

Progress Report



north dakota



Committed to the future of rural communities.

MAKING HISTORIC INVESTMENTS TO BUILD NORTH DAKOTA

We are pleased to bring you our progress report to highlight the historic investments being made through USDA Rural Development to build up North Dakota's infrastructure, communities and utilities. USDA Rural Development is comprised of three different federal agencies: the Rural Housing Service, Rural Business Service and the Rural Utilities Service. We have five offices across the state and a team of 45 people who are committed to our future.



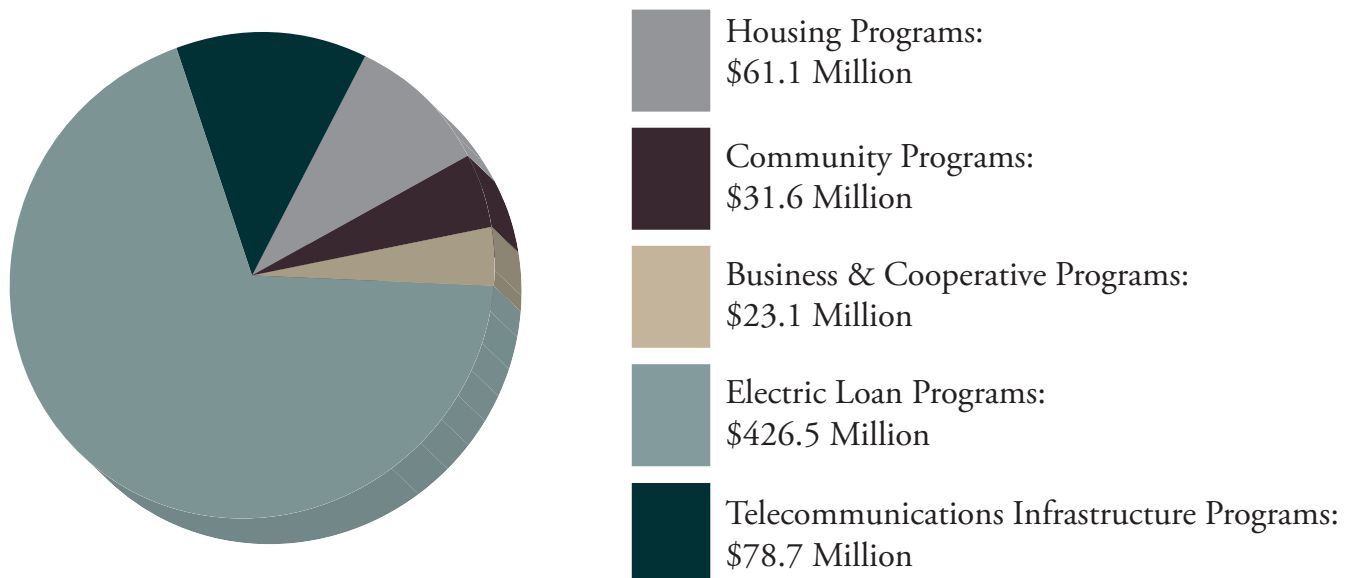
Through our housing programs, we have been able to help meet the demand of growth in providing financing for individuals to purchase homes. We do this by directly lending to homeowners as well as partnering with local banks to guarantee the financing. We also oversee a large multi-family housing portfolio which provides low- to moderate- income housing options in addition to providing rental assistance. Our business and cooperative programs help new and existing businesses and cooperatives expand and grow their service areas. The many different utility programs through USDA have also helped build up our water, sewer, electrical and telecom infrastructure in North Dakota. These investments and programs are highlighted in this report.

As North Dakota continues to build on the success of our agriculture, energy and manufacturing industries, it is imperative that we have a strong workforce and thriving communities. Through our many programs found in this guide, we are proud to partner with many entities to finance the necessary infrastructure that encourages people to live, work, raise families and establish businesses in North Dakota.

I am a firm believer that it takes a team to build a state and am honored to work with you and our many partners to ensure that North Dakota's better days are still ahead of us.

— Jasper Schneider, State Director

USDA Rural Development Investment in North Dakota For Fiscal Year 2012 Was More Than \$621 Million



STRENGTHENING RURAL AMERICA

Rural Development is part of the United States Department of Agriculture (USDA) with the mission to increase economic opportunity and improve the quality of life for all rural Americans. Our goal is to build vibrant, sustainable communities.

