

Financial Programs Summary

Single Family Housing



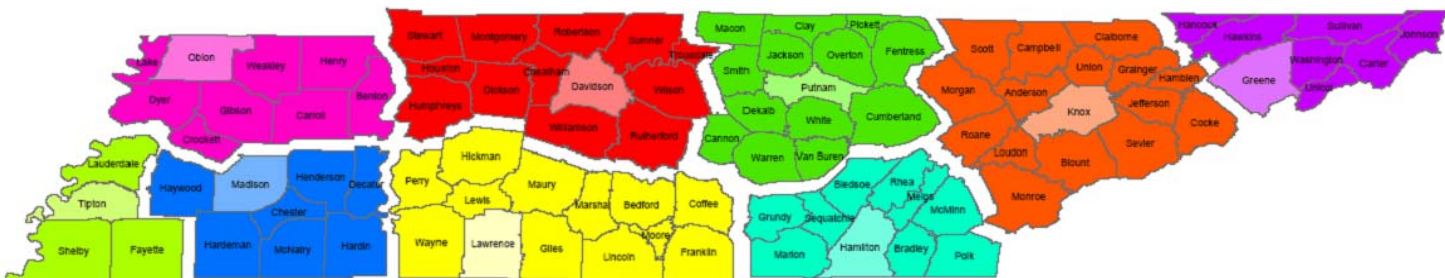
Housing (Repair)



Businesses



Community Facilities



Multi-Family Housing



Faith-Based Community Facilities



Utilities



Businesses (Guaranteed)



TENNESSEE RURAL DEVELOPMENT

www.rurdev.usda.gov/tn

You can do it. We can help.

Most people are pleased to find out that it does not require an MBA or PhD to complete a successful application for Rural Development programs. We work with you to explain our programs, help you determine eligibility and assist in your project planning. Whether it is business, housing or essential community infrastructure, Rural Development staff is ready to help at offices across Tennessee.

2008 was an extraordinary year for Rural Development in Tennessee. Together our work touched more than 678,000 people, almost two-thirds of the state's rural population. Over 2,494 jobs were created or saved in rural communities by the businesses we assisted. Most importantly, the impact of the \$335,718,083 we invested in businesses, essential infrastructure and housing will continue to impact people's lives and livelihoods for many years to come.

More than 400 private lenders, non-profits and state agencies partners also made a tremendous contribution, helping leverage our investments by more than \$65 million in additional public and private funding for development in rural communities. Time is always in short supply, but by working "smarter" we increased productivity, which helped us utilize more than 229 percent of the State allocation in twenty-one programs; 323 percent for the single family housing guaranteed program.

We believe the reason Rural Development's Tennessee team is making such a difference is that the focus is on those we are here to serve. We also enjoy the strong support of an interested and active congressional delegation and our national office team.

Thanks to everyone who helped us achieve so much in 2008.

