

# OneRD Guarantee Loan Initiative: Outline of Regulatory Changes

## Subpart A

Description of Change	Brief Description
General Provisions	
	This Subpart applies to all programs.

## Subpart B

Description of Change	Current Regulation	OneRD Rule Citation	Brief Description
Eligibility Provisions			
Project eligibility - general		5001.102	Provisions apply to all programs. Sections 5001.103 - 5001.106 are statutory provisions applicable to each program.
Project eligibility - debt refinancing	Eligibility varies by program.	5001.102(d)(1) - (5)	Debt refinancing has been consolidated into one place and standardized across programs.
Borrower eligibility	This is clarification language.	5001.102	General provisions in 5001.102 apply to all programs. 5001.103 - .107 are program specific.
Lender eligibility requirements	Current regulations list eligible lenders. If lender is not specifically listed they are considered an “other lender” and must go through a review process.	5001.130	OneRD will have “Regulated Lending Entities” and “Non-Regulated Entities”. There will be one set of criteria for non-regulated lending entities.

## Subpart B *Continued*

Description of Change	Current Regulation	OneRD Rule Citation	Brief Description
Eligibility Provisions			
Lender eligibility requirements	Credit unions are not currently listed as eligible lenders and have to go through the lender approval process.	5001.130 (b)	Credit Unions subject to credit examination and supervision by either the National Credit Union Admin. or a State Agency are now eligible. If not regulated or subject to credit examination will have to follow procedure for non-regulated lenders.
Lender eligibility requirements - Non-regulated lending entities	Lenders not currently listed as eligible must go through a review process; however, the process is different for each program. A lender wishing to work with all 4 programs would have to go through a review for each program.	5001.130 (c)	Non-regulated lenders will submit one approval request package to the Agency which will, if approved, allow them to lend in all four OneRD programs. Approved status will last for 5 years and may be renewed.
Lender eligibility requirements - Tribal Trust Lands	Not currently addressed.	5001.130 (d)	To mitigate the lack of lenders willing or able to lend on Tribal Trust lands, OneRD creates separate criteria for non-regulated lending entities that will only service Tribal Trust Lands.
Lender eligibility requirements - Previously Approved Lenders	Not addressed.	5001.130 (e)	Lenders that are currently approved under one of the four programs in OneRD cannot originate new guaranteed loans after the OneRD effective date unless the lender is approved under the new regulation.
Lender maintenance requirements	Not currently addressed.	5001.132	Adds section on maintenance of approved lender status and conditions for loss or revocation of status.
New Markets Tax Credits	Currently addressed only in B&I regulation.	5001.141	Provides eligibility and process information for loan guarantees with NMTC. May not be applicable to all OneRD programs.

## Subpart C

Description of Change	Current Regulation	OneRD Rule Citation	Brief Description
Origination Provisions			
Credit Evaluation aka Credit Quality	The four OneRD programs have separate and distinct credit evaluation criteria.	5001.202	Outlines information required in a lender's credit evaluation. Follows the 5 C's of credit: Character; Capacity; Capital; Collateral; and, Conditions and is the same for all programs.
Apprsiasals	Appraisal requirements differ between the four OneRD programs.	5001.203	Expands on appraisal requirements from current language. Leaway is allowed in requirement of an appraisal by "Whenever an appraisal is required". Lender's typically do require an appraisal and new language provides guidance to both lenders and field staff on when required.
General Monitoring Requirements	Current regulations differ on preconstruction requirements and Agency involvement. This contributes to inconsistent reviews from state to state creating confusion amongst regional and national lenders.	5001.205(a)	Outlines design requirements and emphasizes lender's responsibility to ensure that projects are approved by the pertinent state regulatory or licensing agency. This will allow the Agency to step away from reviews and make the process more consistent from state to state.
Issuance of loan note guarantee prior to completion of the project	Currently only in B&I's regulation.	5001.205(e)(1)	Added as a "customer friendly" provision as lenders complained that they were "naked" for the riskiest portion of the project. Additional requirements have been added if a lender chooses this option including a Construction Monitoring Plan. In addition, there are requirements for additional Lender and Agency monitoring and construction requirements. In addition to the other requirements, there will be a .5% one-time fee assessed to the lender which cannot be passed on to the borrower.
Environmental Responsibilities		5001.207	Refer to 1970 and reiterate that it is the Lender and Borrower's responsibility to provide the required documentation. The Agency must complete its review prior to issuance of a Conditional Commitment or obligates funds - whichever comes first.
Conflicts of Interest		5001.208	New section.

## Subpart D

Description of Change	Current Regulation	OneRD Rule Citation	Brief Description
Guarantee Application Provisions			
Preliminary Determination	Some of the current regulations did not require a pre-application but it does require that if one is not submitted all the information contained in one must be in the complete application package. This has cause confusion and adds extra burden.	5001.302	Removes requirement for a pre-application and allows a non-mandatory Preliminary Eligibility Review. The Agency will review for lender, applicant, project and proposed location eligibility. Not a commitment of financing, doesn't determine financial feasibility or priority for funding. Specific information to be included is outlined in 5001.303.
Applications for Loan Guarantee	Similar to current language but gives timeframes and additional guidance.	5001.303	Provides general information on what constitutes a complete application. Allows for changes if on Agency's website or FR notice. Specifies two years of projections and current balance sheets not older than 90 days. Once an application is complete, if the Lender modifies the application, the Agency will treat it as a new application.
		5001.304 - 307	Lists information specific to each program's application requirements.
Project priority points	Each current regulation addressed differently, WWD did not address at all.	5001.317	Adds scoring and ranking in the event the dollar value of approved loans exceeds funds available. States highest possible scores for each program which includes SD and Admin points. Procedure for funding selected applications, ranked applications not funded, and a warning that the borrower assumes all risk if they choose to start construction prior to award.

## Subpart E

Description of Change	Current Regulation	OneRD Rule Citation	Brief Description
Guarantee and Loan Provisions			
Guaranteed Loan Amounts	Varies by program.	5001.406	All four programs now specify maximum loan requests. CF at \$100 million; WWD at \$50 million; B&I at \$25 million or \$40 million for cooperatives; and REAP at least \$5,000 not to exceed 75% of eligible project costs.
Percentage of Loan Guarantee	Varies by program.	5001.407	The percentage of loan guarantee may vary by program but the maximum guarantee is 90%. Each program will set annually their maximum guarantee percentage.
Accrued Interest Payment	Varies by program.	5001.450(c)	Adds language limiting interest accrual to 90 days from the delinquency effective date.
Annual renewal fee	3 of 4 programs in OneRD currently charge an annual renewal fee.	5001.455	In the event that the fee is collected more frequently than annually, the name has been changed to the Periodic Guarantee Retention fee. The fee amount will be set in an annual Federal Register notice. All four programs have the option of charging the fee.

## Subpart F

Description of Change	OneRD Rule Citation	Brief Description
Servicing Provisions		
Servicing discussions for current regulations varied and was minimal for some programs.	5001.5	This Subpart applies to all programs.

For more information on the OneRD Guarantee Loan Initiative, please visit [www.rd.usda.gov/onerdguarantee](http://www.rd.usda.gov/onerdguarantee).