

I'm proud to report that, in 2010, USDA Rural Development continued to play a vital role across Iowa.

Our agency received an unprecedented opportunity through the American Recovery and Reinvestment Act (ARRA) to help create jobs and invest millions of dollars in Iowa. That meant we had the resources to help fund projects and programs at levels never seen before. And thanks to the hard-working Rural Development staff in Iowa, that's just what we did!

There were record numbers of guaranteed and direct loans for mortgages, expanded access to grants and loans for community facilities, and unprecedented loan guarantees for businesses and industries. The Recovery Act had a profound impact on Iowa.

At the same time, Iowa led the nation when it came to energy efficiency and renewable energy. Once again, our state assisted small businesses through the Rural Energy for America Program at levels unseen anywhere else in the nation. More than 500 projects received grants and/or loans, totaling more than \$44 million. Those projects are helping small businesses reduce their energy use, limit their carbon footprint and increase their bottom line. That's good for business and good for Iowa!

None of this would have been possible without an outstanding and tireless staff.

USDA Rural Development employees in Iowa have worked long hours, processing the record number of applications in every program area. These public servants are going above and beyond to serve rural Iowans and help restore the health of rural communities in the face of economic challenges.



Bill Menner
 USDA Rural Development
 State Director in Iowa



Tom Vilsack
 Secretary of Agriculture



Dallas Tonsager
 USDA Rural Development
 Under Secretary

USDA Rural Development funding made an enormous difference in the lives of rural Americans in FY 2010.

From helping tens of thousands of families repair or purchase a home, to large-scale investments to develop broadband infrastructure across dozens of counties, USDA Rural Development employees were helping build better lives for the American people.

When I assumed this office in January 2009, our country was struggling through the most serious economic crisis since the Great Depression. In rural America, the recession aggravated challenges that had been ignored or unsolved for decades. President Obama directed me to do everything possible to help jumpstart the national economy - and especially to help the 50 million residents of rural America weather the difficult times while also building a foundation for a sustained economic growth in rural communities.

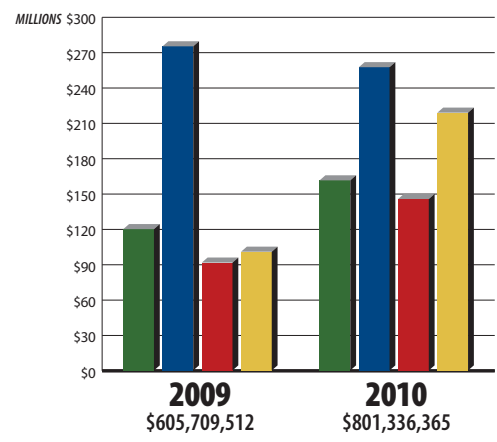
I am confident that the investments we have made will have a lasting, sustainable impact, and provide jobs and economic activity to keep rural America vibrant and prosperous in the future.

The Obama Administration recognizes how important rural America is to the continued economic health and vitality of the United States.

Rural communities are home to more than 50 million people. Rural America supplies much of our nation's food and water, and safeguards our environmental heritage.

Its role in establishing our nation's energy independence is growing every day. Reversing the youth outmigration dynamic and revitalizing rural America for the next century is USDA Rural Development's mission.

Over the past year, Rural Development has worked at President Obama and Secretary Vilsack's direction to build a framework of a new rural economy, built on a set of pillars which combine the successful strategies of today and the compelling opportunities of tomorrow.



USDA RURAL DEVELOPMENT FUNDING ACTIVITY - IOWA

Telecommunication & Electric Programs	2009 \$105,372,000	2010 \$223,370,439
Community Programs	2009 \$96,136,751	2010 \$150,098,111
Housing Programs	2009 \$279,671,178	2010 \$261,955,646
Business - Cooperative Programs	2009 \$124,529,583	2010 \$165,912,169

BUSINESS – COOPERATIVE PROGRAMS

Assisting with job creation and ways to improve economic opportunities in rural America is a leading emphasis at USDA Rural Development.

