



United States
Department of
Agriculture

Rural Development



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Introduction to USDA Rural Development & Overview of Rural Utilities Service Programs

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The Rural Development Mission

Provide **loans, grants, and loan guarantees** that support essential services, such as:

- Housing
- Economic Development
- Health Care
- First Responder Services & Equipment
- Water, Electric, and **Telecommunications Infrastructure**

Committed to helping improve the economy and quality of life in rural America.



40+ Rural Development Programs



PROGRAM SUMMARY Rural Development in Illinois

COMMUNITY & RURAL UTILITIES SERVICE PROGRAMS: Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (approved lender)

BUSINESS AND COOPERATIVE PROGRAMS: Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (approved lenders)

HOUSING PROGRAMS: Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (approved banks, mortgage companies)

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Single Family Housing Direct Loans (502)	Sale, well-built, affordable homes for rural Americans.	Families and individuals.	Buy, build, improve, repair or rehabilitate a rural home as the applicant's permanent residence.	Rural areas with populations of 35,000 or less.	Direct loan	Up to 100% of market value or cost, whichever is less. Loan term of 33/36 years, fixed rate. Applicant may be eligible for payment assistance (subsidy) on the loan.
Single Family Housing Guaranteed Loans (502)	Assist moderate-income applicants / households in buying their homes by guaranteeing loans made by private lenders.	Families and individuals.	Purchase new or existing homes and refinance existing Rural Development guaranteed or direct loans.	Rural areas with populations of 35,000 or less.	Loan guarantee	30 year, fixed rate. Interest rate negotiated between lender and borrower. Loans up to 100% of market value plus a guarantee fee.
Single Family Housing Direct Repair Loans and Grants (504)	Help very low-income homeowners remove health and safety hazards or repair their homes.	Families and individuals who currently own their home.	Repair or replace roof, winterizing, purchase or repair heating system, structural repair, and water, sewage, electrical fees, etc.	Rural areas with populations of 35,000 or less.	Direct loan and grant	Loans up to 20 years at 1%; may not exceed \$20,000. Grants up to \$7500 only available to very-low-income applicants 62 or older unable to pay 1% loan.
Self-Help Technical Assistance Housing Grants (523)	Assist lower-income families in building their own homes.	Non-profits and public bodies.	Technical assistance to qualify and supervise small groups of families to build each other's homes.	Rural areas with populations of 35,000 or less.	Grant	Two year grant agreement. Homeowners must provide 65% of the necessary labor.
Rural Rental Housing Direct Loans (515)	Sale, well-built, affordable rental housing for very-low, low and moderate income individuals and families.	Individuals, trusts, associations, limited partnerships, for-profit and non-profit organizations, tribes, public bodies.	New construction or substantial rehabilitation of rental housing.	Rural areas with populations of 35,000 or less.	Direct loan; rental assistance	Non-profit up to 100% of total development cost; for-profit up to 97% (30-year term with up to 50 year amortization.) For-profit organizations with Low-Income Housing Tax Credits: 95% of total development costs.
Rural Rental Housing Guaranteed Loans (538)	Provide loan guarantees on loans to build or preserve affordable housing for very-low to moderate-income tenants.	For-profit and non-profit lenders.	Build or rehabilitate affordable rental housing.	Rural areas with populations of 35,000 or less.	Loan guarantee	For-profit loan guarantees up to 90% of the principal. Repayment: 25 to 40 year fixed rates.
Housing Preservation Grants (533)	Repair and rehabilitate housing owned or occupied by very-low and low-income rural families.	Non-profits and public bodies.	Operation of a program which finances repair and rehabilitation activities for single family and small rental properties.	Rural areas with populations of 35,000 or less.	Grant	Two year grant agreement.
Farm Labor Housing Loans and Grants (514 & 516)	Sale, well-built affordable rental housing for farm workers.	Public and private non-for-profit (NFP) organizations, farm owners, farm partnerships, farm corporations and LLCs.	New construction or substantial rehabilitation of housing for farm workers and agricultural processing workers.	No population restriction.	Direct loan, grant	Loans up to 102% of total development cost at 1% for up to 33 years. Grants to NFPs for up to 90% of total development cost. Resident farm workers and processing workers must be permanent residents or US citizens.

