

USDA



Rural Development



*Helping Expand Iowa's
Rural Renaissance*

2007 ANNUAL REPORT

Excitement is building in rural America as our country is on the cusp of never-before-seen opportunities.

As the leading producer of ethanol and biodiesel, and a top-three state in wind production, Iowa finds itself right in the middle of the action. Undoubtedly, a rural renaissance is happening all around our state.



Mark Reisinger, USDA Rural Development State Director in Iowa



Thomas C. Dorr, Under Secretary for Rural Development



Chuck Conner Acting Secretary of Agriculture

USDA Rural Development, which provides financing and technical assistance for housing, business development, and critical community and technology infrastructure projects, is excited to be a partner in the revitalization of rural America.

During 2007, we helped a record number of Iowans receive funding for projects and improve their quality of life. The investment our agency made in Iowa is expected to help create or retain 2,300 jobs, aid 1,240 families in buying their own home and assist more than 100 communities in improving community facilities and upgrading local infrastructure.

In addition to renewable energy, the broad spectrum of new projects taking shape in our rural communities continues to keep our agency busy. From a critical access hospital remodeling and expansion project in Greenfield, to a wind farm near Jefferson, to a new childcare center in Monona, to new senior living apartments in Bellevue, rural Iowa is a very active place indeed, and our agency is ready and willing to help.

So, please take the time to contact us and see how we can help you work to revitalize your rural community. We are constantly looking for ways to expand our investment in rural Iowa.

Mark Reisinger
USDA Rural Development
State Director in Iowa

We have the privilege of working for an agency that touches people's lives, that strengthens communities, that builds hope one business, one job and one home at a time. Our mission and structure have changed significantly over the years. While remaining absolutely committed to our core program areas, we are also reinventing ourselves... once again... to respond to the remarkable new opportunities arising due to distributed computing, broadband, economic diversification and...not least...renewable energy.

In our present form, we are essentially an investment bank for rural America with a portfolio of more than \$97 billion. We are, in fact, the only agency in the federal government that can build an entire community from the ground up.

Thomas C. Dorr
Under Secretary
USDA Rural Development

Our rural communities are the home and heart of American agriculture. Family life on the farm largely depends on the schools, hospitals, businesses and other services in town. That's why our rural development mission is so important. In 2007 alone, USDA Rural Development invested nearly \$14 billion in rural communities, including water systems, health care, education, small businesses and home ownership. I'm very proud of the Bush Administration's record of support for rural America and proud of our USDA Rural Development team of dedicated workers who ensure our programs have a powerful, positive impact on rural America.

Chuck Conner
Acting Secretary of
Agriculture

2006	2007	USDA Rural Development Funding Activity – Iowa
\$59,755,342	\$43,939,939	Business – Cooperative Programs
\$125,957,821	\$127,896,808	Housing Programs
\$55,335,288	\$37,249,675	Community Programs
\$88,492,000	\$162,249,124	Telecommunication & Electric
\$329,540,451	\$371,335,546	Total
Approx. 2,100	Nearly 2,300	Iowa Jobs (created, retained and/or saved)

Guaranteed Lending Provides Advantages For All Involved

One of the most valuable services offered by USDA Rural Development is guaranteed lending.

How it works is rather simple. A loan is made to a borrower in rural Iowa by the lender following the same basic steps as a conventional loan. Rural Development then agrees to provide payment (based on a predetermined percent) of any loss the lender may have if the borrower falls short on their commitment.

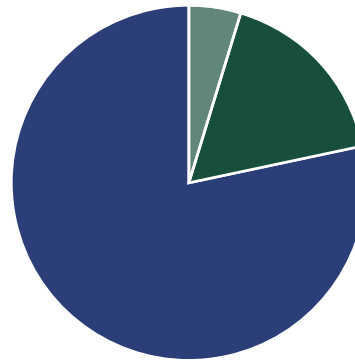
There are many benefits to a guaranteed loan. In most cases, guaranteeing the loan will result in a lower interest rate and improved terms for the borrower. In turn, communities get a new business, an essential community infrastructure, or a new homeowner who will contribute to their neighborhood.

For lenders, guaranteed loans provide security and are saleable on the secondary market, providing an increased return on investment while providing customers with long-term rates. Lenders are also able to begin relationships with new customers that can often grow into other financial opportunities.

