



# USDA Rural Development Programs

# Topics



- About USDA Rural Development
- Business & Cooperative Programs (BCP)
- Community Facilities Programs (CF)
- Water and Environmental Programs (WEP)
- Single Family Housing Programs (SFH)
- Multi-Family Housing (MFH)

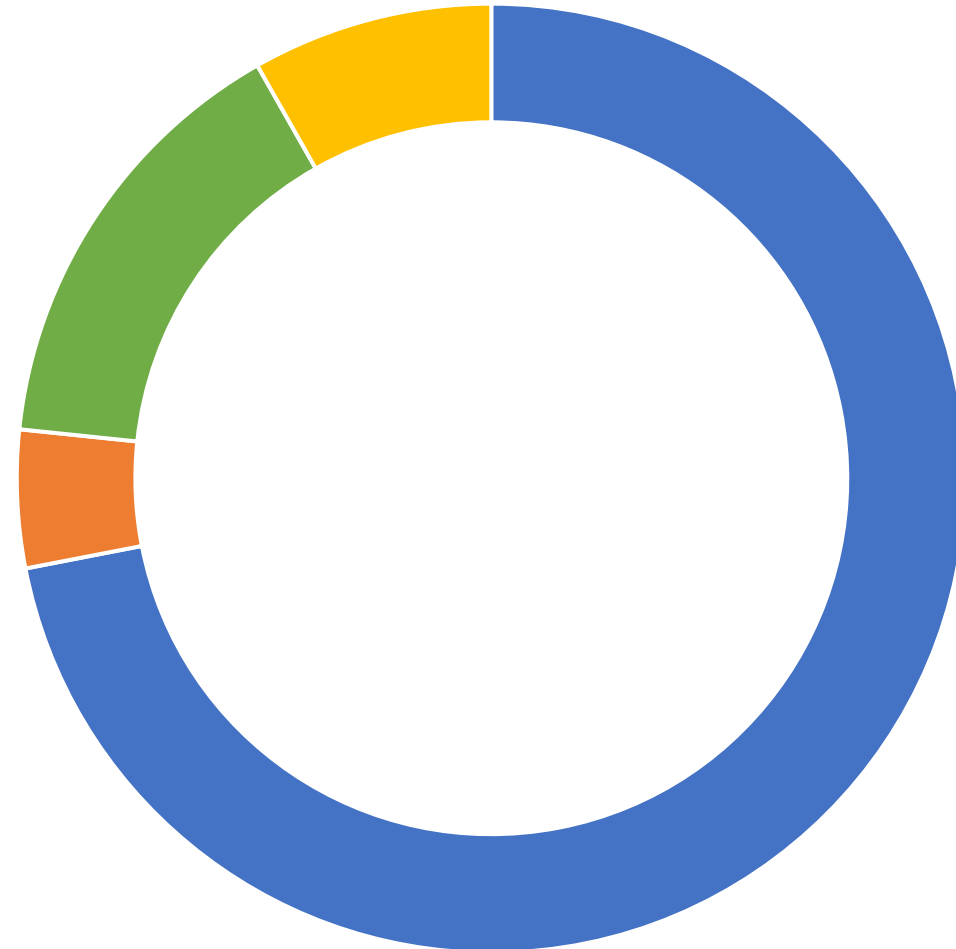
# USDA Rural Development Programs



Rural Housing & Community Facilities	Rural Utilities Service	Rural Business & Cooperative Service
<ul style="list-style-type: none"><li>• Homeownership Loans</li><li>• Home Repair Loans &amp; Grants</li><li>• Mutual Self-Help TA Grants</li><li>• Multi-Family Housing Loans</li><li>• Housing Preservation Grants</li><li>• Community Facilities Loans &amp; Grants</li></ul>	<ul style="list-style-type: none"><li>• Electric Program</li><li>• Water &amp; Environmental Programs</li><li>• Telecommunications and Broadband Programs</li></ul>	<ul style="list-style-type: none"><li>• Business and Industry Guaranteed Loans</li><li>• Rural Business Development Grants</li><li>• Intermediary Relending Program</li><li>• Rural Energy for America Program</li><li>• Advanced Biofuel Payment Program</li><li>• Value Added Producer Grants</li><li>• Cooperative Development Assistance</li></ul>

# USDA Investments - \$916 Million FY20

- Single Family Housing: \$659M
- Business & Cooperatives: \$43M
- Multi-Family Housing: \$138M
- Community Programs: \$75M



# Business and Cooperative Programs





# B&I Loan Guarantee - Basics



- Eligible Lenders
  - Federal or State chartered banks
  - Savings and loans
  - Farm Credit Banks
  - Credit Unions
- Eligible Borrowers
  - For-profit businesses
  - Nonprofits
  - Cooperatives
  - Federally Recognized Tribes
  - Public Bodies
  - Individuals





# B&I Loan Guarantees - Basics



- Uses for Funds
  - Development or expansion
  - Purchase real estate or buildings
  - Equipment, supplies, inventory
  - Refinancing
  - Acquisitions
- Eligible Areas
  - Rural areas of less than 50,000 population
  - Exceptions
    - Local & Regional Food Initiative
    - Borrower's headquarters may be urban if project is rural
    - Lender may be located anywhere



# B&I Loan Guarantees - Basics



- **Guarantee Percentage**

- The loan guarantee percentage is published annually in a Federal Register notice. B&I loans approved in Fiscal Year 2021 will receive an 80% guarantee.
- If the guarantee is issued prior to completion of construction, there is an additional 0.5% fee.



# Example: Local Foods Initiative

- \$3.6 million B&I Loan Guarantee
- Lender: Grandpoint Bank
- Borrower: Third & L, LLC - Chula Vista, CA
- Project: Pay-off interim financing
- Project will support a Carnival Supermarket. The grocery store sources a significant portion of its dairy, seafood and produce from local farms making this project eligible.



# Example: Lodging

- \$1.52 million B&I Loan Guarantee
- Lender: Wallis State Bank
- Borrower: Maruti Hotel Partners - Calipatria, CA
- Project: Business Acquisition
- Funds will purchase Calipatria Inn & Suites, a 41-room, limited-service hotel.
- Retain jobs in the rural community.



# Example: Manufacturing

- \$8.3 million B&I Loan Guarantee
- Lender: East West Bank
- Borrower: Stapleton-Spence Packing Co. - Gridley, CA
- Project: Debt Refinance
- Project will support a family run corporation that produces a variety of prune products – canned, juice, concentrate.
- Create and save jobs in rural community, supporting manufacturing.





