



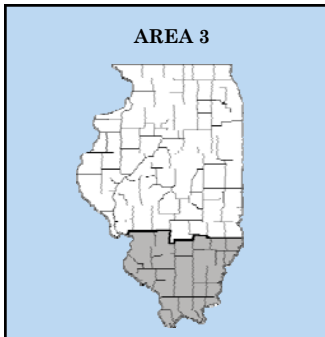
Committed to the future of rural communities.

Rural Development News and Highlights

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United States Department of Agriculture –Area 3: serving 30 Southern Illinois counties

May 2009



Greetings from Area 3.

Rural Development is excited about the increased opportunity we have this year to support the economy of Southern Illinois. On February 17, 2009, President Obama

signed The American Recovery and Reinvestment Act of 2009 into law. Throughout this edition of Rural Development News and Highlights, we will share the information about the Rural Development programs that are included in the funding made possible by the Recovery Act. We urge you to contact our Area offices for any questions you may have concerning these programs.

—Rusty Wanstreet

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Rural Development can help you finance a home, multi-family housing, business, community facility, or water and environmental programs in a rural area.

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USDA ANNOUNCES \$615.8 MILLION FOR RURAL WATER PROJECTS

Agriculture Secretary Tom Vilsack announced April 28 the selection of more than \$615.8 million in water and environmental projects that are being funded immediately with federal funds provided through the American Recovery and Reinvestment Act (ARRA). The projects will help provide safe drinking water and improved wastewater treatment systems for rural towns and communities in 34 states.

“Aging water and waste infrastructure systems threaten the ability of rural communities to provide clean, reliable drinking water to residents and protect precious environmental resources,” said Vilsack. “These investments will help bring increased economic benefits to rural America by providing needed water, water systems and creating jobs.”

The funding announced today will be allocated to 193 projects and create or save an estimated 12,385 jobs. They are the first of many projects that will receive Recovery Act funds to improve rural water and waste disposal systems.

Three communities in our service area are among the ARRA recipients. Clay County Water, Inc. has been approved for a \$477,000 grant and a \$1,535,000 loan to make sure 233 households have safe drinking water. The new lines will serve portions of Harter, Louisville, Songer and Standford townships. Wells in the area have coli bacteria, making the water unsuitable to drink. The expansion will nearly double the users connected to the system and require 63 miles of water main.

Rural Development: Implementing the American Recovery and Reinvestment Act of 2009 (Recovery Act)

Rural Development has significant responsibilities related to the Recovery Act that, when implemented, will deliver more than \$20 billion in loans and grants to improve economic opportunity and the quality of life in rural America. With the addition of Recovery Act funding, Illinois Rural Development will have between two to three times the usual amount of funding available in its program areas.

Loans and grants will be awarded to construct or improve rural water and waste disposal systems; finance homes for rural families; build critical community facilities, such as rural hospitals, community centers

and public safety facilities; fund new rural business ventures; and build high speed broadband infrastructure.

On the following pages, we will review the programs that will benefit from Recovery Act funding.



Rural Water Projects funded in Illinois...*Continued from p. 1*

Tri-City Regional Port District (TCRPD), located in Madison County, has been approved for a \$400,000 loan to extend 3,000 feet of sewer line. The project is part of an industrial park that was developed at the former Melvin Price Support Center. The gravity sanitary sewer extension is part of TCRPD's plans to renovate and upgrade the infrastructure at the site in order to meet the current and future needs of at least four major industries.

The Village of Sandoval in western Marion County has been approved for a \$600,000 loan and \$380,000 grant to build a new larger water tower. The 200,000 gallon tower will hold four times more water. When the project is completed, Sandoval's 1,434 residents will have adequate water pressure and enough emergency storage capacity to meet requirements of the Illinois Environmental Protection Agency.

The other two funded projects are in west central Illinois. Scott County Rural Development Water Cooperative will use a \$327,000 loan and \$832,000 grant to bring safe water to an additional 54

households.

With its \$747,000 Rural Development loan, the City of Barry will build a 200,000 gallon water tower, doubling the city's water storage capacity.

"Safe and affordable drinking water and waste disposal systems are priority needs for many rural communities," said Marianne Nixa, Illinois' acting Rural Development director. "Public health and economic development opportunities are closely tied to the availability of good drinking water and community waste disposal systems."

USDA Rural Development's Water and Environmental Program provides loans and grants to ensure that the necessary investments are made in water and wastewater infrastructure to deliver safe drinking water and protect the environment in rural areas. More information about USDA Rural Development can be found at www.rurdev.usda.gov. Funding of individual recipients is contingent upon their meeting the terms of the loan or grant agreement.

President Obama signed The American Recovery and Reinvestment Act of 2009 into law on Feb. 17, 2009. It is designed to jumpstart the nation's economy and create or save millions of jobs. The Act includes measures to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need. More information about USDA's Recovery Act efforts is available at www.usda.gov/recovery. More information about the Federal government's efforts on the Recovery Act is available at www.recovery.gov.

