

OneRD Guaranteed Loan Program Community Facilities 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 application process. The following checklist is specific to Community Facilities (CF) 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. These checklists are for reference only and are not required as part of your complete application package.

You 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 process 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 [§5001.304](#))

- (a) 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.
- (b) Required content: You must provide all the relevant application items as listed in the Community Facilities Lender Application Checklist.
- (c) 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.

Community Facilities Complete Application Checklist

<input type="checkbox"/>	You must be registered in the System for Award Management (SAM) and have received a Unique Entity Identifier (UEI). www.sam.gov
<input type="checkbox"/>	Form RD 5001-1 "Application for Loan Guarantee" completed and fully executed.
<input type="checkbox"/>	Your written credit evaluation conforming to §5001.202 and your credit evaluation checklist contained in this document.
<input type="checkbox"/>	Environmental information required by the Agency to conduct its environmental review – See §5001.207 and 7 CFR Part 1970 . 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:
<input type="checkbox"/>	Phase I Environmental Site Assessment.
<input type="checkbox"/>	FEMA Form 086-0-32 "Standard Flood Hazard Determination Form."
<input type="checkbox"/>	Required financial statements including:
<input type="checkbox"/>	Current balance sheet and year-to-date income statements of the Borrower, dated within 90 days of submission of the complete application.
<input type="checkbox"/>	Current balance sheet and year-to-date income statements of any corporate guarantor(s), dated within 90 days of submission of the complete application if applicable.
<input type="checkbox"/>	Current personal financial statement of any individual guarantors, dated within 90 days of submission of the complete application if applicable.
<input type="checkbox"/>	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 §5001.9. Tax returns are not acceptable
<input type="checkbox"/>	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.
<input type="checkbox"/>	Financial projections must be supported by a list of assumptions showing the basis for the projections.
<input type="checkbox"/>	A pro forma or projected balance sheet as of the date of loan closing that reflects any new assets acquired and/or new debt including the new guaranteed loan.
<input type="checkbox"/>	Current financial statements of affiliates if applicable .
<input type="checkbox"/>	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.
<input type="checkbox"/>	For requests of \$600,000 or greater - A draft loan agreement for the guaranteed loan that addresses each of the following:

<input type="checkbox"/>	Repayment terms and amortization provisions of the guaranteed loan.
<input type="checkbox"/>	Description of real property collateral, list of other collateral and identification of the lender's lien priority in the collateral.
<input type="checkbox"/>	A list of persons and entities guaranteeing payment of the guaranteed loan and their percentage of guarantee if applicable.
<input type="checkbox"/>	Type and frequency of borrower financial statements to be required for the duration of the guaranteed loan.
<input type="checkbox"/>	Type and frequency of guarantor financial statements to be required for the duration of the guaranteed loan (<i>guarantor financial statements must be updated at least annually</i>).
<input type="checkbox"/>	Prohibition against borrower assuming liabilities or obligations of others.
<input type="checkbox"/>	Limitations on borrower dividend payments or distributions and compensation of officers, owners and members of borrower.
<input type="checkbox"/>	Limitations on the purchase and sale of equipment and other fixed assets.
<input type="checkbox"/>	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.
<input type="checkbox"/>	Maximum debt-to-net worth ratio, when required by the lender.
<input type="checkbox"/>	Minimum debt service coverage ratio, when required by the lender or by the program regulation. See §5001.102(d)(4)(iii) for Agency required minimum debt service coverage ratios when refinancing.
<input type="checkbox"/>	A reserved section for any requirements imposed by the Agency in its conditional commitment.
<input type="checkbox"/>	A reserved section for any Agency environmental requirements.
<input type="checkbox"/>	A provision for the lender and the Agency to have reasonable access to the project, the financial records and the Borrower's 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.
<input type="checkbox"/>	Loan classification and credit risk rating classification scale – See also Block 37 on Form RD 5001-1.
	Real estate appraisals in accordance with §5001.203(c)
<input type="checkbox"/>	For construction projects, obtain the “as-is” market value and the “prospective” market value as of the date of construction completion.
<input type="checkbox"/>	Provide technical review of the real estate appraisal prepared in compliance with USPAP Standards 3 and 4.
<input type="checkbox"/>	Chattel appraisals:
<input type="checkbox"/>	Newly-acquired – A bill of sale may be used to support the value.
<input type="checkbox"/>	Existing – Appraisals are required when its value exceeds \$250,000. Must be conducted by an independent qualified appraiser, must be based on industry recognized standards, and reflect the age, condition, and remaining useful life of the equipment.

