
Commercial, Manufacturing and Industrial Buildings

Business and Industry Direct Loans

The direct loans are insured loans for business and industrial development. The loans are designed to be utilized in rural areas with population up to 50,000 suffering fundamental physical and economic stress. These loans are utilized to create and maintain employment, expand and improve economic climate including business/industrial acquisition, construction, enlargement, modernization, real estate, buildings, equipment, and working capital.

Who is Eligible?

Any individual, partnership, corporation, or public entity is eligible when guarantee lender is not available.

Terms and Conditions

The fixed interest rate for the business and industry loan is 8.5%. The maximum term limit for the loan is 30 years for real estate, 15 years for equipment, and 7 years for working capital. The program is best designed for small to mid-sized businesses. Loans are made directly by the U.S. Department of Agriculture. Inquiries should be directed to state/local USDA Rural Development Office.

For More Information, Contact

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USDA Rural Development Office
6030 South 58th Street
Lincoln, NE 68516
Phone 402-423-3231
Fax 402-423-7614
Email rmeeks@rdasun2.rurdev.usda.gov

Glen Gatz

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Community Facilities Grants and Loans

The Rural Housing Service can make guaranteed loans and disburses grant funds on a graduated basis to develop important community facilities. The loans are available for rural areas of up to 50,000 in population and the grants are available for rural communities having a population of 25,000 or less. The Rural Housing Service can guarantee loans made 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. The Rural Housing Service may guarantee up to 90 percent of loss of interest or principal on the loan. Rural Housing may also make direct loans to applicants who are unable to obtain commercial credit. The Rural Housing Service also can provide grant funds for a facility not exceeding 75 percent of the cost of developing the facility. The grants are available to public municipalities, counties, special purpose districts, and non-profit corporations or tribal governments.

How May Funds be Used?

Loan funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed and purchase equipment, including energy efficiency improvements, required for its operation. Examples of essential community facilities include:

- ◆ Health Care
- ◆ Clinics, ambulatory care centers, hospitals, rehabilitation centers, and nursing homes.
- ◆ Telecommunications

- ◆ Medical and educational telecommunication links.
- ◆ Public Safety
- ◆ Communications centers, police and fire stations, fire trucks, rescue vehicles, and jails.
- ◆ Public Services
- ◆ Adult and child care centers, city halls, courthouses, airports, garages, off street parking facilities, sidewalks, street improvements, college classrooms and dormitories, libraries, museums, schools, fairgrounds, and animal shelters.

Community facility grants are available to public entities located in a rural community having a population of 25,000 or less and serve primary rural areas. Additionally, those areas must be unable to finance the proposed project from resources or other funding sources without the grant assistance.

Who May Apply?

Loans are available to public municipalities, counties, special-purpose districts, and nonprofit corporations or tribal governments. Applicants must be legally authorized to borrow and repay loan money, pledge security for loans, and to construct, operate, and maintain the facilities. Loan repayment must be based on tax assessments, revenues, fees, or other sources of money sufficient for operation and maintenance, reserves, and debt retirement.

Grants, however, are available based on a priority point system. Small communities with the highest priority are those with a population of 5,000 or less and communities with a

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Community Facilities Loans

median household income below the poverty level of \$20,241. The amount of grant funds provided for a facility will not exceed 75 percent of the cost of developing the facility. A graduate scale will be utilized to determine the Federal share.

What Are The Terms?

The maximum term for all loans is 40 years. However, the repayment period is limited to the useful life of the facility or any statutory limitation on the applicant's borrowing authority.

What is The Interest Rate?

Interest rates for direct loans are based on current market yields for municipal obligations, although loans for facilities associated with prime or unique farmland may require a slightly higher rate. Certain other direct loans may qualify for a lower interest rate, depending upon the median household income of the residents of the community served. The interest rates for guaranteed loans may be fixed or variable and are determined by the lender and borrower, subject to Rural Housing Service and approval.

