEST              |
| ■ \$20,270,000 | BUSINESS CAROLINA, INC.       |

## Lenders in B&I Guaranteed Loan Program



*Access to Loans*

## Summary of B&I Lender Caseloads

Number of Loans	Number of Lenders
01	878
02	278
03 – 05	189
06 – 10	43
11 – 20	17
21 – 50	12
51 - 100	1
Total:	1,418

*Access to Loans*

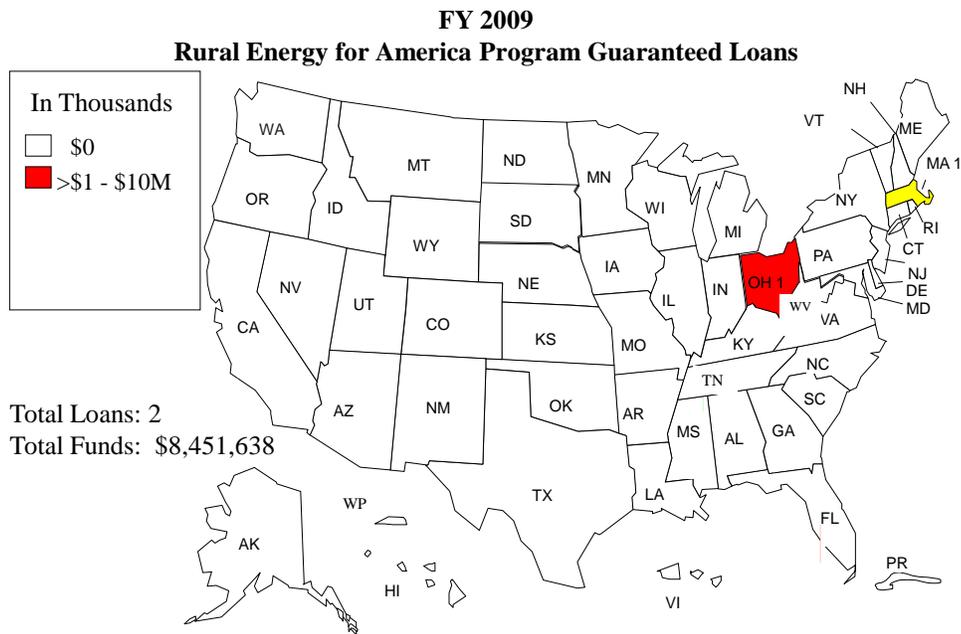
**Rural Energy for America Program  
Technology Activity**

<b>Section 9007 Funding Activity and Performance Measures, Fiscal Year 2009</b>					
<b>Technology</b>	<b>Number of Projects</b>	<b>Grants, Loans, &amp; Combos Amount</b>	<b>Amount Leveraged</b>	<b>Energy Generated or Saved</b>	<b>Reduced GHG Emissions</b>
		<i>Dollars</i>	<i>Dollars</i>	<i>Mega Watt Hours</i>	<i>CO2 in Metric Tons</i>
-					
Biomass	49	\$24,804,428	\$34,238,935	748,240	735,738
Wind	116	25,642,678	33,028,737	75,731	85,337
Solar	166	9,393,938	17,329,254	6,816	6,364
Geothermal	47	1,110,878	2,686,822	2,653	2,714
Hybrid	4	314,912	437,466	193	220
Hydropower	4	1,064,432	1,410,821	3,372	3,386
<b>Subtotal</b>	<b>386</b>	<b>\$62,331,266</b>	<b>89,132,035</b>	<b>837,005</b>	<b>833,759</b>
Energy Efficiency	1,099	46,109,743	69,358,067	657,907	727,237
EA/REDA	22	2,173,631			
Feasibility Study	50	1,244,600			
<b>Section 9007 Total</b>	<b>1,557</b>	<b>\$111,859,240</b>	<b>\$158,490,102</b>	<b>1,494,913</b>	<b>1,560,995</b>

<b>Combined Funding Activity for Sections 9006 and 9007, FY 2003 - 2009</b>			
<b>Technology</b>	<b>Number of Projects</b>	<b>Grants, Loans, &amp; Combos Amount</b>	<b>Amount Leveraged</b>
Biomass	320	\$168,339,426	\$410,529,207
Geothermal	99	3,310,736	7,493,802
Hybrid	23	2,977,095	186,482,110
Hydropower	4	1,064,432	1,410,821
Solar	283	14,804,157	31,097,925
Wind	360	74,317,661	503,634,034
<b>Subtotal</b>	<b>1,089</b>	<b>264,813,507</b>	<b>1,140,647,899</b>
Energy Efficiency	2,428	84,746,696	151,475,561
EA/REDA	22	2,173,631	
Feasibility Study	50	1,244,600	
<b>Combined Funding Activities</b>	<b>3,589</b>	<b>\$352,978,434</b>	<b>\$1,292,123,460</b>

**Rural Energy for America  
Program Guaranteed Loans**

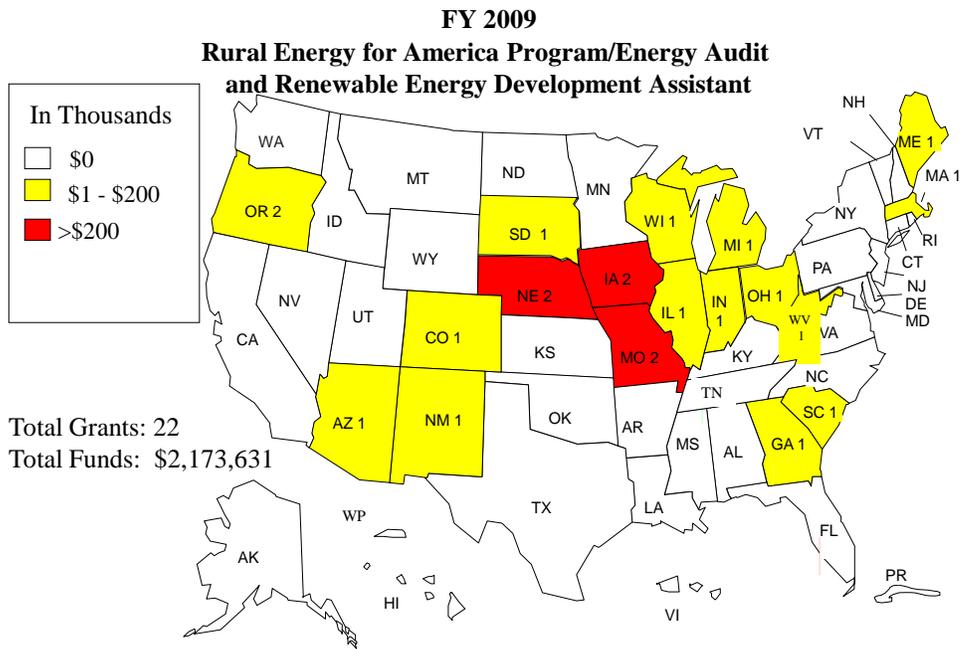
<u>State</u>	<u>No.</u>	<u>Amount</u>
Massachusetts	1	951,638
Ohio	1	7,500,000
<b>Total</b>	<b>2</b>	<b>\$8,451,638</b>



As of September 30, 2009

**Rural Energy for America Program  
Energy Audit and Renewable Energy Development Assistant**

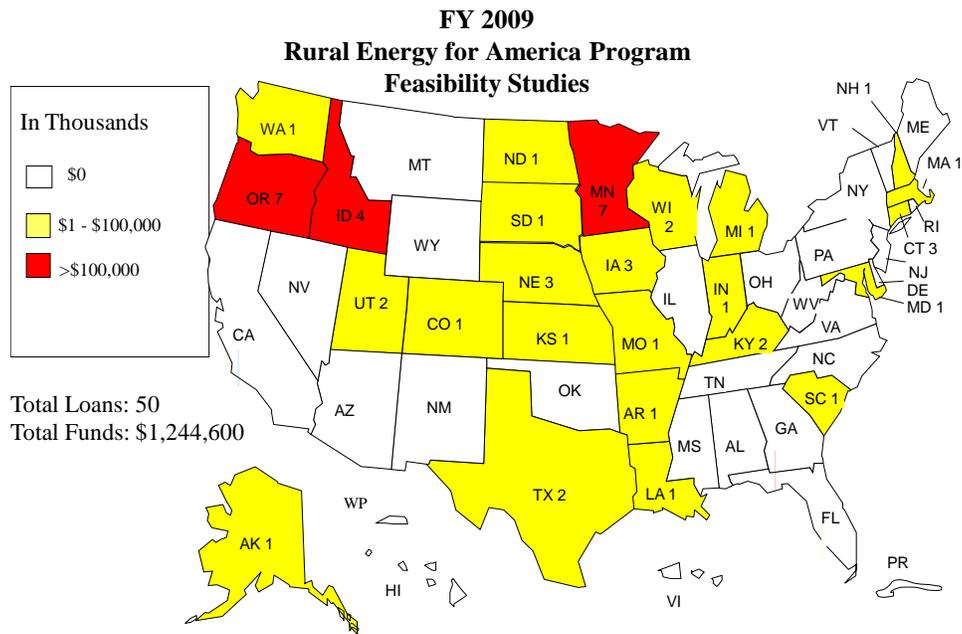
<u>State</u>	<u>No.</u>	<u>Amount</u>	<u>State</u>	<u>No.</u>	<u>Amount</u>
Arizona	1	99,750	New Mexico	1	100,000
Colorado	1	73,890	Ohio	1	100,000
Georgia	1	100,000	Oregon	2	199,991
Illinois	1	100,000	South Carolina	1	100,000
Indiana	1	100,000	South Dakota	1	100,000
Iowa	2	200,000	West Virginia	1	100,000
Massachusetts	1	100,000	Wisconsin	1	100,000
Michigan	1	100,000	<b>Totals</b>	<b>22</b>	<b>\$2,173,631</b>
Missouri	2	200,000			
Nebraska	2	200,000			



