

Rural Development

USDA

Virginia



Committed to the future of rural communities.

2006 ANNUAL REPORT



2006 INVESTMENT

In Virginia

Single Family Housing

\$131,542,544

Families Assisted
1,355

| Section 502 Direct Programs | | |
|--|------------------|---------------------|
| Very Low Income | 134 Loans | \$15,768,839 |
| Low Income | 140 Loans | \$17,802,306 |
| Total | 274 Loans | \$33,571,145 |
| Section 504 Direct Loan/Grant Programs | | |
| 504 Loans | 103 Loans | \$604,311 |
| 504 Grants | 132 Grants | \$700,121 |
| Total | 235 Loans | \$1,304,432 |
| Section 502 Guaranteed Rural Housing (GRH) Program | | |
| GRH Purchase | 846 Loans | \$96,666,967 |

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Multi-Family Housing

\$14,825,047

| Section 515 Rural Rental Housing | | |
|---|------------------|---------------------|
| Rehabilitation | 112 Units | \$2,450,000 |
| Section 521 Rental Assistance | | |
| Family | 603 Units | \$9,254,295 |
| Elderly | 185 Units | \$2,857,325 |
| Total | 788 Units | \$12,111,620 |
| Section 533 Housing Preservation Grants | | |
| Repairs | 65 Homes | \$263,427 |

Community Programs

\$93,926,818

| Water and Waste | | |
|------------------------------------|--------------------|---------------------|
| Loans | 13 Loans | \$24,982,760 |
| Grants | 13 Grants | \$8,468,000 |
| Total | 26 Projects | \$33,450,760 |
| Technical Assistance and Training | | |
| Grants | 1 Grant | \$60,000 |
| Distance Learning and Telemedicine | | |
| Grants | 1 Grant | \$500,000 |
| Broadband | | |
| Grant | 2 Grants | \$675,208 |
| Electric | | |
| Loans | 2 Loans | \$23,000,000 |
| Community Facilities | | |
| Loans | 25 Loans | \$34,893,815 |
| Grants | 36 Grants | \$1,292,035 |
| Administrative Grants | 2 Grants | \$55,000 |
| Total | 63 Projects | \$36,240,850 |

Business

\$2,125,430

Total Number of Jobs Created
846

| Business-Cooperative Services | | |
|-------------------------------|--------------------|--------------------|
| Rural Business | | |
| Enterprise Grant | 12 Grants | \$1,114,930 |
| Value-Added | | |
| Producer Grant | 5 Grants | \$285,500 |
| Rural Cooperative | | |
| Development Grant | 1 Grant | \$225,000 |
| Intermediary | | |
| Relending Program | 1 Loan | \$500,000 |
| Total | 19 Projects | \$2,125,430 |



\$242,419,840 Total 2006 Investment



Mike Johanns
Secretary
United States Department of Agriculture

In 2006, across this great nation, USDA Rural Development employees made a difference in the lives of virtually every person who calls rural America home. Whether it's financing rural renewable energy projects, guaranteeing a loan for a new business, building or upgrading a rural hospital, construction of a new community center, laying water lines, remodeling apartments or drilling a well for a senior citizen living on a homestead, we're building a more vibrant rural America.

As I traveled across the country conducting Farm Bill Forums in preparation for the 2007 farm bill, I heard loud and clear the message of support for USDA's rural development efforts. Out of hundreds of hours of discussion and thousands of comments, our rural development programs received nearly unanimous support. That is a vote of confidence in which the 6,300 men and women of USDA Rural Development can indeed be proud.

Rural America today is changing. Its economy is diversifying. The broadband revolution erases barriers of time and distance. New industries like renewable energy and biobased products hold exciting potential for investment and growth.

We are working hard to improve rural health care, schools, and other community facilities, to increase rural homeownership, and to support rural entrepreneurs. The opportunities and challenges vary from place to place, but one thing remains the same: the commitment of USDA Rural Development to the future of rural communities.

