

Business Programs

Business & Industry Loan Guar.	\$7,785,000
Business Enterprise Grants	\$352,000
Business Opportunity Grants	\$240,000
Intermediary Relending	\$330,000
Value Added Producer Grants	\$377,715
Section 9006 Energy Grants	\$19,250
TOTAL	\$9,103,965

B & I Guarantee - A User Friendly Program

Located in Rupert, Idaho, **Norwest Manufacturing, Inc.**, has been a manufacturer and distributor of farm tillage equipment and parts since 1997. In 2006, **Phil Gilley, CEO**, was presented with an exciting opportunity. Mr. Gilley developed a *Business Plan* that would increase sales via product diversification, and would decrease costs.



"...the B&I Guarantee helped to make this a great deal for both the Bank and the Borrower."

Ward Maxfield, Commercial Loan Officer with First Federal Savings Bank in Rupert, understood the company well. He currently financed their operating needs and had spent many hours visiting with Mr. Gilley about the company's plans. Seeing an opportunity for the company, and knowing the management ability of Mr. Gilley, Mr. Maxfield put together

a funding package to assist with the acquisition of the product lines and finance the move to the leased facility in Burley. **The challenge:** the specialized nature of the equipment to be purchased limited the ability of the Bank to meet the company's needs. The B&I program helped the Bank put the deal together. Utilizing the "One-Doc" Program, two loans of \$325,000 and \$50,000 were approved. **Ward Maxfield had this to say about the B&I program:**

"The communication lines were very open with quick responses. The program was new for our bank as well as for me, and you hand-fed me along the way to help me better understand the (B&I) program. This was probably one of the most difficult projects, if not the most difficult project, that I have worked on in my lending experience, but the B&I Guarantee helped to make this a great deal for both the Bank and the Borrower. It is definitely the most user friendly program that I have ever used. It helped to make our project much stronger."

New Windmill Powers Local Greenhouse

The Johnsons own a small greenhouse, the Desert Rose, where they propagate desert thriving plants for sale. They received a 9006 Energy Grant, part of the 2002 Farm Bill, in the amount of \$17,776 which helped them build a 20 kW wind turbine on their property. The 20 kW turbine will provide power through a net metering agreement with Idaho Power.

The turbine first went on line in May and after encountering a few problems it became fully operational on June 16, 2006 and is providing all necessary



power for the greenhouse. By reducing the electric costs for their business, the Johnsons, who both work outside their small ranch, plan to operate the greenhouse well into their retirement years.

Julie Johnson said, "It is kind of like a dream come true for Larry who has always wanted to have something that could give back to the land." "I have wanted to do this for 30 years," said Larry Johnson. "It's a great feeling to be able to produce my own electricity."

Value-Added Producer Grant Helps Family Farm Diversify

In 1993 Stacie and Steve Ballard decided to build a dairy barn and purchase 25 dairy cows. They soon expanded their operation until they had 150 cows. but it was still difficult to turn a profit. It was time to get bigger or go out of business. Instead they decided to diversify.

With the help of a \$99,943 Value Added Producer Grant, the Ballards are implementing their plan for marketing aged and fresh cheese.

Ballard Family Dairy & Cheese, now sells to a growing base of stores, restaurants and Internet customers. "We were looking to save the family farm," said Stacie Ballard, "so we looked at adding value to what we were already doing."

The Ballard's company currently produces six varieties of cheese curds, cheddar cheese and a recently introduced Danish Peral cheese. The company now serves a niche that is outside the traditional commodity cheese market.



Community Programs

Water & Waste Funds	\$22,949,500
Pre-Development Planning Grants	\$15,000
Emergency Community Water Assistance Grant	\$375,000
Native American Set Aside Grants	\$1,000,000
Solid Waste Mgmt Grant	\$114,000
Community Facilities (CF)	\$3,627,000
TOTAL	\$28,080,500

includes direct loans , guaranteed loans & grants

Bruneau - Commitment = Success!