As of September 30, 2009

## Rural Energy for America Program Feasibility Studies

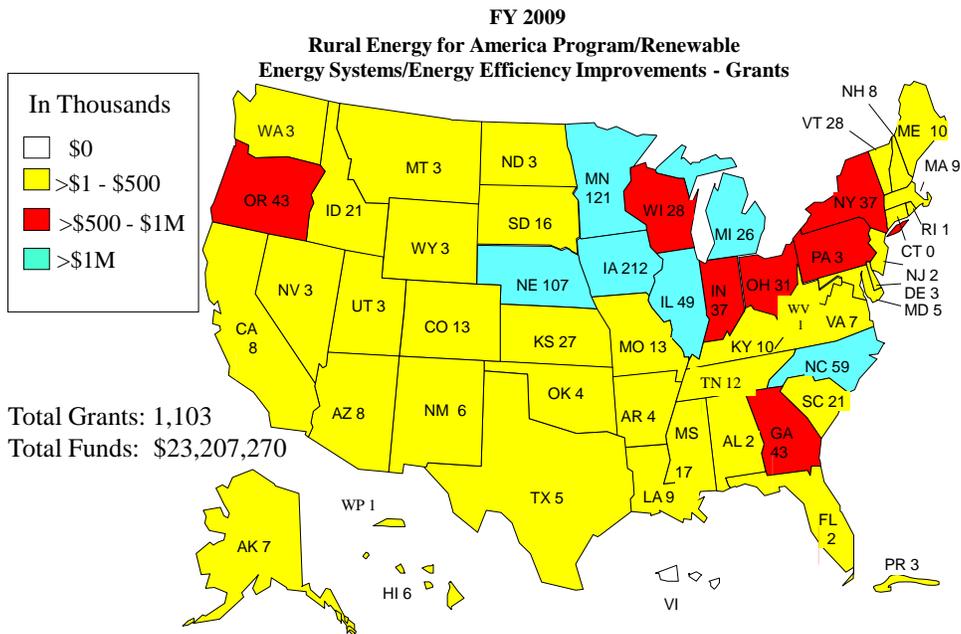
<u>State</u>	<u>No.</u>	<u>Amount</u>	<u>State</u>	<u>No.</u>	<u>Amount</u>
Alaska	1	50,000	New Hampshire	1	45,800
Arkansas	1	41,085	North Dakota	1	8,750
Colorado	1	45,882	Oregon	7	173,000
Connecticut	3	79,600	South Carolina	1	6,750
Idaho	4	125,000	South Dakota	1	50,000
Indiana	1	50,000	Texas	2	20,276
Iowa	3	78,000	Utah	2	52,500
Kansas	1	38,800	Washington	1	15,000
Kentucky	2	94,577	Wisconsin	2	35,970
Louisiana	1	3,750			
Maryland	1	2,500	<b>Totals</b>	<b>50</b>	<b>\$1,244,600</b>
Massachusetts	1	10,000			
Michigan	1	50,000			
Minnesota	7	114,398			
Missouri	1	12,500			
Nebraska	3	40,462			



As of September 30, 2009

**Rural Energy for America Program  
Renewable Energy Systems/Energy Efficiency Improvements - Grants**

<u>State</u>	<u>No.</u>	<u>Amount</u>	<u>State</u>	<u>No.</u>	<u>Amount</u>
Alabama	2	37,490	Nebraska	107	1,070,937
Alaska	7	91,600	Nevada	3	119,906
Arizona	8	248,948	New Hampshire	8	126,469
Arkansas	4	38,037	New Jersey	2	82,215
California	8	492,710	New Mexico	6	109,483
Colorado	13	254,554	New York	37	644,135
Delaware	3	79,816	North Carolina	59	1,146,578
Florida	2	415,170	North Dakota	3	79,775
Georgia	43	954,191	Ohio	31	836,579
Hawaii	6	112,306	Oklahoma	4	277,686
Idaho	21	301,138	Oregon	43	797,552
Illinois	49	1,055,557	Pennsylvania	3	503,837
Indiana	37	819,801	Puerto Rico	3	100,737
Iowa	212	3,310,759	Rhode Island	1	31,995
Kansas	27	329,139	South Carolina	21	498,546
Kentucky	10	458,467	South Dakota	16	277,026
Louisiana	9	304,523	Tennessee	12	333,447
Maine	10	191,534	Texas	5	392,967
Maryland	5	114,694	Utah	3	51,179
Massachusetts	9	162,733	Vermont	28	314,761
Michigan	26	1,103,078	Virginia	7	388,626
Minnesota	121	2,001,272	W. Pacific Areas	1	20,000
Mississippi	17	477,315	Washington	3	240,000
Missouri	13	487,334	West Virginia	1	100,900
Montana	3	76,202	Wisconsin	28	686,483
			Wyoming	3	57,083
<b>Total</b>			<b>1,103</b>		<b>\$23,207,270</b>



As of September 30, 2009



**Renewable Energy for America Program**  
**Renewable Energy Systems and Energy Efficiency Improvements - Grants**

<u>State</u>	FY 2007		FY 2008		FY 2009	
	<u>Amount</u>	<u>No. of Grants</u>	<u>Amount</u>	<u>No. of Grants</u>	<u>Amount</u>	<u>No. of Grants</u>
Alabama	0	0	102,199	3	37,490	2
Alaska	0	0	0	0	91,600	7
Arizona	10,557	2	82,416	2	248,948	8
Arkansas	0	0	113,659	4	38,037	4
California	500,000	1	298,445	3	492,710	8
Colorado	0	0	596,029	5	254,554	13
Delaware	0	0	0	0	79,816	3
Maryland	213,110	1	36,468	2	114,694	5
Florida	0	0	0	0	415,170	2
Virgin Islands	0	0	29,532	1	0	0
Georgia	50,969	2	1,292,319	43	954,191	43
Hawaii	16,747	1	259,000	2	112,306	6
W. Pacific Areas	0	0	0	0	20,000	1
Idaho	18,685	2	287,706	4	301,138	21
Illinois	262,375	2	567,244	9	1,055,557	49
Indiana	1,000,000	2	240,057	7	819,801	37
Iowa	526,096	42	1,145,154	62	3,310,759	212
Kansas	140,451	11	470,278	14	329,139	27
Kentucky	12,499	1	35,617	4	458,467	10
Louisiana	49,934	1	52,274	5	304,523	9
Maine	445,112	2	0	0	191,534	10
Massachusetts	461,851	8	949,946	14	162,733	9
Connecticut	79,148	2	0	0	0	0
Rhode Island	50,991	2	0	0	31,995	1
Michigan	1,160,063	7	172,546	8	1,103,078	26
Minnesota	262,323	18	4,234,034	44	2,001,272	121
Mississippi	587,034	19	715,235	18	477,315	17
Missouri	145,679	5	628,057	14	487,334	13
Montana	0	0	49,880	2	76,202	3
Nebraska	1,009,607	103	1,942,582	166	1,070,937	107
Nevada	0	0	0	0	119,906	3
New Jersey	73,559	3	305,250	3	82,215	2
New Mexico	0	0	0	0	109,483	6
New York	466,669	6	1,609,493	15	644,135	37
North Carolina	236,910	14	773,738	36	1,146,578	59
North Dakota	133,606	8	63,747	2	79,775	3
Ohio	0	0	331,619	5	836,579	31
Oklahoma	0	0	60,173	3	277,686	4
Oregon	1,600,258	6	426,864	16	797,552	43
Pennsylvania	554,909	3	59,762	3	503,837	3
Puerto Rico	0	0	0	0	100,737	3
South Carolina	12,400	1	102,679	6	498,546	21
South Dakota	61,452	5	139,943	6	277,026	16
Tennessee	50,000	1	381,827	10	333,447	12
Texas	317,820	2	3,328	1	392,967	5
Utah	0	0	14,425	1	51,179	3
Vermont	87,794	11	179,312	15	314,761	28
New Hampshire	0	0	22,079	4	126,469	8
Virginia	90,414	2	65,500	1	388,626	7
Washington	0	0	0	0	240,000	3
West Virginia	0	0	0	0	100,900	1
Wisconsin	90,076	5	743,097	17	686,483	28
Wyoming	3,336	1	49,905	1	57,083	3
<b>Totals</b>	<b>\$10,782,434</b>	<b>302</b>	<b>- 25 - \$19,633,418</b>	<b>581</b>	<b>\$23,207,270</b>	<b>1,103</b>

## *Success Story Harnessing the Wind*



### **Outline of Need:**

The Glen Coble & Sons ranch is a 1200 unit cow-calf operation located in the rural area of Mullen, Nebraska approximately 30 miles from the nearest town. The Coble's were exploring their options to utilize a renewable energy source to generate electrical power to a portion of the ranch. They leaned towards wind as it is always dependable in the area.

### **How Rural Development Helped:**

During the summer of 2008, 5 Skystream model #3.7, 1.8 kW wind turbines were installed at the hilltops of a large Sandhill range. The power generated is anticipated to be sufficient for 2 submersible  $\frac{3}{4}$  hp livestock wells, a 15 hp electric turbine irrigation pump and external and engine block heaters for a portion of the company's machinery equipment during the winter months. USDA Rural Development provided a \$14,725 grant from the 9006 Renewable Energy/Energy Efficiency Program to offset the expenses of this project.



## **Results:**

The 5 turbines collectively produce, with a 23 mph wind, 9 kw/hour. The Skystream 3.7™ is a new generation wind generator that's considered the first all-inclusive wind generator (with controls and inverter built in) designed to provide quiet, clean electricity in very low winds. The Skystream 3.7 operates by converting the kinetic energy of the wind into rotational motion that turns an alternator and ultimately produces usable electric power. Skystream will begin producing power in a wind of approximately 8 mph (3.5 m/sec). At that speed the blades rotate at approximately 120 rpm.

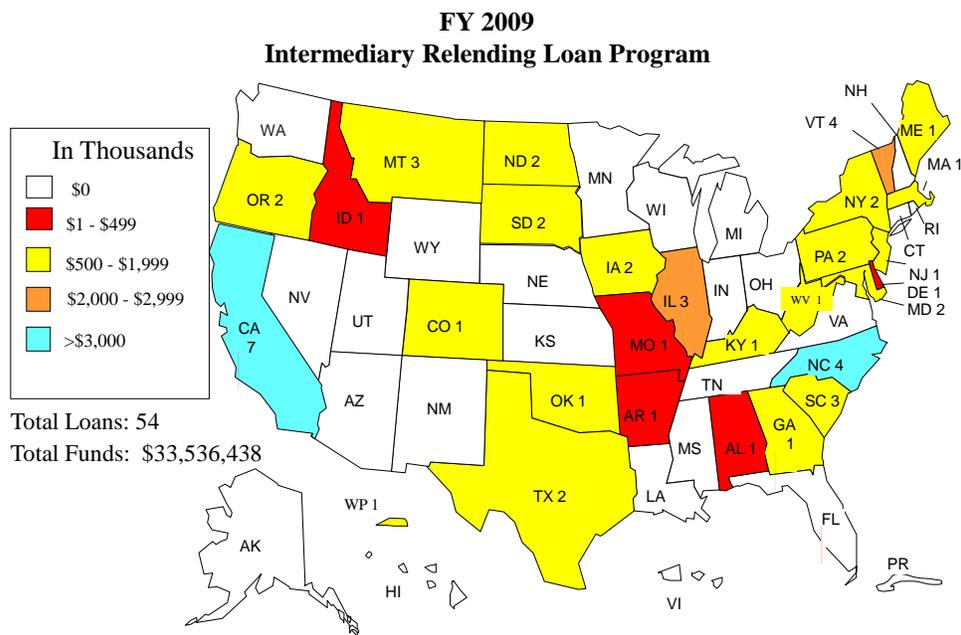
Once it has started producing power, it will continue to produce power at lower speeds down to 80 rpm and less than 3 m/s. As the wind speed increases so does the blade speed. At about 20 mph (9 m/sec) the blades achieve a rotational speed of 330 rpm, Skystream's rated speed. Should wind speed increase above 20 mph the blade speed will remain essentially fixed at 330 rpm. If a condition occurs that causes the rotational speed to exceed 360 rpm, Skystream will shut down for approximately 10 minutes after which it will resume normal operation unless a fault is detected causing it to remain shut down. Once the turbines have proven successful to energy power generation and a cost savings, Glen Coble & Sons are considering constructing additional turbines for the ranch headquarters.

