

Application processing

- Applicants can apply with either the preapplication or full application.
- Preapplications are recommended for communities that may be unsure of how the project will affect user rates or whether they are eligible for grant funds (and how much!).
- Preapplications/applications are accepted year-round and are retained until funded or withdrawn by applicant.
- Preapplications/applications must be reviewed for completion within 15 days of receipt. Any item missing or incomplete must be addressed with the applicant and/or their engineer. Applications are not returned because a portion is missing.
- Once an preapplication/application is determined complete, we have 45 days to determine loan/grant funding and notify applicant of eligibility, loan/grant amounts, and estimated time frame for funding.
- Applicants must prove that they cannot obtain commercial credit at reasonable rates and terms.
- Bond ratings are not required.
- Because we provide supervised credit, all aspects of the application. This includes the engineering fees, bond counsel/attorney fees, purchase of land versus valuation, etc.
- Loans are for 40 years or useful life of facility.
- Loans less than 40 years will not receive grant funds.
- No prepayment penalties.
- Grant determinations are based on 1.5% of the facilities' median household income
- The environmental process (Categorical Exclusions, Environmental Assessment) must be complete and Notice of Availability and Finding of No Significant Impact must be published before funds can be obligated.
- User rates are not established by Rural Development. The applicant is provided with the total amount of revenue necessary for cash flow. It is up to them to establish the user rates and provide a first year operational operating budget that proves cash flow. Many turn to Michigan Rural Water or RCAP for rate studies. Rates must be in effect at the time of loan closing.
- Projects must be modest in cost and design.
- Repair, replacement and improvement reserves are required. The annual RRI amount is determined on the short-lived asset list provided by the applicant and/or their engineer. It is a semi-restricted reserve account for capital improvement equipment items.

COMMUNITY FACILITY DIRECT AND GUARANTEED LOANS AND GRANTS

Purpose: Direct loans and grants may be made for essential community facilities, such as hospitals; clinics; nursing homes; ambulatory care centers and vehicles; police and fire stations, vehicles and equipment; jails; communication centers; adult and child foster care centers; courthouses; airports; schools; libraries; etc. Loans and grants are available to public entities such as municipalities, counties, and special-purpose districts, as well as to nonprofit corporations and tribal governments in areas of up to 20,000 in population. Priority is given to applicants in rural communities with populations of 5,000 or less. For grant funding, the facility must serve areas where the median household income of the population is either below the poverty line or below 90 percent of the State non-metropolitan median household income, whichever is higher. Applicants must have the legal authority to borrow and repay loans, to pledge security for loans, and construct, operate, and maintain the facilities. 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 debt retirement. Guaranteed loans are made and serviced by lenders such as banks, savings and loans, mortgage companies which are part of bank holding companies, banks of the Farm Credit System, or insurance companies regulated by the National Association of Insurance Commissioners. Guaranteed loans may guarantee up to 90% of any loss of interest or principal on the loan.

WATER AND WASTE DISPOSAL DIRECT AND GUARANTEED LOANS AND GRANTS

Loan purpose: Direct loans may be made to develop water and wastewater systems, including solid waste disposal and storm drainage, in rural areas and to cities and towns with a population of 10,000 or less. Funds are available to public entities, such as municipalities, counties, special-purpose districts, and Indian tribes. In addition, funds may be made available to corporations operated on a not-for-profit basis. Priority will be given to public entities, in areas with less than 5,500 people, to restore a deteriorating water supply, or to improve, enlarge, or modify a water facility or an inadequate waste facility. Also, preference will be given to requests which involve arsenic problems and the merging of small facilities and those serving low-income communities and target areas. Applicants must be unable to obtain funds from other sources at reasonable rates and terms. The maximum term for all loans is 40 years; however, no repayment period will exceed State statutes or the useful life of the facility. Interest rates may be obtained from Rural Development Area offices. Guaranteed loans may be made for the same purpose as direct loans. They are made and serviced by lenders such as banks and savings and loan associations. Normally, guarantees will not exceed 80 percent on any loss of interest and principal on the loan.

Grant purpose: Reduce water and waste disposal costs to a reasonable level for users of the system. Eligible applicants and purposes are the same as for loans. Predevelopment Planning Grants and SEARCH Grants may be available, if needed, to assist in paying costs associated with developing a complete application for a proposed water or wastewater project. For more information please contact any Rural Development Area Office and request a "Processing Guide-Predevelopment Planning/SEARCH Grants" and a "Predevelopment Planning Grant/SEARCH Information Sheet."

SOLID WASTE MANAGEMENT GRANTS AND TECHNICAL ASSISTANCE AND TRAINING GRANTS

Solid Waste Management Grant Purpose: Make grants to public and private nonprofit organizations to provide technical assistance and/or training to associations located in rural areas and to cities and towns with a population of 10,000 or less to reduce or eliminate pollution of water resources, and improve planning and management of solid waste facilities. Assistance may be provided to enhance operator skills in operations and maintenance, identify threats to water resources, and reduce the solid waste stream.

Technical Assistance and Training Grant Purpose: Make grants to nonprofit organizations to provide technical assistance and/or training to associations located in rural areas and to cities and towns with a population of 10,000 or less. Assistance may be provided to identify and evaluate solutions to water and waste disposal problems, to improve the operation and maintenance of existing water and waste disposal facilities, and to assist associations in preparing applications for water and waste disposal facilities.

RURAL WATER AND WASTE WATER TECHNICAL ASSISTANCE

Purpose: Provide on-site technical assistance to help assure cost effective operation of rural water and sewer systems. RD can assist rural water and sewer systems, with day-to-day operational, financial and management problems. The assistance is provided at no charge by Michigan Rural Water Association or Rural Communities Assistance Program and may be requested by officials of rural water/sewer systems or by Rural Development personnel. It compliments supervisory assistance provided by Rural Development.

APPLICATIONS

Information about the water and waste disposal programs and advice on how to assemble information to determine engineering feasibility, economic soundness, cost estimates, organization, financing and management matters, may be obtained from Rural Development Area offices listed on the attached map. Please contact them for an information or application meeting before you proceed. It is important to bring in the Rural Development Officials early in project development.

Preapplication/Application Guide for Water and Waste Loans and Grants Federal Catalog Number 10.766

This guide is provided to inform Rural Development (RD) applicants of items to include in a preapplication or application. A complete preapplication or application package, which has one original and one copy of all required forms and documents, and in which project costs and customer information is consistent on all documents should be sent to the RD Area Office for review and processing.

Preapplications will include #1-10. Applications will include all 14 items.

1. **Preapplication/Application for Federal Assistance - Construction.** Applicants may obtain the application forms from the web at <http://fedforms.gov>, by typing SF-424 in the search block. Include a *project narrative* that describes the project and a *map of the system* indicating the location of all existing users and proposed new users of the system consistent with Items #6 and #10 below. The application must be signed by an elected official. The form must include the 9 digit Taxpayer Identification Number assigned by IRS and the Dun and Bradstreet Data Universal Numbering System (DUNS) number. Organizations that cannot verify that they have a DUNS number should take steps to obtain one by calling the dedicated toll-free DUNS Number request line at 1-866-705-5711. Applicants may also apply on the web at www.dnb.com by clicking on the d & b ® D-U-N-S ® item in the menu bar (allow 30 days for this method).
2. **State and Regional Clearinghouse** comments and recommendations or a copy of the letters requesting review. See Michigan Instruction 1940-J, Exhibit A. (attached)
3. **Certification of Commercial Credit.** Applicants must certify in writing that they are unable to finance the proposed project from their own resources or through commercial credit at reasonable rates and terms that will allow them to maintain user rates comparable to other similar systems. Applicants must sign the MI 1780-22 certification.
4. **Audit Report** (most recent) or financial statements (balance sheet and income & expense statement). If combined water/sewer enterprise fund, a balance sheet and income/expense statement must be supplied for the system being funded.
5. **Public Notice of Intent to File an Application with RD.** Within the 60 days prior to filing an application with the agency, the applicant must publish a notice of intent to apply for a Rural Utilities Service loan and/or grant in a newspaper of general circulation in the proposed service area. You must provide a copy of the published notice.
6. **Customer Information**, Michigan Guide 2, Attachment 1. The number of customers should agree with the map of system customers (item 1) and the Preliminary Engineering Report (or concept document for a preapplication).
7. To qualify for the poverty interest rate, the median household income (MHI) of your service area must be below the state poverty line and construct new facilities or upgrade existing facilities to meet applicable health or sanitary standards. Provide documentation from the appropriate regulatory agency that the existing conditions/facilities do not meet applicable standards and that the proposed improvement is necessary to meet those requirements.
8. Provide documentation of leveraging from other sources that will be used for the project.
9. Provide documentation that the project will be consistent with the current **Area Comprehensive Development Plan.**