Condemned Tank



Drilling Rig



New Bruneau Water Tank

Continued effort by USDA Rural Development Staff successfully brought the Bruneau Water & Sewer District water system into compliance with DEQ's fluoride and arsenic regulations.

It required 3 separate phases, 3 grants, and help from Community Development Block Grant funds but the Bruneau Water & Sewer District water system has gone from condemned by DEQ to state-of-the-art. Bruneau originally applied

to USDA-RD to build a small reverse osmosis (RO) water treatment facility, new water storage tank and new water meters to bring the system back into compliance for fluoride levels.

Then EPA announced the new arsenic MCL of 10 ppb, requirements. Given the limited size and income of the community, this was likely the

only opportunity to fully bring the water system up to current standards. It was apparent that additional work was required to complete the original project plus additional treatment for arsenic and the second water source.

Bruneau requested a CDBG for \$265,600 to construct a second well, with additional piping to be able to be added to the water improvement project. The CDBG was approved, and the project moved forward. An additional USDA-RD grant for \$133,812 was approved to cover a cost overrun on the new tank and enable aeration and small booster pumps to be added to the water treatment, which was becoming more complex due to the arsenic MCL.

Construction was done in several phases. Additional USDA-RD grants in the amount of \$241,714 and \$13,500 were approved to enable the District to complete the project and end up with an acceptable system.

Phase III Water Treatment plans were completed and bids were opened but as with many other projects, bids came in higher than expected. The Project Engineer worked to reduce the cost of the facility by around \$50,000. Idaho Department of Commerce and Labor was able to approve an increase in the CDBG grant of \$85,000. The District then contributed the majority of their water system savings to add an additional \$15,000 in cash to the project.

USDA-RD was able to provide the final necessary funding in the form of a grant for \$250,000. This enabled the District to award the contract with a minimal contingency, thus paving the way for an acceptable modern system. This is another example of partnering and hard work coming together to create success and improve the quality of life in rural Idaho.



A Head Start Helps Two Head Start Programs

In January of 2000, Rural Development visited with the President and Vice President of the Bank of Idaho and established a relationship with the bank. As a result of that contact, many Water and Community Facility (CF) guaranteed loans with this Bank have been made including Idaho's 1st Guaranteed Water Loan.

Then in 2005 the bank approved a loan to Eastern Idaho Community Action Partnership (EICAP) to build a new Head Start building in Rexburg. When bids were opened, they were short \$165,000 of having the funds needed to construct the building. Due to our working relationship with the Bank of Idaho they contacted Rural Development (RD) for assistance. This endeavor led to RD making a CF loan for \$165,000 to complete the financing for the Rexburg building. EICAP was so

pleased with the quickness and simplicity of obtaining this financing they decided to use RD funds to purchase and make improvements to the Head Start building in Blackfoot, which they had been previously renting. Direct and Guaranteed CF loans were made to EICAP for this head start as well. Rexburg Head Start will be able to increase their enrollment from 30 to 40 students because of the new building. The 37 students at the Blackfoot Head Start now have an improved and permanent place to be educated.

Housing Programs

Single-Family Housing including Direct & Guaranteed loans and grants and self-help programs	\$51,908,310
Mutual Self-help Housing Grant	\$1,265,050
Housing repairs includes over \$312,419 in grant funds	\$641,270
Rural Rental Programs	\$14,066,562
Multi-Family Housing Preservation Grant	\$73,581
Multi-Family Guaranteed Loan	\$780,000
TOTAL	\$68,734,773

Judy worked with a local Realtor to find a single level home with an open floor plan that allowed wheelchair access. She finally found a house that she thought would work and with help from a local plumber, many friends from the 116th Idaho National Guard Unit, the Family Support Group and the assistance of Impact Player Partners, a local nonprofit, Judy moved into her new house. She kept busy transforming it from a house to a real "Home" (her home) and she was able to make the necessary adjustments for her son's comfort.

