

April 29, 2016

TO: Rural Development State Directors

ATTN: Business Programs Directors

SUBJECT: Business and Industry Guaranteed Loan Program
Loans for Purposes of Broadband Deployment

On March 23, 2015, President Obama signed the Presidential Memorandum: “Expanding Broadband Deployment and Adoption by Addressing Regulatory Barriers and Encouraging Investment and Training.” The memorandum established the Broadband Opportunity Council (Council) to be co-chaired by the Secretaries of Commerce and Agriculture or their designees. The primary objective of the Council is to identify and assess regulatory barriers and opportunities to expand broadband service to an estimated 50 million underserved Americans. Agencies are directed to pay particular attention to increasing broadband access for underserved communities. The Council report and recommendations may be found at the following link: http://www.ntia.doc.gov/files/ntia/publications/broadband_opportunity_council_report_final.pdf

The report recognizes broadband as “a connection that supports an acceptable quality of service for the applications that people expect to use in the course of their work and daily life.” The Federal Communications Commission (FCC) classifies broadband connections into the following areas: digital subscriber lines (DSL); cable modems; fiber optic; wireless; satellite; and broadband over powerlines. This general guidance should be considered to help identify broadband projects. The National Office can assist with a determination, if necessary.

Broadband infrastructure development may qualify for Rural Utilities Service (RUS) assistance. RUS provides loans and grants to utility companies, non-profit organizations, and state/local government entities for broadband development under various programs. Determination must first be made on whether an application qualifies for RUS programs. For assistance in verifying eligibility under RUS programs, contact Kenneth Kuchno, of RUS at (202) 690-4673 or via email at kenneth.kuchno@wdc.usda.gov. For an overview of RUS programs refer to “Telecommunications Programs Offered” at the following link: <http://www.rd.usda.gov/programs-services/all-programs/telecom-programs>.

EXPIRATION DATE:
April 30, 2017

FILING INSTRUCTIONS:
Community/Business Programs

Projects not qualifying for RUS assistance may meet Business and Industry (B&I) eligibility for loan guarantees under some circumstances. Three examples of eligible loan purposes within the B&I program, under RD Instruction 4279-B, section 4279.113, are as follows:

1. In order to improve efficiencies, a private hospital wants to upgrade its Ethernet communications system to a wireless system that also benefits customers with Wi-Fi access. This kind of project may be eligible under section 4279.113(b), business conversion, enlargement, repair, modernization, or development.
2. In order to be able to compete effectively and not move its business to a new location, a private company wishes to upgrade to faster internet service. It is located too far off of the communication grid, and the local utility is unable to expand to the location due to cost. The company desires to install a communications tower, antenna, and base station, which the utility company has proposed as an option. This may require the purchase and development of land and easements, providing eligibility under section 4279.113(c).
3. In order to prevent the loss of rural jobs to a foreign country, a satellite dish manufacturer has to reduce production costs. The satellite dishes provide broadband access via satellite to many areas with no alternative. A new upgraded assembly process will help the company not only stay in business locally but will also reduce the price of the products to consumers. This kind of project may be eligible under section 4279.113(b).

If a broadband-related project is processed, staff must select the Special Initiative for Broadband in the Guaranteed Loan System (GLS). State Offices must notify the National Office when a broadband-related project has been obligated. Broadband-related projects should be given priority consideration, and State Directors should award administrative points when scoring applications, as appropriate.

If you have any questions, please contact Jim Sadler, B&I Loan Processing Branch, at (202) 720-1970 or via email at james.sadler@wdc.usda.gov.

/s/ **SAMUEL H. RIKKERS**

SAMUEL H. RIKKERS
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Rural Business-Cooperative Service