

2003

FLORIDA / U.S. VIRGIN ISLANDS ANNUAL REPORT



Committed to the Future
of Rural Communities

Rural Development Mission

ENHANCE THE ABILITY OF RURAL COMMUNITIES TO DEVELOP, TO GROW, AND TO IMPROVE THEIR QUALITY OF LIFE BY TARGETING FINANCIAL AND TECHNICAL RESOURCES IN AREAS OF GREATEST NEED THROUGH ACTIVITIES OF GREATEST POTENTIAL.



Committed to the Future of Rural Communities



The Bush Administration has made great strides in supporting investments in America's rural communities. From the successful implementation of the 2002 Farm Bill to passage of the Healthy Forest Restoration Act, President Bush's policies are helping strengthen the economic health of rural America.

Through USDA's Rural Development programs, it is estimated that over 510,000 jobs have been created or saved since the beginning of the Bush Administration. USDA has invested nearly \$2.5 billion for rural business development in the form of loans, grants and technical assistance. We are also working with local communities to build and strengthen economic development partnerships with state and local governments. Some \$183 million has been invested in Empowerment Zones and Enterprise Communities (EZ/ECs). This investment is complemented by the leveraging of USDA funds to help attract \$422 million in other federal investments and \$739 million in non-federal investments to EZ/ECs and other supported communities.

Major investments have been made in developing value-added industries, with a focus on promoting renewable energy. Over \$35 million has been provided to support the development and marketing of renewable energy and the creation of energy efficient systems in rural areas. Rural infrastructure, such as education, healthcare, telecommunications, water treatment and community facilities, has been supported by more than \$13 billion in grants and loans. More than \$10.2 billion has been invested in rural housing, much of which supports the President's ambitious goal to increase minority homeownership by 5.5 million by 2010.

As we look to the future, we remain dedicated to ensuring that investments in rural Florida continue to bring new economic opportunities and an improved quality of life to rural families and communities.

Ann M. Veneman

SECRETARY OF AGRICULTURE



**“...AND WE WILL NOT STOP, WE WILL NOT TIRE UNTIL WE HAVE EXTENDED THE GREAT PROMISE OF AMERICA TO EVERY NEIGHBORHOOD IN AMERICA.”
JULY 28, 2003**

**—GEORGE W. BUSH
PRESIDENT OF THE
UNITED STATES**



Citizens and community leaders throughout rural America share a common desire to bring economic opportunity and an improved quality of life to their community. There is a remarkable cohesiveness amongst rural citizens that allows the energy and enthusiasm of local citizens to harness the resources needed to bring solutions to economic and social issues facing their community.

As rural America's venture capital bank, USDA Rural Development seeks to support local efforts by providing financing to create housing, business development, technology and community infrastructure and essential community facilities. Over the last year, the Bush Administration through USDA Rural Development has provided over \$13 billion in capital financing to assist rural citizens and communities invest in their future.

USDA Rural Development capital investments in FY 2003 include; assisting over 43,000 families realize their dream of homeownership; assisting over 100 rural agri-businesses with financing of energy efficiency and renewable energy systems that support energy independence for America and that supports President Bush's national energy plan; assisting with the financing of over 12,000 business ventures to create or save nearly 90,000 jobs; and assisting with the financing of community infrastructure and facilities that will benefit an estimated 7 million rural citizens. In total, over 350,000 jobs are expected to be created or saved as a result of the financing provided by USDA Rural Development.

USDA Rural Development has a dedicated team of professionals with over 40 financial and technical assistance programs available to assist rural communities improve their economic opportunities and an improved quality of life. I encourage you to contact our staff in Florida to learn more about ways that USDA Rural Development can be of assistance to you and your community.

Gilbert Gonzalez

ACTING UNDER SECRETARY FOR RURAL DEVELOPMENT
U.S. DEPARTMENT OF AGRICULTURE

Rural America contributes to the economic and social well-being of the nation, and the diverse people, landscapes, and cultural traditions that constitute rural America make our country strong. It is clear that in order for America to prosper, rural America must prosper.



Supporting President George W. Bush's vision of an economically strong America, Rural Development has diligently worked throughout the past year in bringing opportunities to rural communities. And we are proud of the tangible results realized in Florida through the Rural Development programs.

Rural Development has a long and proud heritage of investing in the rural sector, bringing improved housing, creating jobs, and strengthening communities. And we accomplished a great deal in Fiscal Year 2003. From housing, to fire protection, to healthcare, to fresh drinking water, to sanitary waste systems to emerging businesses, Rural Development has helped people attain a higher quality of life and businesses enjoy greater measures of success in Florida and the Virgin Islands.

I would like to express sincere thanks to our numerous partners and the congressional delegation for their commitment to the very important work in which we are all engaged. I am especially proud of Rural Development employees, who made our programs more effective and wide reaching through their tireless efforts and dedication. It is through their commitment that the greatest value for our customer — Rural America — is realized.

Looking forward to the coming year, we are dedicated to continuing our work, and helping rural communities share in the American dream. And finally, as we move forward, we must keep our focus on what's important — pursuing excellence and delivering results.

I am pleased to present the 2003 Annual Report for Florida/U.S. Virgin Islands. Please take this opportunity to review the following pages and share in the rewards we receive in delivering Rural Development programs.

