Rural Development

Committed to the future of rural communities.
USDA, Rural Development Programs

- Business & Cooperative Programs
- Housing Programs
- Utility/Community Programs
- Community Development Programs
USDA Rural Development

3 Types of Program Delivery

– Guaranteed Loans
– Direct Loans
– Grants

3 Program Areas

– Rural Business and Cooperative
  • Business, Energy & Cooperatives
– Rural Housing
  • Single Family & Multi Family
– Rural Utilities and Community Facilities
  • Water and Environmental, Telecomm & Electric and Community Facilities
Utility/Community Programs

- Water
- Waste Disposal
- Solid Waste Management
- Technical Assistance and Training Grants
- Community Facilities

Torreon – Rincon
Marquez Construction
Special Funding Initiatives

- Colonias
- Emergency Community Water Assistance Grants
- Native American Set-a-Side
- Predevelopment Planning Grants
Water and Wastewater Programs
RUS Instruction 1780.2

• PURPOSE - “Provide loan and grant funds for water and waste projects serving the most financially needy communities. Financial assistance should result in reasonable user costs for rural residents, rural businesses, and other rural users.”
Who’s Eligible?

- Rural areas or Towns of up to 10,000 population for Utility Programs and 20,000 for Community Facility Municipalities/Counties
- Special Purpose Districts
- Nonprofit Corporations and Cooperatives
- Indian Tribes
Eligibility Requirements

• Economic Feasibility
• Assured Income
• Repayment Ability
Eligible Loan and Grant Purposes

• Construction
• Enlargement
• Extending or Otherwise improve a facility
Eligible Purposes

• Water Supply (Includes treatment)
• Water Storage Facility
• Distribution System
• Sewer Facilities
• Sanitary Landfills
Other Eligible Related Costs

• Reasonable Engineering/Architectural fees and costs
• Costs of acquiring land, rights-of-way
• Cost of connecting the user to main service line
• Purchase/Renting of Equipment
• Refinance Debts
Security Requirements

- Real Estate
- Machinery & Equipment
- Accounts Receivable
- Assured Income
- Contracts
- GO or Revenue Bonds
Application Material

1. SF 424, Application For Federal Assistance
2. Preliminary Engineering Report
3. Environmental Report
4. Financial statements
5. Organizational documents
6. Existing debt instruments
7. Other Forms and Certifications
Interest Rates

1. Poverty Rate: 1.750%
2. Intermediate Rate: 2.250%
3. Market Rate: 2.875%

Interest rates subject to change on a quarterly basis - Next change 4/01/2016
The lower interest rate will be given to applicant (Obligation -vs- Closing)
Poverty Rate – 1.750%

1. Primary purpose of the loan is to
   - Upgrade existing facilities or
   - Construct new facilities

2. Required to meet applicable health or sanitary standards

3. MHI is below $35,038
Rates (continued)

1. Intermediate rate – 2.250%
   - Applicant does not qualify for poverty rate
   - MHI is below $43,797

2. Market rate – 2.875%
   - Market rate tied to 11-GO Bond Index
Rates – Guaranteed Loans

- Rate negotiated between borrower and lender.
- USDA, Rural Development issues guarantee up to 90%.
- Applicable to water and wastewater programs along with community facilities.
1. Repayment terms
   - Useful life of the facility
   - 40 years

2. When grant funds are involved
   - Maximum repayment terms permitted
   - In an exceptional case can make the loan for less than maximum
Grant limitations (W&WD)

Maximum grant

- 75 percent
  - MHI below $35,038
  - Project is necessary to alleviate a health or sanitary problem

- 45 percent
  - MHI exceeds $35,038 but is not more than $43,797

» Grant funds will not be used to reduce user rate costs to a level less than similar system cost. All projects must take as much loan as they can afford.
Other RD Water and Wastewater Programs

- Colonias Grants
- Emergency Community Water Assistance Grants
- Predevelopment Planning Grants
- Native American Set-A-Side
- Technical Assistance and Training Grants
Colonias Grants

- Colonia located in a county where over 50% of county must be located within 150 miles on Mexico border.
- Up to 100% grant for eligible purposes subject to availability of grant and need for reasonable user costs. Must take loan if affordable.
- Only portion of project serving a Colonia is eligible
- $8,395,000 New Mexico FY 2016 allocation.
Emergency Community Water Assistance Grants (ECWAG)

