



**Rural Development**

Office of the Administrator  
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**TO:** Rural Development State Directors

**ATTN:** Business Program Directors  
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**SUBJECT:** OneRD Guarantee Implementation: Procedures for treatment of B&I,  
REAP, CF and WEP Guarantee applications

**PURPOSE:**

On December 10, 2021, Rural Development issued revisions to the OneRD Guarantee regulation (7 CFR part 5001). These revisions were effective upon publication and apply to all applications filed by an applicant pursuant to OneRD on, or after that date. This unnumbered letter provides guidance on how to treat applications that were pending review, were under conditional commitment or had a guarantee issued since October 1, 2020.

Pages 2 through 4 provide information on how provisions from the revised regulation may be applied. Questions on implementation may be directed to [OneRDGuarantee@usda.gov](mailto:OneRDGuarantee@usda.gov).

**EXPIRATION DATE:**  
December 31, 2022

**FILING INSTRUCTIONS:**  
Business/Community Programs

## IMPLEMENTATION:

### Group 1 Revisions – All Applicants and Recipients Must Comply

#### The following requirement applies to:

1. All new and pending applications filed pursuant to OneRD Guarantee.
2. Applications where a Conditional Commitment has been issued pursuant to OneRD Guarantee but for which no guarantee has been issued.
3. To lenders with guarantees issued pursuant to OneRD Guarantee since October 1, 2020.

Section	Revision
<b>5001.130 - Lender eligibility requirements</b>	Paragraph (a) is amended to include new requirements for lenders to be registered in and maintain an account in the System for Award Management (SAM) to conform with 2 CFR Part 25.

#### Action Required:

1. Pending applications under review, RD Staff must validate an active registration status utilizing the Do Not Pay (DNP) Portal, <https://fiscal.treasury.gov/DNP/> - SAM Entity Registration Records data source (SAMENT) when completing DNP screening. If there is not a valid registration, RD Staff will contact the Lender and have them complete the registration process. A Conditional Commitment cannot be issued until the registration is in an “Active” status.
2. For applications where a Conditional Commitment has been issued pursuant to OneRD Guarantee but no guarantee has been issued, RD Staff must validate the active registration status utilizing the Do Not Pay (DNP) Portal, <https://fiscal.treasury.gov/DNP/> - SAM Entity Registration Records data source (SAMENT) when completing DNP screening. If there is not a valid registration, RD Staff will contact the Lender and have them complete the registration process. An obligation may not be processed until the registration is in an “Active” status.
3. For guarantees issued pursuant to OneRD Guarantee since October 1, 2020, RD staff will contact Lenders that do not have a current SAM registration.

## Group 2 Revisions

### The following 2 revisions apply to:

1. All new and pending applications filed pursuant to OneRD Guarantee.
2. Applications where a Conditional Commitment has been issued pursuant to OneRD Guarantee but for which no guarantee has been issued.
3. To lenders with guarantees issued pursuant to OneRD Guarantee since October 1, 2020.

Section	Revision
<b>5001.408 Participation or assignment of guaranteed loan</b>	Paragraph (b) is amended by removing the requirement of the lender to maintain a minimum servicing fee of 50 basis points from any holder. This will allow the lenders to determine their own interest rate spreads when selling to a holder or participating to another lender.
<b>5001.513 Interest rate changes</b>	Paragraph (e) is amended to allow variable rate changes to be changed to fixed rates whether the fixed rate is higher or lower at the request of the borrower, agreement of the holder, if any, and Agency concurrence.

### Action Required:

1. Lenders may request consideration for these provisions by notifying the agency.

## Group 3 Revisions

**For pending OneRD applications filed prior to December 11, 2021**, applicants may opt-in to all of the following regulation updates in total.

### Action Needed:

1. To opt-in to the Group 3 Revisions, applicants must complete the Opt-In form located in the forms section of the OneRDGuarantee web site. ([rd.usda.gov/onerdguarantee](http://rd.usda.gov/onerdguarantee)).
2. For lenders choosing to opt-in to any of the provisions, a revised or updated application will need to be submitted, as appropriate.

Section	Revision
<b>5001.3 Definitions</b>	The definition of affiliate is updated to further clarify what constitutes an affiliate.
	The definition of energy efficiency improvement is updated to conform with 7 CFR part 4280.
	The definition of existing business is updated to further define what it means for an existing business to be in operation.
	The definition of new business is updated to further define what it means for a new business to be in operation.
	The definition of power purchase agreement is updated to conform with 7 CFR 4280.
<b>5001.104 Eligible WWD projects and requirements</b>	Paragraph (c) is revised to clarify when a utility project that is serving both rural and non-rural areas is eligible for a loan guarantee
<b>5001.105 Eligible B&amp;I projects and requirements</b>	The introductory paragraph is revised to clarify that the list of eligible projects is not exclusive of the only projects that will be considered as eligible B&I projects.
	Paragraph (b)(1) is updated to clarify that a B&I guaranteed loan may be used for the purchase and development of land, buildings, or infrastructure for public or private commercial enterprises.
<b>5001.105 Eligible B&amp;I projects and requirements (cont.)</b>	Paragraph (b)(8) is revised to clarify exclusion of owner-occupied housing in the B&I guarantee program.
	Paragraphs (b)(9) and (b)(10) are combined and edited to clarify when B&I funds may be utilized to fund a CF project.
	A new paragraph (b)(10) is added to clarify when B&I funds may be used for the development and construction of broadband and telecommunication systems, including modification of existing systems, that are not otherwise eligible for funding in the RUS program, or if funding is unavailable in the eligible RUS program, subject to the Public Notice Filing requirements of 7 CFR 1738.106(a) and the additional reporting requirements of 7 CFR 1738.107.
	Paragraphs (d)(1)(i), (d)(1)(ii), (d)(2)(i) and (d)(2)(ii) are revised to clarify the length of time the minimum balance sheet equity must be maintained.
<b>5001.115 Ineligible projects-general</b>	Paragraph (n) is amended to clarify when owner occupied housing is considered eligible and removed paragraph (s) the ineligibility of self-storage facilities.
<b>5001.121 Eligible uses of loan funds</b>	The introductory paragraph is updated to allow a recipient of a loan guarantee to use up to 10 percent of project funds to construct, improve, or acquire broadband infrastructure related to the project financed, to conform with the requirements of 7 CFR part 1980, subpart M.

<b>5001.126 Borrower eligibility</b>	Paragraph (e) is amended to add a new subparagraph (3) End users, to conform with 7 CFR part 4280. This revision brings consistency to REAP on the analysis of the eligibility of the applicant controlling interest of an end-user.
<b>5001.205 General project monitoring requirements</b>	Paragraph (e)(2)(ii) is amended to provide Lenders the opportunity to provide project monitoring under specific criteria.