Charles W. Clemons, Sr.
STATE DIRECTOR
FLORIDA / U.S. VIRGIN ISLANDS

Contents

Rural Utilities	6
Community Facilities	8
Rural Business-Cooperative	10
Multi Family Housing	12
Single Family Housing	14
Investment in America	16
Administrative	17
Programs of Emphasis	17
Rural Development Offices	18

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Helping Communities Meet Infrastructure Needs

USDA Funds help rural communities meet their infrastructure and community development needs in 2003

Rural families across America continue to benefit from USDA Rural Development programs. Clean, safe and affordable water is essential to the economic well-being and quality of life for all of the nation's rural residents. The Rural Utilities Program offers financial and technical assistance for development and operation of safe and affordable water supply and waste disposal systems.

Rural Utilities provides loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns of 10,000 or less in population.

In Fiscal Year 2003, many of Florida's rural residents shared in the benefits of Rural Development financial and technical assistance. Rural Utilities programs provided for infrastructure and community development needs throughout the state by committing over \$40 million in Water and Waste Direct and Guaranteed Loans and Grants to local governmental and community based organizations. These funds were used to finance new as well as improved water and wastewater facilities and modern telecommunications links.

In FY 2003, over \$27.1 million were used for water systems, \$9.1 million for wastewater treatment facilities and \$4 million for use in wastewater collection systems.

erly functioning onsite systems. Major renovation and rehabilitation of facilities to meet state regulatory requirements were financed, as were major system expansions to meet growth needs and provide established service levels to customers.

The following are examples of projects that were funded in FY 2003.

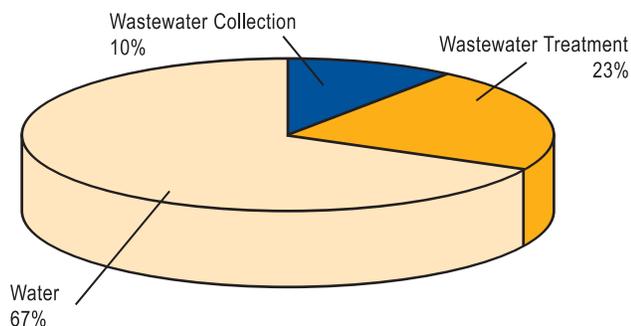
Water System – Putnam County



Putnam County Board of County Commissioners received \$7.2 million for a new regional water system. Deputy Secretary of Agriculture Jim Moseley was on hand marking the occasion with Putnam County Commissioner Nancy Harris.

Water & Wastewater Loan & Grant Funding

BY FACILITY TYPE - FY 2003

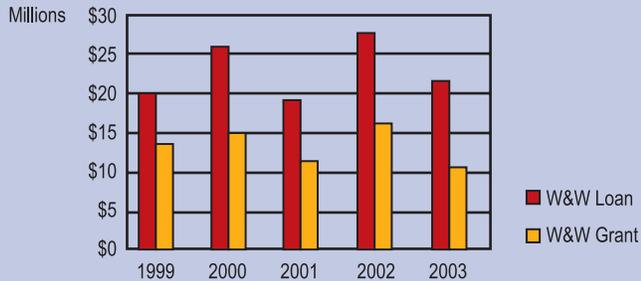


Projects financed in Fiscal Year 2003 included new water and waste systems providing expanded service areas to communities faced with inadequate or impro-

Funding was provided for a new regional water system in Putnam County, Florida, to serve unincorporated East Palatka and San Mateo.

These communities lacked basic infrastructure such as water and sewer facilities, negatively impacting the area's growth and development, as well as threatening sensitive environmental lands. Alternative water sources were used extensively throughout the area. With the assistance of USDA Rural Development and other funding sources, seven wells and three elevated storage tanks will be constructed. The new regional water system will meet the needs of residents and businesses while providing quality water service at a reasonable cost.

Water & Waste Funding (1999-2003)



Fiscal Year 2003 water and wastewater projects were a major area of program emphasis. The demand for technical and financial assistance to rural Florida/Virgin Islands communities remains strong, with funding over the past five years providing a stable source of assistance to rural America.

Phase I completed and Phase II well underway, the rural community of Sneads and the environment are benefiting from the proper treatment and disposal of wastewater.

Water System – Holt Water Works, Inc.

Holt Water Works, Inc., an Okaloosa County nonprofit corporation, was organized in 1966 to provide drinking water service to the community of Holt and adjacent rural areas. With assistance from Rural Development, Holt Water Works partnered with the Okaloosa County Economic Development Council to secure an Economic Development Administration grant for system upgrades and expansion.

Rural Development provided \$1,295,400 for the water system that will serve an additional 150 users and an area industrial park, as well as providing improved fire protection benefits. The expanded system will enhance the park's ability to attract viable businesses, creating jobs in the local community which is of vital importance to economic growth and sustainability.

Waste Treatment – Sneads



In Fiscal Year 2003, Rural Utilities programs provided funding for the second and final phase of the upgrade/expansion for the town of Sneads sewer system.

This rural community in the Florida panhandle has operated a central sewer system since 1974. Over time the aging system deteriorated, unable to meet the needs of the community and the demand created by growth in the area. Operating under a Florida Department of Environmental Protection order to correct system inadequacies, the town turned to USDA Rural Development for assistance. With

Water Plant – Apalachicola



In 2003, residents of the town of Apalachicola, located on the Gulf Coast at the mouth of the Apalachicola River, turned on their spigots for fresh clean water. With Rural Development assistance, the town has three new wells and an improved water plant/distribution system that meets the requirements of the Florida Department of Environmental Protection (DEP).

