

OneRD Guarantee Loan Initiative: Community Facilities Guaranteed Loan

What does this program do?

This program provides loan guarantees to eligible lenders to develop essential community facilities in rural areas. An essential community facility is defined as a public improvement, operated on a non-profit basis, needed for the orderly development of a rural community where the rural community is a city or town, or its equivalent county or multi-county area. The term “facility” refers to both the physical structure financed, and the resulting service provided to rural residents or rural businesses.

Who may apply for this program?

Lenders who have the legal authority, financial strength and sufficient experience to operate a successful lending program. This includes lenders that are subject to supervision and credit examination by the applicable agency of the United States or a State, including:

- **Federal and State chartered banks**
- **Farm Credit Banks with direct lending authority**
- **Bank for Cooperatives**
- **Savings and Loan Associations**
- **Savings banks**
- **Mortgage companies that are part of a bank-holding company**
- **The National Rural Utilities Cooperative Finance Corporation**
- **Credit unions**
- **State Bond Banks or State Bond Pools**

Other non-regulated lending institutions may also be approved by the Agency under the criteria of the OneRD regulation.

Who may qualify for these loan guarantees?

Eligible borrowers are:

- Public bodies
- Indian Tribes on Federal and State reservations
- Federally-recognized Tribes
- Non-profit organizations

Additional entities may be eligible for other types of loan guarantees under the OneRD Guarantee Loan Initiative.

What is an eligible area?

- Rural areas with populations of 50,000 residents or less, which excludes certain populations pursuant to 7 U.S.C. 1991(a)(13)(H)*, based on the latest decennial census of the United States and not in the urbanized area contiguous and adjacent to that city or town.
- The lender may be located anywhere in the United States.
- Check an eligible rural area.

**Exclusion of incarcerated populations. Populations of individuals incarcerated on a long-term or regional basis shall not be included in determining whether an area is “rural” or a “rural area”.*

How may funds be used?

Each year the Agency will reserve funds for projects located in rural areas with a population of not more than 20,000 inhabitants based on the following reservation of funds schedule:

1. 100% of the first \$200,000,000 made available
2. 50% of the next \$200,000,000 made available
3. 25% of all amounts exceeding \$400,000,000 made available

Funds can be used to construct, enlarge, extend or otherwise improve essential community facilities. Guarantee funds can also be used for refinancing the debt of an essential community facility. Examples of essential community facilities include:

- Health care facilities and services, including but not limited to hospitals
- Fire, rescue, and public safety facilities and services
- Community, public, social, educational, or cultural facilities or services
- Transportation facilities such as streets, bridges, roads, ports, and airports
- Certain utility projects when not eligible for Rural Utilities Service financing, gas distribution systems, recycling and transfer centers or stations
- Telecommunications end-user equipment when related to public safety, medical, or educational telecommunication links when not eligible for Rural Utility Services financing
- Water infrastructure facilities such as levees, dams, reservoirs, inland waterways, canals, and irrigation systems
- Purchase and installation of renewable energy systems for use by an essential community facility (conditions apply)
- Land acquisition and necessary site preparation including access ways and utility extensions to and throughout an industrial park site
- Community parks, community activity centers, and similar types of facilities

For a complete list see Code of Federal Regulations 7 CFR 5001.103(a) and 5001.121(a).

What may loan guarantee funds NOT be used for?

- Lines of credit.
- Owner-occupied and rental housing.
- Golf courses or golf course infrastructure.
- Racetracks or gambling facilities.
- Facilities used for inherently religious activities.
- Projects that create, directly or indirectly a conflict of interest.
- Inherently commercial enterprises.

For a complete list see Code of Federal Regulations [7 CFR 5001.115](#), [5001.116](#), and [5001.122](#).

How do we get started?

- Applications are accepted from lenders through [USDA local offices](#) year-round.
- Interested borrowers should inquire about the program with their lender.
- Lenders interested in participating in this program should contact the [USDA Rural Development Community Programs Director in the state](#) where the project is located.

Who can answer questions?

Contact the local Rural Development office that serves your area.

What governs this program?

Code of Federal Regulations,
[7 CFR 5001](#).

NOTE: Because citations and other information may be subject to change please always consult the program Instructions listed in the section above titled “What Law Governs this Program?” You may also contact your local office for assistance. USDA is an equal opportunity provider, employer, and lender.