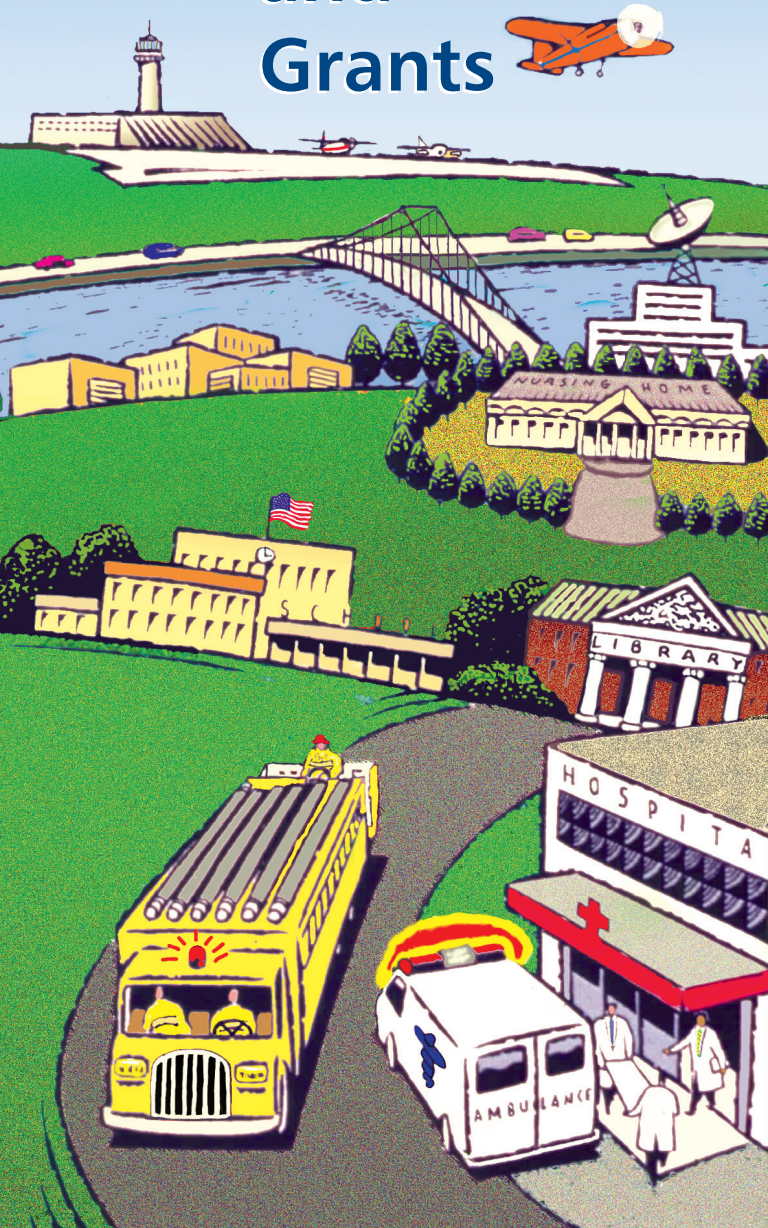





Rural
Development

Committed to the future of rural communities.

Community Facility Direct Loans and Grants





USDA Rural Development makes loans and grants to develop essential rural community facilities in areas of up to 20,000 in population. Direct loans may be made to applicants unable to obtain commercial credit. Priority is given to applicants in rural communities with populations of 5,000 or less. Applicants with low median household incomes receive a higher percentage of the grants.

Types of Projects Financed

- *Health Care* — such as hospitals, clinics, nursing homes, ambulatory care centers, etc.
- *Public Safety* — such as police and fire stations, jails, fire and rescue vehicles, and communication centers.
- *Public Services* — such as adult and child care centers, courthouses, airports, schools, fairgrounds, etc.

Eligible Entities


- *Public entities* — municipalities, counties, other public subdivisions, and special-purpose districts.
- *Federally recognized Indian tribes.*
- *Nonprofit organizations.*

Who May Apply?

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

Applicants must:

- Be unable to obtain funds from commercial sources at reasonable rates and terms;
- Have the legal authority to own, construct, operate, and maintain the proposed facility;
- Provide for facilities needed for orderly community development, consistent with the State strategic plan.



For grant funding, the facility must serve areas where the median household income of the population is either below the poverty line or below 90 percent of the State non-metropolitan median household income (whichever is higher).

In addition, applicants must have the legal authority necessary for construction, operation, and maintenance of the proposed facility and also be unable to obtain needed funds from commercial sources at reasonable rates and terms.

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 ability.

What Is the Interest Rate?


Interest rates for direct loans are based on current market yields for municipal obligations. Direct loans may qualify for a lower interest rate depending upon the median household income of the residents of the community to be served.

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 Grants Prioritized?

Grants are authorized on a graduated scale. Priority is given to applicants located in less populated rural communities with low median household incomes.





How May Funds Be Used?


Grant funds may be used to assist in the development of essential community facilities. A grant may be used in combination with other financial assistance, such as a direct or guaranteed loan, applicant contribution, or loans and grants from other sources.


What Is the Maximum Grant?

Grant assistance may be available for up to 75 percent of project costs.

Limitations on Grant Funds

Grant funds **cannot** be used to:

1. Pay any annual recurring costs, including purchases or rentals that are generally considered to be operating and maintenance expenses;
 2. Construct or repair electric generating plants;
 3. Refinance existing indebtedness or pay interest;
 4. Pay costs to construct facilities to be used for commercial rental where the applicant has no control over tenants and services offered;
 5. Construct facilities primarily for the purpose of housing State, Federal, or quasi-Federal agencies;
 6. Finance recreational facilities or community antenna television services or facilities.
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**For additional information
contact your local USDA Rural
Development office**

—or—

USDA Rural Development
Community Programs Division
1400 Independence Ave. SW
Washington, D.C. 20250
TEL (202) 720-1490
FAX (202) 690-0471

Web Site

<http://www.rurdev.usda.gov>



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