

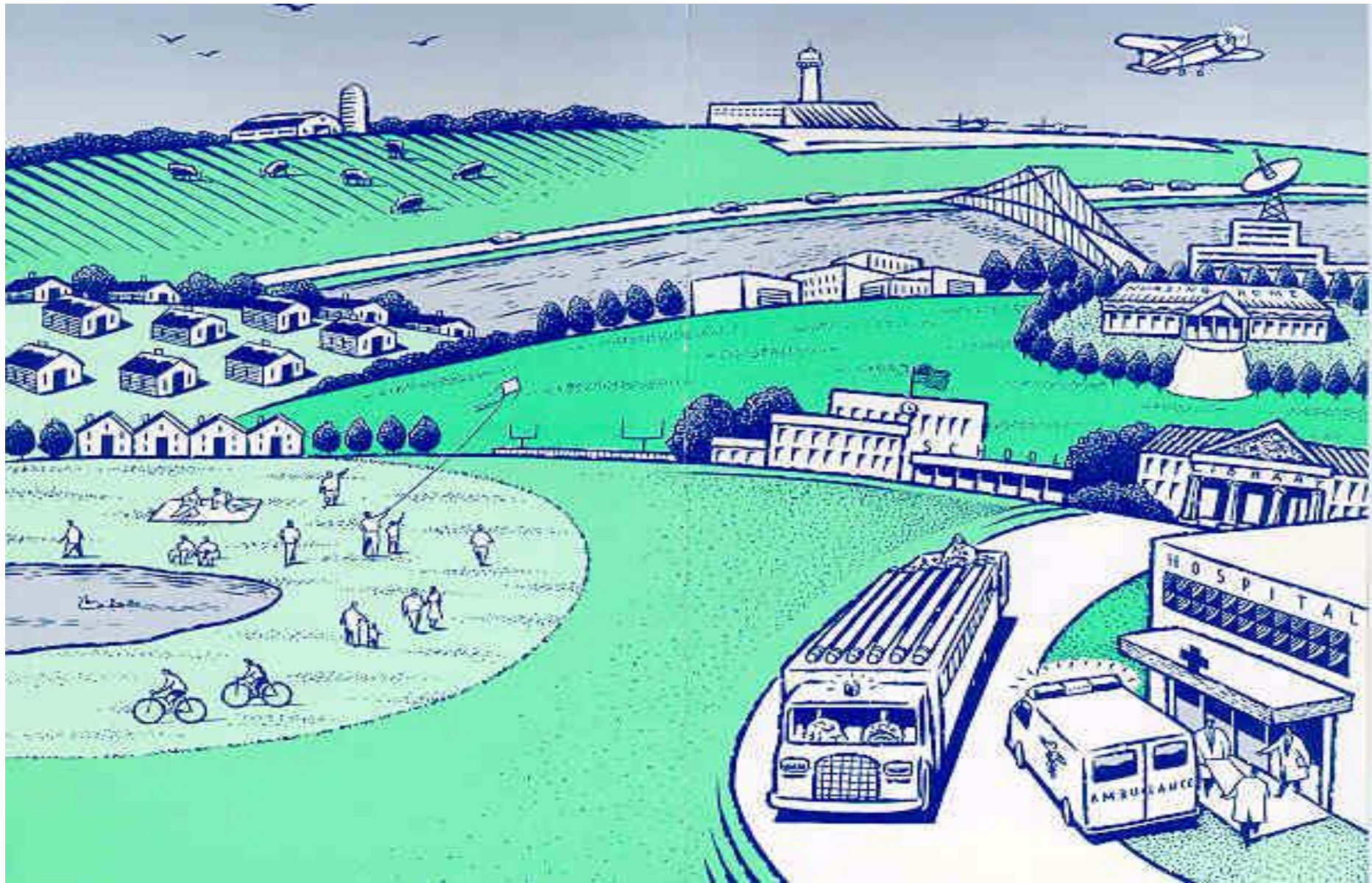


Who is USDA Rural Development?



