

USDA



Rural
Development

Committed to the future
of rural communities.

**Welcome to the U.S.
Department of Agriculture**

**Ron Koontz
Area Loan Specialist**

USDA



RURAL DEVELOPMENT

West Wareham Office

508-295-5151 x3

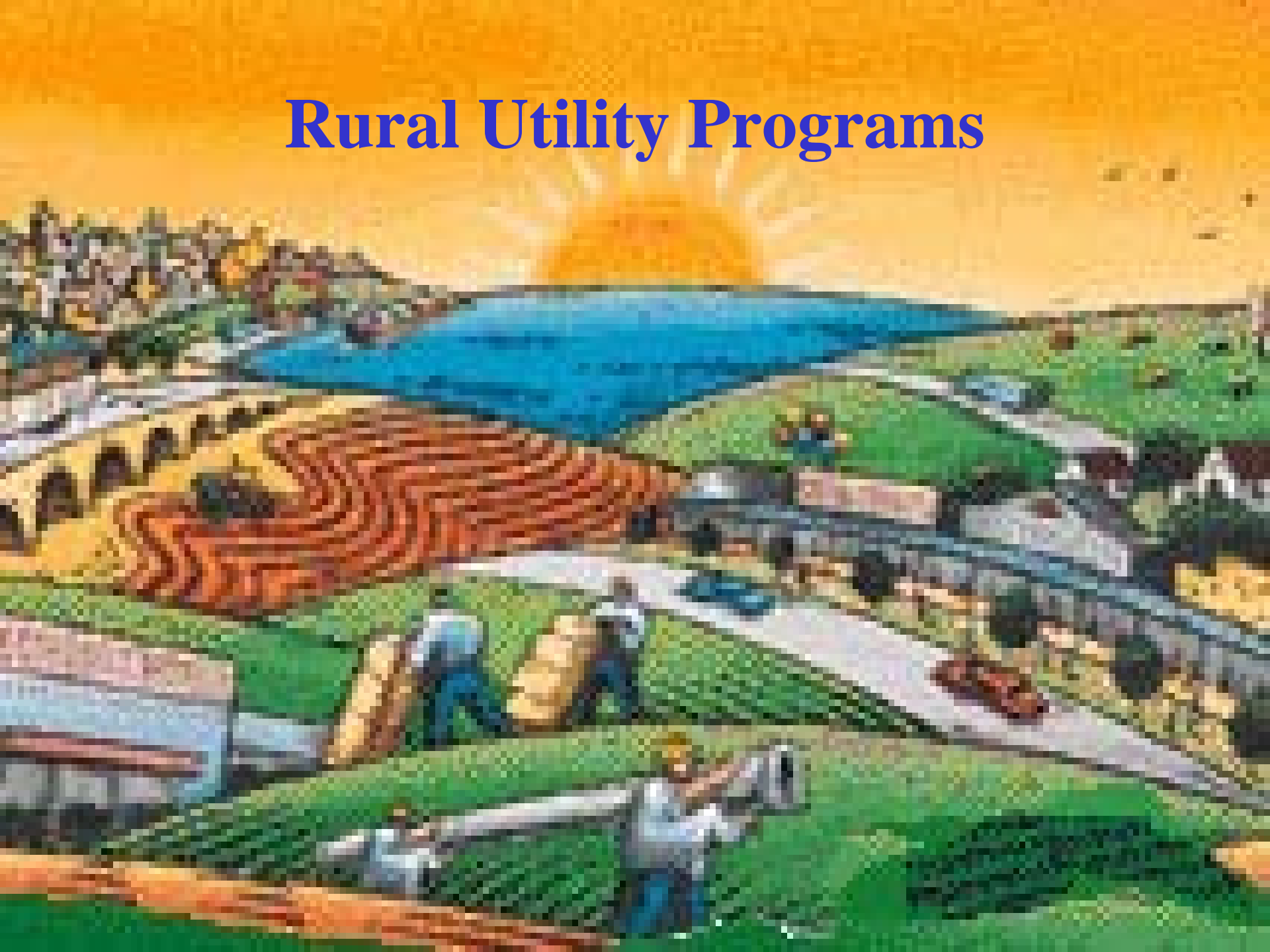
Holden Office

508-829-4477 x4

Hadley Office

413-585-1000 x4

Rural Utility Programs



Water and Waste Program

Develop public water and waste water systems, including solid waste disposal and storm drainage

Benefit rural residents and businesses by keeping user fees lower



Eligible Organizations

- **Public Bodies**
- **Water and Fire Districts**
- **Federally Recognized Indian Tribes**
- **Non-Profit Corporations (controlled by a public body or has broadly based ownership)**

Eligible Areas

The facility must be located in and serving a Town that is considered “rural”-- (generally has a population of less than 10,000 inhabitants – 2000 census).

“Village” review on a case by case basis

Eligibility Requirements

- Credit Elsewhere documented in writing
- Legal Authority to operate the system and obtain the funds
- Economic Feasibility for the system to function

Eligible Purposes

- Construct water, sanitary sewage, solid waste disposal, and storm wastewater disposal facilities
- Construct or relocate buildings, roads, fences, utilities, or other improvements
- Utility connection charges between utility systems

- Legal, engineering, administrative services and fiscal advisory costs
- Costs of acquiring land and rights necessary for the development of the facility
- Equipment costs necessary to operate the facility

Grant Determination

- Up to 75% of project costs
- How does the Town's MHI compare with the State's MHI
- Actual grant amount based on dollars needed to keep user fees similar to other systems in the region.



MEDIAN INCOME

- MASSACHUSETTS MHI - \$56,354
- Town MHI between \$45,083 & \$56,354 = maximum 45% grant assistance
- Town MHI below \$45,083 = maximum 75% grant assistance

Direct Loans

Interest Rates:

Poverty Line – 2.375%

Intermediate – 3.250%

Market – 4.000%

- Changes quarterly

Terms:

Up to 40 years repayment or the useful life of the security, whichever is less.

Security

- General Obligation Bonds from public bodies
- Real Estate Mortgage and Financing Statements from non-profits

Funding



- MA FY 2010 allocation is -
 - Loan funds of \$8,983,000
 - Grant funds of \$3,052,000
- Projects over \$2,000,000 need another funding source or phasing

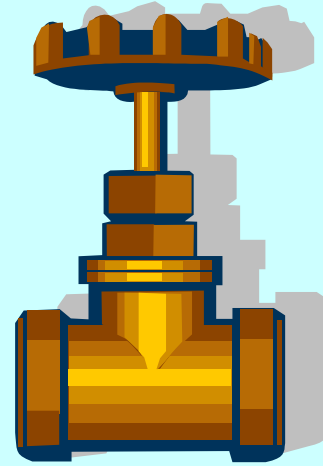
American Recovery & Reinvestment Act

- “Buy American”
- “Davis Bacon Wages Rates”
- Quarterly Reporting during construction
- Funds must be obligated by 9/30/2010
- MA received additional 6X state allocation

Application Process

- Public Notice and Public Meeting
- Application and Eligibility determination
- Environmental Review
- Preliminary Engineering Report
- Loan Approval with LOC
- Obtain Interim Financing if available

- Design and Bid
- Construction



RD has language that must be included in the bid and contract documents

Guaranteed Loans

Available to public bodies, but cannot be used in conjunction with a tax exempt bond.

A more likely candidate would be a non-profit who provides a service or public benefit that will pledge personal or real estate security.

Rates and terms are negotiated between the lender and the applicant.

For more information...

www.rurdev.usda.gov

www.usda.gov/rus/water/index.htm

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(508) 295-5151 x3