

RD AN No. 4399 (1942-G, 4279-B  
4280-A, 4280-B, and 4284-G)  
October 31, 2008

TO: State Directors, Rural Development  
ATTN: Business Programs Directors  
SUBJECT: Business and Industry Guaranteed Loan Program  
Farm Bill Rural Area Definition

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to implement the mandatory provision of the 2008 Farm Bill as it relates to the rural area definition for the Business and Industry Guaranteed Loan Program, the Rural Business Enterprise Grant Program, and the Rural Business Opportunity Grant Program. The Agency is adopting the 2008 Farm Bill rural area definition at 7 U.S.C. 1991(a)(13)(A), including the exclusion discussed in this AN, for the Rural Energy for America Program (formerly the Renewable Energy System and Energy Efficiency Improvements Guaranteed Loan and Grant Program) and the Rural Economic Development Loan and Grant Programs.

COMPARISON WITH PREVIOUS AN:

There has been no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Section 6018 of the 2008 Farm Bill makes several revisions to the rural area definition for programs administered under the Consolidated Farm and Rural Development Act. One of these provisions is mandatory, while others are discretionary and may be implemented at the option of the Secretary.

EXPIRATION DATE:  
November 30, 2009

FILING INSTRUCTIONS:  
Preceding RD Instructions 1942-G, 4279-B,  
4280-A, 4280-B, and 4284-G

The general rural area definition remains any areas other than: a city or town that has a population of greater than 50,000 inhabitants and any urbanized area contiguous and adjacent to such city or town. However, under the new statute, there is an exclusionary paragraph which became effective with publication of the Farm Bill. This paragraph states: “Notwithstanding any other provision of this paragraph, in determining which census blocks in an urbanized area are not in a rural area (as defined in the general rural area definition above), the Secretary shall exclude any cluster of census blocks that would otherwise be considered not in a rural area only because the cluster is adjacent to not more than 2 census blocks that are otherwise considered not in a rural area under this paragraph.” Basically, this applies to areas that are currently considered not a rural area because they are attached to the urbanized area of a city or town of greater than 50,000 inhabitants by a “string” (which are typically interstates or major highways). As long as the “string” is less than 2 census blocks wide, the area outside of the urbanized area of the city or town may be considered rural (see attached diagram).

All requests for exceptions using the above provision will be submitted to the National Office, Business and Industry Division, with supporting documentation for review, analysis and decision by the Administrator, Business and Cooperative Programs. If you have any questions, please contact the Business and Industry Division at (202) 690-4103 or the Specialty Lenders Division at (202) 720-1400.

*(Signed by William F. Hagy III)*

BEN ANDERSON  
Administrator  
Business and Cooperative Programs

Attachment

