

**Community Facilities/Water and Waste Disposal Guaranteed Programs 10/3/2019 Federal Register Notice**

**To which programs does the Notice apply?**

- Community Facilities (CF) Guaranteed Loan Program; 7 CFR 3575 Subpart A
- Water and Waste Disposal (WEP) Guaranteed Loan Program; 7 CFR 1779

**What does this Notice do?**

Implements Sections 6402 and 6418 of the 2018 Farm Bill for Fiscal Year 2020

**Section 6402**

- Adopts the definition of Rural Area for a population of up to 50,000 for both the WEP and CF Guaranteed Programs
- Requires a reservation of CF guaranteed funds for projects serving populations of 20,000 or less
- Requires prioritization for WEP guaranteed funds for projects in rural areas of 10,000 or less

Through this Notice, RD is notifying potential applicants and the public of the new population limits for CF and WEP Guaranteed Loan Programs, as well as statutorily required reservation or prioritization of funding.

**Section 6418**

Provides authority for additional fees for Guaranteed Loans under the Consolidated Farm and Rural Development Act. Through this Notice, RD is announcing the fees it will charge on CF and WEP Guaranteed loans in FY 2020.

**When is the Notice effective?**

- Starting 10/2/2019      CF and WEP Guaranteed Loan applications proposing to serve communities up to 50,000 in population can be submitted to Rural Development and processed up to the point of approval.
- Starting 12/2/2019      Obligations of funds for CF and WEP approved Guaranteed Loans begins.

**Who can I contact if I have questions?**

<b><u>Program Area</u></b>	<b><u>Point of Contact</u></b>
Community Facilities	Please contact the appropriate State Office Community Programs Director <a href="https://www.rd.usda.gov/browse-state">https://www.rd.usda.gov/browse-state</a>
Water and Waste Disposal	Please contact the appropriate State Office Water and Environmental Programs Director <a href="https://www.rd.usda.gov/browse-state">https://www.rd.usda.gov/browse-state</a>

**How does it work?**

Population		
	CF Guaranteed Loans	WEP Guaranteed Loans
New Population Limits	Up to 50,000	Up to 50,000
How the Reservation or Prioritization of Funds Works	<p>Appropriated funds are reserved for projects serving 20,000 or less population in the following manner:</p> <ul style="list-style-type: none"> <li>• 100% of the first \$200,000,000</li> <li>• 50% of the next \$200,000,000</li> <li>• 25% of all amounts exceeding \$400,000,000</li> </ul> <p><i>Based on the reservation of funds schedule outlined above, applications received where no funds are available (i.e. applications for projects in areas with more than 20,000 inhabitants, but only reserved funding is available) will not be processed by RHS and will be returned to the lender.</i></p>	<p>For FY 2020, the Agency will use National Office reserves to ensure that funding is prioritized for eligible projects in rural areas with a population of not more than 10,000 people.</p>

A Community Facilities Guaranteed Property Eligibility mapping tool is available on the RD website at <https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=CFG>.

Fees		
	CF Guaranteed Loans	WEP Guaranteed Loans
<b>Upfront Fee</b>	<p>1.5%</p> <p>The fee is determined by multiplying the amount of the guarantee fee rate (1.5 percent) by the principal loan amount multiplied by the percent of guarantee.</p>	<p>1%</p> <p>The fee is determined by multiplying the amount of the guarantee fee rate (1.0 percent) by the principal loan amount multiplied by the percent of guarantee.</p>
<b>Annual Renewal Fee</b>	<p>0.5%</p> <p>The amount of the annual fee on each guaranteed loan will be determined by multiplying the annual fee rate (.5%) by the outstanding principal loan balance as of December 31, multiplied by the percentage of guarantee.</p> <p>For Loan Note Guarantees issued in FY 2020, the annual renewal fee will be assessed on December 31, 2020, and is due January 31, 2021</p>	<p>0.0%</p>