- MHI must be below statewide non-metro
- Maximum $500,000 grant made to alleviate a significant decline in quantity or quality of water that occurred within two years of filing application
- Maximum $150,000 grant for repairs, partial replacement, or significant maintenance on existing system to remedy acute shortage or decline in quality or quantity
Native American Set-A-Side

- Project must serve Federally Recognized Indian Tribe
  - Up to 100% grant for eligible purposes ($2,000,000 maximum)
- Projects must compete for funding with applications from other states.
- $24,000,000 National allocation.
Predevelopment Planning Grants

- Assist in paying costs associated with developing application (PER & Environmental Report)
- MHI must be below 80% of statewide non-metro MHI
- Maximum $30,000 or 75% of cost, whichever is less
Community Facilities (CF) Loan/Grant Program

• Provide an essential service to a single community, county, or several communities
• Provide a service that is typically provided by a local unit of Government
• Be needed for the orderly development of the Rural Community
CF Additional Requirements

- Be unable to obtain funds from other sources at reasonable rates & terms
- Have legal authority to borrow and repay loans and pledge security
- Be financially sound and able to manage the facility
Who’s Eligible?

• Rural areas or Towns of up to 20,000 population
• Public Entities
  – Municipalities
  – Counties
• Non Profit Corporations
• Special Use Districts
• Indian Tribes
Examples of CF Projects

• Health Care Facilities
  – Hospitals, Clinics, Nursing Homes

• Public Safety Facilities
  – Fire Stations & Equipment, Police Stations

• Public Service Facilities
  – Community Buildings, Libraries, Fair Grounds, Daycare Centers
Eligible Loan and Grant Purposes

- Construction
- Enlargement
- Extending or Otherwise improve a facility
Other Related Costs

• Reasonable Engineering/Architectural fees and costs
• Costs of acquiring land, rights-of-way
Interest Rates

1. Poverty Rate: 4.500%
2. Intermediate Rate: 3.625%
3. Market Rate: 2.875%

Interest rates subject to change on a quarterly basis - Next change 4/01/2016

The lower interest rate will be given to applicant (Obligation -vs- Closing)
Repayment

1. Repayment terms
   - Useful life of the facility
   - 40 years

2. When RUS grant funds are involved
   - Maximum repayment terms permitted
   - In an exceptional case can make the loan for less than maximum
Application Material

1. SF 424, Application For Federal Assistance
2. Preliminary Architectural Feasibility Report
3. Environmental Information
4. Financial statements
5. Organizational documents
6. Existing debt instruments
7. Other Forms and Certifications
Security Requirements

- Real Estate
- Machinery & Equipment
- Accounts Receivable
- Assured Income
- Contracts
- GO or Revenue Bonds
- Significant community support
Security - Continued

1. Bonds or notes pledging taxes;
2. Bonds pledging Assessment or Revenues;
3. Mortgage on Organizations facilities.
Community Facilities Grant Program

- Maximum of $50,000 or 50% of state allocation whichever is higher ($235,440 FY2016 New Mexico allocation).
- Up to 75% of project cost depending on MHI of service area (sliding scale)
- MHI must be below $39,417.
- Some additional funds available from the special initiatives. All other requirements remain the same.
Special CF Initiatives

- Two Special Initiatives (Last Year)

Economic Impact Initiative - $72,000 program for rural communities with extreme unemployment and severe economic depression.

Tribal College Initiative - Grant (nation-wide) for community facilities for Tribal colleges. $300,000 maximum per project.
Other Programs

Technical Assistance Program

1. Application Period Oct 1-Dec 31;
2. Evaluate current landfill conditions to determine threats to water resources;
3. Provide technical assistance and/or training.
Personnel (Technical Assistance)

New Mexico Rural Water Association
Rural Community Assistance Corp.

1. Identify and evaluate solutions to water/waste problems of associations in rural areas;

2. Provide training to association personnel that will improve management, operation, and maintenance of water/waste facilities.
Electric Programs

• Makes loans or guarantees to electric cooperatives to finance the construction of electric distribution, transmission and generation facilities.

