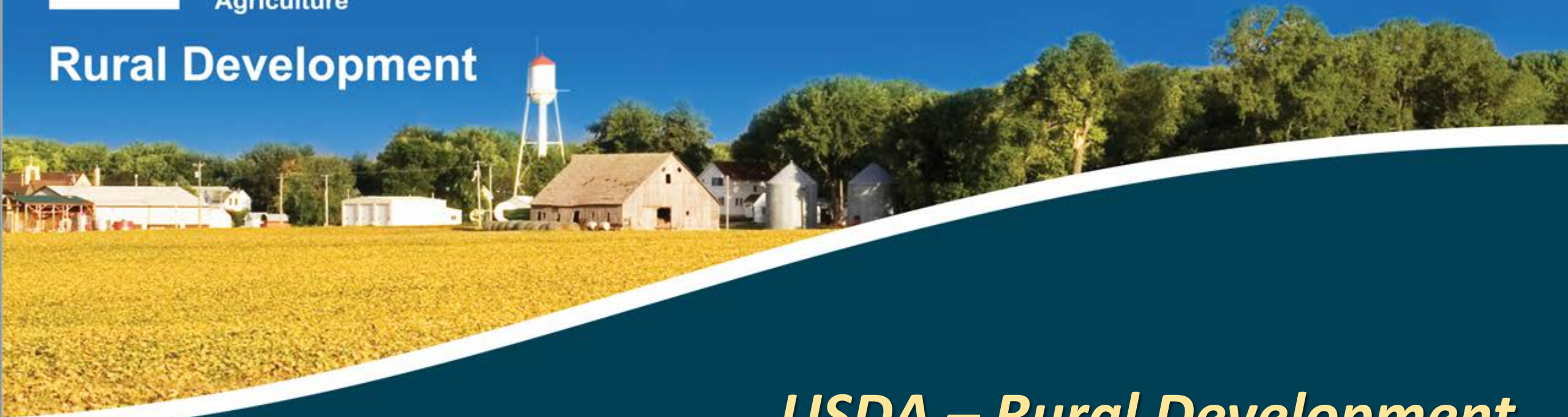




United States
Department of
Agriculture

Rural Development



USDA – Rural Development
Your Partner in Advancing Rural Prosperity

National Rural Lenders Roundtable
December 5, 2018
December 5 2018

National Rural Lenders Roundtable

Bette Brand

Administrator

Rural Business-Cooperative Service

Mark Brodziski

Deputy Administrator

Rural Business-Cooperative Service

Rich Davis

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Edna Primrose

Assistant Administrator for Water and Environmental Programs

Rural Utilities Service

Jacki Ponti

Chief Innovation Officer

USDA – Rural Development



Bette Brand

Administrator

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USDA Rural Development

Task Force on Agriculture and Rural Prosperity

Led by Agriculture Secretary Perdue

- Established by Presidential Executive Order in 2017
- 22 federal agencies and departments
- Focused on agriculture, economic development, job growth, infrastructure, innovation, energy security, and quality of life
- Recommended over 100 legislative, regulatory, and policy actions
- Actions aim to build robust, sustainable rural communities for generations to come