The heart and soul of USDA Rural Development’s Business – Cooperative Programs is the Business and Industry (B&I) guaranteed loan program. B&I guaranteed loans help back the business of rural America by providing protection and incentives to lenders. In turn, businesses benefiting from a loan guarantee have a better chance of receiving the financing and terms they need so they can thrive.

More than 30 businesses in rural Iowa accessed \$110 million in guaranteed loan funds through USDA Rural Development during the past year. Funds from the Recovery Act played a big role in assisting many of these guaranteed loans.

Iowa continues to be a leader in using USDA loan and grant programs to help with renewable energy production and energy-efficiency improvements. This past year, 561 producers and businesses in Iowa received \$44 million from the agency’s Rural Energy for America Program (REAP). This program provides financial assistance to help farmers and business owners make energy-efficiency improvements, as well as install renewable energy systems such as wind turbines, geothermal and solar projects.



BUSINESS – COOPERATIVE PROGRAMS	2009	2010
Business and Industry Loan Guarantee (B & I)	\$79,094,125	\$110,580,331
Rural Economic Development Loans and Grants (REDLGs)	\$5,075,250	\$4,605,000
Rural Business Enterprise Grants (RBEGBs)	\$1,228,549	\$968,150
Intermediary Relending Program (IRP)	\$728,219	\$1,128,000
Rural Business Opportunity Grants (RBOG)	\$49,999	\$83,000
Rural Energy for America Program (REAP)	\$35,156,741	\$44,278,488
Value Added Producer Grants (VAPG)	NA	\$1,164,162
Rural Cooperative Development Grants (RCDG)	\$200,000	\$225,000
Marketing Resource Center Grant	\$943,350	\$0
Advanced Biofuel Payment	\$2,053,350	\$2,145,038
Rural Microentrepreneur Assistance Program (RMAP)	0	\$735,000
TOTAL	\$124,529,583	\$165,912,169



HOUSING PROGRAMS

Residents in Iowa looking to purchase a new home may be surprised to learn that the only no-down-payment programs still available are offered by USDA Rural Development.

USDA Rural Development has two low-interest, no-down-payment loan programs to help eligible families living in rural communities and areas purchase new or existing homes. Loans, and some grants, are also available to help families make needed repairs to their homes.

Eligible homes must be located in a rural area and/or community of 20,000 persons or less. In most cases, a family of four with an adjusted annual income of up to \$74,050 may qualify for the agency's guaranteed home loan program. If that same family of four's adjusted annual income is less than \$45,600 they may also qualify for a direct loan from the agency. These income limits increase in communities located near metro areas.

USDA Rural Development also provides financing for 500 multi-family housing projects in rural Iowa. These projects provide rural Iowans with access to more than 9,600 apartments. Rent in these apartments is based on income, and rental assistance is available depending on the income of the tenant.



HOUSING PROGRAMS	2009	2010
Guaranteed Single Family Housing Loans	\$227,552,179	\$191,001,530
Direct Single Family Housing Loans	\$29,870,186	\$42,203,084
Single Family Housing Rehabilitation Loans and Grants	\$1,699,362	\$1,438,709
Multi-Family Housing Construction Loans	\$220,000	\$0
Farm Labor Housing Loan Program	\$541,000	\$216,500
Housing Preservation Grants	\$397,684	\$183,555
Rental Assistance*	\$15,713,372	\$24,765,692
Guaranteed Multi-Family Housing Loans	\$2,356,600	\$0
Multi-Family Voucher Assistance Program	\$544,753	\$438,758
Multi-Family Housing Preservation and Rehabilitation Loans	\$465,009	\$866,162
Multi-Family Housing Loan Restructuring Program	\$311,033	\$841,656
TOTAL	\$279,671,178	\$261,955,646

* Rental assistance provided to tenants.



COMMUNITY PROGRAMS

During the past year, USDA Rural Development assisted more than 250 communities across Iowa with \$373 million to help make quality-of-life improvements for rural residents through new and upgraded services, facilities, buildings, equipment and infrastructure.