United States Department of Agriculture

USDA Rural Development – Montana Rural Housing Service





FY 2013
MONTANA RURAL DEVELOPMENT
ECONOMIC IMPACT HOUSING PROGRAM
PROVIDED

\$265,000,000

FOR HOME PURCHASES, REPAIRS
AND RENTAL ASSISTANCE

Single Family Housing Programs provides funding for single family homes

- 502 Direct Housing Loan Program
- 504 Grant and Loan Repair and Rehabilitation Program
- 523 Mutual Self Help Program
- 502 Guaranteed Housing Loan Program

502 Direct SFH Loan Program

- Used primarily to help low income households purchase homes in rural areas.
- Loans are for up to 33 years (38 for those with incomes below 60 % AMI and who cannot afford 33 year terms).
- Must be modest for the area. Currently, 1800 square feet for Montana and Wyoming
- Payment subsidy is available to enhance repayment ability.

502 Guaranteed Housing Loans

- Applicants may have an income of 115% of the Median Household Income.
- Families must be able to afford the mortgage payments, and have reasonable employment and credit histories. (streamline 680)
- Loans are for 30 years. Promissory note interest rate set by the lender.
- No required down payment. Guarantee fee may be included in the loan if supported by appraisal.

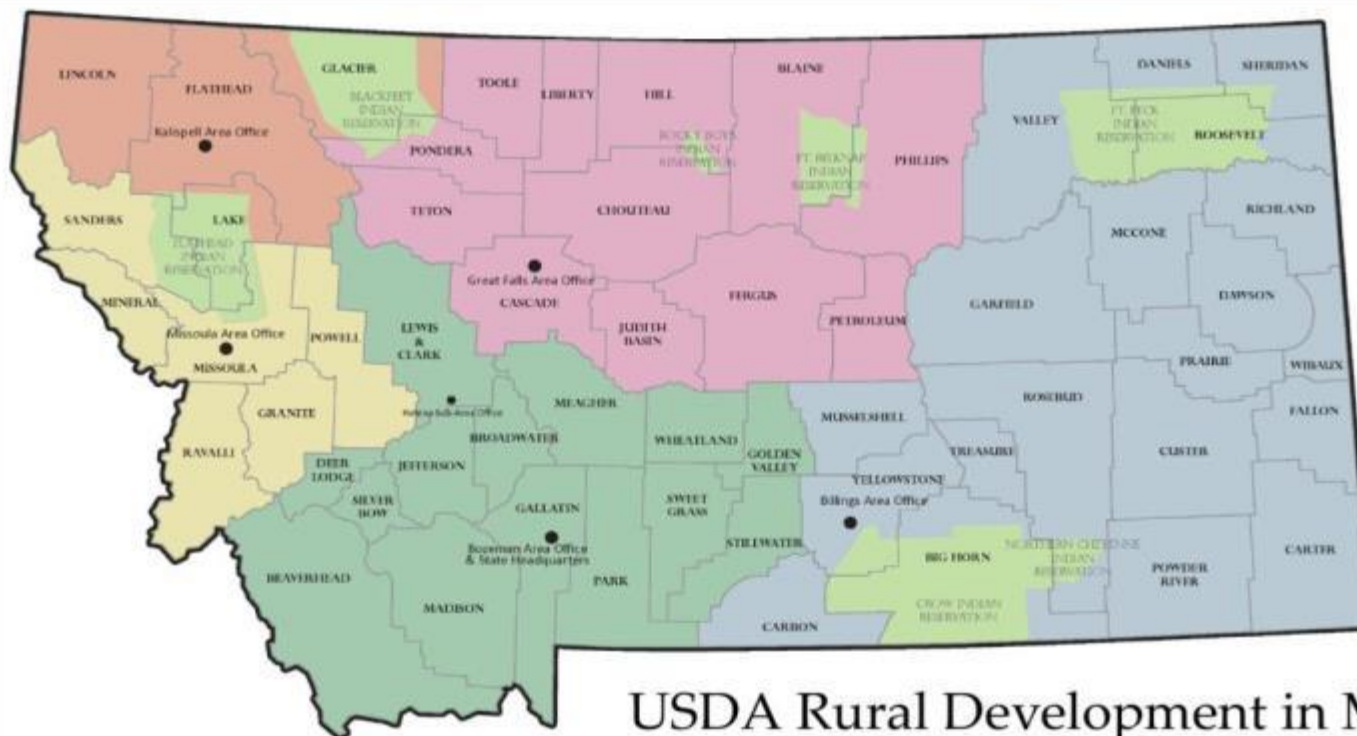


502 Housing Loan Example Deer Lodge County

Rate / Term	est 4% /30 yrs	3.75% / 33 yrs	3.75% / 38 yrs
Annual Income	\$ 50,000.00	\$ 39,000.00	\$ 29,050.00
Max Loan Amount	\$221,400.00	\$173,300.00	\$ 173,300.00
Subsidy	N/A	\$ 237.00	\$ 257.00
Payment	\$ 1,057.00	\$ 677.00	\$ 607.00