10. Preapplication Stage - Preliminary Engineering Report (PER), if available or a concept document outlining the problem, solution and cost.
Application Stage - Preliminary Engineering Report (PER), use RUS Bulletin (RB) 1780-2 (Water), RB 1780-3 (Sanitary Sewer), RB 1780-4 (Solid Waste) or RB 1780-5 (Storm Water) with current recommendations and cost estimate that is consistent with the remainder of the application and proposed engineering agreement.
11. Environmental Report. (One copy only) See RUS Bulletin 1794A-602 "Guide For Preparing Environmental Reports for Water and Waste Projects," which can be downloaded from the RUS web site, <http://www.usda.gov/rus/water/regs-bulletins.htm>. Also refer to Michigan Guide 2, Attachment 2, "Michigan Supplement to RUS Bulletin 1794A-602" with Exhibit A, (information needed for a SHPO review) for assistance. The historic review and tribal consultation should be completed before finishing the environmental report.
12. Engineering Agreement, "Standard Form of Agreement between Owner and Engineer for Professional Services" (EJCDC No. E-500, 2008 edition). The Michigan Attachment C (USDA-RD Michigan EJCDC) must be used as outlined in RUS Bulletin 1780-26. Please submit 2 copies of the draft agreement with proof of liability insurance to RD for review and approval. Form AD-1048, Certification Regarding Debarment, must also be signed.
13. Legal Services Agreement, Michigan Guide 4, submit a draft for review.
14. Documentation and/or CAGE# that the applicant's DUNS number is registered with the Central Contractor Registration (CCR) database. CCR registration can be verified at <https://www.bpn.gov/CCRSearch/Search.aspx>. Website for registering the DUNS is: <https://www.bpn.gov/ccr/default.aspx> or call 1-866-606-8220 or 1-334-206-7828. The CCR registration process may take up to 5 days.

Upon notification from the Area Office to proceed further with further development of the full application, the applicant will submit the following items to the Area Office:

1. Application Certification, Federal Collection Policies for Consumer or Commercial Debts, Form RD 1910-11.
2. Equal Opportunity Agreement, Form RD 400-1.
3. Assurance Agreement, Form RD 400-4.
4. Certification Regarding Debarment, Suspension and other Responsibility Matters, Form AD-1047.
5. Certification regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals, Form AD-1049.
6. Certification for Contracts, Grants, and Loans, (Regarding Disclosure of Lobbying Activities), 1940-Q, Exhibit A, including Standard Form SF-LLL.
7. Certification regarding tying arrangements. Applicants that provide electric service must provide the Agency a certification that they will not require users of a water or waste facility financed under this part to accept electric service as a condition of receiving assistance.

Note to Applicant:

Do not proceed with bidding until authorized in writing by the Rural Development area office. Contract plans/specifications and certain legal requirements must be met before bidding is authorized.

**WATER & WASTE
PROJECT SELECTION CRITERIA**

Name of Applicant AnytownSERVICE TO BE PROVIDED: Domestic Water

PRIORITIES	POSSIBLE POINTS	POINTS AWARDED
A. Population priorities:		
1. Project primarily serves a rural area equal to or less than 1,000 population.	25	
2. Project primarily serves a rural area between 1,001 and 2,500 population.	15	<u>0</u>
3. Project primarily serves a rural area between 2,501 and 5,500 population.	5	
B. Health priorities:		
1. Project alleviates emergency situation, corrects unanticipated diminution or deterioration of a water supply or meet Safe Drinking Water Act requirements which pertain to a water system.	25	
2. Project to correct inadequacies of a wastewater disposal system or to meet health or sanitary standards which pertain to a wastewater disposal system.	25	<u>0</u>
3. Projects which are required to meet administrative orders issued to correct local, State or Federal violations pertaining to solid waste.	15	
C. Median household income (MHI) priorities:		
1. MHI less than the poverty line if the poverty line is less than 80% of the state nonmetropolitan household income (SNMHI).	30	
2. Less than 80% of the SNMHI.	20	<u>0</u>
3. Equal to or more than the poverty line and between 80% & 100% inclusive, of the SNMHI.	15	

Name of Applicant Anytown

	POSSIBLE POINTS	POINTS AWARDED
D. Other priorities:		
1. Project to merge ownership, management, and operations of smaller systems for more efficient management and economic service.	15	<u>0</u>
2. Project to enlarge, extend, or otherwise modify existing facilities to serve additional rural residents.	10	<u>0</u>
3. Applicant is a public body or Indian tribe.	5	<u>0</u>
4. Amount of other funds committed to project is:		<u>0</u>
a. 50% or more	15	
b. 20-49%	10	
c. 5-19%	5	
5. Project will serve an Agency identified target area.	10	<u>0</u>
6. Project will primarily recycle solid waste products thereby limiting the need for solid waste disposal.	5	<u>0</u>
7. The proposed project will serve an area that has an unreliable quality or supply of drinking water.	10	<u>0</u>
Sub-Total Points		<u>0</u>
E. State Program Director's discretionary points:		
Up to 15 Points may be awarded to projects to improve compatibility/coordination between RUS's and other agencies' selection systems and to assist those projects that are most cost effective and that provides for effective RUS fund utilization.		<u>0</u>
F. Total Points:		<u>0</u>
G. Administrator's discretionary points.		<u> </u>

State Program Director's should recommend and provide written justification for assignment of Administrator's points under this paragraph.

STATE PROGRAM DIRECTOR

Date

Name of Applicant Anytown

Justification for Discretionary Points

WEP Rule of Thumb for Grants

- The monthly user rate must be at least 1.5% of MHI (median household income).
- Example: Three communities with 500 EDUs with identical projects but with different MHIs. O&M, Repair, Replacement & Improvement reserve, bond reserve, and debt repayment total \$270,000/year or \$45 user rate/month.
 - Community #1 – MHI is \$27,461($\times 1.5\% / 12$) = **\$34.33** monthly user rate - Grant eligible.
 - Community #2 – MHI is \$35,500 ($\times 1.5\% / 12$) = **\$44.38** monthly user rate – Grant eligible. Dependent upon grant funds availability. We may urge the community to fund the project as a loan only to expedite funding of the project.
 - Community #3 – MHI is \$38,500 ($\times 1.5\% / 12$) - **\$48.13** monthly user rate - Not eligible for grant funds.

