



# Overview of Loan and Grant Programs

Committed to the future of rural communities.

U.S. Department of Agriculture Rural Development programs improve the quality of life for people living in small, rural communities. We provide loans and grants to create or improve fresh water, sewer, and electrical systems. We help low income families buy their first homes. We help developers provide low-income housing for the elderly and disabled. We work with small and emerging businesses to create and save jobs. We also provide technical assistance to community leaders who are working on plans to improve rural communities.

Our primary focus is to improve the economy and services. We work with community leaders at their request and at their pace. We are partners with the business community, including banks, mortgage brokers and other lenders.

In Georgia, USDA Rural Development staff delivers business, community facility, utilities and housing programs. A summary of our programs is provided in this handout. All programs are for rural areas only.

To learn details of each program, visit [www.rurdev.usda.gov/RegulationsAndGuidance.html](http://www.rurdev.usda.gov/RegulationsAndGuidance.html)

## Business– Cooperative Services Programs

**Business and Industry– Guaranteed Loans (B&I)** - This program helps create jobs and stimulates rural economies by providing financial backing for rural businesses. This program bolsters existing private credit by guaranteeing quality loans that provide lasting community benefits. Marginal or substandard loans or relief of lenders having such loans is *NOT* the purpose of this program.

*Instruction 4279-B*

**Intermediary Relending Program (IRP)** - IRP loans finance business facilities and community development projects. Rural Development lends these funds (at 1%) to intermediaries, which in turn, provide low interest loans to ultimate recipients. Eligible intermediaries include public bodies, non-profit corporations, credit unions, Tribes, and cooperatives. *Instruction 4274-D*

**Rural Business Enterprise Grants (RBEG)** - Designed to help public bodies, non-profit corporations, and Federally recognized Tribes finance and facilitate development of small and emerging private businesses. Eligible projects may include acquisition and development of land, extension of utilities, and construction of buildings, plants, access roads and parking areas. Funds may also be used for equipment, loans for working capital or start-up operating costs, refinancing (under certain conditions), and fees for professional services. In addition, grant funds may be used to provide technical assistance and related training, financial assistance to third parties (revolving loan funds), and for rural distance learning programs that enhance marketable job skills. *Instruction 1942-G*

## **Business– Cooperative Services Programs *continued***

**Rural Economic Development Loans and Grants (REDLG)** - Available to eligible electric or telecommunications organizations, funds are to assist in economic development, to create job opportunities and to help retain existing employment. Loans at zero-interest are made primarily to finance business start-up ventures and business expansion projects. Grants are made to these telephone and electric utilities to establish revolving loan programs operated at the local level by the utility. The revolving loan program aids rural development with needed capital (a) to non-profit entities and municipal organizations to finance community facilities which promote job creation, (b) for facilities which extend or improve medical care, and (c) for facilities which promote education and training to enhance marketable job skills. *Instruction 4280-A*

**Rural Business Opportunity Grants (RBOG)** - This program provides funds for technical assistance, training and planning to improve economic conditions. Non-profit corporations, public bodies, Tribes and cooperatives are eligible. Rural Development is designing the program to promote sustainable economic development in Georgia's neediest areas. *Instruction 4284-G*

**Cooperative Services** - User-owned cooperatives process and market products, purchase production supplies or consumer goods, build and operate rural utilities and provide other needed services. By working together in cooperatives, residents are often able to reduce costs, obtain services that might otherwise be unavailable and achieve greater returns for their products. The Cooperative Service programs of Rural Development help residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, Cooperative Services assists in cooperative development assists with technical matters, conducts cooperative-related research, and provides cooperative training programs and educational materials. *Instruction 4284*

**Renewable Energy and Energy Efficiency** - These grants were first made available in FY03 to farmers and rural small businesses. Funds can be used to pay up to 25% of eligible costs for energy efficiency improvements, i.e. insulation or new equipment, or to produce a renewable energy product, i.e. ethanol, biodiesel, or solar. *Instruction 4280-B*

**Rural Cooperative Development Grant Program** - These grants are for establishing and operating centers to improve the economy. Their purpose is to promote or enhance cooperatives. Non-profit institutions, including institutions of higher learning, are eligible applicants. Applications are solicited annually and scored according to defined selection criteria, including the proven ability to foster economic growth, to provide technical assistance, and to provide cooperative development to communities seriously impacted by economic downturns. *Instruction 4284-F*

**Value-Added Producer Grants (VAPG)** - Established in FY02, VAPG is designed to help producers earn more by processing the products they produce. To qualify as a "value added" product, the original product must be changed in some way. The applicant must be a producer or a producer owned and controlled business entity. Grant funds can be used for planning or for working capital. *Instruction 4284-J*

