

USDA RURAL DEVELOPMENT COMMUNITY FACILITIES PROGRAMS



Committed to the future of rural communities.

Community Programs
USDA Rural Development, Oregon

American Recovery and Reinvestment Act

- **FY 2009/2010 FUNDING – \$1,000,000,000**
(Actual for 2009 / Estimate for 2010) :
 - **LOAN GUARANTEES - \$206,428,571**
 - **DIRECT LOANS – \$294,947,552**
- **ARRA FUNDS ARE AVAILABLE THROUGH SEPTEMBER 2010 UNLESS USED BEFORE THAT DATE - \$1,136,188,811**



Committed to the future of rural communities.

FY 2009/10 FUNDING AVAILABLE

Eligible Purposes and Uses of Funds

- **Critical Access Hospitals, Rural Health Clinics, Assisted Living Facilities and Other Health Care Purposes**
- Major End Items of Equipment such as
 - X-Ray Machines or similar medical equipment,
 - Emergency Services, Ambulance
- Public Safety: Police and Safety Purposes, Fire and Rescue,
 - Emergency Communications
- Community, Cultural, or Social Services such as;
 - City Hall, Library, other Public Services
- Transportation Facilities: Roads, streets, bridges
- Solid waste collection vehicles

SPECIAL CF PROGRAMS

- CF SMALL LOANS / GRANTS–
EQUIPMENT, FIRE AND RESCUE**
- RURAL ECONOMIC DEVELOPMENT
LOANS / GRANTS**
- ENERGY EFFICIENCY PURPOSES**
- RURAL COMMUNITY DEVELOPMENT
INITIATIVE**

Application Processing

- WWW.RURDEV.USDA.GOV/OR/CF.HTM
 - CF DIRECT LOAN PRE-APPLICATION GUIDE
 - FEASIBILITY STUDY GUIDE FOR CRITICAL ACCESS HOSPITALS
 - FEASIBILITY STUDIES
 - TECHNICAL ASSISTANCE
 - APPLICATIONS

USDA Rural Development Community Facilities GUARANTEED LOANS

- WHY THE GUARANTY PROGRAM?
 - INCREASES FUNDS FOR RURAL AREA NEEDS
 - LEVERAGES LOCAL BANK FUNDS
 - REDUCES LENDER RISK
 - ENHANCES SERVICES TO RURAL COMMUNITIES
 - STRENGTHENS ECONOMIC BASE
 - GOOD FOR COMMUNITY



- USE OF FUNDS:
COSTS RELATED TO THE CONSTRUCTION, ENLARGEMENT, EXTENSION OR OTHER IMPROVEMENTS OR EXPANSIONS OF ESSENTIAL COMMUNITY FACILITIES, INCLUDING EQUIPMENT.
- Typical project size is \$1MM - \$25MM.

COMMON ELEMENTS

BETWEEN Loan Guarantees and Direct Loans

- Improve, develop, or finance essential community facilities (especially health care)
- Located in rural areas under 20,000 population
- Terms limited to lesser of useful life; 40 years, or by state law – (Typically 30 years for a CAH)
- May be used together with other funding sources
- Economic Feasibility Required

FINANCIAL PROGRAMS

- Guaranteed Loans
 - Keep investments local
 - Rates often close to prime
 - 1% Guarantee Fee
 - Up to 90% Guarantee
 - No upper limit on size of loan
 - Lender driven
- Direct Loans
 - RD Processes at Area Offices
 - Rates typically about 4.5% *
 - No added fees
 - Loans in excess of \$3,000,000 not common but possible
 - * Rates vary each quarter, but are fixed once the loan is closed

FINANCIAL PROGRAMS FOR SMALL PROJECTS

- **Community Facility Grant** – Health Care, Public Safety, Emergency Services – typically under \$90,000 dependent on need
- **Rural Economic Development Loan / Grant**
 - Loans up to \$740,000 / Grants to \$300,000
 - Loan or grant made to an eligible utility to establish a revolving loan fund for an eligible purpose
 - Community, Health Care, Public Safety, Emergency Services
 - Up to 10 years to repay
 - Usually a 20% minimum match
 - Recipient relends funds to ultimate recipient at zero interest with a small servicing fee
 - Best used with equipment purchases under \$750,000
- **Rural Business and Cooperative Service** Grants and Loans are available for energy efficiency projects through RBS and for communities larger than 20,000 population.

ECONOMIC FEASIBILITY

- **An independent feasibility and architectural or engineering report prepared by a qualified third party is required for:**
 - **Any project in excess of \$500,000 or that is**
 - **Dependent on facility revenues; or**
 - **Where a new owner/entity with limited operating experience is applying**
- **A Preliminary Architectural/Engineering Report will also include preliminary cost estimates, drawings, and site plans**

ECONOMIC FEASIBILITY

- **DESCRIBES NEED**
 - **DESCRIBES CURRENT FACILITIES**
 - **DESCRIBES PROPOSED FACILITY**
 - **INCLUDES MANAGEMENT PREPARED ASSUMPTIONS**
 - **INCLUDES FINANCIAL PROJECTIONS FOR 5 YEARS**
 - **INCLUDES BALANCE SHEETS, STATEMENT OF INCOME AND EXPENSES, AND STATEMENT OF CASH FLOWS**
 - **INCLUDES COMPARISON DATA FOR FACILITIES IN AREA FOR MOST RECENT YEAR**
-
- **WWW.RURDEV.USDA.GOV/OR/CF.HTM**
 - **FEASIBILITY STUDY GUIDE FOR CRITICAL ACCESS HOSPITALS**

