

Telecommunications Loan Program

Investing in Rural America's Future

The Telecommunications Loan Program improves the quality of life in rural America by providing investment capital, in the form of loans, for the deployment of rural telecommunications infrastructure.

In order to achieve the goal of increasing economic opportunity in rural America, USDA Rural Development's Utilities Programs finances infrastructure that enables access to a seamless, nationwide telecommunications network. With access to the same advanced telecommunications networks of its urban counterparts, especially broadband networks designed to accommodate distance learning, telework and telemedicine, rural America will see improved educational opportunities, health care, safety and security and ultimately, higher employment. The Agency is committed to ensuring that rural areas have access to affordable, reliable, advanced telecommunications services, comparable to those available throughout the rest of the United States, to provide a healthy, safe and prosperous place to live and work.

Through this program, more than \$13 billion has been invested in improved telecommunications services to rural subscribers.

Who is Eligible?

Financial assistance is provided to:

Rural utilities; municipalities; commercial corporations; limited liability companies; public utility districts; Indian tribes; and cooperative, nonprofit, limited-dividend, or mutual associations.

How May Funds Be Used?

Loan funds may be used to finance telecommunications services in rural areas for:

- New construction;
- Improvements;
- Expansions;
- Acquisitions (some restrictions apply—cost of acquisition must be incidental to cost of improvements in loan);

- Refinancing (some restrictions apply—amount refinanced cannot exceed 40 percent of loan amount).

What Types of Loans are Available?

- **Cost-of-Money loans** at current U.S. Treasury rates, depending on loan maturity at the time of each advance. From 2005-08, the interest rate on these loans has fluctuated between 2.9 and 5.0 percent for a 20-year term;
- **Guaranteed loans**, primarily from the Federal Financing Bank (FFB). Interest rates (Treasury rate plus 1/8 percent) vary depending on call options and the interim maturity rate selected at each advance, which may be as short as 90 days, with auto-rollover. From 2005-08, the 90-day interest rate has fluctuated between 0.15 and 4.2 percent;
- **Hardship loans** at a fixed rate of 5 percent interest.

Current rates are published online at <http://www.federalreserve.gov/releases/h15/Current/> (scroll down to "Treasury Constant Maturities"). To determine FFB rates, add 0.125 percent to the Treasury Constant Maturities figures.

For More Information

For more information or to obtain an application packet, visit the Telecommunications Loan Program website at <http://www.usda.gov/rus/telecom/>.

Or write your local or State USDA Rural Development office (see the U.S. Government listing in your phone directory under U.S. Department of Agriculture), or the National Office at:

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