Improving Rural Family Quality of Life

Facility funds support education, healthcare and emergency facilities

Community Facilities administers programs designed to develop essential community facilities for public use in rural areas. Facilities include schools, libraries, child-care, hospitals, medical clinics, assisted living facilities, fire and rescue stations, police stations, community centers, public buildings and transportation.

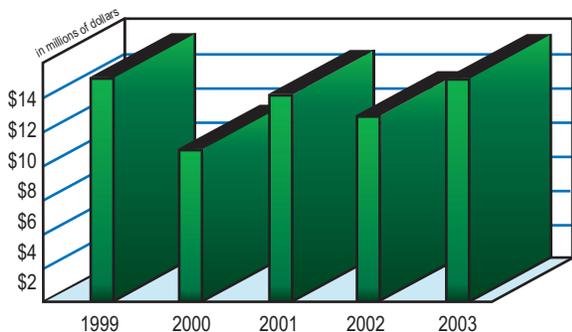
Throughout rural Florida and the U.S. Virgin Islands, the Community Facility Program (CF) remains a strong feature of Rural Development financial assistance programs, with emphasis placed on projects impacting health care and public safety.

For many rural communities, funding these types of facilities can be especially challenging. But with assistance from Rural Development, low income rural areas are benefiting from Community Facilities programs that encourage financial leveraging from state and rural partners as well as the contributions from the communities.

In Florida during FY 2003, \$5.9 million were awarded through Direct Loans, over \$7 million awarded through Guaranteed Loans and \$293,000 awarded through grants. This Community Facilities funding represents Florida/Virgin Island FY 2003 obligations of 102 percent of the Direct Loan allocation, 100 percent of the Grant allocation, and 187 percent of the Guaranteed Loan allocation.

Over the past five years, rural Floridians have benefited from over \$58.4 million in Community Facilities Programs loan and grant assistance, one of the most successful program areas nationwide.

Community Facility Fund (1999-2003)



Citrus County ARC

Citrus County ARC, Inc., a community based, non-profit corporation located in Lecanto, Florida, has successfully operated a training facility for developmentally disabled persons in the rural area of Citrus County since 1990. A \$2 million Community Facilities Direct Loan will be used to construct a new 11,000 square foot, multi-purpose community center on a 10-acre site, serving nearly 300 developmentally disabled individuals.



The community center will complement the recently constructed Key Training Center, a 12,000 square foot thrift store work center providing vocational training, job skills training and job placement services. A Community Facilities Loan of \$539,000 made possible the property improvements and repairs to the Key Training Center.

Community Facilities Portfolio

Type Facility	% (\$)
Hospitals	6.6%
Medical Clinic	13.1%
Other Health Care	11.5%
Public Safety	24.6%
Public Service	11.5%
Cultural and Educational	1.6%
Transportation	1.6%
All Other	27.9%
Recreation Association (Servicing)	1.6%



Washington County Library

Washington County Library, a 7,000 square foot, state-of-the-art facility, located next to Chipley City Hall, provides much more than books to the community. Available to patrons are free Internet access, word processing, fax machine, copy machine, microfilm reader, online encyclopedias, videos, audios, interlibrary loan service, child safety programs, and more. USDA Rural Development provided \$500,000 in loans and grants toward construction of the facility, bringing social and economic benefits to this rural community in northwest Florida.

Trenton Pediatrics Clinic



Organized in 1988, Trenton Medical Center, Inc., a non-profit corporation, successfully owned and operated a medical clinic in Trenton, Florida, the county seat of Gilchrist County. Serving the youngest rural residents, Trenton Medical Center operated a Pediatric Medical Service from a mobile building. After only two years of operation, the pediatric clinic outgrew the facility, with the building becoming functionally obsolete. With USDA Rural Development assistance, Trenton Medical Center constructed a 5,960 sq. ft. medical center, doubling its current space, and is now able to provide quality medical care and expand its service to Gilchrist County.

Community Facilities Program

Through the Community Facilities Programs, Rural Development is striving to ensure that essential community facilities are readily available to all rural communities. The program provides loans, loan guarantees, and in some instances, small grants to develop essential community facilities such as health care clinics, police and fire stations, schools, etc., that are essential to the quality of life in rural areas up to 20,000 in population.

Loans, loan guarantees and grants are available to financially sound non-profit corporations, public entities, special-purpose districts and tribal governments that have legal authority to borrow and repay loans, to pledge security for loans, and to construct, operate and maintain the facilities. Funds may be used to construct, enlarge or improve community facilities for health care, public safety and public services, and acceptable costs include costs to acquire land, professional fees, construction costs and to purchase equipment for operations.

Community Facilities Programs continue making vital contributions to the quality of life of rural Americans.

Building Sustainable Communities

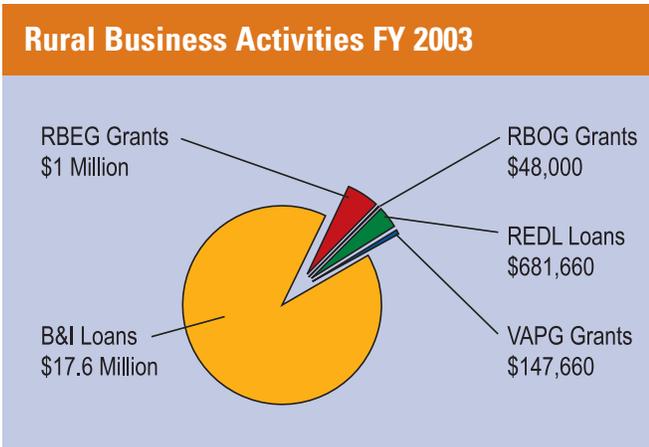
Jobs of critical importance were created in rural communities throughout the state in 2003

The Rural Business-Cooperative Program promotes economic vitality and quality of life in rural communities through loan and grant programs providing financial and technical assistance to businesses, economic development organizations, local government and others.