B & I Guaranteed Loans

Rural Development's Business and Industry (B&I) Guaranteed Loan Program has received approximately \$ 3 billion under the Recovery Act. These funds are over and above the agency's annual appropriation. The funds are used to guarantee loans by lenders for projects that create jobs

and stimulate rural economies by providing backing for rural businesses. The funding can be used to improve, develop or refinance business, industry employment and improve the economic and environmental climate in rural communities by bolstering existing

private credit.

Funds are available through September 30, 2010. For more information contact the Rural Development offices in Marion, Mt. Vernon or Edwardsville or check www.rurdev.usda.gov/rbs/buspb&i_gar.htm.

Rural Business Enterprise Grants

Rural Development's Rural Business Enterprise Grant (RBEG) program received approximately \$20 million dollars under the Act to provide funding for a broad variety of ways to support small business development in rural areas. RBEG funding is uniquely suited to meet the varying needs of communities while helping to speed economic recovery. The RBEG program helps to spur business

development with funds for projects such as local revolving loan funds for businesses, business district infrastructure projects, capital improvements, business incubators, and downtown revitalization projects. The program has been used successfully throughout Rural America to fund projects that create or save jobs. In Fiscal Year 2008, the program created or retained over 18,000 jobs

at a cost of under \$3,000 per job.

To request application materials, contact the Rural Development offices in Marion, Mt. Vernon or Edwardsville for assistance.

You can also check the web at www.rurdev.usda.gov/rbs/buspb/rbeg.htm.

Community Facilities Direct Loans and Grants

Community Facilities (CF) direct loans and grants are available to develop essential community facilities in rural areas and towns of up to 20,000 in population. Funds may be used for facility acquisition, construction, renovation, or the purchase of equipment and furnishings. Units of local government, non-profit organizations, and Federally-recognized Indian Tribes are eligible to apply. Grants may be available for projects in communities with smaller populations and lower median household incomes.

The goal of the CF program is to improve the

quality of life for rural residents by helping to finance essential community facilities that provide services such as health care, public safety, and education.

The American Recovery and Reinvestment Act is providing \$1.1 billion for CF direct loans through fiscal year 2010. The average CF direct loan in FY 2008 was \$665,229. Just over \$61 million is available for CF grants. CF loan and grant applications are processed at the local level. Contact the Rural Development Area Office in Marion or Mt. Vernon for more information.

Direct Home Loans

By investing \$967,113,096 in the direct home loan program (Section 502), the Recovery Act will provide assistance to those impacted by the recession, preserve jobs and promote economic recovery. The current economic environment has made borrowing money for home purchases difficult. The lack of available credit combined with the number of foreclosures in the market has negatively impacted the housing industry as well as other sectors of the economy. Recovery Act funds for Section 502 direct loans will provide additional credit for affordable home loans. Loan funds will also provide economically distressed low and very low income homeowners located in eligible rural areas with the opportunity to refinance a qualified existing mortgage to an affordable loan.

Section 502 direct loan program helps low and very-low income applicants who cannot qualify for other credit, including a 502 guaranteed loan, purchase a modest dwelling located in a rural area.

Very low income is defined as below 50 percent of the area median income and low income is between 50 and 80 percent of the area median income. Applicants may obtain 100% financing and must be able to afford the mortgage payments, including taxes and insurance, which are typically within 24 percent of an applicant's income through a payment subsidy to enhance repayment ability. Housing must be modest in size and design, and the loan is subject to limits established in each county.

Refinancing is also available in limited circumstances for eligible homeowners at risk of losing their homes. Reducing the number of foreclosures as well as preserving jobs in the real estate industry can be expected to stimulate the depressed housing sector. For additional information about the 502 direct single family housing program, go to www.rurdev.usda.gov/IL/housingcf.htm.

Broadband Loans and Grants

The Recovery Act is providing \$2.5 billion to support the expansion of broadband service in rural areas with a combination of direct loans and grants for projects that provide access to high speed service and facilitate economic development in locations without sufficient access to broadband service.

The program will fund projects that support economic development and job creation beyond the immediate construction and operations of the broadband facilities and ensure that at least 75% of the investment serves rural areas. Within 60 days of the closing of the public comment which was April 13, notices announcing the availability of funds will be published in the Federal Register. Contact the national office at (202) 609-4673. More information is available at www.usda.gov/rus/telecom/broadband.htm.

Guaranteed Home Loans

The Recovery Act investments in the guaranteed home loan (Section 502) program will help potential homebuyers concerned that the national credit crunch and troubled housing market will affect their ability to buy a home. The guaranteed loan program improves access to affordable financing. Local banks using government backed guarantees from USDA Rural Development are a ready source of affordable financing for homebuyers in rural areas. The guarantees loan funds will encourage private sector lenders to make affordable home loans in rural America. There are over 3,000 private sector lenders participating in the section 502 guaranteed loan program, 300 of them in Illinois.

Homebuyers need to have dependable income and meet moderate income criteria. The lender makes the credit decision, but the Rural Development program does not have a minimum credit

score. Homebuyers work with local lenders, using the lender's forms and without any delays in closing the purchase. Guarantee commitments are available to lenders with a 48 hour turnaround from Rural Development.