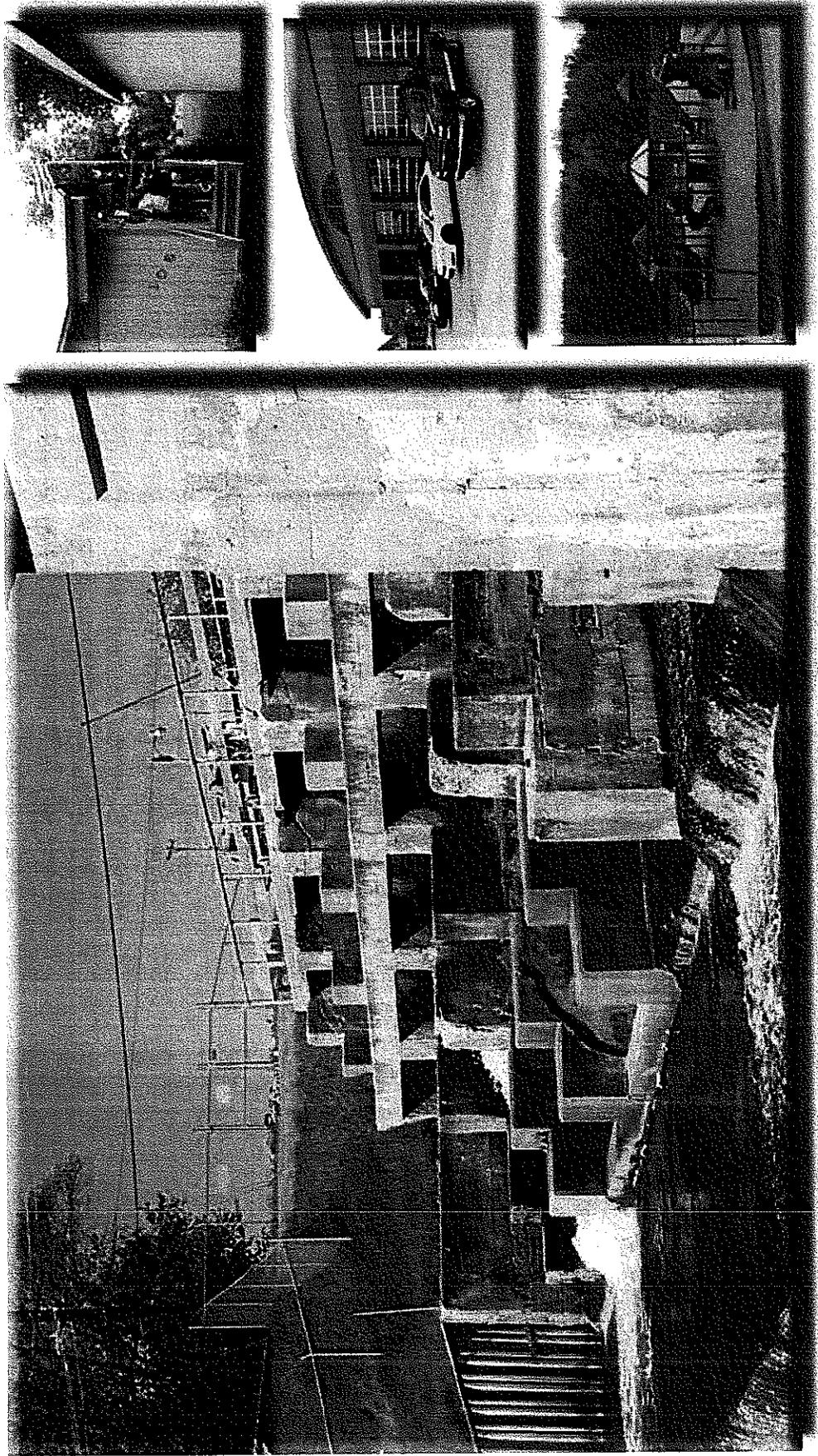


USDA Rural Development Annual Report 2010

Rural
Development

Michigan

Committed to the future of rural communities.

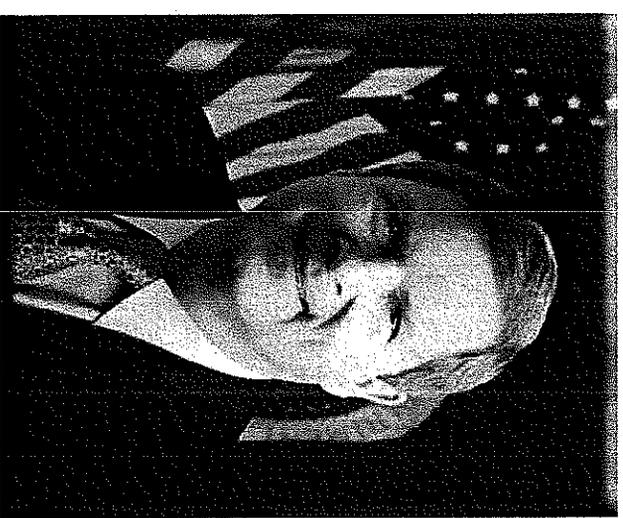


- Housing Programs • Business Programs • Community Programs

“We are building a framework for a new rural economy by ensuring access to innovative technologies, opening new markets for crops, promoting production of renewable energy and better utilizing our natural resources.

“USDA Rural Development funding made an enormous difference in the lives of rural Americans in FY 2010. From helping tens of thousands of families repair or purchase a home, to large-scale investments to develop broadband infrastructure across dozens of counties, USDA Rural Development employees were helping build better lives for the American people. I am confident that the investments we have made will have a lasting, sustainable impact, and provide jobs and economic activity to keep rural America vibrant and prosperous in the future.”

-Agriculture Secretary Tom Vilsack



“Our programs had a remarkable impact in rural America. In FY 2010, we delivered direct assistance to an unprecedented number of worthy recipients thanks to the boost in Federal funding that was possible through the Recovery Act in addition to our regular appropriations. USDA Rural Development – through our array of financial assistance programs, but especially through our talented and dedicated employees serving in local offices across the country – truly makes a difference in quality of the lives of rural Americans, and in the communities in which they live.”

-USDA Rural Development
Under Secretary Dallas Tonsager

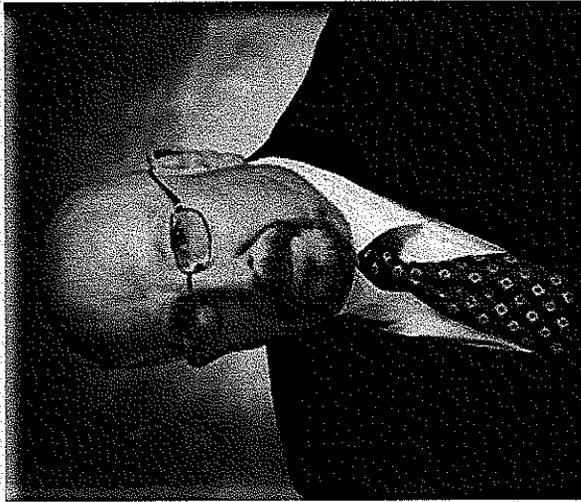


A Message from State Director James J. Turner

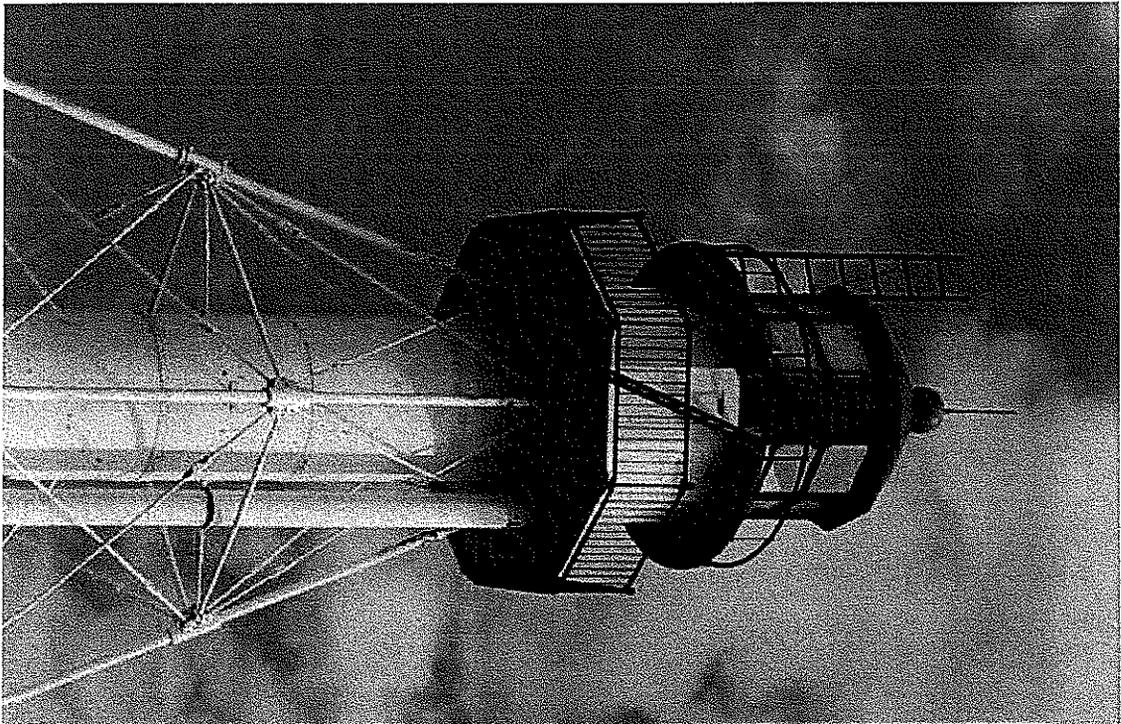
Fiscal Year 2010 has been another record setting year for Michigan Rural Development. Over \$1.2 billion was invested in rural communities across the state. Rural Development invested an unprecedented \$142 million in Business and Cooperative programs, assisting 160 farmers and small business.

We invested \$183.5 million in critical community infrastructure and helped almost 8000 families buy or repair a home. And we invested over \$120 million in expanding access to broadband in rural communities which will expand access to the global marketplace.

All these investments are part of our efforts to make sure that rural communities are thriving, prosperous sustainable places that create wealth that stays in the community. This annual report tells some of the stories that are behind the numbers.



Our Mission: To increase economic opportunity and improve the quality of life for all rural Michigan residents.

