



NORTH DAKOTA – 2005 Annual Report

“This great country of ours is a place where people can start out with nothing – and be able to raise a family, and own a home, or start a business.”

George W. Bush 
President of the United States



Committed to the future of rural communities.

2005 USDA Rural Development investments in North Dakota include:

Single Family Housing

■ Section 502 Direct Loan Program	\$ 5,906,806
■ Section 502 Guaranteed Loan Program	\$ 18,323,828
■ Section 504 Housing Rehabilitation Program	
loans	\$ 130,250
grants	\$ 178,475
■ Empowerment Zone/REAP	
loans	\$ 38,828
grant/loan combinations	\$ 57,819
■ Section 525 Technical and Supervisory Grant	\$ 100,000
Total Single Family Housing Programs	\$ 24,736,006

Multi-Family Housing

■ Section 521 Rental Assistance Payments	\$ 4,078,704
■ Section 515 Rural Rental Housing Program	\$ 80,000
■ Section 533 Housing Preservation Grants	\$ 125,000
Total Multi-Family Housing Programs	\$ 4,283,704

Community Facilities Programs

■ Community Facilities Direct Loans	\$ 9,766,920
■ Community Facilities Guaranteed Loans	\$ 4,220,000
■ Community Facilities Grant Program	\$ 300,000
■ Community Facilities Empowerment Zone Grants	\$ 100,000
■ Tribal College Grants	\$ 189,490
Total Community Facilities Programs	\$ 14,576,410

Utilities Programs

■ Water and Waste Direct Loan Program	\$ 4,432,430
■ Water and Waste Direct Grant Program	\$ 7,882,000
■ Water and Waste Empowerment Zone Loan Program	\$ 2,453,400
■ Water and Waste Empowerment Zone Grant Program	\$ 2,052,000
Total Utilities Programs	\$ 16,819,830

Business and Cooperative Programs

■ B&I Guaranteed Loan Program	\$ 15,967,340
■ Intermediary Relending Program	\$ 450,000
■ Rural Business Enterprise Grant Program	\$ 994,933
■ Rural Business Opportunity Grant Program	\$ 98,000
■ Rural Cooperative Development Grant Program	\$ 300,000
■ Rural Economic Development Grant Program	\$ 580,000
■ Rural Economic Development Loan Program	\$ 650,000
■ Renewable Energy/Energy Efficiency Grant Program	\$ 129,936
■ Value-Added Producer Grant Program	\$ 70,000
Total Business and Cooperative Programs	\$ 19,240,209

Grand Total USDA Rural Development **\$ 79,656,159**

Committed to the future of rural communities.

Message from State Director Clare Carlson



What an exciting time to live in North Dakota! So many great events are happening and Rural Development is a part of it. Our programs are tailor-made for helping rural America. This year at the annual Ag Outlook Conference in Washington, D.C., an entire session was dedicated to a prospering rural America – a first!

The past year, we have continued to emphasize support for rural health care. We realize the importance of having essential health care for rural residents. Access to quality health care is so vital to keeping people in rural America.

In the energy sector, North Dakota has a chance to become a leader by providing a full range of energy alternatives. We have renewed opportunities in coal, oil, and gas, and new opportunities in alternative energy sources like ethanol, bio-diesel, and wind. I don't believe another state can offer as many viable energy options as North Dakota.

USDA Rural Development increases its emphasis on energy as we seek to fulfill President Bush's call in the State of the Union Address to develop more renewable energy sources to reduce our dependence on foreign oil. Our Business and Industry Loan Guarantee Program can help, as well as the Renewable Energy and Energy Efficiency Loan and Grant, and the Value Added Producer Grant programs.

We continue to serve rural citizens with our housing programs, business and cooperative programs, and community infrastructure programs. In the housing market, we are a key component in addressing the housing needs of rural North Dakotans.

Each year I thank the employees of USDA Rural Development for their hard work and ability to match our programs with so many rural residents. This year is no different. We are also happy to have the former USDA Rural Development Chief of Staff back in North Dakota as North Dakota's Commerce Commissioner. Welcome back, Shane Goettle! Thanks also to President Bush, Agriculture Secretary Mike Johanns, and to Under Secretary Tom Dorr.

Sincerely,

A handwritten signature in black ink that reads "Clare A. Carlson". The signature is fluid and cursive.