Through USDA Rural Development, financing is available for job creation, business development, essential community facilities, basic infrastructure and affordable housing. To best serve North Dakota communities, we proudly partner with state, local, and tribal governments, as well as non-profit agencies, private businesses and lenders.

In North Dakota, USDA Rural Development manages a loan portfolio of over \$4 billion. With flexible programs, we achieve our mission by helping rural individuals, communities and businesses obtain the financial and technical assistance needed to address their diverse and unique needs.

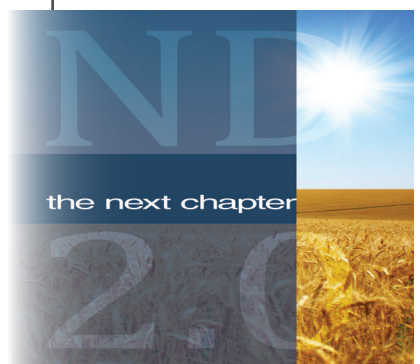
DEFINING OUR FUTURE

Through community and regional development efforts, Rural Development helps build a foundation for economic growth. Programs assist communities identify their long-term goals through technical assistance and grants supporting strategic planning and community visioning.

North Dakota 2.0: With the mission of Rural Development in mind, the North Dakota 2.0 initiative was born to engage people and communities on the future of North Dakota. After holding 14 regional meetings and collecting sentiments from over 600 individuals, the ND 2.0 report was released. The data reflects the changing economy, reveals trends and opinions, and offers recommendations for eight priority issues. With analysis provided by Dr. Richard Rathge, North Dakota State University professor, the report was developed as a guide and resource for building a better future. You can learn more about the initiative and read the report online at www.ND20.com.

Vision West ND: USDA Rural Development has a long standing history of supporting and partnering with the REAP Investment Board, the genesis of the planning initiative, Vision West ND. The initiative, including 19 western ND counties and the Fort Berthold Reservation, is made possible through The Partnership for Sustainable Communities — DOT, HUD and EPA in coordination with USDA.

It is Rural Development's goal to connect communities with available resources. We also promote partnerships at the local and state levels that will assist communities in advancing their strategic or economic development plans.



HOUSING PROGRAMS

Housing is the cornerstone of a vibrant community. Rural Development helps grow neighborhoods by building and preserving quality housing and rental opportunities. The single family housing program provides guaranteed and direct loans to construct, purchase, or rehabilitate a dwelling. The program offers residents with low- to moderate- income financing at favorable rates and terms. Loans and grants are also available to make necessary home improvements that remove health and safety hazards and to make homes accessible for people with disabilities.

The multi-family housing program offers guaranteed and direct loans to finance the construction and site development of affordable rental properties for families, the elderly and persons with disabilities. Rental assistance is also available to very-low income residents living in Rural Development multi-family complexes.

PROGRAM HIGHLIGHTS...

- The housing loan programs helped 419 individuals and/or families purchase a home.
- Essential repairs were made on 34 rural homes.
- Provided affordable rent for 965 units in 57 Rural Development multi-family rental housing complexes.

Single Family Guaranteed Home Loan.....	\$50,076,541
Single Family Direct Home Loan.....	\$4,908,415
Rural Home Repair Loan and Grant.....	\$241,296
Housing Preservation Grant.....	\$100,000
Multi-Family Housing Direct Loan.....	\$625,985
Multi-Family Housing Guaranteed Loan.....	\$1,472,620
Rural Rental Housing Voucher Demonstration.....	\$105,701
Rural Rental Assistance.....	\$3,520,320
Total Housing Programs.....	\$61,050,878



BUSINESS AND COOPERATIVE PROGRAMS

Rural Development encourages the establishment and growth of businesses and cooperatives to improve and diversify economies. In collaboration with lenders, local governments, tribal groups and intermediaries, Rural Development provides financing in the form of loan guarantees, direct loans and grants.

The business and cooperative programs support projects that create quality jobs and stimulate economic activity. Financing may be used for working capital, purchasing equipment, energy efficient or renewable energy projects, technical assistance, business incubators, revolving loan funds and strategic planning.

For example, Diverse Energy Systems, Inc. of Grafton received a \$4.8 million guaranteed loan to construct a new building and purchase equipment to expand manufacturing capacity. The project will create 27 new jobs.

Business development is a key component of a sustainable rural community. By providing financial backing to businesses, Rural Development helps bring residents job opportunities, enhanced services and new products.



PROGRAM HIGHLIGHTS...