## Community Programs

**Community Facility Programs** - Loans are available to public bodies and non-profit corporations in areas not larger than 20,000 in population for essential community facilities, including medical facilities, police and fire stations, schools and child care centers. To qualify, applicants must be unable to obtain the financing from other sources and/or their own resources at rates and terms they can afford. Funds may be used for construction, land acquisition, legal fees, engineering fees, interest, equipment, initial operation and maintenance costs and project contingencies. Grant funds are available on a very limited basis. Projects that will receive the highest priority for grant assistance are those that serve small communities with a population of 5,000 or less. *Instruction 1942-A and 3575-A (Guaranteed Loan Program)*

**Distance Learning and Telemedicine** - This program makes telecommunications, computer networks and related advanced technologies available to provide educational and medical benefits. This is part of the “information superhighway” in rural America. *Notice of Funds Availability (NOFA)\**

**Rural Broadband Loan Program** - Three types of loans are available to fund construction, improvement, or acquisition of facilities and equipment required to provide broadband service to eligible rural communities. Grant funds are available periodically under the Community Connect Program. Individuals or partnerships of individuals are not eligible. *Notice of Funds Availability (NOFA)\**

**Rural Community Development Initiative Grant (RCDI)** - RCDI grants are available to qualified private and public intermediary organizations proposing to carry out a program of technical assistance. Funds will be used solely to develop the ability of private, nonprofit, community-based housing and community development organizations and low-income rural communities to undertake projects to improve housing, community facilities, community and economic development projects in rural areas. *Notice of Funds Availability (NOFA)\**

**Technical Assistance and Training Grant (TAT)/ Solid Waste Management Grant (SWM) Program** - TAT grants are available to identify and evaluate solutions to water and waste disposal problems in rural areas. SWM grants are available to reduce or eliminate pollution of water resources and for improving the planning and management of solid waste sites. Eligible entities are private non-profit organizations that have been granted tax exempt status by the Internal Revenue Service. Applications should be filed between October 1 and December 31 of each fiscal year. *Instruction 1775*

**Water, Wastewater, and Solid Waste Systems** - This is a loan and grant program that provides funds for small municipal and rural water, wastewater, and solid waste systems to public bodies and non-profit corporations in areas not larger than 10,000 population. To qualify, applicants must be unable to obtain the financing from other sources and/or their own resources at rates and terms they can afford. Funds can be used for construction, land acquisition, legal fees, engineering fees, interest, equipment, initial operation and maintenance costs, and project contingencies. Grants are used to supplement direct loans for the purpose of reducing user rates to a reasonable level when compared to comparable systems. Grant funds are available to rural communities having a very low Median Household Income (M.H.I.), normally classified as being in a persistent poverty area (county). *Instruction 1780*

*\*Notice of Funds Availability (NOFA)- Program levels and application requirements are announced annually in the Federal Register. Time of announcement varies.*

## Multi-Family Housing Programs

**Farm Labor Housing Loans (Section 514) and Grants (Section 516)** - This program provides decent housing for domestic farm laborers, both migrant and year-round, and their families. Loans can be made to farmers, family farm partnerships, public bodies and non-profit organizations to build, buy, improve or repair farm labor housing and related facilities. Grants can be made to non-profits and public bodies. *HB-1-3560*

**Guaranteed Rental Housing Loans (Section 538)** - The purpose is to serve the housing needs of rural families of low and moderate income in partnership with public and private lenders. The program is designed to complement other affordable housing programs serving lower income families. When used in conjunction with low income housing tax credits, the loan can also help provide housing for very low to low income families. *HB-1-3565*

**Housing Preservation Grants (Section 533)** - Grant funds are provided to qualified public non-profits and public agencies to rehabilitate individual housing and rental properties owned and/or occupied by very low and low income rural families. Grantees provide eligible homeowners or owners of rental properties low interest loans or grants to repair their housing. *Instruction 1944-N*

**Rental Assistance Program (Section 521)** - Section 521 reduces the rent and utilities paid by very low and low income residents of Rural Rental Housing and Farm Labor Housing complexes to 30% of their monthly adjusted income. Rental Assistance can only be used in conjunction with Section 514 and 515 loans and 516 grants. *HB-2-3560*

**Rural Rental Housing Loans (Section 515)** - Section 515 loans are for building, purchasing or repairing rental housing, usually duplexes, garden-type or similar multi-unit dwellings. Development of these multi-family living quarters is for people with very low, low and moderate incomes and for people 62 and older, or people of any age with disabilities. All loans are subsidized. Applications can only be accepted in designated places announced each year. *HB-1-3560*

**Rural Housing Voucher Program (Section 542)** - The purpose of this program is to provide tenant protections in Section 514, 515 and 516 properties that prepay their mortgages after September 30, 2005. These Vouchers are portable and will enable tenants to continue to access affordable housing without benefit of the traditional Rental Assistance Program.