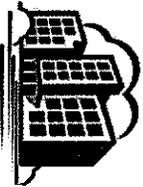


Investment in Michigan Communities, FY 2010:

\$1,206,531,560



Single Family Housing: **\$728,170,477**



Multi-Family Housing: **\$30,126,014**



Business Programs: **\$141,871,709**



Community Programs: **\$181,927,500**



Telecommunications: **\$123,855,880**

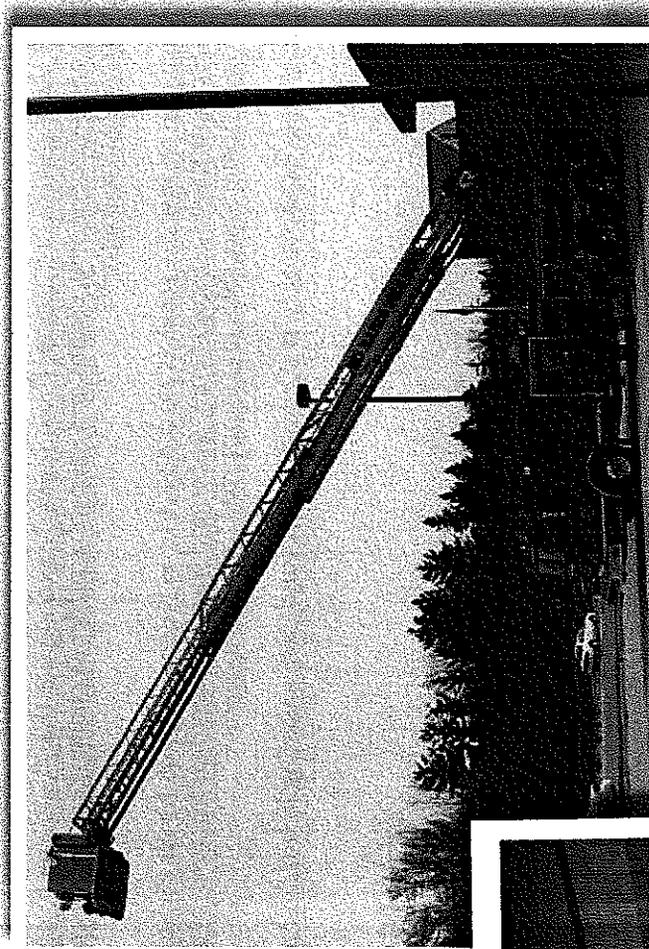
Rural Development impacts the lives of Michigan residents through its programs every day, in every way:

I. Business Programs:

- 36 Michigan businesses were assisted with Rural Business Enterprise Grants
- 60 Renewable Energy for America Program Grants were awarded to Michigan farmers and small businesses
- 160 Michigan businesses in total received guaranteed loans or grants

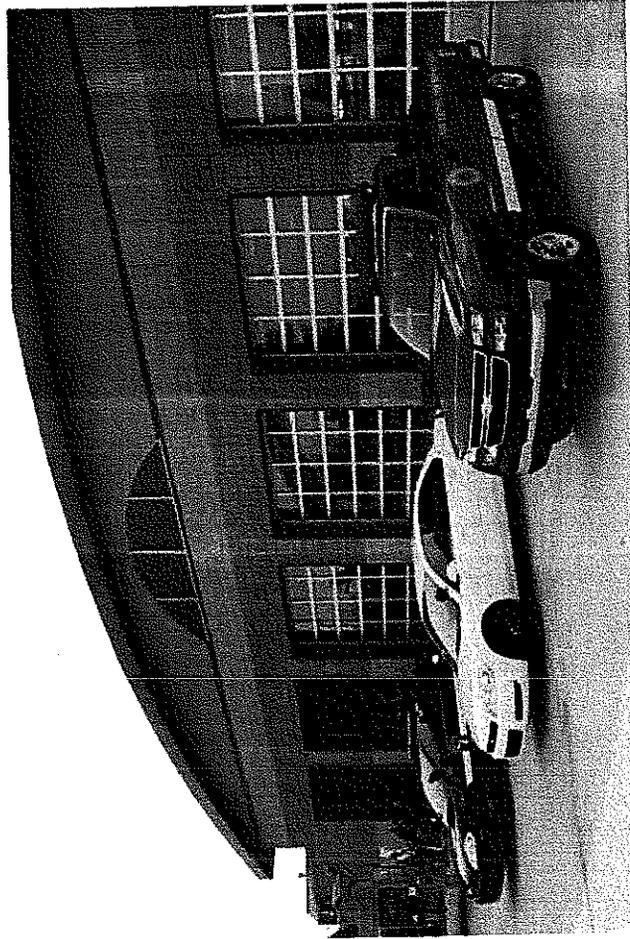
II. Housing Programs:

- 7,797 Michigan families were assisted in obtaining the American Dream of home ownership
- 268 Michigan families were assisted in making essential home repairs and energy-efficient upgrades
- 7,033 Michigan families/individuals enjoyed quality rental housing



III. Community Programs:

- 34 Michigan communities were able to purchase police, fire or other emergency vehicles
- 61 Rural Michigan communities received water and/or sewer improvements
- 19 Rural Michigan communities built or renovated community centers, fire stations, town halls or other structures.



Big Rapids has a strong partnership with USDA Rural Development. All of the vehicles shown above have been purchased with RD assistance.

USDA Rural Development and the Am

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. It was designed to jump start the nation's economy, create and save jobs, address challenges, and help communities thrive. It also helped address the need for improvements in critical infrastructure.

Michigan received a total \$1,010,831,414 in Recovery Act funds through USDA Rural Development in 2009 and 2010. These funds have created jobs, strengthened water and wastewater infrastructure, assisted essential community facilities, helped citizens build wealth through homeownership, and supported local businesses.

Here is an example of how Recovery Act funds are assisting in building a strong future for Michigan communities:

Aztec Manufacturing Romulus, Michigan

There is an old saying about Michigan's economy: when the rest of the nation catches a cold, Michigan gets pneumonia. Despite broadening its economy base, the Great Lakes State still is heavily dependent on the auto industry.

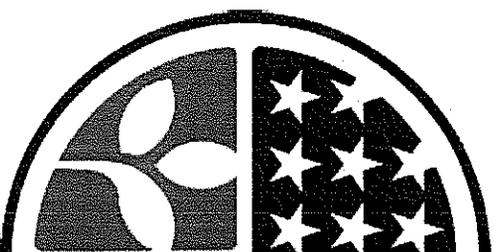
Aztec Manufacturing Corporation, based in Romulus, produces a variety of auto parts for Ford Motor Co. and other clients, including portions of the Mustang brake assembly and Ford truck suspensions. Like many manufacturers in Michigan, Aztec has found the economic climate to be particularly challenging.

The bankruptcies of General Motors and Chrysler devastated Michigan's economy, and even though Ford was able to stay above water, it too was forced to make deep cuts in production. While the layoffs at the major corporations received many of the headlines, these retrenchments hit the suppliers as well, leading to a cascade effect in unemployment. These suppliers lack the financial resources of the major manufacturers and tough times can force them out of business completely.

Thanks to a \$3.9 million loan guarantee from USDA Rural Development's Business and Industry Loan Program funded through the American Recovery and Reinvestment Act,



Aztec Manufacturing President/CEO Greg Lopez (left) shows some of the precision-cut auto parts made by his company to Agriculture Deputy Secretary Kathleen Merrigan.



Michigan Recovery and Reinvestment Act 2009

Recovery Act Investments in Michigan 2009-2010

Aztec was able to purchase new equipment and restructure its existing debt.

In May, Agriculture Deputy Secretary Kathleen Merrigan met with Frank Lopez, Aztec's chairman, and his son, Greg Lopez the company's president and CEO. Greg gave a brief tour of the shop floor, showcasing some of the advanced production equipment that allows his company to create precision-machined parts.

