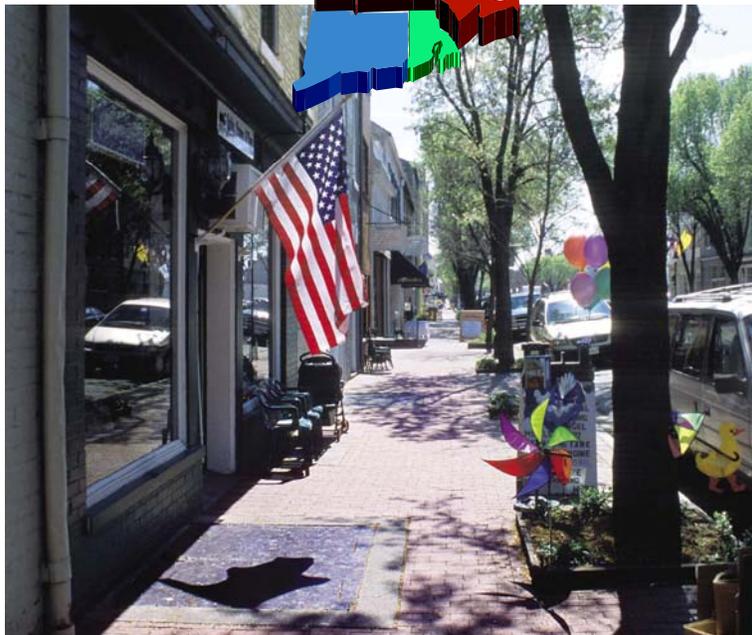




Committed to the future of rural communities.



2006 Annual Report

Southern New England Jurisdiction
MA/CT/RI

Secretary Mike Johanns



In 2006, across this great nation, USDA Rural Development employees made a difference in the lives of virtually every person who calls rural America home. Whether it's financing rural renewable energy projects, guaranteeing a loan for a new business, building or upgrading a rural hospital, construction of a new community center, laying water lines, remodeling apartments or drilling a well for a senior citizen living on a homestead, we're building a more vibrant rural America.

As I traveled across the country conducting Farm Bill Forums in preparation for the 2007 farm bill, I heard loud and clear the message of support for USDA's rural development efforts.

Out of hundreds of hours of discussion and thousands of comments, our rural development programs received nearly unanimous support. That is a vote of confidence in which the 6,300 men and women of USDA Rural Development can indeed be proud.

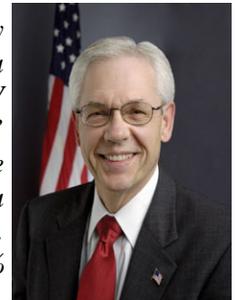
Rural America today is changing. Its economy is diversifying. The broadband revolution erases barriers of time and distance. New industries like renewable energy and biobased products hold exciting potential for investment and growth. We are working hard to improve rural health care, schools, and other community facilities, to increase rural homeownership, and to support rural entrepreneurs. The opportunities and challenges vary from place to place, but one thing remains the same: the commitment of USDA Rural Development to the future of rural communities.

We have accomplished much over the past year and we are eager to build upon those accomplishments by strengthening even further our rural communities. We remain committed to creating an environment where future generations will not only live, but thrive in rural America. As we enter 2007, the 50 million people who live in rural America are developing new opportunities in every area – and I am proud that USDA Rural Development will continue to be a partner in these efforts, as it has been for more than 70 years.

~ Mike Johanns
Secretary of Agriculture

Under Secretary Thomas C. Dorr

For the employees of USDA Rural Development – and the millions of rural Americans they serve – 2006 was a year of achievement and progress. Whether it's a new biodiesel plant, a medical clinic, energy efficient corn driers, a wind farm, broadband service or digital TV service for a public broadcasting station, USDA Rural Development is "connecting the assets" that we've provided to rural America. It's a lot of money: \$76.8 Billion since the start of the Bush Administration. This investment represents Rural Development leading the way to a bright new future for Americans who choose to live in our rural communities and on our farms. Not only have we invested an average of \$13 Billion a year over the last six years, (a 35% increase over 1998-2000) but we've created or saved an estimated 1.5 million American jobs.



Every one of our employees is charged to work with rural communities to create new economic opportunity and improve the quality of life in rural America while increasing connectivity between rural development programs, to find ways to bring even greater service to our rural customers.

Working in partnership, a rural renaissance is upon us. At Rural Development, we are committed to the future of rural communities.

