

USDA RURAL DEVELOPMENT

Community Facility Direct Loans RD Instruction 1942-A and 1942-C

USDA Rural Development makes loans to develop essential rural community facilities in areas of up to 20,000 in population. Direct loans may be made to applicants unable to obtain commercial credit. Priority is given to applicants in rural communities with populations of 5,000 or less.

Types of Projects Financed:

Health Care – hospitals, medical clinics, nursing homes, assisted living facilities, etc.

Public Safety – police and fire stations and equipment, 911 communication centers, detention facilities

Public Services – adult and child care centers, community centers, city halls, charter schools, libraries, museums, transitional homes, animal shelters, airports, streets, bridges, etc.

Who May Apply?

Eligible entities are limited to public bodies such as a city or town, county, special-purpose district, or other political subdivision of a State, or a nonprofit organization.

Applicants must:

Be unable to finance the proposed project from their own resources or through commercial credit at reasonable rates and terms;

Have the legal authority to own, construct, operate, and maintain the proposed facility;

Provide for facilities needed for orderly community development, consistent with any State strategic plan;

Nonprofit organizations must demonstrate significant ties to the local community in order to ensure that the facility will carry out a public purpose and continue to primarily serve rural areas. They must also be able to provide letters of support from each government body that would be affected by the proposed project.

What are the Interest Rates and Terms?

The interest rate is a fixed rate for the term of the loan. The maximum term on all loans is 40 years. However, the repayment period is limited to the useful life of the facility or equipment or any statutory limitation on the applicant's borrowing ability.

Projected Interest rates as of 07/01/09

Poverty Line - 4.50%

Intermediate – 4.375%

Market – 4.375%

The above interest rates are subject to change each quarter

What Security is required?

All loans will be secured to protect the interest of the Government. Each applicant must satisfactory document that the project will be financially feasible. Bonds or notes pledging taxes, assessments, or revenues will be accepted as security if they meet statutory requirements. Where State laws permit, a mortgage, security agreement and financing statement will also be taken on real and personal property serving as security. Tax-exempt or taxable bonds may be issued to secure direct loans.

Where is the Application package obtained and filed?

Contact the Area Office serving your community:

Harrison office at 870-741-4050 –Johnny James
Jonesboro Office at 870-972-4720, Extension 5 – Raymon Covey
Forrest City Office at 870-633-3055, Extension 5 – Gregory Dale
Monticello Office at 870-367-8400, Extension 5 – Mable Gibbs or Stephen Horsman
Hope Office at 870-777-8800, Extension 5 – Dana Wrinkle or David Stowers
Fort Smith Office at 479-646-8300, Extension 5 – Gary Osborne

If you cannot reach someone in the Area Office near where you are located, please contact Stephen Lagasse or David Kirchner in the State Office at 501-301-3265.

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Additional information on USDA Rural Development programs and related forms can be obtained at the following website: http://www.rurdev.usda.gov/rhs/cf/brief_cp_direct.htm

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