• Intent is to furnish and improve service in rural areas.
Distance Learning/Telemedicine

- Makes grants, loan/grant combinations and loans to eligible applicants to serve rural areas.
- Application deadline for grants is not yet announced.
- Loan and loan/grant combination applications accepted year round through July 31.
- $50,000 minimum grant. $500,000 maximum grant.
Broadband Program

- Loans and loan guarantees to provide broadband services in rural communities.
- 20,000 or less in population.
- 20% credit support requirement.
- Eligible applicants are cooperatives, nonprofits, limited dividend or mutual associations, limited liability companies and Indian Tribes.
Rural Business & Cooperative Programs

- Business & Industry Guaranteed Loan Program (B&I-G)
- Intermediary Relending Program (IRP)
- Rural Business Development Grants (RBDG)
- Rural Economic Development Loan/Grant Program (REDLG)
- Value Added Producer Grants (VAPG)
Business and Industry Guaranteed Loan (B&I)

- The primary purpose is to create and maintain employment and improve the economic climate in rural communities. This is achieved by expanding the lending capability of private lenders in rural areas, helping them make and service quality loans that provide lasting community benefits. This program represents a true private-public partnership.

- The Business and Industry (B&I) Guaranteed Loan Program helps create jobs and stimulates rural economies by providing financial backing for rural businesses.

- This program provides guarantees up to 80 percent of a loan made by a commercial lender.
Eligible Loan Purposes

- Motels
- Hotels
- Bed and Breakfast Establishments
- Business and Industrial acquisitions
- Construction
- Conversion
- Expansion
- Repair
- Modernization or Development costs
- Purchase of equipment, machinery or supplies
- Startup costs and working capital
- Processing and Marketing Facilities
- Pollution Control and Abatement
- Refinancing for viable projects under certain conditions.
Security Requirements

• **Equity**: Minimum 10% tangible balance sheet equity for an existing business; minimum 20% tangible balance sheet equity for a new business. Higher requirements may be imposed.

• **Maturities**: Seven years for working capital; 15 years or useful life for the purchase of machinery and equipment; 30 years for real estate; and refinancing based on collateral.

• **3% Guarantee Fee. 0.5% Annual Renewal Fee.**
INTERMEDIARY RELENDING PROGRAM (IRP)
Purpose

• DESCRIPTION: The purpose of the program is to finance business facilities and community development projects in rural areas. This is achieved through loans made by USDA Rural Development to intermediaries that establish programs for the purpose of providing loans to ultimate recipients for business facilities and community development in rural areas (under 25,000 population).
Program/Loan Structure

- **Terms:** Loans to intermediaries are scheduled for repayment over a period of up to 30 years. The term of loans to ultimate recipients is set by the intermediary.

- **Rates:** The interest rate on loans to intermediaries is 1% per annum. The interest rate on loans to ultimate recipients is negotiated by the intermediary and the ultimate recipient.
Qualification Criteria

• Intermediaries:
  – Must be private nonprofit corporations, public agencies, federally recognized Indian groups or cooperatives;
  – Have the legal authority to carry out the proposed loan purposes; and for obtaining, giving security for, and repaying the proposed loan;
  – Have a proven record of successfully assisting rural business and industry, normally including experience in loan making and servicing commercial loans; and
Who’s Eligible

• Intermediaries may be:
  – Private Non-Profit Corporations
  – Public Agencies
  – Federally recognized Indian Tribes
  – Cooperatives
New Mexico

Rural Business Development Grant Program
Rural Business Development Grant

The RBDG grant is a merger of two previous grants: The Rural Business Enterprise Grant and the Rural Business Opportunity Grant

The cite to the RBDG regulation is

RBDG Funding for FY 2016

Nationwide Appropriation:
≈ $28 million

New Mexico Allocation - ≈ $200,000-last year-
expected to be similar this year

Native American Set-Aside - ≈ $4 million in
“enterprise” and $240,000 in “opportunity”
Purpose

The Rural Business Development Grants will be made to eligible entities for use in funding various business opportunity and business enterprise projects that serve rural area.
Applicant Eligibility

Grants are made to:

1- Public bodies/governmental entities (States, counties, cities, townships, and incorporated towns and villages, boroughs, authorities, districts, and educational institutions organized under State and Federal laws, and Indian Tribes)

2- Nonprofit entity serving rural areas
Applicant Eligibility

(Grants are made to:)
3-Indian Tribes
(A cooperative is eligible if it is organized as a private nonprofit corporation.)
Project Eligibility