Funding levels and application requirements for the Section 514, 515, 516, 533 and 538 programs are announced annually in the Federal Register. Time of announcement varies.

## Single Family Housing Programs

**Home Ownership Loans** - This program offers two types of homeownership loans: guaranteed and direct. The purpose is to provide financing— with no down payment and at favorable rates and terms – either through a direct loan with USDA, Rural Development or with a loan from a private lender which is guaranteed by USDA, Rural Development. These loans are for the purchase, construction or rehabilitation of a dwelling and related facilities for low- or moderate- income rural persons. *Instruction 1980-D & HB-1-3550*

**Repair Loans and Grants (Section 504)** - Funds are available to very-low income rural homeowners for repairs or renovations to their present home. Grant funds are made available only to very-low income homeowners, 62 years of age or older, to remove health and/or safety hazards from their dwellings. If the applicant does not have repayment ability for the 504 one (1%) percent loans. *HB-1-3550*

## Single Family Housing Programs *continued*

**Self-Help Housing** – Any small group of low-income families may qualify to participate in this program, which allows them to build sweat equity by helping to construct the house while lowering the amount of their home loan. Individual houses are built by the families who will live in the dwellings and under the supervision of a construction professional. The families must agree to work together until all the homes are finished. The family must be able to repay the loan for the cost of the house. Technical Assistance Grants are made to non-profits to pay for technical assistance and construction supervisors to oversee self-help projects. *Instruction 1944-1*

**Site Loans** - These loans finance adequate building sites for development of a desirable community by private or public non-profits. *Instruction 444.8*



**Quinton N. Robinson,  
Acting State Director**

355 East Hancock Avenue, Suite 300  
Athens, Georgia 30601

Phone (706) 546-2162

<http://www.rurdev.usda.gov/GAHome.html>

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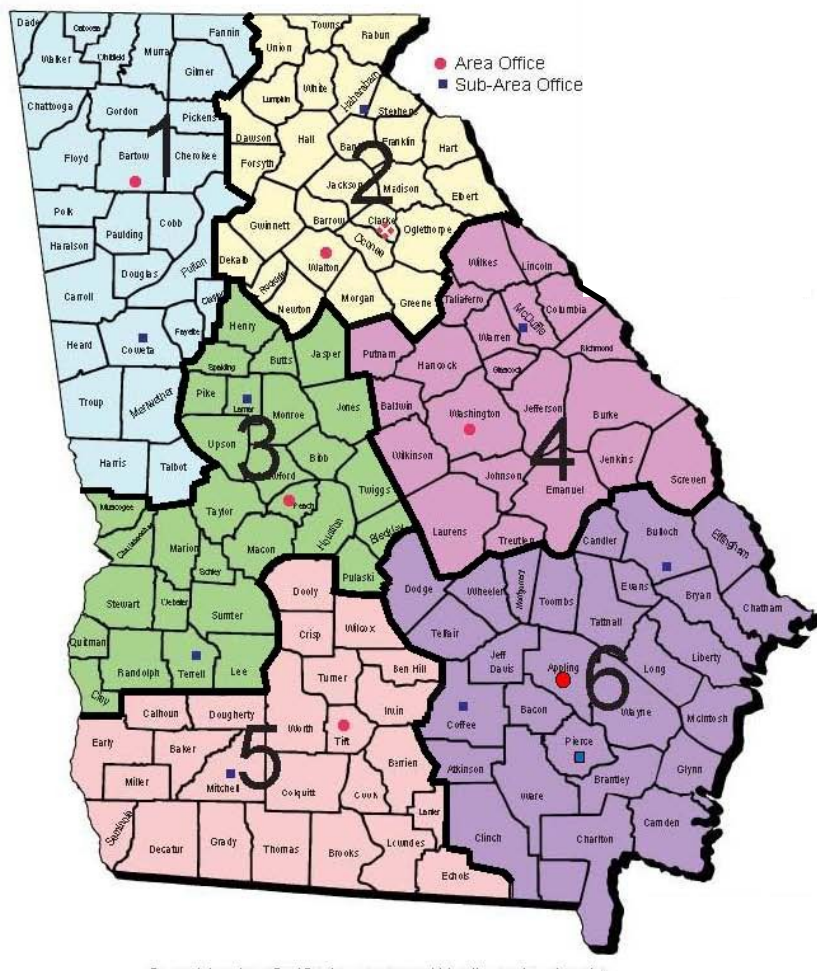
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