The section 502 guaranteed loan program helps low- and moderate-income applicants to purchase a modes dwelling located in a rural area. Low-income is defined as between 50 and 80 percent of the area median income and moderate-income is between 80 and 115 percent of the area median income. Applicants may obtain 100% financing and must demonstrate the ability to afford the mortgage payments, including taxes and insurance, which are typically within 29 percent of an applicant's income.

To find out more about Section 502 Guaranteed Loan program visit the GRH website at: www.rurdev.usda.gov/il/grh.htm.

Water and Wastewater Loans and Grants

The American Recovery and Reinvestment Act (ARRA) provides approximately \$3.7 billion in loans and grants for rural water and wastewater infrastructure through the existing USDA Rural Development Water and Waste Disposal (WWD) loan and grant program. The WWD provides loans, grants, loan guarantees and technical assistance for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns of 10,000 or less. Public bodies and non-profit organizations may qualify for assistance. Applications are accepted on a continuous basis. Preference for funding will be given to projects that are ready to commence. For more information on how to apply for assistance, please contact one the Rural Development Area Office in Mt. Vernon or Marion.

Time in Service



RD Area Technician Carol Brines—Marion, marks 20 years of service with Rural Development on Nov. 30.

Rural Development Specialist's Mike Wallace, Marsha Gajewski and Gary Mersinger received recognition from RD Area Director Rusty Wanstreet for "outstanding performance" in implementing the Community Facility Guaranteed Loan Program for FY 2008. They all exceeded their goals for financing Guaranteed Community Facility projects.



Points of Interest

- Illinois Rural Water Roundtable meets bi-monthly at Ryan's Family Steakhouse located in Mt. Vernon, 1/4 mile west of I-64 & I-57 on Rte 15. Meetings are open to anyone interested in rural water—legislators, engineers, managers of both electric and water companies, board members, attorneys, etc. The meeting time is from 11:30 a.m. to 1:15 p.m. The next meeting is July 8. For further information please contact Area Specialist Mike Wallace at 618-244-0773 ext. 128.
- Interest rate for Water & Waste for April 1, 2009 to June 30, 2009 are: Market Rate—4.625%, Intermediate Rate—3.750%, and Poverty Rate—2.750%.
- Interest rate for Community Facility direct loans for April 1, 2009 to June 30, 2009 for Market Rate—4.625% Intermediate Rate—4.50% and Poverty Rate is 4.50%.
- The current interest rate for both Multi-Family Housing (515 Direct) and Single Family Housing (502 Direct) is 4.625 for May 2009.
- MFH bookmark for Eligibility Income (6-1) and Required Tenant information (6-J):

Attachment 6-I: <http://www.rurdev.usda.gov/regs/handbook/hb-2-3560/AM%20Chapter%206.pdf#page=81>

Attachment 6-J: <http://www.rurdev.usda.gov/regs/handbook/hb-2-3560/AM%20Chapter%206.pdf#page=85>

NOFA/NOSA

Multi Family (MFH):

MPR NOSA: Multi-Family Preservation & Revitalization Demo Notice of Solicitation of Applications. Up to \$100 million in debt deferral is available, more than \$55 million in 515 rehab loans, plus a small amount of deferred loans, zero percent loans, and grants. Applications must be received by the National Office by 5 pm June 29, 2009.

The online pre-application can be found at:

www.rurdev.usda.gov/rhs/mfh/MPR/MPR%202009%20Preapplication.pdf

515 NOFA: Rural Rental Housing Section 515 new construction Notice of Funding Availability. \$13,902,332 is available including the set-asides for nonprofits and EZ/EC; the maximum loan request is \$1 million. Rental assistance is very limited, but still a possibility. Pre-applications may be submitted in accordance with the NOFA and HB-1-3560 by 5pm CDT, 6/29/2009 to the State office. To find eligible areas click on the following link and scroll to designated places for 515. <http://www.rurdev.usda.gov/il/mfhousing.htm>

542 NOFA: Rural Development Voucher Program Notice of Funding Availability. This NOFA announces the availability of 2009 funding and explains the program for tenants in projects which have prepaid. The NOFA is the same program information as in the past.

533 NOFA: Housing Preservation Grant (HPG) Notice of Funding Availability. The HPG program provides qualified public agencies, private non-profit organizations with grant funds to assist very low- and low-income homeowners in repairing and rehabilitating their homes in rural areas. In addition, the HPG program assists rental property owners and cooperative housing complexes in repairing and rehabilitating their units if they agree to make such units available to low- and very low-income persons. Applications are due to the State Office by July 10, 2009.

The newsletter staff extends their appreciation to the Rural Development employees who contributed to this newsletter edition. Area Director Rusty Wanstreet, Rural Development Public Information Coordinator Joan Messina, Rural Development Housing Director Barry Ramsey, Area Specialist Cathy Abell and Editor and Graphic Designer Rural Development Specialist Elizabeth Messervey.

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