United States Department of Agriculture



USDA Rural Development in Montana

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Water Programs FY 2012

13 Projects funded

\$ 8,415,000 Loan

\$ 7,447,172 Grant

Total \$ 15,862,172

\$ 10,882,000 Base Allocation

\$ 4,980,172 Pooling Funds



Water Programs FY 2013

15 Projects funded

\$ 22,160,000 Loan

\$ 13,877,600 Grant

Total \$ 36,037,600

\$ 12,836,000 Base Allocation

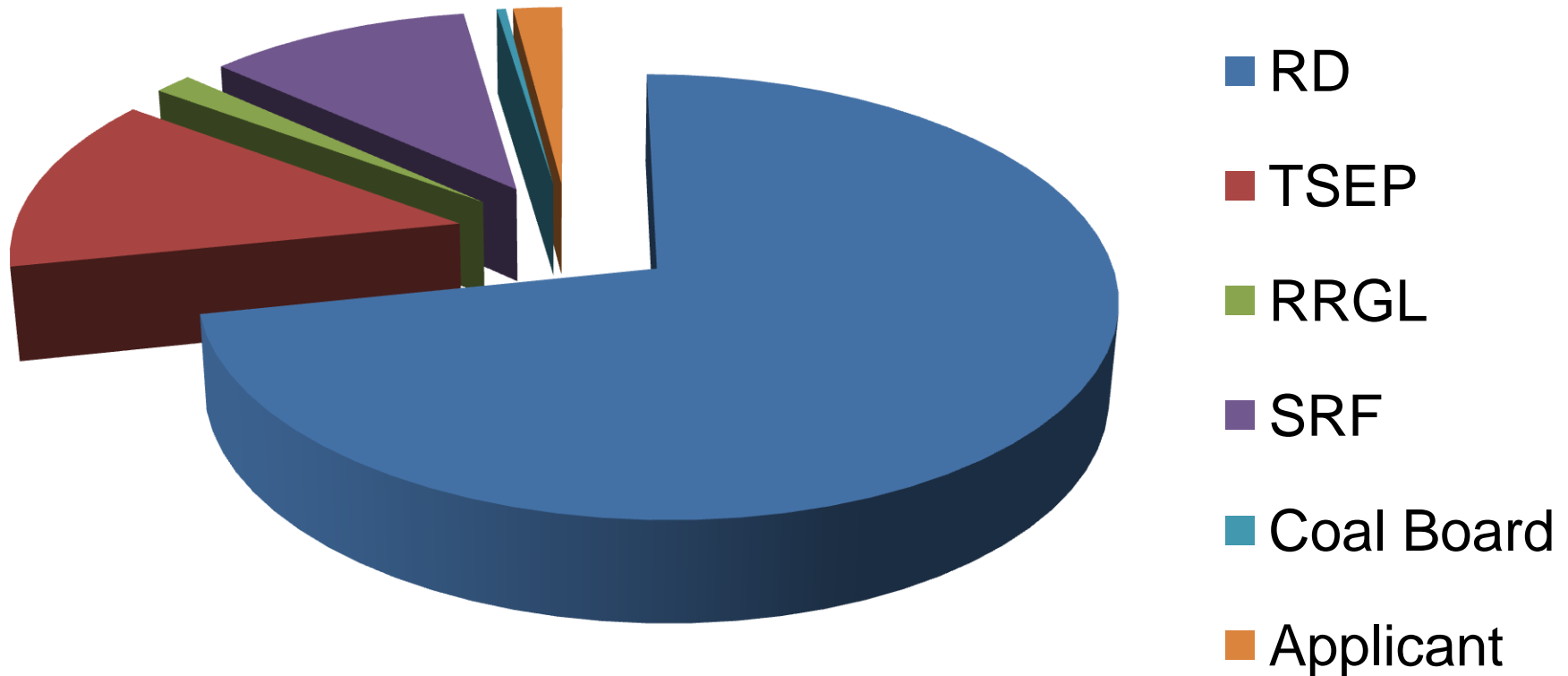
\$ 23,201,600 Pooling Funds



United States Department of Agriculture

USDA Rural Development – Montana
Rural Utilities Service

Water Programs FY 2013



Water Programs FY 2014

18 Unfunded Applications on hand

	Loan	Grant
FY 14 Allocation	\$12,694,000	\$ 3,044,000
Farm Bill	<u> </u>	<u>\$ 3,436,000</u>
sub total	\$12,694,000	\$ 6,480,000
7 Projects funded	<u>\$ 7,641,000</u>	<u>\$ 5,507,000</u>
Balance	\$ 5,053,000	\$ 973,000
12 Apps on hand	<u>\$21,280,800</u>	<u>\$10,989,000</u>
Est. Shortfall	<u>\$16,227,800</u>	<u>\$10,026,000</u>



WEP Guaranteed Loans

Loans are made by a bank or other lender and guaranteed against loss by the USDA Rural Development

Loans are made at lenders normal and customary rates and terms

Guarantee allows lenders to make loans that they otherwise could not

Cannot guarantee loans secured by tax-exempt obligations

FY 14 Allocation	\$ 570,000
FY 14 Obligations TYD	= <u>\$2, 500,000</u>
OPM	<u>\$ 1,930,000</u>

Community Facilities

- Essential Community Facilities–
One of 43 funding programs
targeted to Communities with
population of 20,000 or less

▪

Community Facilities