Loan/Grant	Terms/Conditions
Loan guarantee	Lender and borrower negotiate terms. Variable interest rates must be tied to a published rate and may change no more often than quarterly.
Direct loan	The intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered. Loan term to intermediary is 1% interest for 30 years.
Grant	Applicants must meet specific selection criteria. Grants are awarded on a competitive basis. There are no matching funds required for this program, though matching funds will improve competitive scoring.
Direct loan and revolving loan fund grant	The intermediary (electric or telephone utility) makes loans to for-profit or non-profit businesses and public bodies for rural economic development and/or job creation projects. Loan term to intermediary is 0% interest for 10 years.
Grant	Applicants must meet specific selection criteria, including a minimum 25 percent fund match. Grants are awarded on a competitive basis.
Loan guarantee and grant	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.
Grant	Applicants must meet specific selection criteria. Grants are awarded on a competitive basis. Funds cannot be used to build facilities or purchase equipment. Funds must be matched on a dollar-for-dollar basis.

Loan/Grant	Terms/Conditions
Direct loan, loan guarantee, grant	Direct - up to 100% of market value. Term is useful life of facility or equipment, State statute or 40 years. Grant - maximum 75% of project cost. Guarantee - up to 90% of lender's total loan to the borrower; rate set by lender; useful life not to exceed 40 years.
Grant	Grants are awarded on a competitive basis. Three year grant agreement; matching funds required.
Grant	Water transmission line grants up to \$150,000. Water source grants up to \$500,000.
Direct loan; grant; loan guarantee	Low, fixed interest rates. Direct repayment - up to 40 years. Grant funds may be available. Guarantees up to 90% available to eligible lenders.
Grant	Median household income in the service area must be less than \$46,748. PPG - Grants up to \$30,000 or 75 percent of the project costs, SEARCH - Grants available up to 100% of eligible costs; \$30,000 maximum grant.
Grant	Projects are funded based on selection at the National level. Applications accepted year-round.
Grant	Organizations must contribute at least 10% of the grant to capitalize the funds. Individuals may receive loans up to \$11,000 at 1% for 20 years. Cannot be used for sewer or septic systems.
Grant	Awards range from \$50,000 to \$500,000. A minimum of 15% matching funds is required.
Grant	Grants awarded on a competitive basis annually; minimum 15% matching contribution required; minimum award \$100,000; maximum \$3 million.
Direct loan	Refer to the new rules, when available, for loan terms and conditions.

The Rural Development Structure

Three agencies with unique programs and objectives:

- **Rural Utilities Service (RUS)**
- Rural Housing Service (RHS)
- Rural Business-Cooperative Service (RBS)
- RHS and RBS programs are administered by State & National Offices
- RUS Electric & **Telecommunications** programs are administered by National Office