Rural Development — Housing and Community Facilities Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Single Family Home Ownership Direct Loans (Section 502)	Safe, well-built, affordable homes for rural Americans.	Families and individuals. Apply to Rural Development. Eligibility for low and very low income applicants.	Buy, build, improve, repair or rehabilitate rural home as the applicant's permanent residence.	Rural areas with populations of 20,000 or less.	Direct loan.	Up to 100 percent of market value or cost, whichever is less. Loan amortized for 33/38 years. Applicant may be eligible for payment assistance (subsidy) on the loan.
Single Family Home Ownership Guaranteed Loans (Section 502)	Assist eligible applicants in buying their homes by guaranteeing loans made by private lenders.	Families and individuals. Apply to approved lender. Eligible for low to moderate income applicants.	Purchase new or existing home.	Rural areas with populations of 20,000 or less.	Loan guarantee.	30 year, fixed rate. Interest rate negotiated between lender and borrower. Loans to 100 percent of market value.
Single Family Home Ownership Direct Repair Loans and Grants (Section 504)	To help very-low income homeowners remove health and safety hazards or to repair their homes.	Families and individuals who currently own their home. Apply to Rural Development.	Repair or replace roof, winterizing, purchase or repair of heating system, structural repair, and water and sewage connect fees, and similar uses.	Rural areas with populations of 20,000 or less.	Direct loan and grant.	Loan terms to 20 years at 1 percent. Assistance to individual may not exceed \$20,000. Grants only available to very-low-income applicants 62 years or older who cannot afford to pay 1 percent loan.
Mutual Self-Help Housing Grants (Section 523)	Assist lower income families in building their own homes. Owner's equity is achieved through "sweat equity" in construction of dwelling.	Non-profits and public bodies.	Technical assistance to qualify and supervise small groups of families to build each other's homes.	Rural areas with populations of 20,000 or less.	Grant.	Grant agreement.
Rural Rental Housing Direct Loans (Sections 515)	Safe, well-built, affordable rental housing for very-low, and low income individuals and families.	Individuals, limited profit and non-profit organizations. Apply to Rural Development.	New construction for rehabilitation of rental housing.	Rural areas with populations of 20,000 or less.	Direct loan.	Up to 100 percent of total development cost (non-profits); 97 percent (for-profits). 30-year term with up to 50 year amortization. For for-profit organizations with Low-Income Housing Tax Credits, 95 percent of total development costs.
Rural Rental Housing Guaranteed Loans (Section 538)	Safe, well-built, affordable rental housing for low to moderate income individuals and families.	Individuals, partnerships, limited liability companies, trusts, state and local agencies and Indian Tribes. Apply to lender.	Construction, permanent loan or substantial rehabilitation of rural rental housing.	Rural areas with populations of 20,000 or less.	Loan guarantee.	Up to 90 percent loan to value for loans made to for-profit entities, and up to 97 percent loan to value for loans made to non-profit entities. Repayment terms are 25 to 40 year amortization. Annual guaranteed fee required.
Housing Preservation Grants (Section 533)	Repair and rehabilitate housing owned or occupied by very-low and low-income rural families.	Public bodies and non-profit organizations. Apply to Rural Development via annual Notice of Funding Availability (NOFA).	Operation of a program which finances repair and rehabilitation activities for single family and small rental properties.	Rural areas with populations of 20,000 or less.	Grant.	Grant agreement.
Farm Labor Housing (Sections 514 & 516)	Safe, well-built affordable rental housing for farm workers.	Individuals, public and private non-profit organizations. Apply to Rural Development via annual Notice of Funding Availability (NOFA).	New construction or substantial rehabilitation of rental housing.	No population restriction.	Direct loan and grant.	Up to 102 percent of total development cost. Up to 33 years to repay at 1 percent interest.
Community Facilities (Faith-Based and First Responder)	Provide essential community facilities for rural communities.	Public bodies, non-profit organizations, and Indian tribes. Apply to Rural Development.	Build facilities and purchase equipment for fire and rescue, early warning systems, police stations, health clinics, schools, libraries, hospitals, etc.	Rural areas, cities, and towns with populations of 20,000 or less.	Direct loan or loan guarantee, grant.	Up to 100 percent of market value. Up to 40 years or life of security. Maximum grant 75 percent of project cost.

Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (approved banks, mortgage companies)