# Example: Gas Station/C-Store

- \$6.1 million B&I Loan Guarantee
- Lender: Wallis State Bank
- Borrower: D&G Enterprises, LLC/Salton City Petroleum, Inc. - Thermal, CA
- Project: Business Acquisition
- Funds will purchase an existing Arco AM/PM mini mart and gas station.



# Revolving Loan Fund Programs



# RMAP & IRP - Basics

- **Rural Microentrepreneur Assistance Program (RMAP)**
  - 2% loan for up to 20 years for revolving loan funds.
  - Loans and grants to intermediaries to establish microloan revolving loan fund and provide technical assistance.
  - Microloans to rural businesses up to \$50,000.
- **Intermediary Relending Program (IRP)**
  - 1% loan for up to 30 years for revolving loan funds.
  - Loans to rural businesses up to \$250,000.
  - Rural defined as population 50,000 or fewer.

# Rural Business Development Grants





# RBDG - Basics

- Supports technical assistance and training for small, rural businesses.
- Enterprise Grants and Opportunity Grants
- Eligible applicants
  - Municipalities, state agencies
  - Nonprofit corporations
  - Authorities
  - Institutions of higher education
  - Federally-recognized tribes
  - Rural cooperatives (if organized as private nonprofit corp)
  - **Individual businesses are not eligible**
- Eligible areas
  - Population of 50,000 or fewer.

# Rural Energy for America Program





# REAP Grant/Loan Guarantee - Basics



- Eligible Borrowers
  - Ag producers (no population limit)
  - Small rural businesses (50,000 population, SBA size standards)
- Uses for Funds
  - Purchase renewable energy systems (RES)
  - Make energy efficiency improvements (EEI)
- Loan Guarantees on loans up to 75% of eligible project costs
- Grants for up to 25% of eligible project costs
- Combined grant and loan guarantee funding up to 75% of eligible project costs

# Example: RES - Solar

- \$1.2 million REAP Loan Guarantee
- Lender: Live Oak Bank
- Borrower: Lavigo Solar, LLC - Petaluma, CA
- Project: Solar Production
- Funds were for a utility scale 1.279 mW solar production facility that generates renewable energy and sells electricity to Sonoma Clean Power Authority.



# Value-Added Producer Grant



# VAPG - Basics

- Helps ag producers enter into activities related to the processing and/or marketing of bio-based, value-added products
- Supports new products, creating/expanding markets, increasing producer income
- Requires 50% match
- Eligible applicants
  - Independent producers, ag producer groups, farmer/rancher co-ops, majority controlled producer-based businesses
- Planning Grants, max \$75,000
  - Ex: feasibility studies, business plans
- Working Capital Grants, max \$250,000
  - Ex: processing costs, marketing/advertising, some inventory and salaries



# Example: VAPG

- Little Apple Treats – apple producer in Sebastopol, CA
- 2016 VAPG - \$47,399 for Spiced Apple Pie caramels
  - Processing, packaging, supplies, marketing expenses
- 2018 VAPG - \$42,020 for apple-based dry herbal tea
  - Packaging, labor, marketing expenses





# Cooperative Programs



# RCDG, SDGG - Basics

- Rural Cooperative Development Grant (RCDG)
  - Supports Cooperative Development Centers.
  - Centers help start, expand or improve rural cooperatives.
  - Center may be located anywhere; entities assisted must be in rural area.
- Socially-Disadvantaged Groups Grant (SDGG)
  - Provide technical assistance to socially-disadvantaged groups in rural areas.
  - Co-ops and Cooperative Development Centers can apply.
  - Center may be located anywhere; entities assisted must be in rural area.

## Business and Cooperative Programs California Contacts

### What do these programs do?

Business, Cooperative and Energy Programs serve California's rural communities by helping to grow business production, spur job creation, create energy independence, conduct feasibility studies and business plans, and strengthen access to capital.

### Who may apply for these programs?

Eligible audiences vary depending on the program and may include banks, credit unions, public bodies, nonprofits, ag producers, cooperatives, and Federally-recognized tribes among others.

Complete program details are available online at [www.rd.usda.gov/ca](http://www.rd.usda.gov/ca) or contact one of our staff.

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### Contacts

**Dan Johnson, Business and Cooperative Programs Director**  
*daniel.johnson@usda.gov | (861) 281-2736*

**Dibakar Barua, Davis**  
*dibakar.barua@usda.gov*  
(530) 792-5821

**Krista Minges, Davis**  
*krista.minges@usda.gov*  
(530) 792-5818

**Mareta Siatunuu, Davis**  
*mareta.siatunuu@usda.gov*  
(530) 792-5801

**Valerie St James, Davis**  
*valerie.stjames@usda.gov*  
(530) 792-5829

**Robert Canepa, Eureka**  
*robert.canepa@usda.gov*  
(707) 832-5578

**Sandra Pedrotti, Eureka**  
*sandra.pedrotti@usda.gov*  
(707) 832-5583

**Jennifer Gooler, Santa Rosa**  
*jennifer.gooler@usda.gov* (707)  
536-0245

**Jose Arroyo, Modesto**  
*jose.arroyo@usda.gov*  
(209) 287-3630

**Maya Vang, Fresno**  
*maya.vang@usda.gov*  
(559) 490-8036

**Rick Sturtevant, Salinas**  
*rick.sturtevant@usda.gov* (831)  
975-7762

**Sylvia Barbosa, Salinas**  
*sylvia.barbosa@usda.gov* (831)  
935-7740

**Matthew Koch, Indio**  
*matthew.koch@usda.gov* (760)  
972-3465

### Programs

#### Business & Industry Loan Guarantee

*Lender driven support for rural businesses.*

#### Intermediary Relending Program

*Public bodies, nonprofits & Tribes can establish a revolving loan fund.*

#### Rural Microentrepreneur Assistance Program

*Micro Development Orgs can establish a revolving fund for small, rural enterprises.*

#### Rural Energy for America Program

*Energy efficiency & renewable energy support for ag producers & rural, small*

#### Rural Business Development Grants

*Diverse support for rural businesses & nonprofits. Individual businesses not eligible.*

#### Value-Added Producer Grants

*Helps ag producers enter into activities that add value to their crops.*

#### Rural Cooperative Development Grants

*Establish & operate co-op development centers.*

#### Socially Disadvantaged Groups Grants

*Helps co-ops/co-op development centers support eligible producers in rural areas.*



## Community Facilities

- Hospitals, health clinics
- Schools
- Daycares
- Fire houses, first responder vehicles and equipment
- Community centers and more.

