



Committed to the future of rural communities.

Rural Housing and Community Programs

Community Facilities Loans and Grants for Rural Libraries

Funding Opportunities Under the American Recovery and Reinvestment Act

Public libraries are culturally and technologically critical to the rural communities they serve. They are important to bridging the digital divide, enhancing the economic vitality of and improving the quality of life in rural America. The Secretary of Agriculture has designated \$100 million in USDA Rural Development Community Facilities funding for public libraries. The program will provide educational opportunities and improve public services in rural communities.

The \$100 million will primarily be provided through the American Recovery and Reinvestment Act of 2009. The Recovery Act funds will help give rural communities the opportunity to improve their library facilities, enhance educational opportunities and improve economic conditions in America's rural communities. Library construction or renovation projects also will create and save jobs for residents in the construction and library service fields.

General Program Description

The Community Facilities Program provides loans and grants to assist in the development of essential community facilities in rural areas and towns of up to 20,000 in population. USDA Rural Development is committed through its Community Facilities Program in ensuring that essential facilities – such as health care clinics, police and fire stations, schools, libraries and child care centers – are readily available to all rural Americans. Direct loans can be made to applicants who are unable to obtain commercial credit. Rural Development can guarantee loans made and serviced by lenders such as banks, savings and loans, and mortgage companies which are part of bank holding companies, or members of the Farm Credit System.

Community Facilities Grants are authorized on a graduated scale. Applicants located in smaller communities with low populations and low incomes will receive a higher percentage of grants. Grant funding limitations are based on population and income, economic feasibility and availability of funds.

Who May Apply?

Loans and grants are available to public entities such as municipalities, counties and special-purpose districts, as well as non-profit corporations and tribal governments. Applicants must have the legal authority necessary for construction, operation and maintenance of the proposed facility. They must also be financially sound and able to organize and manage the facility effectively.

Repayment of the loan must be based on tax assessments, revenues, fees or other sources of money sufficient for operation and maintenance, reserves and sufficient debt retirement. Rural Development is aware that libraries are not revenue-generating and depend heavily on local property taxes to maintain operations. Although there may be challenges in developing these projects, the agency will create added interest in library facilities by providing grant funding opportunities that are not typically available.

How May Funds Be Used?

Funds may be used to construct, enlarge or improve public libraries. This can include costs to acquire land needed for a facility, pay necessary professional fees and purchase equipment required for operation. Funds can be used to purchase shelving, furniture, computers, audio-visual equipment, distance learning equipment and bookmobiles. A loan may be made in combination with other Community Facilities assistance such as a grant, applicant contributions or loans and grants from other sources.

What Are the Terms?

The maximum term for all loans is 40 years. However, the repayment period is limited to the useful life of the facility or any statutory limitation on the applicant's borrowing authority.

What is the Interest Rate?

Interest rates for direct loans are based on current market yields for municipal obligations, although loans for facilities impacting prime or unique farmland may require a slightly higher rate. Certain other direct loans may qualify for a lower interest rate, depending upon the median household income of the residents of the community to be served. The interest rates for guaranteed loans may be fixed or variable and are determined by the lender and borrower, subject to USDA review and approval.

What Security is Required?

Bonds or notes pledging taxes or assessments will be accepted as security if they meet statutory requirements. Where State laws permit, a mortgage may be taken on real and personal property. Tax-exempt notes or bonds may be issued to secure direct loans, but cannot be used for guaranteed loans.

What is The Maximum Grant Assistance?

Depending on funding availability, USDA Rural Development will provide up to \$500,000 in additional Recovery Act dedicated grant funds to each of our State Offices for library projects.

How Are Applications Processed?

Applications are handled by USDA Rural Development field offices. Rural Development staff will be glad to discuss a community's needs and the services available from USDA. Field staff can provide application materials and current program information, and assist in the preparation of an application. You may also visit our website at <http://www.rurdev.usda.gov/rhs>.

Other Rural Development Recovery Act Opportunities for Rural Libraries

USDA Rural Development's Rural Utilities Service (RUS) published a Notice of Funding Availability to provide financial resources for the deployment of broadband service in rural America. The notice includes a grant funds set-aside for program awardees to bring broadband connectivity to rural libraries. These funds can be used in combination with Community Facilities assistance. For more information on this RUS funding opportunity, including Outreach and Training Workshops, please visit <http://www.broadbandusa.gov>.

For More Information

Rural Development field office location are generally listed in the local telephone directories under the heading U. S. Government, Department of Agriculture. Interested applicants and lenders may also contact the Housing and Community Programs National Office staff at the following address:

USDA Rural Development
Community Programs Division
1400 Independence Avenue, S.W.
Washington, D.C. 20250-0700

Telephone: (202) 720-1490
Toll-Free Number: (800) 670-6553
Fax: (202) 690-0471

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