New Guaranteed Underwriting System Shortens Time Needed To Get A Home Loan

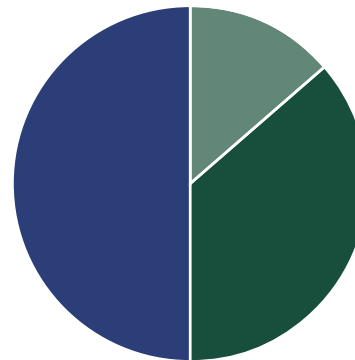
Guaranteed loans also have specific advantages for home mortgages. Along with offering a competitive interest rate, no down payment is required and mortgage insurance is not necessary. For first-time homeowners, a loan that provides 100-percent financing can be extremely beneficial. Guaranteed loans are also available for purchasing, rehabilitating or building new apartments in rural communities.

Earlier this year, Rural Development launched a new tool called Guaranteed Underwriting System (GUS) which can help lenders pre-qualify loan applications in a matter of seconds.



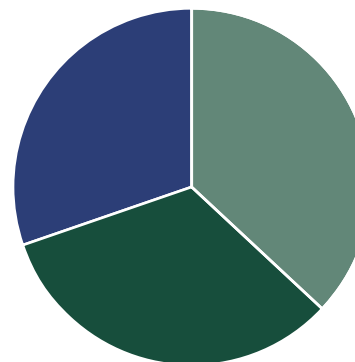
Business Programs

2005 5 loans
2006 17
2007 79



Community Programs

2005 3 loans
2006 8
2007 11



Housing Programs

2005 992 loans
2006 885
2007 808

During the past year, Rural Development has worked with more than 180 rural lenders in Iowa to guarantee loans totaling \$100 million for business development projects, community facilities, and housing opportunities.

Cultivating Iowa's Rural Economy



Improving economic opportunities in rural America continues to be a leading emphasis at USDA Rural Development. Through partnerships with producers, rural businesses and communities we had a record year promoting the growth of rural Iowa.

In 2007, Rural Development partnered with a record 168 stakeholders in 123 rural communities to invest \$43.9 million in guaranteed loans, direct loans, and grants. This investment helped to create or retain a projected 2,300 rural Iowa jobs and leveraged \$51.6 million in economic growth throughout the state.

During the past year Iowa had more Renewable Energy and Energy Efficiency Improvement Program awards than any other state and was among the leading states in the number of producers assisted with value-added agriculture opportunities.

Guaranteed lending continues to be a significant emphasis within our Business Programs. This past year we guaranteed more than \$30 million in loans to banks to assist 79 businesses and individuals through our Business and Industry and Energy Programs.

Finally, more than \$7.6 million was awarded to rural electric and telephone cooperatives and economic development organizations to set up funds that will help create jobs and stimulate Iowa's rural economy.

Recent Census Bureau data shows that Iowa's rural population decreased by 2.2 percent over the last six years. However, many communities have found that working with Rural Development is one way to fight the downward trend.

To illustrate, 57 percent of the communities who utilized our agency's business programs during the last six years retained their population better than rural Iowa as a whole, with nearly 40 percent of the communities actually growing in population.

In Iowa, we continue to build on a strong tradition of accessing all available agency programs to promote a dynamic business environment in our state. With a record number of pre-applications and applications on hand, Rural Development in Iowa is poised for another record-breaking year in 2008. Exciting things are happening in rural Iowa; call us today to see how we can become a partner with you.

2006	2007	Business-Cooperative Programs Funding
\$31,680,000	\$18,477,148	Business & Industry Loan Guarantee
\$6,545,000	\$5,555,000	Rural Economic Development Loans & Grants
\$531,999	\$675,000	Rural Business Enterprise Grants
\$1,500,000	\$1,377,939	Intermediary Relending Program
\$50,000	\$250,000	Rural Business Opportunity Grants
\$14,226,124	\$15,162,006	Renewable Energy & Energy Efficiency Program
\$4,207,469	\$1,217,846	Value Added Producer Grants
\$0	\$200,000	Rural Cooperative Development Grants
\$1,014,750	\$1,025,000	Marketing Resource Center Grant
\$59,755,342	\$43,939,939	Total

Improving Housing Conditions For A Record Number Of Rural Iowans



While Rural Development can take on so many different meanings, at its foundation is a community's ability to provide residents with safe and affordable housing. This ability is fundamental to a community's capacity for growth. Ensuring that families, people with disabilities and seniors have access to quality single and multi-family housing has been a central priority of USDA Rural Development for more than 70 years.

In 2007, USDA Rural Development invested \$127 million to help a record number of rural Iowa families improve their housing environment. More than \$98 million was provided to assist 1,240 families with loans to buy their own home. We also helped more than 500 families make needed repairs to their homes, making them safe and structurally sound.

