

OneRD Guarantee Frequent questions

Below are the frequently asked questions we have addressed. This list will grow as new questions are asked and answers are given.

Regulation Overview

Q: What programs are included in the OneRD Guarantee Loan Initiative?

- Water and Waste Disposal Loan Guarantee Program;
- Community Facilities Guaranteed Loan Program;
- Guaranteed Loan Program for Businesses and Industries; and
- Rural Energy for America program loan guarantees.

Q: What are the main changes in this final rule?

- Visit the OneRD Guaranteed Loan Initiative Fact Sheet for an overview of the changes included in the final rule.

Q: When did the rule changes go into effect?

- The changes took effect on October 1, 2020.

Q: Who do I contact for more information?

- You can send questions to OneRDGuarantee@usda.gov

New forms, policies and procedures

Q: Will this regulation affect my collateral loan application for fiscal year 2020?

- No. The changes to this regulation went into effect on October 1, 2020 and do not affect applications submitted before October 1, 2020.

Q: When did the application windows open for the four OneRD Guaranteed Loan Initiative programs?

- The application window for each program under the OneRD Guarantee Loan Initiative opened on October 1, 2020, applications are being accepted on a rolling basis.

Q: When will forms and other materials to help me apply for loan guarantee programs under this initiative be available?

- Forms and other application resources are now available on [OneRDGuarantee](#)

Q: Will USDA provide training to lenders to help them prepare for the new policies and procedures under the OneRD Guaranteed Loan Initiative?

- Yes. USDA has hosted multiple listening sessions and office hours for lenders. Attendees and registrants received access to the recorded sessions. Future sessions will also be recorded and provided to registrants. Training sessions will be announced later and posted on the OneRDGuarantee page.

Where can lenders apply?

- Beginning October 1, 2020, lenders can apply for loan guarantees under the OneRD Guarantee Loan Initiative using the common application form on [OneRDGuarantee](#).

Can lenders pay brokers for referrals or packages under the regulation?

- No. This is an ineligible use of loan guarantee funds. For more information, see 5001.122(d) of the regulation.

What are the Agency's credit evaluation standards for lenders under this initiative?

- See 5001.202 of the regulations for the Agency's credit evaluation standards that are based on the "Five Cs of Credit," which are character, capacity, capital, collateral, and condition.

How can lenders obtain approval to participate in programs under the OneRD Guaranteed Loan Initiative?

- USDA is providing automatic approval to participate in the four loan guarantee programs to regulated lenders in good standing who are supervised or created by state or federal regulatory agencies, enroll in the online electronic authentication system, and complete a new loan agreement. lender with the Agency. See Section 5001.130(b) of the regulations.
- Unregulated lenders will be able to apply for approval to participate through a unique approval process that will last for five years. To apply for approval, unregulated lenders must submit a cover letter and the documentation described in Section 5001.130(c) to OneRDlenderapproval@usda.gov. Lenders can review a [cover letter template and instructions](#) on how to submit applications. This also applies to unregulated lenders that serve tribal trust lands, except that Section 5001.130(d) governs these applications.

Is interim financing an option with OneRD guarantee?

- Yes. See Section 5001.121(c)(6) of the regulation for more information.

Eligibility and other requirements

Q: What are the eligible uses for a OneRD secured loan?

- [Guaranteed Loan Program for Water and Waste Disposal.](#)
- [Community Facilities Guaranteed Loan Program.](#)
- [Loan Guarantee Program for Companies and Industries.](#)
- [Rural Energy Guaranteed Loan Program for America.](#)

Q: What are the loan requirements for a loan guarantee under this initiative?

- The lender participating in the initiative programs has the responsibility of submitting quality loan applications that are supported by generally accepted prudent lending practices for commercial, public and project financing. The lender will determine the loan term, interest rate, and collateral requirements, although these must be approved by the Agency. .

Q: What warranty is required?

- The guarantee must have a documented value sufficient to protect the interests of the lender and the Agency. Lenders will discount collateral in accordance with a sound loan-to-value policy, with the discounted collateral value being at least equal to the loan amount. The lender must provide satisfactory justification for the discounts used. Hazard insurance is required on collateral (equal to the loan amount or depreciated replacement value, whichever is less).

Q: Can OneRD Guarantee Loan Initiative programs be used to finance construction?

- Yes. All programs under the initiative can issue a loan note guarantee prior to completion for projects that demonstrate the use of approved technologies. The applying lender must adequately mitigate project risk by meeting the requirements listed in Section 5001.205(e)(2) of the regulation. If the Agency approves the lender's proposal to provide loan note security prior to completion, the loan must identify payments required during the construction period and convert it to permanent financing. The loan must not include a balloon payment.

Q: How much capital is required for new businesses and existing businesses?

- All borrowers must have sufficient capital or equity to mitigate the current financial and operational risks of the business. Only REAP loans require a minimum of 25% of total project costs to be allocated to the project from other funds.

Q: Are there feasibility study requirements?

- The OneRD Guarantee Loan Initiative provides discretion and flexibility depending on the complexity of the project in addition to the loan amount. Lenders may provide an adequate discussion of project risks in the credit assessment or other application documents that may negate the need for an independent feasibility study.
- For B&I loans over \$1 million, the Agency has discretion in the scope of the feasibility study based on the complexity of the new business operation and the history of the borrower. The Agency may also reduce the scope of the feasibility study if the lender's analysis provided sufficient information and analysis on technical and economic feasibility that would be contained in a separate feasibility study.

Q: What fees are associated with the OneRD Guarantee Loan Initiative?

- All programs have an initial guarantee fee that is published annually in a Federal Register notice. Additional fees, such as a periodic collateral retention fee, will also be published annually.

Q: What is the maximum loan guarantee amount for the initiative programs?

- The loan guarantee percentage for programs under the initiative is published annually in a Federal Register notice. According to this year's annual notice, loans approved in fiscal year 2021 will receive an 80 percent guarantee regardless of loan size.

CARES Act Program for Businesses and Industries

Q: Does this regulation apply to the CARES Act Program for Business and Industry?

- No. The B&I CARES Act Program provisions are contained in 7 CFR 4279.190.

Q: Does this regulation apply to the CARES Act Program for Business and Industry?

- No. B&I CARES Act applications will be reviewed in accordance with B&I CARES Act regulations. Applicants should continue to use the B&I forms developed prior to the OneRD Guarantee Loan Initiative.

Q: How should multistate lenders submit B&I CARES Act loan applications?

- B&I CARES Act loans from multi-state lenders must be uploaded to the lender's dedicated OneRD Guarantee CloudVault, regardless of the loan amount.

Q: How should state lenders submit applications for B&I CARES Act loans?

- B&I CARES Act loans from state lenders must be filed with the appropriate DR State Office.

Rural Energy Program for America

Q: Are Rural Energy for America Program (REAP) grants affected by the OneRD Guarantee Loan Initiative?

- No. This initiative only affects loan guarantees. 7 CFR 4280 will continue to govern REAP grants.