

**United States
Department of Agriculture
Rural Development**

**INVESTMENTS IN MARYLAND
FISCAL YEAR 2012**



Committed to the future of rural communities.

*Kathy Beisner
Acting State Director
Maryland - Delaware*

USDA RURAL DEVELOPMENT

The U.S. Department of Agriculture Rural Development mission area was created by the 1996 Farm Bill; it consists of three services: the Rural Housing Service (RHS); Rural Utilities Service (RUS); and the Rural Business-Cooperative Service (RBS).

VISION

A rural America that is a healthy, safe, and prosperous place to live and work.

MISSION

To increase economic opportunity and improve the quality of life for all rural Americans.

Know your farmer Know your food (KYK2) – USDA started the KYK2 Initiative to connect consumers with local producers, helping them to get a better understanding of where their food comes from and how it gets to their plates. With this initiative, USDA will provide funding to ensure that farmers continue to contribute to economies and also to support the next generation of farmers and ranchers. We have identified projects in this report that meet this initiative.

During fiscal year 2012, the following USDA Rural Development investments were made in Maryland:

	FY 2011	FY 2012
Water and Waste Disposal Loans and Grants	\$ 18,849,663	\$ 12,556,800
Predevelopment Planning Grants	\$ 25,000	\$ 25,000
*SEARCH Grant	\$	\$ 43,500
Rural Electric Guaranteed Loan	\$ 37,000,000	\$101,725,000
Business and Industry Guaranteed Loans	\$ 17,413,100	\$ 250,000
Rural Microentrepreneur Assistance Program	\$ 605,000	\$ 20,441
Rural Business Enterprise Grants	\$ 823,000	\$ 391,579
Intermediary Lending Program (Loan)	\$ 169,000	\$
1890 College Entrepreneurial Program Grant	\$ 75,000	\$
Rural Energy for America Program	\$ 447,689	\$ 146,450
Value Added Producer Grant	\$	\$ 1,257,333
Rural Housing Direct Loans	\$ 9,944,511	\$ 5,620,182
Rural Housing Guaranteed Loans	\$340,201,338	\$453,829,430
Home Improvement and Repair Loans and Grants	\$ 188,113	\$ 124,683
Housing Preservation Grants	\$ 72,450	\$ 50,000
Rural Rental Housing Loans	\$ 1,000,000	\$ 258,323
Rental Assistance	\$ 13,462,680	\$ 13,488,080
Voucher Program	\$ 37,536	\$ 14,718
Rural Community Development Initiative	\$ 175,105	\$
Community Facilities Loans and Grants	\$ 3,129,900	\$ 12,015,400
TOTAL ASSISTANCE TO MARYLAND:	\$443,619,085	\$601,816,919

*Special Evaluation Assistance for Rural Communities and Households (SEARCH)

Delaware and Maryland Rural Development programs are administered through the State Office in Dover, DE; one Area Office in Hagerstown, MD and two Sub Area Offices located in Denton, MD and Prince Frederick, MD. Office information can be found at the back of this report.

Rural Utilities – FY 2012 Investments \$114,350,300

USDA Rural Development’s utility programs are the primary financial source for infrastructure investment for rural America. Rural utility programs help provide modern telecommunications, electricity, clean water and wastewater disposal facilities. In addition to water and wastewater, the program can fund solid waste disposal facilities and storm drainage systems.

Water and Waste Disposal Loans and Grants develop water, waste and storm drainage systems in rural areas and towns with populations up to 10,000. This program provides safe, clean drinking water and sanitary wastewater facilities in rural America. Funds are available to public entities such as towns, counties, special-purpose districts, Indian tribes and non-profit corporations. Rural Development also guarantees loans made by banks or other lenders. The same types of applicants are eligible for both grants and loans. This program addresses basic unmet needs of health and infrastructure in rural areas.