***“Our electrical need from the utility has been reduced by 1/3. The power factor over the past 7 months has averaged 30 percent which is based on actual production and capacity. We also appreciate the quietness of these turbines and the fact that they have not disturbed the wildlife or welfare of the cattle. The deer and cattle graze right up to the base of these turbines.”  
—Matt Coble***

## *Intermediary Relending Loan Program*

Under the Intermediary Relending Program, loans are provided to local organizations (intermediaries) for the establishment of revolving loan funds. These revolving loan funds are used to assist with financing business and economic development activity to create or retain jobs in disadvantaged and remote communities.

The map below shows the range and number of projects funded by State.



As of September 30, 2009

## Intermediary Relending Program - 3 Year Funding

State	FY 2007		FY 2008		FY 2009	
	Amount	No. of Loans	Amount	No. of Loans	Amount	No. of Loans
Alabama	500,000	1	0	0	500,000	1
Alaska	0	0	0	0	0	0
Arizona	0	0	330,000	1	0	0
Arkansas	0	0	1,000,000	1	400,000	1
California	1,000,000	2	3,210,989	5	3,750,000	7
Colorado	1,250,000	2	0	0	750,000	1
Delaware	0	0	0	0	500,000	1
Maryland	250,000	1	0	0	1,500,000	2
Florida	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0
Georgia	0	0	0	0	750,000	1
Hawaii	0	0	0	0	0	0
W. Pacific Areas	0	0	1,216,254	2	750,000	1
Idaho	0	0	0	0	300,000	1
Illinois	600,000	1	2,125,000	4	2,500,000	3
Indiana	0	0	0	0	0	0
Iowa	1,377,939	4	400,000	1	728,219	2
Kansas	0	0	0	0	0	0
Kentucky	2,948,209	4	750,000	1	750,000	1
Louisiana	0	0	0	0	0	0
Maine	750,000	1	1,500,000	2	750,000	1
Massachusetts	750,000	1	1,250,000	2	750,000	1
Connecticut	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0
Michigan	0	0	300,000	1	0	0
Minnesota	500,000	1	750,000	1	0	0
Mississippi	0	0	0	0	0	0
Missouri	500,000	1	500,000	1	500,000	1
Montana	2,750,000	4	1,000,000	2	1,335,000	3
Nebraska	500,000	2	0	0	0	0
Nevada	0	0	0	0	0	0
New Jersey	0	0	0	0	750,000	1
New Mexico	0	0	0	0	0	0
New York	750,000	1	0	0	1,050,000	2
North Carolina	2,900,000	5	2,500,000	3	3,000,000	4
North Dakota	1,800,000	3	1,250,000	2	1,350,000	2
Ohio	500,000	1	1,058,790	2	0	0
Oklahoma	0	0	750,000	1	750,000	1
Oregon	1,750,000	3	1,145,000	2	1,050,000	2
Pennsylvania	750,000	2	1,000,000	2	995,000	2
Puerto Rico	0	0	0	0	0	0
South Carolina	2,250,000	3	0	0	1,828,219	3
South Dakota	4,650,000	7	4,250,000	6	1,500,000	2
Tennessee	0	0	750,000	1	0	0
Texas	0	0	750,000	1	1,500,000	2
Utah	0	0	0	0	0	0
Vermont	1,645,518	3	2,500,000	4	2,500,000	4
New Hampshire	1,250,000	2	1,750,000	3	0	0
Virginia	448,209	1	0	0	0	0
Washington	750,000	1	0	0	0	0
West Virginia	0	0	1,500,000	2	750,000	1
Wisconsin	750,000	1	0	0	0	0
Wyoming	0	0	0	0	0	0
<b>Totals</b>	<b>\$33,869,875</b>	<b>58</b>	<b>\$33,536,033</b>	<b>53</b>	<b>\$33,536,438</b>	<b>54</b>

## ***Intermediary Relending Program Success Story***

### **Outline of Need:**

Northwest Montana has experienced a downturn in the local economy due to national trends in tourism and construction markets. Job creation and retention is of the utmost need due to four regional rural counties maintaining the highest respective unemployment rates in state of Montana. Lake County Community Development has identified eight ultimate recipients for the IRP loan estimating that 33 jobs will be created and that 50 will be retained as a direct result.

### **How Rural Development Helped:**

Lake County Community Development has been providing economic development assistance to rural northwest Montana including the Flathead Indian Reservation since 1993. In late 2004, the organization successfully acquired a \$750,000 IRP loan and since then has disbursed all the IRP funds reporting 121 jobs created or retained. In a short four-year period, this organization has grown its Revolving Loan Fund to over one million dollars. The proposed IRP funds are \$500,000 leveraging other funds for total project costs of over \$2 Million. Anticipated job growth and retention of 83 jobs will be a substantial boost to the local rural communities.



### **The Results:**

USDA- RD is a critical component of LCCDC's package of services by providing a valuable tool to alleviate the shortage of capital that confronts the region's small businesses. In summer of 2009, USDA Rural Development awarded a second IRP loan for \$500,000 to continue its impactful small business financing assistance. As a result of its successful history of acquiring other financing assistance, for every dollar of IRP funds, LCCDC has

been able to secure \$5.15 to contribute to the rural business projects. To date, LCCDC has already drawn down \$150,000 for one rural business project leveraging an additional \$300,000 in matching or timber-industry focused economic development funds. The business is projecting to retain seven jobs and add three.

Processing of nutraceuticals and dietary supplements at Ashley Martin (Arlee, MT) a recipient of an USDA IRP loan. Ashley Martin created 45 new jobs within 3 years.

## Intermediary Locations

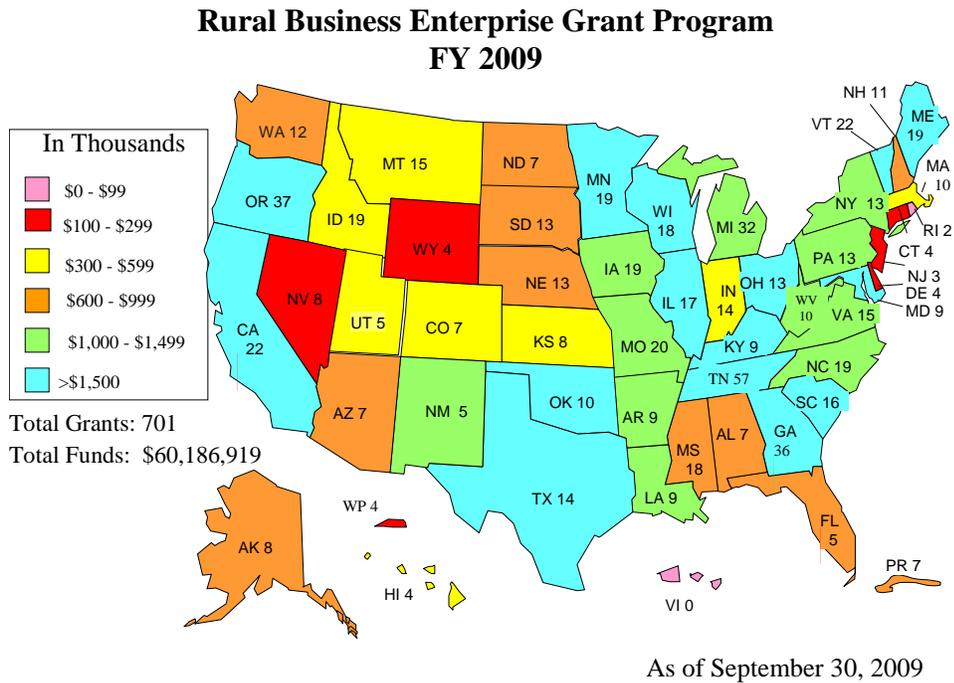


## *Rural Business Enterprise Grant (RBE) Program*

The RBE program is administered through National Office staff in Washington, D. C., and a network of field staff. The network of 47 Rural Development State offices, supported by area and local offices, delivers the programs in the States and U.S. territories.

In FY 2009, RBE funded 701 projects for \$60.1 million.

The map below shows the range and number of projects funded by State.

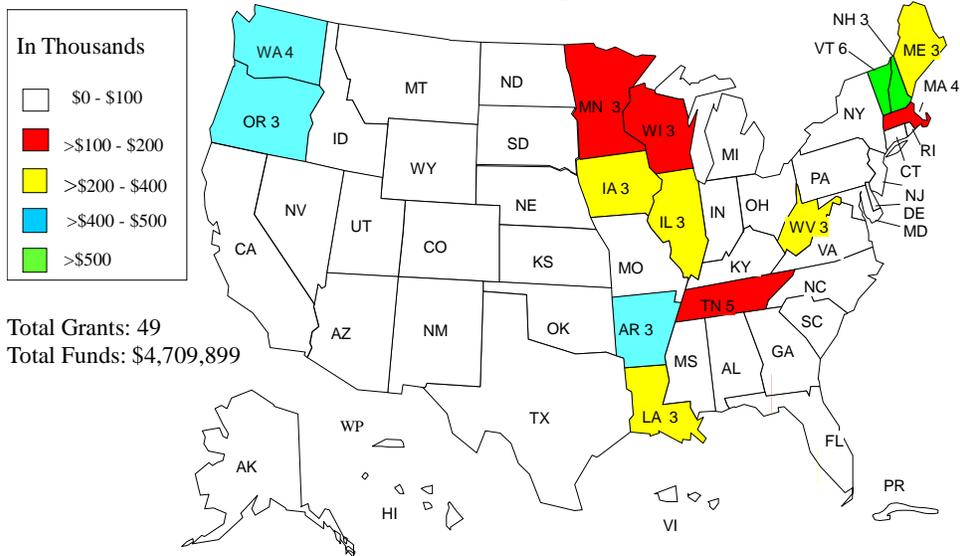


**The Consolidated Security, Disaster Assistance and Continuing  
Appropriations Act of 2009**

**Rural Business Enterprise Disaster Grant Program**

State	Amount	Number
Arkansas	456,939	3
Illinois	237,500	3
Iowa	248,810	3
Louisiana	373,275	3
Maine	234,800	3
Maryland	136,719	4
Minnesota	184,437	3
Oregon	449,998	3
Tennessee	146,000	5
Vermont	752,499	6
Virgin Islands	510,317	3
Washington	464,045	4
West Virginia	394,000	3
Wisconsin	120,560	3
	<b>4,709,899</b>	<b>49</b>

**FY 2009  
Rural Business Enterprise Grant  
Disaster Funding**



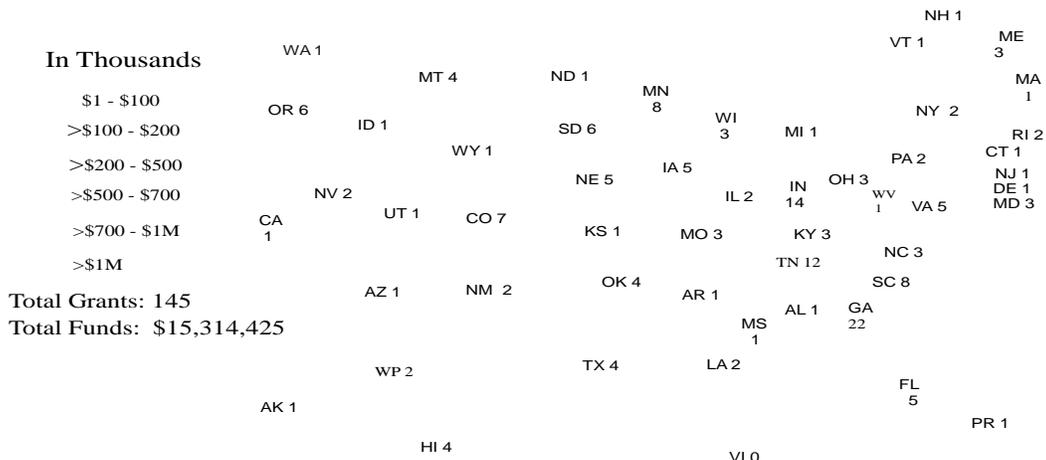
As of September 30, 2009

## *The American Recovery and Reinvestment Act of 2009*

**Rural Business Enterprise Grant Program - The American Recovery and Reinvestment Act (Recovery Act) helped businesses get access to the capital they needed to launch and expand their businesses and help bring additional jobs to America's small cities and towns.**