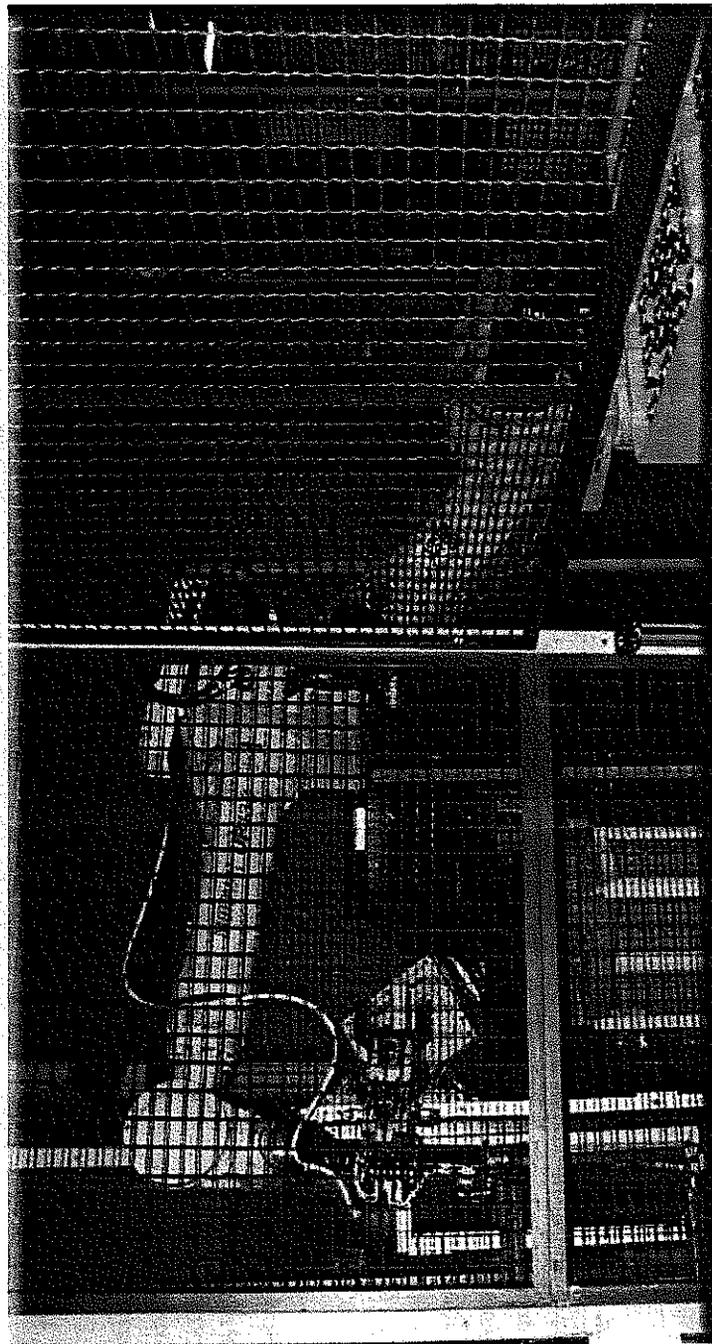
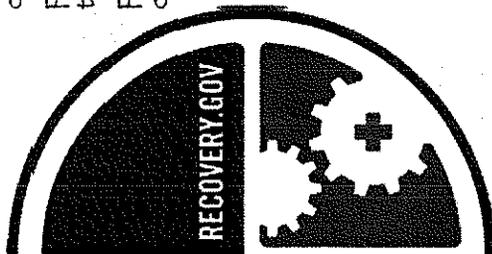
- Housing Programs: \$529,958,863

- Business Programs: \$78,446,553

- Community Programs: \$279,792,000

- Broadband: \$123,855,880

TOTAL: \$1,010,831,414

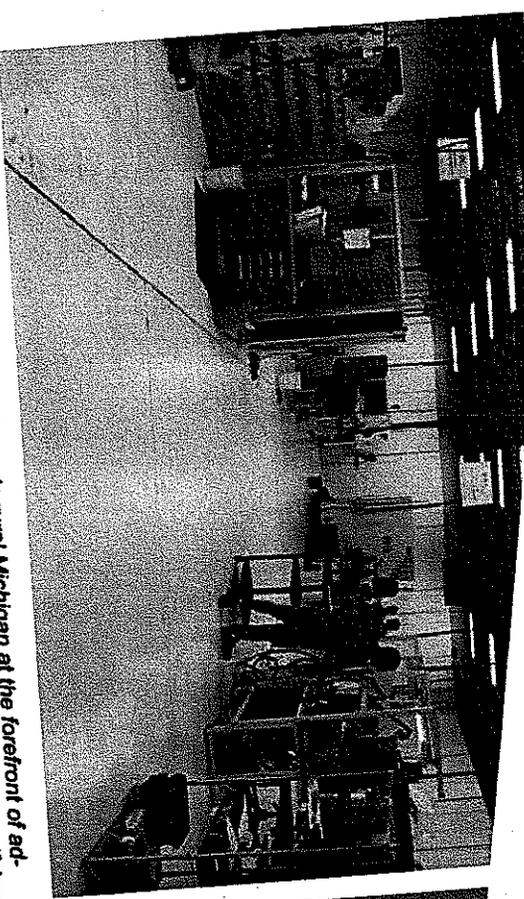


B

usiness Programs - creating opportunity



From left: SMI Co-owner Jerry Carlson, U.S. Sen. Carl Levin, SMI President Dodd Russell, USDA Rural Development State Director for Michigan James J. Turner, and The Bank of Northern Michigan Vice President for Business Banking Wade Van Housen.



Skilled Manufacturing Inc. new facility puts rural Michigan at the forefront of advanced technology, drawing on its strong manufacturing tradition while diversifying into a new sector: aerospace.

While some manufacturing companies have been forced to lay off workers in Michigan, USDA Rural Development helped many diversify and grow.

Skilled Manufacturing, Inc. is a tier 1 automotive supply company based in Traverse City that produces drive train components for General Motors.

In 2008, the company diversified into aerospace and obtained a contract for aircraft engine parts. SMI now produces components for several military and civilian aircraft.

USDA Rural Development provided two guaranteed loans through the Bank of Northern Michigan (\$4,750,000 and \$3,125,000) for a total investment of \$7,785,000 which will allow SMI to restructure its debt and procure additional equipment.

Prior to diversifying into aerospace, SMI had 145 employees. As a result of its growth into this sector, it is generating 75 new jobs. SMI's leadership is committed to helping other companies in the region and it has sub-contracted to other parts suppliers in the area to fulfill its orders.

Investing in renewable energy

USDA Rural Development is taking a leading role in supporting renewable energy resources. Whether supporting the increased use of bio-based fuels or providing grants for improved energy efficiency, USDA is transforming the rural economy.

Jim Reid operates a dairy farm in St. Clair County, part of Michigan's Thumb. When he learned of the Rural Energy Assistance Program (REAP) he determined that one way he could help his business was by trimming his energy costs.

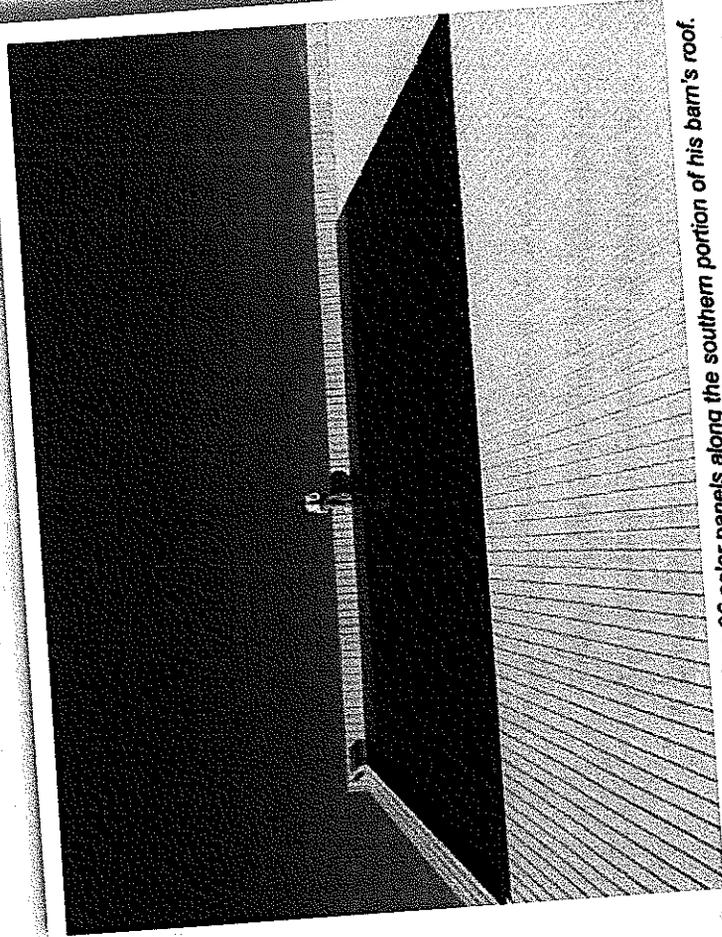
USDA was able to loan him \$70,000 and provide a grant of \$39,179 to help cover the cost of installing solar panels on his barn.