<u>NAME</u>	<u>TYPE</u>	<u>LOAN AMOUNT</u>	<u>GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>CONNECTIONS</u>
Allegany County Commissioners (Bedford Road)	Sewer	\$ 510,000	\$ 303,000	\$ 0	1,275
		<i>Subsequent funding</i>			
Town of Betterton	Sewer	\$ 333,000	\$ 998,000	\$1,405,000	337
Potomac Heights Mutual Homeowners Association, Inc.	Storm Water	\$4,102,000	\$ 435,800	\$ 515,000	487
Town of Queenstown	Sewer	\$2,136,000	\$1,000,000	\$ 0	567
		<i>Subsequent funding</i>			
West Nottingham Academy	Sewer	\$ 352,000	\$ 287,000	\$ 25,000	160
Worcester County Commissioners (Ocean Pines)	Sewer	\$1,588,000	\$ 512,000	\$ 800,000	117
Totals:		\$9,021,000	\$3,535,800	\$2,745,000	2,943

Predevelopment Planning Grants for Water and Waste Disposal Projects help pay costs associated with developing an application for water and waste disposal projects that can be funded by Rural Development. Major cost items are the Preliminary Engineering Report (PER) and the Environmental Report (ER).

<u>NAME</u>	<u>GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>PURPOSE</u>
LaVale Sanitary Commission	\$25,000	\$8,335	To complete a PER and ER to determine feasibility of upgrades to their water treatment system.

Special Evaluation Assistance for Rural Communities and Households (SEARCH) Program is designed to make predevelopment planning grants for feasibility studies, design assistance, and technical assistance to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects.

<u>NAME</u>	<u>GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>PURPOSE</u>
Town of Hurlock	\$18,500	\$0	To be used for the cost of a PER that will outline the extent of the issues the Town is having with their Storm Water Management.
Town of Pittsville	\$25,000	\$0	To be used for the cost of a PER and a ER for Phase 3 of the Water Treatment Plant Upgrade.
Total:	\$43,500		

Rural Electric Loans and Loan Guarantees finance the construction of electric distribution, transmission, and generation facilities, including system improvements and replacement required to furnish and improve electric service in rural areas. This program is administered from our National Office in Washington, D.C. **Southern Maryland Electric Cooperative (SMECO), Inc. received \$87,160,000 to finance projects in their 2012-2013 construction work plan – approximately 157,700 new and existing consumers will benefit from 47 miles of new transmission line and make other system improvements.**

SMECO Solar received \$14,565,000 to finance the Herbert Farm Solar Project, a 5.5 MW renewable solar-powered generating facility that will benefit all of SMECO’s consumers.

Rural Business - FY 2012 Investments \$2,065,803

USDA Rural Development's rural business programs help provide financial assistance, business planning, technical assistance, research, education, and information to cooperatives and rural businesses in cooperation with public and private community-based organizations.

Business and Industry Guaranteed Loans help finance development or improvements to business and industry to enhance employment opportunities and improve the economic and environmental climate in rural communities. This is achieved through bolstering existing private credit through guaranteeing quality loans which foster lasting community benefits. This assistance is available to businesses located in rural areas and towns with populations up to 50,000.

<u>BUSINESS</u>	<u>PURPOSE</u>	<u>LOAN AMOUNT</u>	<u>ANTICIPATED JOBS CREATED/SAVED</u>
Thomas Associates, Inc. Stevensville	Working capital for a transitional design and training company that provides distance learning solutions to Government agencies.	\$ 250,000	21 created/saved

Rural Microentrepreneur Assistance Program provides direct loans, technical assistance grants, and technical assistance-only grants to microdevelopment organizations to support the development and ongoing success of rural microentrepreneurs and microenterprises. **Maryland Capital Enterprises, Inc. received a \$20,441 grant** for technical assistance not to capitalize their revolving loan fund. *This grant is associated with loan and grant awarded to Maryland Capital Enterprises in FY 2010. All grant funds were used from the FY 2010 funding; therefore, qualifying them to apply for annual grant funding.*

Rural Business Enterprise Grants (RBEG) are made to finance and facilitate development of small and emerging private business enterprises in rural areas of places up to 50,000 population with priority to applications for projects in rural communities and towns of 25,000 and smaller, and economically distressed communities. This program includes grants made to third party lenders to establish revolving loan programs.

