

## OneRD Guaranteed Loan Program Water and Waste Disposal (WWD) Guaranteed Loans Lender Checklists

Welcome to the USDA Rural Development OneRD Guarantee Program! We want you to have a positive filing experience and to assist, we have created lender application checklists to help you navigate the process. The following checklist is specific to Water and Waste Disposal (WWD) guarantee loan applications within the OneRD Guaranteed Loan Program. While we hope the checklist serves as a useful tool, please know that participating lenders must also be familiar with the program regulation found at [7 CFR Part 5001](#). It is available at the OneRD Guarantee Loan website: <https://www.rd.usda.gov/onerdguarantee>. This website also has a host of other helpful information for lenders. This checklist is not all inclusive, and you are ultimately responsible for being aware of the OneRD Guarantee regulatory requirements. This is an informational guide only and is not required to be submitted as part of your application package.

**Applicants are responsible for becoming familiar and ensuring compliance with USDA, Rural Development environmental requirements found at [§5001.207](#). Please [contact the Agency](#) as early in your application development as possible to discuss the environmental process. Starting development activities prior to completion of the environmental process may jeopardize Rural Development's ability to guarantee your loan.**

### **Complete Application for Loan Guarantee ([§5001.303](#) and [§5001.305](#))**

**Complete applications:** The Agency will accept applications on a continuous basis. For each loan guarantee request, you must submit **complete** applications in order to be considered for loan guarantees. You are encouraged to submit a complete application in a single package; however, the Agency may accept the environmental information required by the Agency and initiate and complete its environmental reviews in advance of receiving a complete application. If an application is incomplete or has not yet been approved by your lending institution, the Agency will notify you in writing of the items necessary to address the incomplete application. Upon receipt of a complete application, the Agency will complete its evaluation.

**Required content:** You must provide all of the relevant application items as listed in the WWD Full Application Checklist.

**Application modification:** Please note that once a complete application is accepted by the Agency and prior to Agency award of a loan note guarantee, any modification to the application will be treated as a new application, and the Agency will process the information accordingly. The submission date of record for a modified application is the date the Agency receives the modified application information.

## WWD Complete Application Checklist

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|  | You must be registered in the System for Award Management (SAM) and have received a Unique Entity Identifier (UEI). <a href="http://www.sam.gov">www.sam.gov</a>   |
|  | Form RD 5001-1 “Application for Loan Guarantee” completed and fully executed   |
|  | Your written credit evaluation conforming to <a href="#">§5001.202</a> and the WWD Lender’s Credit Evaluation Checklist in this document, if requesting loan note guarantee prior to project completion.   |
|  | Environmental information required by the Agency to conduct its environmental review – See <a href="#">§5001.207</a> and <a href="#">7 CFR Part 1970</a> . Contact the Agency early in the process to discuss environmental requirements for the specific loan. For all loans secured by real estate, the following may be required: |
|  | Phase I Environmental Site Assessment for land purchase only   |
|  | FEMA Form 086-0-32 “Standard Flood Hazard Determination Form”  |
|  | Required financial statements including:   |
|  | Historical balance sheets, income statements, and cash flow statements of the borrower for the lesser of the last three fiscal years or all years of operation. Agency financial statement standards can be found in <a href="#">§5001.9</a> . <b>Tax returns are not acceptable.</b>  |
|  | Current balance sheet and year-to-date income statements of the Borrower, dated within 90 days of submission of the <u>complete</u> application.   |
|  | Projected balance sheets, income statements, and cash flow statements/ cash flow budgets or a financial model starting from the current financial statements through a minimum of two years of the project performing at full operational capacity or stable operations.   |
|  | The Agency may request additional financial statements, financial models, cash flow information, updated financial statements, and other related financial information to determine the financial feasibility of a project and evaluate the credit underwriting of the borrower, its affiliates, and any guarantors.                 |
|  | For requests of \$600,000 or greater - A draft loan agreement for the guaranteed loan that addresses each of the following:  |
|  | Repayment terms and amortization provisions of the guaranteed loan   |
|  | Description of real property collateral, list of other collateral and identification of the lender’s lien priority in the collateral, or proposed bond information.  |
|  | Type and frequency of <u>borrower</u> financial statements to be required for the duration of the guaranteed loan.   |
|  | Prohibition against borrower assuming liabilities or obligations of others.  |
|  | Limitations on the purchase and sale of equipment and other fixed assets.  |