• **Rural requirement**: Applicant/Grantee is not required to be headquartered in a rural area; the project can take place in a non-rural area; however, the project must serve a rural area(s).
Project Eligibility

- **Rural and Rural Area** – Any area other than a city or town with a population of greater than 50,000 and the adjacent urbanized area according to the latest decennial Census (2010). Basically not Santa Fe, Albuquerque, Las Cruces and immediately surrounding area.
Project Eligibility

• 1 year timeframe (possibility for extension for good reason)
Project Eligibility

• Technical assistance: A function performed for the benefit of a private business enterprise or a community and which is a problem solving activity, such as market research, product and/or service improvement, feasibility study, etc., to assist in the Economic Development of a Rural Area

• Remember: The grantee is NOT the beneficiary of an RBDG grant.
Project Eligibility

Two project “types”
• If you are familiar with the previous RBEG and RBOG grants, you will see that this grant is, to a great extent, a merger of the two, especially as to type of projects. In fact the project types for this new grant are called 1) business opportunity type grant or 2) business enterprise type grants
Type 1: “Business Opportunity Projects”

- Business Opportunity Projects can include one or more of the following activities
  - Identity and analyze business opportunities that will use local rural materials or human resources. This includes opportunities in export markets, as well as feasibility and business plan studies.
  - Identify, train, and provide Technical Assistance to existing or prospective rural entrepreneurs and managers
“Opportunity” projects (cont’d)

– Establish Business Support Centers and otherwise assist in the creation of new Rural businesses (Center need not be in rural area, but must provide assistance to businesses located in Rural Areas)

– Conduct local community or multi-county Economic Development Planning
“Opportunity” projects (cont’d)

– Conduct leadership development training of existing or prospective adult rural entrepreneurs and managers

– Establish centers for training, technology, and trade that will provide training to Rural businesses in the utilization of interactive communications technologies to develop international trade opportunities and markets;
“Opportunity” projects (cont’d)

– Pay reasonable fees and charges for professional services necessary to conduct the Technical Assistance, training, or planning functions. Note again that this is planning, etc. for economic development, not planning to help the grantee
Requirements for all “Opportunity” projects

- Results of Opportunity type grant projects: 1) The application must show a reasonable prospect that the Project will result in the Economic Development of a Rural Area

- Basis for success/failure: Applicant must 1) demonstrate a need for the project and 2) include a basis for determining the success or failure of the project; and 3) individual major elements of the Project; 4) outline procedures for assessing project impact at its conclusion
Requirements for all “Opportunity” projects

2) Local and area-wide strategic plans. Opportunity grants may be made only when the proposed Project is consistent with any local and area-wide strategic plans for community and Economic Development coordinated with other Economic Development activities in the Project area, and consistent with any Rural Development State Strategic Plan.
Type 2: “Business Enterprise Projects”

- Grant funds for this “type” of grant may be used to finance and/or develop Small and Emerging Businesses in Rural Areas.
Small and Emerging Business

- **Small and Emerging Business**: Any private and/or nonprofit business which will employ 50 or fewer new employees and has less than $1 million in gross revenue; for **Retail Operations**: Total sales minus cost of goods sold minus returns; for **Service Operations**: Gross revenue minus cost of providing service; for **Manufacturing Operation**: Total sales minus cost of raw materials minus cost of productions (all businesses assisted must be located in a Rural Area)
“Enterprise” projects (cont’d)

• “Business enterprise projects” include but are not limited to
  – Acquisition and development of land, easements and rights-or-way (no residential use)
  – Construction, conversion, enlargement, repairs or modernization of buildings, plants, machinery, equipment, access streets and roads, parking areas, utilities, and pollution control and abatement facilities.
“Enterprise” projects (cont’d)

- Provision of loans for startup operating cost and working capital
- Reasonable fees and charges for professional services necessary for the planning and development of the Project
- Establishment of a revolving loan fund to provide financial assistance to third parties through a loan (rates, terms, and fees must be reasonable)
“Enterprise” projects (cont’d)

– Establishment, expansion, and operation of Rural distance learning networks or development at Rural learning programs that provide educational instruction or job training instruction related to potential employment or job advancements for adult students (can include workforce development training)