# Community Facilities Program FY 21 Appropriations (estimated)

- Community Facilities Direct Loans:  
\$2.8 Billion (California - \$53 Million)
- Community Facility Guaranteed Loans:  
\$500 Million (California - \$5 Million)
- Community Facility Regular Grants:  
\$30 Million (California - \$786,700)
- Economic Impact Initiative (EII) Grants:  
\$5.7 Million (California \$157,500)
- RCDI: \$6.5 Million
- Tribal College Grants: \$5 Million
- TAT Grants: \$1.5 Million
- Strategic Economic Community Development (SECD) 10% set aside
- Persistent Poverty areas 10% set aside



# Community Facilities Programs Overview

- Direct loans, loan guarantees and grants to develop or improve essential public services and facilities in communities of <20,000 for Direct loans and <50,000 for Guaranteed loans.
- Eligible Applicants: Public Bodies, Non Profits, Indian Tribes
- Eligible Purposes:
  - Construct, expand, renovate, or improve facilities
  - Purchase vehicles and major equipment
  - Refinance debt when <50% of total project costs
  - Associated project expenses



# Community Facilities Programs Overview

## CF Direct Loan Rates and Terms

- Interest rates currently at 2.25% (Interest rates changed quarterly)
- 40 year term or useful life
- Adequate security to protect the interest of the Govt
- Repayment ability/feasibility
- Unable to obtain other commercial credit



# Community Facilities Programs Overview

## CF Guarantee Rates, Terms, and Fees

- Interest rate set by lender (fixed or variable)
- Term set by lender (max 40-year term or useful life)
- Adequate security to protect the interest of the Government
- Repayment ability/feasibility
- Lender must be unable to make loan without guarantee
- Up to a 80% guarantee on loss
- Up-front fee of 1.50% fee payable upon issuance of Loan Note Guarantee, and 0.50% annual renewal fee

# Community Facilities Programs Overview

## **Application Process/Timeline**

- Preapplication: Eligibility – Applicant, purpose, rural area, other credit
- Application: Feasibility, Environmental, Architectural Report
  - Financial Feasibility Report
  - Environmental – Consult on the applicable level of review early
  - Preliminary Architectural Report – Cost Estimates, etc.
  - Security Package: Appraisal
- BEST PRACTICES:
  - Planning – start early – develop a project team, strategic plan/timeline, etc.
  - Consult with your Rural Development Field Office Specialist at concept/as early on as possible. Staff are very willing to guide and assist you through the entire process and structuring the request.

# Community Facilities Direct Loan Program Guidance Book for Applicants

Community Facilities Direct Loan Program Guidance Book for Applicants is a step-by-step guide to help applicants apply for a Community Facilities Direct loan.

This guidebook outlines the application process, financial feasibility requirements, construction and closing of an essential community facility for small towns and rural areas.

<https://www.rd.usda.gov/programs-services/all-programs/community-facilities-programs>



Community Facilities  
Direct Loan Program  
Guidance Book  
for Applicants

Together, America Prospers



# Eligible percentage of grant assistance as determined in 7 CFR 3570.63 (b)



- **75 percent** when the proposed project is located in a rural community having a:
  - (i) Population of 5,000 or less; and
  - (ii) Median household income of the population to be served by the proposed facility is below the higher of the poverty line or 60 percent of the State nonmetropolitan median household income



# Community Facilities Program – Grants Overview

- Eligible applicants: public bodies/special districts, nonprofit corporations and federally-recognized tribes.
- Population 20,000 or less
- Applications accepted all year
- Grants avg \$40,000 to qualified applicants
- Ex: Healthcare, Police/Fire, Public Buildings, Transportation/Infrastructure



# Eligible percentage of grant assistance as determined in 7 CFR 3570.63 (b)



- **55 percent** when the proposed project is located in a rural community having a:
  - (i) Population of 12,000 or less; and
  - (ii) Median household income of the population to be served by the proposed facility is below the higher of the poverty line or 70 percent of the State nonmetropolitan median household income

# Eligible percentage of grant assistance as determined in 7 CFR 3570.63 (b)

- **35 percent** when the proposed project is located in a rural community having a:
  - (i) Population of 20,000 or less; and
  - (ii) Median household income of the population to be served by the proposed facility is below the higher of the poverty line or 80 percent of the State non-metropolitan median household income.





# Eligible percentage of grant assistance as determined in 7 CFR 3570.63 (b)

- **15 percent** when the proposed project is located in a rural community having a:
  - (i) Population of 20,000 or less; and
  - (ii) Median household income of the population to be served by the proposed facility is below the higher of the poverty line or 90 percent of the State nonmetropolitan median household income.
- Note: The 60 percent grants are only available to communities impacted by a catastrophic natural disaster that has resulted in a loss of 60 percent of the community's population and is located in a county designated as a major disaster area by the President. (Added 03-19-08, SPECIAL PN.)

# Examples of CF Grants

- Computers
- iPad's/Chromebooks
- Vehicles
- Freezers/Kitchen Equipment
- Forklifts



# Examples of CF Grants

- Medical Equipment
- PPE for First Responders
- Medical Transportation



# Examples of Community Facilities Projects Funded in FY 2020

- Kings County – Fire Department – Jaws of Life
- Golden Plains Unified School District – Distance Learning Equipment
- Mendota, City of - Two Police Vehicles
- Heber Elementary Unified School District - School Cafeteria Freezer
- Butte County Mosquito & Vector Control District - Tank Truck
- Cahuilla Indian Reservation - Fire Dept. Equip: Utility Truck & Tanks
- Marin City Health & Wellness Center - Build new health & wellness center (Health hub)
- Butte, County of - Bookmobile & Literacy Coach
- Long Valley Charter School - Construct new school
- Clearlake, City of - Animal Control Facility
- Auburn Interfaith Food Closet, Inc. – Food Bank
- Huron, City of - Domestic Violence, SUD, Homeless Housing
- Colusa, County of - Road Repair
- Action Network - ADA compliance
- Wild Souls - SUV, Truck & Horse Trailer



## CF Example: Lindsay-Strathmore Irrigation District

- Total Project Costs - \$12.3 million
- USDA CF Loan - \$11.3 million
- Applicant - \$958,000





# CF Example: El Dorado County Public Safety Facility

- Total Project Cost - \$68 million
- USDA CF Loan - \$57 million
- Applicant - \$11 million



## Community Programs California Contacts

### What do these programs do?

Community Programs help create and maintain strong, vibrant rural communities through investments in essential public services and infrastructure projects.

### Who may apply for these programs?

Eligible applicants include:

- Public bodies
- Nonprofits
- Federally-recognized tribes

Population limits vary by program.

Complete details for USDA's Community Facilities and Water and Wastewater programs are available online at [www.rd.usda.gov/ica](http://www.rd.usda.gov/ica) or contact one of our staff near you.

