ESSENTIAL COMMUNITY FACILITIES

• Provide an essential service to the community, typically provided by local government.

• Necessary for the development and sustainability of the community.

• Considered a public improvement, with demonstrated public support.

• May not include private, commercial, or business undertakings.
ELIGIBLE AREAS

• Unincorporated rural areas

• Incorporated rural communities with populations up to 20,000.

• Applicant can serve a single community, several communities, a county, or several counties.
ELIGIBLE APPLICANTS

- Governmental entities - towns, cities, counties, townships, or special purpose districts such as hospitals, schools, or fire districts.

- Non profit organizations with significant ties to the local rural community.
USDA RURAL DEVELOPMENT LOAN PROGRAM

• Loans
• Two types of loans - direct and guaranteed
• Direct
  – maximum term is 40 years, or the useful life of the security.
  – interest rate based upon community median household income (MHI)
• Guaranteed
  – terms and rates negotiated with lender
  – RD can only guarantee taxable issues
RATES AND TERMS
4/1/2012

Poverty rate 4.50%
MHI< $35,376

Intermediate rate 3.875%
MHI< $39,798

Market rate 3.375%
MHI> $39,798

Terms: 40 year Max
30 years on building
Useful Life on equipment
USE OF FUNDS

• Loan funds can be used for
  – construction of new facilities

  – purchase and renovation or expansion of existing facilities.

  – expansion or improvements to facilities already owned by the applicant.

  – purchase of major equipment.

  – costs of acquiring land and rights-of-way.
SECURITY REQUIREMENTS

• Non profit organizations
  – pledge of revenue
  – real estate mortgages
  – promissory notes
  – financing statements
  – assignment of title for vehicles
  – security agreements

• Public bodies
  – general obligation bonds
  – assessments
  – bond pledging other taxes
  – revenue bonds that require levy of taxes if revenues are inadequate
TYPES OF ELIGIBLE PROJECTS

• Health care services

• Community, social, or cultural services

• Fire, rescue, and public safety services.

• Transportation facilities
USDA RURAL DEVELOPMENT CF GRANT PROGRAM

• Cannot be considered a major part of project funding.

• Extremely limited statewide allocation.
APPLICATION PROCESS

• Applications are accepted anytime, at all area offices.
• Fiscal year begins October 1, following annual funding allocation by the national office.
• Applications are ranked by priority, which is determined by:
  - existence of health or safety hazard
    - regional or multi-community effort
    - amount of leveraged funds
    - percentage of guaranteed funds
    - amount of USDA funds needed
• Application packages include:
  - Preliminary Architectural Report and Plans
  - Environmental
Water and Wastewater Program

USDA

Rural Development
WWD Loans and Grants

- Rural Area – Cities and Towns with a population of 10,000 or less
- Unable to finance with own resources, and unable to obtain commercial credit at reasonable rates and terms.

WWD Loan and Grant Purposes

- Drinking Water
- Sanitary Sewer
- Solid Waste Disposal
- Storm Drainage
Typical Drinking Water Projects

- New Rural Water System
- Rural Water Line Extensions
- Water Storage Tanks
- Water Treatment Plants

Typical Sanitary Sewer Projects

- New Sewer Systems
- Sewer System Line Extensions
- Wastewater Treatment Plant Improvements

Typical Solid Waste Disposal Projects

- Landfills
- Trash Trucks

Typical Storm Drainage Projects

- Storm Drainage Improvements
- Separate Storm and Sanitary Sewers
Huntsville Area Sanitary Sewer

Sponsor: Logan County Commissioners
117 E. Columbus Ave., Suite 100
Delphi, Ohio 46923

Engineer: Poggenpohl Design Group, Inc.
1000 N. Main St., Bowling Green, Ohio 43402

Contractor: Dugan Excavating Company, Inc.
1020 Bible Rd., Lima, Ohio 45801

Financed by the United States Department of Agriculture (USDA) Rural Development

USDA Rural Development
Committed to the future of rural America

This institution is an equal opportunity provider.

George W. Bush, President of the United States
Will J. Johnson, Secretary of Agriculture
**WW Loan and Grant**

**Eligible Entities**

- Public Bodies – Municipalities, counties, water districts, sewer districts, etc.
- Nonprofit corporations including cooperatives.
Available Financing Options

Public Bodies

• Conventional
• Private issues
• Ohio Department of Development (CDBG)
• Ohio Public Works
• Ohio Water Development Authority
• Rural Development Direct Funds
• Appalachian Regional Commission (ARC)
• Ohio EPA (water and sewer)
• Economic Development Administration

Nonprofit Corporations

• Conventional financing
• Private Bond Issues
• Rural Development Guarantees
• Rural Development Direct Funds
• Appalachian Regional Commission (ARC)
• Ohio EPA (water only)
**WWD Direct Loan Interest Rates**

- Poverty: 2.0 percent
- Intermediate: 2.75 percent
- Market: 3.375 percent

(As of 4-1-2012)

- Rates change quarterly
- Borrowers select the rate in effect at loan approval or at loan closing
- All rates are fixed at loan closing

**WWD Loan Repayment Terms**

- Repayments are scheduled in accordance with availability of revenue
- Useful life of facilities
- State law limitation
- 40 year maximum term
**WWD Loan Security**

- Notes, Bonds, Mortgages
- General Obligations
- Revenue
- Special Assessments

**WWD Grants**

- Necessary to reduce user rates to a reasonable level
- Median household income (MHI) must be below the State non-metropolitan MHI of $44,220.
- 75 percent statutory maximum
- 25-35 percent more realistic
Rural Development
Guarantee Loan
Requirements

• Can only guarantee taxable issues
• Guarantee normally will not exceed 80 percent
• Rate is negotiated between borrower & lender
• Rate may be fixed or variable
• Maximum term is 40 years or useful life
Internet Addresses

USDA Home Page
www.usda.gov

Rural Development Home Page
www.rurdev.usda.gov

RUS Home Page
www.usda.gov/rus

Small Community Environmental Infrastructure Group
www.sceig.org