– Provision of Technical Assistance for SMBs, including, but not limited to feasibility studies and business plans
“Enterprise” projects (cont’d)

– Provision of Technical Assistance and training to rural communities for the purpose of improving passenger transportation services or facilities.
Requirements for all “Enterprise” projects

• The enterprise type Project must have a reasonable prospect that it will result in the development or financing of Small and Emerging Businesses

• Basis for success/failure: Applicant must 1) demonstrate a need for the project and 2) include a basis for determining the success or failure of the project; and 3) individual major elements of the Project; 4) outline procedures for assessing project impact at its conclusion
Project Eligibility

You must ID which type you are applying for in the application. Note that 10% of the grant allocation can be dedicated to opportunity type grants. Balance is for enterprise type grant projects.
RBDG Clarifications

Reminder:

• Grants are not to be made directly to a private business owner. “Pass-through” grants are not allowable under the RBEG program.
  – May create and utilize a Revolving Loan Fund (RLF) for this purpose
Deadline

Deadlines are:
Native American set-aside:
  Friday, April 29, 2016 at 4:30 pm

All other applications are also due (This Year):
  Friday, April 29, 2016 at 4:30 pm
Rural Energy for America Program (9007)
Purpose

• DESCRIPTION: The purpose of the program is to finance the purchase of renewable energy systems and make energy improvements for agricultural producers and rural small businesses. The program is designed to reduce energy costs and consumption and help meet the nation’s critical energy needs.
# Improve Profits for Your Rural Small Business, Farm or Ranch with REAP

<table>
<thead>
<tr>
<th>Energy Efficiency</th>
<th>Solar</th>
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</thead>
<tbody>
<tr>
<td>Lighting</td>
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<tr>
<td>Heating</td>
<td>Wind</td>
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<tr>
<td>Cooling</td>
<td>Small Hydroelectric</td>
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<tr>
<td>Ventilation</td>
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<td>Fans</td>
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<td>Automated Controls</td>
<td>Geothermal</td>
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<tr>
<td>Insulation</td>
<td>Wave/Ocean Power</td>
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</table>

The technology must be commercially available. Research and development projects do not qualify.
Program/Loan Structure

• **Maximum Program Benefits:** Grant request must not exceed 25% of the eligible project cost.
    • Maximum $500,000
  – **Energy Efficiency (EE)**
    • Maximum $250,000

Minimum grant request is $2,500 for RE and $1,500 for EE
Program/Loan Structure

- **Maximum Program Benefits**: Loan request must not exceed 75% of the eligible project cost.
    - Minimum $5,000 Maximum $25,000,000
  - **Energy Efficiency (EE)**
    - Minimum $5,000 Maximum $25,000,000

**Maximum LOAN & Grant Combination Cannot Exceed 75% Of Eligible Project Cost**
Program/Loan Structure

• Percentage of guarantee:
  – 85% guarantee on loans $600,000 or less;
  – 80% guarantee on loans $5 million or less; and
  – 70% guarantee on loans $5 million to $10 million;

• 1% guarantee fee .25% annual renewal fee
Who’s Eligible

• Farmers
• Ranchers
• Rural Small Businesses
How May Funds be Used?

• Construction or Project Improvements
• Purchase and Installation of Equipment
• Energy Audits
• Permit Fees
• Professional Service Fees
• Business Plans
• Feasibility Studies
• Retrofitting
# REAP Application Window Closing Deadlines

<table>
<thead>
<tr>
<th>October 31 of the Federal Fiscal Year</th>
<th>Grant Request $20,000 or less</th>
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</thead>
<tbody>
<tr>
<td>April 30 of the Federal Fiscal Year</td>
<td>Grant Request $20,000 or less</td>
</tr>
<tr>
<td></td>
<td>Grant Request &gt; $20,000</td>
</tr>
<tr>
<td>Continuous Application Cycle</td>
<td>Guaranteed Loans</td>
</tr>
<tr>
<td></td>
<td>*Loan must score a minimum of 50 to compete monthly</td>
</tr>
</tbody>
</table>
Application Material

- NOSA scheduled to be issued March 30, 2016.
- Deadline?
- Required application materials including SF 424, Application for Federal Assistance listed in NOSA
How to Apply