FINANCE THE DEVELOPMENT AND IMPROVEMENT OF ESSENTIAL PUBLIC FACILITIES THAT SERVE RURAL AREAS AND ARE FOR PUBLIC USE

ANY FACILITY NEEDED FOR THE ORDERLY DEVELOPMENT OF A RURAL COMMUNITY.

MEDICAL CLINICS, FIRE STATIONS, FIRE TRUCKS, ASSISTED LIVING FACILITIES, ROADS, BRIDGES, ETC.

Base Entity Eligibility

- Public Bodies - City, Town, County, District, etc.
- Non-Profit Corporations (BROAD BASED LOCAL CONTROL)
- Federally Recognized Indian Tribes
- Under 20,000 population

ACTIVITIES

- NEW CONSTRUCTION
- REMODELING/RENOVATION
- EQUIPMENT
- HEALTH IT



Three Types of Community Facilities Assistance:

- Guaranteed Loans
- Direct Loans
- Grants



CF Guaranteed Loan Basics

- Application is made thru a lender of your choice
- Can guarantee up to 90 % of the loan
- Rates and Terms set by lender with some restrictions
- We charge only a 1 % fee
- No maximum loan limits
- Guaranteed Portion can be sold to investors
- Flexible terms

CF Guaranteed Loan Basics

- Local Bank with \$5,000,000 loan limit can make good money on a guaranteed loan.
- Example \$15,000,000 loan at 6.5% with a 90% guarantee allows the Bank to sell the \$13,500,000 on the guaranteed market. In some cases for more than face value .They keep .75% -1% as a servicing fee on the portion they sell.



CF Guaranteed Loan Basics

- They earn .75% on servicing of the \$13,500,000 portion they sold or \$101,250.00
- They earn 6.5% on the \$1,500,000 unguaranteed portion or \$ 97,500.00

Total \$ 198,750.00

CF Guaranteed Loan Basics

- $\$198,750.00 / \$1,500,000.00 = 13.25\%$ return to the Bank
- Of the \$5,000,000 loan limit only the
 - \$1,500,000 counts against the loan limit
 - \$3,500,000 still available to lend.



