



Committed to the future of rural communities.

Rural Community Programs

Water and Environmental Programs

PURPOSE

The Water and Waste Disposal Programs provide loans and grants for water, sewer, storm water, and solid waste disposal facilities in cities and towns up to 10,000 people and rural areas with no population limits. There are two main programs that provide financial and technical assistance for development and operation of safe and affordable water supply systems and sewage and other forms of waste disposal facilities: the Water and Waste Disposal Loans and Grants program and the Emergency Community Water Assistance Grants program.

- Direct loans and/or grants have been set aside for:
 - (1) Areas designated Empowerment Zones/Enterprise Communities and Rural Economic Area Partnership Zones.
 - (2) Certain projects where at least 50 percent of the users of the facility/project are Native Americans
 - (3) Communities along the U.S.-Mexico border designated as "colonias"
 - (4) Rural Alaskan villages
 - (5) Water emergencies and disaster relief

WATER AND WASTE DISPOSAL LOANS AND GRANTS

ELIGIBLE APPLICANTS

- Recipients must be public entities. These can include municipalities, counties, special purpose districts, Indian tribes, and corporations not operated for profit, including cooperatives. A new entity may be formed to provide the needed service if an appropriate one does not already exist.
- Applicants must:
 - (1) Be unable to obtain needed funds from commercial sources at reasonable rates and terms.
 - (2) Have the legal capacity to borrow and to repay loans, to pledge security for loans, and to operate and maintain the facilities.
 - (3) Propose facilities that are consistent with any development plans of the State, multijurisdictional area, counties, or municipalities where the project is to be located. All facilities must comply with Federal, State, and local laws, including those involving zoning regulations, health and sanitation standards, and water pollution control.
- Grants may be provided when necessary to reduce user costs to a reasonable level. They may cover a maximum of 75 percent of eligible facility development costs.

ELIGIBLE USES

Loan and grant funds may be used to:

- Construct, repair, modify, expand, or otherwise improve water supply and distribution systems and waste collection and treatment systems, including storm drainage and solid waste disposal facilities. Certain other costs relate to development of the facility may also be covered.
- Acquire needed land, water sources, and water rights.
- Pay costs such as legal and engineering fees when necessary to develop the facilities

LOAN TERMS

The law authorizing the program allows a maximum repayment period of 40 years. However, the repayment period cannot exceed the useful life of the facilities financed or any statutory limitation on the applicant's borrowing authority.

INTEREST RATE

Three interest rates are used. They are set periodically based on an index of current market yields for municipal obligations. The most current rates are available on the RUS Water and Environmental Programs Home Page on the Internet at <http://www.usda.gov/rus/water/int-rate.htm>.

(continued on back)

USDA is an equal opportunity provider, employer and lender.

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 733-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay).

Revised 03/2009 | CR Stmt 7/2/2012

INTEREST RATE (con't)

- (1) Poverty Rate – The poverty rate applies when:
 - (a) The primary purpose of the loan is to upgrade existing facilities or construct new facilities required to meet applicable health or sanitary standards;
and
 - (b) The median household income (MHI) of the service area is below the poverty line for a family of four or below 80 percent of the Statewide Nonmetropolitan MHI (SNMHI).
 - (2) Market Rate – The market rate is set quarterly based on the average of the “Bond Buyer” 11-Bond Index over a four week period prior to the beginning of the quarter. It applies to loans for projects where the MHI of the service area exceeds the SNMHI.
 - (3) Intermediate Rate – It applies to loans that do not meet the criteria for either the poverty rate or the market rate.
- Borrowers may choose the interest rate in effect on the date of loan approval or on the date of loan closing.
 - Loans are secured so as to adequately protect the Government’s interest. Bonds or notes pledging taxes, assessments, or revenues may be accepted if they meet statutory requirements. A mortgage or other lien may be also taken on the applicant’s property when State laws permit.

APPLICATION REQUIREMENTS

- Form SF424, Application for Federal Assistance
- Supporting documentation needed to determine eligibility, such as financial statements, audits, organizational documents, existing debt instruments, environmental and engineering reports. Applicants will be advised what documentation is necessary.

CONTACT INFORMATION:

USDA Rural Development
Rural Community Programs
5417 Clem’s Way,
Stevens Point, WI 54482
(715) 345-7610 phone
(715) 345-7616 fax
E-mail: rd.bcp.so@wi.usda.gov