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USDA COMMUNITY FACILITIES LOANS & GRANTS PROGRAM

How It Works

Provides federal grants and loans from the U.S. Department of Agriculture's (USDA) Rural Development agency (formerly Farmers Home Administration) to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed for a facility, pay necessary professional fees, and purchase equipment required for its operation. This can include fire trucks, fire halls, clinics, assisted living facilities, libraries, city halls, community centers, and other essential community facilities.

Eligible Applicants

Rural areas and towns of up to 20,000 in population such as municipalities, counties, and special-purpose districts, as well as to non-profit corporations and tribal governments.

Application Processing

- 1.) Applications are handled by USDA Rural Development field offices.
- 2.) The Community Facilities application process is a two-stage procedure (preapplication and application). Approximately 45 days is required to determine applicant eligibility, project priority status, and funding availability. After an application is submitted, the time needed to process the application can depend on the scope of the project, environmental review, and legal issues.

Grants

- 1.) The amount of grant assistance (if any) depends on the median household income and the population in the community where the project is located and the availability of grant funds. In most instances, projects which receive grant assistance have a high priority and are highly leveraged with other loan and grant awards.
- 2.) Grant funding limitations are based on population and income, economic feasibility, and availability of funds.
- 3.) Grant assistance may be available for up to 75% of project costs.

- 4.) Projects will be selected based on a priority point system. Projects that will receive priority are those that:
- Serve small communities, with the highest priority going to projects located in a community with a population of 5,000 or less.
 - Serve low-income communities, with the highest priority going to projects serving communities with median household incomes below the higher of the poverty line or 60% of the State non-metropolitan median household income.
 - Provide healthcare, public safety, or public and community services

Loans

- 1.) The interest rate depends on the median household income of the City. The rate can typically be as low as 4.5% and will usually be no higher than commercial bond rates.
- 2.) Loan repayment terms may not exceed the applicant's authority (under State law or organizational structure), the useful life of the facility, or a maximum 40 years.
- 3.) Security Requirements. Bonds or notes pledging taxes, assessments, or revenues will be accepted as security if they meet statutory requirements. If under \$450,000 is borrowed, USDA can take a mortgage on the project instead of bonding, which can save the cost of bond attorneys, bond issuance, etc.

Timetable

Applications can be submitted year-round. Projects are evaluated and ranked for funding by USDA staff, based on the availability of funds for the current fiscal year.

The above description is adapted from USDA Rural Development's web site.
For more information, visit them at...

www.rurdev.usda.gov