- 2 co-ops received \$350,000 in grant funding to assist business expansion and improvement.
- 10 businesses and public entities received \$778,000 in grants for development activities.
- 6 intermediaries received over \$2.8 million to establish revolving loan funds for local community projects that created or saved jobs.



Business & Industry Guaranteed Loan.....	\$19,050,795
Renewable Energy Systems Grant.....	\$124,000
Rural Business Enterprise Grant.....	\$478,500
Rural Business Opportunity Grant.....	\$100,000
Intermediary Relending Program.....	\$302,000
Rural Economic Development Loan.....	\$2,480,000
Rural Economic Development Grant.....	\$113,517
Rural Cooperative Development Grant.....	\$350,000
Value-Added Producer Grant.....	\$98,500
Total Business & Co-op Programs.....	\$23,097,312

COMMUNITY PROGRAMS

Building essential community infrastructure is important to thriving rural areas. Through Rural Development's community programs, public entities and non-profits receive financing for facilities such as: hospitals, libraries, nursing homes, schools, fire and police stations, civic structures, child care centers and much more.

For example, the Napoleon Care Center received \$1.8 million in loans to remodel and expand their current nursing home facility. The project will create rooms that give residents privacy as well as more space for visitors. Most importantly, the investment will provide residents with comfortable living options close to family and friends.

Community development efforts are necessary for rural economies to compete for businesses, skilled workers, educators, medical specialists and public safety officers. Rural Development helps build viable communities where people want to live, work and play.

PROGRAM HIGHLIGHTS...

- Investments in community facilities benefited more than 86,000 residents in North Dakota by financing \$9.9 million in projects.
- Five tribal colleges received over \$700,000 in grants to improve campus infrastructure.
- The Trinity Health—Western Dakota clinic opened in Williston. USDA Rural Development financed a \$5.5 million direct loan for the health care facility which serves a six-county region with a population of 52,000 people and growing.

Community Facilities Direct Loan.....	\$6,406,761
Community Facilities Guaranteed Loan.....	\$2,607,200
Community Facilities Grant.....	\$978,280
Total Community Programs.....	\$9,992,241



WATER AND UTILITY PROGRAMS

Utility services are the foundation of rural infrastructure. Through several loan and grant programs, Rural Development works to provide reliable and clean drinking water, waste treatment, electric power and telecommunications services.

The utility programs connect rural residents through broadband and 21st century telecommunications services; finance reliable and affordable electric systems; integrate smart grid technologies; and develop rural water and wastewater systems to address water quality issues.

For example, through the Distance Learning and Telemedicine Program, Garrison Memorial Hospital and Altru Health System received over \$380,000 in grants to expand health care services. Digital technology allows specialists to consult immediately with local physicians and pharmacists. This saves costly travel time and gives rural residents the same access to high quality services available in urban areas.

These investments support our long-term national prosperity by ensuring that rural communities have the basic infrastructure to become self-sustaining with the ability to compete in the global economy.



PROGRAM HIGHLIGHTS...

- Provided 3 tribes, 8 communities and 15,658 households clean drinking water, safe sanitation and adequate water services.
- 2 telecommunication companies received over \$78 million for fiber-to-the-home and broadband upgrades in western ND.
- 6 electric co-ops received over \$400 million to modernize and improve the efficiency of North Dakota electric generation and transmission systems.

Water and Environmental Loan.....	\$12,759,749
Water and Environmental Grant.....	\$8,895,018
Telecommunications Infrastructure Loan.....	\$78,767,967
Distance Learning and Telemedicine Grant.....	\$386,733
Electric Infrastructure Loan.....	\$426,538,000
Total Utility Programs.....	\$527,347,467