<u>RECIPIENT</u>	<u>GRANT AMOUNT</u>	<u>TYPE OF ASSISTANCE</u>	<u>ANTICIPATED JOBS CREATED OR SAVED</u>
Accokeek Foundation, Inc.	\$ 23,115	For a feasibility analysis of the Accokeek Community Farm Incubator and Ecosystem training and educational activities project. <i>(KYK2 Initiative)</i>	25 created
Town of Denton	\$ 40,386	Purchase and install commercial kitchen equipment for small business incubator. <i>(KYK2 Initiative)</i>	10 created

Rural Business Enterprise Grants (Continued)

<u>RECIPIENT</u>	<u>GRANT AMOUNT</u>	<u>TYPE OF ASSISTANCE</u>	<u>ANTICIPATED JOBS CREATED OR SAVED</u>
City of Hagerstown	\$174,579	To renovate a 9,600 s.f. building that will serve as a small business incubator.	25 created
City of Pocomoke City	\$ 63,499	For the purchase of restaurant equipment.	35 saved
Town of Princess Anne	\$ 35,000	To support an Executive Director position for the Main Street Princess Anne partnership.	21 created
Shared Opportunity Services, Inc. Chestertown	\$ 55,000	Technical assistance to individuals in the culinary and agricultural producing business including sales, marketing, administration, budgeting, production and distribution. <i>(KYK2 Initiative)</i>	12 created
Total:	\$391,579		128 created/saved

Rural Energy for America Program (REAP) was authorized as part of the 2008 Farm Bill to assist farmers, ranchers, and rural small businesses develop renewable energy systems and make energy efficiency improvements to their operations.

	<u>GRANT AMOUNT</u>	<u>PURPOSE</u>
Creek Bound Farms Hagerstown	\$11,939	Energy efficiency – grain dryer. Grain farm <i>(KYK2 Initiative)</i>
GRH Partners/Green Point Farms Worton	\$19,998	Energy efficiency – grain dryer. Grain farm <i>(KYK2 Initiative)</i>
George Morris/Euphoria Farms Centreville	\$73,450	Renewable energy – solar Grain farm <i>(KYK2 Initiative)</i>
Oakcrest Farm Harwood	\$20,000	Renewable energy – solar. Horse farm

Rural Energy for America Program (Continued)

	<u>GRANT AMOUNT</u>	<u>PURPOSE</u>
Ridgely Hummingbird Farms, Inc. Ridgely	\$ 6,063	Energy efficiency – thermal curtain Greenhouse
Trippe Callahan Queen Anne	\$15,000	Renewable energy – solar Grain farm <i>(KYK2 Initiative)</i>
Total	\$146,450	

Value-Added Producer Grants...The 2002 Farm Bill provided \$33 million in competitive grants to agricultural producers that add value to their products through processing, segregation, or other means. Funds may be used for feasibility studies or business plans, working capital for marketing value-added agricultural products and for farm-based renewable energy projects. Eligible applicants include independent producers, farmer and rancher cooperatives, and agricultural producer groups. Value-added products are created when a producer increases the consumer value of an agricultural commodity in the production or processing stage.

<u>BUSINESS</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
Basigani Winery, Ltd. Sparks	\$ 50,000	For economic planning activities to determine viability of expansion of sweet wines and development of direct to consumer business. Also includes transition planning for a new generation of family proprietors. <i>(KYK2 Initiative)</i>
Boordy Vineyards, Inc. Hydes	\$239,200	For working capital to begin new product development of Boordy's Landmark Series Wines and an aggressive marketing campaign to include a wine club and a direct shipment program. <i>(KYK2 Initiative)</i>
Chapel's Country Creamery, LLC Easton	\$187,000	For working capital to implement the feasibility study from 2009. The study was done to allow Chapel's a limited production of raw milk cheese on the farm. <i>(KYK2 Initiative)</i>
Chesapeake Bay Dairy, LLC Pocomoke	\$286,398	For working capital to process their own ice cream on their dairy farm and expand their wholesale business. <i>(KYK2 Initiative)</i>
Crow Vineyard & Winery, LLC Kennedyville	\$ 48,600	For working capital to construct a winery and develop marketing strategies to sell the wine through farm events and festivals as well as their bed and breakfast. <i>(KYK2 Initiative)</i>

Value-Added Producer Grants (continued)