The electricity generated by the panels has reduced his energy costs by a third or more - saving him hundreds of dollars per month. As a result, his farm is more profitable and also less reliant on fossil fuels, a combination that strengthens the rural economy and improves the environment.

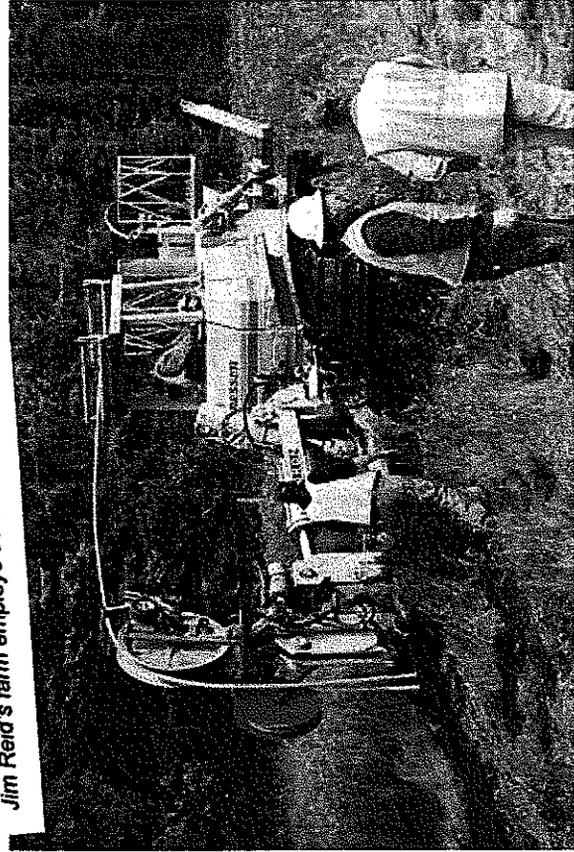
Connecting communities

For many rural communities, the cost of connecting to high-speed internet communications is simply beyond their means. USDA Rural Development's Rural Utilities Service provides communities with the ability to build this essential infrastructure.

Air Advantage LLC received a \$2,300,000 loan and \$31,950,000 grant to provide fixed wireless and fiber to transmitter throughout Michigan's Thumb region.



Jim Reid's farm employs 96 solar panels along the southern portion of his barn's roof.



With fiber-optic cable replacing copper wire, rural areas can be linked as never before

Achieving the American Dream of home ownership

Whether providing guaranteed and direct loans on new or existing homes, or providing grants and loans for home repairs, USDA Rural Development Single Family Housing helps rural residents achieve the American dream of home ownership. USDA Rural Development is proud to work with other federal, state, tribal and local organizations to help residents accomplish their goal.

In Fiscal Year 2010, Single Family Housing in Michigan helped 7,797 residents achieve this dream and in the process strengthened their communities and the local economy.

In addition to helping families find homes, USDA Rural Development also offers classes in home ownership and works with local partners to provide sound financial advice to help families keep their new homes.

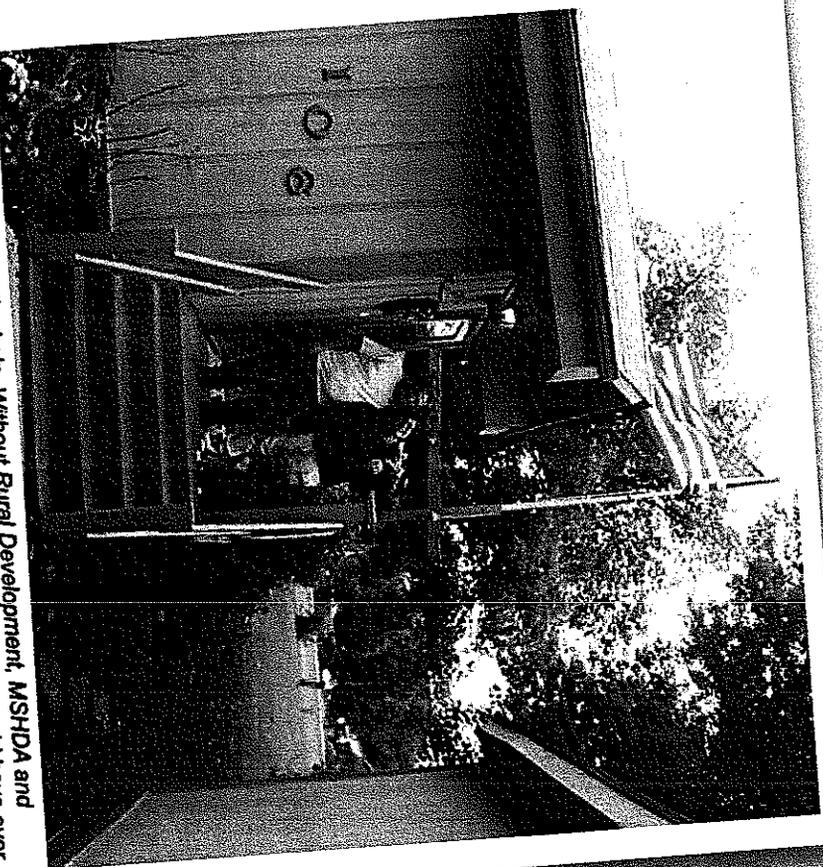
"We are now in our home, giving us peace of mind and security. We are paying less and investing in our financial future, not the landlord's."

-Janet Anderson

Randy Bell had been renting an apartment in Cadillac for a number of years with his daughter Chelsea.

With help from Northwest Michigan Community Action Agency in Cadillac, Randy decided to apply for a Rural Development Direct loan.

Randy found a house in Boon, just west of Cadillac and received down payment assistance from the Michigan State Housing Development Authority because of his disability. Thanks to the coordination of these agencies and the hard work of their employees, Randy is now a happy homeowner.



"I am so thankful for all the help. Without Rural Development, MSHDA and Northwest MI Community Action Agency I don't know how this would have ever happened."

- New homeowner Randy Bell

Mackinac County resident Sally Steele is a senior citizen and a member of the Sault Saint Marie Tribe of Chippewa Indians. She first came to Rural Development in 2007, after her fuel oil tank leaked into her basement and she needed funds to repair or replace her home, which was now uninhabitable.

Initially Ms. Steele was faced with multiple obstacles, including extensive environmental issues, unfavorable credit and very little repayment ability. She spent the next two years addressing each obstacle and worked with Rural Development, the Sault Tribe of Chippewa Indians, Michigan Department of Environmental Quality and Chippewa Luce Mackinac Community Action agency. During this time she achieved a full remediation of her environmental issue, repaired her credit, and obtained a community development block grant.

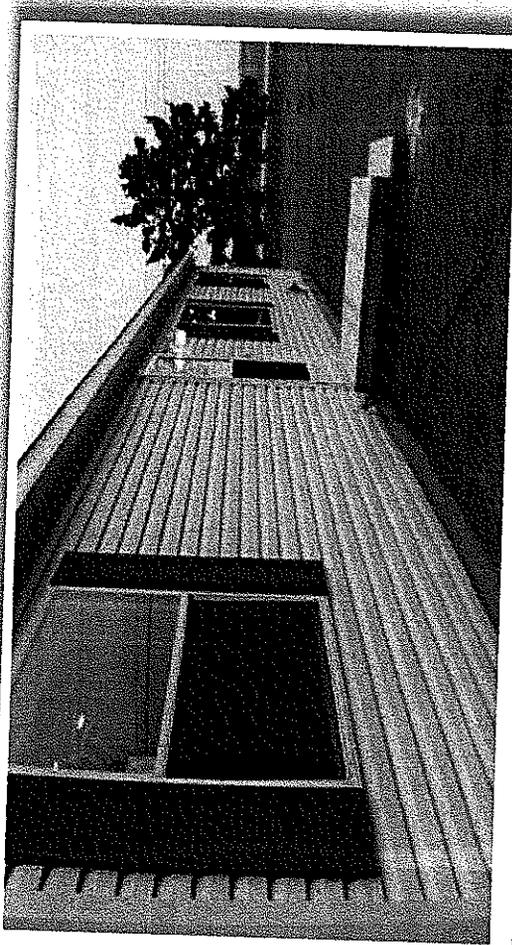
She moved into her newly constructed home on December 3rd, 2009.

Bill and Janet Anderson began looking for a new home when the addition of a pet to their household resulted in significantly increased monthly rent. With their income dependent on Social Security and a pension, they could not pursue a conventional loan.