The Rural Housing Service

Single-Family Housing

Multi-Family Housing

Community Facilities / Public Safety



The Rural Business Service

Business Programs

Energy Efficiency Programs

Cooperative Programs



The Rural Utilities Service

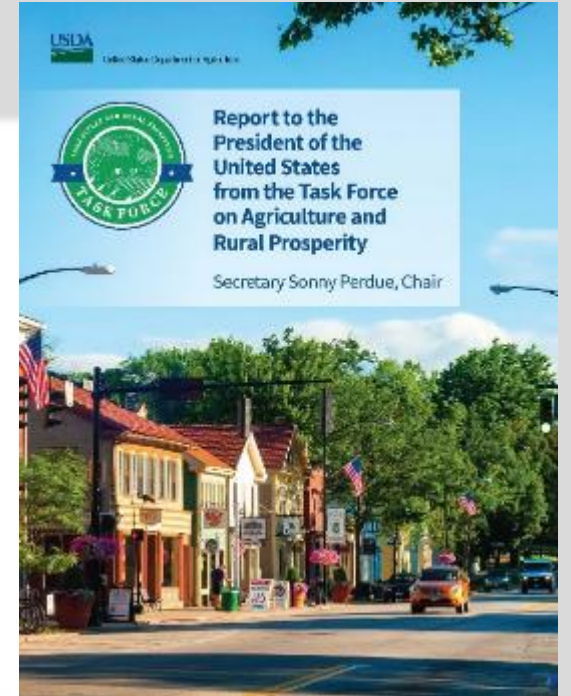
Rural Utilities Programs

- Water and Waste Disposal Programs
- Rural Broadband Direct Loans and Loan Guarantees
- Electric and Telecommunications Direct Loans/Loan Guarantees
- Distance Learning and Telemedicine Loans/Grants
- Community Connect Grants



Task Force On Agriculture & Rural Prosperity Report

5 Key Indicators



Rural Broadband Loan Programs

- Telecommunications Loan Program
- Farm Bill Broadband Program



Telecommunications Infrastructure Program

Available Funding

FY 2016

- **\$690 million** available in FY 2016

FY 2017

- **\$690 million** available in FY 2017

FY 2018

- **\$690 million** available in FY 2018
- Loans finance new & improved telecommunications infrastructure, primarily for the benefit of rural populations of 5,000 or less <Typically>
- Loans may serve non-rural subscribers in some cases

Program Updates

FY 2016

- **14 loans approved: \$194.5 million**

FY 2017

- **21 loans approved: \$427.4 million**

FY 2018

- **8 loans approved: \$104.2 million**
- **7 loans in process: \$59.4 million**
- Pipeline: **15 loans: \$163.6 million**
- Applications are accepted year round
- RD Apply online application system

<https://www.rd.usda.gov/programs-services/telecommunications-infrastructure-loans-loan-guarantees>

Telecommunications Farm Bill Broadband Program

(aka Rural Broadband Access Loan and Loan Guarantee Program)

Available Funding

FY 2016

- **\$64 million** available in FY 2016

FY 2017

- **\$27 million** appropriated in FY 2017
- **\$115.2 million** available in FY 2017 with both appropriated and carryover funding

FY 2018

- **\$29.9 million** available in FY 2018 *
 - * Additional Carry over funding is available from previous fiscal years

- Loans finance the costs of constructing a broadband network
- Amounts from \$100,000 to \$25 million
- Broadband Service and Broadband Lending Speed is defined as 25 Mbps (download) and 3 Mbps (upload)
- Serving rural communities of 20,000 or less
- 15% unserved area
- Cannot have 3 or more incumbent service providers
- Service area cannot be in a RUS previously funded area

Program Updates

FY 2016

- **1 loan approved: \$4.1 million**

FY 2017

- **2 loans approved: \$24.0 million**

FY 2018

- **1 loan in process: \$19.9 million**
- **RD Apply** online application system
- **NOSA Released** on March 28th, 2018
 - Applications under this NOSA will be accepted immediately through September 30, 2018.
 - RUS is now accepting applications on a rolling basis throughout FY2018
 - This will give RUS the ability to request additional information and modifications to a submitted application whenever necessary
 - Applications will be processed on a first come, first served basis
 - Every 90 days, RUS will conduct an evaluation of submitted applications, ranking them based on the percentage of unserved households
 - RUS anticipates that it will conduct at least 2 evaluation periods for FY2018

<https://www.rd.usda.gov/programs-services/farm-bill-broadband-loans-loan-guarantees>

Expanding Broadband in Rural America

A new broadband pilot program was included in the FY 2018 budget signed by the president on 03/23/2018

