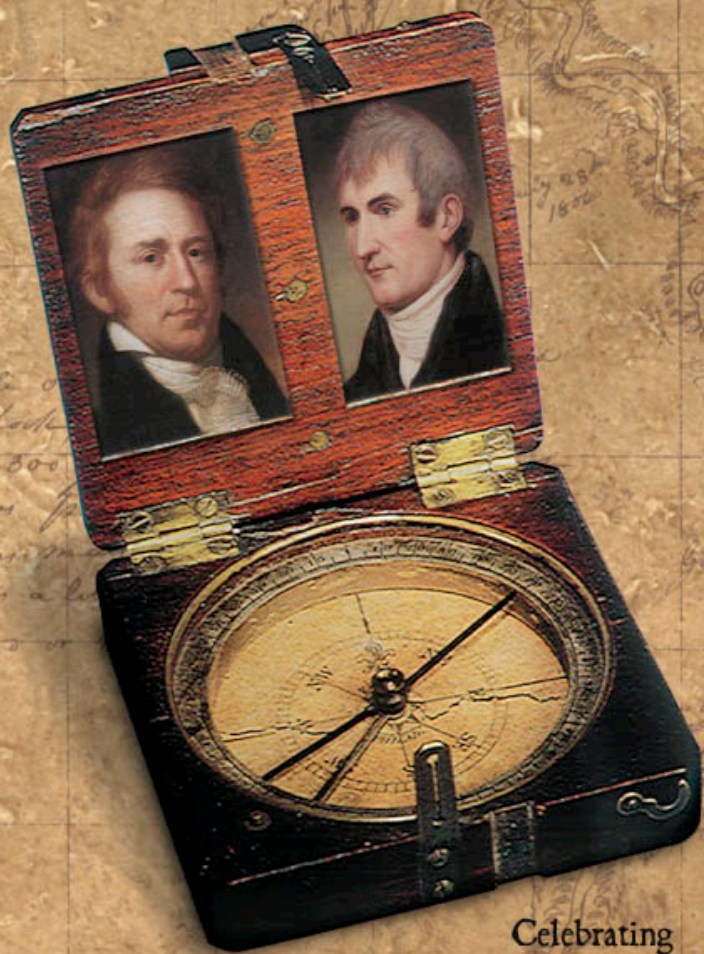


FISCAL YEAR 2003
USDA-RURAL DEVELOPMENT
NORTH DAKOTA ANNUAL REPORT



Celebrating
Lewis & Clark's Expedition
1804-1806

"...and we will not stop, we will not tire until we have extended the great promise of America to every neighborhood in America."

President George W. Bush

2003 USDA Rural Development investments in North Dakota include:

Single Family Housing

■ Section 502 Direct Loan Program	\$ 4,839,870
■ Section 502 Guaranteed Loan Program	\$ 14,618,357
■ Section 502 Self-Help Program	\$ 340,800
■ Section 504 Housing Rehabilitation Program	
loans	\$ 194,590
grants	\$ 183,106
Empowerment Zone/REAP	
loans	\$ 44,279
grants	\$ 36,911
■ Self-Help Technical Assistance Grant Program	\$ 293,000
■ Empowerment Zone/REAP 502 Direct Program	\$ 321,042
<i>Total Single Family Housing Programs</i>	<i>\$ 20,871,955</i>

Multi-Family Housing

■ Section 521 Rental Assistance Payments	\$ 2,775,826
■ Section 515 Rural Rental Housing Program	\$ 574,000
■ Section 533 Housing Preservation Grants	\$ 100,000
<i>Total Multi-Family Housing Programs</i>	<i>\$ 3,449,826</i>

Community Facilities Programs

■ Community Facilities Direct Loans	\$ 2,916,000
■ Community Facilities Grant Program	\$ 623,750
■ Tribal College Grants	\$ 889,444
<i>Total Community Facilities Programs</i>	<i>\$ 4,429,194</i>

Rural Utility Programs

■ Water and Waste Direct Loan Program	\$ 11,322,100
■ Water and Waste Direct Grant Program	\$ 9,364,000
<i>Total Rural Utility Programs</i>	<i>\$ 20,686,100</i>

Rural Business-Cooperative Programs

■ B&I Guaranteed Loan Program	\$ 16,172,000
■ Intermediary Relending Program	\$ 500,000
■ Rural Business Enterprise Grant Program	\$ 1,215,328
■ Rural Business Opportunity Grant Program	\$ 416,410
■ Rural Cooperative Development Grant Program	\$ 325,000
■ Rural Economic Development Grant Program	\$ 368,000
■ Rural Economic Development Loan Program	\$ 300,000
■ Renewable Energy/Energy Efficiency Grant Program	\$ 10,410
■ Value-Added Producer Grant Program	\$ 1,789,800
■ Agriculture Innovation Center Demonstration Grants	\$ 1,000,000
■ Empowerment Zone/REAP Program	\$ 1,982,620
<i>Total Rural Business-Cooperative Programs</i>	<i>\$ 24,079,568</i>

Grand Total USDA Rural Development **\$ 73,516,643**

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North Dakota Rural Development Team

Message from State Director Clare Carlson

In Fiscal Year 2003, USDA Rural Development delivered \$73.5 million in program dollars to residents of North Dakota. That figure doesn't include the \$26,629,000 and \$49,433,800 delivered by Rural Development's rural utility program's electric and telecommunications sections, respectively.