Rural Business-Cooperative Program assists rural communities in furthering their goals of economic development and job creation by supporting the growth of both small and large businesses. In Fiscal Year 2003, over \$19.5 million helped to produce more than 1000 jobs and assist over 90 businesses in rural Florida communities.



Nature's Way Nursery of Miami, Inc



Business & Industry Guaranteed Loans (B&I) program creates incentives for banks and rural business lenders to promote the establishment of businesses in rural communities with populations less than 50,000. The Rural Business-Cooperative Program provides loan guarantees up to \$10 million to lenders, providing additional incentive for business lending that saves or creates jobs in rural areas.

In 2003, Rural Business-Cooperative Program invested over \$17.6 million in Florida through the Business & Industry Guaranteed Loans program.

A Rural Development Guaranteed Loan to Community Bank & Trust financed the purchase of the Heritage Properties of Santa Rosa, Inc., a newly constructed 120-bed nursing home/Alzheimer facility that had never opened. Now in operation, the facility created 95 job opportunities in the rural Santa Rosa County area.

A Business and Industry Loan was approved for Nature's Way Nursery to provide working capital for expanding the nursery business and to refinance short term debt to improve cash flow for the business. This project allowed the business to retain 252 jobs and create 25 additional employment opportunities in the Dade County area.

Rural Business Enterprise Grants (RBEG) focus on the financing and facilitation of small and emerging businesses or incubators in rural areas of less than 50,000 in population. Funding is awarded to private non-profits, public bodies, and Indian tribes. In 2003, over \$1 million in Rural Business Enterprise Grants funding were awarded in Florida.

Rural Economic Development Loans and Grants (REDLG) program provides funds to electric or telephone utilities financed by USDA Rural Utilities Program. The utilities recipient establishes a revolving loan fund to finance economic development and job creation projects in rural areas.

Community development projects, education, medical facilities and incubator development are examples of revolving fund activities. In 2003, Rural Business-Cooperative Program funded \$681,660 in Rural Economic Development Loans and Grants projects to strengthen Florida's rural communities.

Loans and Grants Funded in Florida FY 2003

Rural Business Enterprise Grants (RBEG), Rural Business Opportunity Grants (RBOG), Rural Economic Development Loans (REDL), Value Added Producer Grants (VADG) and Business and Industry Loan Guarantees (B&I) funded in Florida/VI during FY 2003

Area/Project	Program	Funding	County
1 Value Lodge	B&I	\$2,100,000	Bay.
Heritage Properties	B&I	\$4,400,000	Santa Rosa
Aztec Environmental	B&I	\$651,000	Bay
Aztec Environmental	B&I	\$649,000	Bay
2 Jefferson CBCC	RBEG	\$258,716	Jefferson
Grand Ridge	RBEG	\$167,397	Jackson
Quincy	RBEG	\$183,584	Gadsden
Jackson CBCC	RBEG	\$180,817	Jackson
Quincy Telephone Co.	REDL	\$450,000	Gadsden
Gulf Coast Electric Co.	REDL	\$231,660	Gulf
Liberty Wilderness	R&I	\$3,500,000	Liberty
Liberty Wilderness	B&I	\$500,000	Liberty
3 K.W. Baxley, Inc.	B&I	\$3,250,000	Marion
4 Leesburg	RBEG	\$215,000	Lake
Alligator Trading Co.	VAPG	\$132,660	Pasco
5 SW FL RPC	RBOG	\$ 48,000	Hendry & Collier
Nature's Way	B&I	\$1,000,000	Dade
Mel's San Carlos	B&I	\$1,600,000	Lee
Gibbons Farm Organics	VAPG	\$15,000	St. Lucie

The Intermediary Relending Program (IRP) is a direct loan program focusing on alleviating poverty and increasing economic activity and employment in rural areas through administration of a revolving loan fund.

Applicants must have experience in administering a relending program and reloan the money to businesses in rural areas of less than 25,000 in population. Eligible applicants include public bodies, non profit economic development groups, Indian Tribes and cooperatives.

Rural Business Opportunity Grants (RBOG) provide funding to promote sustainable economic development in rural communities. In 2003, \$48,000 was awarded in Florida through the Rural Business Opportunity Grant program. Technical assistance for rural businesses, training for rural entrepreneurs or economic development officials, or to pay for costs of providing economic development planning for rural communities of less than 50,000 in population are eligible activities. Eligible applicants include nonprofit economic development groups, cooperatives, tribes and public bodies.

Rural Cooperative Development Grants (RCDG) assist in the development of new rural cooperatives and operational improvement of existing cooperatives through funding to non-profit economic development groups and institutions of higher education.

Citrus World/Florida's Natural



Florida Commissioner of Agriculture Charles H. Bronson and USDA Rural Development Florida State Director Charles Clemons, Sr., were on hand to officially launch the project.

Value Added Agricultural Product Market Development Grant

Polk County based Citrus World, a cooperative of 12 grower organizations, received a Value Added Grant for market development in Asian countries. Cooperative member, Florida's Natural Growers, produce Florida's Natural Brand orange and grapefruit juices that are currently distributed in the United States and over 24 countries worldwide. The new marketing thrust involves packaging products for distribution in Asian countries where consumer demand is for smaller size containers.

