



Community Facilities Direct Loan & Grant Program Program 101

Abbreviated Fact Sheet

Program Status: Open

What does this program do?

This program provides affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings.

Who may apply for this program?

Eligible borrowers include:

- Public bodies
- Community-based non-profit corporations
- [Federally-recognized Tribes](#)

What is an eligible area?

Rural areas including cities, villages, townships and towns including Federally Recognized Tribal Lands with no more than 20,000 residents according to the latest [U.S. Census Data](#) are eligible for this program.

How may funds be used?

Funds can be used to purchase, construct, and / or improve essential community facilities, purchase equipment and pay related project expenses.

Examples of essential community facilities include:

- Health care facilities such as hospitals, medical clinics, dental clinics, nursing homes or assisted living facilities
- Public facilities such as town halls, courthouses, airport hangars or street improvements
- Community support services such as child care centers, community centers, fairgrounds or transitional housing
- Public safety services such as fire departments, police stations, prisons, police vehicles, fire trucks, public works vehicles or equipment
- Educational services such as museums, libraries or private schools
- Utility services such as telemedicine or distance learning equipment
- Local food systems such as community gardens, food pantries, community kitchens, food banks, food hubs or greenhouses

For a complete list see Code of Federal Regulations [7 CFR, Part 1942.17\(d\)](#) for loans; [7 CFR, Part 3570.62](#) for grants.

What kinds of funding are available?

- Low interest direct loans
- Grants
- A combination of the two above, as well as our [loan guarantee program](#). These may be combined with commercial financing to finance one project if all eligibility and feasibility requirements are met.

What are the funding priorities?

- Priority point system based on population, median household income
 - Small communities with a population of 5,500 or less
 - Low-income communities having a median household income below 80% of the state nonmetropolitan median household income.

What are the terms?

Funding is provided through a competitive process.

Direct Loan:

- Loan repayment terms may not be longer than the useful life of the facility, state statutes, the applicants authority, or a maximum of 40 years, whichever is less
- Interest rates are set by Rural Development, contact us for details and current rates
- Once the loan is approved, the interest rate is fixed for the entire term of the loan, and is determined by the median household income of the service area and population of the community
- There are no pre-payment penalties
- Contact us for details and current interest rates applicable for your project

Grant Approval:

1. Applicant must be eligible for grant assistance, which is provided on a graduated scale with smaller communities with the lowest median household income being eligible for projects with a higher proportion of grant funds. Grant assistance is limited to the following percentages of eligible project costs: Maximum of 75 percent when the proposed project is:
 - Located in a rural community having a population of 5,000 or fewer; and
 - The median household income of the proposed service area is below the higher of the poverty line or 60 percent of the State nonmetropolitan median household income.
2. Maximum of 55 percent when the proposed project is:
 - Located in a rural community having a population of 12,000 or fewer; and
 - The median household income of the proposed service area is below the higher of the poverty line or 70 percent of the State nonmetropolitan median household income.
3. Maximum of 35 percent when the proposed project is:
 - Located in a rural community having a population of 20,000 or fewer; and
 - The median household income of the proposed service area is below the higher of the poverty line or 80 percent of the State nonmetropolitan median household income.

4. Maximum of 15 percent when the proposed project is:

- Located in a rural community having a population of 20,000 or fewer; and
- The median household income of the proposed service area is below the higher of the poverty line or 90 percent of the State nonmetropolitan median household income. The proposed project must meet both percentage criteria. Grants are further limited.
- Grant funds must be available

Are there additional requirements?

- Applicants must have legal authority to borrow money, obtain security, repay loans, construct, operate, and maintain the proposed facilities
- Applicants must be unable to finance the project from their own resources and/or through commercial credit at reasonable rates and terms
- Facilities must serve rural area where they are/will be located
- Project must demonstrate substantial community support
- Environmental review must be completed/acceptable

How do we get started?

- Contact your local office to discuss your specific project
- Applications for this program are accepted year round
- Program resources are available online (includes forms needed, guidance, certifications)
- Request a [Data Universal Number System \(DUNS\)](#) number if your organization doesn't already have one. It should not take more than a few business days to get your number.
- Register your organization with the [System for Award Management \(SAM\)](#) if you aren't already registered. The registration is free, but you need to complete several steps.

Who can answer questions?

Contact your [local RD office](#).

What governs this program?

- Direct Loans: [7 CFR Part 1942, Subpart A](#)
- Grants: [7 CFR Part 3570, Subpart A](#)

NOTE: Because citations and other information may be subject to change please always consult the program Instructions listed in the section above titled "What Law Governs this Program?" You may also contact [your local office](#) for assistance.

Forms & Resources

NOTE: If state specific forms are not shown above, please refer to the application materials listed below to start the process of applying. Please ensure that your state is selected in the dropdown menu above to find the [State Office contact information](#) for this program and speak to a [Community Programs Specialist](#) before attempting to fill out any forms or applications. This will save you valuable time in the process.

Application Checklist for use with this program:

[RD Form 1942-40, Checklist - Public Body](#) (pdf) or

[RD Form 1942-39, Checklist - Other Than Public Bodies](#) (pdf)

Engineering

Individual states may have particular requirements based on state and local regulations. Please select your state in the dropdown menu above to find your local contact for this program.

Environmental

Rural Development environmental requirements can be found here: [RD 1970 Environmental Policies and Procedures](#). Benefits of the 1970 environmental regulations are described here: [7 CFR 1970 Benefits](#).

Architect

Rural Development (RD) Programs, such as Community Facilities (CF) and Multi-Family Housing (MFH), involve the construction of new buildings or renovation of existing facilities. The development of these facilities involves the need for architectural services for the preparation of plans, specifications, public bidding, contracting, construction, and construction monitoring.

Applicants, at the earliest possible time, should provide a Preliminary Architectural Feasibility Report, including the Cost Estimate, for the review by the RD Area Loan Specialist and RD State Architect. These two documents are needed to determine the project's feasibility. RD's State Architect will evaluate and provide architectural/construction guidance to the Applicants and their Architects, for RD financed architectural projects, in the following areas:

- Initial site visit & evaluation of the proposed project
- Preliminary Architectural Feasibility Report
- Agency concurrence of Owner/Architect Agreements
- Agency acceptance of Plans & Specifications
- Agency concurrence of Construction Contract documents
- Construction & construction monitoring

Interest Rates

Current interest rates for the 2nd Quarter of Fiscal Year 2017, effective April 1 - June 30, 2017

Poverty: 4.500%*
Intermediate: 3.875%*
Market: 3.375%

For this quarter, all loans will be given at the lower market rate.