Rural Development — Business and Cooperative Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Business and Industry Guarantee Loans	Create jobs and stimulate rural economies by providing financial backing for rural businesses.	Businesses. Apply through Federal or State chartered banks, credit unions, or savings & loan associations.	Most legal business purposes except production agriculture. Include acquisition, start-up and expansion of businesses that create rural employment.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Loan guarantee.	Lender and borrower negotiate terms. Interest rate tied to published rate that may change no more often than quarterly.
Intermediary Relending Program Loans	Finance business facilities and community development projects in rural areas.	Public bodies, non-profit corporations, Native American tribes, and cooperatives.	Community development projects, establishment or expansion of businesses, creation or saving of rural jobs.	Rural areas and incorporated places with populations of less than 25,000.	Direct loan.	The intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered. Intermediary pays 1 percent for 30 years.
Rural Business Enterprise Grants	Finance and facilitate the development of small and emerging private business enterprises.	Public bodies, private non-profit corporations, and federally recognized Native American tribal groups.	Buy and develop land, establish a revolving loan fund, construct buildings, plants, equipment, access streets and roads, parking areas, utility and service extensions, and rural distance learning networks.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Grant.	When grant funds are used for revolving loan fund (RLF), the intermediary makes loans to businesses from its RLF on terms consistent with security offered.
Rural Business Opportunity Grants	Finance technical assistance for business development and conduct economic development planning in rural areas.	Public bodies, non-profit corporations, Indian tribes on Federal or State reservations, and cooperatives with members that are primarily rural residents.	Technical assistance, leadership training, establishment of business support centers, economic development plans.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Grant.	Must be completed within 2 years after project has begun.
Rural Economic Development Loans and Grants	Finance economic development and job creation in rural areas.	Electric and telephone utilities eligible for financing from the Rural Utilities Service.	Promote rural economic development and/or job creation projects including feasibility studies, startup costs, and business incubators.	Rural areas and places with populations of 2,500 or less.	Direct loan and revolving loan fund grant.	The intermediary (electric or telephone utility) makes loans to profit or non-profit business and public bodies for rural economic development and/or job creation projects. Loans are 0 percent for 10 years.
Rural Cooperative Development Grants	Establish and operate centers for cooperative development to improve the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives.	Non-profit corporations and institutions of higher education.	To conduct feasibility studies, business plans, and applied research as well as provide training and other technical assistance to new and existing cooperatives and businesses.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Grant.	Applicants must meet specific selection criteria including a minimum 25 percent fund match. Grants are awarded on a competitive basis.
Value-Added Agricultural Product Market Development Grants	Assist independent agricultural producers to enter into activities that add value to their commodities.	Independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.	Planning purposes such as conducting feasibility studies or business plans; or as working capital to help start the operations of a venture.	No population restriction.	Grant.	Applicants must meet specific selection criteria. Grants are awarded on a competitive basis. Funds cannot be used to build facilities or purchase equipment. Funds must be matched on a dollar-for-dollar basis.
Small Minority Producer Grants	Technical Assistance	Cooperatives or associations of cooperative whose primary focus is to provide assistance to small, minority producers and whose governing board and/or membership is comprised of at least 75 percent minority.	To conduct technical assistance such as market research, product and/or service improvement; legal advice and assistance; feasibility study, business plan and marketing plan development; and training.	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas.	Grant.	Applicants must meet specific selection criteria and grants are awarded on a competitive basis. Funds are to be use only for Technical Assistance. There are no matching requirements for this program.
Renewable Energy Systems and Energy Efficiency Improvements Loans and Grants	Finance the purchase of renewable energy systems, and make energy improvements.	Agricultural producers and rural small businesses.	Construction or improvements, purchase and installation of equipment, energy audits, permit fees, professional service fees, business plans, feasibility studies.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Loan guarantee and grant.	Applicants must meet specific selection criteria. Loans cannot exceed 50 percent of eligible project costs. Grants are awarded on a competitive basis. Grant cannot exceed 25 percent of eligible project costs.
Biomass Research and Development Initiative	Finance the research and development of biomass based products, bioenergy, biofuels, and related processes.	Institutions of higher education, National laboratories, Federal or State research agencies, private sector entities, and non-profit organizations.	Research and development of biomass based products, bioenergy, biofuels, and related processes.	No population restriction.	Grant.	Applicants must meet specific selection criteria. Grants are awarded on a competitive basis. A minimum of 20 percent cost sharing requirements apply, and may be up to 50 percent depending on nature of project. Cost share must come from non-Federal sources.

Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (eligible banks, etc).