Funds Aid Family Housing

Improving the quality of life for rural Americans

For millions of Americans, rental housing is an alternative to homeownership for residents who choose to rent, or cannot afford to purchase a home. But the lack of affordable rental housing can be particularly challenging in rural communities with typically lower family incomes. The U.S. Department of Agriculture's Rural Housing Program has been the primary provider of housing assistance to rural communities since 1949.

Rural Development's Multi-Family Housing (MFH) Program provides qualified residents in rural communities affordable apartment style rental housing. Multi-Family Housing programs include loans for new construction and rehabilitation of existing units, rental assistance subsidy, and grants for farm labor housing and housing preservation.

Today, there are over 21,929 rental units in 497 complexes throughout Florida and the Virgin Islands that are financed by loans and grants through USDA multi-family housing programs. Seventy percent of tenants are single heads of households, and fifty percent are elderly or disabled. Nearly half of the Rural Development MFH portfolio provides shelter for elderly residents, providing opportunities for independent living in their own communities.



erate-income tenants. Section 515 can be used to finance family housing, elderly housing, mixed-use housing, congregate housing, group homes, and cooperative housing. Fiscal year 2003 began with 15 pending and/or new applications submitted by owners to prepay Section 515 loans. During 2003, Florida successfully processed \$5,167,319 in equity loans representing five projects in a multiple loan closing with one lender. This was one of the largest and more complex equity loan deals completed nationwide.

Section 521 Rental Assistance Program

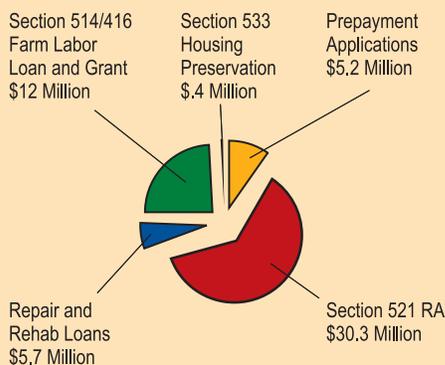
The Section 521 Rental Assistance Program (RA) provides reduced rents for low-income households in Rural Rental Housing or Labor Housing complexes financed by Rural Development. In 2003, rental assistance continued to be the dominant use of program funding with \$30.3 million representing 1,714 units of replacement rental assistance as well as providing affordable rental housing units for tenant households.

The Rural Development State Office continues monitoring unused units, reallocating them to projects based on overburdened tenants and for financially distressed properties.

Repair and Rehab Loans

While requests for repair and rehab loans exceeded funding provided by the National Office, Florida successfully obtained significant loan funds to assist projects in rehabilitation efforts. Over 400 units of housing, representing 11 projects were improved with \$5.7 million in repair loan funds.

Rural Business Activities FY 2003



Section 515 Rural Rental Housing

The Section 515 Rural Rental Housing program is a direct mortgage loan program providing capital financing to develop rental housing for very low-, low-, and mod-

Projects Dedicated in 2003

- ▶ **Marianna Holly Hill Apt.** - 53 Unit Family Housing, Marianna
- ▶ **Hardee County Housing Authority** - 39 Unit Farm Labor Housing, Wauchula
- ▶ **College Square Apartments** - 32 Unit Family Housing, Graceville
- ▶ **Catholic Charities** - 80 Unit Farm Labor Housing, Dover

533 Housing Preservation Grants

Leaking roofs, inadequate heating systems, and peeling paint are all too common housing problems in many rural communities. More than 100 low-income rural families in Florida received help with housing problems thanks to Department of Agriculture Rural Development grants. Assistance to very low and low-income homeowners to repair and rehabilitate their homes was made possible through the Section 533 Housing Preservation Grant Program. Rural Development funded \$406,834 to six recipients to improve 113 single family homes. Official check presentation ceremonies highlight the program, creating public awareness of the Housing Preservation Grant Program and its benefits to low income homeowners in rural Florida.



State Director, Charles Clemons presents a check in the amount of \$57,222 to Mr. Joel Paul, Jr., Executive Director of Tri-County Community Council, Inc.

Section 514/516 Farm Labor Housing Loan & Grant Program

Farmworkers, often the most poorly housed people in the country, frequently live in tents, in shacks without running water, in dilapidated and overcrowded trailers — what usually is defined as substandard housing. Florida is one of the largest agricultural commodity producing states in the nation, and Rural Development recognizes the strong need and demand for rental farmworker housing units. Rural Development is the only national source of construction funds dedicated to the development of labor housing facilities. The Farm Labor Housing Program provides low-interest loans and grants to public or non-profit agencies or to individual farmers to build affordable rental housing for farmworkers. In FY 2003, the program provided \$12 million in loans and grants to build 128 units of housing in four Florida locations.

Manatee County Housing Authority, with assistance from Florida Non-Profit Housing, Inc., successfully obtained a \$3 million loan at one-percent interest for the construction of a 36 unit labor housing facility, the first of its kind in Manatee County.



Florida Governor Jeb Bush and Secretary of Agriculture Ann M. Veneman recognized the importance of farmworker housing at the dedication of Catholic Charities' San Jose Mission in Dover.

Catholic Charities, Inc. of St. Petersburg, a new faith based partner, already providing services such as food, clothing, healthcare and childcare to farmworkers, was interested in providing decent, adequate and safe housing as well. With the help of a \$2.5 million loan and a \$500,000 grant, 26 additional labor housing units are under construction in Dover, Florida.