<u>BUSINESS</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
KH Winery LP, dba Knob Hall Winery Clear Spring	\$ 40,000	For working capital to conduct marketing activities to expand the customer base and increase revenues. <i>(KYK2 Initiative)</i>
Misty Meadow Farm Creamery, LLC Smithsburg	\$ 49,950	For working capital to make premium ice cream products, such as pies, cakes, etc. from raw milk on the farm. <i>(KYK2 Initiative)</i>
Carole Morison Pocomoke City	\$ 15,756	For economic planning activities to evaluate the market for starting a pasture based, animal welfare approved egg laying operation as an opportunity for transition from contract poultry farming. <i>(KYK2 Initiative)</i>
Nancy & Kevin Brandt, dba Sugarloaf Alpaca Co. Adamstown	\$ 40,455	For economic planning activities to develop a process for fiber processing and sale of alpaca yarn and other related products.
The Vineyards at Dodon, LLC Davidsonville	\$299,974	For working capital to produce a distinctive local product and become a vertically integrated vineyard and winery operation. Dodon Wines will be 100% estate produced. <i>(KYK2 Initiative)</i>
Totals:	\$1,257,333	



April 27, 2012 – Nancy Brandt on their farm in Adamstown, MD – **Sugarloaf Alpaca Company**

Rural Housing - FY 2012 Investments \$473,385,416

USDA Rural Development’s housing programs help provide rural Americans with decent, safe, sanitary and affordable housing. The housing programs are designed for rural Americans whose incomes range from very low to moderate.

Home Ownership Loans are available in two types: guaranteed and direct. The purpose is to provide financing with no down payment and at favorable rates and terms to rural residents living in communities with a population of 10,000 people or less. A guaranteed loan is made by a private financial institution and is guaranteed against most loss if there is a default. Loans are for the purchase, construction, rehabilitation, or relocation of a dwelling and related facilities.



<u>DIRECT LOANS</u>	<u>GUARANTEED LOANS</u>	<u>NUMBER OF HOMES</u>
\$5,620,182	\$453,829,430	2,247

Total FY 2012 Home Ownership Loans: \$459,449,612

Home Improvement and Repair Loans and Grants enable very low-income rural homeowners to remove health and safety hazards from their homes and to make homes accessible for people with disabilities. Loans have a maximum interest rate of one percent. Grants are available for people 62 years old and older who cannot afford to repay a loan.

<u>GRANTS</u>	<u>LOANS</u>	<u>NUMBER OF HOMES REPAIRED</u>
\$111,193	\$13,490	17

Total FY 2012 Home Improvement & Repair Loans and Grants: \$124,683

Housing Preservation Grants provided to non-profit groups and public bodies to help very low- and low-income homeowners repair and rehabilitate their homes. Rental property owners can use them to repair and rehabilitate their units if they agree to make such units available to low- and very low-income families.

<u>ORGANIZATION</u>	<u>GRANT AMOUNT</u>
Garrett County Community Action Committee, Inc. Oakland	\$25,000
Shore Up!, Inc. Salisbury	\$25,000
Total:	\$50,000

Rural Rental Housing Direct and Guaranteed Loans provide apartment living for people who cannot afford to purchase and maintain their own home. Loans are made for site development and construction of apartments for people with very low, low and moderate incomes. Some units are reserved for people age 62 and over, and people with disabilities age 18 and over. **Farm Labor Housing loans and grants** provide decent and safe living quarters for migrant or year-round farm workers. Loans are available to farmers, public or private nonprofit organizations and units of state and local governments. Rental Assistance helps reduce rents for lower income households.

<u>NAME OF PROJECT</u>	<u>TYPE</u>	<u>LOAN AMOUNT</u>	<u>OTHER FUNDING SOURCES</u>
Lexington Village, LP, LLP Lexington Park	For a partial rehabilitation of affordable rental housing. This is a 36 unit family complex.	\$258,323 <i>Subsequent loan</i>	\$ 0

USDA also provided **\$13,488,080** in servicing and renewal rental assistance that will serve 2,397 rental units. Over the years, Rural Development has financed the construction of 158 properties in Maryland consisting of 5,387 units.