Rural Development — Utilities Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Water and Waste Disposal Loans and Grants	Provide water and waste financing in rural areas to the most financially needy applicants resulting in reasonable user fees.	Public entities, Indian tribes, and non-profit corporations. Apply to Rural Development.	Build, repair, and improve public water systems, and waste collection and treatment systems. Also other related costs.	Rural areas, cities, and towns with up to 10,000 population.	Direct loan and grant.	Interest rates are set quarterly based on an index of current market yields for municipal obligations. Repayment period is a maximum of 40 years. Grant funds may be available.
Water and Waste Disposal Loan Guarantees	Provide loan guarantees to lenders serving financially needy applicants.	Public entities, Indian tribes, and non-profit corporations work with Lenders who will apply to Rural Development.	Construct, repair, modify, expand, improve water supply and distribution systems, and waste collection and treatment systems. Also other related costs.	Rural areas, cities, and towns with up to 10,000 population.	Loan guarantee.	Eligible lenders obtain up to a 90 percent guarantee on loans they make and service. Lenders should contact Rural Development Area or State Office.
Solid Waste Management Grants	Provide technical assistance and/or training to help communities reduce or eliminate pollution of water resources and improve planning and management of solid waste sites.	Non-profit organizations and public bodies. Apply to Rural Development.	Provide technical assistance and training to reduce pollution of water resources and improve management of solid waste facilities.	Rural areas, cities and towns with up to 10,000 population.	Grant.	Projects are funded based on selection at the National level. Applications are accepted from October 1 to December 31 of each year.
Technical Assistance and Training Grants	Identify and evaluate solutions to water and waste disposal problems. Assist applicants in preparing applications for water and wastewater assistance from USDA, Rural Development. Improve operation and maintenance of existing water and waste disposal systems	Non-profit organizations	Provide technical assistance to identify and evaluate problems with water and waste disposal systems, help entities apply for USDA, Rural Development assistance, and provide technical assistance to improve operation and maintenance of water and waste water systems.	Rural areas, Cities and Towns with up to 10,000 population	Grant	Projects are funded based on selection at the National level. Applications are accepted from October 1 to December 31 of each year.
Rural Broadband Loans and Loan Guarantees	The deployment of broadband service to eligible rural communities.	Legally organized entities providing or proposing to provide broadband service in eligible rural communities. Cannot serve more than 2 percent of the telephone subscriber lines installed in the U.S.	The construction, acquisition, and improvement of broadband transmission facilities and equipment; land and buildings used in providing broadband service; and the refinancing of Telecommunications Program debt.	Eligible rural communities with a population of 20,000 inhabitants or less.	Direct loan and loan guarantee.	Loans are made at the Treasury rate of interest at the time of the advance for a period equal to expected composite economic life of the assets financed. Loans are guaranteed at the interest rate set by the private lender for no more than 80 percent of the principal amount.
Electric and Telecommunications Loans and Guarantees	Provide financial aid through direct and guaranteed loans for electric and telecommunications services.	For profit entities, non-profit and cooperative associations, public bodies, and other utilities. Apply directly to Rural Development National Office.	Generation, bulk transmission facilities, and distribution of electric power. Enhance 911 emergency service, digital switching equipment, fiber optic cable, along with traditional main system telecommunications service and broadband services.	Electric: Rural areas as defined by the U.S. Census. Telecommunication: Rural areas with populations of 5,000 or less.	Direct loan and loan guarantee.	Interest rates are established in accordance with 7 CFR 1745.
Distance Learning and Telemedicine Loans and Grants	Development and deployment of advanced telecommunication services throughout rural America to improve education and health care.	Incorporated entities, including municipal corporations, on a for profit or not-for-profit basis, that operate rural schools, libraries, health care clinics and other organizations that operate educational or health care facilities.	Equipment for classrooms: cameras, video monitors, computers, and LAN. Also for physician consultation, radiology, ex-ray scanners, and digital microscopes.	Rural areas with populations of 20,000 or less.	Direct loan and/or grant.	Matching funds are required.

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Rural Community Development Initiative (RCDI)	A program of technical assistance to recipients to develop or increase their capacity	Public or private organization, including tribal that has been organized minimum of 3 years and has experience working with recipients eligible for this program	The intermediary provides a program of technical assistance to recipients to build their capacity and ability to undertake projects related to housing, community facilities, and community and economic development in rural areas.	Rural area, city and towns with population not exceeding 50,000 including urbanized areas.	Grant	Requires a dollar for dollar match. Notice of Funding Available will be published and applications can be submitted to USDA, rural Development.
CF Guaranteed	Provide essential community facilities for rural communities.	Public bodies, non-profit organizations, and Indian tribes work with lenders who apply to Rural Development.	Build facilities and purchase equipment for fire and rescue, early warning systems, police stations, health clinics, schools, libraries, hospitals, etc.	Rural areas, cities and towns with populations of 20,000 or less.	Loan guarantee.	Up to 100 percent of market value. Up to 40 years or life of security.

Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (eligible banks, etc).

USDA Rural Development – Tennessee
Glossary of Terms and Acronyms

Guaranteed Loan – Private sector lender originates, makes and services the loan with a Federal Guarantee that provides a partial guarantee against loan loss

Income Level Terms: (applicable to Rural Housing Service programs)

Low Income - Household income less than or equal to 80% of the county adjusted median income.

Moderate Income – Household income less than or equal to \$5,500 more than the low income level for the county, or 110% of the median income.

Very Low Income – Household income less than or equal to 50% of the county adjusted median income.