~ Thomas C. Dorr
Under Secretary, USDA Rural Development

Rural Housing Programs



USDA Rural Development's National Housing Administrator, Russell Davis traveled from Washington, D.C. to meet with Congressman Barney Frank and residents of Elim Housing Apartments to announce a transfer of ownership and the preservation of affordable housing at the USDA funded, multi-family housing complex in Norton, MA.



The acquisition of safe and sanitary housing through purchase or construction is the major emphasis of our housing programs. Assistance is available to residents of rural communities to purchase or build a single-family home, repair an existing home, and for the development of affordable rental housing. Assistance comes in the form of, Direct and Guaranteed loans for home ownership; loans and grants for home improvement and repairs; direct and guaranteed loans for rural rental housing projects, grants to non-profit organizations to administer housing repair programs (HPG 533), and Self-Help Technical Assistance programs.

Massachusetts Activity

- 502 Direct Loans (52 loans).....\$9,284,420
- 502 Guaranteed Loans (15 loans).....\$2,720,713
- 504 Loans (33 loans).....\$195,594
- 504 Grants (46 grants).....\$236,064
- HPG/SHTA/TSA (2 grants).....\$78,532
- 515 Rental Housing (1 loan/grant).....\$250,000
- TOTAL (149 loans and grants).....\$12,765,323**

Connecticut Activity

- 502 Direct Loans 33 loans).....\$4,998,795
- 502 Guaranteed Loans (38 loans).....\$6,882,905
- 504 Loans (6 loans).....\$31,155
- 504 Grants (16 grants).....\$77,048
- HPG/SHTA/TSA (1 grant).....\$50,000
- TOTAL (94 loans and grants).....\$12,039,903**

Rhode Island Activity

- 502 Direct Loans (16 loans).....\$3,637,876
- 504 Loans (11 loans).....\$82,488
- 504 Grants (28 grants).....\$128,951
- HPG/SHTA/TSA (1 grant).....\$50,000
- 515 Rental Housing (1 loans/grants).....\$500,000
- TOTAL (57 loans and grants).....\$4,399,315**

In Fiscal Year 2006, USDA Rural Development in Southern New England provided 300 loans and grants totaling over \$29.2 million in funds and through its Rural Housing programs.

Rural Business and Cooperative Programs

Business & Cooperative Development Programs

Rural Development's Business and Cooperative programs enhance the quality of life for rural Americans by providing financing and technical assistance to competitive businesses that can prosper in the global marketplace. We meet these goals by:

- Providing financial resources and technical assistance through loans and grants to businesses and cooperatives located in rural communities;
- establishing public and private institutional alliances and partnerships that leverage financial resources to create jobs and stimulate rural economic activity.

Business & Industry Loan Guarantees, Rural Business Enterprise Grants, Rural Business Opportunity Grants and Intermediary Re-lending Program Loans are made to improve, develop or finance business, industry and employment and improve the economic and environmental climate in rural communities. The objective of the B&I Loan Program is achieved through bolstering a communities' private commercial credit structure with guarantees on quality loans that will provide employment opportunities. Grant programs are available to public bodies and non-profit organizations to carry out assistance to small and emerging private businesses. This assistance is available only to businesses located in rural areas; those areas being outside the boundary of a town or city with a population of 50,000 or more or its immediate urbanized surroundings. The funds may be used for real estate purchase or improvement, equipment or capital.

Cooperative Development Programs help residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, cooperative programs provide technical assistance, conduct cooperative related research, and produce information products to promote public understanding of cooperatives.



Nuestras Raices, Inc. is a non-profit agricultural producer group representing over 125 farm families and community gardeners who are dedicated to sustainable community development by and for its members. Nuestras Raices, Inc. owns/leases 30 acres of fertile farm land on the banks of the Connecticut River. All of the groups' farmers are originally from Puerto Rico and Mexico, and have extensive farming experience both in their native lands and the Northeast. Rural Development provided over \$38,000 in Value-Added Producer Grant funds used to develop a business plan for a meat roasting venture for 7 small scale livestock farmers who determined that their sales volume and profits could be greatly enhanced by conducting weekly pig roasts on the groups' Tierra de Oportunidades site and by catering events and festivals with mobile roasting units.