Rural Development — Housing Programs

PROGRAM	OBJECTIVE	APPLICANT	USES	POPULATION	TERMS/CONDITIONS
Single Family Home Ownership Direct Loan (Section 502)	Finance safe, well-built, affordable homes for rural Americans. May purchase home or improve existing one.	Low- and very low- income families and individuals. Based on county and family size.	Buy, build, improve, repair or rehabilitate rural homes as the applicant's permanent residence.	Rural areas with populations of 20,000 or less.	Up to 100 percent of loan limit. Loan amortized for 33/38 years. Applicant may be eligible for payment assistance (subsidy) on the loan.
Single Family Home Ownership Guaranteed Loan (Section 502)	Assist eligible applicants in buying their homes by guaranteeing loans made by private lenders.	Moderate, low- and very low- income families and individuals. Based on county and family size.	Purchase new home.	Rural areas with populations of 20,000 or less.	30-year fixed rate. Interest rate negotiated between lender and borrower. Loans to 102% percent of market value to cover the guarantee fee.
Single Family Home Ownership Direct Repair Loan and Grant (Section 504)	To help very low-income homeowners remove health and safety hazards or to repair their homes.	Families and individuals who currently own their home. Grant applicants must be 62 or older.	Repairs to improve or modernize a home, remove health and safety hazards, or make more accessible.	Rural areas with populations of 20,000 or less.	Loan terms to 20 years at one percent. Assistance to individuals may not exceed \$20,000.
Rural Rental Housing Direct Loan (Section 515)	Finance safe, well-built, affordable rental housing for low- and very low-income individuals and families.	Individuals, limited profit and non-profit organizations, corporations, Native American tribes and public entities.	New construction or rehabilitation of rental housing.	Rural areas with populations of 20,000 or less.	Up to 100 percent of total development cost (non-profits); 97 percent (for-profits); 95 percent (for-profits with low-income tax credits). 30-year term with up to 50-year amortization.
Rural Rental Housing Guaranteed Loan (Section 538)	Finance safe, well-built, affordable rental housing for low- to moderate-income individuals and families.	Individuals, partnerships, limited liability companies, trusts, state and local agencies and Native American tribes.	New construction or substantial rehabilitation of rural rental housing.	Rural areas with populations of 20,000 or less.	Up to 90 percent loan-to-value (for-profit entities) and up to 97 percent loan-to-value (non-profit entities). Negotiated interest rate between applicant and lender. Repayment terms are 25 to 40 year amortization.
Housing Preservation Grant (Section 533)	Repair and rehabilitate housing owned or occupied by very low- and low-income rural families.	Public bodies and non-profit organizations.	Finance repairs and rehabilitation activities for single family and rental properties.	Rural areas with populations of 20,000 or less.	Grant agreement.
Farm Labor Housing (Sections 514 and 516)	Finance affordable rental housing for farm workers.	Individuals; public, private and non-profit organizations; and Native American tribes.	New construction or substantial rehabilitation of rental housing.	No population restriction.	514 Loan: 1% for 33 years 516 Grant: 90% of development costs.

Direct Loans and Grants - apply to Rural Development. Loan Guarantees - apply to intermediary approved banks, credit unions or mortgage companies.