Farmer MacII

Product Types	Monthly Pay Cash	Monthly Pay 4- Week Rate Lock	Annual, S.A., & Qrtly Pay Cash	Annual, S.A., & Qrtly Pay 4- Week Rate Lock
Wall Street Journal Prime **	1.75%		1.75%	
Farmer Mac 3-Mo COFI	1.40%		1.40%	
Farmer Mac 5-Yr Reset COFI, 20, 25, 30-Yr Am	2.63%	2.72%	2.73%	2.82%
Farmer Mac 10-Yr Reset COFI, 20, 25, 30-Yr Am	3.59%	3.68%	3.69%	3.78%
Farmer Mac 15-Yr Reset COFI, 20, 25, 30-Yr Am	4.00%	4.09%	4.10%	4.19%
7-Yr Fixed Rate, 7-Yr Am	2.54%	2.63%	2.64%	2.73%
7-Yr Fixed Rate, 15-Yr Am	2.91%	3.00%	3.01%	3.10%
10-Yr Fixed Rate, 10-Yr Am	3.20%	3.29%	3.30%	3.39%
15-Yr Fixed Rate, 15-Yr Am	3.54%	3.63%	3.64%	3.73%
15-Yr Fixed Rate, 25-Yr Am	3.90%	3.99%	4.00%	4.09%
20-Yr Fixed Rate, 20-Yr Am	3.90%	3.99%	4.00%	4.09%



Base Direct Loan Eligibility

Population under 20,000

Loan Interest Rates Currently through June 30, 2014:
4.1250% Loans direct from USDA Rural Development.
The rate is fixed once obligated. You get the lower of the obligated rate or the rate in effect when closed.

Max. Loan Term Life of the security up to 40 years

Debt coverage 110% / positive cash flow

Other Credit - Not eligible if project can be funded by commercial credit or use of a Guaranteed Loan



Base Direct Loan Eligibility

Applicant contribution

All available cash to reduce need for loan or grant

Foundation contribution

What funds are available from this source

Community fund raising

How much and when available

Base Grant Eligibility

Max. Grant 75% When MHI of the area served is equal to or below \$28,654 and the Population is under 5,000

Max. Grant 55% When MHI of the area served is equal to or below \$33,429 and the Population is under 12,000

Max Grant 35% When MHI of the area served is equal to or below \$38,205 and the Population is under 20,000

Max. Grant 15% When MHI of the area served is equal to or below \$42,981 and the Population is under 20,000



Base Grant Eligibility

- Needs based
- MHI Based on primary service area
- Only that portion the applicant lacks the ability to pay by loan
- Limited by MT allocation of funds (50% of our funds or \$50,000 which ever is less) (\$113K regular and 60K EII in a typical year.)



