

# United States Department of Agriculture Rural Development

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Committed to the future of rural communities.

# Funding for Non-profits and Public Bodies



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# Community Programs Overview



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## Community Programs

# Eligible Areas

Cities and census designated places with populations under 20,000; and unincorporated communities.



# Eligible Area (con't)

- The facility not the applicant must be located in a rural area
- Can be adjacent to an ineligible area as long as the facility primarily serves rural areas.

# Eligible Applicants

- Nonprofit Organizations that are broadly based and have significant community support
- Indian Tribes
- Public Bodies – including cities, counties and special districts



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## Community Programs

# Eligible Purposes

- Equipment and software
- Construction
- Legal fees
- Consulting Fees

# Rates and Terms

- Interest Rates
  - Established on quarterly basis – fixed once funds are obligated.
  - Current Rate in effect to projects obligated between April 1<sup>st</sup> and June 30<sup>th</sup> is 3.375%
- Terms
  - Equipment: 3 – 7 years
  - Real Estate Improvements: up to 40 years



# Collateral

- Must be adequate to secure loan
- Promissory Note
- Lien on Acquired Property
- Assignment of income (can include incentive payments)
- Bonds, COPs

# Direct Loans

- No minimum
- Maximum \$20 million or determined by feasibility
- \$3 million approval authority in CA
- Over \$3 million approved in Washington D.C.

# Great Plains Health Alliance Kansas



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- Great Plains is an organization of leased, managed and affiliated hospitals in Kansas and Nebraska.
- \$5 million direct and guaranteed loan for Health IT made to Great Plains to provide EHR in 22 County hospitals in Kansas.

# Stamford Hospital District Texas



- \$112,500 Direct Loan for the purchase of an electronic health records system.

# Sac-Osage Hospital Missouri



\$695,000 Guaranteed CF loan for the purchase of an electronic health records system.



# How to Apply



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CF Loan Application Checklist	Document or Form
Board Resolution authorizing filing of an application	Sample attached
Application for Federal Assistance	SF 424
Current Operating Budget	
Last Three Years Audits	
Current Fiscal Year-to-date in house financials	
Three years proforma financials reflecting the effects of this project.	
Financial Feasibility Report	RD Instruction 1942-A Guide 5
Detailed Project Cost Estimate	
Evidence of notification to State Clearinghouse	Sample letter and front page of SF 424
Copy of current by-laws and articles of incorporation with Secretary of State reproduction certification	Secretary of State
Current Certificate of Good Standing	Secretary of State
Evidence of public meeting and publishing of Notice of Intent to file an application	Sample attached
Statement of proposed collateral	
Listing of Board Members and their Terms of Office	
Required Certifications	AD-1047, AD 1049, RD 400-1, RD 400-4, 1940-Q Exhi A-1; RD 1910-11; OMB No. 1890-014; CF App Certification
NEPA Environmental Checklist	RD 1940-20



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- Visit our website at

<http://www.rurdev.usda.gov/CA-CFPrograms.html>

and download an application or contact us.



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# Contacts for Health Information Technology Projects

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Anita Lopez, (530) 792-5822

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Richard Brassfield, (559) 276-7494 x137

[richard.brassfield@ca.usda.gov](mailto:richard.brassfield@ca.usda.gov)

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## Community Programs

# Putting Money in the Hands of Rural Business Owners



# Rural Development Business Programs for HIT

- Guaranteed Business & Industry Loan Guarantee Program
- Intermediary Relending Program

# Population Requirements

- Business and Industry Loan Guarantees
  - <50,000 population
- Intermediary Relending Program
  - <25,000 population