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**Lisa Butler, Community Facilities Programs Director**

[lisa.butler@usda.gov](mailto:lisa.butler@usda.gov) | (559) 754-3146

**Daniel Cardona, Water Environmental Program Director**

[daniel.cardona@usda.gov](mailto:daniel.cardona@usda.gov) | (760) 397-5949

**Colleen Crowden, State Office Community Programs Specialist**

[colleen.crowden@usda.gov](mailto:colleen.crowden@usda.gov) | (530) 792-5833

**Quinn Donovan, State Office Community Programs Specialist**

[quinn.donovan@usda.gov](mailto:quinn.donovan@usda.gov) | (707) 536-0248

**Luis Andrade, State Office Community Programs Specialist**

[luis.andrade@usda.gov](mailto:luis.andrade@usda.gov) | (760) 355-2208 ext. 108

### County Contacts

#### Del Norte, Siskiyou & Trinity

**Kevin DeMers, Yreka**  
[kevin.demers@usda.gov](mailto:kevin.demers@usda.gov)  
(530) 572-3126

#### Lassen, Modoc, Plumas, Shasta & Tehama

**Mike Colbert, Alturas**  
[mike.colbert@usda.gov](mailto:mike.colbert@usda.gov)  
(530) 233-4137 ext. 112

**Debra "Debbie" McCoy, Alturas**  
[debbie.mccoy@usda.gov](mailto:debbie.mccoy@usda.gov)  
(530) 233-4137 ext. 111

#### Humboldt, Lake, Marin, Mendocino, Napa & Sonoma

**Reef Atwell-Smith, Santa Rosa**  
[reef.atwellsmith@usda.gov](mailto:reef.atwellsmith@usda.gov)  
(707) 536-0248

**Quinn Donovan, Santa Rosa**  
[quinn.donovan@usda.gov](mailto:quinn.donovan@usda.gov)  
(707) 536-0248

#### Butte, Colusa, Glenn & Sutter

**Justin Garey, Davis**  
[justin.garey2@usda.gov](mailto:justin.garey2@usda.gov)  
(530) 792-5834

#### El Dorado, Nevada, Placer & Sierra

**Michael Vukas, Davis**  
[michael.vukas@usda.gov](mailto:michael.vukas@usda.gov)  
(530) 792-5824

#### Sacramento, San Joaquin, Solano, Yolo & Yuba

**Robin Yasso, Auburn**  
[robin.yasso@usda.gov](mailto:robin.yasso@usda.gov) | (530) 217-6241

#### Alpine, Amador, Calaveras, Mono & Stanislaus

**Tonja Galentine, Modesto**  
[tonja.galentin@usda.gov](mailto:tonja.galentin@usda.gov) | (209) 287-3626

**Sara Brookes, Modesto**  
[sara.brookes@usda.gov](mailto:sara.brookes@usda.gov) | (209) 287-3639

#### Fresno, Kings & Tulare

**Sally Tripp, Visalia**  
[sallytripp@usda.gov](mailto:sallytripp@usda.gov) | (559) 754-3149

#### Madera, Mariposa, Merced & Tuolumne

**Antonio Ybarra, Fresno**  
[antonio.ybarra@usda.gov](mailto:antonio.ybarra@usda.gov) | (559) 490-8035

#### Alameda, Contra Costa, Monterey, San Benito, San Mateo, Santa Clara & Santa Cruz

**Esther De La Cruz, Salinas**  
[esther.delacruz@usda.gov](mailto:esther.delacruz@usda.gov)  
(831) 975-7736

#### Kern, Inyo, San Luis Obispo, Santa Barbara & Ventura

**Al Correale, Santa Maria**  
[al.correale@usda.gov](mailto:al.correale@usda.gov) | (805) 863-9938

#### Imperial, Los Angeles Orange, Riverside, San Bernardino & San Diego

**Edgar O. Ortega, Imperial**  
[edgar.o.ortega@usda.gov](mailto:edgar.o.ortega@usda.gov)  
(760) 355-2208 ext. 102

**Roberto Palomino, Imperial**  
[roberto.palomino@usda.gov](mailto:roberto.palomino@usda.gov)  
(760) 355-2208 ext. 101

**Luis Andrade, Imperial**  
[luis.andrade@usda.gov](mailto:luis.andrade@usda.gov)  
(760) 355-2208 ext. 108

# Water and Environmental Programs





# Water and Environmental Programs - Overview

- Water and Waste Disposal Loan and Grant
- Emergency Community Water Assistance Grants
- Colonia Grants
- Native American Grants
- SEARCH Grants

# Water and Waste Disposal Loan and Grant

- Comprehensive funding: construction, engineering fees, legal fees, and environmental costs
- Loans can be combined with grants to keep user costs reasonable
- Eligible applicants: public bodies/special districts, nonprofit corporations and federally-recognized tribes.
- Population: 10,000 or less



# Water and Waste Disposal Loan and Grant con't.

- Interest Rates:
  - Established quarterly
  - Based on nonmetropolitan median household income
    - Poverty Rate: Below \$53,307 and the project corrects health or sanitary violations for water programs
    - Intermediate Rate: \$50,308 - \$62,883
    - Market Rate: Above \$62,883
- Terms: 40 years

# Emergency Community Water Assistance Grants (ECWAG)

- Assists rural communities that have experienced a significant decline in the quantity or quality of water directly caused by an emergency incident
- “Emergency” = drought, earthquake, flood, landslide, etc.
- Grants may cover 100% of project costs up to \$1 million
- Develop new sources and for treatment

# 306C Colonia Grants

- Must be located in Imperial, San Diego, or southern Riverside counties
- \$2 million is available for California

# Native American 306C Grant

- Per capita income must be  $\leq$ \$18,590 with unemployment rate over 8.625%
- Unemployment rate must be no less than 8.625%
- \$2 million maximum per project in FY21
- Approx. \$20 million nationally available FY21



# SEARCH Grants

- Eligible Areas - Rural areas with a population of 2,500 or less
- Have a median household income below \$50,306
- \$30,000 max grant to pay for predevelopment planning costs to support applications for WEP funding

# Application Process

- Build community support
- Initial Meeting with USDA
- PER/Environmental
- Complete Application
- Letter of Conditions
- Obligate Funding
- Disbursement after loan/grant closing or start of construction

# RD Apply – Application Intake System

- <https://rdapply.usda.gov>
- Convenience
- Identity Security – all users obtain e-authentication
- Faster Application Process – other persons authorized
- Reduced Paper Consumption
- Applicant's official with signature authority

# WEP Example: City of Fort Bragg Sewer

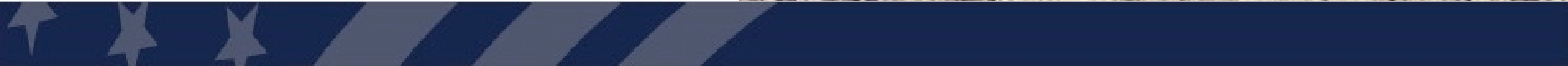
- Total Project Cost - \$14,388,000
- USDA WEP Loan/Grant - \$8.3 million
- SWRCB - \$6 million





# WEP Example: San Luis Obispo County Storm Drainage

- Total Project Cost - \$6.5 million
- USDA WEP Loan - \$3 million
- Federal, State, Local, other funding - \$3.5 million



## Community Programs California Contacts

### What do these programs do?

Community Programs help create and maintain strong, vibrant rural communities through investments in essential public services and infrastructure projects.

