



RURAL DEVELOPMENT

WATER AND WASTE DISPOSAL LOANS AND GRANTS

USDA Rural Development has authority to make loans to public bodies and not for profit corporations in rural areas to construct, enlarge, extend or otherwise improve water and waste disposal systems. Related costs such as land, engineering, legal, environmental analyses, interest during construction and certain other costs are eligible as well. Applicants for these loans must be unable to get credit elsewhere at reasonable rates and terms. Projects in rural areas and communities of not more than 10,000 in population are eligible. The loan repayment period shall not exceed 40 years or the useful life of the facility.

Eligible applicants pay the lower of the interest rate in effect at the time of loan approval or the time of loan closing. (If a project was approved and obligated under the rate structure in effect prior to May 23, 2008 the project would not be eligible to take advantage of the rates listed below.)

Interest Rates for July 1, 2020 TO September 30, 2020 are:

- **POVERTY RATE of 1.125% if the median household income of the service area is below \$46,748 and the project is needed to meet regulatory agency health or sanitary standards (documentation is needed).**
- **INTERMEDIATE RATE of 1.500% if the non-metropolitan median household income of the service area is below \$58,435 and the applicant does not qualify for the poverty rate.**
- **MARKET RATE of 1.875% if the median household income of the service area equals or exceeds the current State of Illinois non-metropolitan median household income of \$58,435.**

Grants for water and waste disposal projects in low income areas are available to keep user rates affordable. Normally grant assistance is considered only when needed to make the project affordable and keep the average monthly user rates comparable to projects with similar economic conditions undertaking similar projects. Applicants who qualify for the market rate of interest are not eligible for grant consideration.

Guaranteed loans are available to entities wanting to continue to borrow from and make payments to their local lender. Interest rates are negotiated between the borrower and lender and may be fixed or variable. Guarantees cannot be issued on tax exempt debt.

Income data, other information and guidance on completion of an initial application can be obtained from the USDA Rural Development Area Offices in Ottawa, Princeton, Oregon, Galesburg, Jacksonville, Quincy, Champaign, Effingham, Pontiac, Mt. Vernon, Marion or the State Office (telephone 217-403-6200).

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