



Building Partnerships to Grow Rural Iowa

2008 ANNUAL REPORT

USDA



**Rural
Development**

USDA Rural Development

in Iowa had a historic year across all three of our program areas during 2008 and was named the nation's top producing state.

A key factor to our success was working with 288 rural lenders to guarantee loans for business development projects, community facilities, water services and housing opportunities. Our relationships with lenders play a critical role as we build partnerships to grow rural Iowa.

We helped a record 340 rural businesses and producers with \$159 million in guaranteed loans, direct loans and grants. We assisted more than 120 communities with \$163 million in loans and grants, including a record \$26.1 million in guaranteed loans, for improvements to community facilities and infrastructure. We also had record numbers in housing by helping 1,600 families with guaranteed and direct loan funds for home mortgages.

A highlight of this year was Iowa Business Programs staff's selection to receive the most prestigious award given at the Department of Agriculture – the Secretary's Annual Honor Award – for supporting increased economic opportunities and improved quality of life in rural America.



All of our programs are voluntary. Please let us know if you have a project that will increase Iowa's rural economy or improve the quality of life for rural residents. Let us see how we can assist.

Mark Reisinger
USDA Rural Development
State Director in Iowa



Mark Reisinger, USDA Rural Development State Director in Iowa



Ed Schafer
Secretary of Agriculture

For more than 70 years, USDA Rural Development's mission has been to deliver a future that brings expanded economic opportunities and an improved quality of life for rural residents.

As we enter a new fiscal year, USDA is being called upon to help the nation develop renewable energy, decrease our reliance on foreign oil, and help create extraordinary opportunities for rural entrepreneurs.

I have been proud to serve our nation during these exciting and challenging times. I am confident that with the support of USDA Rural Development, rural America's best days are yet to come.

Ed Schafer
Secretary of Agriculture



Thomas C. Dorr, Under Secretary for Rural Development

For rural America, this is truly a moment of opportunity. The internet and distributed computing allow distributed networks to spread costs and compete effectively with larger, more centralized rivals. Technology gives both individuals and businesses unprecedented freedom to live locally and compete globally. In an information economy, modern technology is finally leveling the playing field.

USDA Rural Development is approaching its 75th anniversary, and the prospects for rural America have never been brighter. Rural America is changing. USDA Rural Development is changing along with it to meet new challenges and opportunities. But one thing has not changed: the partnership between USDA Rural Development and millions of rural Americans. It is truly a privilege to serve rural America, and because of that partnership, we can meet the challenges of today with confidence in a better tomorrow.

Thomas C. Dorr
Under Secretary
USDA Rural Development

2007	2008	USDA Rural Development Funding Activity • Iowa
\$ 43,939,939	\$ 159,495,762	Business – Cooperative Programs
\$ 127,896,808	\$ 147,893,029	Housing Programs
\$ 37,249,675	\$ 93,075,835	Community Programs
\$ 162,249,124	\$ 70,067,818	Telecommunication & Electric
\$ 371,335,546	\$ 470,532,444	Total
2,300	10,187	Iowa Jobs (created, retained and/or saved)

GUARANTEED LENDING

Reaches Record Level

As a way to decrease risk and provide more value to their customers, lenders all across the state are turning to Rural Development guaranteed lending programs at record levels.

During the past 12 months Rural Development in Iowa worked with 288 lenders to guarantee loans totaling \$274.3 million for business development projects, community facilities and housing opportunities.

This includes 24 business loans in Iowa for \$134 million, plus an additional \$5.8 million for projects specifically related to energy creation and efficiency in the state.

During this same 12-month period, Rural Development has also provided loan guarantees for 1,320 mortgage loans, and an additional \$26.1 million has been awarded for community projects such as hospitals, medical clinics, child care centers and wellness centers.

USDA Rural Development's guarantee loan program provides lenders a way to reduce their risk portfolio while improving return on equity; two very important strategies in today's tightening lending culture.

Partnerships with lenders are critical to our agency's ability to help rural Iowans achieve their business goals, community plans and homeownership dreams.



Central Iowa Expo

During his visit to this year's Farm Progress Show in Boone, Agriculture Secretary Ed Schafer presented a \$5 million loan guarantee to the Central Iowa Expo, Inc. The loan guarantee assisted with infrastructure development costs at the outdoor event center located east of Boone on Highway 30 and the new bi-annual site of the Farm Progress Show.

Rural Development worked with Community Bank of Boone on this loan guarantee.