Massachusetts Activity

• B&I Loan Guarantees (3 loan guarantees).....	\$6,891,000
• Rural Business Enterprise Grants (9 grants).....	\$222,000
• Value-Added Producer's Grants (2 grants).....	\$138,351
• RCDI Grants (1 grant).....	\$300,000
• Renewable Energy Systems Grant (3 grants).....	\$118,800
TOTAL (18 loans and grants).....	\$7,670,151

Connecticut Activity

• B&I Loan Guarantees (1 loan guarantee).....	\$5,000,000
• Rural Business Enterprise Grants (3 grants).....	\$148,000
• Value-Added Producer's Grants (1 grant).....	\$25,000
TOTAL (5 loans and grants).....	\$5,173,000

Rhode Island Activity

• Rural Business Enterprise Grants (4 grants).....	\$75,000
• Value-Added Producer's Grants (1 grant).....	\$20,500
TOTAL (5 grants).....	\$95,500

In Fiscal Year 2006, USDA Rural Development in Southern New England provided 30 loans and grants totaling over \$12.9 million in funds and created or saved 684 jobs through its Rural Business & Cooperative programs.

Community Facilities Programs

The mission of the Community Facilities Program is to enhance the quality of life and opportunities in rural communities by developing essential community facilities for public use. These facilities include schools, libraries, childcare, hospitals, medical clinics, assisted living facilities, fire and rescue stations, police stations, community centers, public buildings and transportation. Through its Community Programs, the Department of Agriculture is striving to ensure that such facilities are readily available to all rural communities. Community Programs utilizes three flexible financial tools to achieve this goal: loan guarantees, available to commercial banks; a direct loan program, at reduced interest rates; and a grant program for communities that cannot finance a needed project. Eligible rural areas are cities and towns of less than 20,000 inhabitants.



The Massachusetts Youth Soccer Association (MYSA) received over \$5 million in USDA Rural Development Community Facilities loan guarantees for the development of 166 acres of raw land into a sixteen-acre soccer field complex. MYSA, a non-profit corporation, is now the second largest in the country with 180,000 children participating.



Massachusetts Activity

- CF Direct Loans (6 loans).....\$6,680,500
- CF Loan Guarantees (5 guarantees).....\$14,876,000
- CF Grants (8 grants).....\$125,000
- TOTAL (19 loans and grants).....\$21,681,500**

Connecticut Activity

- CF Direct Loans (5 loans).....\$1,911,400
- CF Loan Guarantees (3 guarantees).....\$16,490,000
- CF Grants (2 grants).....\$104,000
- TOTAL (10 loans and grants).....\$18,505,400**

Rhode Island Activity

- CF Direct Loans (6 loans).....\$2,983,449
- CF Grants (2 grants).....\$59,692
- TOTAL (8 loans and grants).....\$3,043,141**

In Fiscal Year 2006, USDA Rural Development in Southern New England delivered over \$43.2 million in funds and provided over 2 million people with access to essential community facilities through the Community Facilities Program.

USDA Rural Development provided a \$13.7 million loan guarantee to replace and expand Johnson Memorial Hospital's Emergency Department, along with the renovation of 3 nursing units, the psychiatric unit, two medical and surgical units. "Our new facility will be a technically advanced treatment center offering a full spectrum of services," said Alfred Lertz, president and executive director of Johnson Memorial Hospital. "With this new facility and the fine health professionals who will staff it, we'll be better able to meet the growing healthcare needs of residents in north central Connecticut."

Water & Wastewater Programs



The Georgetown Special Taxing District received a \$5 million loan guarantee to renovate the Redding Wastewater Treatment facility. The renovation will increase treatment capacity at the plant from 75,000 gallons per day to 245,000 gallons per day. The upgrades are part of the Georgetown Land Development Companies' larger Gilbert & Bennett Wire Mill redevelopment project which will revitalize the former industrial site.



Massachusetts Activity

- Water & Wastewater Loans (7 loans).....\$7,111,000
- Water & Wastewater Grants (7 grants).....\$3,487,000
- Solid Waste Management Grants (2 grants)....\$179,000
- TOTAL (16 loans and grants).....\$10,777,000**

Connecticut Activity

- Water & Wastewater Loans (2 loans).....\$6,716,500
- Water & Wastewater Grants (2 grants).....\$2,661,500
- TOTAL (4 loans and grants).....\$9,378,000**

Rhode Island Activity

- Water & Wastewater Loans (4 loans).....\$1,809,000
- Water & Wastewater Grants (4 grants).....\$1,476,400
- TOTAL (8 loans and grants).....\$3,285,400**

In Fiscal Year 2006, USDA Rural Development in Southern New England delivered over \$23 million in funds and provided over 57,000 rural people with access to utilities through the Water & Environmental Program.