Rural Development — Business and Cooperative Programs

PROGRAM	OBJECTIVE	APPLICANT	USES	POPULATION	TERMS/CONDITIONS
Business and Industry Guaranteed Loans (B&I)	Provide financial backing for businesses that will save/create jobs and stimulate rural economies.	Businesses may apply through Federal or State chartered banks, Farm Credit Services, credit unions or savings & loan associations.	Real estate, equipment, working capital and refinancing under certain conditions.	Unincorporated areas and cities with populations of 50,000 or less.	Lender and borrower negotiate terms. Interest rate fixed or variable. 70 to 80 percent guarantees for loans. 7-year term on working capital; 15-year term on machinery and equipment; and 30-year term on real estate.
Rural Energy For America Program (REAP) Loan Guarantee and/or Grant	Promote energy efficiency and renewable energy development.	Agricultural producers and rural small businesses. State or local governments, tribes, colleges, or electric co-ops and publicly owned utilities (for energy audits or renewable assistance).	Construction or improvements, purchase and installation of equipment, energy audits, permit fees, professional service fees, business plans and feasibility studies.	Unincorporated areas and cities with populations of 50,000 or less.	Applicants must meet specific selection criteria. Loans cannot exceed 75 percent of eligible project costs. Grants are awarded on a competitive basis. Grant cannot exceed 25 percent of eligible project costs.
Advanced Biofuel Payment Program	Provide an incentive payment to producers of advanced biofuels.	Rural producers of non-cornstarch ethanol or biodiesel.	Incentive payment may be used by the producer as desired.	Producers in unincorporated areas and cities with populations of 50,000 or less.	Incentive payment.
Rural Economic Development Loan or Grant (REDLG)	Promote community or business development projects to improve the rural economy.	Electric and telephone utilities financed by USDA's Rural Utilities Service.	The loan is re-loaned by the co-op for business projects. The grant sets up revolving loan fund; initial loan must be for community, education or health care projects.	Unincorporated areas and cities with populations of 50,000 or less.	The intermediary (electric or telephone utility) makes loans to for-profit or non-profit businesses and public bodies for rural economic development projects. Loans may be made for up to \$1 million at zero percent for ten years. Grants may be made up to \$300,000.
Rural Business Enterprise Grant (RBEG)	Finance and facilitate the development of small and emerging private business enterprises.	Public bodies, private non-profit corporations, universities and Native American tribes.	Buy and develop land, establish a revolving loan fund, purchase equipment, develop infrastructure, utility and service extensions, and provide technical assistance and training.	Unincorporated areas and cities with populations of 50,000 or less.	When grant funds are used for revolving loan fund (RLF), the intermediary makes loans to businesses from its RLF on terms consistent with security offered.
Rural Business Opportunity Grant (RBOG)	Finance technical assistance for business development and support economic development planning.	Public bodies, private non-profit corporations, universities and Native American tribes.	Regional planning, economic strategy development, technical assistance and leadership training.	Unincorporated areas and cities with populations of 50,000 or less.	Must be completed within two years after project has begun.
Intermediary Relending Program (IRP) Loan	Capitalize locally-run revolving loan programs for small business and community development projects.	Public bodies, non-profit corporations and Native American tribes who make loans to rural businesses.	Community development projects, business establishment or expansion.	Unincorporated areas and cities with populations 25,000 or less.	The intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered. Intermediary pays one percent for 30 years.
Value-Added Producer Grant (VAPG)	Support producers in activities that will increase the return on their agricultural commodities.	Farmers, ranchers, foresters, fishers, co-ops, producer groups and joint ventures.	Planning or working capital to operate value-added ventures.	No rural area requirement.	Applications must meet specific requirements; consult with USDA well in advance of application deadline. Funds must be matched on a dollar for dollar basis.
Small Socially Disadvantaged Producer Grant (SSDPG)	Foster the business success of co-ops with socially disadvantaged producers.	Co-ops with at least 75 percent of its' membership comprised of socially disadvantaged producers.	Feasibility or market studies, product improvement, training or legal advice.	Unincorporated areas and cities with populations of 50,000 or less.	Grant agreement.
Rural Cooperative Development Grant (RCDG)	Establish and operate centers for cooperative development that will help start new cooperatives and improve operations of existing cooperatives.	Non-profit corporations and institutions of higher education.	To conduct feasibility studies, business plans and applied research as well as provide training and other technical assistance to new and existing cooperatives and businesses.	Unincorporated areas and cities with populations of 50,000 or less.	Applicants must meet specific selection criteria including a minimum 25 percent fund match. Grants are awarded on a competitive basis.

Direct Loans and Grants - apply to Rural Development. Loan Guarantees - apply to intermediary approved banks, credit unions or mortgage companies.

