



United States Department of Agriculture
Rural Development

WATER AND WASTE DISPOSAL LOANS AND GRANTS FACT SHEET

www.rurdev.usda.gov

Rural Development is authorized to provide financial assistance for water and waste disposal facilities in rural areas and towns of up to 10,000 people.

Who May Receive Assistance?

Public entities such as municipalities, counties, special purpose districts, Indian tribes, and corporations not operated for profit. Priority will be given to public entities in areas smaller than 5,500 people to restore a deteriorating water supply, or to improve, enlarge, or modify a water facility or an inadequate waste facility. Preference will also be given to requests, which involve the merging of small facilities and those serving low-income communities.

In addition, borrowers must:

1. Be unable to obtain needed funds from other sources at reasonable rates and terms.
2. Have legal capacity to borrow and repay loans, to pledge security for loans, and to operate and maintain the facilities or services.
3. Be financially sound and able to manage the facility effectively.
4. Have a financially sound facility based on taxes, assessments, revenues, fees, or other satisfactory sources of income to pay all facility costs including operation and maintenance, and to retire the indebtedness and maintain a reserve.

Water and waste disposal systems must be consistent with any development plans of State, multi-jurisdictional area, counties, or municipalities in which the proposed project is located. All facilities must comply with Federal, State, and local laws including those concerned with zoning regulations, health and sanitation standards, and the control of water pollution.

How May Funds Be Used?

Loan and grant funds may be used to do the following:

1. Construct, repair, improve, expand, or otherwise modify rural water supply and distribution facilities including reservoirs, pipelines, wells, pumping stations and water supply or a water right.
2. Construct, repair, improve, expand, or otherwise modify waste collection, pumping, treatment, or other disposal facilities. Facilities to be financed may include such items as sewer lines, treatment plants, including stabilization ponds, storm sewer facilities, sanitary landfills, incinerators, and necessary equipment.

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

Committed to the future of rural communities.

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3. Pay necessary fees such as legal and engineering connected with development of facilities.
4. Pay other costs related to the development of the facility acquire a water supply or a water right including the acquisition of rights-of-way and easements, and the relocation of roads and utilities.
5. Finance facilities in conjunction with funds from other agencies or those provided by the applicant. 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 cost is less than \$50,000, multiple advances of Rural Development funds may be made as construction progresses.

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 to be financed.

What Is the Interest Rate?

Interest rates will be set periodically and be based on current market yields for municipal obligations. Certain loans may be made at a lower rate. The current rates 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 may be accepted as security if they meet statutory requirements. A mortgage may also be taken on the organization's facilities when State laws permit.

Grants.

Funds may be available for up to 75 percent of eligible facility development costs. Such assistance may be made available for facilities serving the most financially needy communities to reduce user costs for eligible grant recipients to a reasonable level.

Where Will Applicants Obtain Technical Help And Make Application?

The Rural Development will advise the applicant as to how to assemble information to determine engineering feasibility, economic soundness, cost estimates, organization, financing, and management matters in connection with the proposed improvements.

If financing is provided, the Rural Development will also make periodic inspections to monitor project construction.

Applications for financial assistance are made at area offices of the Rural Development. The area office staff will be glad to discuss services available from the Agency and explain application procedures. All applications are considered without regard to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (provided the applicant has the capacity to enter into the legal contract) of the members of the groups applying for assistance, and service must be extended on the same basis.