The Andersons applied for assistance under the Single Family Housing 502 Direct Loan Program which helps make their monthly payment more affordable.

They have now obtained a home that meets their needs and also saves them \$200 per month thanks to Rural Development.

Single Family Housing



Sally Steele is now able to live in this beautiful new home thanks to Rural Development and the partnerships it has formed with state, tribal and community action agencies.



Bill and Janet Anderson are now gaining equity in their home instead of paying rent.

Providing quality, affordable rental housing

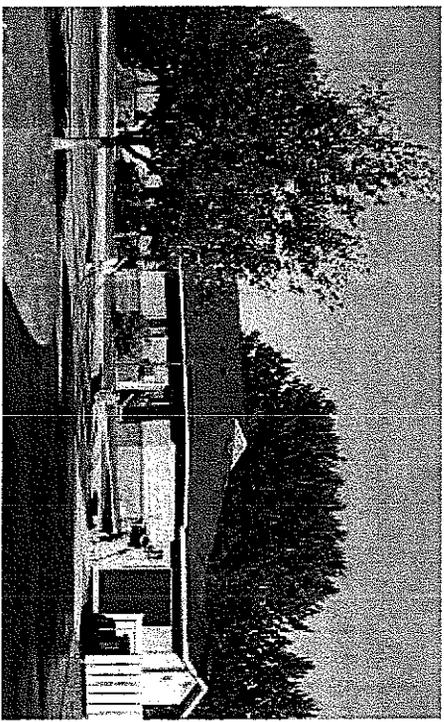
Alpine Alten Zimmer Apartments, located in the heart of Gaylord in northern Michigan, was already a highly coveted place to call home due to the many amenities offered on-site to residents of this senior apartment project. Having the Otsego County Commission on Aging under the project's roof, hot meals served in the project's large dining room, and the presence of many shared spaces available for residents to meet and socialize made residents' lives considerably more convenient.

Over 2009 and 2010 however, a \$172,844 construction project that included additions off the community room and office additions for the Otsego County Commission on Aging brought even more benefits to the residents of this project. Through a partial rehab, four additional office spaces were developed for the Otsego County Commission on Aging and two additional rooms off of the community dining area were built to house an exercise room with new equipment and furniture, and a resident media room with new computers. Surplus funds built up in the project's reserve account over the years were employed to fund the endeavor.

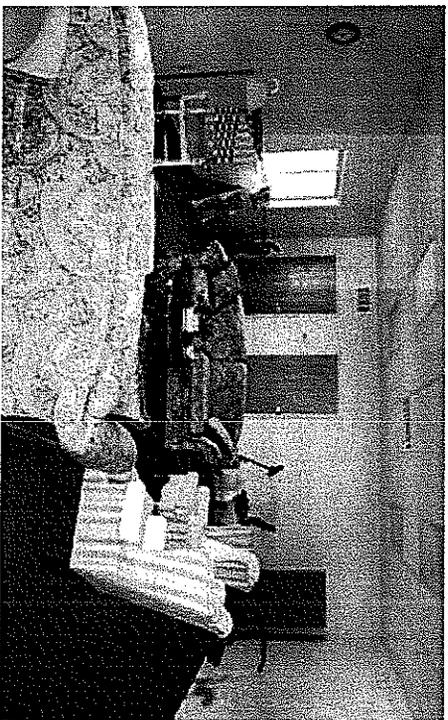
July of 2010 brought even greater improvements to Alpine Alten Zimmer Apartments with a Michigan State Housing Development Authority partnership that included the consolidation of two phases of the property into one with a subsequent \$880,246 rehab taking place at the property.

Susan Dennis and Caroline Evans from the Traverse City RD office have been on hand through construction of the many alterations and improvements being made at the project.

Residents say they have been pleased with all the upgrades. With the many completed and on-going improvements, tenants are able to get even more of their needs met while staying under the same roof. With the long harsh winter weather we so often experience "up north", the benefits of remaining under one's own roof cannot be underscored enough by the residents here.



Alpine Allen Zimmer Apartments is situated in picturesque Gaylord, located in the northern portion of Michigan's Lower Peninsula.



The recent improvements provide the complex with comfortable amenities, such as this community room.

Site Manager of the Year

The Site Manager of the Year was Shayna Van Tessel who was the site manager at Glendale Apartments in Scottville and Birch Lake Apartments in Ludington - both small towns on Michigan's "west coast."

Shayna created an atmosphere of home and family for the residents and is willing to go above and beyond regarding any work to be done. She trains new managers, reviews procedures and guides new residents. She also attends Continuum of Care meetings to keep up to date on ways she can meet the needs of residents.

As a result of her diligent work, both properties are now at 100 percent occupancy - a clear indication that they are desirable places to live.



Shayna (center) and her Property Manager Supervisor, Val Syers (left) and Residential Property Manager, Debra Kelley (right).



Farm Labor Housing

USDA Rural Development also provides loans and grants to provide housing for domestic farm workers who are American citizens or permanent legal residents.

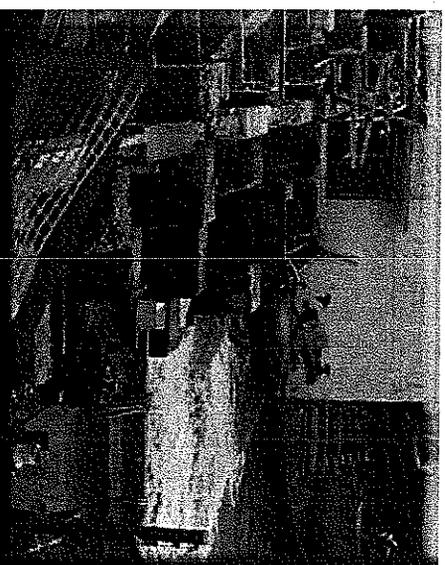
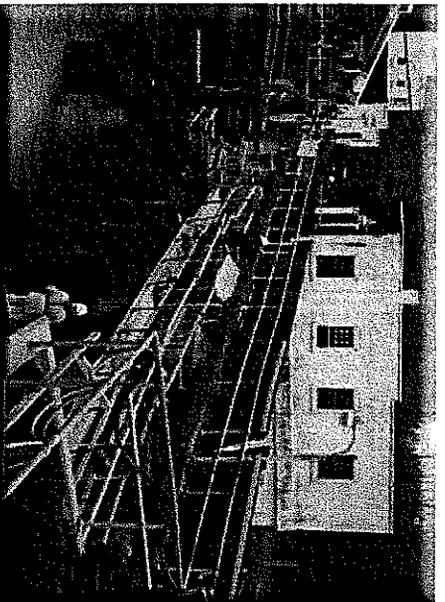
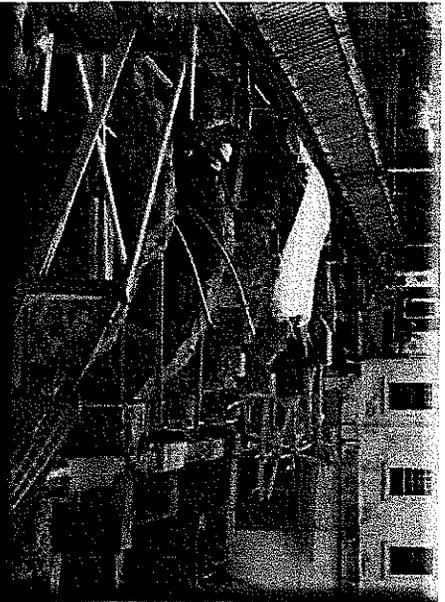
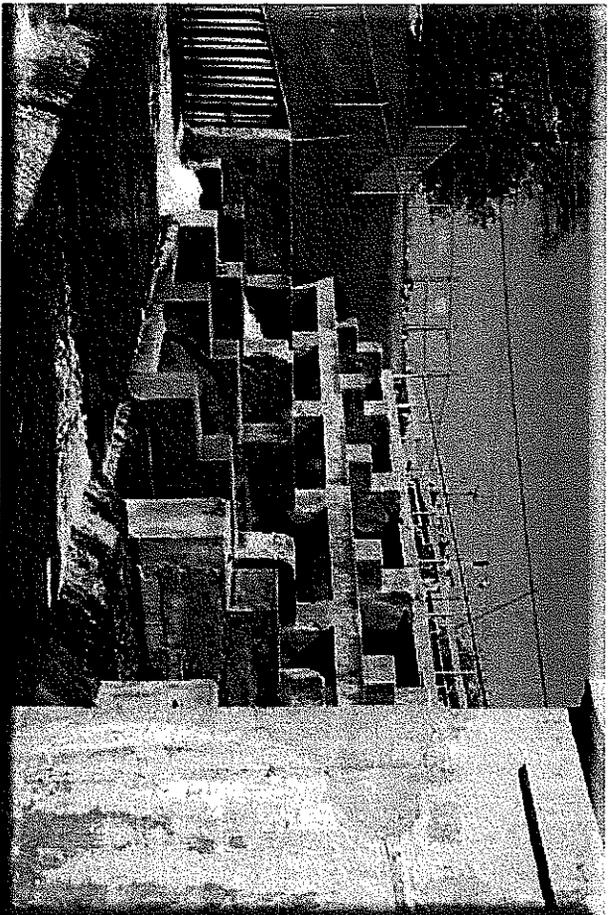
This year, USDA provided \$393,000 in loans for three new farm labor housing projects. With agriculture resuming its historic role as one of Michigan's dominant industries, it is essential that farm workers have adequate housing. To date, Multi-Family Housing has financed more than 400 farm labor housing units.

