OneRD Guarantee Update

July 13, 2020

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

OneRD Guaranteed Loan Initiative

What is OneRD Guaranteed Loan Initiative?

➢ A standard policy and process for RD guaranteed loan making in four programs:

- Water and Waste
- Community Facilities
- Business and Industry
- Rural Energy for America

Benefits

✓ Supports OneUSDA Initiative

✓ Standardize Documents Across Programs

✓ Improved Program Delivery

✓ Reduces Burden on Lenders, Applicants and Staff

Better Customer Experience

A Holistic, Collaborative, Customer-Focused Approach

Regulation & Instruction
- Publish OneRD regulation
- Develop OneRD staff instruction

Technology
- Define technical portal requirements
- Provide additional opportunities for lender feedback and lender testing

Training
- Ensure that OneRD roll out is accompanied by robust staff / lender training and tools and guides
- Provide staff with specific guaranteed loan training

Marketing & Outreach
- Emphasize lender outreach to promote guaranteed loan programs

Goals & Metrics
- Define and communicate key success metrics

Customer Feedback
- Conduct ongoing lender roundtable discussions to share updates and solicit additional feedback
- Develop additional mechanisms to gather and quantify feedback

Customer Experience Priorities Direct from Our Lenders

Consistent process and review in any program, any office.

Consistency

Accountability

Easily accessible, knowledgeable, empowered point of contact.

More transparent process and online access to timely application status.

Transparency

Speed of Service

Faster and consistent processing times:

- ✓ 30 Days from filing to conditional commitment
- ✓ 48 hours to issue Guarantee when conditions are met.

Publication of the OneRD Regulation

- July 13, 2020   Public Inspection

- July 14, 2020   Publication
  60-day Comment Window Opens

Major Policy Changes

Major Policy Changes

Standard Approach for Credit Review

- Utilizes 5 C's of Credit

- Not as prescriptive as current regulations

- Focus is on review of lender credit evaluation.

- More reliance on industry standards (ex., discounting of collateral)

Annual Notices Prior to Fiscal Year

- Announces & Sets the Fees and Guarantee Percentage by Program for the Upcoming Fiscal Year

Guarantee Percentage, Fees and Loan Retention

- Maximum guarantee is 90%, however each program area will set a percentage annually that will apply to all loans in that FY

- All fees will be set by programs in an annual notice prior to FY

- Minimum lender retention of 7.5% of the total loan for life of loan

## Architectural & Engineering Documents

- No Agency prescribed preliminary Engineering & Architectural format

- Agency will provide assistance to clarify requirements and regulations but will not conduct technical reviews. Lenders will certify and be responsible for ensuring compliance.

- Lenders Assume Risk in Loss Claims
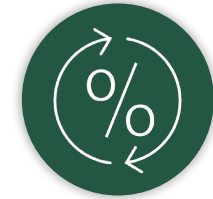
Major OneRD Guarantee Loan Policy Changes

New Options for Lenders

- Issue of Guarantee Prior to Construction (New Fee (.5%) and Additional Requirements Apply)

- Clarity around Secondary Market Sales
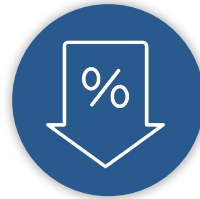
Debt Refinancing

- Debt Owed to Another Lender

- Debt Owed to the Applicant Lender

- Debt Owed to the Federal Government (Direct & Guarantee)

Expanded Options for Refinancing Deals

- Refinancing Hospital Debt

- 100% Refinancing Possible

Major OneRD Guarantee Loan Policy Changes

Maximum Loan Sizes

- $100M for CF

- $50M for WEP

- $25M for B&I and REAP

Consistent Population Limits

- 50,000 for All OneRD Guaranteed Loan Initiative Programs

- Significant Increase for CF & WEP

Single-Point Lender Approval

- Approved for all 4 OneRD Programs

- Regulated Lenders In Good Standing Receive Indefinite Approval

- Non-Regulated Lenders Approved Every 5 Years

Lender Resources

Lender Training & Resources

| Lender Listening Sessions, Training Webinars & Roundtables | External Website | Regulation, Training Guides, Checklists & Templates | Bite-Sized How-To/Deep Dive Videos & Templates on Complex Topics | Points of Contact
- Team of OneRD Program Experts
- Central Email Box |

rd.usda.gov/OneRDguarantee   *OneRDGuarantee@usda.gov*

Key Dates

- July 14, 2020   Publication; 60-day Comment Window Opens

- July 22, 2020   [Lender Listening Session #1](#)

- August 5, 2020   [Lender Listening Session #2](#)

- August 19, 2020   [Lender Listening Session #3](#)

- September 14, 2020   Comment Period Ends

- August/September   First Annual Notice under OneRD Guarantee

- September/October   Lender Training

- October 1, 2020   Effective Date – Applications Accepted under OneRD Guarantee

Next Steps for Program Participants

Provide Feedback	Prepare and Train	Apply
July – September 2020	September – October 2020	October 2020 – Winter 2020/2021
Review the Regulation The final rule is available at *rd.usda.gov/onerdguarantee* **Provide Written Comments** **Register to Attend Listening Sessions**	**Training Sessions for Lenders** - Trainings will be announced at a later date and posted to the One RD Guarantee Loan Initiative web page.	**Regulation takes effect Oct 1, 2020** - USDA will launch a paper application platform and common forms. - Common forms and loan note guarantee application will be available.

Subscribe to the OneRD Guarantee Loan Initiative subscription list
to receive updates from USDA on this regulatory change.

Thank you!

Visit us at rd.usda.gov/onerdguarantee