This is a new era for America's rural communities as evidenced by an amazing happening in St. Louis, Missouri in early October, when 1,350 leaders from agriculture, industry, and government gathered to explore ways to move renewable energy production to the next level. Three cabinet level officials, political leaders from all levels of government, business leaders, community representatives and the media listened as President Bush spoke, continuing his long standing support for development of renewable energy from America's rural areas. The President is strongly committed to renewable energy development including production of fuel from cellulosic sources like switchgrass. USDA Rural Development plays a key role in these efforts, along with other USDA agencies, the Department of Energy, and other federal partners. Together, we are making a real difference.

We have accomplished much over the past year and we are eager to build upon those accomplishments by strengthening even further our rural communities. We remain committed to creating an environment where future generations will not only live, but thrive in rural America. As we enter 2007, the 50 million people who live in rural America are developing new opportunities in every area – and I am proud that USDA Rural Development will continue to be a partner in these efforts, as it has been for more than 70 years.



Thomas Dorr
Under Secretary For Rural Development
United States Department of Agriculture

For the employees of USDA Rural Development – and the millions of rural Americans they serve – 2006 was a year of achievement and progress. Whether it's a new biodiesel plant, a medical clinic, energy efficient corn driers, a wind farm, broadband service or digital TV service for a public broadcasting station, USDA Rural Development is "connecting the assets" that we've provided to rural America. It's a lot of money: \$76.8 Billion since the start of the Bush Administration. This investment represents Rural Development leading the way to a bright new future for Americans who choose to live in our rural communities and on our farms. Not only have we invested an average of \$13 Billion a year over the last six years, (a 35% increase over 1998-2000) but we've created or saved an estimated 1.5 million American jobs.

America's new fuel industry is rural, it's diverse, it's mainstream – and it's growing fast. All across this great nation, entrepreneurs with the backing of a firm and reliable government energy policy, as outlined by President Bush, are making a contribution that expands America's energy options.

We marked other milestones this year as well. In housing, Rural Development rolled out "GUS", the Guaranteed Underwriting System, which will enable the lending community to get a fast and accurate answer when processing loan applications. We observed an important milestone in our popular "Self Help" housing program. Started in 1961, this program topped the 40,000 loan mark in 2006, and the total dollar amount of mortgages made under the program topped \$2 billion. We also began the process of revitalizing our multi-family housing portfolio. Late this year we announced that 78 multi-family housing developments in 16 states have been selected for inclusion in a demonstration program designed to preserve and rehabilitate apartment complexes financed through USDA Rural Development. We also made about \$617 million in loans and grants for Community Facilities projects including fire stations, public safety buildings, community halls, and emergency equipment.

Every one of our employees is charged to work with rural communities to create new economic opportunity and improve the quality of life in rural America while increasing connectivity between rural development programs, to find ways to bring even greater service to our rural customers. Working in partnership, a rural renaissance is upon us. At Rural Development, we are committed to the future of rural communities.



Ellen M. Davis
State Director

On behalf of all Rural Development employees in Virginia, I am pleased to share with you our Fiscal Year 2006 Annual Report. During the brief time, I have had the privilege of being State Director in Virginia, I have been amazed and humbled by the breadth and depth of the programs we offer; and by the real and measurable impact those programs have on the quality of life for folks in our rural communities. Whether it is a multifamily housing complex on the Eastern Shore, Self Help Housing in the Valley or grants targeting the work of our dedicated first responders, Virginia Rural Development is an important part of rural life. We are especially excited about the funding provided for the first Program for All Inclusive Care for the Elderly (PACE) center in rural Virginia – and in rural America. Joining over 40 PACE facilities in urban areas, this new facility will provide a one-stop health care and social center for elderly residents in Wise, Scott and Lee counties and Norton while serving as a model for elder care in other rural communities.

Despite challenges presented by budget and staffing considerations and the changing rural landscape, the dedicated employees of RD Virginia obligated almost \$245 million dollars to rural communities that provided the joy of homeownership to 1355 families, helped 788 families afford housing through our rental assistance program and created or saved 846 jobs. We have worked hard over the past year to create and improve our collaborative efforts with our federal, state regional and local partners. Working together, we are able to amplify the effect we each have in the rural communities we serve and we extend to each of them our sincerest gratitude.

Rural Development in Virginia will continue to be on the forefront of improving the quality of rural life in the Commonwealth while proving our commitment to the future of rural communities.