Helping to ensure all rural Iowans have access to healthcare continues to be an important area of emphasis for the agency. Since 2005, USDA Rural Development has awarded \$273 million to 77 hospitals, rehabilitation centers, healthcare office buildings, clinics, mental health facilities, nursing homes and assisted living centers in Iowa to help improve, expand or build new facilities.

Funds from the Recovery Act assisted the agency in awarding \$72.3 million to assist with water and wastewater projects in rural Iowa. USDA Rural Development has invested more than \$1.2 billion to improve water quality in rural Iowa during the last 45 years.

Whether the project is a new medical clinic, hospital, fire station, fire truck, emergency equipment, community building, assisted living facility, library, child care center, or rural water, telephone, electric or broadband projects, USDA Rural Development is ready to assist.

Community-improvement efforts are important to the sustainability of rural America, and USDA Rural Development is ready to help communities across Iowa develop these critical resources.



COMMUNITY PROGRAMS	2009	2010
Water and Environmental Program Loans and Grants	\$19,395,800	\$72,157,300
Community Facility Loans, Grants and Guarantees	\$76,120,001	\$77,589,105
Solid Waste Water Management	\$98,000	\$100,000
Rural Community Development Initiative	\$522,950	\$251,706
Telecommunications Programs	\$68,770,000	\$141,397,439
Electric Programs	\$33,150,000	\$81,973,000
TOTAL	\$198,056,751	\$373,468,550



ARRA FUNDS AWARDED FY2009-2010



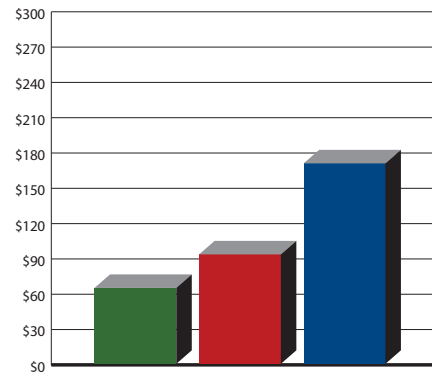
American Recovery and Reinvestment Act Makes Tremendous Impact in Rural Iowa

The impact of the American Recovery and Reinvestment Act (ARRA) in rural Iowa has been tremendous. Because of ARRA more than \$364 million that otherwise would not have been invested allowed USDA Rural Development to provide affordable housing, build critical rural infrastructure, provide jobs and access to capital, and extend high-speed broadband services in rural Iowa.

- \$105 million to assist 1,157 Iowa homeowners with their mortgages
- \$118 million to help more than 200,000 Iowans with expansion of broadband services
- \$76 million to assist 22 businesses with expansion, job-creation and/or debt-refinancing efforts
- \$35 million to help improve water and wastewater services to more than 90,000 Iowans
- \$28 million to assist 74 communities with projects such as hospitals, fire stations, storm shelters, community centers and libraries that will improve the quality of life for more than 125,000 Iowans.



Congress and President Obama recognized the important role that USDA Rural Development plays in rural America. In Iowa, this meant the chance to help fund projects and programs at levels never seen before.



Business Programs	Business and Industry Guaranteed Loans	\$76,064,331
	Rural Business Enterprise Grants	\$753,899
Housing Programs	Direct and Guaranteed Home Loans	\$105,297,654
Community Programs	Community Facility Loans and Grants	\$28,369,453
	Water and Environmental Program Loans & Grants	\$35,375,400
	Broadband Loans and Grants	\$118,896,439

TOTAL \$364,757,176

SUCCESS STORIES



Creating Jobs Through Local Food Production

Last year USDA unveiled the “Know Your Farmer, Know Your Food” initiative in recognition of the health-awareness trend sweeping across the country. The USDA initiative seeks to highlight the importance of locally grown foods.

USDA Rural Development has numerous loan and grant programs available to assist organizations or producers who are involved in supporting local and regional food systems. Some of these include grants to help producers develop, market or produce value-added agricultural products. The agency can also help fund the development of community kitchens, food banks and other facilities that can assist in the distribution of locally grown foods.

Earlier this year USDA Rural Development provided the Iowa League of Resource Conservation and Development (RC&D), Inc. with a \$251,706 grant to help hire local staff around the state to develop regional food systems as a way to increase community and economic development.