2003 MFH Management Conference

The first ever statewide multi-family housing management conference was held in Maitland, with over 375 attendees participating in training sessions reinforcing the concept, "We Make A Difference." Prospective site managers, maintenance personnel and management agents were recognized with awards from Rural Development based on criteria established within the 2003 MFH Awards Program. Kathy Easter was the recipient of the Henry Turney award presented by the Florida Council for Affordable and Rural Housing for his years of service and dedication to the rental housing program.



2003 State Award Winners

- ▶ Elderly Manager of the Year, Linda and James Wikowsky, Panasoffkee Apts.
- ▶ Family Manager of the Year, Celia Williams, Joseph Lee Garden Apts.
- ▶ Farm Labor Manager of the Year, Yanick Allan, Everglades Community Assoc.
- ▶ Maintenance Person of the Year, Trent Phillips, Newell Hill Villas
- ▶ Management Agent of the Year, Jupiter Housing Corporation

The American Dream

Realizing the American Dream in Rural America

Homeownership is a fundamental part of the American dream. But rural Americans face special challenges. With jobs often paying less than in more populous areas and a greater percentage of self-employment, credit can be difficult to obtain. Interest rates and construction costs are frequently higher in rural areas, and rural lenders generally require a large down payment.

USDA has been helping rural Americans become homeowners since 1949, investing over \$54 billion in helping people purchase or build their own homes. Under the USDA Rural Development umbrella, the Single Family Housing (SFH) programs offer home ownership and home improvement and repair loans and grants for individuals and families in rural areas. Financing is provided at favorable rates and terms with little or no down payment. In many cases, payments can be reduced according to the home owner's ability to pay.

Each year USDA Rural Development is playing a key role in making the dream of homeownership come true for rural families. With special emphasis placed on low and very low income households, USDA Rural Development is helping the families and individuals with the most need, improving the quality of life for rural communities.

Homeownership increases economic stability and provides numerous social benefits involving household stability, social involvement, and a sense of community. In 2003, Rural Development's Single Family Housing



The Jubilation community in Immokalee, Florida, features homes with front porches and screened lanais in the rear.

service invested over \$191 million in Florida and the Virgin Islands, helping 2,495 families through programs and assistance bringing improved housing, quality of life and prosperity to rural America.

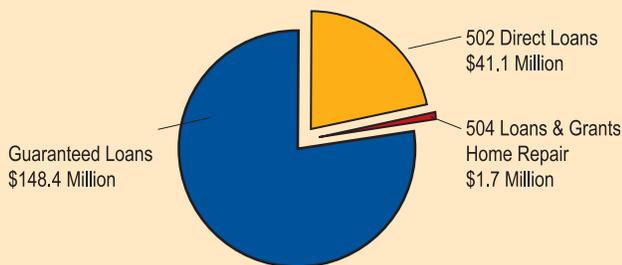
Housing Loans

Direct Housing Loan (Section 502)

The Direct Homeownership Loan program, available to lower income individuals and families, provided \$41 million in loans to families and individuals in 2003.

Serving rural persons whose incomes are below 80-percent of the median income, Section 502 direct housing loans offer assistance where it is needed most – lower income individuals in rural areas who are unable to obtain credit elsewhere. Section 502 loans require no down payment and interest rates are set by Rural Development based on family income. Eligibility for Direct Loans is restricted to lower income individuals and families to purchase or build a home in rural areas. Qualified applicants must have income below 80-percent of the median income level of the communities in which they intend to live and they must be unable to obtain a homeownership loan from a bank or other conventional source

Single Family Housing Activities FY 2003



Guaranteed Housing Loan (Section 502)

Through the 502 Guaranteed Loan program, RHS guarantees loans made by private sector lenders — should the borrower default on the loan, RHS will pay the private lender for the loan. Benefits of the program include financing up to 100-percent of the appraised value of the home, eliminating the need for a down payment.

The guaranteed housing program provides opportunities for both potential homeowners and lenders, with little cost to the taxpayer. Rural Development provided \$148 million in guaranteed housing loans in 2003. The program has achieved immense success in Florida/Virgin Islands — and the Florida/Virgin Islands program is one of the most successful in the country.

Guaranteed Section 502 loans originate at a lender's office, no down payment or mortgage insurance is required, and any lender may participate. Eligibility is restricted to applicants with moderate or low income who are unable to provide a 20-percent down payment for a conventional or FHA loan.

Home Improvement and Repair Assistance

Home Repair Loan and Grant Programs (Section 504)

