



# NEWS RELEASE

United States Department of Agriculture • Rural Development

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## **Lenders and USDA Rural Development Together Help Shape Rural Communities**

**LINCOLN, NEB., July 23, 2008** – Community facilities provide the infrastructure needed to help support rural economic and community activities. Partnering together, USDA Rural Development, lenders and communities can build and maintain a broad range of core essential facilities.

“Residents need a dependable fire truck for protection, a social room to hold functions, a library to promote education and hospitals to ensure quality healthcare,” stated Community Programs Director Denise Brosius-Meeks, USDA Rural Development. “Youth retention as well as attracting people to relocate to the state is difficult if essential community facilities are not in place. It is important that rural areas take a good look into the future and plan for how they will remain vital.”

Examples of essential community facility projects that may be funded with the use of USDA Rural Development’s Community Facilities Guaranteed Loan program are:

- **Cultural and educational facilities**...schools, libraries, art museums, and theaters
- **Transportation facilities**...airports, municipal garages, street improvements, rail, or bus service
- **Recreational facilities**...parks, health clubs, and campgrounds
- **Community health services**...assisted living facilities, hospitals, nursing homes, and medical and vocational rehabilitation centers
- **Community support services**...child or adult day care and business incubators
- **Public buildings and improvements**...including community centers
- **Fire, rescue and public-safety facilities**

The Community Facilities Guaranteed Loan program offers a source of financing to communities through area lenders with Rural Development guaranteeing the bank loan. Program benefits to lenders are:

- The credit enhancement of a 90 percent guarantee on loans made for construction or improvement of essential community facilities
- Reduced credit risk
- Ability to finance specialized community facilities without sufficient collateral

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Committed to the future of rural communities.

“USDA is an equal opportunity provider, employer and lender.”

To file a complaint of discrimination write to USDA, Director, Office of Civil Rights,  
1400 Independence Avenue, S.W., Washington, D.C. 20250-9410,  
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- Salability of guaranteed portion of loan on secondary market, increasing lenders' return
- Bridging the risk from the lack of long term funding contracts by nonprofits and governmental agencies needed to match the loan term required i.e. state may provide one-year contracts for social services year after year, but requested loan term may be 15 or 20 years

Rural Development programs are flexible, offering below market direct loans or grants in combination with guaranteed loans. This combination financing reduces the overall interest rate, improves cash flows, and in some cases allows for increased financing. Recreation loans are funded under the guaranteed loan program only and are not eligible for such combined financing.

Banks, savings and loan associates, bank-affiliated mortgage companies, farm credit banks, and insurance companies may participate in the guaranteed program.

Municipalities, counties, special purpose districts, nonprofits, and tribal governments are eligible to apply for community facilities programs. Nonprofits are broadly defined-- they must have significant ties to the local rural community, retain a broad membership base, be community member controlled and have articles of incorporation and by-laws. Applicants must possess the legal authority to borrow and repay loans, to pledge security, show financial soundness, and have the capacity to construct, operate, maintain and manage the facilities effectively.

Community facility projects must be located in rural areas with a population of up to 20,000. Lenders should contact their state Rural Development office to determine a community's eligibility.

USDA Rural Development provides more than \$100 million annually in federal assistance to rural Nebraska in areas of housing, business, community facilities, utilities and energy.

Lenders interested in utilizing the guaranteed loan program should contact Denise Brosius-Meeks at [denise.meeks@ne.usda.gov](mailto:denise.meeks@ne.usda.gov), (402) 437-5559; toll free 800-670-6553. You may also contact a community programs specialist located in Rural Development offices statewide. Visit [www.rurdev.usda.gov/ne](http://www.rurdev.usda.gov/ne) to locate the USDA Rural Development office nearest you.