The mission of the Rural Utilities Service is to improve the quality of life and promote economic development in rural communities by developing essential public water, sewer and solid waste facilities. Eligible rural areas are cities and towns with less than 10,000 inhabitants.

Water & Wastewater Loans

Purpose: To develop water and waste disposal systems (including sewers and storm drainage and solid waste disposal). Funds are available to public entities such as municipalities, counties, special-purpose districts, Indian tribes, and corporations not operated for profit. Rural Development also provides water and waste disposal loans made by commercial banks and other eligible lenders.

Water and Wastewater Grants

Purpose: To reduce water and waste disposal costs to a reasonable level for rural users. Grants may be made for up to 75 percent of eligible project costs in some cases. The same types of applicants are eligible for grants as are for loans.

Technical Assistance and Training (TAT) Grants

Purpose: To make grants to nonprofit organizations to provide technical assistance and training to associations on a wide range of issues relating to the delivery of water and waste disposal services.

Grant funds may be used to assist communities and rural areas identify and evaluate solutions to water, wastewater or solid waste management problems, improve facility operation and maintenance activities, or prepare funding applications for capital construction projects.

Solid Waste Management (SWM) Grants

Purpose: To make grants to public and private nonprofit organizations for providing technical assistance and training to associations to reduce or eliminate pollution of water resources and improve planning and management of solid waste facilities.

USDA Rural Development in the News...

Housing loans for rural areas can make dreams come true

By **LUCILLE BENOIT**
Breeze & Observer
Managing Editor

SCITUATE - You don't have to be a farmer to secure U.S. Department of Agriculture help for a home loan.

It made a brand new house for Charlene Randall and her three children a reality.

Renting an apartment in her hometown of Scituate for five years, Randall just couldn't put together enough extra money to get the needed down-payment for her own home.

Enter the USDA Rural Development program and today Randall, 42, her daughters, Kellie, 16, and Torey, 14, and son, Derek, 13, live in a raised-ranch on 2.5 acres of land in West Greenwich.

Residents of every town in the state can apply for money for both buying new homes or making major improvements to existing homes through several USDA programs. The money must be



Breeze & Observer photo by Albert Tavakalo
The Randall family, from left, Torey, mom Charlene, Kellie, and Derek, pictured in the kitchen of their West Greenwich home, were able to customize the new house they built with the help of a U.S. Department of Agriculture program.

used to buy or fix homes in the 28 eligible communities outlined in a statewide map. Only parts of some communities, such as Cumberland, Lincoln and Smithfield qualify but the entire area of other towns, Foster, Gloucester, Scituate Burrillville and North Smithfield, are eligible. The way the USDA puts people and homes together is

mainly through subsidizing interest rates and allowing 100 financing, according to David Delisle, area director of the Rural Development office in Warwick.

The Single Family Direct Home Loan Program existed for many years under a different name, the Farmers Home Loan Program. It was renamed

See LOANS, Page 16

LOANS:

From Page One

in the mid 1990s when the USDA reorganized some programs, according to Delisle.

For very low- to moderate-income households, \$25,600 for a one-person household up to \$77,500 for a family of eight, the program provides that hoped-for way to own a home.

USDA will hold office hours at Scituate Town Hall, Saturday, Feb. 3, from 10 a.m. to noon to let specialists meet with interested applicants. Scituate Town Hall is located at 195 Danielson Pike. Appointments are necessary and can be made by calling 826-0842.

The mission of the Rural Development section of USDA is to help residents in rural areas with their housing needs, said Delisle.

"We're trying to get the word out," he said.

Randall heard about the USDA program at her job as West Greenwich tax assessor. Looking into the program, she initially sought to buy an existing house within both her affordability limits and the program guidelines. In Providence County, the total loan limit is \$315,300.

"A lot of the houses we looked at needed a lot of work," Randall said.

As her application sat for a short time on a waiting list and she continued to look for a house within the price limit, she turned her attention to building it new instead which is another

option under the program.

She found land in rural West Greenwich and friends and family got out clearing brush and moving trees, she said. Designing their home became a family project with her children, she added.

"When we started looking at plans, we were looking at the two-story colonials with porches," she admitted.

That reality didn't fit the budget, she soon learned.

"I knew what my top dollar was and backed out from there," she said.

That still left plenty of decisions which her children were glad to help with, she said, like layout and room sizes, Formica finishes and cabinet colors.