CLARE CARLSON
State Director, North Dakota

Single Family Housing Programs \$24,736,006

The Dream of Homeownership Becomes Reality

Owning a home is a basic part of the American dream. It gives people pride of ownership and cements their commitment to their community. The buyers, the neighborhood, and the community all benefit when that dream becomes a reality.

Single Family Housing Program (SFH) offers homeownership, home improvement, and repair loans and grants for residents of rural areas. In fiscal year 2005, Rural Development, through its direct loan and guaranteed loan programs, processed 311 loans and loan guarantees for an investment of more than \$24 million in rural North Dakota.

Home Repair Loan and Grant Program (Section 504) provided \$405,372 through loans and grants to help 67 rural families and individuals in North Dakota repair their homes. Eligibility is limited to very-low income rural homeowners. Loans can be used for a wide range of home repairs or improvements. Grants are limited to those 62 years old or older, who cannot repay a loan. Grants can only be used to remove health and safety hazards or make the home handicapped accessible. The maximum grant per residence is \$7,500.

Oh, so much better!

The timing was terrible for this semi-retired, elderly farm couple. It was late fall, with winter around the corner, when the couple was told by their repairman that their furnace was dangerous to operate. Because of their limited income, they were eligible for a Rural Development loan of \$1,755 to fix the furnace. Not only were they able to replace the furnace, but also had additional funds to repair the roof and septic system in the spring. With the help of Rural Development, the couple was able to remain in their home and maintain a lifestyle of independence.

Technical Assistance Grants (TAS) provide technical assistance in developing a comprehensive home marketing program to help determine the need for housing. Turtle Mountain Housing Authority received such a grant for \$100,000. The funds will assist all the members of the Turtle Mountain Band of Chippewa residing on the reservation.

Housing Preservation Grant Program (HPG) provides grants to political subdivisions or non-profit corporations to operate a program that finances repairs to single and multi-family housing for very-low and low-income homeowners. Rural Development in North Dakota awarded two HPG grants totaling \$125,000 in fiscal year 2005. Recipients include Turtle Mountain Band of Chippewa for \$75,000 and Fort Berthold Housing Authority for \$50,000.

Multi-Family Housing Programs \$4,283,704

The main challenge for North Dakota's Rural Development multi-family housing staff is to keep its 244 properties, containing 3,273 units, viable as the portfolio continues to age. In fiscal year 2005, \$80,000 was provided to one property, with eight units, to make significant repairs.

Rental Assistance Program (Section 521) is another program of multi-family housing that provides rental assistance subsidies to a housing property owner to help stabilize the occupancy rate. This program ensures that rural communities and customers with the greatest need, such as the elderly, disabled, and low-income residents will be able to pay the monthly rent. Last year more than \$4.1 million dollars was dispersed to project owners, on behalf of their tenants in North Dakota.

Utilities Programs \$16,819,830

The need for safe and affordable drinking water in rural communities is as great as ever, and so is the need for dependable and environmentally sound waste systems. Financial assistance from Rural Development has provided rural North Dakota residents with the quality of life and economic opportunities that are dependent on rural utility systems.

Water and Wastewater Loan and Grant programs provided more than \$16 million to 23 communities to build, improve, or expand public water and sewer facilities. Last year, communities receiving new water service include Turtle Mountain Band of Chippewa Indians, North Central Rural Water Consortium, and the cities of Medina and New Town. The City of Langdon received new water and sewer facilities.

Emergency Community Water Assistance Grant (ECWAG) Program provides assistance to residents of rural areas experiencing significant decline in quantity or quality of their drinking water. Last year, Three Affiliated Tribes received such a grant for \$500,000. The financial assistance was used to extend intake pumps to deeper water in the river channel, on Lake Sakakawea, benefiting 318 residents.

Community Facilities Programs \$14,576,410

Community Facilities Programs are designed to develop essential community facilities for public use in rural areas. These facilities include schools, libraries, childcare, hospitals, medical clinics, assisted living facilities, fire and rescue equipment and stations, police stations, community centers and public buildings. The Program utilizes three flexible financial tools to achieve this goal: the Community Facilities Guaranteed Loan Program, the Community Facilities Direct Loan Program, and the Community Facilities Grant Program.

