

RURAL DEVELOPMENT

COMMUNITY FACILITY

**Rural Development
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GUARANTEED AND DIRECT LOAN INFORMATION

ELIGIBLE APPLICANTS

To meet eligibility, applicants must meet all of the following:

- Be organized as Public Bodies such as municipalities, counties, and special purpose districts; or non-profit corporations, Indian Tribes, Associations, or Cooperatives.
- Be located in a rural area or town of not more than 50,000 people.
- Be unable to obtain needed funds from other sources.
- Have the legal authority to borrow and repay loans and to operate the facility or service.
- Be financially sound. Revenues derived from taxes, assessments, revenues, donations, and fees and must be sufficient to meet the needs of operation, maintenance, reserve funds, and repay debts.
- Be controlled by Public Body or broad-based community ownership; or, supported by local public funding or substantial financial contributions from community-wide sources.

LOAN PURPOSES

Construct, enlarge, or improve community facilities for health care, fire and rescue, public safety, and public services.

Health care facilities include hospitals, nursing homes, dental or medical clinics, and rehabilitation centers. Funds may also be used for necessary equipment for the operation of these facilities.

Loan funds can be used for the following:

- Purchase, develop, and improve real estate
- Purchase of equipment
- Interest expense for interim construction financing
- Initial operating expenses
- Refinancing, in limited cases

Facilities must be modest in size, design, and cost. **Facilities that are used primarily for recreational purposes are not eligible for financing.** See the reverse side for a list of examples of eligible community facilities.

LOAN TERMS

The maximum term available is 40 years, the typical term for a real estate loan is 20 years. The term cannot exceed the expected useful life of the facility or equipment and cannot exceed any statutory limitation of the organization's borrowing authority.

APPRAISALS AND FEASIBILITY STUDY

Applications may require appraisals of property owned and a feasibility study be completed.

ADDITIONAL INFORMATION FOR GUARANTEED LOANS

ELIGIBLE LENDER

Federal or State chartered bank, Farm Credit Bank, Savings and Loan, Credit Union, or Insurance Company that is subject to credit examination or is regulated by a United States agency or a State agency.

INTEREST RATES

Negotiated by the Lender and Borrower. Rates may be fixed or variable. Loans cannot be tax-exempt.

RATE OF GUARANTEE

May be up to 90% of the loss of principal and interest on a loan. Normally guarantees will not exceed 80%.

APPLICATIONS

Borrower and lender jointly prepare a pre-application for the loan guarantee and submit it to the Rural Development Regional Office. Applications will be ranked and funded according to a priority scoring system.

ADDITIONAL INFORMATION FOR DIRECT LOANS

Applicants must demonstrate they are unable to obtain the needed funds from other sources including the guaranteed loan program described above.

INTEREST RATES

The interest rate is dependent upon the Median Household Income of the area. Rates typically range between 5% and 6.5%.

RESERVE ACCOUNT

A restricted use reserve account in an amount equal to one year annual installment will be required at the time of loan closing.

GRADUATION

Borrowers must agree to refinance their Rural Development loans when they are financially able to do so.

APPLICATIONS

Applicants should prepare a pre-application for the loan and submit it to the Rural Development Regional Office. Applications will be ranked and funded according to a priority scoring system.

USDA prohibits discrimination in its programs on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, and marital or familial status (not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA Office of Communications. To file a complaint, write the Secretary of Agriculture, U.S. Department of Agriculture, Washington, DC 20250. USDA is an equal employment opportunity employer.

Wisconsin CF. Revised 2/19/97.

EXAMPLES OF COMMUNITY FACILITY PROJECTS

PUBLIC SAFETY:

- Fire Department Buildings
- Fire Apparatus & Equipment
- Rescue Squad Buildings
- Ambulances & Equipment
- Communication Centers/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 & Equipment
- Nursing Homes & Equipment
- Medical or Dental Clinics
- Physicians Clinics
- Medical Rehabilitation Centers
- Alcohol & 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 & Equipment
- Group Homes

CULTURAL & EDUCATIONAL:

- All Purpose Building – College Campus
- College
- Educational Camp for Physically & Mentally Handicapped

- Library
- Museum
- Public School
- School Maintenance & Equipment Service Center
- Vocational School

ENERGY TRANSMISSION/DISTRIBUTION

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

TRANSPORTATION:

- Airport
- Airport Hanger
- Roads & Bridges
- Municipal & County Garage
- Offstreet Parking Sidewalks

OTHER:

- Fairgrounds
- Animal Shelter
- Social Services Building

Rural Development has authority to guarantee loans made by eligible lenders to borrowers in rural areas and in towns of up to 10,000 for developing water and waste disposal facilities or 20,000 for developing other essential community facilities.

Water and Waste Disposal Facilities Includes:

- Water Treatment & Distribution
- Sewage Collection & Treatment
- Solid Waste Collection & Disposal
- Storm Drainage

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

COMMUNITY FACILITY GRANT PROGRAM

ELIGIBLE APPLICANTS

To meet eligibility, applicants must meet the following:

- Must be organized as a public body, such as a municipality, county, district, or political subdivision or must be organized as nonprofit or must be organized as a federally recognized Indian Tribe.
- Must be controlled by a local public body or bodies, or have broad-based ownership and control by members of the community; or have substantial public funding through taxes, revenue bonds or other local government sources or community funding through a community-wide funding campaign.
- Must be located in a rural area with a population of 25,000 or less.
- Must be unable to finance the proposed project from their own resources, through commercial credit at reasonable rates and terms or other funding sources without grant assistance.
- Must have the economic feasibility based on satisfactory sources of revenues. The amount of grant assistance must be the minimum amount sufficient for facility operation and maintenance, reasonable reserves and debt repayment.
- Must have the legal authority necessary for construction, operation and maintenance. The applicant shall be responsible for operating, maintaining, and managing the facility and for providing for its continued availability and use at reasonable cost.

USE OF GRANT FUNDS

- Must be used to supplement financial assistance in the form of RD Community Facility Direct and Guaranteed Loans.
- Must be used to assist in developing essential community facilities in rural areas.
- May not be used to pay any annual recurring operating and maintenance expenses.
- May not be used to refinance existing indebtedness.

GRANT LIMITATIONS

- Grants will be limited to 75% of the proposed project when:
The proposed project is located in a rural community having a population of 5,000 or less.
The median household income is below \$18,001.
- Grants will be limited to 55% of the proposed project when:
The proposed project is located in a rural community having a population of 15,000 or less.
The median household income is below \$21,001.
- Grants will be limited to 35% of the proposed project when:
The proposed project is located in a rural community having a population of 25,000 or less.
The median household income is below \$24,001.

MAXIMUM GRANT

- The maximum grant is either 50% of the annual state allocation of \$50,000 whichever is greater.
- The maximum grant is a minimum amount sufficient for economic feasibility.