FY 2012

3 Guaranteed Loans = \$ 21,400,000

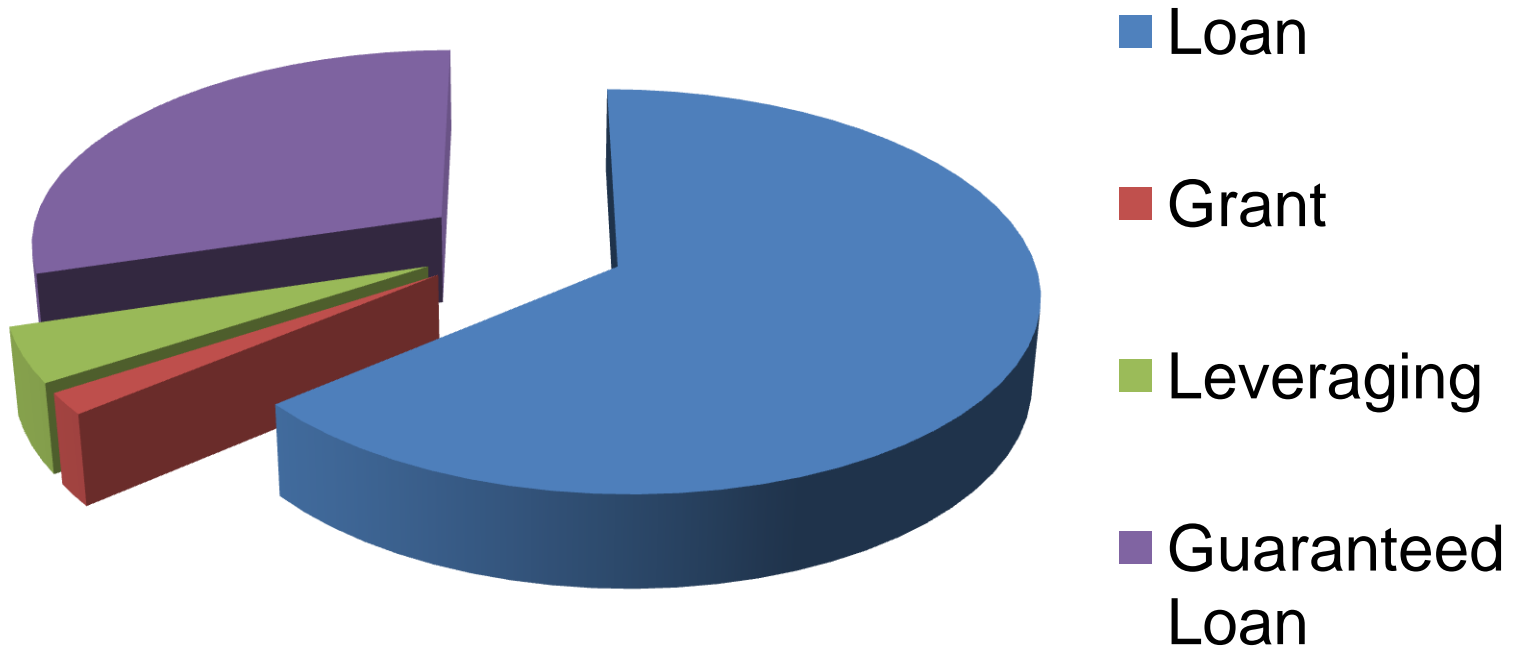
12 Direct Loans = \$ 46,106,800

12 Grants * = \$ 1,282,556

20 Projects Total = \$ 68,789,356

* Tribal College = \$951,936 RCDI Grants = \$200,000 Regular + Eii = \$130,620

FY 2012





FY 2013

0 Guaranteed Loans = \$ 0

5 Direct Loans = \$ 6,551,000

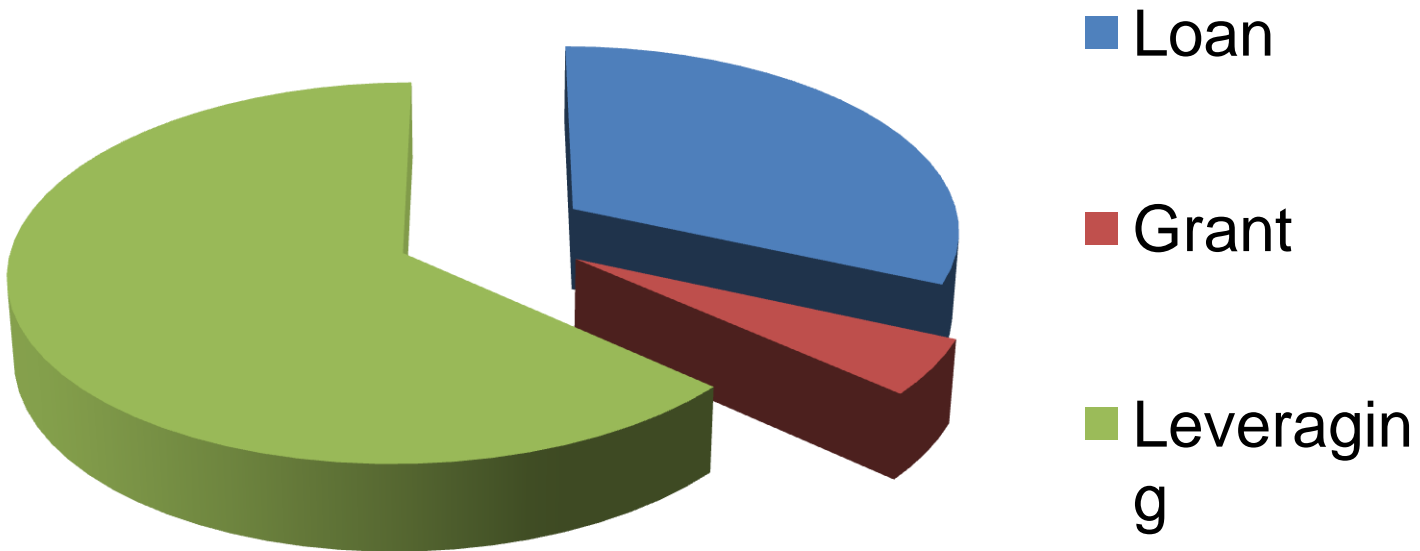
12 Grants * = \$ 1,004,368

18 Projects Total = \$ 7,555,358

* Tribal College = \$878,843 Regular + EII = \$125,525



FY 2013





FY 2014 Applications Pending

0 Guaranteed Loans = \$ 0

9 Direct Loans = \$62,302,750

4 Grants * = \$ 322,310

13 Projects Total = \$62,625,060

* (Tribal College expect 7 grants for = \$800,000) Regular + EII = \$160,000



FY 2014 Appropriations

Guaranteed Loans = \$ 0

Direct Loans = \$17,965,750

Grants = \$ 160,800

Est. Tribal College = \$ 800,000
\$18,926,550



Health Information Technology Roundup Memorial

Cost for system	\$592,300
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Incentive Payments

March 2013	\$25,000
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March 2014	\$15,000
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September 2014	\$424,560
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March 2015	\$ 5,000
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March 2015	<u>\$ 5,000</u>
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Total Payments	<u>\$ 474,560</u>
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Shortfall	<u>\$ 117,740</u>
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Health Information Technology Roundup Memorial

City of Roundup

Population 1,788 MHI \$34,917 =

Max. 35% grant

Shortfall \$ 117,740 x .35 = \$41,200 max grant amount



Health Information Technology Roundup Memorial

Project	rounded	<u>\$ 593,000</u>
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Local Funds	\$ 50,000
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RD Loan	\$507,000	(\$418K 2yrs + \$89k termed out)
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RD Grant*	\$ 36,000
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* Minimum amount needed to make project feasible.



Health Information Technology