Rural Development — Community Programs

PROGRAM	OBJECTIVE	APPLICANT	USES	POPULATION	TERMS/CONDITIONS
Community Facilities Loan or Grant	Assist in the development of essential community infrastructure for rural areas.	Public bodies, non-profit organizations and Native American tribes.	Build facilities and purchase equipment for fire and rescue, early warning systems, police stations, health clinics, schools, libraries, hospitals, etc.	Rural areas with populations of 20,000 or less.	Direct loan, loan guarantee or grant. Up to 100 percent of market value. Up to 40 years or life of security. Maximum grant 75 percent of project cost.
Distance Learning and Telemedicine (DLT) Loan or Grant	Development and deployment of advanced telecommunication services throughout rural America to improve education and health care.	Incorporated entities, including municipal corporations, on a for-profit or not-for-profit basis, that operate rural schools, libraries, health care clinics and other organizations that operate educational or health care facilities.	Equipment for classrooms: cameras, video monitors, computers and LAN. Also, for physician consultation, radiology, x-ray scanners and digital microscopes.	Rural areas with populations of 20,000 or less.	Matching funds are required.
Water and Waste Disposal Loan or Grant	Finance the development or improvement of water and waste systems in rural areas.	Public entities, Native American tribes and non-profit corporations.	Build, repair and improve public water systems; waste collection and treatment systems. Also, other related costs.	Rural areas, cities and towns with a population up to 10,000.	Repayment period is a maximum of 40 years with interest rates at or below market on a sliding scale for low-income communities. Grant funds set aside for most financially needy applicants.
Water and Waste Disposal Loan Guarantee	To develop or improve water and waste disposal projects.	Public entity, Native American tribe or non-profit corporation may apply through lender.	Construct, repair, modify, expand, improve water supply and distribution systems, waste collection and treatment systems. Also, other related costs.	Rural areas, cities and towns with a population up to 10,000.	Eligible lenders obtain up to a 90 percent guarantee on loans they make and service. Interest rate is negotiated between borrower and lender, term up to 40 years.
Solid Waste Management Grant	Provide technical assistance and/or training to help communities reduce or eliminate pollution of water resources and improve planning and management of solid waste sites.	Public entities, Native American tribes and non-profit corporations.	Provide technical assistance and training to reduce pollution of water resources and improve management of solid waste facilities.	Rural areas, cities and towns with a population up to 10,000.	Projects are funded based on selection at the National level. Applications are accepted from October 1 to December 31 of each year.
Rural Broadband Loan or Loan Guarantee	The deployment of broadband service to eligible rural communities.	Legally organized entities providing or proposing to provide broadband service in eligible rural communities. Cannot serve more than two percent of the telephone subscriber lines installed in the U.S.	The construction, acquisition and improvement of broadband transmission facilities and equipment; land and buildings used in providing broadband service; and the refinancing of Telecommunications Program debt.	Rural areas with populations of 20,000 or less.	Loans are made at the Treasury rate of interest at the time of the advance for a period equal to expected composite economic life of the assets financed. Loans are guaranteed at the interest rate set by the private lender for no more than 80 percent of the principal amount.
Electric and Telecommunications Loan	Provide financial aid through direct and guaranteed loans for electric and telecommunications services.	For-profit entities, non-profits, and cooperative associations, public bodies and other utilities. Apply directly to Rural Development National Office.	Generation, bulk transmission facilities and distribution of electric power. Enhance 911 emergency service, digital switching equipment, fiber optic cable, along with traditional main system telecommunication services and broadband services.	Electric: Rural areas defined by the U.S. Census. Telecommunications: Rural areas with populations of 5,000 or less.	Interest rates are established in accordance with 7 CFR 1745.

Direct Loans and Grants - apply to Rural Development. Loan Guarantees - apply to intermediary approved banks, credit unions or mortgage companies.



Summary of Program Purposes

HOUSING PROGRAMS	MACHINE & EQUIPMENT	LAND & BUILDING	WORKING CAPITAL	INFRASTRUCTURE	TRAINING/ TECHNOLOGY
Farm Labor Housing – Loan/Grant		•		•	
Housing Preservation		•			
Rural Community Development Initiative					•
Rural Rental Housing – Direct Loan		•		•	
Rural Rental Housing – Guaranteed Loan		•		•	
Single Family Housing – Direct Loan		•			
Single Family Housing – Guaranteed Loan		•			
Single Family Housing Repair – Loan/Grant		•			

BUSINESS & COOPERATIVE PROGRAMS	MACHINE & EQUIPMENT	LAND & BUILDING	WORKING CAPITAL	INFRASTRUCTURE	TRAINING/ TECHNOLOGY
Biomass Research & Development Initiative	•	•	•	•	
Business & Industry – Guaranteed Loan	•	•	•	•	
Electric & Telecommunications – Guaranteed/ Direct Loan	•	•		•	•
Intermediary Relending – Loan	•	•	•	•	
Rural Broadband Loans & Loan Guarantees		•		•	
Rural Business Enterprise Grant	•	•	•	•	•
Rural Business Opportunity Grant					•
Rural Cooperative Development Grant					•
Rural Economic Development Loan/Grant	•	•	•	•	•
Rural Energy for America Program	•	•	•	•	
Value-Added Producer Grants			•		•

COMMUNITY PROGRAMS	MACHINE & EQUIPMENT	LAND & BUILDING	WORKING CAPITAL	INFRASTRUCTURE	TRAINING/ TECHNOLOGY
Community Facilities – Direct Loan/Grant	•	•	•	•	
Community Facilities – Guaranteed Loan	•	•	•	•	
Distance Learning & Telemedicine – Direct Loan/Grant	•				
Solid Waste Management Grant					•
Water and Wastewater – Direct Loan/Grant	•	•	•	•	
Water and Wastewater – Guaranteed Loan	•	•	•	•	

(December 2012)



USDA Rural Development Offices in North Dakota

For more information on our programs, visit our website at www.rurdev.usda.gov/nd or email us at info@nd.usda.gov

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