Staff will be hired in the following communities: Cedar Valley RC&D (Charles City), Golden Hills RC&D (Oakland), Iowa Valley RC&D (Amana), Pathfinders RC&D (Fairfield) and Southern Iowa RC&D (Creston).

The “Know Your Famer, Know Your Food” USDA-wide effort strives to create new economic opportunities by better connecting consumers with local producers. It is also the start of a national conversation about the importance of understanding where food comes from and how it gets to America’s dinner tables.

USDA Rural Development is very interested in supporting, through our loan and grant programs, the exciting local foods initiatives that are surfacing across Iowa. People want to know where their food is coming from and are requesting locally grown foods. They also recognize the importance of supporting local producers and local economies.

Backing the Business of Rural America

GMT Corporation, a major employer in Waverly and Nashua in northeast Iowa, this year received \$10 million in Recovery Act loan guarantees through USDA Rural Development. The guarantees will help the company to refinance debt owed to various lenders and purchase new equipment.

Since opening 37 years ago as a small repair business in Waverly, GMT has focused on production machining and fabrication services to increase their capabilities for large, complex machining during the past decade. In 2005, GMT developed a steel service center to provide steel processing and painting services for the fabrication division. The fabrication unit has seen significant growth year after year.

However, the company experienced large decreases in revenue in the last 24 months due to general market conditions from the recession, particularly in the construction machinery market.

The refinancing of debt also gives GMT the opportunity to grow into new markets and further diversify their production.



Microenterprises in Rural Iowa get a Boost

USDA Rural Development recently awarded recipients funds for the newly created Rural Microentrepreneur Assistance Program (RMAP) that provides direct support for small business formation and offers technical assistance and training to small rural businesses.

This program creates opportunities for small businesses to prosper by giving them access to capital and it also helps to create new off-farm income opportunities that help to support owners of small and mid-sized farm operations.

The Iowa Foundation for Microenterprise & Community Vitality, located in Boone, is receiving a \$400,000 loan and \$100,000 grant through RMAP. Also, North Iowa Area Community College in Mason City is receiving a \$130,000 grant.

The organizations will use the funds to make microloans to rural microentrepreneurs and microenterprises and to provide technical assistance and training for future and existing microentrepreneurs and microenterprises.

A microentrepreneur is defined as an owner and operator, or prospective owner and operator, of a microenterprise who is unable to obtain sufficient training, technical assistance, or credit other than under the RMAP.

Eligible applicants may include microenterprises defined as a sole proprietorship located in a rural area or a business entity, located in a rural area, employing 10 people or fewer that is in need of \$50,000 or less in business capital and/or business-based technical assistance and training.



Golden Hills RC&D Helping Expand Regional Growth in Southwest Iowa

USDA Rural Development is committed to supporting rural communities that come together to create economic development strategies that will create jobs and build robust regional economies.

Regionally focused economic-development efforts will take advantage of locally identified strengths to create jobs and help businesses expand in America's rural communities.

Golden Hills Resource Conservation and Development (RC&D) Area, based in the southwest Iowa community of Oakland, this year received an \$83,000 Rural Business Opportunity Grant from USDA.

The Golden Hills RC&D covers Cass, Fremont, Harrison, Mills, Montgomery, Page, Pottawattamie and Shelby Counties. The funds being awarded will assist projects in these eight counties, along with Audubon and Guthrie Counties, through a partnership with the Southwest Iowa Food and Farm Initiative (SWIFFI).

The funds will be used to provide business and management skills training for up to 15 farm-based businesses in southwest Iowa, develop two demonstration sites that use vermicomposting (earthworms to turn organic waste into high-quality, mineral rich soil) and aquaculture systems in high-tunnel environments. Both low-cost systems can be used for season extension and year-round growing opportunities. The grant will also assist the RC&D as it works with the Western Iowa Grape Growers Association to help develop an American Viticultural Area (AVA) in the Loess Hills region of southwest Iowa.