Rural Development's investment in multi-family housing projects in Iowa totaled \$26 million, the highest level since 1980. Rural

Development currently provides the financing for more than 550 multi-family housing projects in Iowa, giving rural residents access to more than 10,500 apartments. In addition, \$12.8 million in rental assistance was provided by Rural Development to make sure rural families, seniors and people with disabilities are able to afford to live in these facilities.

A new self-help housing project was started in Mount Pleasant where four families are coming together to build their own homes.

One of the most exciting things during the year was the launch of a new Guaranteed Underwriting System (GUS), which can help lenders pre-qualify loan applications in a matter of seconds. Automation is also applied to property and adjusted-income eligibility determinations. In addition, a homebuyer education program, called "A Place of Your Own," was started in Iowa with many partners across the state.

2006	2007	Housing Programs Funding
\$66,160,693	\$61,763,937	Guaranteed Single Family Housing Loans
\$31,858,378	\$36,617,132	Direct Single Family Housing Loans
\$1,784,400	\$2,055,506	Single Family Housing Rehab Loans & Grants
\$10,000	\$250,000	Self-Help Housing
\$2,456,000	\$4,365,550	Multi-Family Housing New Construction Loans
\$160,000	\$107,000	Farm Labor Housing Loan Program
\$203,036	\$184,157	Housing Preservation Grants
\$11,547,848	\$12,839,022	Rental Assistance (provided to tenants)
\$0	\$3,905,400	Guaranteed Multi-Family Housing Loans
\$124,645	\$108,577	Multi-Family Voucher Assistance Program
\$2,030,634	\$669,544	Multi-Family Housing Preservation & Rehab Loans
\$9,622,187	\$5,030,983	Multi-Family Housing Loan Restructuring Program
\$125,957,821	\$127,896,808	Total

Helping More Than 100 Iowa Communities Develop Critical Infrastructure



USDA Rural Development is ready to partner with communities in developing critical infrastructure. In 2007, we assisted more than 100 communities across Iowa with \$199 million in guaranteed loans, direct loans and grants to help with improvements to community facilities and upgrades to local infrastructure.

More than 70 projects received \$13 million in guaranteed loans, direct loans or grants through our Community Facilities program which is available for communities with populations of 20,000 or less. For instance, seven childcare facilities received more than \$300,000 in assistance through our Child Care Initiative program, and we also provided nearly \$3 million to five healthcare-related projects all across the state.

Rural Development was a national leader by funding 10 community-based projects with guaranteed loans totaling \$4.3 million,

including one faith-based project for new medical records equipment at Lakeside Lutheran Home.

Our agency provided \$23.8 million for 28 projects to help provide necessary water and wastewater services to rural areas, including three special Earth Day projects in the unsewered communities of Argyle, Bevington and Conroy.

Finally, this past year Rural Development awarded 35 Economic Impact Initiative grants totaling \$941,275 to help finance emergency-related equipment including warning sirens, fire and rescue equipment and emergency generators.

Whether the project is a new medical clinic, hospital, fire station, fire truck, emergency equipment, community building, assisted living facility, childcare center, or rural water, telephone, electric or broadband project, Rural Development is ready to assist.

We believe community improvement efforts are important to the sustainability of rural America, and we are ready to help communities across Iowa develop these critical resources.

2006	2007	Community Programs Funding
\$41,001,200	\$23,833,500	Water and Waste Grants & Loans
\$13,469,255	\$13,179,175	Community Facilities Loans & Grants
\$38,000	\$61,000	Solid Waste Water Management
\$826,833	\$0	Rural Community Development Initiative
\$0	\$176,000	Household Water Well System
\$8,588,000	\$70,389,124	Telecommunications Programs
\$79,904,000	\$91,860,000	Electric Programs
\$143,827,288	\$199,498,799	Total

Iowa's Growing Rural Economy

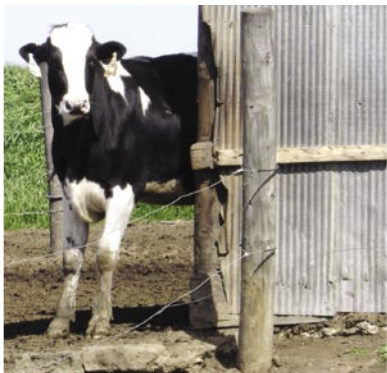
Hansen's Farm Fresh Dairy

USDA Rural Development has a grant program designed specifically for value-added agriculture ventures. An example of a family operation adding value to what it produces is Hansen's Farm Fresh Dairy near Hudson. Jay and Jeanne Hansen's farm has been in the family since 1861. Today, 150 purebred Holsteins are milked on the farm. Seven families are supported by the dairy products sold from the farm including, among other things, non-homogenized milk, cheese curds, and ice cream.

