



United States Department of Agriculture
Rural Development

COMMUNITY FACILITY DIRECT LOANS

FACT SHEET

www.rurdev.usda.gov

USDA Rural Development, through the Rural Housing Services, is authorized to make loans to develop community facilities for public use in rural areas and towns of not more than 20,000 people.

Applications will be considered without regard to race, color, religion, sex, marital status, age, handicap, or national origin of members of the group applying for assistance. Opportunity to construct, develop, and use the facilities must be extended on this same basis.

WHO MAY RECEIVE ASSISTANCE?

Loans are available for public entities such as municipalities, counties, and special purpose districts. Nonprofit corporations and Indian tribes may also receive loan assistance when adequate plans for loan repayment are made.

In addition, borrowers must:

Be unable to obtain needed funds from other sources at reasonable rates and terms. Have legal authority to borrow and repay loans, to pledge security for loans, and to construct, operate, and maintain the facilities or services. Be financially sound, and be able to organize and manage the facility effectively.

The project must be based on taxes, assessments, revenues, fees, or other satisfactory sources of money sufficient for operation, maintenance, and reserve, as well as to retire the debt. The project must be consistent with available comprehensive and other development plans for the community, and comply with Federal, State, and local laws.

HOW MAY FUNDS BE USED?

USDA Rural Development loan funds may be used to construct, enlarge, or improve community facilities for health care, public safety and public services.

Health care facilities include hospitals, nursing homes and dental or medical clinics or medical rehabilitation centers. Funds may also be used for necessary equipment for the operation of these facilities; and to pay other necessary costs connected with them.

Public safety facilities include fire stations and buildings to house fire and/or rescue equipment.

Funds may also be used:

- To purchase fire trucks, ambulances, or emergency communications equipment,
- To buy or build fire and rescue multi-service centers, police stations, and jails and
- To pay necessary costs connected with these facilities.

Public service facilities include community buildings, courthouse, public maintenance buildings, libraries, schools, industrial parks, roads, bridges, airports, fairgrounds, utilities, and other improvements or to acquire interest in lands, leases, and rights-of-way necessary to develop the facilities. Loan funds may also be used for necessary equipment for the operation of these facilities. Rural Development may fund other types of community facilities that provide essential service to rural residents; and to pay necessary costs connected with such facilities. Interim commercial financing will normally be used during construction, and Rural Development funds will be available when the project is completed. If interim financing is not available or if the project costs less than \$50,000, multiple advances of Rural Development funds may be made as construction progresses.

Web: <http://www.rurdev.usda.gov/or/>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD)

WHAT ARE THE TERMS?

The maximum term on all loans is 40 years. However, no repayment period will exceed any statutory limitation on the organization's borrowing neither authority nor the useful life of the improvement or facility.

WHAT IS THE INTEREST RATE?

Interest rates will be set periodically and will be based on current market yields for municipal obligations, except that some loans, which involve the use of prime or unique farmland, may require a slightly higher interest rate. Certain other loans may be made at a lower interest rate. The current interest rate may be obtained from any Rural Development office.

WHAT SECURITY IS REQUIRED?

All loans will be secured to adequately protect the interest of the Government. Bonds or notes pledging taxes, assessments, or revenues will be accepted as security if they meet statutory requirements. A mortgage may also be taken on real and personal property when State laws permit.

WHERE WILL APPLICANTS OBTAIN TECHNICAL HELP AND MAKE APPLICATION?

USDA Rural Development will assist the applicant in making the first determinations regarding engineering feasibility, economic soundness, cost estimates, organization, financing, and management matters in connection with the proposed improvements.

If financing is provided by Rural Development, the agency will make periodic inspections to see that funds are used as agreed upon.

Any Rural Development office can give basic information about community facility loans, but application should be made at the Rural Development area office. The area office staff will be glad to discuss services available from the agency and explain how to prepare a written application.

ARE GRANT FUNDS AVAILABLE?

Yes, limited grant funds are available under this program.

WHAT OTHER PROGRAMS DOES RURAL DEVELOPMENT HAVE?

The agency also makes loans for housing in rural areas; for water and waste disposal systems; and for business and



EXAMPLES OF COMMUNITY FACILITY PROJECTS

PUBLIC SAFETY:

Fire Department Buildings / Fire Apparatus and Equipment
Rescue Squad Buildings / Ambulances and Equipment
Communication Centers and Equipment / Civil Defense Building
Multi-Service Centers / Police Stations / Jails

PUBLIC BUILDINGS & IMPROVEMENTS:

Community Buildings / Courthouses / Industrial Parks
Adult Day Care Center / Child Day Care Center / City Hall
Community Health Department / Office Building
Data Processing Center / Food Preparation Center

HEALTH CARE:

Hospitals and Equipment / Nursing Homes and Equipment
Medical or Dental Clinics / Physicians Clinics / Medical Rehabilitation Centers
Alcohol and Substance Abuse Counseling Centers
Visiting Nurses Associations & Adult Day Care Facilities
Vocational Rehabilitation Center
Facilities for the Developmentally Disabled / Mental Health Centers
Public Health Department Buildings and Equipment / Group Homes

CULTURAL & EDUCATIONAL:

All Purpose Building - College Campus / College
Educational Camp for Physically and Mentally Handicapped
Library / Museum / Public School
School Maintenance and Equipment Service Center / Vocational School

ENERGY TRANSMISSION/DISTRIBUTION:

Electric Equipment Maintenance Building / Low Head-Hydroelectric Plants
Natural Gas Distribution / Utilities to Industrial Sites

TRANSPORTATION:

Airport / Airport Hanger / Roads and Bridges
Municipal and County Garage/Offstreet Parking / Sidewalks

OTHER:

Fairgrounds / Animal Shelter / Social Services Building

In addition, guaranteed business loans are also available through our Business and Industry Loan Program.