In Fiscal Year 2005, Rural Development is proud to have awarded more than \$14 million for 14 projects in rural North Dakota. First Care Health Center, Park River, received \$5.7 million and Towner County Hospital Authority, Towner, received \$500,000.

As the population continues to decline in our rural areas, Rural Development works to help lighten the financial burden on rural communities. Through its guaranteed loan program, Rural Development provided funding to Mott Regent Public School District I, and to LaMoure and Underwood Public Schools.

With the growing need for drug addiction and rehabilitation centers, \$7.9 million was awarded to construct the North Central and Rehabilitation Correctional Center at Rugby, creating 35 new jobs.

Through the Tribal College Community Facility Initiative Grant Program, Sitting Bull Community College, Fort Yates, and Turtle Mountain Community College, Belcourt, each received a grant for \$99,250. In addition, Sitting Bull Community College received \$300,000 in economic impact grant funds.

Business and Cooperative Programs \$19,240,209

Business and Cooperative Programs help create and sustain jobs and stimulate rural economies by providing financial assistance for rural businesses. Loans, grants, and loan guarantees are available to any legally organized entity, including cooperatives, partnerships, profit or non-profit entities, Indian tribes or federally recognized tribal groups, and municipalities. Additionally, a wide range of technical assistance is provided to cooperatives and people interested in forming new cooperatives. The programs assist rural communities in furthering their goals of economic development and job creation by supporting the growth of both small and large businesses.

Business and Industry Guaranteed Loan (B&I) Program can be used for acquisition, start-up, expansion and debt restructuring, which can make the difference between success and failure of rural businesses. They also reduce risk to lenders and raise their lending limits. The Program creates incentives for banks and rural business leaders to promote the establishment of businesses in rural communities, with populations less than 50,000. The guaranteed program awarded loans totaling \$15,967,340 for eight projects in 2005. Some businesses include LandTech Enterprises, LLC; Map Dakota, LLC; Northwood Mills; and Falkirk Farmers Elevator.

Intermediary Relending Program (IRP) is a direct loan program focusing on alleviating poverty and increasing economic activity and employment in rural areas through administration of a revolving loan fund. In Fiscal Year 2005, a loan for \$450,000 was awarded to the Lewis & Clark Regional Development Council. Lewis & Clark will provide low-interest loans ranging anywhere from \$50,000 to \$150,000 to local businesses in rural communities. The money will be used for business start-ups or business growth.

Rural Business Enterprise Grant (RBEG) Program focuses on the financing and facilitation of small and emerging businesses or incubators in rural areas of less than 50,000 in population. Funding is made available to private non-profits, public entities, and Indian tribes. Last year, Rural Development awarded \$994,933 to five entities. Entities include Red River Regional Council, Tri-County Regional Development Council, the North Dakota Trade Office, and the Hope Development Corporation. And again, Rural Development is proud to support North Dakota's Prairie Public Broadcasting, Inc., in their continuation of its series on rural North Dakota.

Rural Business Opportunity Grant (RBOG) Program provides funding to promote sustainable economic development in rural communities. This is accomplished by making grants to organizations to provide for economic development planning, technical assistance or training. Towns, townships, counties and non-profits often have a vested interest in keeping or attracting business to their area. One such grant for \$98,000 was awarded to the Rural Economic Area Partnership (REAP) Investment Fund, Inc.

Rural Cooperative Development Grant (RCDG) Program assists in the developing of new rural cooperatives and operational improvements of existing cooperatives. The grants are for non-profit economic development groups and institutions of higher education. The maximum grant is \$300,000. During Fiscal Year 2005, a grant for \$300,000 was awarded to the North Dakota Association of Rural Electric Cooperatives.

Rural Economic Development Loan and Grant (REDLG) Program provides loans and/or grants to electric or telephone utilities financed by USDA Rural Development's utility programs. The utility recipient establishes a revolving loan fund to finance economic development and job creation projects in rural areas. Such projects include community development, education, medical facilities, and incubator development. Recipients receiving funding last year include Valley Electric Cooperative, Inc., a grant for \$280,000; Polar Communications, a grant for \$300,000; Dakota Valley Electric Cooperative, Inc., a loan for \$450,000; and Northern Plains Electric, a loan for \$200,000.