Through the single family housing program offered by Rural Development, Judy was able to achieve the dream of owning her own home. Owning her own home also means that she will always have a place to care for her children or grandchildren when necessary. In Judy's own words, "I am so thankful, this would not have happened without your program. This means more than you can imagine, this means the world to me."



Evergreen Village-'Growing' Today in order to meet the Demands of Tomorrow

When Boise Housing Corporation purchased a 20 unit apartment complex in Gooding, ID, one thing was evident. It was time for a change.

The original project, built in the 1970's, was structurally sound, but everything had aged and the effect had impacted everyone. Evergreen Village desperately needed a "makeover" to maximize its potential. With the assistance of Rural Development, a rehabilitation loan was provided and as a result of this loan, a remarkable transformation took

place. New siding and exterior doors were installed, improved outside lighting was installed, a new office/laundry room was constructed, landscaping was improved and a new play ground was built. The impacts of those changes were quickly felt. The air conditioners provided immediate relief during the hot summer months. One senior tenant voiced these improvements provided relief without "bankrupting my budget". All of the tenants agree that the new siding and doors have cut down the amount they are paying for utility bills. Another tenant, a mother with three small children, noted that the new laundry facility, in addition to being able to handle her large laundry demands, allows her to watch her children while they play in the new playground. She feels much better knowing where her children are and what they are doing while she is busy.

The project manager noted that the community as a whole views the project as an improved asset to the area. Evergreen Village has "grown" into an excellent example of how USDA Rural Development can help housing projects in rural communities.

Mother Creates Home For Wounded Son

Judy Curran came to USDA Rural Development with one purpose, "she HAD to find a house to buy and had to do it quickly." Judy explained that her son, James, had been serving in Iraq and that he would be returning soon to Idaho but that he had been critically injured and suffered the loss of both of his legs.

Judy had been contacted by some of the staff at the Walter Reed Hospital. They advised her of how important it was for family to provide emotional support during the many months of recovery, and would she please fly to Washington to be with her son. Judy spent 10 months with her son in Washington D.C., helping with his physical therapy and fittings for his new legs. She returned home in May of 2006 to continue the search for a home.

While in Washington D.C., her employer kept her job open for when she returned but the combined living expenses took all of her savings. She knew her current rental would not work for her son's wheel chair but she wasn't sure how she could purchase a home. She just knew that she had to get it done.

Marj Petrich, RD Specialist in Mountain Home, was able to tell Judy that the direct loan program offered through Rural Development could finance 100% of her new home and that often the payment could be subsidized. RD's direct loan program would allow her to find a nice, modest home with a payment she could afford.



USDA RURAL DEVELOPMENT

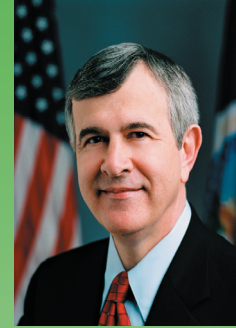
Committed to the future of rural communities.

In 2006, across this great nation, USDA Rural Development employees made a difference in the lives of virtually every person who calls rural America home. Whether it's financing rural renewable energy projects, guaranteeing a loan for a new business, building or upgrading a rural hospital, construction of a new community center, laying water lines, remodeling apartments or drilling a well for a senior citizen living on a homestead, we're building a more vibrant rural America.

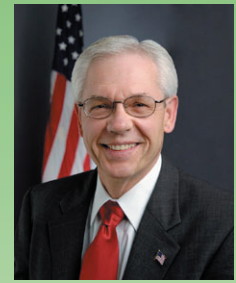
We have accomplished much over the past year and we are eager to build upon those accomplishments by strengthening even further our rural communities. We remain committed to creating an environment where future generations will not only live, but thrive in rural America. As we enter 2007, the 50 million people who live in rural America are developing new opportunities in every area - and I am proud that USDA Rural Development will continue to be a partner in these efforts, as it has been for more than 70 years.