<u>State</u>	<u>Amount</u>	<u>Number</u>	<u>State</u>	<u>Amount</u>	<u>Number</u>
Alabama	100,000	1	New Hampshire	46,000	1
Alaska	71,000	1	New Jersey	99,000	2
Arkansas	96,400	1	New Mexico	977,750	2
California	80,000	1	New York	184,000	2
Connecticut	60,620	1	North Carolina	225,000	3
Delaware	41,000	1	North Dakota	181,000	1
Georgia	1,960,007	22	Ohio	697,999	3
Idaho	9,000	1	Oklahoma	886,749	4
Illinois	178,650	2	Oregon	622,802	6
Iowa	441,999	5	Pennsylvania	199,490	2
Kansas	95,000	1	Puerto Rico	50,000	1
Kentucky	765,000	3	South Carolina	1,022,361	8
Louisiana	189,332	2	South Dakota	425,583	6
Maine	378,000	3	Tennessee	623,499	12
Maryland	178,038	3	Texas	1,200,000	4
Massachusetts	75,000	1	Utah	99,900	1
Michigan	90,000	1	Vermont	65,000	1
Minnesota	871,382	8	Virginia	436,600	5
Mississippi	99,990	1	W.P. Area	115,000	2
Missouri	331,350	3	Washington	88,873	1
Montana	113,574	4	West Virginia	200,000	1
Nebraska	147,800	5	Wisconsin	295,799	3
Nevada	108,878	2	Wyoming	60,000	1
<b>Total</b>	<b>145</b>	<b>\$15,314,425</b>			

### **The American Recovery and Reinvestment Act Rural Business Enterprise Grant Funding**



As of September 30, 2009

*Rural Business Enterprise Grant Program - 3 Year Funding*

<u>State</u>	FY 2007		FY 2008		FY 2009	
	<u>Amount</u>	No. of <u>Grants</u>	<u>Amount</u>	No. of <u>Grants</u>	<u>Amount</u>	No. of <u>Grants</u>
Alabama	850,548	10	875,633	8	862,540	7
Alaska	273,530	4	364,600	5	731,023	8
Arizona	686,150	6	561,481	4	668,211	7
Arkansas	757,600	6	703,546	7	1,469,719	9
California	1,903,953	25	1,965,603	27	2,789,861	22
Colorado	342,000	8	506,000	10	366,050	7
Delaware	108,000	4	165,901	6	144,790	4
Maryland	1,020,500	7	1,120,838	9	1,657,338	9
Florida	879,207	6	1,015,148	6	765,605	5
Virgin Island	0	0	100,000	2	0	0
Georgia	1,673,984	22	1,915,583	27	3,155,675	36
Hawaii	666,841	4	683,600	5	482,668	4
West Pac	100,000	2	75,000	2	175,000	4
Idaho	411,050	24	847,200	22	301,871	19
Illinois	1,205,880	12	1,626,955	16	1,640,384	17
Indiana	659,000	5	1,887,000	14	594,880	14
Iowa	675,000	9	1,091,399	15	1,228,549	19
Kansas	465,000	8	564,000	7	551,570	8
Kentucky	1,851,953	9	1,447,606	7	2,168,237	9
Louisiana	779,000	4	721,924	6	1,139,638	9
Maine	1,106,990	9	3,353,369	19	3,709,403	19
Massachusetts	253,000	8	289,595	10	466,099	10
Connecticut	179,000	5	222,930	4	212,580	4
Rhode Island	0	0	115,000	4	90,010	2
Michigan	956,000	32	1,088,200	23	1,348,670	32
Minnesota	760,779	11	974,359	11	1,947,589	19
Mississippi	954,218	7	708,450	6	779,394	18
Missouri	1,005,998	19	1,087,576	23	1,349,200	20
Montana	280,116	12	274,900	9	393,953	15
Nebraska	655,514	11	1,156,332	16	747,939	13
Nevada	212,000	9	119,000	4	228,878	8
New Jersey	288,000	4	226,000	3	261,340	3
New Mexico	547,998	5	917,900	6	1,234,050	5
New York	1,002,509	11	901,475	10	1,361,530	13
North Carolina	1,406,988	19	1,160,000	15	1,297,310	19
North Dakota	619,717	6	893,075	7	667,741	7
Ohio	950,000	10	1,091,000	11	1,662,829	13
Oklahoma	2,493,600	15	2,081,400	11	1,808,299	10
Oregon	589,000	41	1,549,284	40	1,866,669	37
Pennsylvania	1,206,446	14	1,899,760	19	1,111,520	13
Puerto Rico	440,002	4	295,000	5	836,310	7
South Carolina	2,201,583	13	1,523,310	13	1,748,120	16
South Dakota	764,436	10	782,159	8	941,780	13
Tennessee	1,362,000	43	1,952,898	46	1,751,149	57
Texas	1,733,000	12	1,686,000	11	3,042,310	14
Utah	418,780	5	398,180	5	334,330	5
Vermont	992,364	10	1,128,637	9	2,023,677	22
New Hampshire	259,000	6	393,032	11	760,817	11
Virginia	795,000	10	920,325	10	1,213,460	15
Washington	802,250	10	1,406,619	18	971,028	12
West Virginia	749,660	6	1,770,901	15	1,338,630	10
Wisconsin	1,025,678	13	3,877,616	26	1,615,136	18
Wyoming	337,000	9	129,000	5	171,560	4
<b>Totals</b>	<b>\$42,657,822</b>	<b>574</b>	<b>\$54,612,299</b>	<b>638</b>	<b>\$60,186,919</b>	<b>701</b>

## **Rural Enterprise Grant Program Success Story**

### **Outline of Need:**

Sawyer County Development Corporation received a \$60,950 Rural Business Enterprise Grant. The grant was used to provide technical assistance and establish a revolving loan fund for small business development in Sawyer County.

### **How Rural Development Helped:**

The County is largely dependent on tourism and logging industries, both of which are seasonal in nature. Economic development of small businesses is essential to the county's economy. One business that received technical assistance from the grantee was Great Lakes Renewable Energy in Hayward, Wisconsin. This business is a wood pellet plant production facility. The plant became operational in 2008 and now employs 17. All wood pellets manufactured are sold in Wisconsin, and the wood is purchased from approximately 30 local loggers. The grantee also assisted a local coffee business, U Roast Em, with revolving loan funds to expand its internet business.

### **Results:**

As a result of this grant, the grantee was able to provide business technical assistance to new and existing entrepreneurs in Sawyer County. Sawyer County, population of approximately 14,000 is located in northwestern Wisconsin. To date, this grant has assisted 10 businesses and created 41 jobs.

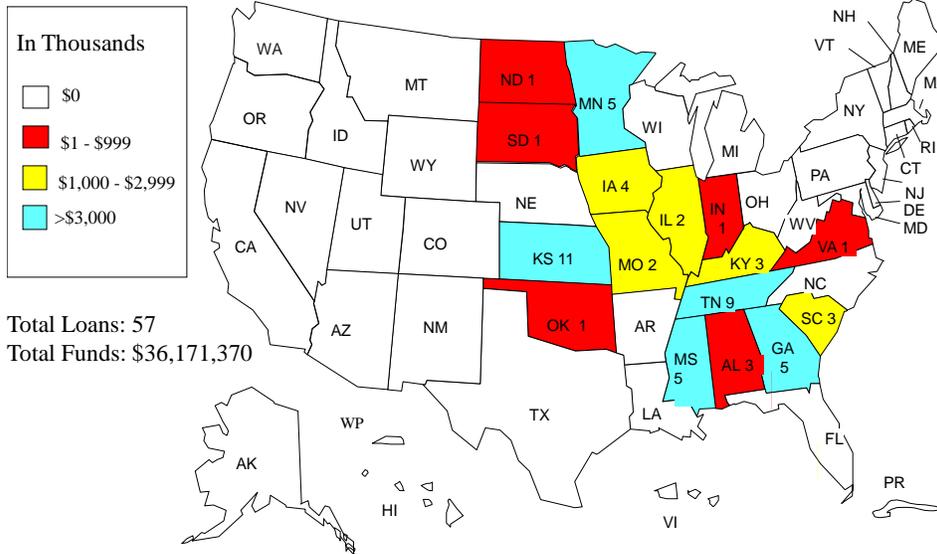


## *Rural Economic Development Loan and Grant (REDLG) Program*

The REDLG program provides funding for rural projects through local Rural Utilities Service (RUS) electric and telephone utilities. Under the REDL program, USDA provides zero interest loans to local utilities which in turn pass through local businesses (ultimate recipients) for projects what will create and retain employment in rural areas. The maps below show the amount and number of projects funded by State.

**FY 2009**

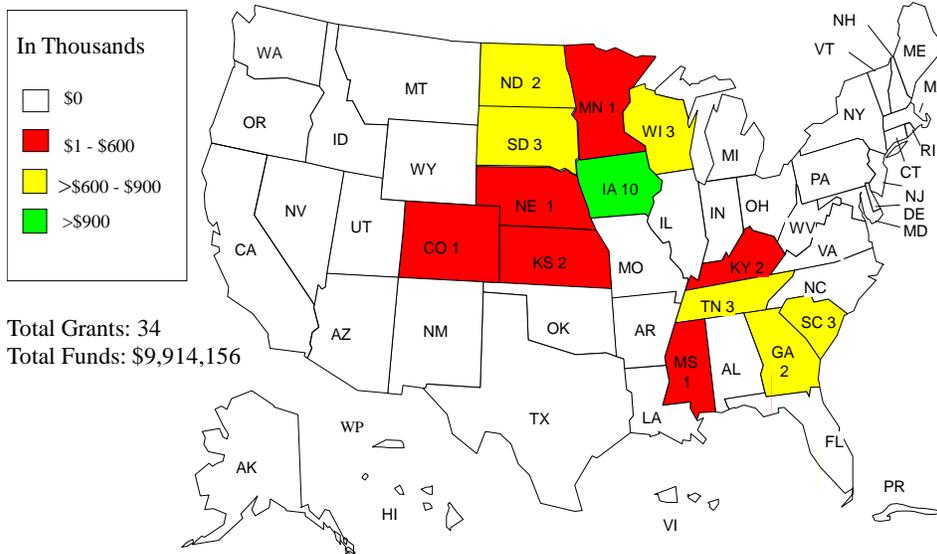
### **Rural Economic Development Loan Program**