Guaranteed Community Facility Loan from:
American Federal Savings Bank to

Monida Healthcare Network Resources, Dillon Mt.

The project coordinated digitized licenses, servicing and training to 65 recipient facilities including:

St. Luke Hospital- Ronan; Barrett Hospital & Health Center –Dillon ; Clark Fork Valley Hospital - Plains; Granite County Hospital – Philipsburg; Mineral County Hospital – Superior and Powell County Hospital in Deer Lodge.



United States Department of Agriculture

**USDA Rural Development – Montana
Rural Housing Service**

Critical Access Hospital Replacement





Community Hospital of Anaconda

Guaranteed Loan

Rocky Mountain Bank	\$10,000,000
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USDA Direct Loan	<u>\$ 9,543,000</u>
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Total	\$19,543,000
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Interim Financing by Glacier Bank- Butte, MT

In Parity with First Montana Bank



United States Department of Agriculture

**USDA Rural Development – Montana
Rural Housing Service**

Livingston Healthcare





Livingston Healthcare

Guaranteed Loan

First Interstate Bank	\$10,000,000
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Community funds	\$ 4,000,000
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USDA Direct Loan	<u>\$26,000,000</u>
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Total	<u>\$40,000,000</u>
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USDA Direct Equipment Loan	<u>\$ 3,500,000</u>
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Interim Financing by Raymond James - Kentucky



United States Department of Agriculture

**USDA Rural Development – Montana
Rural Housing Service**

Beartooth Billings Clinic





Beartooth Billings Clinic

Guaranteed Loan

First Interstate Bank	\$13,775,000
Community funds	\$ 2,452,000
USDA Direct Loan	<u>\$ 6,000,000</u>
Total	\$22,227,000

Interim Financing by Raymond James - Kentucky



United States Department of Agriculture

**USDA Rural Development – Montana
Rural Housing Service**

Clinic Replacement





United States Department of Agriculture

**USDA Rural Development – Montana
Rural Housing Service**

Clinic Replacement





Rosebud Community Hospital INC.

