



USDA Rural Development Programs



Drinking Water System Workshop

June 12, 2018

Ms. Rena Elias

Who is Rural Development?



- We offer loans, grants and loan guarantees to help create jobs and support economic development and essential services such as housing, health care, first responder services and equipment, and water, electric and communications infrastructure.
- We promote economic development by supporting loans to businesses through banks, credit unions etc. We offer technical assistance and information to help agricultural producers and cooperatives get started and improve the effectiveness of their operations.
- We help rural residents buy or rent safe, affordable housing and make health and safety repairs to their homes.

RD Programs

USDA Rural Development operates over fifty financial assistance programs for a variety of rural applications. Select a category that best describes your situation, and see what RD can do to assist you.

- Visit the link below:

<https://www.rd.usda.gov/programs-services/all-programs>

An Overview of the following Programs:

- **Water & Waste Disposal Loan & Grant Program**
- **Community Facilities Direct Loan & Grant Program**
- **Community Facilities Guaranteed Loan Program**
- **Business & Industry Loan Guarantees**



Water & Waste Disposal Loan & Grant Program

- **What does this program do?**

This program provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas.

- **Who may apply?**

- Most state and local governmental entities
- Private nonprofits
- Federally-recognized tribes

- **What is an eligible area?**

- The entire USVI is considered a rural area and an eligible area.

- **What kinds of funding are available?**

- Long-term, low-interest loans
- If funds are available, a grant may be combined with a loan if necessary to keep user costs reasonable.

Water & Waste Disposal Loan & Grant Program

- How may the funds be used?
- ***Eligible projects. (1) Projects must serve a rural area which, if such project is completed, is not likely to decline in population below that for which the project was designed.***
- Funds may be used to finance the acquisition, construction or improvement of:
 - Drinking water sourcing, treatment, storage and distribution
 - Sewer collection, transmission, treatment and disposal
 - Solid waste collection, disposal and closure
 - Storm water collection, transmission and disposal
- In some cases, funding may also be available for related activities such as:
 - Legal and engineering fees
 - Land acquisition, water and land rights, permits and equipment
 - Start-up operations and maintenance
 - Interest incurred during construction
 - Purchase of facilities to improve service or prevent loss of service
 - Other costs determined to be necessary for completion of the project
- See [7 CFR Part 1780.7 and 1780.9](#) for a complete list



Water & Waste Disposal Loan & Grant Program

- **What is the loan term and rate?**
- Up to 40-year payback period, based on the useful life of the facilities financed
- Fixed interest rates, based on the need for the project and the median household income of the area to be served
- **Are there additional requirements?**
- Borrowers must have the legal authority to construct, operate and maintain the proposed services or facilities.
- All facilities receiving federal financing must be used for a public purpose.
- Partnerships with other federal, state, local, private and nonprofit entities that offer financial assistance are encouraged.
- Projects must be financially sustainable.

Where to apply for Water & Waste Disposal Loan & Grant Program?

- Applications are accepted year round and may be filed electronically using [RD Apply](#).
- RDApply is an application intake system that allows you to apply for loans and grants for **Rural Utilities Services (RUS) Programs**. With RDApply, you can create an application, upload attachments, sign certifications, and draw service areas, to name a few features.
- <https://www.rd.usda.gov/programs-services/rd-apply>

Community Facilities Direct Loan & Grant Program

- What does this program do?

This program provides affordable funding to develop essential community facilities in rural areas. An **essential community facility** is defined as a facility that provides an **essential service** to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings.

- An **essential community** facility that meets all of the following criteria is eligible for funding under the Community Facilities loan program:

- **Is a function customarily provided by a local unit of government;**
- **Is a public improvement needed for orderly development of a rural community;**
- **Does not include private affairs, commercial or business undertakings (except for limited authority for industrial parks);**
- **Is operated on a nonprofit basis; and**
- **Is considered to be the area of jurisdiction or operation for the public bodies eligible to receive assistance or a similar local rural service area of a not-for-profit corporation owning and operating an essential community facility. A community may be a small city or town, county, or multi-county area depending on the type of essential community facility.**

Community Facilities Direct Loan & Grant Program

- **Who may apply for this program?**
 - Public bodies
 - Community-based non-profit corporations
 - Federally-recognized Tribes
- **What is an eligible area?**
 - The entire USVI is considered a rural area and an eligible area.
- **What are the terms?** Funding is provided through a competitive process.
- Loan repayment terms may not be longer than the useful life of the facility, state statutes, the applicants authority, or a maximum of 40 years, whichever is less
- Interest rates are set by Rural Development, 3-4%, fixed rate
- There are no pre-payment penalties
- Currently the USVI is not eligible for grant assistance. *

Community Facilities Direct Loan & Grant Program

- **How may funds be used?**

Funds can be used to purchase, construct, and / or improve essential community facilities, purchase equipment and pay related project expenses.

