TO: State Directors, Rural Development

ATTN: Business Programs Directors

SUBJECT: Business and Industry Guaranteed Loan Program
        Farm Bill Rural Area Definition

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to continue implementation of the
mandatory provision of the 2008 Farm Bill as it relates to the rural area definition for the
Business and Industry Guaranteed Loan Program, the Rural Business Enterprise Grant
Program, and the Rural Business Opportunity Grant Program.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4534 dated August 20, 2010, which expired
August 31, 2011.

IMPLEMENTATION RESPONSIBILITIES:

Section 6018 of the 2008 Farm Bill made several revisions to the rural area definition for
programs administered under the Consolidated Farm and Rural Development Act. One
of these provisions is mandatory, while others are discretionary and may be implemented
at the option of the Secretary.

EXPIRATION DATE: December 31, 2012

FILING INSTRUCTIONS:
Preceding RD Instructions 1942-G, 4279-B, and 4284-G
The general rural area definition remains any areas other than: a city or town that has a population of greater than 50,000 inhabitants and any urbanized area contiguous and adjacent to such city or town. However, under the new statute, there is an exclusionary paragraph which became effective with publication of the Farm Bill. This paragraph states: “Notwithstanding any other provision of this paragraph, in determining which census blocks in an urbanized area are not in a rural area (as defined in [the general rural area definition above]), the Secretary shall exclude any cluster of census blocks that would otherwise be considered not in a rural area only because the cluster is adjacent to not more than 2 census blocks that are otherwise considered not in a rural area under this paragraph.” Basically, this applies to areas that are currently considered not a rural area because they are attached to the urbanized area of a city or town of greater than 50,000 inhabitants by a “string” area (which are typically interstates or major highways). As long as the “string” area is 2 census blocks wide or less, the area outside of the urbanized area of the city or town may be considered rural (see attached diagram).

State Directors should submit requests to verify exclusions using the above provision to the Administrator, Business and Cooperative Programs, ATTN: Business and Industry Division, with supporting documentation for review and verification.

If you have any questions, please contact the Business and Industry Division at (202) 690-4103 or the Specialty Programs Division at (202) 720-1400.

(Signed by JUDITH A. CANALES)

JUDITH A. CANALES
Administrator
Business and Cooperative Programs

Attachment
Urbanized area

City or town of 50,000

“string” or connecting urbanized area that is 2 census blocks wide or less

Eligible Rural Area

Urbanized area

Rural