For the employees of USDA Rural Development - and the millions of rural Americans they serve - 2006 was a year of achievement and progress. Whether it's a new biodiesel plant, a medical clinic, energy efficient corn driers, a wind farm, broadband service, or digital TV service for a public broadcasting station, USDA Rural Development is "connecting the assets" that we've provided to rural America. It's a lot of money: \$76.8 billion since the start of the Bush Administration. This investment represents Rural Development leading the way to a bright new future for Americans who choose to live in our rural communities and on our farms. Not only have we invested an average of \$13 Billion a year over the past six years (a 35% increase over 1998-2000) but we've created or saved an estimated 1.5 million American jobs.

Working in partnership, a rural renaissance is upon us. At Rural Development, we are committed to the future of rural communities.



Mike Johanns
Secretary of
Agriculture



Thomas Dorr
Under Secretary
USDA Rural Development

OFFICE LOCATIONS

Central Idaho Area Office
1441 Fillmore, Suite C
Twin Falls, ID 83301
208-734-1324

Mountain Home Office
795 South Haskett
Mountain Home, ID 83647
208-587-9791

Eastern Idaho Area Office
725 Jensen Grove Dr., Ste 1
Blackfoot, ID 83221
208-785-5840

Preston Office
98 E 800 N
Preston, ID 83263
208-852-0504

Northern Idaho Area Office
7830 Meadowlark, Ste. C3
Coeur d'Alene, ID 83815
208-762-4939

Rexburg Office
302 Profit
Rexburg, ID 83440
208-356-7248

Western Idaho Area Office
2208 East Chicago, Suite C
Caldwell, ID 83605
208-459-0761

Rupert Office
98-B South 200 West
Rupert, ID 83350-9603
208-436-0116

Grangeville Office
RR1, Box 2
Grangeville, ID 83630-1201
208-983-2330

Weiser Office
845 East 9th
Weiser, ID 83672-2356
208-549-4280

Lewiston Office
1630 23 Avenue, Suite 6
Lewiston, ID 83501
208-746-9621

A note from Idaho State Director, Michael A. Field . . .



Fellow Idahoans:

I am very pleased to present the 2006 Annual Report of USDA Rural Development's accomplishments in rural Idaho. During the past fiscal year we have invested \$106 million dollars in Idaho. These funds have been used for homes and for business enterprises. They have also been used for water and waste treatment facilities and to improve the quality of life for rural folks throughout our great state. This report contains only a few of our success stories. You can find more information about Rural Development's programs on our website: www.rurdev.usda.gov/rd/stories/index.htm.

We want to thank our private, nonprofit and government partners for the great support we have received from them during this past year. With their assistance, we have been able to improve health, safety and job security for many rural Idahoans.

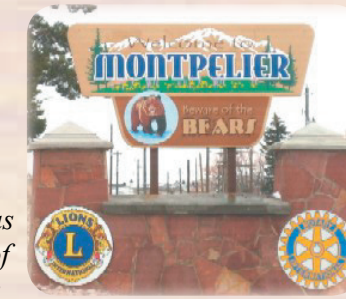
Sincerely,

State Director
USDA Rural Development

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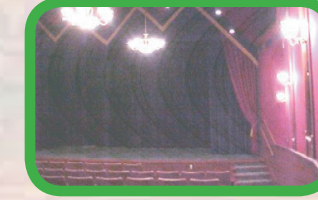


"We are essentially an investment bank for rural America... We are the one agency in government that can build an entire community from the ground up." - Thomas C. Dorr, Under Secretary, USDA Rural Development



Little symbolizes the rich history and pride of rural America more than Montpelier, Idaho. By forming associations and developing partnerships with outside agencies, Montpelier has been able to contribute economically to their future, while promoting the historical value of their past. As a proud partner of Montpelier, Rural Development revisits the success of this relationship, highlighting Montpelier's sense of spirit and showcasing the synergy of the Rural Development programs.