- **Examples of essential community facilities include:**

- Health care facilities such as hospitals, medical clinics, dental clinics, nursing homes or assisted living facilities
- Public facilities such as town halls, courthouses, airport hangars or street improvements
- Community support services such as child care centers, community centers, fairgrounds or transitional housing
- Public safety services such as fire departments, police stations, prisons, police vehicles, fire trucks, public works vehicles or equipment
- Educational services such as museums, libraries or private schools
- Utility services such as telemedicine or distance learning equipment
- Local food systems such as community gardens, food pantries, community kitchens, food banks, food hubs or greenhouses
- For a complete list see Code of Federal Regulations [7 CFR, Part 1942.17\(d\)](#) for loans; [7 CFR, Part 3570.62](#) for grants.

Community Facilities

Direct Loan & Grant Program

- **How to apply?**

Contact the local office on St. Croix for application and application requirements.

Rural Development

4401 Sion Farm; Suite 2

Christiansted, VI 00820

340-773-9146 ext. 4



Guaranteed Loan Programs



- Applicants apply directly with private lenders for a **Loan Guarantee**.
 - **RD provides Loan Guarantees to lenders to assume the debt obligation of a borrower if that borrower defaults.**
- **Private lenders** may apply for a loan guarantee on loans made to an eligible borrower that is unable to obtain the needed commercial credit on reasonable terms without the guarantee.
- **Who may apply for this program?**

Lenders with the legal authority, sufficient experience and financial strength to operate a successful lending program. This includes:

 - Federal or state-chartered banks
 - Savings and loans
 - Farm credit banks
 - Credit unions

Guaranteed Loan Programs

Business & Industry Loans

- What kind of businesses qualify for loan guarantees?
 - For-profit businesses
 - Nonprofits
 - Cooperatives
 - Federally-recognized Tribes
 - Public bodies
 - Individuals

Community Facility Loans

- Eligible borrowers:
 - Public bodies
 - Community-based non-profit corporations
 - Federally-recognized Tribes



Guaranteed Loan Programs

Business & Industry Loans

- **How may funds be used?**
Eligible uses include but are not limited to:
- Business conversion, enlargement, repair, modernization or development
- Purchase and development of land, easements, rights-of-way, buildings or facilities
- Purchase of equipment, leasehold improvements, machinery, supplies or inventory
- Debt refinancing when refinancing improves cash flow and creates or saves jobs
- Business and industrial acquisitions when the loan will create or save jobs

Community Facility Loans

- **How may funds be used?**
- To purchase, construct, and / or improve essential community facilities, purchase equipment and pay related project expenses.



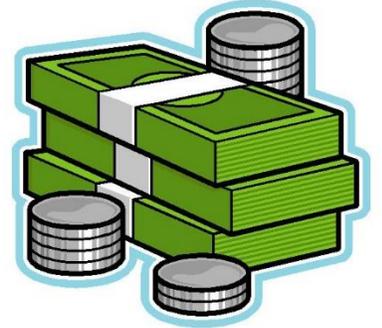
B&I Guaranteed Loan Programs

- Guaranteed loan funds **MAY NOT** be used for:
- Lines of credit
- Owner-occupied housing
- Golf courses
- Racetracks or gambling facilities
- Churches, church-controlled organizations or charitable organizations
- Fraternal organizations
- Lending, investment and insurance companies
- Projects involving more than \$1 million and the relocation of 50 or more jobs
- Agricultural production, with certain exceptions (1)
- Distribution or payment to a beneficiary of the borrower or an individual or entity that will retain an ownership interest in the borrower



B&I Guaranteed Loan Programs

- **What is the maximum amount of a loan guarantee?**
- 80 percent for loans of \$5 million or less
- 70 percent for loans between \$5 and \$10 million
- 60 percent for loans exceeding \$10 million, up to \$25 million maximum
- **What are the loan terms?**
- Maximum term on real estate is 30 years
- Maximum term on machinery and equipment is its useful life or 15 years, whichever is less
- Maximum term on working capital not to exceed 7 years
- Loans must be fully amortized; balloon payments are not permitted
- Interest-only payments may be scheduled in the first 3 years
- **What are the interest rates?**
- Interest rates are negotiated between the lender and borrower, subject to Agency review
- Rates may be fixed or variable
- Variable interest rates may not be adjusted more often than quarterly



CF Guaranteed Loan Program

- What are the **terms** of a loan guarantee?
- Maximum guarantee = 90% of the eligible loan
- One-time guarantee fee = 1% of principal loan amount times the % of guarantee
- Repayment term: useful life of the facility, state statute or 40 years, whichever is less and is negotiated between the lender/borrower, subject to USDA approval
- **Interest rates:** fixed or variable as negotiated between the lender/borrower, subject to USDA approval
- Loan note guarantee issued upon project completion/when conditions are met
- Combination of guaranteed loans, direct loans, grants and commercial financing may be used to finance one project if all eligibility and feasibility requirements are met
- Balloon payments and renewable notes are prohibited

Guaranteed Loan Programs

- **How to apply?**

You apply directly with the lender. You may contact our office for a list of local lenders.



Thank you!

- **Questions can be emailed to:**

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