Increasing Economic Opportunity

Contact Us

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Committed to the future of rural communities

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Alleghany, Amherst, Appomattox, Bath, Bedford, Bland, Botetourt, Buena Vista, Campbell, Carroll, Charlotte, Clifton Forge, Covington, Craig, Danville, Floyd, Franklin, Galax, Giles, Grayson, Halifax, Henry, Lexington, Martinsville, Montgomery, Patrick, Pittsylvania, Pulaski, Radford, Roanoke, Rockbridge, Salem, Smyth, Wythe

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Fax: (540) 432-1707
Area Director: Elizabeth "Liz" Walker

Serving Counties/Cities:

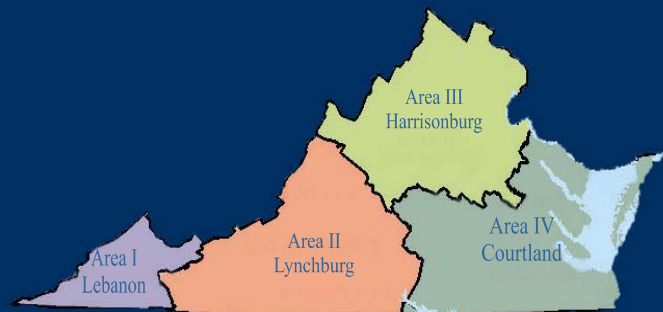
Albemarle, Arlington, Augusta, Caroline, Clarke, Culpeper, Fairfax, Falls Church, Fauquier, Fluvanna, Fredericksburg, Goochland, Greene, Hanover, Harrisonburg, Highland, King George, Loudoun, Louisa, Madison, Manassas, Nelson, Orange, Page, Prince William, Rappahannock, Rockingham, Shenandoah, Spotsylvania, Stafford, Staunton, Warren, Waynesboro, Winchester

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Accomack, Amelia, Brunswick, Buckingham, Charles City, Chesapeake, Chesterfield, Colonial Heights, Cumberland, Dinwiddie, Emporia, Essex, Franklin, Gloucester, Greensville, Henrico, Hopewell, Isle of Wright, James City, King & Queen, King William, Lancaster, Lunenburg, Mathews, Mecklenburg, Middlesex, New Kent, Northampton, Northumberland, Nottoway, Petersburg, Poquoson, Powhatan, Prince Edward, Prince George, Richmond, Southampton, Suffolk, Surry, Sussex, Westmoreland, Williamsburg, York



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or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

SUCCESS

RURAL

DEVELOPMENT

USDA Virginia

Airport Facilities
Animal Shelters
Community Centers
Courthouses
Downtown Revitalization
Elevated Water Tanks

Emergency Improvements
to Water Systems
Equipment
Fire Engines
Fire Hydrants
Fire Stations

Homebuyer Education
Hospital Improvements
Libraries
Medical Clinics
Museums
New Homes

Water Systems
Open-Air Pavilion
Police Cars
Rental Assistance
Rental Property
Rehabilitation of Multi-
Family Housing Units
Repair Homes

Water and Sewer Lines
Technical Assistance
Training
Waste Water Treatment
Systems
Working Capital



Single Family Housing Programs provide homeownership opportunities to low and moderate-income rural Americans through several loan, grant, and loan guarantee programs. The programs also make funding available to individuals to finance vital improvements necessary to make their homes decent, safe, and sanitary.

Multi-Family Housing Programs offer rural rental housing loans to provide affordable multi-family rental housing for very low-, low-, and moderate-income families; the elderly; and persons with disabilities. Rural rental housing guaranteed loans are available for construction, acquisition, or rehabilitation of rural multifamily housing. In addition, deep subsidy rental assistance is available to eligible families.

Community Programs provide loans and grants and loan guarantees for water and environmental projects, as well as community facilities projects. Water and environmental projects include water systems, waste systems, solid waste, and storm drainage facilities. Community facilities projects develop essential community facilities for public use in rural areas and may include hospitals, fire protection, safety, as well as many other community-based initiatives.

