

Rural Development Community Facilities Loan

Utilizing the Rural Development Community Facilities Guaranteed Loan Program, we extend real estate and equipment loans to public bodies, towns, cities, counties, special purpose districts, non profit organizations, cooperatives operated on a not-for-profit basis, and federally recognized Indian tribes. Borrowing entities include health clinics; assisted living facilities; hospitals; nursing homes; fire and rescue; public safety; schools; libraries; art museums; theaters; airports; and transportation.

Requirement for Community Needs Tracking

- Projects must demonstrate the need for critical or enhanced community or social services and have the support of local constituents and government.
- Periodic reporting is required.

Project/Borrower Characteristics

- Borrower must be financially stable and capable of servicing the proposed loan with a history of successful project initiation, delivery and completion. Non-profits must show a history of community service delivery with ongoing federal, state, local or grant resources.

Other Conditions

- Borrower must be a legally organized entity.
- Borrower should demonstrate the financial resources and capacity to carry any existing or projected short-term operating deficit. Borrower must be able to demonstrate and/or provide a minimum of two months debt service reserve.
- Borrower must demonstrate a balanced historical and current financial condition and operations. Debt coverage ratio must be adequate to service the debt being extended and any other existing and potential sources of financing.
- Projects in communities with substantial unemployment and/or little or no applicable community social service are highly desired.
- Underwriting based on cash flow from federal, state, local or grant sources; borrower's historical and projected financial condition and operations; and alternate cash flow sources. General community support, impact and the economic contribution of the project to the community will be considered in underwriting.
- Loan guarantees are available to entities located in cities, towns or unincorporated areas with a population less than or equal to 20,000. Call for eligibility details.

Loan Guarantee Limits

90% of total loan amount

Loan Amounts

Minimum: \$50,000

Maximum: Determined by project feasibility and payment ability

Rate Structure

Based on current market conditions and risk analysis

Maturity Terms

Based on the useful life of the asset being financed, up to 25 years

Collateral

First lien deed of trust on real estate or the assets financed

Origination Fees

RD guarantee fee 1% of guaranteed loan amount; VCC origination fee based on transaction size and complexity

Late Payment Fees

5% to a maximum of \$250 after the 10th day

Prepayment Penalty

Depends on transaction size and funding source

Loan-to-Value Guidelines

Based on the asset(s) financed; up to 90% loan-to-value available based on risk analysis, guarantor strength, collateral availability and type of project

Guarantees

Corporate/parent organization, if applicable

Environmental Assessments

Phase 1 study required for real estate secured transactions, Phase 2 environmental study may be required based on Phase 1 findings; remediation required

Acceptable Equity

Tangible balance sheet equity as determined by GAAP