Funding Level

For fiscal year 1998 in Nebraska, \$1,112,000 was allocated for direct loans and \$1,900,000 was obligated. An additional \$1,112,000 was allocated for guaranteed loans and \$1,472,100 was obligated.

A predetermined funding scale places limitations on grant funding based on population and income. Grant assistance may be further

limited to the minimum amount sufficient to provide economic feasibility to the proposed project and 50 percent of the State initial allocation or \$50,000, whichever is greater, unless an exception is made by the Administrator.

For More Information, Contact

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Grants for Lighting Upgrades

The Task Force for Building Renewal is authorized to make grants to state agencies to partially finance lighting upgrades in state buildings.

Grantor

Task Force for Building Renewal

Eligibility

State owned buildings except revenue bond buildings.

Grant Amount

The maximum grant is 25 percent of the incremental cost of the lighting upgrade project. The incremental cost is the installed cost of the project less the normal annual maintenance cost for the same fixtures.

Other Criteria

The agency undertaking the lighting upgrades must match the grant with their own funds which may include a loan from the Nebraska Energy Office.

For More Information, Contact

Henry Bulin

Task Force for Building Renewal
Executive Building
521 South 14th Street, Suite 509
Lincoln, NE 68508-2707
Phone 402-471-3515
Fax 402-471-0421

Industrial Development Bonds

The Nebraska Investment Finance Authority is authorized to issue revenue bonds or other debt instruments to raise funds to finance eligible projects. The bonds must comply with certain federal and state law requirements allowing the interest they bear to be exempt from federal and state income taxes. The borrower must find purchasers of the bonds either by direct placement with a financial institution or by public sale using an investment banker.

Interest rates are negotiated by the borrower and lender. Because the bonds are tax-exempt interest rates are usually lower than rates available through commercial sources.

Bond Issuer

Nebraska Investment Finance Authority.

Who Is Eligible?

Manufacturing or industrial enterprises, service enterprises owned by nonprofit entities, projects in designated blighted areas of the state, office buildings used by nonprofit entities under certain conditions, nonprofit hospitals and nursing homes and public hospitals and nursing homes, certain projects for abatement of environmental hazards.

Bond Amount

Maximum bond amount is \$10 million, unless the project is a pollution control facility, nonprofit hospital or nonprofit nursing home.

Other Criteria

A party seeking financing must contact a financial institution or underwriter and arrange for structuring and subsequent purchase of the tax-exempt bonds. The applicant also contacts and hires bond counsel to draft the necessary

documents for the financing. All costs in connection with the financing are the responsibility of the applicant. Fees of the Nebraska Investment Finance Authority are as follows:

Application Fee — a nonrefundable fee of 1/16 of 1 percent of the bond amount requested with a \$1,000 minimum, to be applied to the issuance fee if the bond issue closes.

Issuance Fee — 1/8 of 1 percent of bond amount with a \$1,000 minimum.

Legal Counsel Fee — for Nebraska Investment Finance Authority legal counsel. Although the amount varies, it usually includes normal hourly rates plus disbursements.

Assumption Fee — 1/8 of 1 percent of outstanding bond balance with a \$1,000 minimum.

Bond Allocation Deposit — 1 percent of bond amount requested with a \$5,000 minimum. This amount is forfeited to the extent allocation is not used within prescribed time limits.

For More Information, Contact

Nebraska Investment Finance Authority

200 Commerce Court
1230 O Street
Lincoln, NE 68508-1402
Phone 402-434-3900 or 800-240-6432
Fax 402-434-3921
Web Site <http://www.nifa.org/>

Mortgage Insurance for Group Practice Medical Facilities

Federal mortgage insurance is made available to finance the construction, rehabilitation, including energy efficiency improvements, and equipment for group practice of medicine, dentistry, optometry, osteopathy, and podiatry. Mortgages on group practice medical facilities are insured to relieve overburdened hospitals and nursing homes.