- \$600,000,000, to conduct a broadband loan and grant pilot program under the Rural Electrification Act
- Broadband expansion into areas not currently receiving broadband service at 10 Mbps download and 1 Mbps upload.
- The program will be designed to focus on rural area (<20,000 pop.) without sufficient access to broadband
- Will be in the form of Grant, Loan, or Loan/Grant.
- Press Release: <https://www.usda.gov/media/press-releases/2018/03/23/secretary-perdue-applauds-broadband-investment-included-omnibus>



Telecommunication Grant Programs



- Community Connect Grants
- Distance Learning & Telemedicine Grants

Community Connect Program

Available Funding

FY 2016

- **\$11.74 million** available in FY 2016

FY 2017

- **\$34.5 million** available in FY 2017

FY 2018

- **\$30.0 million** available in FY 2018 *

* Carryover funding is sometimes available from previous fiscal years

General provisions as of the latest NOSA:

- Grant funds for Broadband Service deployment
- Population of 20,000 or less
- Amounts from \$100,000 to \$3 million
- Service Area must be entirely unserved
- Minimum Broadband Service is defined as 10 Mbps (download) and 1 Mbps (upload)
- Minimum Broadband Grant Speed is defined as 25 Mbps (download) and 3 Mbps (upload)
- 15% Matching Requirement

Program Updates

FY 2016

- **Over 70** applications received: **\$120 million**
- **9** applications approved: **\$15.6 million**

FY 2017

- 48 Applications processed for **\$90.8 million**
- As of March, 2018: **15** grants approved: **32.3 million** **

** More grant awards are possible pending final paperwork

FY 2018

- [NOSA Released](#) on March 15, 2018
- Submissions were received by May 14, 2018 & are being processed
- 125 Applications Received

<http://www.rd.usda.gov/programs-services/community-connect-grants>

Distance Learning and Telemedicine (DLT) Program

Available Funding

FY 2016

- **\$23.4 million** available in FY 2016

FY 2017

- **\$23.6 million** available in FY 2017

FY 2018

- **\$29.0 million** available in FY 2018
- **\$20.0 million** additional available in FY 2018 in rural areas to help address the opioid epidemic in rural America
- Grants fund equipment needed to provide Distance Learning and Telemedicine services
- 15% Matching Requirement
- Minimum Grant amount: \$50,000
- Maximum Grant Amount: \$500,000
- Only grants are available-no loans or combo loan/grants

Program Updates

FY 2016

- **182** applications received
- **98** applications approved: **\$27.7 million**

FY 2017

- **208** applications received by July 17, 2017
- **86** applications approved: **\$27.7 million**
- **46** distance learning & **40** telemedicine projects
- **30** States & Territories represented
- **71 of 86** (83%) serving Special Consideration Areas

FY 2018

- [NOSA Released](#) on April 3, 2018
- Submissions must be received no later than June 4, 2018

<http://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>



Program Historic Numbers

Telecommunications Programs –ILLINOIS Investments

Since 2010, RUS has invested over \$126 million in projects serving ILLINOIS rural residents:

Telecommunications Infrastructure Program	\$114.6 Million
Distance Learning and Telemedicine Program	\$2.1 Million
Broadband Initiatives Program	\$9.9 Million
Grand Total	\$126.6 Million

Telecommunications Programs – All State Investments

Since FY2010, RUS has invested approximately \$6.2 Billion in projects serving rural residents in the United States:

Program	Projects Approved	Funds Awarded
Telecommunications Infrastructure Program	166	\$2.8 Billion
Farm Bill Broadband Program	6	\$205.7 Million
Distance Learning and Telemedicine Program	675	\$208.7 Million
Community Connect Grant Program	76	\$111.9 Million
Broadband Initiatives Program	258	\$2.9 Billion
Grand Total	1,181	\$6.2 Billion

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Questions?





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Rural Development



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