

Revolving Funds for Financing Water and Wastewater Projects (Revolving Fund Program)

What does this program do?

This program helps qualified nonprofits create revolving loan funds that can provide financing to extend and improve water and waste disposal systems in rural areas.

Who can apply for these grants?

Nonprofits that have:

- **Legal authority to operate a revolving loan fund**
- **Financial, technical, and managerial capacity to comply with relevant state and federal laws and regulations**

How do we get started?

Contact a USDA Rural Development program specialist in the state or territory in which the proposed revolving loan fund will be available. You will find a list of state offices at this link:

<https://go.usa.gov/xtpEe>.

Our program specialists will help you start the application process.

How can grant funds be used?

These grants are used to create a revolving loan fund to help eligible water or wastewater systems serving rural areas, and which are owned and operated by:

- State and local governments
- Nonprofits
- Federally-recognized Tribes

Revolving loan fund recipients must:

- Be unable to get commercial credit for the proposed project
- Have - or secure - legal authority to own and operate the system, and to get a revolving loan

How can revolving loan funds be used?

- Pre-development costs of water and wastewater projects
- Small capital improvement projects that are not part of regular operations and maintenance

What are the revolving loan fund terms?

- The maximum loan for each borrower is \$200,000, with a term of 10 years
- The interest rate is determined by the nonprofit that manages the revolving loan fund, and must be approved by USDA's Rural Utilities Service

What is an eligible area?

- Rural areas and towns with populations of 10,000 or fewer.

- You can check eligible addresses at this link: <https://go.usa.gov/xta6p>
- Tribal lands in rural areas
- Colonias

Are matching funds required?

Yes. The applicant must contribute at least 20 percent. Note: Matching funds can come from the applicant or a third party, but cannot be in-kind contributions.

Who can answer questions?

- Staff in your local Rural Development office. A list is available at this link: <https://go.usa.gov/xtpEe>.
- Email the grant manager at water-RD@usda.gov

What governs this program?

- Code of Federal Regulation 7 CFR Part 1783 (available at this link: <https://tinyurl.com/48r2bhtj>)
- Section 306 of the Consolidated Farm and Rural Development Act (available at this link: <https://tinyurl.com/4pmt5ewv> - PDF)

Why does USDA Rural Development do this?

This program helps small communities extend and improve water and waste facilities for households and businesses in eligible rural areas. Good practices can save tax dollars, improve the natural environment, and encourage rural manufacturers and other businesses to locate or expand operations.

NOTE: Because information changes, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: <https://go.usa.gov/xJHPE>. You will find additional resources, forms, and program information at <https://rd.usda.gov>. USDA is an equal opportunity provider, employer, and lender.