Since 2001, 115 businesses in Iowa have been awarded more than \$20 million in grant funds through USDA Rural Development's Value Added Producer Grant

program which was authored by Senator Grassley. Iowa businesses have received close to 15 percent of the national funding available in this program over the past six years.

Grants can be used for planning to establish a viable value-added marketing opportunity, as well as for working capital to operate a new value-added business.



Maple River Energy

In July of 2007, USDA Rural Development provided American National Bank of Holstein, Iowa, with a \$10 million loan guarantee for the new Maple River Energy biodiesel facility to be located just outside Galva, Iowa.

Maple River Energy, a 5-million-gallon-per-year biodiesel plant and 3-million-bushel-per-year soybean crush plant, is scheduled to open in 2008. The facility is expected to create 15 new jobs.

Earlier this year, Rural Development also provided the Ida County Economic Development Corporation with an \$89,000 Rural Business Enterprise Grant to establish a county-wide revolving loan fund.

This area in northern Ida County is a tremendous example of communities producing multiple sources of renewable energy. Quad County Corn Processors ethanol plant, a state-of-the-art E85 and biodiesel retail station operated by Galva Holstein Ag, as well as numerous large wind turbines, are all located within minutes of Maple River Energy.

With more than \$23 million invested into various business projects all around the area, Ida County is one of our agency's most active counties in the state.



Mark Reisinger, State Director

210 Walnut St., Rm. 873, Des Moines, Iowa 50309

Ph: 515-284-4663 • Fax: 515-284-4859 • www.rurdev.usda.gov/ia

Area Offices

Area 1 Iowa Falls—641-648-5181

Area 2 Waverly—319-352-1715

Area 3 Tipton—563-886-6006

Area 4 Mt. Pleasant—319-986-5800

Area 5 Albia—641-932-3031

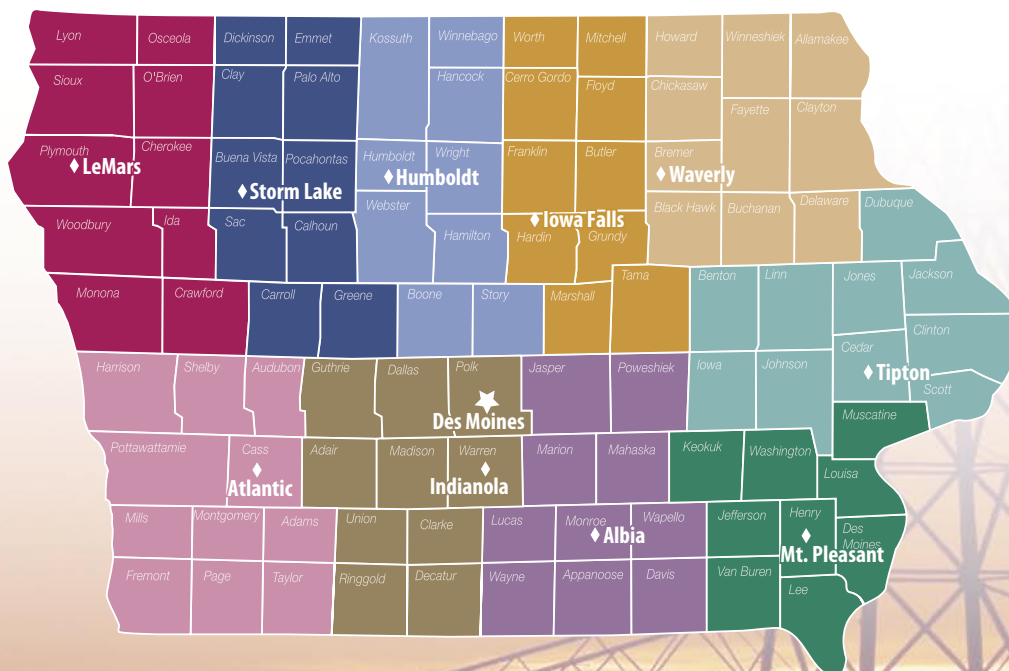
Area 6 Indianola—515-961-5365

Area 7 Atlantic—712-243-2107

Area 8 Le Mars—712-546-5149

Area 9 Storm Lake—712-732-1851

Area 10 Humboldt—515-332-4411



The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because of all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotapes, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer and lender.