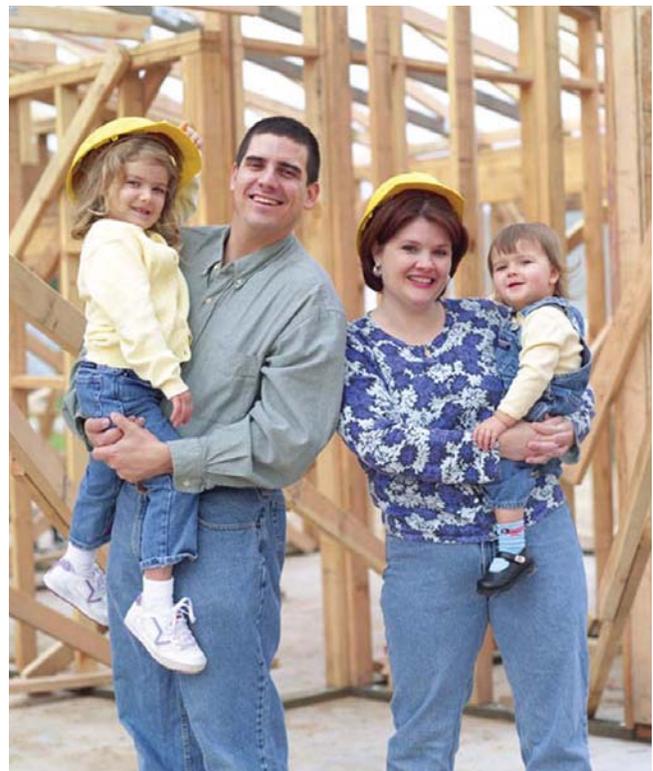
In 2003, Rural Development provided \$1.7 million in loans and grants to help rural families in Florida and the Virgin Islands repair their homes. Whether to improve or modernize a home, make it safer or more sanitary, or to remove health hazards, families and individuals with very low incomes received assistance through Section 504 loans and grants.

Eligibility for the Section 504 Loan Program is restricted to very-low-income rural homeowners with incomes falling below 50-percent of the area's median income. The maximum loan amount is \$20,000 with an interest rate of one-percent.

Eligibility for the Section 504 Grant Program is restricted to very-low-income rural homeowners age 62 and older who can't afford to borrow the full amount required for necessary repairs to remove health or safety hazards. The maximum grant amount is \$7,500.

Self Help Housing

The Self Help Housing Program is administered through non-profit organizations throughout Florida. With Rural Development funding, they select the families, provide economic counseling, purchase building materials and power tools, and hire a construction supervisor.



Non-Profit organizations and local governments may obtain a self-help Technical Assistance grant or Section 523 Site Loans through Rural Development's Housing Program. Site Loans allow for the property to be improved with infrastructure development (street access, curbs, sewer, water and more). The improved sites/lots are sold to the prospective homeowners at cost.

The Technical Assistance Grant enables the grantee to provide oversight to groups of 6-12 families who work together to build their own homes, performing approximately 65-percent of the labor. Families work on homes together and the labor cost savings help homeowners pay less for their homes.

Rural Development's Investment in America

For millions of families, homeownership is the American dream. Homeownership is a lifetime investment in families, communities and the nation, bringing stability, greater security and more civic involvement to neighborhoods and communities across the country.

In recognition of the positive and lasting impact of homeownership, in 2003, President George W. Bush designated June as National Homeownership Month. Families assisted by home ownership assistance programs came together in Tampa, Florida, telling their stories in hopes of reaching families who have yet to realize the benefits of owning their own homes. Irma Aguire was one such homeowner who shared her story.

Born in Michigan to migrant farm workers, Irma and her family eventually settled in Apopka, Florida, where her parents continued working in farm labor. By the age of 12, Irma was helping the family by working on a large vegetable farm after school and in the summers.

After graduating from high school, she married and began working on the farm full time. A failed marriage left her with two young daughters to care for. Working to support the family, Irma and her children lived in housing furnished by the farm corporation, a one-bedroom house with no heat or air conditioning.

Working in the fields left little time or energy for her growing children. But Irma vowed to find a way to have a home of her own and to attain additional education so she could work at something other than farm labor.

USDA Rural Development (known at the time as Farmers Home Administration) offered the opportunity Irma had dreamed of — a new home without a down payment, and monthly mortgage payments would be set according to household income and family size.



Pictured above holding baby, Irma Aguire became a homeowner thanks to USDA Rural Development's sweat equity homeownership program. Standing next to Ms. Aguire, right, is Mel Martinez, former Secretary of HUD.

Irma applied for a Rural Development self-help "sweat equity" loan through Homes-In-Partnership. She joined other families making home ownership more affordable by working together in groups on their houses. When Irma and her young family moved into their new home — complete with heat and air conditioning — a dream had been realized. And now the children had a yard to play in and each girl had her own bedroom.

With the security and stability home ownership can bring, Irma could focus on her second goal of pursuing additional education. She enrolled in a vocational/ technical program, completing the prescribed business courses she would need for a new career.

Irma has been on the job almost 10 years — working with Homes-In-Partnership, the non profit organization that helped her build her house. Today she is a loan processor and recruits families for the program so that others can realize the American dream of homeownership.

Behind the Scenes

During Fiscal Year 2003, the Rural Development Administrative Division supported program areas in carrying out the Rural Development mission through the provision of effective systems and services. Administrative Services staff provides support in the areas of Human Resources, Contracting, Budget, Management Control, and Automation to all Rural Development offices throughout Florida and the Virgin Islands.

Human Resources provide a broad range of employee, supervisory and managerial support and technical guidance, and as a delegated examining office of the Office of Personnel Management,

Human Resources provides employment opportunities directly to the general public for staffing positions throughout the state. The Human Resources team assists the State Director with administration of the Employee Assistance Plan, Ethics and Civil Rights, Equal Employment Opportunity, and incentive awards programs.

Contracting/Budget Division support includes contracting for Single Family and Multi-Family housing appraisals, legal services, and caretaking of custodial and inventory homes. In Fiscal Year 2003, the division managed administrative funds of \$9.4 million for employee salaries and benefits, leasing of office space, supplies, equipment, travel and training. This included the responsibility of monitoring a fleet of 30 GSA vehicles throughout the state.