Value-Added Producer Grant (VAPG) Program objective is to refine agricultural products to increase their value in the marketplace. The Program, funded for the first time in 2001, is made available to individual agricultural producers and groups of agricultural producers who add value to their agricultural products. It is designed to encourage independent ag commodity producers to process their raw products into marketable goods, thereby increasing their farm income, as well as increasing local economies. Last year, two North Dakota entities received a total of \$70,000 in grant funds. Recipients include Cloverdale Grower's Alliance for \$20,000 and Soy Boyz, Inc. for \$50,000.

Community Development

The Native American and community empowerment programs are managed by the Native American Coordinator. Both programs complement each other, and are designed to assist rural and tribal communities in capacity building. The goal is to create successful, empowered and sustainable communities that are socially and economically viable.

Staff has been actively working with the Tribal governments updating and implementing strategic plans and promoting utilization of Rural Development programs. Activities include Tribal college infrastructure improvements, business recruitment, and business development, along with solid waste, sewer and water, and community building projects.

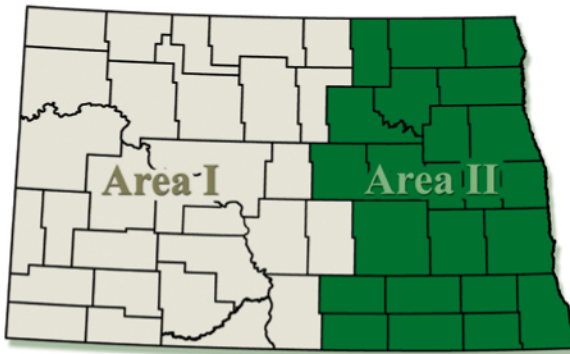
The Community Development Program continues to assist the targeted communities of Griggs-Steele Empowerment Zone (GSEZ), nine Champion Communities, and two Rural Economic Area Partnership (REAP) Zones with training, technical assistance and strategic plan implementation. The GSEZ hired a new executive director who has focused his effort on developing a long-term plan for the financial sustainability of the Zone. They have been revising loan and grant programs and looking at equity investment for new business development activities in the zone.

In Fiscal Year 2005, the Griggs Steele Empowerment Zone loaned and invested over \$1.3 million in 17 local companies that either developed or saved 74 jobs. In addition, leveraged funds of \$668,586 were brought into the community. The Zone also provided \$212,000 in community grants with leveraged funds of \$451,586 coming from sources outside the community. Through Rural Development programs, the Empowerment Zone received \$1,027,633 in loans and grants for community development activities.

In the past year, the two REAP Zones also updated their strategic plans, expanded their loan portfolio, revised grant policies and loan policies. They continue to coordinate their actions through the REAP Investment Board, which acquired an interest in a second for-profit business. Since 1995, the REAP Zones have received \$187,841,865 in leveraged funds.

The Champion communities continue to move ahead with their efforts in updating and implementing their strategic plans. Although experiencing mixed results, the commitment to continue to participate remains strong. All of the Champions completed at least one successful project in the past year. Since 1997, the Champions received \$157,984,250 in leveraged funds.

Rural Development Office Location



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P.O. Box 1737
Bismarck, ND 58502-1737
(800) 582-7584, Ext. 1
(701) 530-2113 (Hearing Impaired)
www.rurdev.usda.gov

Area I

Dickinson Area Office
2493 4th Avenue West, Room B
Dickinson, ND 58601-2623
(800) 688-2251, Ext. 4

Williston Local Office
1106 2nd Street West
Williston, ND 58801-5804
(800) 688-2308, Ext. 4

Minot Area Office
1920 13th Street SE
Minot, ND 58701-6059
(800) 765-9476, Ext. 4

Bismarck Local Office
1511 East Interstate Avenue
Bismarck, ND 58503-0560
(800) 688-2297, Ext. 4

Area II

Devils Lake Area Office
503 Highway 2 West, Suite 5
Devils Lake, ND 58301-2900
(800) 688-2279, Ext. 4

Valley City Area Office
575 10th Street SW, #4
Valley City, ND 58072-3906
(800) 688-2293, Ext. 4

Park River Local Office
417 Park Street West, Suite 3
Park River, ND 58270
(800) 688-2307, Ext. 4

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The Fiscal Year of the United States Department of Agriculture runs from
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and the
2002 Farm Bill



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