

Telecommunications Infrastructure Loans & Loan Guarantees

Investing in Rural America's Future

The Telecommunications Loan Program improves the quality of life in rural America by providing investment capital in the form of loans, for the deployment of rural telecommunications infrastructure.

The U.S. Department of Agriculture's (USDA) Telecommunications Loan Program is administered by USDA Rural Development's Utilities Programs. To achieve the goal of increasing economic opportunity in rural America, the program finances infrastructure that enables access to a seamless, nationwide telecommunications network. With access to the same advanced telecommunications networks of its urban counterparts especially broadband networks designed to accommodate distance learning, telework, and telemedicine - rural America will see improved educational opportunities, healthcare, safety, and security. Ultimately, this should lead to higher employment. USDA is committed to ensuring that rural areas have access to affordable, reliable, advanced telecommunications services, comparable to those available throughout the rest of the United States, to provide a healthy, safe, and prosperous place to live and work.

Through this program, billions have been invested in improved telecommunications services to rural subscribers.

Who is eligible?

Financial assistance is provided to: Rural utilities; municipalities; commercial corporations; limited liability companies; public utility districts; Indian tribes; and cooperative, nonprofit, limited-dividend, or mutual associations.

How may funds be used?

Loan funds may be used to finance telecommunications services in rural areas for:

- New construction;
- Improvements;
- Expansions;
- Acquisitions (some restrictions apply-cost of acquisition must be incidental to cost of improvements in loan);
- Refinancing (some restrictions apply-amount refinanced cannot exceed 40 percent of loan amount).

What types of loans are available?

- Cost-of-Money loans at current U.S. Treasury rates, depending on loan maturity at the time of each advance.
- Guaranteed loans from the Federal Financing Bank (FFB). Interest rates (Treasury rate plus 1/8th percent), vary depending on call options and the interim maturity rate selected at each advance, which may be as short as 90 days, with auto-rollover.
- Hardship loans at a fixed rate of 5 percent interest. Current rates are published online at <http://www.federalreserve.gov/releases/h15/Current/> (scroll down to "Treasury Constant Maturities"). To determine FFB rates, add 0.125 percent to the Treasury Constant Maturities figures.



United States
Department of
Agriculture

Rural Development



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For more information

For more information or to obtain an application packet, visit the website at: <http://www.rd.usda.gov/programs-services/telecommunications-infrastructure-loans-loan-guarantees>

Or write to your local or State USDA Rural Development office (see the U.S. Government listing in your phone directory under U.S. Department of Agriculture), or the National Office at:

USDA Rural Development Telecommunications Staff

U.S. Department of Agriculture

1400 Independence Ave., S.W., Room 5151

Mail STOP 1590.

Washington D.C. 20250-1590

Phone: (202) 720-9556

Fax: (202) 720-0810

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

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Farm Bill Broadband Loans & Loan Guarantee

What does this program do?

The Rural Broadband Access Loan and Loan Guarantee Program (Broadband Program) furnishes loans and loan guarantees to provide funds for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide service at the broadband lending speed in eligible rural areas.

Who may apply for this program?

To be eligible for a broadband loan, an applicant may be either a nonprofit or for-profit organization and must take one of the following forms:

- Corporation;
- Limited Liability Company (LLC);
- Cooperatives or mutual organization;
- A state or local unit of government;
- Indian tribe or tribal organization;

Individuals and Partnerships are not eligible.

Corporations that have been convicted of a felony (or had an officer or agent acting on behalf of the corporation convicted of a felony) within the past 24 months are not eligible. Any Corporation that has any unpaid federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, is not eligible for financial assistance provided with funds appropriated by the Agriculture, Rural Development Food and Drug Administration, and Related Agencies Appropriations Act, 2012, P.L. No. 112-55.

What is an eligible area?

Proposed funded service areas must be completely contained within rural area, as defined in the **Application Guidelines**, or composed of multiple rural areas, and meeting the below criteria:

- At least 15 percent of the households in the proposed funded service area are unserved,
- No part of the proposed funded service area has three or more "incumbent service providers."
- No part of the proposed funded service area overlaps with the service area of current RUS borrowers or the service areas of grantees that were funded by RUS.

The **Broadband Mapping Tool** provides guidance on what counts as rural areas under the program and can also identify where existing RUS borrowers and grantees are.