NOFA – Rural Development announces the availability of money for many of its programs in the Federal Register, through a Notice of Funds Availability (NOFA). Each NOFA lists the application deadlines, eligibility requirements and places where you can get more help in applying for program dollars. You can find current NOFA at the following web site:

<http://www.rurdev.usda.gov/rd/nofas/index.html>

Revolving Loan Fund – Funding distributed through intermediaries (economic development groups, public bodies) for use by ultimate recipients (small businesses)

Technical Assistance – USDA program that provides funding for professional advice, training, counseling and similar guidance

Value Added Agriculture Product – 1) change in product physical state, 2) enhancing product value, 3) unique product segregation or 4) product produces renewable energy

Websites – Rural Development USDA

Rural Development – Tennessee

www.rurdev.usda.gov/tn

Rural Development USDA

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United States Department of Agriculture

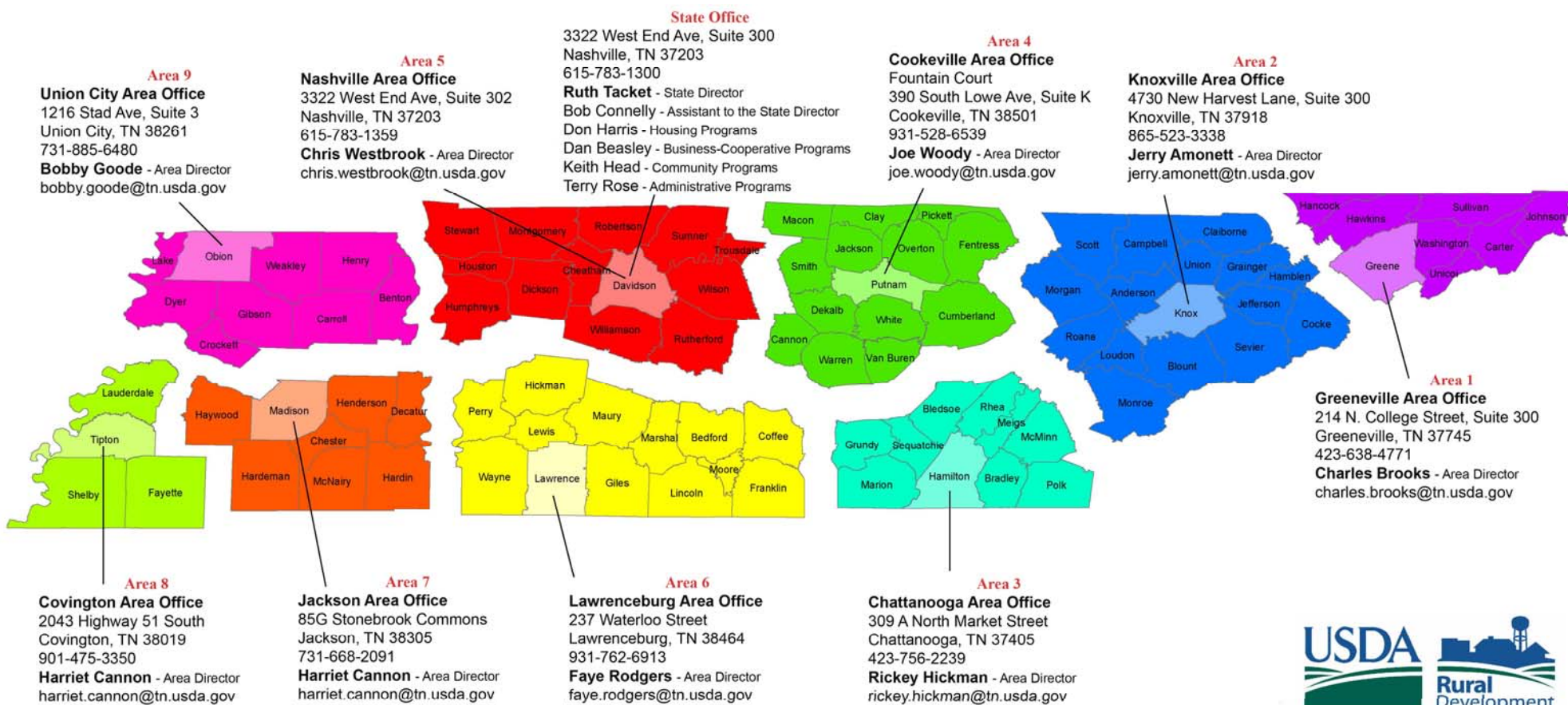
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Tennessee - Real People, Real Results



Committed to the future of rural communities.