As of September 30, 2009

**FY 2009**

### **Rural Economic Development Grant Program**



As of September 30, 2009

## *Rural Economic Development Loan Program - 3 Year Funding*

<u>State</u>	<u>FY 2007</u>		<u>FY 2008</u>		<u>FY 2009</u>	
	<u>Amount</u>	<u>No. of Loans</u>	<u>Amount</u>	<u>No. of Loans</u>	<u>Amount</u>	<u>No. of Loans</u>
Alabama	0	0	0	0	850,000	3
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0
California	0	0	0	0	0	0
Colorado	740,000	1	160,000	1	0	0
Maryland	0	0	0	0	0	0
Delaware	0	0	0	0	0	0
Florida	0	0	0	0	0	0
Georgia	1,460,000	2	2,220,000	3	3,610,000	5
Hawaii	0	0	0	0	0	0
W. Pacific Areas	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	740,000	1	3,700,000	5	1,480,000	2
Indiana	0	0	0	0	740,000	1
Iowa	1,930,000	4	4,200,000	6	2,085,250	4
Kansas	4,993,000	8	2,072,200	4	7,248,400	11
Kentucky	2,070,000	4	740,000	1	1,620,000	3
Louisiana	0	0	740,000	1	0	0
Maine	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0
Michigan	388,000	1	0	0	0	0
Minnesota	740,000	1	2,220,000	3	3,427,360	5
Mississippi	0	0	1,850,000	3	3,700,000	5
Missouri	916,000	2	2,907,000	6	1,040,000	2
Montana	0	0	0	0	0	0
Nebraska	740,000	1	632,000	1	0	0
Nevada	0	0	0	0	0	0
New Jersey	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0
New York	0	0	0	0	0	0
North Carolina	0	0	2,130,000	4	0	0
North Dakota	0	0	2,112,000	4	740,000	1
Ohio	0	0	0	0	0	0
Oklahoma	400,000	1	0	0	400,000	1
Oregon	0	0	0	0	0	0
Pennsylvania	740,000	1	0	0	0	0
Puerto Rico	0	0	0	0	0	0
South Carolina	5,040,000	7	3,550,028	5	2,127,360	3
South Dakota	1,040,000	2	740,000	1	740,000	1
Tennessee	3,370,000	5	2,429,000	4	5,883,000	9
Texas	0	0	0	0	0	0
Utah	0	0	0	0	0	0
Vermont	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0
Virginia	600,000	2	0	0	480,000	1
Washington	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0
Wisconsin	260,000	1	0	0	0	0
Wyoming	0	0	0	0	0	0
<b>Totals</b>	<b>\$26,167,000</b>	<b>44</b>	<b>\$32,402,228</b>	<b>52</b>	<b>\$36,171,370</b>	<b>57</b>

*Rural Economic Development Grant Program – 3 Year Funding*

<u>State</u>	<u>FY 2007</u>		<u>FY 2008</u>		<u>FY 2009</u>	
	<u>Amount</u>	<u>No. of Grants</u>	<u>Amount</u>	<u>No. of Grants</u>	<u>Amount</u>	<u>No. of Grants</u>
Alabama	300,000	1	0	0	0	0
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0
California	0	0	0	0	0	0
Colorado	300,000	1	0	0	300,000	1
Delaware	0	0	0	0	0	0
Maryland	0	0	0	0	0	0
Florida	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0
Georgia	0	0	0	0	600,000	2
Hawaii	300,000	1	600,000	2	0	0
W. Pacific Areas	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	0	0	900,000	3	0	0
Indiana	0	0	0	0	0	0
Iowa	3,625,000	13	2,764,690	10	2,990,000	10
Kansas	1,035,000	4	391,660	2	471,156	2
Kentucky	300,000	1	300,000	1	600,000	2
Louisiana	0	0	0	0	0	0
Maine	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0
Michigan	0	0	0	0	0	0
Minnesota	850,000	3	1,433,500	5	250,000	1
Mississippi	0	0	300,000	1	300,000	1
Missouri	250,000	1	300,000	1	0	0
Montana	283,333	1	0	0	0	0
Nebraska	700,000	3	0	0	300,000	1
Nevada	0	0	0	0	0	0
New Jersey	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0
New York	0	0	0	0	0	0
North Carolina	100,000	1	300,000	1	0	0
North Dakota	0	0	925,150	4	600,000	2
Ohio	0	0	0	0	0	0
Oklahoma	300,000	1	85,000	1	0	0
Oregon	300,000	1	0	0	0	0
Pennsylvania	0	0	0	0	0	0
Puerto Rico	0	0	0	0	0	0
South Carolina	600,000	2	300,000	1	900,000	3
South Dakota	420,000	2	500,000	2	900,000	3
Tennessee	300,000	1	600,000	2	900,000	3
Texas	0	0	0	0	0	0
Utah	0	0	0	0	0	0
Vermont	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	0
Virginia	0	0	0	0	0	0
Washington	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0
Wisconsin	0	0	0	0	803,000	3
Wyoming	0	0	300,000	1	0	0
<b>Totals</b>	<b>\$9,963,333</b>	<b>37</b>	<b>\$10,000,000</b>	<b>37</b>	<b>\$9,914,156</b>	<b>34</b>



## **Kentucky Highlands Investment Corporation Business Accelerator Incubator Project Success Story**

### **Outline of Need:**

Kentucky Highlands Investment Corporation (KHIC) is constructing a small business incubator on a one-acre site adjacent to the existing KHIC offices in London, Kentucky. The facility, known as the Kentucky Highlands Business Accelerator, will provide a supportive environment for new and small businesses to grow and prosper in southern Kentucky.

The mission of the Kentucky Highlands Business Accelerator will be to assist entrepreneurs of startup companies by offering a programmatic approach to executing their business opportunities. To accomplish this mission, affordable business space in an environment that supports entrepreneurship will be offered at the incubator. Companies can then focus their limited resources and capital toward development of their business and maximizing their opportunity.

The goal of the incubator will be to move a company through the business development process toward self-sustainability while building a more entrepreneurial community in the region.

### **How Rural Development Helped:**

Kentucky Highlands Investment Corporation has received a \$1,080,000 grant award from the Economic Development Administration (EDA) as partial funding for this project. In addition, KHIC was awarded a \$300,000 grant from the Appalachian Regional Commission (ARC) and is contributing \$500,000. We have borrowed these funds from the Jackson

Energy Cooperative through a Rural Economic Development Loan & Grant (REDLG) program award from USDA – Rural Development.

**Results:**

The facility will be constructed to the Leadership in Energy and Environmental Design (LEED) Silver Standard as recommended by GSA. The structure will be a two-story building, with approximately 4,800 s.f. per floor. Because of its hillside orientation, parking and direct exterior access will be available to each floor. The building will also include an elevator for handicap accessibility and for the movement of equipment and materials between floors.

Among the many important environmentally sensitive and energy efficient elements incorporated within the proposed incubator which help it achieve the LEED Silver Standard are a geo-thermal HVAC system, structural insulated panels, passive solar design, insulated concrete form walls, continuous slab concrete floors on both levels, double-hung transom windows, energy efficient metal roofing and numerous other features. The Kentucky Highlands Business Accelerator building will be one of the first, if not the first, LEED certified buildings in the region.

<b>FISCAL YEAR 2008 PROGRAMS</b>	<b>Number Obligated</b>	<b>Dollars Obligated</b>	<b>Number of Jobs Created/ Saved</b>	<b>Number of Businesses Impacted</b>	<b>Number of Applications &amp; Preapplications Pending</b>	<b>Dollars Pending</b>
BUSINESS AND INDUSTRY GUARANTEED LOANS	588	1,390,531,595	18,703	645	183	521,660,785
INTERMEDIARY RELENDING PROGRAM LOANS	53	33,536,033	25,655	325	30	19,268,030
RURAL BUSINESS ENTERPRISE GRANTS	638	54,612,299	18,766	10,464	115	14,284,674
RURAL BUSINESS OPPORTUNITY GRANTS	38	2,942,083	995	646	84	4,619,702
RURAL ECONOMIC DEVELOPMENT LOANS	52	32,402,228	4,891	73	33	19,367,000
RURAL ECONOMIC DEVELOPMENT GRANTS	37	10,000,000	2,090	50	17	4,828,000
RENEWABLE ENERGY LOAN/GRANT COMBO	183	30,172,387	909	188	0	0
RENEWABLE ENERGY GRANT PROGRAM	581	19,633,418	888	334	0	0
BIOMASS RESEARCH AND DEVELOPMENT GRANTS	15	13,225,555	10	15	0	0
TORNADO DISASTER - KANSAS	1	2,000,000	0	1	0	0
<b>TOTALS</b>	<b>2,186</b>	<b>\$1,589,055,598</b>	<b>72,907</b>	<b>12,741</b>	<b>462</b>	<b>\$584,028,191</b>
<b>FISCAL YEAR 2007 PROGRAMS</b>	<b>Number Obligated</b>	<b>Dollars Obligated</b>	<b>Number of Jobs Created/ Saved</b>	<b>Number of Businesses Impacted</b>	<b>Number of Applications &amp; Preapplications Pending</b>	<b>Dollars Pending</b>
BUSINESS AND INDUSTRY GUARANTEED LOANS	390	836,935,485	12,343	389	156	650,057,588
INTERMEDIARY RELENDING PROGRAM LOANS	58	33,869,875	25,911	137	42	30,193,000
RURAL BUSINESS ENTERPRISE GRANTS	574	42,657,822	21,346	11,317	277	41,438,032
RURAL BUSINESS OPPORTUNITY GRANTS	107	6,900,855	8,191	646	214	11,504,511
RURAL ECONOMIC DEVELOPMENT LOANS	44	26,167,000	3,273	44	58	34,261,200
RURAL ECONOMIC DEVELOPMENT GRANTS	37	9,963,333	1,646	65	15	3,814,800
2006 RENEWABLE ENERGY LOANS	5	47,500,000	95	5	1	900,000
2006 RENEWABLE ENERGY GRANTS	302	10,782,434	1,237	186	427	48,375,684
2006 RENEWABLE ENERGY LOAN/GRANT COMBO	129	18,114,430	790	140	31	31,412,831
<b>TOTALS</b>	<b>1,646</b>	<b>\$1,032,891,234</b>	<b>74,832</b>	<b>12,929</b>	<b>1,221</b>	<b>\$851,957,646</b>