### Who may apply for these programs?

Eligible applicants include:

- Public bodies
- Nonprofits
- Federally-recognized tribes

Population limits vary by program.

Complete details for USDA's Community Facilities and Water and Wastewater programs are available online at [www.rd.usda.gov/ca](http://www.rd.usda.gov/ca) or contact one of our staff near you.

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**Lisa Butler, Community Facilities Programs Director**  
lisa.butler@usda.gov | (559) 754-3146

**Daniel Cardona, Water Environmental Program Director**  
daniel.cardona@usda.gov | (760) 397-5949

**Colleen Crowden, State Office Community Programs Specialist**  
colleen.crowden@usda.gov | (530) 792-5833

**Quinn Donovan, State Office Community Programs Specialist**  
quinn.donovan@usda.gov | (707) 536-0248

**Luis Andrade, State Office Community Programs Specialist**  
luis.andrade@usda.gov | (760) 355-2208 ext. 108

### County Contacts

**Del Norte, Siskiyou & Trinity**  
Kevin DeMers, Yreka  
kevin.demers@usda.gov  
(530) 572-3126

**Lassen, Modoc, Plumas, Shasta & Tehama**

Mike Colbert, Alturas  
mike.colbert@usda.gov  
(530) 233-4137 ext. 112  
Debra "Debbie" McCoy, Alturas  
debbie.mccoy@usda.gov  
(530) 233-4137 ext. 111

**Humboldt, Lake, Marin, Mendocino, Napa & Sonoma**  
Reef Atwell-Smith, Santa Rosa  
reef.atwellsmith@usda.gov  
(707) 536-0248  
Quinn Donovan, Santa Rosa  
quinn.donovan@usda.gov  
(707) 536-0248

**Butte, Colusa, Glenn & Sutter**  
Justin Garey, Davis  
justin.garey2@usda.gov  
(530) 792-5834

**El Dorado, Nevada, Placer & Sierra**  
Michael Vukas, Davis  
michael.vukas@usda.gov  
(530) 792-5824

**Sacramento, San Joaquin, Solano, Yolo & Yuba**  
Robin Yasso, Auburn  
robin.yasso@usda.gov | (530) 217-6241

**Alpine, Amador, Calaveras, Mono & Stanislaus**

Tonja Galentino, Modesto  
tonja.galentin@usda.gov | (209) 287-3626  
Sara Brookes, Modesto  
sara.brookes@usda.gov | (209) 287-3639

**Fresno, Kings & Tulare**  
Sally Tripp, Visalia  
sally.tripp@usda.gov | (559) 754-3149

**Madera, Mariposa, Merced & Tuolumne**  
Antonio Ybarra, Fresno  
antonio.ybarra@usda.gov | (559) 490-8036

**Alameda, Contra Costa, Monterey, San Benito, San Mateo, Santa Clara & Santa Cruz**  
Esther De La Cruz, Salinas  
esther.delsacruz@usda.gov  
(831) 975-7736

**Kern, Inyo, San Luis Obispo, Santa Barbara & Ventura**  
Al Correale, Santa Maria  
al.correale@usda.gov | (805) 863-9938

**Imperial, Los Angeles Orange, Riverside, San Bernardino & San Diego**

Edgar O. Ortega, Imperial  
edgar.o.ortega@usda.gov  
(760) 355-2208 ext. 102

Roberto Palomino, Imperial  
roberto.palomino@usda.gov  
(760) 355-2208 ext. 101

Luis Andrade, Imperial  
luis.andrade@usda.gov  
(760) 355-2208 ext. 108





# Single Family Housing Programs

**SINGLE FAMILY HOUSING  
502 - DIRECT PROGRAM**



# Rural Home Loans 502 Direct Program

## What does this program do?

- **Also known as the Section 502 Direct Loan Program, this program assists low- and very-low-income applicants**
  - **Obtain decent, safe, and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability**
    - ❖ Payment assistance is a type of subsidy that reduces the mortgage payment for a short time.
    - ❖ The amount of assistance is determined by the adjusted family income.
    - ❖ Generally, rural areas with a population less than 35,000 are eligible.
    - ❖ Loan funds may be used to help low-income individuals or households purchase homes in rural areas.
      - Funds can be used to build, repair, renovate, or relocate a home, or purchase and prepare sites, including providing water and sewage facilities
      - The maximum loan amount an applicant may qualify for will depend on the applicant's repayment ability. The applicant's ability to repay a loan considers various factors such:
        - Income, debts, assets, and the amount of payment assistance applicants may be eligible to receive.

Regardless of repayment ability, applicants may never borrow more than the **area loan limit** (Plus certain costs allowed to be finance) for the county in which the property is located.

# Who may apply for this program? 502 Direct

Several factors are considered when determining an applicant's eligibility for Single Family Direct Home Loans

- At a minimum, applicants interested in obtaining a direct loan must have an adjusted income that is at or below the applicable low-income limit for the area where they wish to buy a house and they must demonstrate a willingness and ability to repay debt

- **Applicants must:**

- ❖ Be without decent, safe, and sanitary housing
- ❖ Be unable to obtain a loan from other resources on terms and conditions that can reasonably be expected to meet
- ❖ Agree to occupy the property as your primary residence
- ❖ Have the legal capacity to incur a loan obligation
- ❖ Meet citizenship or eligible noncitizen requirements
- ❖ Not be suspended or debarred from participation in federal programs

# 502 Direct Continued

## **Properties financed with direct loan funds must:**

- ❖ Be modest in size for the area
- ❖ Not have market value in excess of the applicable area loan limit
- ❖ Not have in-ground swimming pools
- ❖ Not be designed for income producing activities
- ❖ Borrowers are required to repay all, or a portion of the payment subsidy received over the life of the loan when the title to the property transfers or the borrower is no longer living in the dwelling
- ❖ Applicants must meet income eligibility for a direct loan.
- ❖ Please refer to the program contact list to ask for additional details about eligibility requirements

# 502 Direct Continued

- **What is the interest rate and payback period?**

- ❖ Fixed interest rate based on current market rates at loan approval or loan closing, whichever is lower.
- ❖ The monthly mortgage payment, when modified by payment assistance, may be reduced to as little as an effective 1% interest rate up to 33-year payback period - 38-year payback period for very low-income applicants who can't afford the 33-year loan term.