Task Force on Agriculture and Rural Prosperity

Task Force Report: Answering the Call to Action

Identified five key indicators of rural prosperity

e-Connectivity for Rural America

Improving Quality of Life

Supporting a Rural Workforce

Harnessing Technological Innovation

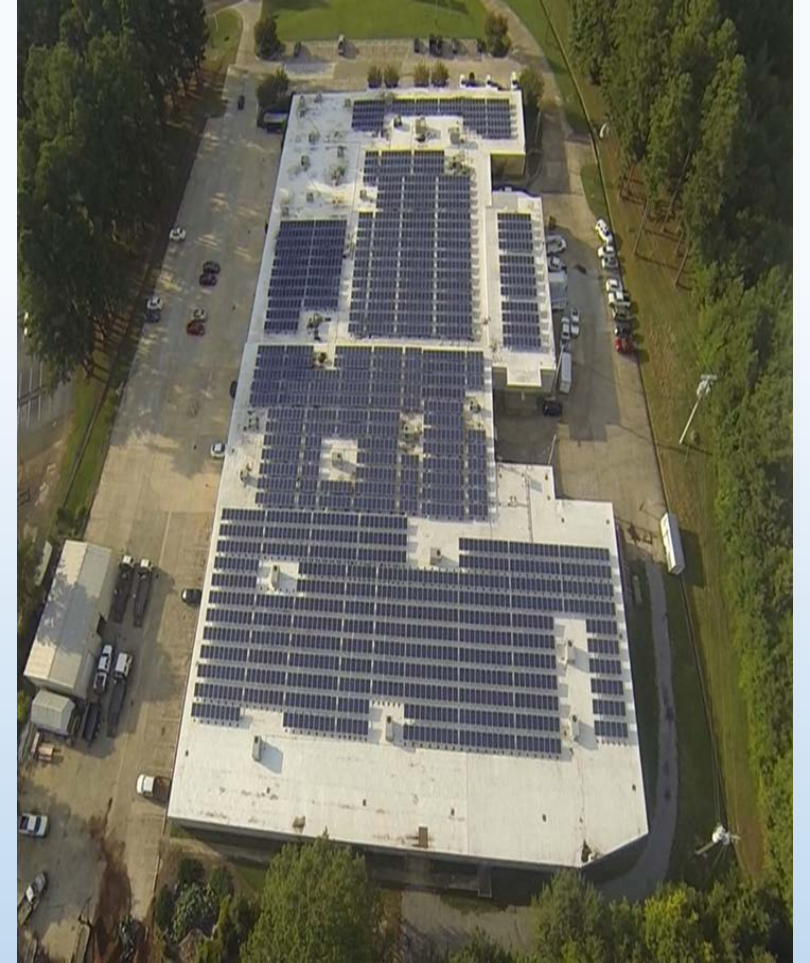
Economic Development



Task Force on Agriculture and Rural Prosperity

Addressing the priorities established by the Task Force Objectives and Recommended Actions Include:

- Assess state of rural e-connectivity and efficacy of current programs
- Modernize rural utilities, transportation, housing options, and health care access
- Reduce regulatory barriers to infrastructure deployment
- Incentivize private capital investment
- Leverage existing market opportunities
- Advance educational, training, and apprenticeship opportunities
- Support development of biotechnology



Our Role: How RD Drives Rural Prosperity

Infrastructure, Partnerships, and Innovation (IPI)

Sec. Perdue has focused Rural Development efforts on IPI

- Robust, modern *infrastructure* is a necessity, not an amenity
- Interagency and public-private *partnerships* are the best way to get things done
- Complex and constantly-evolving challenges require *innovation*

Each element plays an invaluable role in facilitating economic development and improving rural quality of life.

USDA Rural Development

Rural Development Funding Programs by Agency

Rural Business-Cooperative Service

- Business and Industry Guaranteed Loans
- Intermediary Relending Program
- Rural Economic Development Loan and Grant Program
- Rural Business Development Grants
- Rural Energy for America Program
- Biorefinery Assistance Program
- Value Added Producer Grants
- Cooperative Development Assistance

Rural Housing & Community Facilities

- Homeownership Loans
- Home Repair Loans & Grants
- Mutual Self-Help Technical Assistance Grants
- Multi-Family Housing Loans
- Farm Labor Housing Loans & Grants
- Housing Preservation Grants
- Community Facilities Loans & Grants