The Golden Hills RC&D projects meet several key USDA Rural Development priorities including regional collaboration, regional food systems, community building, strategic partnerships and capital markets.

The regional collaboration proposed between the local RC&D, county board of supervisors, local food policy councils, community college and small business development center will encourage the rural area to invest in opportunities to improve the local rural economies.



Loan Program Makes Dream Come True for Growing Iowa Family

Ben and Angie Johnston love children. While living most recently in Austin, Texas, the Johnstons' family continued to grow as they adopted their eighth child.

Ben, a teacher, and his wife are native Iowans. This fall Ben began his first year with the Garner Hayfield School District in Garner.

Both Ben and Angie grew up near Garner, a small community in north central Iowa. They knew they wanted to move back to Iowa because of the values their children would learn in a small community.

One of the challenges of moving back to Iowa was finding a house that would be comfortable for their children who range in ages from two to 12 years old.

With the help of USDA Rural Development's home loan program and assistance from their local realtor, this summer the Johnstons were able to find the home of their dreams.

The house, a Victorian style, is close to the community schools and has room for everyone.

Angie says USDA Rural Development's housing program has truly made their family's dream come true.

Improved Broadband Access Made Possible Through Recovery Act

Nearly \$6 million in Recovery Act loans and grants administered through USDA Rural Development are being provided to Southwest Telephone Exchange, Inc. to help expand broadband capabilities in southwest Iowa.

Southwest Telephone Exchange, Inc., received a \$1,796,199 loan and \$4,191,131 grant to assist with the southwest Iowa fiber-to-the-home broadband deployment project which will provide high speed internet service to Imogene, Emerson, Henderson and their surrounding rural areas in Fremont and Mills Counties.

It is anticipated that the project will provide broadband to nearly 1,568 people, 55 businesses and nine community institutions.

Building a broadband infrastructure is critical to creating jobs and economic opportunity in rural Iowa. With investments in broadband, USDA Rural Development is helping foster innovation and bring more rural communities into the digital age.

This year more than \$118 million in special ARRA loan and grant funds have been awarded to assist businesses in bringing enhanced broadband services to rural Iowa.

Southwest Telephone Exchange also received a \$7,090,000 loan from the agency's traditional telecommunications program in 2010.



Expanded Health Care Options Coming to North Central Iowa

USDA Rural Development awarded a total of \$24 million to assist with a large hospital expansion and renovation project at the Belmond Medical Center, including a \$21.6 million direct loan made possible by the Recovery Act. Additionally, a \$2.4 million guaranteed loan is being provided to First State Bank in Belmond on a loan the bank has with the hospital.

The 22-bed critical access hospital was built in 1952 and is not large enough to meet the healthcare needs of area residents. When completed, the hospital will add 55,000 square-feet and include a new hospital entrance, emergency room, surgery area, acute-care area, therapy area and helicopter stop. The remodeling will add additional clinic, specialty clinic and office space.

This health-care improvement project in Belmond is a tremendous example of how the Recovery Act is creating jobs and helping to improve vital community infrastructure and services, just as the President and Congress intended.

The new addition is expected to be completed by November 2011 and the remodeling finished by May 2012.



Apartment Buildings in Rural Iowa Getting a Face Lift

More than \$1.3 million from USDA Rural Development was used in Iowa to assist with apartment rehabilitation projects across the state in 2010.

One example of this is Greenway of Oskaloosa which has provided top-quality care to residents in Oskaloosa since 1980. The apartment complex consists of 44 one- and two-bedroom units and provides housing for families.

Rehabilitation was done on the complex to ensure that all building requirements and residents' overall safety and security needs are being met.

USDA Rural Development was pleased to assist the rehabilitation project by providing a \$625,141 loan. The total project cost was \$2 million.

Dishwashers, microwaves and washers and dryers were added to each unit and the siding, roof and windows were replaced. A site manager office was added and tenant safety was improved by replacing parking areas and sidewalks. Greenway of Oskaloosa will also now be more handicap accessible.

Making improvements to apartments will continue to be an area of emphasis for USDA in 2011. Funding from the agency will be supplemented with \$1.1 million from Federal Home Loan Bank's Affordable Housing Program to help rehabilitate at least five USDA Rural Development-financed apartment complexes during the year.