- **How much down payment is required?**

- ❖ No down payment is typically required.
- ❖ Applicants with assets higher than the asset limits may be required to use a portion of those assets.
- ❖ Is there a deadline to apply?

- **Is there a deadline to apply?**

- ❖ Applications for this program are accepted through your local RD office year-round!

- **How Long does an application take?**

- ❖ Processing times vary depending on the funding availability and program demand in the area in which an applicant is interested in buying and completeness of the application package.



# SFH – 504 Repair Loans & Grants Pilot Program – California



# 504 Repair Loans & Grants

## What does this program do?

- The Section 504 Home Repair program provides loans to very-low-income homeowners to repair, improve, or modernize their homes or provides grants to elderly very-low-income homeowners to remove health and safety hazards.

## Who may apply for this program?

### To qualify, you must:

- ❖ Be the homeowner and occupy the house
- ❖ Have a family income within the very-low-income limit
- ❖ For grants, be age 62 or older and not be able to repay a repair loan

# 504 Repair Loans & Grants Continued

## **What is an eligible area?**

- Generally, rural areas with a population less than 20,000 are eligible. Applicants may check the address of their home to determine eligibility online.

## **How may funds be used?**

- ❖ Loans may be used to repair, improve, or modernize homes or to remove health and safety hazards
- ❖ Grants must be used to remove health and safety hazards

## **How much money can I get?**

- ❖ Maximum loan is \$40,000.
- ❖ Maximum grant is \$10,000
- ❖ Loans and grants can be combined for up to \$50,000 in assistance

# 504 Repair Loans & Grants Continued

## **What are the terms of the loan or grant?**

Loans can be repaid over 20 years

- ❖ Loan interest rate is fixed at 1%
- ❖ Full title service is required for loans exceeding \$25,000
- ❖ Grants have a lifetime limit of \$10,000
- ❖ Grants must be repaid if the property is sold in less than 3 years
- ❖ If applicants can repay part, but not all of the costs, applicants may be offered a loan and grant combination

## **Is there a deadline to apply?**

- ❖ Applications are available year-round as long as funding is available and are processed in the order, they are received

## **How long does an application take?**

- ❖ Approval times depend on funding availability in your area.
- ❖ Refer to the program contact list for help with the application and any other questions

Housing Preservation Grant  
533 HPG



# 533 - Housing Preservation Grants Continued

## **What does this program do?**

- ❖ It provides grants to sponsoring organizations for the repair or rehabilitation of housing occupied by low- and very-low-income (1) people

## **Who may apply for this program?**

- ❖ Most State and local governmental entities
- ❖ Nonprofit organizations
- ❖ Federally recognized Tribes
- ❖ Individual homeowners are not eligible

## **What is an eligible area?**

- ❖ Areas that may be served include:
  - ❖ Rural areas and towns with 20,000 or fewer people – Check eligible addresses
  - ❖ Federally recognized Tribal lands

# 533 - Housing Preservation Grants Continued

## How may funds be used?

- ❖ Applicants provide grants or low-interest loans to repair or rehabilitate housing for low- and very low-income (1) homeowners
- ❖ Rental property owners may also receive assistance if they agree to make units available to low- and very low-income (1) families

## Eligible expenses include:

- Repairing or replacing electrical wiring, foundations, roofs, insulation, heating systems, and water/waste disposal systems
- Handicap accessibility features
- Labor and materials
- Administrative expenses
- For a complete list, see Code of Federal Regulations (CFR) 1944.664



# 533 - Housing Preservation Grants Continued

## **How do we get started?**

- ❖ Applications are accepted on an annual basis through a Notice of Funding Availability (NOFA) in the Federal Register

## **What governs this program?**

- ❖ Code of Federal Regulation, 7 CFR 1944-N
- ❖ RD Instruction 1944-N • RD Instruction 1940-L, Methodology and Formulas for Allocation of Loan and Grant Program Funds
- ❖ RD Instruction 1940-G, Environmental Program
- ❖ RD Instruction 1901-E, Civil Rights Compliance Requirements
- ❖ This program is authorized by Title V of the Housing Act of 1949

## **Who can answer questions?**

- ❖ Debbie Boyd - 530-570-2034  
E-mail: [Debbie.boyd2@usda.gov](mailto:Debbie.boyd2@usda.gov)

# Single Family Home Loan Guarantees



# Single Family Home Loan Guarantees

## What does this program do?

- ❖ This no down payment, 100% financing program assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas. Eligible applicants may purchase existing homes (which may include costs to rehabilitate, improve or relocate the dwelling) or build new. USDA provides a loan note guarantee to approved lenders, encouraging participation by minimizing their risk. This program is **NOT** restricted to first-time homebuyers.

## Who may apply for this program?

### ❖ Applicants must:

- Have a household income that does not exceed 115% of median household income\*
- Agree to occupy the dwelling as their primary residence
- Be a U.S. citizen, U.S. non-citizen national, or Qualified Alien
- Be unable to obtain conventional financing with no private mortgage insurance (PMI)
- Not be suspended or debarred from participation in federal programs

# Single Family Home Loan Guarantees Continued

## What properties are eligible?

- ❖ Must be located within an eligible rural area.\*
- ❖ Must be a single-family dwelling (may include detached, attached, PUD, condo, modular, and manufactured)
- ❖ Must meet HUD 4000.1 minimum standards
- ❖ No set maximum purchase price (based solely on applicant repayment ability)
- ❖ No set acreage limits. Must be common for the area
- ❖ No seasoning requirements (“flipped” properties allowed)

# Single Family Home Loan Guarantees Continued

## What are applicant qualifications?

### ❖ **Income:**

- Non-Self-Employed: One-year history required. Self-Employed and Seasonal: Two-year history required

### ❖ **Assets:**

- No down payment or reserves required

### ❖ **Credit:**

- Must demonstrate a willingness and ability to repay debts. No set score requirement. Alternative credit allowable for those with no traditional credit

### ❖ **Monthly housing payment:**

- Total payment (principal, interest, taxes, insurance, HOA dues, RD annual fee) typically should not exceed 29% of gross monthly income