Business Programs help create jobs and stimulate rural economies by providing financial backing for rural businesses. Loans, grants, and loan guarantees are available to any legally-organized entity, including cooperatives, partnerships, profit or nonprofit entities, Indian tribes or federally-recognized tribal groups, and municipalities. In addition, a wide range of technical assistance is provided to cooperatives and people interested in forming new cooperatives.

Assisting Rural Virginia

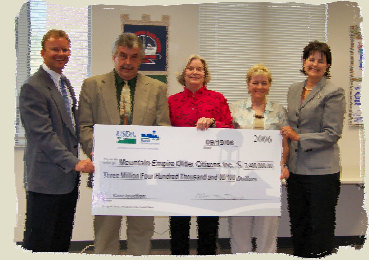
SUCCESS STORIES

Community Programs

We're Making History With the 1st Rural PACE Center!

Virginia Rural Development funded the first "Rural" Program of All-inclusive Care for the Elderly (PACE) in the United States in Fiscal Year 2006. There are 40 PACE Programs operating in the United States but all are located in urban areas. The \$3.6 million loan was made to the Mountain Empire Older Citizens, Inc. (MEOC) for construction of the Rural PACE Center in Big Stone Gap in cooperation with funds from the State of Virginia, the Virginia Tobacco Commission, and Wise County Industrial Development Authority. MEOC was established in 1974 as an Area Agency on Aging and was designated as the region's transit entity in the 1980's.

The new PACE Center will offer the elderly with an alternative to a nursing home by providing one-stop health care for the residents of the City of Norton and the counties of Lee, Wise, and Scott. Citizens will be able to live in their own homes, while receiving the health care services that they need along with socialization, dining, and therapeutic recreation. Participants must be 55 years old, live in the PACE service area, and meet the criteria for nursing home placement. The center will bring 41 new jobs to the area and pump \$7.8 million into the local economy yearly.



PRIME CHOICE FOODS

Prime Choice Foods, formed in October, 2000, is owned by Jose and Maria Robles Gomez and the Gomez Family Limited Partnership, RLLP. Prime Choice Foods began manufacturing "made with organics" tortilla chips in August, 2001. As sales grew very rapidly, the Partnership found that their facility was vastly inadequate to accommodate the volume of chips they were producing.

In October, 2006, Mount Rogers Planning District Commission approved a \$150,000 loan to Prime Choice Foods from its Intermediary Relending Program revolving loan fund provided by Rural Development. This loan was leveraged with other funds obtained from the Virginia Governor's Opportunity Fund; Virginia Tobacco Indemnity Fund; City of Bristol; and First Bristol Bank. The purpose of the loan was to purchase an existing commercial warehouse for storage, distribution, and corporate office space.

The purchase of the warehouse will allow this business to further increase its rapidly growing sales by serving major markets such as Food City; Wegman's; Wal-Mart/Sam's Club; and Costco Wholesale. The business also intends to develop its own brand of chips named GO-MEX.

According to Mr. Gomez, Prime Choice Foods is the second-fastest growing Hispanic-owned business in the U.S. At the time of loan approval, there were 35 employees with an additional 35 positions to be created once this project becomes fully operational.



RD HELPS PROVIDE A HOME

Limited incomes and the inability to pay high mortgage payments often discourage aspiring homeowners. However, Paul Whitaker of Virginia Beach did not let this get in the way of becoming a homeowner in Southeast Virginia.

With a goal of owning and not renting his home, he saved money while living at home with his parents. Then, a friend alerted him to the homeownership programs offered by Rural Development.

"I didn't think I was going to be able to qualify for anything with the amount of money I made," Whitaker said. He was surprised to find he qualified for the Rural Development Home Ownership Loan Program and was granted the loan. With the assistance of the Rural Development Office in Courtland, Virginia, Mr. Whitaker moved into his new home in April 2006.

Offering both Guaranteed and Direct Loans delivered from the 16 local offices located across the state, Rural Development in Virginia offers the low and moderate income individual or family the chance at home ownership and all of the benefits that come with a home purchase.

It's a change of scenery from my hometown of Virginia Beach with all its busy city activity, but Whitaker said the rural atmosphere suits him well. He enjoys fishing and canoeing, and feels fortunate to have the opportunity to do both right in his "backyard," with the Nottoway River just a few miles away.



Building and Strengthening Communities