<b>FISCAL YEAR 2006 PROGRAMS</b>	<b>Number Obligated</b>	<b>Dollars Obligated</b>	<b>Number of Jobs Created/ Saved</b>	<b>Number of Businesses Impacted</b>	<b>Number of Applications &amp; Preapplications Pending</b>	<b>Dollars Pending</b>
BUSINESS AND INDUSTRY GUARANTEED LOANS	350	766,314,301	14,837	452	149	461,591,232
INTERMEDIARY RELENDING PROGRAM LOANS	53	33,869,874	25,910	166	43	27,843,000
RURAL BUSINESS ENTERPRISE GRANTS	515	41,807,120	19,707	9,849	298	64,733,106
RURAL BUSINESS OPPORTUNITY GRANTS	51	3,140,469	5,110	1,744	190	30,532,475
RURAL ECONOMIC DEVELOPMENT LOANS	46	25,110,309	4,636	80	63	35,161,000
RURAL ECONOMIC DEVELOPMENT GRANTS	36	10,000,000	1,515	60	23	5,456,833
RENEWABLE ENERGY GRANT PROGRAM	394	21,209,435	1,187	268	229	38,006,490
RENEWABLE ENERGY LOAN PROGRAM	18	24,158,862	170	17	14	13,223,575
BIOMASS RESEARCH AND DEVELOPMENT GRANTS INTIATIVE GRANT PROGRAM	14	12,784,773	N/A	N/A	294	200,000,000
<b>TOTALS</b>	<b>1,477</b>	<b>\$938,395,143</b>	<b>73,072</b>	<b>12,636</b>	<b>1,303</b>	<b>\$876,547,711</b>
<b>FISCAL YEAR 2005 PROGRAMS</b>	<b>Number Obligated</b>	<b>Dollars Obligated</b>	<b>Number of Jobs Created/ Saved</b>	<b>Number of Businesses Impacted</b>	<b>Number of Applications &amp; Preapplications Pending</b>	<b>Dollars Pending</b>
BUSINESS AND INDUSTRY GUARANTEED LOANS	335	678,113,202	15,511	376	172	514,646,288
INTERMEDIARY RELENDING PROGRAM LOANS	57	33,939,314	25,964	335	35	18,129,000
RURAL BUSINESS ENTERPRISE GRANTS	427	41,277,325	23,233	10,948	331	54,927,094
RURAL BUSINESS OPPORTUNITY GRANTS	39	3,075,000	2,670	72	224	14,087,469
RURAL ECONOMIC DEVELOPMENT LOANS	52	24,302,375	4,608	74	21	9,486,163
RURAL ECONOMIC DEVELOPMENT GRANTS	31	8,120,000	1,342	117	6	1,238,000
RENEWABLE ENERGY GRANT PROGRAM	156	22,237,267	289	103	224	38,898,562
RENEWABLE ENERGY LOAN PROGRAM	2	10,100,000	21	3	0	0
<b>TOTALS</b>	<b>1,099</b>	<b>\$821,164,483</b>	<b>73,638</b>	<b>12,028</b>	<b>1,013</b>	<b>\$651,412,576</b>

## Cooperative Programs

The cooperative form of organizational governance is another cornerstone of business development in rural communities, whether in the traditional form of agricultural producers economically enhancing their farm businesses or in the non-traditional form that brings day care services to rural communities or new generation biofuel cooperatives that lessen our dependence on foreign oil. Cooperatives provide rural residents with economic benefits, new job opportunities, enhanced educational and health care services and products that enable them to compete with their urban and suburban counterparts. Opportunities are created locally and revenues are maintained and re-circulated locally.

The goal of Cooperative Programs (CP) is to expand knowledge (or intellectual capital) of the cooperative method of conducting business. The program helps rural residents form new cooperatives and improve the operations of existing ones. USDA does this by delivering programs, conducting cooperative related research, providing technical assistance, and producing a wide variety of information products to promote public understanding of cooperatives. While agricultural marketing and supply cooperatives remain a primary focus of USDA's efforts, CP provides reports and other publications to all types of rural cooperatives.

Our CP staff help our constituents adjust to continually changing economic forces and allow them to operate and compete in today's global marketplace. We have over 80 years of experience working with the cooperative sector and remain the only federal agency charged with that responsibility. We support 2,473 U.S. farmer, rancher, and fishery cooperatives who reported gross sales of \$191.9 billion in 2008. CP programs serve all types and sizes of cooperatives organized by farmers in rural America.

CP activities can be grouped into the following activities: program delivery, research, technical assistance, information, education, and statistics.

### Program Delivery

Cooperative Programs is responsible for the delivery of the Value Added Producer Grant (VAPG), Rural Cooperative Development Grant (RCDG), Small Socially Disadvantaged Producer Grant (SSDPG), Rural Business Opportunity Grant (RBOG), and 1890 Land Grant Institutions Rural Entrepreneurial Outreach and Development Initiative (1890) programs.

The following table summarizes awards made by CP during FY 2009.

<b>Program</b>	<b>Awards</b>	<b>Funds Awarded</b>
VAPG	195	\$22,485,527
RCDG	23	\$4,472,694
SSDPG	10	\$1,414,306
RBOG	43	\$2,732,628
1890	15	\$1,500,000
<b>Total:</b>	<b>286</b>	<b>\$32,605,155</b>

The RCDG program provides grants to public, nonprofit organizations and institutions of higher learning to establish and operate centers for cooperative development. The primary purpose of these centers is to provide technical assistance to improve the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives.

Examples of 2009 RCDG awards are a \$200,000 grant to The Ohio State University Research Foundation to support the foundation's efforts to help individuals and new and emerging cooperative business entities. The Foundation will provide technical assistance to a Statewide farmers' market management network cooperative, and a newly formed purchasing cooperative for businesses in Appalachia.

The Value-Added Agriculture Development Center in Pierre, S.D., was selected to receive a \$200,000 grant to continue supporting the creation of producer-owned, value-added agriculture. The Center will help local growers educate the public, lenders and producers about the benefits of value-added agriculture. These efforts often increase sales of locally grown crops in addition to increasing local agriculture's contribution to area residents' health and to the local economy.

The SSDPG program provides grants to cooperatives or associations of cooperatives whose primary focus is to provide assistance to small, minority producers and whose governing board and/or membership is comprised of at least 75 percent minority. The primary objective of this grant program is to assist small, minority producers through cooperatives and associations of cooperatives.

An example of a SSDPG project is a \$147,770 grant to the Mississippi Association of Cooperatives to provide technical assistance to small, socially-disadvantaged producers in rural areas for global marketing cooperatively, creating wealth and sustaining rural minority communities in Mississippi.

The RBOG program provides grant funds to promote sustainable economic development in rural communities with exceptional needs through provision of training and technical assistance for business development, entrepreneurs, and economic development officials and to assist with economic development planning.

Examples of FY 2009 RBOG awards include: Rural Development Initiatives, Inc. in Oregon will use a \$60,000 grant to support the Celilo Village/River Tribes Community Leadership Academy – leadership development and mentoring program for the youth of Celilo Village. The Sullivan Co. Agricultural LDC in New York will use \$50,000 to provide technical assistance for development, and business and operational plans of the red meat processing facility. The Ravalli County Economic Development Authority in Montana received a \$25,600 grant to establish a business training program in Ravalli County that is a key component of a business incubator whose goal is to build Bitterroot Valley businesses.

The VAPG program encourages independent agricultural commodity producers to further refine or enhance their products, thereby increasing their value to end-users increasing the

returns to producers. Since 2001, CP has awarded over 1,350 planning and working capital grants for a wide array of products, including projects for specialty meats, vegetable and dairy products, forest products and renewable energy.

In fiscal year 2009, \$18,867,000 was made available to the Value-Added Producer Grant (VAPG) program. Five-hundred fifty-one applications requesting \$72.8 million were received. Of those, 295 applications requesting \$32.7 million were determined eligible. FY 2009 VAPG selections-195 applications funded- came from 46 states and Puerto Rico, the widest geographic distribution in the history of the program.

The VAPG program, along with other RD programs, has been identified as a key resource in supporting the Department's 'Know Your Farmer, Know Your Food' initiative as well as other local food initiatives.

CP and RD support two outstanding web-based, resource sites - the Agricultural Marketing Resource Center (AgMRC) and the Appropriate Technology Transfer for Rural Areas (ATTRA)

AgMRC was developed in 2001 and is operated by the Value Added Agriculture Program at Iowa State University Extension and the Arthur Capper Cooperative Center at Kansas State University. AgMRC is a virtual, value added technical resource center. AgMRC services are available to independent producers, processors and service providers with critical information to build successful value-added agricultural enterprises. AgMRC's is authorized to receive 5 percent, annually, of the amount appropriated for the VAPG program. You may learn more about AgMRC by visiting their Web Site at: <http://www.agmrc.org>.

ATTRA is a nation-wide sustainable farming information center located at the University of Arkansas in Fayetteville that provides technical assistance to farmers, market gardeners & extension agents on farming topics: marketing and finance, sustainable and organic agriculture, alternative crops, renewable energy, soil fertility, livestock, and pest control. ATTRA is operated by the National Center for Appropriate Technology, a private non-profit organization, through a cooperative agreement with USDA's Rural Business Cooperative Service. Topics addressed by ATTRA can be categorized into three broad areas: Sustainable Farming Production Practices; Alternative Crop and Livestock Enterprises; and Innovative Marketing. You may learn more about ATTRA by visiting their Web Site at: <http://www.attra.org>.

### **Role of CP Research**

CP conducts research to provide the knowledge base necessary to support cooperatives dealing with changing markets and business trends. Studies include financial, structural, managerial, policy, member governance, legal, and social issues, as well as various other economic activities of cooperatives. Research is designed to have direct application to current and emerging requirements of cooperatives. A major challenge is to analyze industry structure and cooperative operational practices to determine the changes required to maintain or achieve a producer-oriented marketing system.

The objective of the CP research program is to increase farm income and the economic welfare of rural residents by improving the overall operations of farmer cooperatives. Research helps cooperatives maintain and enhance their long-term ability to serve farmer-members and other rural residents through formulation of strategic responses to sweeping changes occurring in the agricultural and food manufacturing sectors. The CP research program uses a combination of resources, including CP staff and university researchers under cooperative agreement, to address an array of topics relevant to cooperatives.

A March 2009 study, done in conjunction with the University of Wisconsin, found that the total gross revenue generated by cooperatives in the U.S. is \$653 billion and that cooperatives pay the wages of 853,000 workers. USDA has seen an increased demand for high quality research and technical assistance for the cooperative business model. Given current economic conditions, we expect demand to increase over the coming years. There is evidence, according to multiple studies including a USDA study in 2003, Measuring the Economic Impact of Cooperatives in Minnesota (by the University of Wisconsin), that a community which relies more heavily upon cooperatives will be more successful in retaining wealth and reducing the boom-and-bust cycles often associated with businesses controlled from outside the community.

### **Cooperative Development and Technical Assistance**

Cooperative Development Assistance - USDA Rural Development provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. Staff includes cooperative development specialists who do everything from identifying potential cooperative functions through the development of bylaws and business plans. They also provide training for cooperative directors. The goal is to provide a realistic view of what it will take to make a new cooperative succeed. Work is also conducted by cooperative development specialists located at many of USDA's state Rural Development offices.

Technical Assistance – USDA Rural Development provides technical assistance to existing cooperatives facing specific problems or challenges. Technical assistance could include helping a cooperative develop a strategic marketing plan to cope with new competitive forces, in making a crucial decision whether to merge or form a joint venture with other cooperatives, or in finding a way to turn the raw products of cooperative members into value-added products. These matters are often life and death issues not only for a cooperative, but for the rural communities in which they operate. CP can help improve a cooperative's business structure and operating efficiency. This work often involves an analysis of operations or assessing the economic feasibility of new facilities or adding new products or services. Studies cover the full range of decision-making facing cooperative business enterprises. Technical assistance is largely designed to benefit a specific cooperative business or group. However, the results often provide business strategy for all cooperatives.

CP specializes in technical assistance to agricultural and rural producer groups interested in organizing a cooperative business and provides guidance to developing cooperatives. Technical assistance allows producers to make informed choices; determine feasibility to meet economic needs; operate on sound business principals; and, increase member income.

