



Committed to the future of rural communities.

American Recovery and Reinvestment Act of 2009

Rural Development: Implementing the American Recovery and Reinvestment Act of 2009 (Recovery Act)

Rural Development's Business and Industry (B&I) Guaranteed Loan Program

Rural Development's B&I Guaranteed Loan Program has received approximately \$3 billion under Division I, Title A, of the Recovery Act to provide additional funds to lenders in connection with our program's purpose to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This will be achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits. We have funds available under this authority through September 30, 2010.

To request **application materials** under this authority, please contact your local Rural Development Office for assistance. You can also click on the preliminary rural area eligibility determination for the program. Final eligibility determinations are made by the State Rural Development Offices. [RD Office Locator](#) | [Eligibility More >>](#)

Rural Development's Business Enterprise Grant Program

Rural Development's Rural Business Enterprise Grant (RBEG) program will receive approximately \$20 million dollars under the Act to provide funding for a broad variety of programs to support business development in rural areas. RBEG funding may be used for many purposes making it uniquely suited to meet the varying needs of individual areas while helping to speed economic

recovery. The RBEG program may fund projects as varied as business revolving loan funds, business district infrastructure projects, capital improvement projects, business incubators, and downtown revitalization projects. The program has been used successfully throughout Rural America to fund projects that will create or save jobs. In Fiscal Year 2008, the program created or retained over 18,000 jobs at a cost of under \$3,000 per job.

To request **application materials** under this authority, please contact your local Rural Development Office for assistance. Grant award decisions are initially made at the State level. Projects not able to obtain funding through Rural Development State Offices may be submitted for national competition. [RD Office Locator](#) | [More >>](#)

Rural Utilities Service Broadband Investment Program \$2.5 billion for Loans and Grants

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 ("ARRA"). This document provides information on how Rural Development's Rural Utilities Service (RUS) will implement the broadband provisions of the ARRA.

Vision

Rural Utilities Service will support the expansion of broadband service in rural areas through financing and grants to projects that provide access to high speed service and facilitate economic development in locations without sufficient access to such service. For more information go to:

<http://www.broadbandusa.gov>

Community Facilities Direct Loan and Grant Programs

Community Facilities (CF) direct loans and grants are available to develop essential community facilities in rural areas and towns of up to 20,000 in population. Funds may be used for facility acquisition, construction, renovation, or the purchase of equipment and furnishings. Eligible applicants are units of local government, non-profit organizations, and Federally-recognized Indian tribes. Grants are available on a prorated basis for projects in communities with smaller populations and lower median household

incomes. Facilities financed through the CF program must primarily serve rural residents. The goal of the CF program is to improve the quality of life for rural residents through the provision of essential community facilities such as health care, public safety, and education. The program provides facilities, equipment, and furnishings to house and provide these services; operating funds are not available through this program.

The American Recovery and Reinvestment Act provides \$1.1 billion for CF direct loans through fiscal year (FY) 2010. The average CF direct loan in FY 2008 was \$665,229. For CF grants, just over \$61 million is available. CF loan and grant applications are processed at the local level. Please contact the Rural Development Area Office serving your community for additional information and application materials. [RD Office Locater](#) | [More >>](#)

Section 502 Direct Loan Program

Funding Provided: \$967,113,096. The Recovery Act investments in the 502 direct loan program will provide assistance to those impacted by the recession, preserve jobs and promote economic recovery. Banks and other financial institutions are reluctant to lend money in the current economic environment. The lack of available credit to purchase a home combined with the number of foreclosures in the market is negatively impacting the housing industry as well as other sectors of the economy. 502 direct Recovery Act funds will provide additional credit for affordable home loans. Loan funds will also provide economically distressed low and very-income homeowners located in eligible rural areas with the opportunity to refinance a qualified existing mortgage to an affordable loan.

Section 502 direct loans are authorized by title V of the Housing Act of 1949. 7 CFR Part 3550 provides the policies for the direct single family housing loan programs. Section 502 direct loan program helps low and very-low income applicants who cannot qualify for other credit, including a 502 guaranteed loan, purchase a modest dwelling located in a rural area. Very low income is defined as below 50 percent of the area median income (AMI) and low income is between 50 and 80 percent of AMI. Applicants may obtain 100% financing and must be able to afford the mortgage payments, including taxes and insurance, which are typically within 24 percent of an applicant's income through a payment subsidy to enhance repayment ability. Housing must be modest in size and design, and must not exceed the applicable area loan limit.

Refinancing is also available in limited circumstances for eligible homeowners at risk of losing their homes. Reducing the number of foreclosures as well as preserving jobs in the real estate industry will stimulate the depressed housing sector. For additional information about the 502 direct single family housing loan program click here. [More >>](#)

Section 502 Guaranteed Loan Program

The Recovery Act investments in the 502 guaranteed loan program will provide assistance to those impacted by the recession, preserve jobs and promote economic recovery. Banks and other financial institutions are reluctant to lend money in the current economic environment, a reluctance that is lessened when the loan has a guarantee backed by the full faith and credit of the Federal Government. The lack of available credit to purchase a home, combined with the number of foreclosures in the market, is negatively impacting the housing industry as well as other sectors of the economy. Recovery Act 502 Guaranteed loan funds will encourage private sector lenders to make affordable home loans in rural America. There are over 3,000 private sector lenders participating in the section 502 guaranteed loan program.

Section 502 guaranteed loans are authorized by title V of the Housing Act of 1949. 7 CFR Part 1980-D provides the policies for the guaranteed single family housing loan program. The section 502 guaranteed loan program helps low- and moderate-income applicants to purchase a modest dwelling located in a rural area. Low-income is defined as between 50 and 80 percent of the area median income (AMI) and moderate-income is between 80 and 115 percent of AMI. Applicants may obtain 100% financing and must demonstrate the ability to afford the mortgage payments, including taxes and insurance, which are typically within 29 percent of an applicant's income. For additional information about the single family housing section 502 guaranteed loan program, click here. [More >>](#)

Water and Environmental Programs

The American Recovery and Reinvestment Act (ARRA) provides approximately \$3.7 billion in loans and grants for rural water and wastewater infrastructure through the existing USDA Rural Development Water and Waste Disposal (WWD) loan and grant program. The WWD provides loans, grants, loan guarantees and technical assistance for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns of

10,000 or less. Public bodies, non-profit organizations and federally recognized Indian tribes may qualify for assistance. Applications are accepted on a continuous basis. Preference for funding will be given to projects that are ready to commence . For more information on how to apply for assistance, please contact one of our Rural Development State or Area Offices. [RD Office Locator](#) | [More >>](#)