Community Programs

Beaverton, located in Gladwin County, relies on the water of Ross Lake for its livelihood. For more than a century the dam controlling the lake's water level has been essential for flood control and providing the water necessary for proper fire suppression. For many years it also generated electricity, but this capability was lost in the early 1960s.

In 1985, the City of Beaverton, which now owned the dam, had it refurbished so that it could generate power once more and also to improve flood control and maintain water levels. Since then, the dam has deteriorated- so much so that without major improvements, Brown Machine Company would have been forced to cease operations. This would have cost the community 125 jobs - a devastating impact on a town with only 1,100 residents.

Thanks to a \$1.1 million loan from Rural Development and a \$750,000 grant from the Michigan Economic Development Corporation, the dam has been repaired, restoring water levels and averting a potentially catastrophic job loss.



Critical infrastructure, community facilities

Community Programs provide a wide array of assistance to rural communities, from police vehicles to playground equipment. Rural Development can assist communities with more than 80 types of facilities, including hospitals, fire trucks, fire stations, health clinics, libraries and municipal buildings.

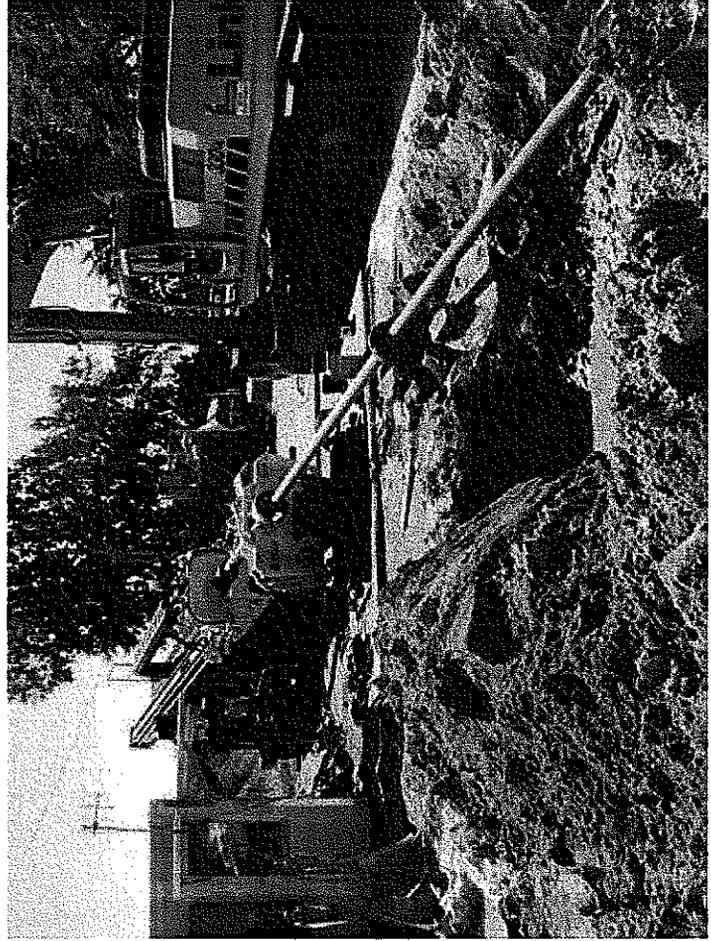
In addition, the Water and Environmental Program helps communities with critical infrastructure such as water and sewer lines and the facilities needed to sustain them.



Located in Oceana County near Lake Michigan, Walkerville's elementary school children had to make do with worn out and unsafe playground equipment. Note the swing-less swingset at left.



Thanks to a \$35,000 child care grant from Rural Development and the energetic support of the local community, Walkerville's children now have a safer playground upon which they can exercise.



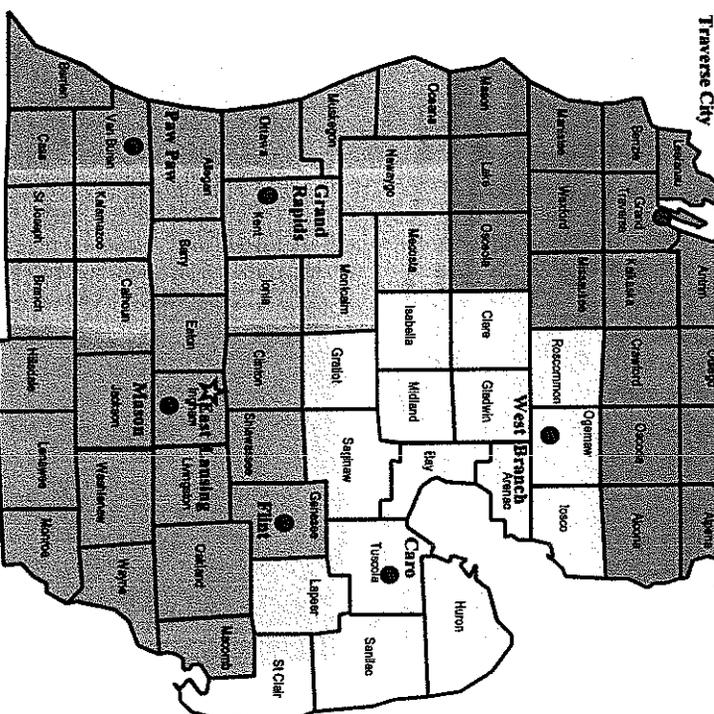
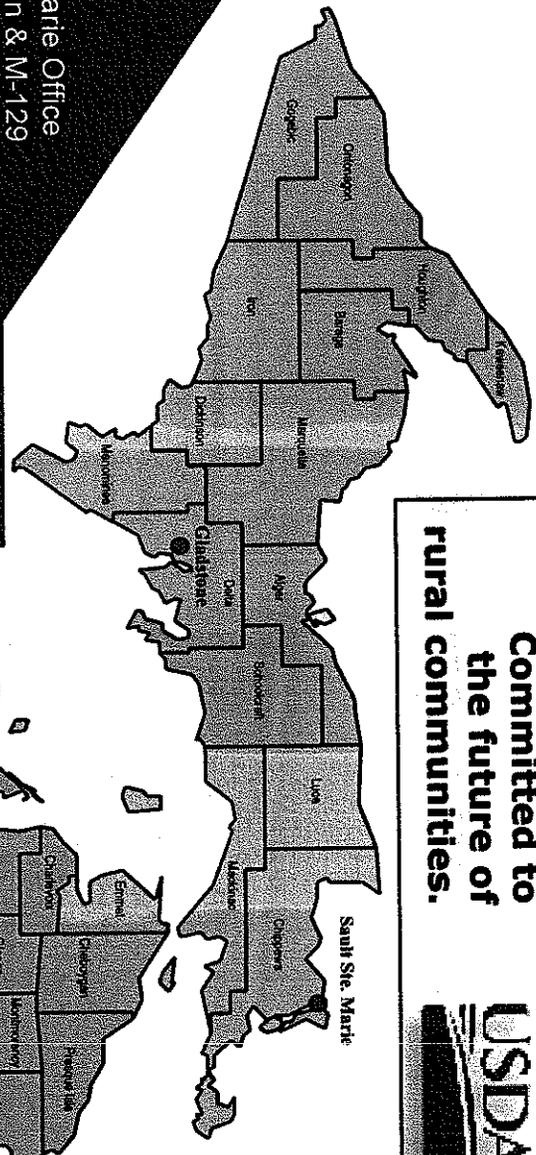
A large directional bore cuts under the Saginaw River as part of the Hampton Township sewer project.

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