CP staff in the National Office coupled with a cadre of cooperative specialists at the State Rural Development Offices service technical assistance projects. The National Office staff work on their own projects as well as coach state specialists so they learn more about cooperatives and business operations. The majority of assistance requests come from small farmer producer groups while others originate from established cooperatives and a few from rural residents other than farmers.

During FY 2009, CP staff in the National Office were engaged in 15 technical assistance projects (11 new start development efforts and 5 projects with existing groups). Technical assistance projects included the following activities and commodities: marketing/supply, fishery, farmer's market, bio-energy, and education/membership. Technical assistance was also provided by the CP Field Advisor who provided assistance in 11 States and 1 U.S. territory in the following areas: marketing/supply, health care, membership/education, local foods, cooperative centers, bio-energy, and fisheries.

### **Information and Education**

The Cooperative Marketing Act of 1926 mandates that USDA “promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge with educational and marketing agencies, cooperative associations, and others.”

CP staff work to provide educational information, materials, and research that support, inspire, and promote the belief that farmers and other rural residents should address economic problems through the cooperative form of business organization. CP staff develop and implement methods for promoting understanding of the cooperative form of business. They identify educational needs of the rural cooperative community on a national level and collaborate with other educational institutions, providing business and cooperative education to rural communities. Staff members develop and facilitate cooperative education programs for members, potential members, directors, employees, students, Rural Development employees, the general public, and international visitors.

The staff also encourages and facilitates development of cooperative education programs in rural communities, cooperatives, cooperative support organizations, institutions of higher learning, and governmental organizations. The staff seeks to identify techniques and programs that maintain and encourage member involvement in cooperatives serving rural communities. The CP mission in education is to structure research and education that supports and emphasizes that farmers and other rural residents address economic problems through the cooperative form of business enterprise. To be successful, the stimulus for development and continuing active involvement in cooperatives must come from farmers and members themselves.

CP is the national storehouse for information on cooperatives, serving cooperative

organizations, secondary schools, universities, and the general public. CP publications address virtually every aspect of cooperative philosophy, organization, operations, finance, legal and tax issues, and member governance. Thousands of various publications are distributed or sold each year. Publication and information displays are presented at several national and regional conferences.

Rural Development maintains an inventory of nearly 200 cooperative information, research, and education titles that are highly demanded by farmers, rural residents, researchers, students and the general public. During the fiscal year, staff responded to approximately 1,000 requests for information and distributed nearly 100,000 publications. Many of these publications are available on the BCP website.

*International Activities* - CP also plays an important role in international cooperative education providing educational and orientation information. CP staff briefed 14 delegations from 13 countries in FY 2009. The 14 delegations consisted of 84 foreign visitors representing the countries of China, India, Japan, Peru, Ecuador, Italy, Armenia, South Korea, Ireland, Brazil, Ghana, Nigeria, and Liberia. The briefings ranged from one hour to six hours in length and covered topics ranging from CP mission and functions, U.S. cooperatives (scope, principles, practices, operations, financial and legal aspects, and statistics), cooperative education, cooperative development, rural and community development, U.S. agriculture, and the Farm Credit System.

*Rural Cooperatives Magazine* - Rural Development publishes a bi-monthly magazine, Rural Cooperatives, that serves as a primary tool for the dissemination of cooperative information. Features and topics presented throughout the year include editorials on current cooperative topics; Legal Corner, a periodic summary of significant court cases involving cooperatives; a series of articles describing the financial profile of the 100 largest farmer cooperatives providing consolidated financial data, analysis and discussion of current and historical trends. Magazine issues often include discussion of income tax developments; management tips; a description of cooperative market shares and other cooperative statistics; and highlights from cooperative research and technical assistance experiences, plus articles on experiences of actual cooperatives and people directly related to current cooperative developments. During FY 2009, CP staff wrote 35 articles for the magazine.

### **Cooperative Statistics**

Vital statistics on farmer cooperatives are compiled annually by the Statistics Staff. CP is the only source of national statistics on U.S. agricultural cooperatives. These data are published in an annual report and reported in a number of other publications for use by educators, researchers, policy makers, and others interested in farmer cooperatives. CP researchers frequently use the data for studies, presentations, and technical assistance. Cooperative related educational materials, from pamphlets to collegiate textbooks, rely heavily on statistics collected by CP. Cooperative statistics are an important resource for many people, including foreign visitors, who come to CP to learn about U.S. farmer cooperatives.

Cooperatives are an important component of the U.S. economy and are unique in that they are owned by their members—members that use them and benefit from the goods and services that they provide.

A 2009 study of 765 locally owned farmer, rancher, and fishery cooperatives found that these member-owned businesses paid cash patronage of almost 32 percent on their income. Cash patronage is like a rebate to cooperative members, paid on products marketed with the cooperative or supplies purchased. Cash patronage is paid to cooperative owner/members and as such, goes directly into the local economy, not into some far away investor or a Wall Street firm.

*Sales and Income Records* - Farmer, rancher, and fishery cooperatives continue to do well, they set a new gross sales record of \$191.9 billion in 2008, due primarily to higher commodity prices and continued high energy prices. Gross business volume soared by \$45 billion to eclipse the previous record of \$147 billion set in 2007, and would have been even higher had it not been for a sharp drop in grain, milk, and fuel prices toward the end of the year (table 1).

Net income before taxes also set a new record of \$4.8 billion, \$1 billion more than in 2007. This is the fourth consecutive year the nation's agricultural cooperatives set a record for net income.

Marketing of food, fiber, renewable fuels, farm supplies and services by cooperatives all increased in 2008 over the previous year (table 2). The main increases were realized from sales of cotton, grain/oilseeds, dairy, fruits/vegetables and all major farm supplies. Grain/oilseeds and dairy sales increased due to higher prices while most major farm supply sales grew due to increased ingredient prices, especially for energy and feed grains.

Farmer, rancher, and fishery cooperatives remain one of the largest employers in many rural communities, with 178,000 workers of which 124,000 were full-time employees and 54,000 were part-time and seasonal.

There are now 2,473 farmer, rancher, and fishery cooperatives. Cooperatives that primarily market member's products numbered 1,191; those that provided production inputs, 1,003; and cooperatives that provided needed services such as transportation or cotton ginning, 279.

The current year survey started in September and concludes in June. Farm income is predicted by USDA's Economic Research Service (ERS) to drop 38 percent in 2009 when compared to 2008, so cooperative sales and income will undoubtedly also experience declines. Dairy prices remain low as do pork prices. Crop prices continue to decline and farm expenses are projected to decline which will directly impact cooperative farm supply sales.

Cooperatives are an important part of our agricultural economy and data from the annual survey are the only source of nationwide information regarding important current characteristics of cooperatives in the United States, such as number of cooperatives in

existence, membership size, business volume, financial characteristics, and products marketed. Statistics gathered on cooperatives are used by educational institutions, investor-owned firms, researchers, Government agencies, Congress, and other organizations in working with or learning about rural cooperatives.

*Outputs* - A report, *Cooperative Statistics*, is published annually. It provides data on number of cooperatives by type, memberships, gross and net business volume, assets, liabilities, net worth, net income, full and part-time employees, trends, and other related information. An article is also published in *Rural Cooperatives* magazine that summarizes the current year statistics.

Each cooperative also receives a letter report based on information they provided in the current year survey. The report has a common size income statement and balance sheet and financial ratios that compares each cooperative with similar size and type cooperatives—business comparison information that these cooperatives can not obtain elsewhere.

Cooperative statistics also are published annually in *Agricultural Statistics* by USDA's National Agricultural Statistics Service (NASS). Data on cooperatives also are provided to the Department of Commerce, Bureau of Economic Analysis, and to USDA's ERS. ERS uses cooperatives' balance sheet data in their balance sheet of the farming sector.

Table 1—U.S. cooperatives, comparison of 2008 and 2007

Item	2008	2007	Change
	<i>Number</i>		<i>Percent</i>
<i>Sales</i> (Gross, Billion \$)			
Marketing	116.8	93.1	25.46
Farm supplies	70.2	49.3	42.39
Service	4.8	4.1	16.47
Total (Includes all income)	191.9	146.6	30.91
<i>Balance sheet</i> (Billion \$)			
Assets	69.1	57.1	20.90
Liabilities	46.1	36.2	27.37
Equity	23.0	20.9	9.74
Liabilities and net worth	69.1	57.1	20.90
<i>Income Statement</i> (Billion \$)			
Sales (Plus all income, Gross)	191.9	146.6	30.91
Patronage income	0.9	0.6	33.78
Net income before taxes	4.8	3.8	26.10
<i>Employees</i> (Thousand)			
Full-time	124.4	125.2	-0.59
Part-time, seasonal	53.8	56.2	-4.36
Total	178.2	181.4	-1.75
Membership (Million)	2.4	2.5	-2.80
Cooperatives	2,473	2,594	-4.66

Table 2—Cooperatives' gross business volumes by commodity, 2008-2007

Commodity	2008	2007
	<i>Billion \$</i>	
Products marketed:		
Beans and peas (dry edible)	.202	.124
Cotton	3.507	3.114
Dairy	40.127	37.670
Fish	.208	.206
Fruits and vegetables	7.464	6.862
Grains and oilseeds	47.313	28.838
Livestock	3.353	3.383
Nuts	.832	.804
Poultry	1.457	1.360
Rice	1.395	1.116
Sugar	4.895	4.904
Tobacco	.135	.105
Wool and mohair	.006	.006
Other marketing	<u>5.936</u>	<u>4.629</u>
Total marketing	116.831	93.120
Supplies purchased:		
Crop protectants	6.702	3.717
Feed	10.849	8.645
Fertilizer	12.760	7.686
Petroleum	30.267	21.616
Seed	3.540	2.815
Other supplies	<u>6.112</u>	<u>4.844</u>
Total supplies	70.229	49.322
Services and other income	<u>4.814</u>	<u>4.133</u>
Total business	191.874	146.575

**FY 2009**  
**Oversight Resources Coordination Staff Activity**

Working in concert with other internal and external oversight and risk management organizations, the Oversight Resources Coordination Staff (OCS) supports the Agency by managing a number of mission critical administrative, oversight and management functions. These functions include Risk Management, Audit Compliance (OIG, GAO), Strategic Planning, Budget Administration and Performance Management, Human Resources, Web Management, Records Management, Procurement, Purchasing and Information Technology support.

Supporting an agency (RBS) that's committed to continuous improvement and stringent oversight of nearly 20 loan and grant programs administered in 47 State offices, with approximately 4,000 employees - requires a diversified team of professionals. The staff administers a number of critical oversight functions for the Agency. One of the most visible is the role of overseeing the risk management with transparency and accountability. One of the primary methods OCS uses to assist the Agency in mitigating and managing risk is through the Business and Cooperative Programs Assessment Review (BCPAR).