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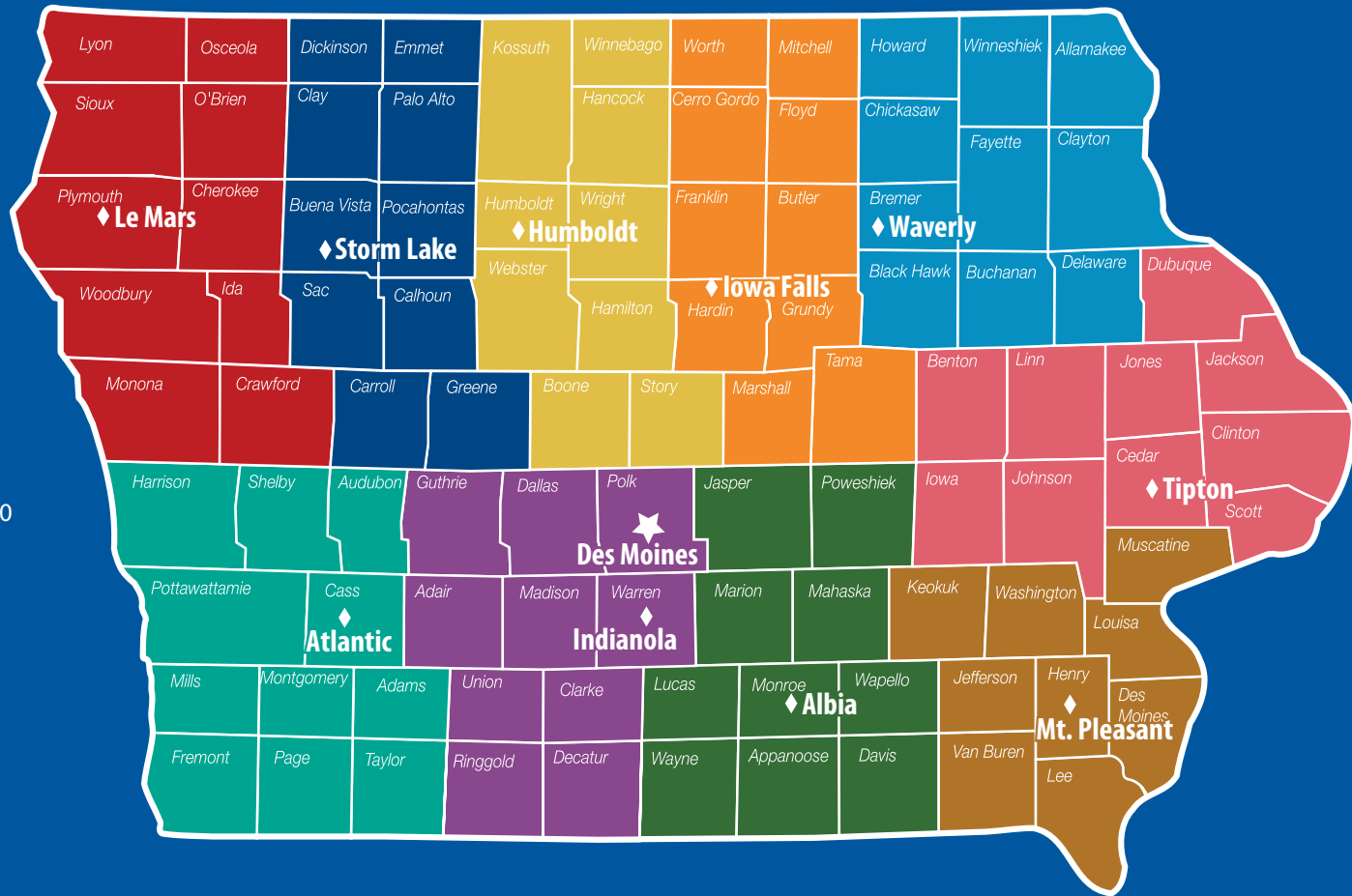
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