Rural Utilities Service

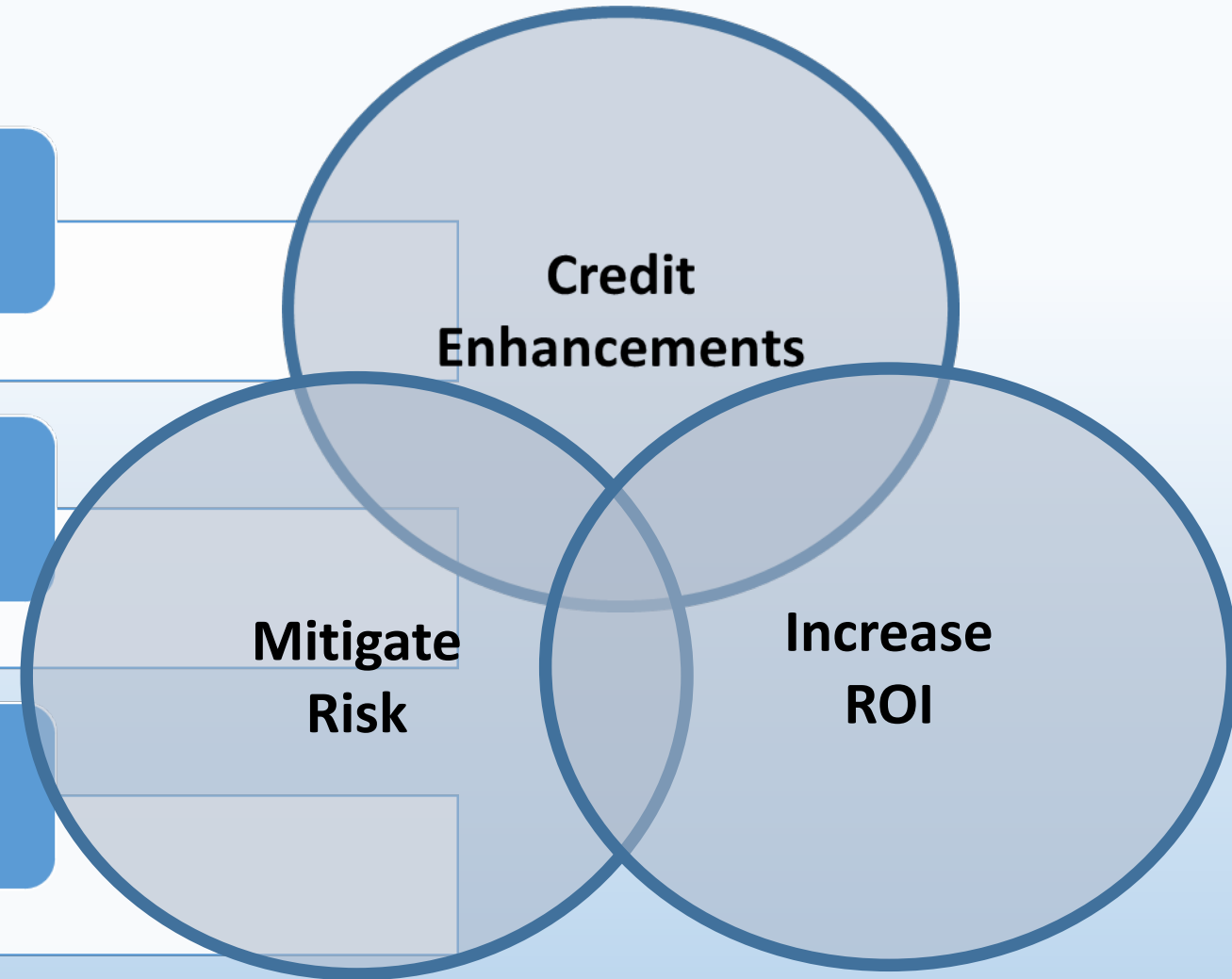
- Electric Program
- Water & Environmental Programs
- Telecommunications and Broadband Programs

USDA Loan Guarantees

Expand Lending Opportunities

Expand Customer Base

Portfolio Management



Lender Benefits

- ✓ Expand Legal Lending Limits
- ✓ Secondary Market
 - ✓ Single or Multi note sale of Guarantee
- ✓ Increase ROI
 - ✓ Sales Premium
 - ✓ Interest Strip
 - ✓ Servicing Fee Collection
- ✓ Mitigate Risk
 - ✓ Guarantee against potential loss
 - ✓ Reduces risk of specialized collateral
- ✓ New Business Development Opportunities
- ✓ Community Reinvestment Act Consideration
- ✓ Local People and Local Access

Opportunities on Secondary Market

- Lenders have the ability to sell all or part of the guaranteed portion of the loan to holders on the secondary market.
- Lenders may charge a servicing fee to the holders.
- Lenders are encouraged to utilize the secondary market and pass the interest-rate savings on to the borrower.
- Lender must retain title to the notes and security interest in the collateral.
- The lender is required to hold a minimum of 5% of the total loan amount, which must be of the unguaranteed portion. Unguaranteed portions may be participated to another lender.