### ❖ **All monthly debt payments:**

- All payments included on credit report, including proposed new mortgage payment, typically should not exceed 41% of gross monthly income. Student loan payments. Fixed payment: use actual payment or 1% of loan balance. Non-fixed payment (IBR, graduated, adjusted, etc.) plans: Use 0.5% of loan balance

### ❖ **Seller/or interested party contributions:**

- Not to exceed 6% of sales price

### ❖ **Gift funds:**

- No limit

# Single Family Home Loan Guarantees Continued

## What types of loan products are available?

- ❖ Purchase existing or build new with the Single-Close construction program
- ❖ Current USDA Rural Development loan holders can take advantage of lower rates by utilizing one of Rural Development's refinance options
- ❖ Interest rate is negotiated between the applicant and the lender. Rate must be a 30-year fixed rate
- ❖ Program lending is extended to 100% of appraised value, not purchase price, so borrowers may potentially include closing costs and home repair expenses into USDA financing
- ❖ Funds may be used for closing costs, reasonable and customary expenses associated with the purchase transaction, connection fees for utilities, tax and insurance escrows, essential household equipment, site preparation



# Single Family Home Loan Guarantees Continued

## How do we get started?

- ❖ Interested applicants can apply for a Section 502 Guaranteed Loan through any approved USDA Rural Development lender. We encourage you to contact your preferred lender and ask if they are an approved lender with USDA Rural Development

## Why does the USDA Rural Development do this?

- ❖ This program helps lenders work with low- and moderate- income families living in rural areas to make homeownership a reality. Providing affordable homeownership opportunities promotes prosperity, which in turn creates thriving communities and improves the quality of life in rural areas

## What if I don't qualify?

- ❖ USDA also offers a direct 502 purchase program which provides for subsidized payments for those applicants from households with income below 80% of MHI and who cannot qualify for a guaranteed loan. Interested applicants should contact their state USDA Rural Development office. Tools and Resources: To determine Property and Income eligibility: <https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.gov>
- ❖ Contact: [SFHGLPONE@usda.gov](mailto:SFHGLPONE@usda.gov)

MUTUAL SELF-HELP HOUSING  
TECHNICAL ASSISTANCE GRANTS



# WHAT IS SELF HELP HOUSING?

- ❖ Provides grants to qualified organizations to help them carry out local self-help housing construction projects. Grant recipients supervise groups of very-low- and low-income individuals and families as they construct their own homes in rural areas. The group members provide most of the construction labor on each other's homes, with technical assistance from the organization overseeing the project
- ❖ Why does USDA Rural Development do this? By working in partnership with trusted local organizations, this program helps very-low- and low-income families get affordable, clean, and safe homes of their own in rural areas. Very-low-income families living in substandard housing are given first priority for loan assistance.

## **Who may apply for this program?**

- ❖ Government nonprofit organizations
- ❖ Federally recognized Tribes
- ❖ Private nonprofit organizations

# MUTUAL SELF-HELP HOUSING CONTINUED

## **What is an eligible area?**

- ❖ Applicants can check eligible areas at eligible addresses

## **How may funds be used?**

- ❖ Give technical and supervisory assistance to participating families
- ❖ Help other organizations provide self-help technical and supervisory assistance
- ❖ Recruit families, help them complete loan applications and carry out other related activities that enable them to participate

## **Funds MAY NOT be used to:**

- ❖ Hire people to perform construction work for participants
- ❖ Buy real estate, building materials, or other property
- ❖ Pay debts, expenses, or costs for the participants
- ❖ Pay for employee training
- ❖ Pay other indirect costs

# MUTUAL SELF-HELP HOUSING CONTINUED

## How do we get started?

- ❖ Applications for this program are accepted through our local offices year-round!

## Who can answer questions?

- ❖ Magdalena Hurtado-Slater  
Phone: 760-347-3675 ext. 3471  
[magdalena.slater@usda.gov](mailto:magdalena.slater@usda.gov)

**NOTE:** Because citations and other information may be subject to change, please always consult the program instructions listed in the section above titled “What Governs This Program?” You may also contact your local office for assistance. You will find additional forms, resources, and program information at [rd.usda.gov](http://rd.usda.gov). USDA is an equal opportunity provider, employer, and lender.

## Single Family Home Programs California Contacts

### What do these programs do?

USDA Rural Development's Single Family Housing programs offer loan and grant options to help develop and improve affordable housing in rural communities. Eligibility for these programs is based on income and varies according to the average median income for each area. Applications are accepted year-round. For complete details on the Single Family Housing programs visit us online at [www.rd.usda.gov/ca](http://www.rd.usda.gov/ca) or contact one of our staff near you.

USDA is an equal opportunity provider, employer and lender.

Updated January 2020

**Stephen Nnodim, Single Family Housing Program Director**

[stephen.nnodim@usda.gov](mailto:stephen.nnodim@usda.gov) | (530) 792-5830

### Contacts

**Debbie Morris, State Loan Coordinator (South)**

[debbie.morris@usda.gov](mailto:debbie.morris@usda.gov) | (530) 792-5820

**Debbie Boyd, State Loan Coordinator (North)**

[debbie.morris@usda.gov](mailto:debbie.morris@usda.gov) | (530) 217-6243

**Maggie Slater, CA State Self Help Coordinator**

[magdalena.slater@usda.gov](mailto:magdalen.slater@usda.gov) | (760) 347-3675 x122