Left to right, front: Jeffrie Navarro; Brenda Stormant; Kathy Snider. Back: Ted Welcome; Cheryl Perry; Sara Grant; Harold Dawkins, Administrative Program Director; Barbara Davis; Shirley Maro.

The Management Controls Division ensures that Rural Development field offices remain in compliance with prescribed policies and procedures. The Management Control Officer provides oversight on internal control issues such as audits, investigations, State Internal Reviews, office security and emergency response and contingency/disaster recovery plans. In FY 2003, four State Internal Reviews were conducted with 95 percent of the modules reviewed falling within the prescribed compliance score.

The Automation Center is responsible for computers, fax machines, printers and telephones statewide, providing assistance and support for both hardware and software problems. During FY 2003, Automation Center staff completed installations of scanners in all Area Offices and 33 printers throughout the state. Also during FY 2003, 91 computer operating systems were upgraded from NT to XP, in compliance with the mandates of the Common Computing Environment (CCE) initiative.

Programs of Emphasis



Equal Employment Opportunity (EEO)

During FY 2003, the EEO Advisory Committee promoted communication between management and employees, made recommendations and provided management advice on Special Emphasis Programs and events. Committed to create a work environment that enhances cultural diversity and promotes a workplace free of discrimination based on race, sex, age, religion, national origin, marital status, and physical or mental disability, Special Emphasis Programs provide oversight by persons with specialized knowledge in the area of civil Rights and Equal Employment Opportunity. Special Emphasis Programs include the African American Program, Disability Employment Program, Federal Women's Program, Hispanic Employment Program and the Native American Program.

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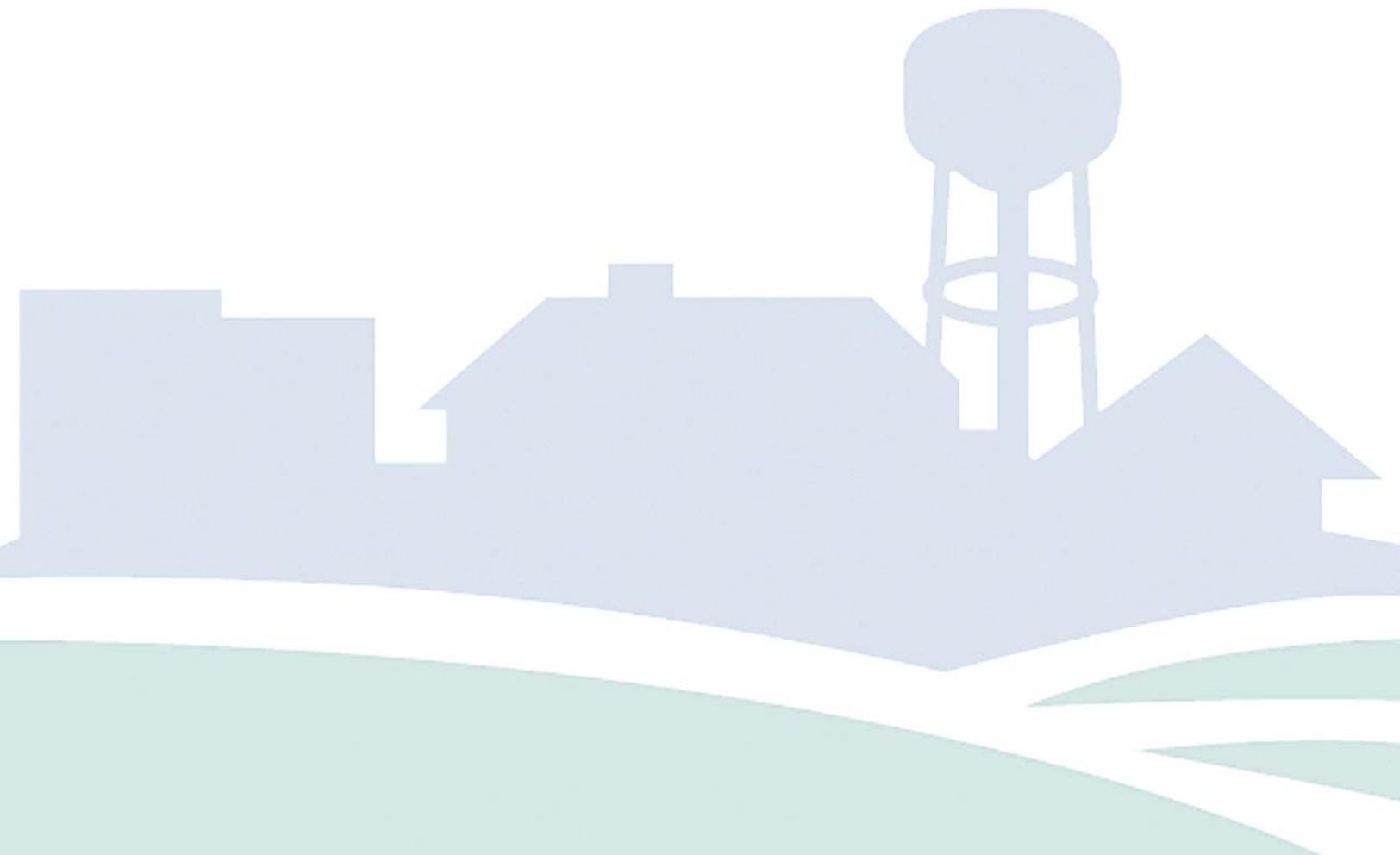
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Committed to the **FUTURE** of Rural Communities

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To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9420 or call 202-720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.





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