The total cost of the infrastructure project is estimated to be around \$9 million and will include the paving of permanent streets, as well as the installation of storm sewers and water and waste water systems.

Lincoln Supply, L.C.

Freedom Financial Bank in West Des Moines used Rural Development's guaranteed loan program credit enhancement to assist Lincoln Supply, L.C. in Ellsworth with financing a recent feed mill expansion.

The new feed mill will help its customers keep 1.3 million turkeys on feed each day and annually feed 3.25 million turkeys, along with 80,000 pigs.

Guaranteed loans can be written for business projects located in communities up to 50,000 residents. The guaranteed level is typically 80 percent for loans less than \$5 million, 70 percent for loans up to \$10 million and 60 percent for loans up to \$25 million.

Guaranteed Lending - Business Programs	LOANS	DOLLARS
2006	17	\$ 42,200,560
2007	79	\$ 30,797,191
2008	132	\$ 139,700,000

Guaranteed Lending - Community Programs	LOANS	DOLLARS
2006	8	\$ 7,050,600
2007	11	\$ 4,329,500
2008	16	\$ 26,169,271

Guaranteed Lending - Housing Programs	LOANS	DOLLARS
2006	885	\$ 66,160,693
2007	808	\$ 65,669,337
2008	1,336	\$ 108,565,940

Investing in Rural Iowa's Future

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.

Last year, USDA Rural Development invested \$159 million in guaranteed loans, direct loans and grants in Iowa through our Business Programs. This investment is anticipated to help create and/or retain more than 10,000 jobs and leverage \$309 million in economic growth in rural Iowa.

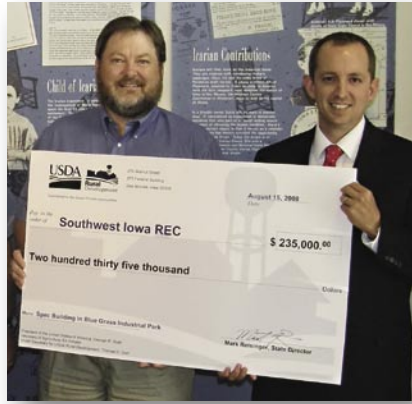
Guaranteed lending played a key role this year as \$139 million in guaranteed loans were written, a 454 percent increase from 2007.

We are very pleased that Iowans successfully received funding through our Renewable Energy and Energy Efficiency program. This past year 167 rural business and producers across the state received nearly \$14.3 million in this area.

More than \$1.4 million in Value Added Producer Grants provided assistance to producers and rural small businesses as they marketed such things as meat products, soybean oil, wind-generated electricity, ethanol, biodiesel and wine. Since 2001, 120 businesses in Iowa have been awarded more than \$20 million in grant funds through this program.

An additional \$8.6 million was awarded to rural electric cooperatives and economic development organizations to set up revolving loan funds that will help create jobs and stimulate Iowa's rural economy.

Exciting things are happening in rural Iowa; call us today to see how we can become a partner with you.



Business • Cooperative Programs Funding

2007	2008
\$ 18,447,148	\$ 134,066,616
\$ 5,555,000	\$ 6,964,690
\$ 675,000	\$ 1,091,399
\$ 1,377,939	\$ 400,000
\$ 250,000	\$ 199,738
\$ 15,162,006	\$ 14,396,469
\$ 1,217,846	\$ 1,433,500
\$ 200,000	\$ 0
\$ 1,025,000	\$ 943,350
\$ 43,909,939	\$ 159,495,762
\$ 51,600,213	\$ 309,573,339

- Business & Industry Loan Guarantee
- Rural Economic Development Loans & Grants
- Rural Business Enterprise Grants
- Intermediary Relending Program
- Rural Business Opportunity Grants
- Renewable Energy & Energy Efficiency Program
- Value Added Producer Grants
- Rural Cooperative Development Grants
- Marketing Resource Center Grant

Total

Total Leveraged*

*Additional financing from sources other than Rural Development.

Housing Opportunities Build Solid Foundations

Each year the dream of homeownership is realized by more and more lowans. Many of these first-time homeowners are bringing new ideas, young families and a sense of energy to Iowa's rural communities.

Ensuring that all lowans living in rural communities have decent, safe and affordable housing has been a top priority of USDA Rural Development for many years.

Last year our agency provided lowans with \$128 million in guaranteed and direct loans to help 1,600 families living in rural communities become homeowners and assisted 420 families make needed repairs to their homes. We also provided \$9.3 million in rental assistance to residents living in one of the 550 Rural Development-financed apartment complexes across Iowa.