Loan Guarantor

U.S. Department of Housing & Urban Development

Eligibility

Nonprofit organizations must own the facilities, but they may be used by a profit motivated group of physicians, dentists, optometrists, osteopaths, and podiatrists.

Insurance Limits

The maximum insurable loan may cover 90 percent of new construction costs. For rehabilitation, the loan-to-value ratio varies slightly from this figure. The term of the mortgage is 25 years or three-fourths of the remaining economic life, whichever is less.

Other Criteria

The owners must be unable to obtain comparable mortgages without Federal Housing Authority insurance.

This is an active program, but few mortgage guarantees have been made in Nebraska in recent years. There is no specific allocation for Nebraska. If demand for guarantees develops and eligibility requirements are satisfied, the guarantees would be made.

For More Information, Contact

U.S. Department of Housing and Urban Development

10909 Mill Valley Road
Omaha, NE 68154-3955
Phone 402-492-3101
Fax 402-492-3184

Linda Grabowski 402-492-3122

Rick Mehal 402-492-3118

Web Site <http://www.hud.gov>

Mortgage Insurance for Hospitals

The Department of Housing and Urban Development insures lenders against loss on mortgages. The loans may finance the construction or rehabilitation of acute care hospitals, including major movable equipment and energy efficiency improvements. By obtaining federal mortgage insurance, hospitals can obtain favorable interest rates.

Loan Guarantor

U.S. Department of Housing & Urban Development

Eligibility

Hospitals licensed or regulated by state, municipality, or other political subdivision with at least 50 percent of care provided for general acute patients.

Insurance Limits

The mortgage insurance has no maximum dollar limit, but the mortgage may not exceed 90 percent of the estimated replacement cost of the property.

Other Criteria

There must be a first mortgage on the entire hospital including parking lots and physical plants necessary to operate the facility. The maximum mortgage term is 25 years from the date that amortization of principal begins.

This is an active program, but there is not a large number of guarantees in Nebraska. During fiscal year 1997, one assisted living project in Nebraska with a mortgage amount of \$2,744,000 was guaranteed.

For More Information, Contact

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10909 Mill Valley Road
Omaha, NE 68154-3955
Fax 402-492-3184

Linda Grabowski 402-492-3122

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Web Site <http://www.hud.gov>

Mortgage Insurance for Residential Health Care Facilities

The Federal Housing Administration provides mortgage insurance to facilitate the development and refinancing of nursing homes, intermediate care facilities, board and care homes and assisted living facilities.

The purposes of loans eligible for insurance include the following:

- ◆ new construction;
- ◆ substantial rehabilitation;
- ◆ repairs and improvements;
- ◆ major movable equipment;
- ◆ refinancing.

Repairs and improvements and substantial rehabilitation can include energy efficiency improvements.

Loans are eligible for securitization by the Government National Mortgage Association. The federal guarantee results in AAA rating on financing.

The repayment term of loans is up to 40 years for new and rehabilitated properties and up to 35 years for existing properties without rehabilitation.

Interest rates are negotiated between the lender and the borrower.

Nursing homes and intermediate care

facilities of 20 beds or more, board and care homes, as well as assisted living facilities of five or more bedroom units are eligible for these mortgages.

Projects must be licensed or certified by the Nebraska Department of Health.

Applications may be staged (e.g., Site Appraisal Market Analysis stage or firm commitment). Application and inspection fees apply. The application fee aggregates to \$3.00 per \$1,000 or requested mortgage amount at the firm commitment stage. The inspection fee is \$5.00 per \$1,000 of mortgage amount for new construction or rehabilitation.

This is an active program, but there is not a large number of guarantees in Nebraska. During fiscal year 1997, one assisted living project in Nebraska with a mortgage amount of \$2,744,000 was guaranteed.

