

UNITED STATES DEPARTMENT OF AGRICULTURE



RURAL DEVELOPMENT



Direct Community Facility Programs

◆ OBJECTIVE

- ◆ To improve, develop, or finance essential community facilities in rural areas.

◆ PROGRAMS COVERED

- ◆ Essential Community Facilities

◆ ELIGIBLE APPLICANTS*

- ◆ Towns and Cities
- ◆ Counties
- ◆ Quasi-municipal Districts
- ◆ Not-for-Profit Corporations
- ◆ Indian Tribes

*Applicant must be unable to obtain the necessary credit elsewhere at reasonable rates and terms.

◆ AREAS SERVED

- ◆ Essential Community Facilities—20,000 or less population
- ◆ Ineligible Areas Auburn, Bangor, Biddeford, Brunswick, Lewiston, Portland, Sanford, and South Portland

◆ LOAN PURPOSES

- ◆ Legal and Administrative fees
- ◆ Interest on interim financing
- ◆ Architectural Engineering (A/E) fees
- ◆ Initial O&M (operating and maintenance) expense
- ◆ Purchase—when necessary to prevent loss of facility
- ◆ Refinance—as long as it is a minor part of the loan
- ◆ Land Purchase
- ◆ Equipment Purchase
- ◆ Construction
- ◆ Contingency

◆ RATES AND TERMS

(Interest rates are reviewed every three months)

Interest Rates: *

Market Rate:

Above the state's non-metropolitan median household income (NMHI) of \$37,335

Intermediate Rate:

The state's NMHI of \$37,335 or below

Poverty Rate:

For communities below national poverty income (currently \$20,050) or below eighty percent of the state's NMHI (currently \$29,868), that are correcting a health and sanitary hazard identified by the state OR facilities that provide direct health care to the public served.

* Rates may change quarterly.

Terms:

- ◆ Forty years maximum by Rural Development statute.
- ◆ Thirty years maximum for municipalities.
- ◆ Not to exceed charter limitations of the useful life or security, whichever is less.

◆ SECURITY*

- ◆ General Obligations Bonds
- ◆ Real Estate Mortgages
- ◆ All security must secure the entire loan
- ◆ Revenue Bonds
- ◆ Assignment of Income
- ◆ Financing Statement

* Rural Development will consider parity lien position.

◆ TYPES OF PROJECTS

- ◆ Hospitals, Health Centers, and Clinics
- ◆ Schools, other than state funded facilities
- ◆ Group and Waiver Homes/Assisted Living Facilities
- ◆ Cultural/Social centers/facilities
- ◆ Fire, Rescue, and Public Safety
- ◆ Nursing Homes
- ◆ Recreational Facilities
- ◆ Child Care Facilities

◆ EQUITY AND COLLATERAL REQUIREMENTS

- ◆ May loan up to one hundred percent of appraised value of security,
- ◆ No minimum equity requirement.

◆ CONTRACTING

- ◆ Formal competitive bidding over \$50,000
- ◆ Rural Development approves contract
- ◆ Rural Development reviews all engineering

◆ SPECIAL REQUIREMENTS

- ◆ State Planning Office can identify income areas within communities such as Enumeration Districts and Block Numbering Groups.
- ◆ Feasibility studies required for most large loans (\$2 million plus). Engineers/Architects and Accounting firms can usually provide feasibility studies.
- ◆ Audits are required for all loans when loan balance exceeds \$300,000, or when federal financial assistance exceeds \$300,000.
- ◆ Certificate of Need, PUC approval, DEP approval, and other regulatory approvals are often required for these types of projects.
- ◆ Rural Development Office of General Counsel (OGC) must review closing documents prior to loan closing.

◆ LOAN MAXIMUM/MINIMUM

None, but keep in mind that Direct loan funds are limited at all times.

For more information regarding the Rural Development Guaranteed Community Programs, please contact the **Rural Development State Office**:

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