**Eduardo Saavedra, Loan Assistant**

[eduardo.saavedra@usda.gov](mailto:eduardo.saavedra@usda.gov) | (530) 792-5826

### Guaranteed loans are centralized across the state

**Annette Joyer, Guaranteed Loan Specialist**

[annette.joyer@usda.gov](mailto:annette.joyer@usda.gov) | (916) 796-1245

**Nellie Nunez, Guaranteed Loan Specialist**

[nellie.nunez@usda.gov](mailto:nellie.nunez@usda.gov) | (559) 754-3153

### Direct loan and grant contacts

**Glenn, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama & Trinity Counties**

**Cheri Skudlarek, Area Coordinator**  
[cheri.skudlarek@usda.gov](mailto:cheri.skudlarek@usda.gov) | (530) 226-2568

**Andrea Harbert, Loan Specialist**  
[andrea.harbert@usda.gov](mailto:andrea.harbert@usda.gov) | (530) 691-5854

**Dara Pellow, Loan Specialist**  
[dara.pellow@usda.gov](mailto:dara.pellow@usda.gov) | (530) 691-5849

**John Strauch, Loan Specialist**  
[john.strauch@usda.gov](mailto:john.strauch@usda.gov) | (530) 233-4137

**Tamye Binning, Loan Technician**

[tamye.binning@usda.gov](mailto:tamye.binning@usda.gov) | (530) 792-5823

**Kallii Lane, Loan Technician**

[kallii.lane@usda.gov](mailto:kallii.lane@usda.gov) | (530) 792-5802

**Rosie Jaurige, Loan Technician**

[rosie.jaurige@usda.gov](mailto:rosie.jaurige@usda.gov) | (530) 792-5809

**Maricela Gomez, Guaranteed Loan Specialist**

[maricela.gomez@usda.gov](mailto:maricela.gomez@usda.gov) | (559) 754-3157

**Alameda, Del Norte, Humboldt, Monterey, San Benito, San Francisco, San Mateo, Santa Clara & Santa Cruz Counties**

**Violet Gomes, Area Coordinator**  
[violet.gomes@usda.gov](mailto:violet.gomes@usda.gov) | (831) 975-7739

**Roger Gardner, Loan Specialist**  
[roger.gardner@usda.gov](mailto:roger.gardner@usda.gov) | (530) 792-5804

**Lupe Benavides, Loan Specialist**  
[Lupe.benavides@usda.gov](mailto:Lupe.benavides@usda.gov) | (831) 975-7738

**Sylvia Barbosa, Loan Specialist**  
[sylvia.barbosa@usda.gov](mailto:sylvia.barbosa@usda.gov) | (831) 975-7738

**Amador, Alpine, Butte, Calaveras, Colusa, Contra Costa, El Dorado, Lake, Marin, Mendocino, Mono, Napa, Nevada, Placer, Sacramento, Sierra, Solano, Sonoma, Sutter, Yolo & Yuba Counties**

**Nicole Roldan-Leben, Area Coordinator**  
[nicole.roldan@usda.gov](mailto:nicole.roldan@usda.gov) | (530) 693-3162

**Barinder Kaur, Loan Specialist**  
[barinder.kaur@usda.gov](mailto:barinder.kaur@usda.gov) | (530) 693-3174

**Darunee Kent, Loan Specialist**  
[darunee.kent@usda.gov](mailto:darunee.kent@usda.gov) | (530) 693-3178

**Thomas Thompson, Loan Specialist**  
[thomas.thompson3@usda.gov](mailto:thomas.thompson3@usda.gov) | (530) 792-5812

**Wanda Thompson, Loan Technician**  
[wanda.thompson@usda.gov](mailto:wanda.thompson@usda.gov) | (530) 217-6249

**Fresno, Madera, Mariposa, Merced, San Joaquin, Stanislaus & Tuolumne Counties**

**Liz Vannata, Area Coordinator**  
[liz.vannata@usda.gov](mailto:liz.vannata@usda.gov) | (559) 490-8030

**Alba Lazaro, Loan Specialist**  
[alba.lazaro@usda.gov](mailto:alba.lazaro@usda.gov) | (559) 490-8028

**Alma Jaquez, Loan Specialist**  
[alma.jaquez@usda.gov](mailto:alma.jaquez@usda.gov) | (209) 205-4970

**Inyo, Kern, Kings, San Luis Obispo, Santa Barbara, Tulare & Ventura Counties**

**Stacy Lopez, Area Coordinator**  
[stacy.lopez@usda.gov](mailto:stacy.lopez@usda.gov) | (559) 754-3154

**Rebecca Didway, Loan Specialist**  
[rebecca.didway@usda.gov](mailto:rebecca.didway@usda.gov) | (559) 754-3158

**Stephanie Burgeis, Loan Specialist**  
[stephanie.burgeis@usda.gov](mailto:stephanie.burgeis@usda.gov) | (661) 281-2735

**Armando Aparicio, Loan Specialist**  
[armando.aparicio@usda.gov](mailto:armando.aparicio@usda.gov) | (661) 281-2743

**Arogeanae Brown, Loan Specialist**  
[arogeanae.brown@usda.gov](mailto:arogeanae.brown@usda.gov) | (661) 281-2737

**Los Angeles, Orange, Riverside & San Bernardino Counties**

**Teon Gore, Loan Specialist**  
[teon.gore@usda.gov](mailto:teon.gore@usda.gov) | (951) 902-6562

**Carrie McLeod, Loan Specialist**  
[carrie.mcleod@usda.gov](mailto:carrie.mcleod@usda.gov) | (760) 347-3675x120

**La Tasha Kendrick, Loan Specialist**  
[latasha.kendrick@usda.gov](mailto:latasha.kendrick@usda.gov) | (951) 902-6564

**Maria Elena Desamito, Loan Specialist**  
[mariaelena.desamito@usda.gov](mailto:mariaelena.desamito@usda.gov) | (760) 347-3675 x126

**Imperial & San Diego Counties**

**Patty Coronado, Area Coordinator**  
[patty.coronado@usda.gov](mailto:patty.coronado@usda.gov) | (760) 355-2208 x109

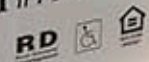
**Roberto Palomino, Loan Specialist**  
[roberto.palomino@usda.gov](mailto:roberto.palomino@usda.gov) | (760) 335-2208 x101



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# Multi-Family Housing

\* Program Managed by  
National Office

# Multi-Family Housing Programs

- We provide affordable multi-family rental housing in rural areas by financing projects geared for low-income, elderly and disabled individuals and families as well as domestic farm laborers. We extend our reach by guaranteeing loans for affordable rental housing designed for low to moderate-income residents in rural areas and towns.
- We preserve our portfolio of more than 14,000 properties by aggressively restructuring loans for existing rural rental housing and off-farm labor housing projects to allow for sufficient reserves to meet major repairs and improvements over the lifetime of the property. On a yearly basis we provide grants to sponsoring organizations to repair or rehabilitate housing for needy families. We also subsidize rents for low-income tenants in our projects who cannot afford to pay their full rent.
- Here are our Multi-Family Housing Programs:
  - [Farm Labor Direct Loans & Grants](#)
  - [Housing Preservation & Revitalization Demonstration Loans & Grants](#)
  - [Housing Preservation Grants](#)
  - [Multi-Family Housing Direct Loans](#)
  - [Multi-Family Housing Loan Guarantees](#)
  - [Multi-Family Housing Rental Assistance](#)

# American Rescue Plan funding





# American Rescue Plan

## Community Facilities Program

- \$500 million to help rural hospitals and communities broaden access to COVID-19 vaccines and food assistance
- Will be established within 150 days of enactment
- Funds available until Sept. 30, 2023

## Rental Assistance

- \$100 million in rental assistance for low-income and elderly borrowers
- Funds available through Sept. 30, 2022

## Single Family Housing Refinancing

- \$39 million to help refinance direct loans under the Single Family Housing Loan Program and Home Repair Loan Program
  - Funds available through Sept. 30, 2023
- 



For more information contact members on  
Meet the Teams sheets

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