<input type="checkbox"/>	Feasibility Study – A lender seeking a loan guarantee for a Community Facilities project must submit a financial feasibility report prepared by a qualified firm or individual acceptable to the Agency. See §5001.304 . The lender is encouraged to contact and Agency representative to determine the applicable feasibility study:
<input type="checkbox"/>	For guaranteed loans greater than \$1,000,000.00 to a new business, a feasibility study prepared by an independent qualified consultant acceptable to the Agency is required. The scope of the feasibility study will be determined by the Agency and is dependent on the complexity of the project and the borrower. Refer to Appendix B to Subpart D of Part 5001 for elements of an acceptable feasibility study.
<input type="checkbox"/>	For guaranteed loans of \$1,000,000.00 or less to new and existing businesses, the Agency may require a feasibility study when the lender’s analysis or other borrower information is not sufficient to determine the technical feasibility or economic viability of the project, or if the project will significantly affect the operations of a borrower who is an existing business and its historic cash flow.
<input type="checkbox"/>	Financial feasibility study with examination opinion. See Appendix B to subpart D of Part 5001. The report must be prepared in accordance with the standards of attestation of the American Institute of Certified Public Accountants, and the preparer must have the requisite professional liability insurance in place. A financial feasibility study with examination opinion will be required for all CF guaranteed loans that do not meet the requirements for a financial feasibility analysis outlined at §5001.304(a) .
<input type="checkbox"/>	Business Plan - Unless the information is contained in the feasibility study or in the credit evaluation, a business plan should be submitted to show how the project will operate and remain viable. This requirement may be omitted when guaranteed loan funds are used exclusively for debt refinancing.
<input type="checkbox"/>	Copies of organizational documents, organizational charts, and existing debt instruments (if not previously submitted).
<input type="checkbox"/>	Identification of any known relationship or association with an Agency employee.
<input type="checkbox"/>	If the application is for five or more residential units, including nursing homes and assisted-living centers, submit Form HUD-935.2A - Affirmative Fair Housing Marketing Plan (AFHMP).
<input type="checkbox"/>	Engineering documentation or Architectural Reports as applicable.
<input type="checkbox"/>	Applications for health care facilities must provide a certificate of need if required by Federal or State law.
<input type="checkbox"/>	Intergovernmental consultation comments in accordance with 2 CFR part 415, subpart C , or successor regulation, unless exemptions have been granted by the State’s single point of contact.
<input type="checkbox"/>	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>

<input type="checkbox"/>	Borrower obtained certificate of support signed by an authorized official from each affected local government within the service area of the facility.
<input type="checkbox"/>	Written documentation of conflict of interest if one exists.
<input type="checkbox"/>	Borrower's written certification of their inability to secure commercial credit without a guarantee at reasonable rates and terms.
<input type="checkbox"/>	Lender provided evidence that a not-for-profit Borrower has significant ties with the local rural community.
<input type="checkbox"/>	Form AD-3030 Representations regarding felony conviction and tax delinquent status for corporate applicants.

Community Facilities Lender's Credit Evaluation Checklist

Lenders must prepare a credit evaluation in accordance with [§5001.202](#). This checklist is provided to assist you in the completion of your 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:

<input type="checkbox"/>	Proposed loan, interest rates, and loan terms.
<input type="checkbox"/>	Proposed project.
<input type="checkbox"/>	Lender's history with the borrower, affiliates, guarantors, etc.
<input type="checkbox"/>	Existing business. Include organizational charts or descriptions of ownership structure including percentage of ownership.
<input type="checkbox"/>	Guarantors (§5001.204). Applications involving <u>guarantor(s)</u> must also include a global debt service coverage analysis of the <u>guarantor(s)</u> including the cash flow of the guarantor(s).
<input type="checkbox"/>	Affiliates. Applications involving <u>affiliated entities</u> must include a global credit evaluation and, if applicable, a global historical and projected debt service coverage analysis. Definition of affiliate can be found in §5001.3 .

REVIEW AND DISCUSSION OF:

<input type="checkbox"/>	Business Plan, if applicable.
<input type="checkbox"/>	Feasibility Study, if applicable.
<input type="checkbox"/>	Technical Report, if applicable.
<input type="checkbox"/>	Architectural or Engineering Documentation, if applicable
<input type="checkbox"/>	All applicable contracts, management agreements and leases per §5001.202(a) .
<input type="checkbox"/>	Applications involving <u>affiliated entities</u> must include a global credit evaluation and if applicable a global historical and projected debt service coverage analysis.
<input type="checkbox"/>	Applications involving <u>guarantor(s)</u> must also include a global debt service coverage analysis of the guarantor(s) including the cash flow of the guarantor(s).

EVALUATION OF CREDIT FACTORS: Provide a written evaluation on each credit factor documenting the proposed loan is sound:

<input type="checkbox"/>	Character - see §5001.202(b)(1) for information on this topic.
<input type="checkbox"/>	Capacity - see §5001.202(b)(2) for information on this topic.
<input type="checkbox"/>	Capital - see §5001.202(b)(3) for information on this topic.
<input type="checkbox"/>	Collateral - see §5001.202(b)(4) for information on this topic.
<input type="checkbox"/>	Conditions - see §5001.202(b)(5) for information on this topic.

DISCUSSION OF FINANCIAL STATEMENTS:

<input type="checkbox"/>	Provide spreadsheets and analysis of borrower's historic, current, and projected financial statements (including assumptions provided for projections) with appropriate ratios and comparisons with industry standards (such as the Risk Management Association, Dun & Bradstreet, or other recognized industry standard).
<input type="checkbox"/>	Financial projections deviating from historical financial performance must be substantiated and documented. The borrower's projections should be consistent with their past performance. Increases to revenues, profit margins or profitability should be reasonable and substantiated in the lender's analysis.
<input type="checkbox"/>	Provide an operational cash flow analysis on a quarterly basis for projects with a <u>seasonal cash flow cycle</u> .
<input type="checkbox"/>	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.
<input type="checkbox"/>	Applications involving <u>corporate guarantor(s)</u> must include a global debt service coverage analysis of the corporate guarantor(s) including the cash flow of the guarantor(s).
<input type="checkbox"/>	Applications involving <u>guarantors</u> should provide an analysis of the guarantor financials and credit history, including an assessment of the ability of the guarantor to support the project, if needed.
<input type="checkbox"/>	Applications involving <u>affiliated entities</u> must include a global credit evaluation and, if applicable, a global historical and projected debt service coverage analysis.

DISCUSSION OF STRENGTHS AND WEAKNESSES:

<input type="checkbox"/>	Address and describe financial or other credit strengths.
<input type="checkbox"/>	Address and describe financial or other credit weaknesses and risk mitigation measures for the borrower.