



Committed to the future of rural communities.

Rural Housing and Community Programs

Community Facilities Loans and Grants

Community facilities — such as health care clinics, police and fire stations, schools and child care centers — are essential to the quality of life in any rural community. Through its Community Facilities Loan Program, USDA Rural Development is striving to ensure that such facilities are readily available to all rural Americans. The commitment of USDA to this effort is at the core of its mission and its promise to help build stronger, more vibrant rural communities across the nation.

Rural Development can make and guarantee loans to develop essential community facilities in rural areas and towns of up to 20,000 in population. Rural Development can guarantee loans made and serviced by lenders such as banks, savings and loans, mortgage companies which are part of bank holding companies, members of the Farm Credit System, or insurance companies regulated by the National Association of Insurance Commissioners. Rural Development may guarantee up to 90 percent of any loss of interest or principal on the loan. Normally, guarantees will not exceed 80 percent. Direct loans from USDA can also be made to applicants who are unable to obtain commercial credit.

How May Funds Be Used?

Loans may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed for a facility, pay necessary professional fees, and purchase equipment required for its operation.

Examples of Essential Community Facilities

Health Care

Clinics, ambulatory care centers, hospitals, rehabilitation centers, and nursing homes.

Education

Schools, school buses, Headstart centers, pre-schools, child care centers and college classrooms and dormitories.

Public Safety

Communications centers, police and fire stations, fire trucks, rescue vehicles, and jails.

Public Services

Adult day care centers, city halls, courthouses, community centers, homeless shelters, domestic abuse centers, food banks, airports, garages, off-street parking facilities, sidewalks, street improvements, libraries, museums, fairgrounds, and animal shelters.

Who May Apply?

Loans and guarantees are available to public entities such as municipalities, counties, and special-purpose districts, as well as to nonprofit corporations and tribal governments.

In addition, applicants must have the legal authority to borrow and repay loans, to pledge security for loans, and to construct, operate, and maintain the facilities. They must also be financially sound and able to organize and manage the facility effectively.

Repayment of the loan must be based on tax assessments, revenues, fees, or other sources of money sufficient for operation and maintenance, reserves, and debt retirement.

What Are the Terms?

The maximum term for all loans is 40 years. However, the repayment period is limited to the useful life of the facility or any statutory limitation on the applicant's borrowing authority.

What Is the Interest Rate?

Interest rates for direct loans are based on current market yields for municipal obligations, although loans for facilities impacting prime or unique farmland may require a slightly higher rate. Certain other direct loans may qualify for a lower interest rate, depending upon the median household income of the residents of the community to be served. The interest rates for guaranteed loans may be fixed or variable and are determined by the lender and borrower, subject to USDA review and approval.

What Security Is Required?

Bonds or notes pledging taxes, assessments, or revenues will be accepted as security if they meet statutory requirements. Where State laws permit, a mortgage may be taken on real and personal property. Tax-exempt notes or bonds may be issued to secure direct loans, but cannot be used for guaranteed loans.

How Are Applications Made?

Applications are handled by USDA Rural Development field offices. Rural Development staff will be glad to discuss a community's needs and the services available from USDA. Field staff can provide application materials and current program information, and assist in the preparation of an application.

For More Information

Rural Development field office locations are generally listed in local telephone directories under the heading U.S. Government, Department of Agriculture.

Interested applicants and lenders may also contact the Housing and Community Programs National Office staff at the following address:

USDA Rural Development
Community Programs Division
1400 Independence Avenue, SW.
Washington, D.C. 20250-0700

Telephone: (202) 720-1490
Fax: (202) 690-0471

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