USDA Rural Development continues to offer a full range of services to rural residents to improve the quality of life and the economy. Our dedicated staff works hard to help customers and program partners utilize our programs for the benefit of their communities. I want to officially thank them for their efforts.

One development of particular interest to employees, customers, and program partners, is our effort to market our programs more effectively. Marketing is not a natural skill of the Federal government but this effort will change that. We will develop a stronger brand image that will make it easier for us to deliver our programs, as well as making it easier for our customers to access and utilize our programs.

To that end, we have developed a new logo and are in the process of completing a communication plan that will help us more effectively tell our story to targeted audiences.

This year I will observe my third anniversary as state director. It has been a great experience looking for new ways, with the staff and associates, to deliver our programs, and witnessing the effect of those programs on rural America. We appreciate suggestions for improvement, and appreciate the great leadership of Secretary of Agriculture Ann Veneman and Acting Under-Secretary Gilbert Gonzales.



CLARE CARLSON
State Director

Rural Housing Program \$28,750,975

The housing program of USDA Rural Development touches many aspects of rural life. These programs provide a range of opportunities for home ownership, and home improvement loans and grants for individuals and families in rural areas. Homeownership increases economic stability and provides numerous social benefits involving household stability, social involvement, and a sense of community.

Home Ownership: Through the direct loan program and guaranteed loan program, USDA Rural Development has been able to make the dream of homeownership in rural North Dakota a reality. During Fiscal Year 2003, the housing program staff assisted the dream of home ownership in rural North Dakota by processing 294 loans and loan guarantees. Our direct and guaranteed housing programs invested more than \$19.3 million in rural North Dakota. This is in addition to \$1,242,895 in payment assistance to existing low-income borrowers.

Home Repairs: For very low income homeowners—especially senior citizens who need essential repairs, access modification—or weatherization, we offer one percent loans up to \$20,000 and can offer grants to elderly households based on income and need. This past year we helped 80 households and provided a total of \$458,886 in loans and grants to North Dakotans in need. Participating in the program was an elderly disabled couple living in northern North Dakota. The couple was eligible for a \$14,500 loan package which included a \$7,500 grant and a \$7,000 loan. The financial package provided for the construction of a new garage and a wheelchair lift.

Self-help Technical Assistance: Through our innovative self-help housing program, homes become more affordable because low and very-low income families perform 65 percent of the labor needed to construct their homes. The family's investments or sweat equity reduces the total amount borrowed. Grants are awarded to non-profit and local government organizations that provide technical assistance. During Fiscal Year 2003, \$293,000 in a technical assistance grant was awarded to Lewis and Clark Community Works of Bismarck to assist 22 families construct their own homes.

Multi-family Housing: A portfolio of more than 3,404 units throughout North Dakota received project-based rental assistance subsidies so that 1,863 families, or individuals, do not pay more than 30 percent of their income for housing costs. We are making every effort to expand this base of affordable units through our Section 515 Loan Program. In Fiscal Year 2003, Rural Development provided \$574,000 for the rehabilitation of six apartment-type housing units for very-low, low, and moderate income households in rural North Dakota.

Rental Assistance Program: The Multi-family Housing Program provides support to those rural communities and customers with the greatest need in rural North Dakota. Through the Rental Assistance Program, nearly \$2,775,826 is dispersed annually to project owners, on behalf of the tenants.

Community Facilities Loans, Grants and Loan Guarantees: \$4.4 million was awarded to 18 communities and non-profit organizations. The Rural Development housing staff administers the community facilities program in North Dakota. The funds helped finance a wide variety of community facilities including fire and rescue equipment such as fire trucks and ambulances, a detention center for youths and adults, community buildings such as a court house, a tribal college and a community and wellness center. We are proud to have assisted a rural community in the construction of a justice center with office space, counseling and exercise area, library, classrooms, common kitchen, and laundry room. Under the Tribal College Community Facility Initiative Grant Program, five tribal colleges in North Dakota received \$889,444.

Rural Utility Program \$20,686,100

Rural Development, through its utility programs, provides funding to communities and non-profit organizations in North Dakota to improve the quality and dependability of safe drinking water and sanitary sewer systems.

