

Water & Waste Disposal Loan Guarantees

What does this program do?

This program helps private lenders provide affordable financing to qualified borrowers to improve access to clean, reliable water and waste disposal systems for households and businesses in rural areas.

Who may apply for this program?

Lenders need the legal authority, financial strength and sufficient experience to operate a successful lending program. This includes lenders that are subject to supervision and credit examination by the applicable agency of the United States or a State including:

- Federal and State-chartered banks.
- Savings and loans.
- Farm Credit Banks with direct lending authority.
- Credit unions.

Other non-regulated lending institutions may also be approved by the Agency under the criteria of the OneRD regulation.

Who may qualify for these loan guarantees?

Eligible borrowers are:

- Public bodies.
- Federally-recognized Tribes.
- Non-profit businesses.
- Additional entities may be eligible for other types of loan guarantees under the [OneRD Guarantee Loan Initiative](#).

What is an eligible area?

- Rural areas with populations of 50,000 residents or less, which excludes certain populations pursuant to 7 U.S.C. 1991(a)(13)(H)*, based on the latest decennial census

of the United States and not in the urbanized area contiguous and adjacent to that city or town.

- Check an [eligible rural area](#).
- The lender may be located anywhere in the United States.

* Exclusion of incarcerated populations. Populations of individuals incarcerated on a long-term or regional basis shall not be included in determining whether an area is "rural" or a "rural area".

How may funds be used?

Construct or improve facilities for:

- Drinking water
- Sanitary sewers
- Solid waste disposal
- Storm water disposal facilities

Depending on the circumstances, some funds may also be used for:

- Guarantee and lender fees
- Legal and engineering fees
- Land acquisition and equipment
- Additional borrower labor to install and extend service
- Initial operating expenses
- Capitalized interest
- Purchase of existing facilities to improve service or prevent loss of service.
- Debt refinancing in some instances.
- See Code of Federal Regulations [7 CFR, Part 5001](#) for a complete list.

What is the maximum amount of a loan guarantee?

The loan guarantee percentage is published annually in a Federal Register notice. WEP loans approved in [Fiscal Year 2025](#) will receive a 90 percent guarantee

What are the loan terms?

The lender, with Agency concurrence, will establish and justify the guaranteed loan term based on the use of guaranteed loan funds, the useful economic life of the assets being financed and those used as collateral including revenues taken as security, and the borrower's repayment ability. The loan term will not exceed 40 years.

What are the interest rates?

- Interest rates are negotiated between the lender and borrower.
- Rates may be fixed or variable.
- Variable interest rates may not be adjusted more often than quarterly.

What are the applicable fees?

- There is an initial guarantee fee, currently 1 percent of the guaranteed amount.
- There is a fee for the Issuance of Loan Note Guarantee Prior to Construction of 0.5 percent.
- Reasonable and customary fees for loan origination are negotiated between the borrower and lender.

What are the underwriting requirements?

- The lender will conduct a credit evaluation using credit documentation procedures and underwriting processes that are consistent with generally accepted prudent lending practices and also consistent with the lender's own policies, procedures and lending practices.
- The lender's evaluation must address any financial or other credit weaknesses of the borrower and project and discuss risk mitigation requirements.
- The lender must analyze all credit factors to determine that the credit factors and guaranteed loan terms and conditions ensure guaranteed loan repayment.
- Credit factors to be analyzed include but are not limited to character, capacity, capital, collateral, and conditions.
- Are there additional requirements?
- The borrower must have the legal authority needed to construct, operate and maintain the proposed facilities and the services they provide.
- All facilities financed with the aid of a loan guarantee must be used for public purposes.

Who will service the loan?

The lender is responsible for servicing the entire loan and taking all servicing actions that a reasonably prudent lender would perform in servicing its own portfolio of loans that are not guaranteed.

How do we get started?

- Lenders: Contact a representative in your [local RD office](#). For details visit our website at www.rd.usda.gov/OneRDGuarantee.
- Borrowers: Ask your private lender if they participate in USDA loan guarantee programs.

Who can answer questions?

Contact the local Rural Development office that serves your area.

What governs this program?

Code of Federal Regulations, [7 CFR 5001](#).

[OneRD FY2025 Annual Notice](#)

NOTE: Program details may change over time. Before you begin an application, please confirm you have the most current information by contacting a program specialist in your [local RD office](#) for assistance, or consult the program instructions listed in the section above titled "What Governs this Program?"

To Apply

NOTE: Please select your state in the dropdown menu above to find the [state office contact information](#) and speak to a program specialist before attempting to fill out any forms or applications. This will save you time in completing your application.

Other Requirements

Individual states may have particular requirements based on state and local regulations. Please contact the [local RD office](#) in the state where your project is located.

There are no other additional requirements at the national level. If there are additional state-specific requirements they will be listed above.

Contact

Please select your state in the dropdown menu above to find your local contact for this program.