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|  | Restrictions concerning mergers, consolidations, or other circumstances including significant management changes and a limitation on selling the business, project, or guarantee loan collateral without the concurrence of the lender  |
|  | Minimum debt service coverage ratio, when required by the lender or by the program regulation. See <a href="#">§5001.102(d)(4)(iii)</a> for Agency required minimum debt service coverage ratios when refinancing.  |
|  | A reserved section for any requirements imposed by the Agency in its conditional commitment.  |
|  | A reserved section for any Agency environmental requirements  |
|  | A provision for the lender and the Agency to have reasonable access to the project and its performance information during the term of the guaranteed loan including the periodic inspection of the project by a representative of the lender or the Agency.   |
|  | Loan classification and credit risk rating classification scale – See also Block 37 on Form RD 5001-1.  |
|  | Real estate appraisals in accordance with <a href="#">§5001.203(c)</a> . <b>Discuss with your Agency contact prior to submitting your application particularly with projects that rely on bond for security rather than specific real estate or chattel security.</b>   |
|  | Certification regarding credit elsewhere in accordance with <a href="#">§5001.126(c)(2)</a> .   |
|  | Evidence of significant community support in accordance with <a href="#">§5001.126(c)(3)</a> .  |
|  | Copies of organizational documents, organizational charts. (For non-profits only - if not previously submitted).  |
|  | Existing debt instruments.  |
|  | Engineering documentation – as defined at <a href="#">§5001.3</a> and <a href="#">§5001.305(a)</a>  |
|  | Feasibility considerations in accordance with <a href="#">§5001.305(b)</a>  |
|  | Intergovernmental consultation comments in accordance with <a href="#">2 CFR part 415</a> , subpart C, or successor regulation, unless exemptions have been granted by the State’s single point of contact.   |
|  | Form RD 5001-2, “Lenders Agreement” or Form RD 5001-2a, “Multi-State and Non-Traditional Lender’s Agreement” (if not previously approved). <i>There will be only one Lender’s Agreement issued for each lending entity based on their tax identification number. Lender’s Agreements will not be issued for individual branches. Approval under one program is approval for all programs.</i> |

## WWD Lender's Credit Evaluation Checklist

You must prepare a credit evaluation in accordance with [§5001.202](#). This checklist is provided to assist you in the completion of its credit evaluation. It is not a replacement for knowledge of the regulation in general or 7 CFR 5001, §5001.202 specifically. The Agency reserves the right to review your credit evaluation and request additional information.

The Agency recognizes that you have a unique format for presenting the credit evaluation within your organization. The Agency does not have a required format. However, use the following as a checklist of your credit evaluation to make sure you have addressed and/or provided the required information. The written credit evaluation must contain, at a minimum, the following:

### DESCRIPTION OF:

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|  | Proposed loan, interest rates, and loan terms; also address if requesting loan note guarantee prior to project completion (see <a href="#">§5001.205(e)(2)</a> ).         |
|  | History of the existing system including a discussion of the proposed project, need for the project as well as any current violations, and corrective action being taken. |
|  | Lender's history with the borrower, affiliates, guarantors, etc.  |

### REVIEW AND DISCUSSION OF:

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|  | Engineering Documentation or Architectural, as applicable.                                    |
|  | All applicable contracts, management agreements and leases per <a href="#">§5001.202(a)</a> . |
|  | Technical Report, if applicable.  |

### EVALUATION OF CREDIT FACTORS:

Provide a written evaluation on each credit factor documenting the proposed loan is sound. The credit evaluation must include the items listed at [§5001.202\(b\)\(6\)](#) and [§5001.305\(b\)](#).

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|  | Character - see <a href="#">§5001.202(b)(1)</a> for information on this topic.  |
|  | Capacity - see <a href="#">§5001.202(b)(2)</a> for information on this topic.   |
|  | Capital - see <a href="#">§5001.202(b)(3)</a> for information on this topic.  |
|  | Collateral - see <a href="#">§5001.202(b)(4)</a> for information on this topic.   |
|  | Conditions - see <a href="#">§5001.202(b)(5)</a> for information on this topic.   |
|  | If the majority user of the system is a business and the financial success of the system is dependent on that business, then the economic viability of that business must be assessed. See <a href="#">§5001.305(c)</a> . |

DISCUSSION OF FINANCIAL STATEMENTS:

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|  | Provide spreadsheets and analysis of borrower’s historic, current, and projected financial statements (including assumptions provided for projections) with appropriate ratios .   |
|  | Provide an operational cash flow analysis on a quarterly basis through startup or occupancy <u>when the loan note guarantee is requested prior to construction completion</u> . Include a construction budget and schedule and indicate whether the quarterly construction costs are being provided by the guaranteed loan, borrower equity, or other sources. |

DISCUSSION OF STRENGTHS AND WEAKNESSES:

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|  | Address and describe financial or other credit strengths.  |
|  | Address and describe financial or other credit weaknesses and risk mitigation measures for the borrower. |