**Name of Funding:** Section 108 Loan Guarantee Program

**Focus of Funding:** To increase economic activity in distressed areas

**Eligibility Requirements:**

- **For local government:** Must qualify for Community Development Block Grant (CDBG)
- **For recipients:** Funds must be used to build public infrastructure or rehabilitate low income housing.

**Funding Mechanism:** Federal Loan from HUD

**Funding Source:** Department of Housing and Urban Development (HUD)

**Maximum amount:** Guarantee can be up to five times the municipality’s Community Development Block Grant.

**Other rules of the program:** Loans must be backed by assets or future CDBG block grants and be repaid in a maximum of 20 years.

**Advantages of the program:** Guarantee will allow for a lower interest rate on the loans and allow affordable developments to be built.

**Drawbacks of the program:** Subject to federal government approval, requires extensive documentation, and municipality bears the risk of default.

**Case Study Example:** Multiple Cities

**Sources:** Department of Housing and Urban Development