**Business and Cooperative Programs Assessment Review (BCPAR)**

The BCPAR process provides ongoing review and oversight of State operations and is used to ensure effective administration of its programs. Using a risk-based review approach, the OCS staff works in tandem with independent reviewers from the Farm Credit Administration (FCA), to conduct approximately 10 reviews annually. The BCPAR process was first implemented in 2005 to conduct detailed reviews of the delivery and servicing of RBS programs at the field level to assure compliance with regulations and administrative guidance. The overall objective of the BCPAR process is to evaluate the effectiveness of state office delivery systems for Business and Cooperative Programs and ensure compliance with the Office of Management and Budget circulars and Departmental regulations. The BCPAR focuses on meeting the following key objectives:

1. Evaluating operations by assessing the condition and performance in the fundamental risk component areas of Internal Controls, Business & Industry Program Administration, Business & Industry Lender Oversight, Specialty Lenders & Cooperative Programs Administration, Program Outreach, and Management Information Systems.
2. Determining the overall degree of risk existing in the Business and Cooperative Programs operations and identifying the factors contributing to the risk; and
3. Recommending or requiring the State Director to take corrective action as needed to strengthen the Business and Cooperative Programs operations and ensure compliance with the applicable regulations.

In 2009 OCS conducted seven BCPAR's (Kentucky, Virginia, Arkansas, North Dakota, Louisiana, Montana, and Arizona) and completed a 5-year cycle under which all 47 state offices received at least one full review under a risk based approach. Additionally, in

FY 2009 under the BCPAR process 7 state offices were assessed by OCS review teams, more than 50 State office employees were interviewed and nearly 170 Loan and grant files were reviewed and analyzed.

### **Compliance Management**

Another mission critical oversight task OCS performs is internal and external audits conducted by the Office of the Inspector General (OIG) and the General Accounting Office (GAO). OCS coordinates OIG and GAO audit related activity between the agency staff, state and national program managers and Rural Development's Financial Management Division. Moreover OCS serves as the agency lead for audit entrance conferences, tracks the status of numerous national and state office management decisions and ensures compliance with audit findings and recommended action.

In FY 2009 OCS coordinated the satisfactory closing of 9 OIG audits.

### **American Recovery and Reinvestment Act (ARRA)**

One of the recent mission critical processes that OCS currently manages is the ARRA reporting for the Agency. In addition to serving on the agency's ARRA Executive Management Team and Rapid Response Task Force, OCS oversees the internal audit and review process for ARRA funded projects. The ARRA internal review process was implemented to ensure the \$1.6 billion the agency received under ARRA, is used to provide loan guarantees and grant funding according to the guidelines, policies, regulations and procedures set forth by the Office of Management and Budget (OMB) and the direction of the Secretary of Agriculture. In 2009 over \$15 million in Grants and \$49 million in Guaranteed Loans were made with funding received under ARRA.

### **Credit and Program Management**

To ensure proper credit and program management OCS represents the Agency on a number of credit and program management working groups such as: The Credit Management Council, Business Systems Council, A-123 Audit Working Group, and Management Control Council.

### **Management Control Review**

In conjunction with Rural Developments Financial Management Division (FMD), OCS staff conducts comprehensive internal Management Control Reviews (MCR) annually. MCR's are conducted every 5 years and are detailed examinations of RD programs at the National and State Office levels. The reviews determine whether proper controls are in place to produce intended results and comply with applicable laws and regulations. Moreover, MCR's identify program strengths, point out areas for improvement, determine appropriate risk level, and provide National and State Office managers with recommendations and timelines for improving controls and eliminating deficiencies.

In FY 2009 OCS staff conducted MCRs for two Cooperative programs: 1890's Land Grant Outreach Initiative and Rural Community Empowerment Program (ECEZ). During these comprehensive reviews over 50 state national and state office files were reviewed, 13 states completed online surveys, 6 states were visited and numerous interviews were conducted with agency staff, program grantees, and members of the rural economic development stakeholder community.

### **Management Accountability & Control**

OCS also is the lead on managing the audit process for the national office and the 47 state offices. OMB Circular A-123, Management Accountability & Control, defines management responsibility for internal control in Federal agencies. Its purpose is to improve accountability and effectiveness of federal programs and operations by establishing, assessing, correcting and reporting on internal controls.

RD-BCP traditionally tests guaranteed loans, direct loans, grants and unliquidated obligations. In FY 2009 direct loans and grants were tested in the areas of eligibility, approval, GLS data, disbursements, and monitoring. Delinquency testing for direct loans also occurred. Unliquidated obligation testing, which encompasses both direct loans and grants, was another major review area. Testing components included: timeliness of disbursements (including conformance to workplan), rationale for funds not being spent, and monitoring by States. The Agency is proud to report that it passed all required testing in Fiscal Year 2009.

### **Improper Payments Improvement Act (IPIA)**

An improper payment means any payment that should not have been made or that was made for an incorrect amount under statutory, contractual, administrative, or other legally applicable requirement. It includes any payment to an ineligible recipient, any payment for an ineligible service, and any payment that does not account for credit for applicable discounts.

The Improper Payments Information Act (IPIA) requires all programs to perform an annual risk assessment for improper payments. Programs determined to be at risk for improper payments are required to perform annual statistical samples and report results. During Fiscal Year 2009, risk assessments were conducted on Guaranteed Business and Industry Loans (B&I) and Grants programs (except Biomass). Risk assessment components for both programs include program vulnerabilities to improper payments, internal controls preventing improper payments, and significant audits and internal reviews.

In FY 2009, both the B&I and Grants programs were designated as low risk for improper payments based upon the agency's internal controls and the results of program testing.

## Acronyms

<b>AgMRC</b>	Agricultural Marketing Resource Center
<b>ARRA</b>	American Recovery and Reinvestment Act
<b>ATTRA</b>	Appropriate Technology Transfer for Rural Areas
<b>B&amp;I</b>	Business and Industry (B&I) Guaranteed Loans
<b>CAIP</b>	Community Advancement and Investment Program
<b>DRA</b>	Delta Regional Authority
<b>EZ/EC</b>	Enterprise Zone/Enterprise Community
<b>FEMA</b>	Federal Emergency Management Agency
<b>GLS</b>	Guaranteed Loan System
<b>HBCU's</b>	Historically Black Colleges and Universities
<b>IRP</b>	Intermediary Relending Program
<b>LAPAS</b>	Legislative and Public Affairs Staff
<b>NADBank</b>	North American Development Bank
<b>RBEG</b>	Rural Business Enterprise Grant
<b>RBOG</b>	Rural Business Opportunity Grant
<b>RBPA</b>	Rural Business Program Account
<b>RCAP</b>	Rural Community Advancement Program
<b>RCDG</b>	Rural Cooperative Development Grant
<b>REAP</b>	Rural Economic Area Partnership
<b>REDA</b>	Renewable Energy Development Assistance
<b>REDLG</b>	Rural Economic Development Loan and Grant Program
<b>RMAP</b>	Rural Microentrepreneur Assistance Program
<b>Section 9003</b>	BioRefinery Assistance Program
<b>Section 9004</b>	Repowering Assistance Program
<b>Section 9005</b>	Advanced Biofuel Producers
<b>Section 9007</b>	Rural Energy for America Program
<b>SMP</b>	Small Minority Producer
<b>VAPG</b>	Value-Added Agricultural Market Development Grant

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### NEVADA

USDA Rural Development State Office  
1390 South Curry Street  
Carson City, NV 89703-5146  
T: (775) 887-1222 F: (775) 885-0841

### NEW JERSEY

USDA Rural Development State Office  
5th Floor North, Suite 500  
8000 Midlantic Drive  
Mt. Laurel, NJ 08054-1522  
T: (856) 787-7700 F: (856) 787-7783

### NEW MEXICO

USDA Rural Development State Office  
6200 Jefferson Street NE, Room 255  
Albuquerque, NM 87109-3434  
T: (505) 761-4950 F: (505) 761-4976

### NEW YORK

USDA Rural Development State Office  
The Galleries of Syracuse  
441 South Salina Street, Suite 357  
Syracuse, NY 13202-2541  
T: (315) 477-6400 F: (315) 477-6438

### NORTH CAROLINA

USDA Rural Development State Office  
4405 Bland Road, Suite 260  
Raleigh, NC 27609-6293  
T: (919) 873-2000 F: (919) 873-2075

### NORTH DAKOTA

USDA Rural Development State Office  
Federal Building, Room 208  
220 East Rosser, P.O. Box 1737  
Bismarck, ND 58502-1737  
T: (701) 530-2037 F: (701) 530-2111

### OHIO

USDA Rural Development State Office  
Federal Building, Room 507  
200 North High Street  
Columbus, OH 43215-2477  
T: (614) 255-2500, Ext. 4 F: (614) 255-2559

### OKLAHOMA

USDA Rural Development State Office  
100 USDA, Suite 108  
Stillwater, OK 74074-2654  
T: (405) 742-1000 F: (405) 742-1005

### OREGON

USDA Rural Development State Office  
1201 NE Lloyd Blvd., Suite 801  
Portland, OR 97232-1274  
T: (503) 414-3300 F: (503) 414-3392

### PENNSYLVANIA

USDA Rural Development State Office  
One Credit Union Place, Suite 330  
Harrisburg, PA 17110-2996  
T: (717) 237-2262 F: (717) 237-2191

### PUERTO RICO

USDA Rural Development State Office  
IBM Building, Suite 601  
654 Munoz Rivera Avenue  
San Juan, PR 00936-6106  
T: 787-766-5095 F: 787-766-5844

### SOUTH CAROLINA

USDA Rural Development State Office  
Strom Thurmond Federal Building  
1835 Assembly Street, Room 1007  
Columbia, SC 29201-2449  
T: (803) 765-5163 F: (803) 765-5633

### SOUTH DAKOTA

USDA Rural Development State Office  
Federal Building, Room 210  
200 4th Street SW  
Huron, SD 57350-2461  
T: (605) 352-1100 F: (605) 352-1146

### TENNESSEE

USDA Rural Development State Office  
3322 West End Avenue, Suite 300  
Nashville, TN 37203-1071  
T: (615) 783-1300 F: (615) 783-1301

### TEXAS

USDA Rural Development State Office  
Federal Building, Suite 102  
101 South Main  
Temple, TX 76501-7651  
T: (254) 742-9700 F: (254) 742-9712

### UTAH

USDA Rural Development State Office  
Wallace F. Bennett Federal Building  
125 South State Street, Room 4311  
Salt Lake City, UT 84138-1106  
T: (801) 524-4320 F: (801) 524-4406

### VERMONT / NH

USDA Rural Development State Office  
City Center, 3rd Floor, 89 Main Street  
Montpelier, VT 05602-4449  
T: (802) 828-6080 F: (802) 828-6018

### VIRGINIA

USDA Rural Development State Office  
Culpeper Building, Suite 238  
1606 Santa Rosa Road  
Richmond, VA 23229-5014  
T: (804) 287-1552 F: (804) 287-1721

### WASHINGTON

USDA Rural Development State Office  
1835 Black Lake Blvd., SW, Suite B  
Olympia, WA 98501-5715  
T: (360) 704-7740 F: (360) 704-7742

### WEST VIRGINIA

USDA Rural Development State Office  
75 High Street, Suite 320  
Morgantown, WV 26505-7500  
T: (304) 284-4860 F: (304) 284-4893

### WISCONSIN

USDA Rural Development State Office  
4949 Kirschling Court  
Stevens Point, WI 54481-7044  
T: (715) 345-7600 F: (715) 345-7669

### WYOMING

USDA Rural Development State Office  
100 East B Street, Room 1005  
P.O. Box 11005  
Casper, WY 82602-5006  
T: (307) 233-6700 F: (307) 233-6727

# Rural Development State Offices



*Access to Loans*