Contact

**New Mexico State Energy Coordinator:**
Kim Giang
[Kim Giang@nm.usda.gov](mailto:Kim.Giang@nm.usda.gov)
505.761.4957

**Business & Cooperative Programs Director:**
Richard Carrig
[richard.carrig@nm.usda.gov](mailto:richard.carrig@nm.usda.gov)
505.761.4956

- Submit applications any time of year.
- Applications compete for funding based on score throughout the year.
Rural Economic Development Loan and Grant Program (REDLG)
Rural Economic Development Loans and Grant (REDLG) Program

The REDLG Programs provide financing to eligible Rural Utilities Service (RUS) Electric and Telecommunications borrowers (Intermediaries) to promote sustainable rural economic development and job creation projects.
**REDG (Grant) Program**

Grants are made to Intermediaries to establish Revolving Loan Funds (RLFs). REDG Loans are made by the Intermediary from the RLF to Ultimate Recipients for the purpose of financing specific, approved projects. Ultimate Recipients are responsible for repayment to the Intermediary.

**REDL (Loan) Program**

REDL Zero-Interest Loans are made to Intermediaries, to relend, at a zero-interest rate, to Ultimate Recipients. Ultimate Recipients are responsible for repayment to the Intermediary. The Intermediary will transmit Ultimate Recipient payments to USDA, Rural Development.
### Eligibility

<table>
<thead>
<tr>
<th><strong>Intermediary</strong></th>
<th><strong>Ultimate Recipient</strong></th>
</tr>
</thead>
</table>
| ➢ Current RUS Borrowers and former RUS Borrowers that may have prepaid their RUS loans under previous authorized payment discount programs | ➢ A profit or not-for-profit entity, such as  
  ➢ Sole Proprietorship  
  ➢ Partnership  
  ➢ Limited Liability Company  
  ➢ Corporation  
  ➢ Cooperative  
  ➢ Public Body (city, county, Federally-recognized Indian Tribe, other political subdivision) |
| ➢ RUS General Field Representatives confirm eligibility |  |
Project Purposes

**REDG (Grant) Program**

- Community Development or Community Facility Projects
- Business Incubators
- Facilities and Equipment to provide education and training to residents of rural areas that will facilitate economic development
- Facilities and Equipment to provide medical care to residents of rural areas*
- Projects that utilize Advance Telecommunications or computer networks to facilitate medical or educational services or job training*
- Project Feasibility Studies and Technical Assistance. A qualified Independent Provider must perform the feasibility studies or technical assistance*

*For-profit entities are eligible for these four purposes

**REDL (Loan) Program**

- Start-up venture costs (real estate, buildings, equipment, working capital)
- Business Expansion
- Business incubator projects
- Technical Assistance
- Project Feasibility Studies
- Community facilities, infrastructure, or services
- Advanced Telecommunications services and computer networks for medical, educational, and job training services
## Rates & Terms

<table>
<thead>
<tr>
<th>REDG (Grant) Program</th>
<th>REDL (Loan) Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Maximum Grant of $300,000</td>
<td>➢ Maximum Loan of $1,000,000</td>
</tr>
<tr>
<td>➢ 20 percent Intermediary</td>
<td>➢ Zero-Interest Rate</td>
</tr>
<tr>
<td>Supplemental Contribution will remain permanent part of RLF until the RLF is terminated</td>
<td>➢ Maximum loan term is 10 years, including any principal deferment period. Shorter terms are allowable.</td>
</tr>
<tr>
<td>➢ Initial loan from RLF will be at Zero-Interest rate</td>
<td>➢ Terms to an Ultimate Recipient must equal the terms of USDA loan to Intermediary</td>
</tr>
<tr>
<td>➢ Maximum Term is 10 years</td>
<td>➢ Ultimate Recipients must contribute at least 20% of total project costs to match REDL</td>
</tr>
<tr>
<td>➢ Subsequent loans from “Revolved Funds” will be made in accordance with RLF plan</td>
<td>➢ Loan payments are due monthly</td>
</tr>
</tbody>
</table>
How to Apply

- Contact RD State Office for application package

- Accepted year round, due the last business day of each month to the RD State Office.