Water and Wastewater Loan and Grant programs: More than \$20 million in loans and grants were awarded to five communities to build, improve or expand public water and sewer facilities. This included up-to-date and safe community water systems for Three Affiliated Tribes and the cities of Steele, Harvey, Hope,

Medora, Beach, and New Town. Communities receiving new or expanded wastewater treatment facilities included the cities of Granville, Kulm, and Milnor. Other communities receiving funding were Turtle Mountain Band of Chippewa Indians and Spirit Lake Nation for solid waste projects. We also worked with the Spirit Lake Nation, Standing Rock Sioux Tribe, Turtle Mountain Band of Chippewa, and Three Affiliated Tribes to provide safe drinking water facilities, sanitary sewer systems, and solid waste facilities.

As a result of our efforts, more than 25,000 rural North Dakotans received the benefits of safe drinking water, sanitary wastewater treatment, and solid waste facilities.

North Dakota ranked first in the nation for approved direct water/waste loans and second in the nation for approved water/waste grants, as a percentage of the allocation.

Business Programs \$22,096,948

Guaranteed Loans: Our Business and Industry (B&I) Loan Program helped lenders finance high quality businesses that will create and retain quality jobs in rural North Dakota. In Fiscal Year 2003, Rural Development guaranteed 12 projects for \$16,172,000.

Intermediary Relending Program (IRP): A loan for \$500,000 was awarded to the Lake Agassiz Regional Development Corporation, which includes service to the Griggs/Steele Empowerment Zone. Overall, the IRP program in North Dakota has provided funding to five non-profit agencies and to the Three Affiliated Tribes.

Rural Business Enterprise Grant Program (RBEG): Rural Development, through the Rural Business and Cooperative program, awarded \$1,215,328 in grant assistance. The grants included \$99,000 to the University of North Dakota, \$50,000 to the Rural Improvement Association, Inc., and \$475,850 to the city of McVille. We were pleased to again support North Dakota Prairie Public Broadcasting with \$400,000 in grants to continue its series on rural North Dakota. A \$291,478 grant was awarded to Sitting Bull College for an entrepreneurial center and business incubator to assist in the development of new small business enterprises.

Rural Business Opportunity Grant Program (RBOG): Four grants for \$416,410. This funding provides for technical assistance, training, and planning activities that improve economic conditions in rural areas. Rural Business Programs (RBP) designed this program to promote sustainable economic development in rural communities. During Fiscal Year 2003, grants were awarded to Women & Technology, \$154,000; Minot State University, \$25,000; Souris Basin Planning Council, \$200,000; and the Cavalier Job Development Authority, \$37,410.

Value-Added Producer Grants (VAPG): Fiscal Year 2003 was the third year for this program. The VAPG program was authorized through the 2002 Farm Bill. Its primary objective is to foster the development of new products and markets for agriculturally based products to eligible independent producers of agricultural commodities, agricultural producer groups, farmer and rancher cooperatives, and majority owned producer based business ventures. In North Dakota, six grants were awarded totaling \$1.8 million dollars. Producers include Fessenden Cooperative Association; Heartland Durum Growers Cooperative; Heart of the Valley, LLC; ISO-Straw Cooperative; Dakota Pride Cooperative; and Dakota Renewable Fuels, LLC.

Community Development

Our Community Development staff continues to provide technical assistance to North Dakota's rural communities, counties, and tribes. Community Development assistance involves working with all rural counties, but particularly those counties and communities that have experienced catastrophic economic changes, or who show a unique opportunity to improve their situation. USDA Rural Development is both a financial assistance and a comprehensive rural community development organization. We strive to develop partnerships with state and local groups who share our mission of creating opportunity and empowerment in North Dakota through several initiatives.

The Griggs/Steele Empowerment Zone was designated in 1998. It consists of the eastern third of Griggs and Steele Counties. Their primary mission is to promote community and economic development, attract industry, and create jobs. Through their marketing efforts, they were successful in relocating two large manufacturing plants to their area. In Fiscal Year 2003, the Zone received more than \$1.9 million in allocated Federal funds.

The Community Development efforts continue with North Dakota's two REAP Zones and nine Champion Communities. The primary purpose of this initiative is to stop the out migration and the loss of jobs. Through a combined effort, communities work together to create economic opportunities in their areas. These communities share in addressing critical issues such as out-migration, constraints in economic activity and growth, and declining employment. Through their efforts, these special groups have made an economic impact in their communities. Since designation as targeted communities, the Champion Communities leveraged financial resources totaling \$128,700,216 and the two REAP Zones \$150,042,319.

Our staff has been actively involved in tribal planning and development efforts. Some activities include assisting Spirit Lake Community Development Corporation in recruiting businesses to the reservation; Standing Rock on their tech-center application; Three Affiliated Tribes on their energy park; and Turtle Mountain on the HUD Renewal Community Project.

The Fiscal Year of the United States Department of Agriculture runs from October 1 to September 30.

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