Project Selection

High Priority Projects are found in communities with -

- Population < 5,000, and
- Median Household Income (MHI) < \$41,230, with
- Leveraged (Joint) financing > 20%

And are for projects involving a -

- Health Care Purpose
- Public Safety Purpose
- Child Care / Day Care
- Renewable Energy or Energy Efficiency (Not for Resale)



Committed to the future of rural communities.

Community Programs
USDA Rural Development, Oregon

Example - CAH New Construction

Total Debt \$21,500,000

Loan Amount	Loan Type	Terms	Payment
\$10,500,000	RD Guaranteed CF – 90% Note and DOT	30 Year P + 2 (5.25%)	\$702,660
\$8,000,000	RD Direct CF – GO Bond	30 year 4.5%	\$491,200
\$2,950,000	State SPWF	25 years 4.75%	\$204,111
\$21,500,000	TOTALS	5% average	\$1,397,971

Benefits of RD Guaranteed Loans

- A ready Secondary Market to strengthen Lender liquidity and provide economic stability
- RD Guaranteed Loans do not count against a Lender's Loan Loss Reserves
- RD Financing offers overall lower fees than competitors.
- RD financing improves cash flow
- Investments Bankers can structure more favorable deals with RD Guarantee

- CAH Financing allows for reimbursement for debt obligations and higher levels of reimbursement



Committed to the future of rural communities.

In today's market RD financing is the best alternative

Community Programs Contacts

RUS Processing Offices

Rural Development
780 Bailey Hill Road, Suite 5
Eugene, OR 97402
Phone: (541) 465-6443 Ext. 112

Rural Development
200 SE Hailey Avenue, Suite 105
Pendleton, OR 97801-4198
Phone: (541) 278-8049 Ext. 132

Rural Development
1201 NE Lloyd Blvd., Suite 801
Portland, OR 97232-1274
Phone: (503) 414-3327

Rural Development
625 SE Salmon Ave. Suite 5
Redmond, OR 97756
Phone: (541)-923-4358 Ext. 137

Rural Development
2440 NW Troost #200
Roseburg, OR 97470
Phone: (541) 673-0136 Ext. 110

Rural Development
10507 N. McAllister Rd, Suite 2
LaGrande, OR 97850-8716
Phone:(541) 963-4178 Ext. 103

Contact Person(s)

Rosanne Volker-Bronson
rosanne.volker@or.usda.gov

Janet Suter
janet.suter@or.usda.gov

Samuel B. Goldstein
sam.goldstein@or.usda.gov

Pam Swires
pam.swires@or.usda.gov

Clem Singer
clem.singer@or.usda.gov

LaDonn McElligott
ladonn.mcelligott@or.usda.gov

Counties Served

Benton, Lane, Lincoln,
Linn, and Polk

Gilliam, Morrow,
Umatilla, and Wheeler

Clackamas, Clatsop, Columbia,
Marion, Multnomah,
Tillamook, Washington and
Yamhill

Crook, Deschutes, Harney,
Jefferson, Klamath, Lake,
Wasco, Sherman, Hood River

Coos, Curry, Douglas,
Jackson and Josephine

Baker, Grant, Malheur,
Union, Wallowa



Committed to the future of rural communities.

RURAL DEVELOPMENT STATE OFFICE
1201 NE Lloyd Blvd., Suite 801 - Portland, OR 97232-1274
Phone: (503) 414-3360

Community Programs Contacts

Contact Person(s)

Rosanne Volker-Bronson

rosanne.volker@or.usda.gov

Phone: (541) 465-6443 Ext. 112

Janet Suter

janet.suter@or.usda.gov

Phone: (541) 278-8049 Ext. 132

Samuel B. Goldstein

sam.goldstein@or.usda.gov

Phone: (503) 414-3327 Ext. 3327

Pam Swires

pam.swires@or.usda.gov

Phone: (541)-923-4358 Ext. 137

Clem Singer

clem.singer@or.usda.gov

Phone: (541) 673-0136 Ext. 132

LaDonn McElligott

ladonn.mcelligott@or.usda.gov

Phone:(541) 963-4178 Ext. 103

Area Served

Benton, Lane, Lincoln, Linn and Polk

Gilliam, Morrow, Umatilla, and Wheeler

Clackamas, Clatsop, Columbia, Marion
Multnomah, Tillamook, Washington and Yamhill

Crook, Deschutes, Harney, Jefferson, Klamath,Lake
Wasco, Sherman, and Hood River

Coos, Curry, Douglas, Jackson and Josephine

Baker, Grant, Malheur, Union, Wallowa



Committed to the future of rural communities.

RURAL DEVELOPMENT STATE OFFICE
1201 NE Lloyd Blvd., Suite 801 - Portland, OR 97232-1274
Phone: (503) 414-3360