# Population Requirements

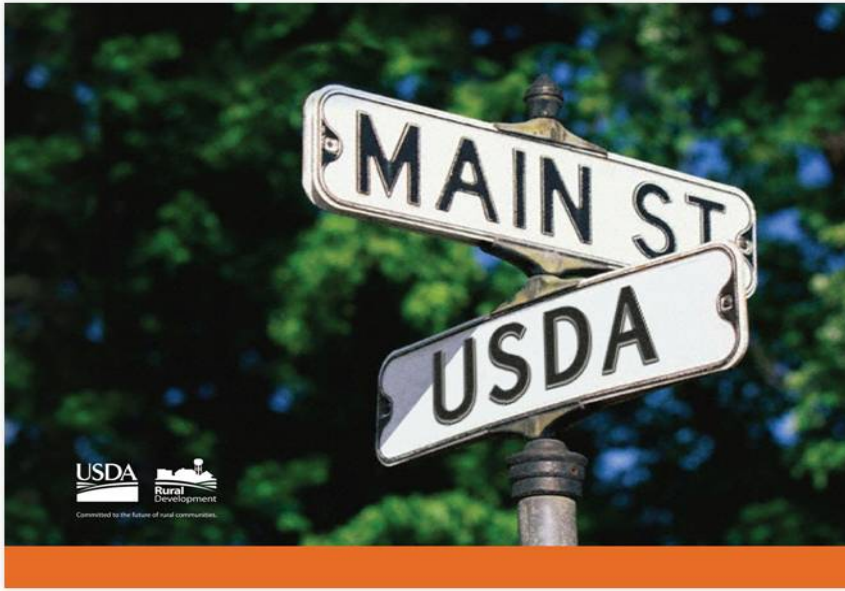
Eligible Areas have expanded:

Auburn, Galt, Beaumont, Banning, Durham, Gilroy, Atwater, Sebastopol  
Exeter, Cherry Valley, Alpine, Healdsburg, Anderson, Graton, Farmersville  
and parts of Riverbank and West Sacramento

Website for eligibility:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Under “Property Eligibility” choose “Business Programs”



# BACKING THE BUSINESS OF RURAL AMERICA

## Business & Industry Guaranteed Loan Program



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# Program Goals

- Enhance Lender Profits
- Increase Commercial Credit in Rural Areas
- Rural Employment
- Helping Business
- Stimulating the Economy
- “Sustainable Economic Development”



# Borrower Eligibility

- Essentially any legal entity (profit or nonprofit), Indian Tribe, public body, or individual with a business
- Rural area - outside urbanized area of a city with a population of 50,000 - some exceptions
- US ownership -  $\geq 51\%$

# Eligible Uses of Funds

Essentially any business purpose

- R/E purchase or improvement
- Purchase equipment, inventory
- Refinancing

# Rates and Terms

- Rates and terms negotiated between lender and borrower
- Maximum terms
  - R/E - 30 years
  - M&E - 15 years
  - Working capital - 7 years

# Credit Quality

- No substandard loans
- Lender will provide a credit analysis
- Collateral must be adequate to secure the loan

# Percent of Guarantee

- Maximum loan amount is \$25 million  
\$40 million for rural cooperative organizations
- Percent of Guarantee
  - ≤ \$5 million - 80%
  - \$5-10 million - 70%
  - > \$10 million - 60%
  - High-priority projects ≤ \$10 million - 90%

# Guarantee Fees

- Initial fee
  - 2% of loan amount X percent of guarantee
  - 1% fee may be available
- Renewal Fee
  - ¼ % of the principal balance annually
  - Rate established annually

# Previous Funding

- The Business and Industry program has provided loan guarantees for 4 clinics, 4 nursing homes, and a healthcare office building.

# Contacts for the Business and Industry Loan Guarantee Program

- Tammy Laizure, (530) 534-0112,  
[tammy.laizure@ca.usda.gov](mailto:tammy.laizure@ca.usda.gov)
- Larry Strong, (530) 792-5805,  
[larry.strong@ca.usda.gov](mailto:larry.strong@ca.usda.gov)
- Lee Takikawa, (559) 276-7494,  
[lee.takikawa@ca.usda.gov](mailto:lee.takikawa@ca.usda.gov)



# Intermediary Relending Program

- RD makes loan to an intermediary who relends the funds to businesses.
- Loans up to \$250,000
- Contact Dan Johnson, (661) 336-0967 x127, [daniel.johnson@ca.usda.gov](mailto:daniel.johnson@ca.usda.gov)

# Other Resources

- SBA Loan Guarantee Programs – see your lender
- Local Economic Development Corporations
- Small Business Development Centers



Thank you!



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