More than 500 applications were received from lenders using a new guaranteed underwriting system that can help them pre-qualify loan applications in a matter of seconds.

Our agency also helped build new apartment buildings in Knoxville and Boone and assisted with remodeling projects at complexes in six other communities.

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.



2007

\$ 61,763,937
\$ 36,617,132
\$ 2,055,506
\$ 250,000
\$ 4,365,550
\$ 107,000
\$ 184,157
\$ 12,839,022
\$ 3,905,400
\$ 108,577
\$ 669,544
\$ 5,030,983
\$ 127,896,808

2008

\$ 105,140,099
\$ 22,834,119
\$ 1,711,425
\$ 0
\$ 1,000,000
\$ 152,000
\$ 107,740
\$ 9,340,480
\$ 3,425,841
\$ 622,232
\$ 659,091
\$ 900,000
\$ 2,000,000
\$ 147,893,029

Housing Programs Funding

Guaranteed Single Family Housing Loans
Direct Single Family Housing Loans
Single Family Housing Rehab Loans & Grants
Self-Help Housing (Technical Assistance)
Multi-Family Housing New Construction Loans
Farm Labor Housing Loan Program
Housing Preservation Grants
Rental Assistance (provided to tenants)
Guaranteed Multi-Family Housing Loans
Multi-Family Voucher Assistance Program
Multi-Family Housing Preservation & Rehab Loans
Multi-Family Housing Loan Restructuring Program
Multi-Family Housing Preservation Revolving Loan Fund

Total

Helping Communities Plan for the Future

USDA Rural Development is ready to partner with communities in developing critical infrastructure. During the past year we assisted more than 120 communities across Iowa with \$163 million, including a record \$26.1 million in guaranteed loans, to help with improvements to community facilities and upgrades to local infrastructure.

Some specific communities assisted include a new hospital in Mount Ayr, a community health center in Storm Lake, an assisted living facility in Swea City, the installation of a new sewer system for Carpenter and the expansion of a water system to serve additional users in Emmet County.

Six communities received \$22.5 million in special Farm Bill funding this year for water projects and Rural Community Development Initiative projects were awarded in Corning, Fayette and Fort Dodge.

Finally, Rural Development assisted more than 40 communities with grants for assistance to emergency services and public buildings that were in counties impacted by this year's severe weather all across Iowa.

Whether the project is a new medical clinic, hospital, fire station, fire truck, emergency equipment, community building, assisted living facility, child care center, rural water system, or a 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.



Community Programs Funding

2007	2008	
\$ 23,833,500	\$ 26,931,350	Water and Waste Guaranteed Loans, Direct Loans & Grants
\$ 0	\$ 22,536,520	Water and Waste Direct Loans & Grants (Farm Bill)
\$ 13,179,175	\$ 43,128,822	Community Facilities Guaranteed Loans, Direct Loans & Grants
\$ 61,000	\$ 0	Solid Waste Water Management
\$ 0	\$ 479,143	Rural Community Development Initiative
\$ 176,000	\$ 0	Household Water Well System
\$ 70,389,124	\$ 35,756,818	Telecommunications Programs
\$ 91,860,000	\$ 34,311,000	Electric Programs
\$ 199,498,799	\$ 163,143,653	Total

USDA Rural Development Helps Pocahontas County Find New Opportunities

From 1990 to 2000, Pocahontas County lost 9.1 percent (863 residents) of its population; the highest percentage of any county in Iowa in the 1990's. Community leaders have been working very hard the past few years to reverse this issue and have turned to USDA Rural Development for assistance.

"My biggest success in my position with the city has been to look for alliances in places like USDA Rural Development," said Gregg White, who started as the City of Pocahontas's first economic development director in 2004.

Through this partnership, Rural Development has been very busy in Pocahontas and surrounding communities helping to provide nearly \$3 million in loan and grant programs since 2002.

Through a wide variety of loan and grant programs Rural Development has been able to help provide \$1.5 million to establish and supplement revolving loan funds which have created or saved more than 200 jobs, provided financing for a new child care center, financed public safety vehicles and equipment, and assisted with the renovation of the local hospital.

With assistance from both the county of Pocahontas and USDA Rural Development loan and grant programs, the county of Pocahontas has been able to begin to rebuild itself.