Coal Board Grant	\$ 400,000
CDBG ED Grant	\$ 400,000
REDLEG (Range Telephone)	\$ 200,000
Community funds	\$ 100,000
USDA Direct Loan	<u>\$ 2,160,000</u>
Total	\$ 3,260,000

Interim Financing by Stockman Bank

Basic information needed

- **Type of facility, Start- up or existing facility?**
- **Overall historical performance**
- **Management capacity**
- **Scope of project**
- **Basic eligibility information**
 - **Location**
 - **Purpose**
 - **Entity**
 - **Essential Community Facility**
 - **Significant Community Support**

Start Early

- Pre application
http://www.rurdev.usda.gov/MT_cfp.html
- Preliminary Architectural Report
Selection of Professional Services
- Environmental Review-
NO FLOODPLAINS PLEASE!
- Feasibility Study



United States Department of Agriculture

USDA Rural Development – Montana
Rural Housing Service

Priorities:

Health care

Health IT

First Responders

Libraries

20/20/2016



20/20/2016

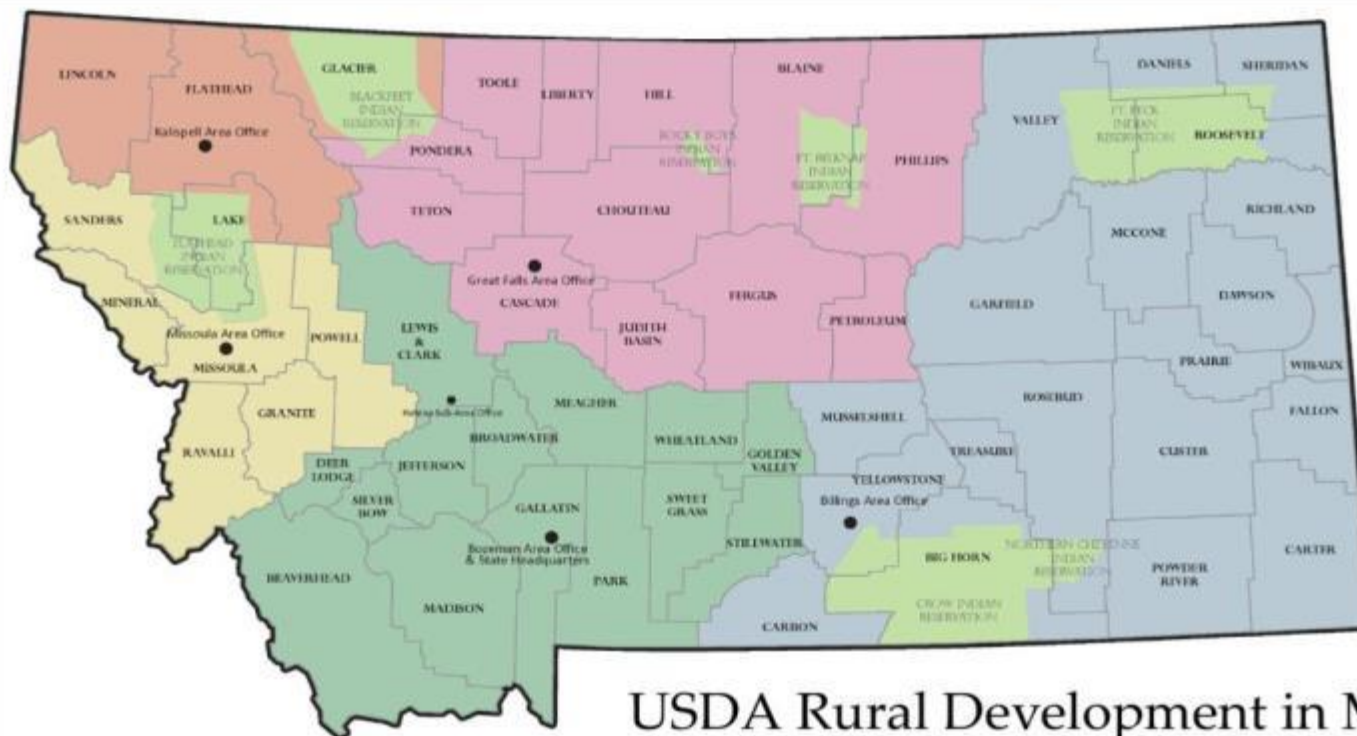
20% of funds in communities with 20% of population in poverty by 2016

- <http://www.arcgis.com/home/webmap/viewer.html?webmap=7b2fb71c41ae43ca9f79d6acf9e83cef>
- Mapping from MT CEIC





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Questions ?





Thank You