Communities where USDA Rural Utilities Service has previously provided funding for construction of broadband infrastructure may not be eligible. The eligibility **map** can be found at <https://broadbandsearch.sc.egov.usda.gov/bsa/servlet/mainAction.do?pageAction=Home>.

How may funds be used?

Broadband loans and Loan Guarantees provide funding on a technology-neutral basis for financing:

- The construction, improvement, and acquisition of facilities required to provide service at the broadband lending speed including facilities required for providing other services through the same facilities
- The cost of leasing facilities required to provide service at the broadband lending speed if such lease qualifies as a capital lease under Generally Accepted Accounting Principles (GAAP)
- An acquisition, under certain circumstances and with restrictions
- For additional detail see **7 CFR 1738**

What kind of funding is available?

- **Direct loans:** Cost-of-Money Loans

Farm Bill Broadband Loans & Loan Guarantee

What are the loan terms?

- In general Loan Terms are limited to the expected composite economic life of the assets to be financed plus 3 years.

How do we get started?

For more information or to obtain an application packet, visit the website at:

<http://www.rd.usda.gov/programs-services/farm-bi-11-broadband-loans-loan-guarantees>

Or write to your local or State USDA Rural Development office (see the U.S. Government listing in your phone directory under U.S. Department of Agriculture), or the National Office at:

USDA Rural Development Telecommunications Staff U.S. Department of Agriculture

1400 Independence Ave.,
S.W., Room 5151 Mail STOP 1590
Washington, D.C. 20250-1590
Phone: (202) 720-9556
Fax: (202) 720-0810

Who can answer questions about this program?

- Contact our Loan Origination and Approval Division at (202) 720-0800
- Contact the **General Field Representative** who serves your area

Why does USDA Rural Development do this?

The Telecommunications Program increases economic opportunities and improves the quality of life for families and businesses in rural America by providing investment capital in the form of loans and loan-guarantees for the deployment, maintenance and improvement of telecommunications infrastructure in areas where commercial capital is not available. The program helps maintain a seamless nationwide telecommunications network that also provides access to broadband for education, healthcare, public safety and jobs for all Americans regardless of where they live. Expansion of modern broadband service is essential for rural America to be able to access Web-based information and services that will allow rural communities to compete in the global economy and offer the quality of life necessary to attract and retain residents and businesses.

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Distance Learning & Telemedicine Grants

What does this program do?

The Distance Learning & Telemedicine (DLT) program helps rural communities acquire technologies to connect teachers and medical providers serving rural residents with other teachers, medical professionals and other needed expertise located at distances too far to access otherwise.

Who may apply for this program?

Eligible applicants include most entities that provide education or healthcare through telecommunications, including:

- Most State and local governmental entities
- Nonprofits
- Consortia of eligible entities
- Federally recognized Tribes
- For-profit businesses

Please refer to the **Bulletin for All DLT Applicants Concerning Cloud Services**.

What is an eligible area?

Check with a **General Field Representative** to determine whether the proposed service area qualifies.

How may funds be used?

Grant funds may be used for:

- Acquisition of eligible capital assets, such as:
 - Audio, video and interactive video equipment;
 - Terminal and data terminal equipment;
 - Computer hardware, network components and software;
 - Inside wiring and similar infrastructure that further DLT services.
- Acquisition of instructional programming that is a capital asset
- Acquisition of technical assistance and instruction for using eligible equipment

What kinds of funding are available?

Only 100 percent grant funds are available and are awarded through a nationally competitive process. Funding is not currently available for DLT loans or loan / grant combinations.

What are the grant terms?

- Awards can range from \$50,000 to \$500,000
- A minimum 15 percent match is required and cannot be from another federal source.

How do we get started?

- Applications for the grant program are accepted through the national office.
- The window for applications is typically 60 days.
- Program Resources are available online at www.rd.usda.gov (includes forms, guidance, certifications, etc.)

Who can answer questions?

Contact a **General Field Representative** that serves your area, call (202) 720-0800 or email dlinfo@wdc.usda.gov.

What governs this program?

- Code of Federal Regulation: **7 CFR 1703, Parts D-G**

Why does USDA Rural Development do this?

The DLT program helps rural residents tap into the enormous potential of modern telecommunications and the Internet for education and healthcare, two of the keys to economic and community development.

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