- Reviewed, scored, and submitted to National Office by the end of the next month for competition. National Office to hold quarterly competition

Contacts

Richard Carrig, Business & Cooperative Programs Director
(505) 761-4956 – richard.carrig@nm.usda.gov

Kim Giang, Business & Cooperative Programs Specialist
(505) 761-4957 – kim.giang@nm.usda.gov
RD Value-Added Producer Grant (VAPG)
Purpose

• DESCRIPTION: The purpose of the program is to enable producers to develop business that produce and market value-added agriculture products.
Program/Loan Structure

• Maximum Program Benefits:
  Last Year -
  – Planning Grant - $75,000
  – Working Capital - $250,000

NOSA will list for FY 2016.
Who’s Eligible

- Independent Producers
- Farmer and Rancher Cooperative
- Agricultural Producer Groups
- Majority-Controlled Producer-Based Business Ventures
How May Funds be Used?

- Planning Activities
  - Feasibility Studies
  - Developing Business Plans for Processing and Marketing Value-Added Agricultural Products.

- Working Capital Expenses
  - Processing and Marketing Value-Added Agricultural Products
  - Inventory
  - Salaries
  - Office Supplies
Application Material

- Tentative Application Deadline – TBA
- NOSA yet to be issued
- SF 424, Application for Federal Assistance
- Additional application material to be listed in NOSA
Rural Housing Programs

- 515 RRH - Rural Rental Housing Loans
- 514/516 FLH - Farm Labor Housing Grant/Loan
- 538 GRRHP – Guaranteed Rural Rental Housing Program
- 533 HPG - Housing Preservation Grant
- 525 TSA - Technical and Supervisory Assistance Grants

- 502 - Direct Loan Program
- 502 - Guaranteed Loan program
- 523 – Mutual Self-Help Housing Loan Program
- 504 – Housing Repair 524 – Rural Housing Site Loans
- 523/524 - Rural Housing Site Loans
- 306C - Individual Water & Waste Grants
Section 502 Direct Loan

Purpose:
Provide home-ownership to rural families with very low/low incomes
Loans may be used to buy, build, improve, or repair homes
Section 502 RH Direct Loans

Rates and Terms

– Loans are up to 33 years
– Term is 30 years for manufactured homes.
– Interest Rate 3.000% effective 4/1/2016
– Interest Rate Modified by Payment Assistance Subsidy
Section 502 RH Loan Guarantees

Purpose

- Purpose:
  Section 502 loans guarantees are primarily for moderate income households.
  Funds can be used to build or purchase a home.
Section 502 RH Loan Guarantees

Eligibility:

– Income of up to 115% of median income for the area/State.

– The lender determines repayment feasibility, using repayment ratios.
Section 502 RH Loan Guarantees

Approved Lenders:

– Any State Housing Agency
– Lenders approved by HUD
– VA
– Fannie Mae or Freddie Mac
– Direct Farm Credit System Lenders
– Any lender participating in certain other USDA guaranteed loan programs
Section 502 RH Loan Guarantees

Rates and Terms:
- Loans are for 30 years
- Interest rate is set by the lender.
- No required down payment
- 2.75% Guarantee Fee
- .500% Annual Renewal Fee
Section 502 RH Loan Guarantees

Eligibility:

- 640 Credit Score
- 29% PITI Ratio
- 41% Total Debt Ratio.
- There is no required down payment
- Up to 102.75% Financing.
Section 504 RH Repair and Rehabilitation Loans/Grants

Purpose:
Provides loans and grants to very low-income homeowners to repair, improve or modernize their homes or to remove health and safety hazards.
Section 504 RH Repair and Rehabilitation Loans and Grants

Eligibility:

– Must be unable to obtain affordable credit elsewhere and have very low income, (below 50 percent of area median income).

– Repairs and improvements must make the dwelling safe and sanitary or remove health and safety hazards.
Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

Eligibility:
Grants only available to homeowners who are 62 years old or older and cannot repay a Section 504 loan.
Section 504 RH Repair and Rehabilitation Loans and Grants

Rates and Terms:

– Loans of up to $20,000 and grants of up to $7,500 are available.
– Loans are for up to 20 years at 1 percent interest.
Housing Application Packaging Grants

• Provides grants to tax-exempt public agencies and private non-profit organizations to package Single Family Housing Loan applications for submission to RHS

• Packagers assist applicants by pre-screening, making preliminary eligibility determinations, ensuring application is complete and helping applicant understand the program.
Rural Development

WEBSITES

• Rural Development

• RUS FORMS AND INSTRUCTIONS
Questions.....