For More Information, Contact

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10909 Mill Valley Road
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Pollution Control Loan Program

Pollution Control Loans are intended to provide loan guarantees to eligible small businesses for the financing of the planning, design, or installation of a pollution control facility, including energy efficiency installations. This facility, which includes recycling, must prevent, reduce, abate or control any form of pollution.

Eligibility

Although most small businesses are eligible for Small Business Administration loans, some types of businesses are ineligible and a case-by-case determination must be made by the Small Business Administration. Eligibility is generally determined by type and size of business as well as use of loan funds.

Applicant businesses must operate for a profit; be engaged in, or propose to do business in, the United States or its possessions; have reasonable owner equity to invest; and use alternative financial resources first, including personal assets.

Standards defining the maximum size of an eligible small business vary according to industry as follows:

Industry	Size
Retail and service	\$3.5 to \$13.5 million sales
Construction	\$7.0 to \$17.0 million sales
Agriculture	\$0.5 to \$3.5 million sales
Wholesale	No more than 100 employees
Manufacturing	500 to 1,500 employees

Maximum Amount Loan

The Small Business Administration can guarantee up to \$1,000,000 for Pollution Control Loans to eligible businesses.

Maximum Guaranty Percent

For loans of \$100,000 or less, the guaranty is up to 80 percent of the loan. For loans in excess of \$100,000, the guaranty is up to 75 percent to a maximum of guaranty amount of \$750,000.

How to Apply

The Small Business Administration becomes involved in a loan only if the lender believes the assistance of the Small Business Administration is needed. The loan customer and lender together complete the application for the loan guaranty which is submitted to the Small Business Administration by the lender.

For More Information, Contact

Small Business Administration District Office

11145 Mill Valley Road
Omaha, Nebraska 68154
Phone 402-221-4691
Fax 402-221-3680

Barbara Foster for northeast Nebraska, Douglas County and Sarpy County.

Tracey Rucker for all of Nebraska, except northeast Nebraska and Douglas and Sarpy Counties.

Web Site http://www.sbaonline.sba.gov/business_finances/pollute/all.html

State Building Revolving Fund

The Nebraska Energy Office can make no-interest loans to partially finance lighting upgrades in state owned buildings.

Lender

Nebraska Energy Office

Eligibility

State owned buildings

Loan Amount

The maximum loan is 50 percent of the incremental cost of the project. The incremental cost is the installed cost of a project less the normal annual maintenance cost for the same fixtures.

Other Criteria

The no-interest loan can be repaid in equal quarterly installments within the simple payback of the project. Payments start in the fifth quarter after installation.

For More Information, Contact

Kirk Conger

Nebraska Energy Office

P.O. Box 95085

Lincoln, NE 68509

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Waste Reduction and Recycling Incentive Grants Program

The Nebraska Department of Environmental Quality's Waste Reduction and Recycling Incentive Grants Program provides funding to assist public and private entities in implementing and improving their integrated waste management systems. Since the initiation of the program in 1992, the Department has awarded more than \$15.6 million to 266 recipients across the state.

Eligibility

Any public or private entity may apply.

Eligible Activities

Integrated solid waste management programs and projects are eligible activities.

Grant Amount

Although there is no limit on the amount of grant funds requested, a rule of thumb for maximum funding is \$200,000. These large awards would only apply to projects which benefit large numbers of Nebraska citizens.

How to Apply

The application deadline is February 1 of each year. Grant application and guidelines are available from the Nebraska Department of Environmental Quality. Grant applications submitted by facsimile will not be considered.

Priority Factors

Six priority factors are evaluated in ranking grant applications. The factors are program benefits for Nebraska, potential for environmental enhancement, potential for continuity, type of program, matching funds and community need.

Type of Program

The kind of programs which are rated are volume reduction at the source, recycling, reuse and vegetative waste composting, disposal of waste on land, incineration with energy resource recovery, incineration for volume reduction, and others.

Annual Funding

Approximately \$1.6 million are available for awards each year.

For More Information, Contact

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