"With assistance from USDA Rural Development our county will continue to develop and strive," said Tom Grau, economic development director with Pocahontas County.

Helping Iowans In A Time of Need

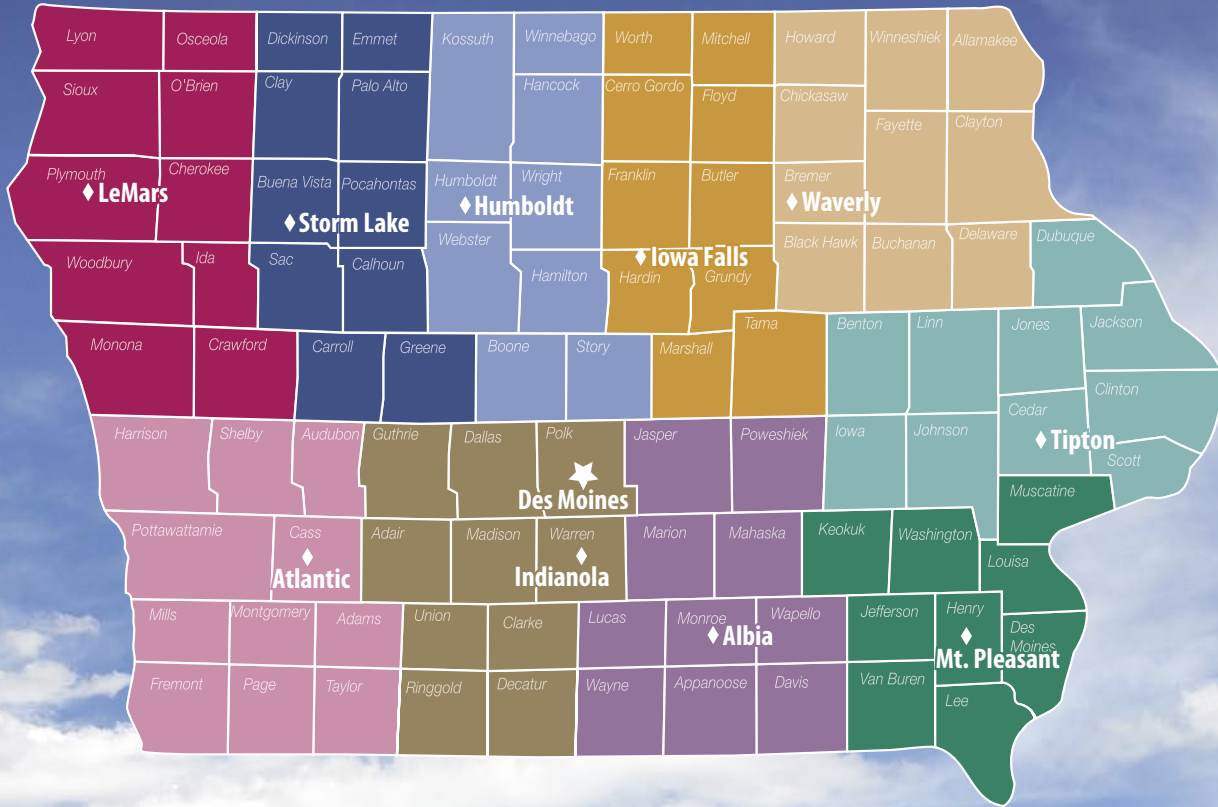
When the state of Iowa experienced devastating tornadoes in the spring and summer of 2008, USDA Rural Development was there to help, awarding more than 40 communities grant funds to assist in the rebuilding of displaced facilities and purchase of equipment and vehicles.

In October, 13 rural electric cooperatives from Iowa provided \$725,000 from their USDA Rural Development-established revolving loans to the City of Parkersburg, a community devastated by an E-F 5 tornado on May 25. The funds assisted in the construction of a 9,558 square-foot building that now provides space for five businesses in Parkersburg.

USDA Rural Development also provided a \$99,000 Rural Business Enterprise Grant to the City of Parkersburg to provide technical assistance and planning to help businesses affected by the tornadoes.

On June 11, a destructive tornado destroyed the Little Sioux Scout Ranch located in Monona County in Western Iowa. USDA Rural Development funds totaling \$282,000 went to the ranch to assist in constructing displaced facilities throughout the camp. This includes a 900 square-foot facility that will be used for multiple scouting programs and a shower and restroom facility in the north valley of the camp, both of which will serve as safe storm shelters.





Mark Reisinger, State Director

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