The National Oregon/California Trail Center (OTC)



Rural Development is honored to have a strong alliance with OTC where Montpelier promotes the local history by offering a unique and entertaining interpretive indoor adventure; simulating an actual wagon train experience of the 1850s. The alliance between Rural Development and OTC began in 1999, when Rural Development invested a Rural Business Enterprise grant, funding the Encampment/Mercantile exhibits necessary to open the center. As the center developed through its designed phases, subsequent grants were provided for the theater and multi-media exhibits resulting in an interpretive experience featuring historically accurate interpretive areas and live actors. In an effort to maximize revenue generating opportunities, the center elected to expand in 2006 by adding an interactive eating area to the tourism facility. This expansion sponsors catering opportunities for local food vendors, while allowing the Center to attract additional bus traffic by providing the required services desired by many tour companies. Naturally, the Center once again looked to their partner, Rural Development. Since this expansion included key infrastructure changes, the Community Programs staff funded a Direct Loan as well as simultaneously issuing a Loan Guarantee to Zion's Bank, financing the transition of the center's upper level into an interactive eating area. Business Programs staff contributed a Rural Business Enterprise grant to fund commercial kitchen equipment and the construction and installations of 10 covered wagons for table seating, where each wagon houses a flat screen television broadcasting educational videos on the Oregon Trail.

Downtown Historical Walking Tour

"Tourists, locals, and history buffs will have the opportunity to see downtown Montpelier's history with the newly installed "Downtown Walking Tour" signage." Designed to attract tourism dollars into their community, the city posted markers throughout the downtown area highlighting historical events such as the settlement of the Mormons and robbing of the Montpelier bank in 1896 by the infamous Butch Cassidy. The markers were a community effort with the funding provided by a 2005 Rural Business Enterprise grant from Rural Development and a donation from Utah Power. In conjunction with the walking tour signage, Business Programs also contributed funds for lighted community entrance signs promoting Montpelier's visitor center and local area businesses.



Southeast Idaho Community Action Agency (SEICAA)

In 2006, Rural Development approved a 523 Technical Assistance Grant to provide funding to help five Montpelier families build their own homes through the Mutual Self-Help Housing Program. A spring construction start is planned for these low- and very low-income families who will mutually provide approximately 65 percent of the construction labor on each other's homes under qualified supervision. None of these families were previously able to buy clean, safe housing through conventional methods, but due to the savings from the reduction of labor, they will now be able to own their own home. Upon completion of the construction, permanent financing will also be provided through Rural Development's 502 program.

Housing Repair Partnership

Thanks to Montpelier Housing Coalition and a 504 Repair Grant funded by Rural Development in 2006, Montpelier resident, Edith Haddock now has a safe place to live. Edith has lost her vision



and has only limited mobility due to back problems. The grant was used to rebuild Edith's floor which was rotten and had collapsed, to replace her non working furnace providing her adequate winter heating, and replacement of a window and door in her basement. In addition to the safety issues, her shower and laundry



room were re-located from the basement to the main floor so she could use them.

"You guys are so wonderful! I never thought in a million years that anybody could help me out like this." - Edith

"As someone who has written many grants for the Montpelier area, my experience with the USDA Rural Development RBEG grant process has been phenomenal. I had the pleasure of working with Dale Lish and Brian Buch with help in funding 3 projects at the National Oregon/California Trail Center, a downtown walking tour project and creating city entrance welcome signs. Each of the projects allowed our community to create and retain jobs which is our prime directive in small rural communities. Our community continues to thrive in part from the successful relationship with the Rural Development Agency." - Steven Allred

Montpelier, the Rural Town That Could And Did!



Growing Rural Idaho

2006 Annual Report



Bev & Gary Stone