"They were part of the process all the way through," she said, of Kellie, Torey and Derek. "They made some very good decisions."

A lower interest rate, no down payment and the step-by-step guidance of her loan specialist, Pamela Miller with the USDA office, saw her turning the key to her new house a year ago.

"I would have never been able to purchase a house of my own without the program," Randall said.

Delisle noted the government USDA acts as the bank and does not involve any outside institution. Interest rates can be as low as 1 percent, he said. The rate is determined by the applicants income which for a family of two has to be less than \$29,250 for the 1 percent interest, Delisle said. There are few restrictions on the style of the house or the

size but the market value has to be under the \$315,300 limit, he said.

USDA will evaluate applicants and make a determination of eligibility within 30 days, Delisle said. Right now there is no waiting list but the office is waiting for the release of expected funding as Congress gets going in the latest session, he said.

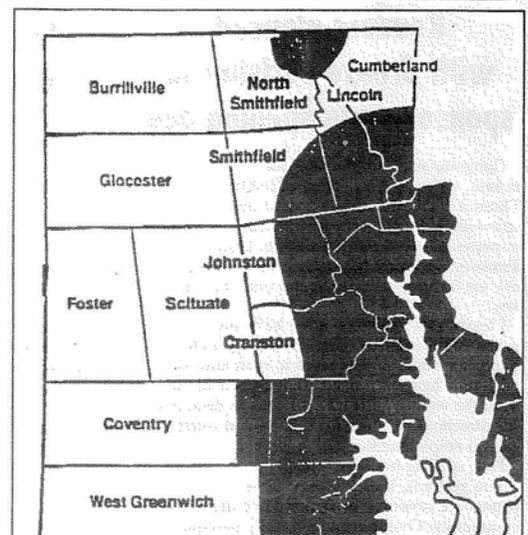
With a certificate of eligibility issued by the USDA program, prospective homeowners have what amounts to a pre-approval so they can begin actively looking to make a purchase, he said. With the flattening of the housing market in the state, the USDA program applicants are having an easier time finding affordable properties, he added.

In addition to loaning money for a new home, the USDA's Home Improvement Loan and Grant Program is available for major projects like new septic systems, wells, roofing and others.

Very low income homeowners who are 62 years old or more can receive grants which do not have to be repaid.

Representatives will be available in Scituate to discuss all the USDA housing programs.

The USDA program is especially good, Randall said, because unlike the state's affordable housing programs, the restrictions are not as stringent on resale. State affordable housing units can only be sold to another owner who qualifies for affordable housing. The price of the sale cannot exceed a price determined by the state to be the affordable level threshold.



The map of eligible areas in the state for housing funds from the U.S. Department of Agriculture is shown in white while urban areas that are not eligible are in black. USDA loan specialists will be at Scituate Town Hall Saturday, Feb. 3, from 10 a.m. to noon to explain programs to help low income residents buy or fix homes in the state's rural areas.

"I honestly didn't want to get tied up in making this huge investment and not be able to resell if I wanted to," Randall said.

The USDA subsidies are repaid at the time of the sale, Delisle said, but the federal program does not control the selling price or restrict it to any affordable housing levels.

Housing units that are constructed by a USDA homeowner do not qualify to meet a town's affordable housing stock, however. Although the program appears to be meeting the need of providing affordable housing, Delisle noted, the federal program does not call itself affordable housing.



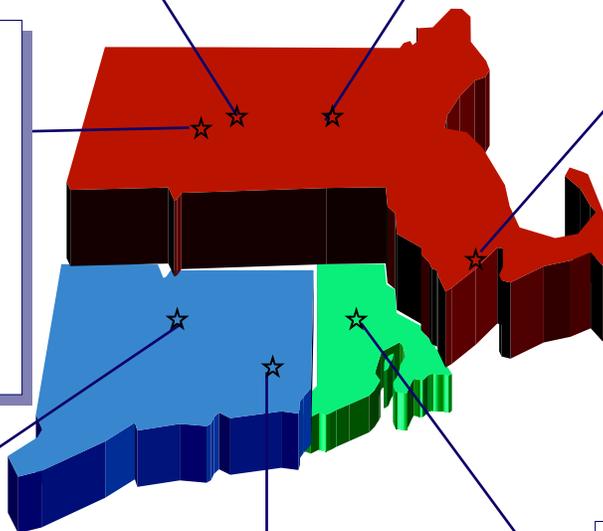
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