Rural Development Voucher Program is intended to offer protection to eligible multifamily housing tenants in properties financed through Rural Development's Section 515 Rural Rental Housing Program (515 property) who may be subject to economic hardship through prepayment of the Rural Development mortgage. When the owner of a 515 property pays off the loan prior to the loan's maturity date (either through prepayment or foreclosure action), the Rural Development affordable housing requirements and rental assistance subsidies generally cease to exist. Rents may increase, thereby making the housing unaffordable to tenants. Through this program, **\$14,718** was made available to provide housing rent assistance to tenants living in a Rural Development rental housing property where the owner has prepaid the existing Rural Development mortgage.

Community Facilities Loans and Grants - FY 2012 Investments \$12,015,400

Community Facilities direct and guaranteed loans help provide essential services in rural areas and towns with a population of 20,000 or less. Direct loan funds are available to public entities such as municipalities, counties, special-purpose districts and non-profit corporations. Rural Development also guarantees community facility loans made by banks or other lenders. The Community Facilities program is very versatile -- projects can range from libraries, museums, schools, police and fire equipment, jails, civil defense buildings, streets and sidewalks to hospitals, animal shelters, dental clinics, nursing homes and child care facilities.

<u>NAME/LOCATION</u>	<u>PURPOSE</u>	<u>LOAN/GRANT AMOUNT</u>	<u>LEVERAGED FUNDS FROM OTHER SOURCES</u>
Delmarva Community Services, Inc. Cambridge	To expand the building located at Goodwill Ave. that will be used for the Community Action Program.	\$ 200,000 loan	\$ 500,000

Community Facilities (Continued)

<u>NAME/LOCATION</u>	<u>PURPOSE</u>	<u>LOAN/GRANT AMOUNT</u>	<u>LEVERAGED FUNDS FROM OTHER SOURCES</u>
Delmarva Community Services, Inc. Cambridge	To construct a 3-story multi-purpose intergenerational center with indoor therapeutic pool, daycare facility for children, seniors, and disabled and medically challenged at the poverty level, as well as low-moderate income and above.	\$2,600,000 loan	\$5,400,000
Denton Child Development Center, Inc. Denton	To help replace the flooring and roof of the building that was built in 1989.	\$ 25,200 grant	\$ 20,660
Town of Federalsburg	To help purchase a K-9 officer and new patrol car equipped for K-9 patrol.	\$ 35,900 grant	\$ 12,725
Town of Friendsville	To help purchase a town utility vehicle that will replace two older, unreliable utility vehicles.	\$ 24,600 grant	\$ 8,228
HART for Animals, Inc. McHenry	To construct a new animal shelter.	\$1,620,000 loan \$ 13,900 grant	\$ 224,133
Kent County Commissioners Chestertown	To purchase a Gradall Excavator for road related maintenance for various county departments that do not have heavy equipment available.	\$ 251,800 loan \$ 50,000 grant	\$ 0
Kingsville VFC, Inc. Kingsville	To expand and renovate the existing fire company building.	\$3,599,000 loan	\$ 401,000
Lloyds VFC, Inc. Cambridge	To renovate the Volunteer Fire Hall.	\$ 50,000 grant	\$ 156,262
Mt. Vernon VFC, Inc. Princess Anne	To help purchase a new brush truck that will replace a 34 year old deteriorating truck.	\$ 14,000 grant	\$ 26,522
City of Pocomoke City	To purchase a new ambulance that will replace an ambulance that has been in service for 10 years.	\$ 150,000 loan \$ 50,000 grant	\$ 0

Community Facilities (Continued)

<u>NAME/LOCATION</u>	<u>PURPOSE</u>	<u>LOAN/GRANT AMOUNT</u>	<u>LEVERAGED FUNDS FROM OTHER SOURCES</u>
City of Pocomoke City	To purchase and renovate a building to house the police headquarters.	\$1,500,000 loan	\$ 0
Town of Snow Hill	To help purchase a police vehicle and security cameras.	\$ 31,000 grant	\$ 10,657
Somerset County Commissioners Princess Anne	To help update and relocate the HVAC system in the County Library.	\$ 50,000 grant	\$ 153,000
Tri-County Council for The Lower Eastern Shore Salisbury	To complete renovations of an existing building that is used for multi-purposes.	\$ 500,000 loan <i>Subsequent funding</i>	\$ 0
West Cecil Health Center, Inc. Conowingo	To purchase land and construct an expanded health center.	\$1,250,000 loan	\$3,286,870
Totals:		\$12,015,400	\$10,200,057

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