

Rural Broadband Loan Program

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.

The U.S. Department of Agriculture's (USDA) Rural Broadband Loan Program is administered by the Rural Utilities Service (RUS) of USDA Rural Development. The program funds the costs of construction, improvement, and acquisition of facilities and equipment to provide broadband service to eligible rural areas on a technology-neutral basis. Direct loans are in the form of a cost-of-money loan, a 4-percent loan, or a combination of the two. In March 2011, Rural Development published an interim rule in the *Federal Register* proposing changes required due to program modifications under the 2008 Farm Bill. The interim rule is online at: www.rurdev.usda.gov/utp_farmbill.html.

Eligible Rural Areas

Rural area means any area, as confirmed by the latest decennial census by the U.S. Census Bureau, which is not located within: (a) A city, town, or incorporated area that has a population of more than 20,000 people; or (b) An urbanized area contiguous and adjacent to a city or town with a population of more than 50,000 people. An urbanized area means a densely populated territory as defined in the latest decennial census.

Eligible Applicants

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: (1) Corporation; (2) Limited liability company (LLC); (3) Cooperative or mutual organization; (4) Federally recognized Indian tribe or tribal organization; or (5) State or local government, including any agency, subdivision, or one of their units.

Eligible Service Areas

A service area may be eligible for a broadband loan if all of the following are true: (1) The service area is completely contained within a rural area; (2) At least 25 percent of the households in the service area are underserved households; (3) No part of the service area has

three or more incumbent service providers; (4) No part of the funded service area overlaps with the service area of current RUS borrowers and grantees; (5) No part of the funded service area is included in a pending application before RUS seeking funding to provide broadband service.

Eligible Loan Purposes

Broadband loans provide funding for: The construction, improvement, and acquisition of all facilities required to provide service at the broadband lending speed to rural areas, including facilities required for providing other services over 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 GAAP (Generally Accepted Accounting Principles); An acquisition, under certain circumstances and with restrictions (see the interim rule for more details).

To Learn More

For more information, including regulations and *Federal Register* notices, the application guide, how to apply, available funding levels, frequently asked questions, program updates, and other vital information, visit the Rural Broadband Loan Program website at: www.rurdev.usda.gov/utp_farmbill.html.

For information on other Rural Development programs, visit: www.rurdev.usda.gov, or call your USDA Rural Development State office toll free at: 1-800-670-6553 (press 1 and follow the prompts to be connected).

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