USDA Loan Guarantees

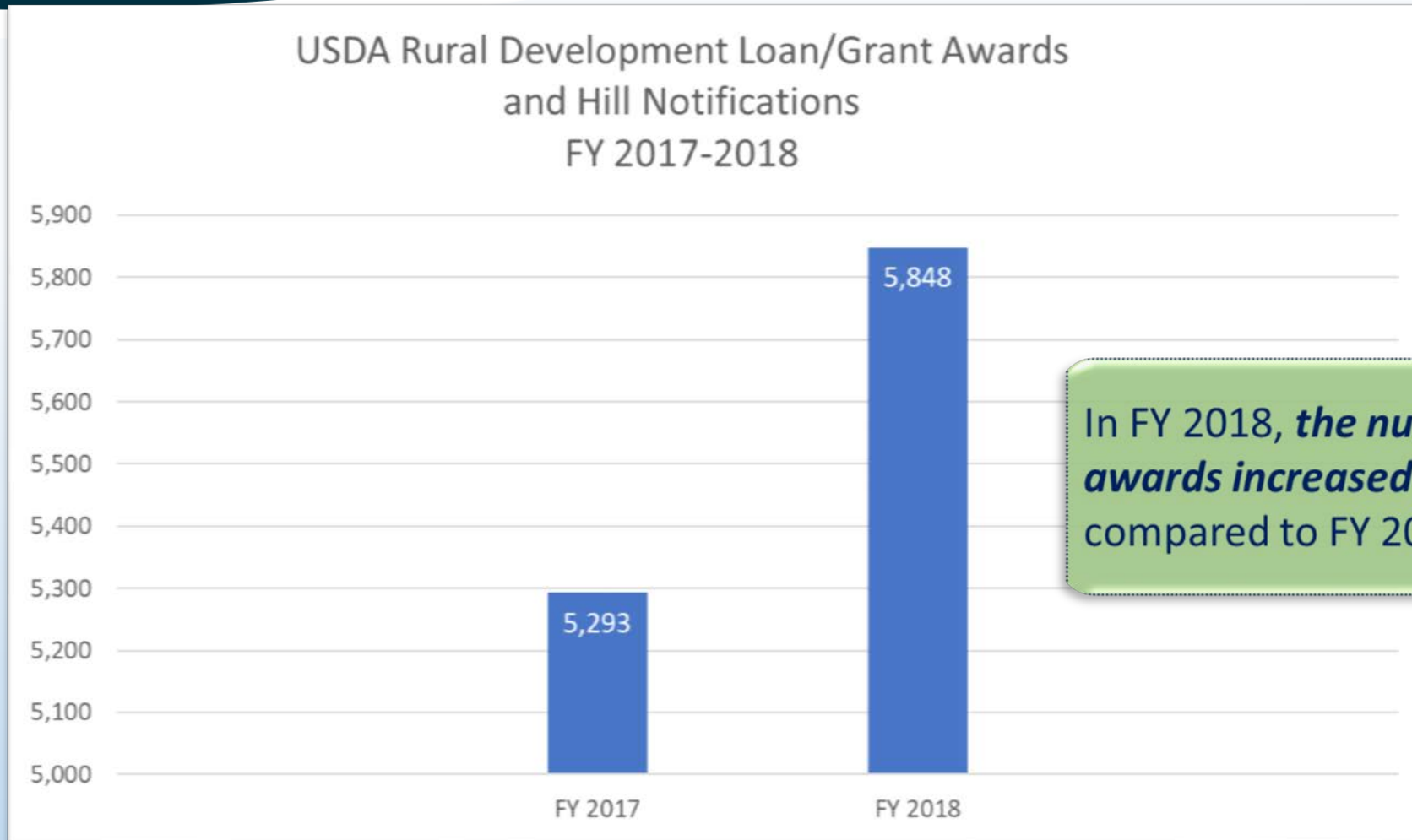
Benefits for Borrowers

Provides the ability to receive:

- Longer Repayment Terms
- Full Amortization
- Higher Loan Amounts
- Competitive Interest Rate



Projects in FY 2018



In FY 2018, *the number of awards increased 9 percent* compared to FY 2017.

Some 2019 Rural Development Goals

- Utilize our projects to fight the opioid epidemic
- Increase assistance to distressed communities
- Modernize rural homes and businesses with energy efficiency
- Deliver Broadband Pilot Program for rural areas lacking service
- Maximize Rural Water Works for modern water systems
- Increase leverage of guaranteed loans into RBS projects by 1%
- Achieve B&I and REAP delinquency rate of not more than 4%
- Achieve Multi-Family Housing delinquency rate for reach state of less than 2%
- Maintain 3% or less delinquency rate for Single Family Housing program
- Increase Community Facilities applications for rural transportation

Mark Brodziski

Deputy Administrator

Rural Business-Cooperative Service

Business & Industry (B&I)

This program is authorized by the Consolidated Farm and Rural Development Act

Purpose is to improve, develop, or finance business, industry, and employment, and improve the economic and environmental climate in rural communities

Bolster the existing private credit structure through the guarantee of quality loans that will provide lasting community benefits

Business & Industry (B&I)

Guarantee Percentages/Rates/Terms

- 80% for loans of \$5 million or less
- 70% for loans between \$5 and \$10 million
- 60% for loans exceeding \$10 million, up to \$25 million maximum
- The initial guarantee fee is 3% upon issuance of the Loan Note Guarantee
- An annual renewal fee of 0.5% is due based on the 12/31 principal balance
- Rates and Terms – Same as REAP

Business & Industry (B&I)

Eligible Borrowers

- For-profit businesses
- Nonprofits
- Cooperatives
- Federally-recognized Tribes
- Public bodies
- Individuals



Business & Industry (B&I)

Eligible Purposes

- Business conversion, enlargement, repair, modernization or development
- Purchase and development of land, buildings, or facilities
- Purchase of equipment, machinery, supplies, or inventory
- Debt refinancing when refinancing improves cash flow and creates or saves jobs
- Business and industrial acquisitions when the loan will create or save jobs

Business & Industry (B&I)



2016 Regulation Enhancements More Eligible Purposes:

- Business Ownership Conversions through ESOPs or Cooperative Ownership
- Projects that use New Markets Tax Credits as an equity source
- Local Food Hubs

Business & Industry (B & I)

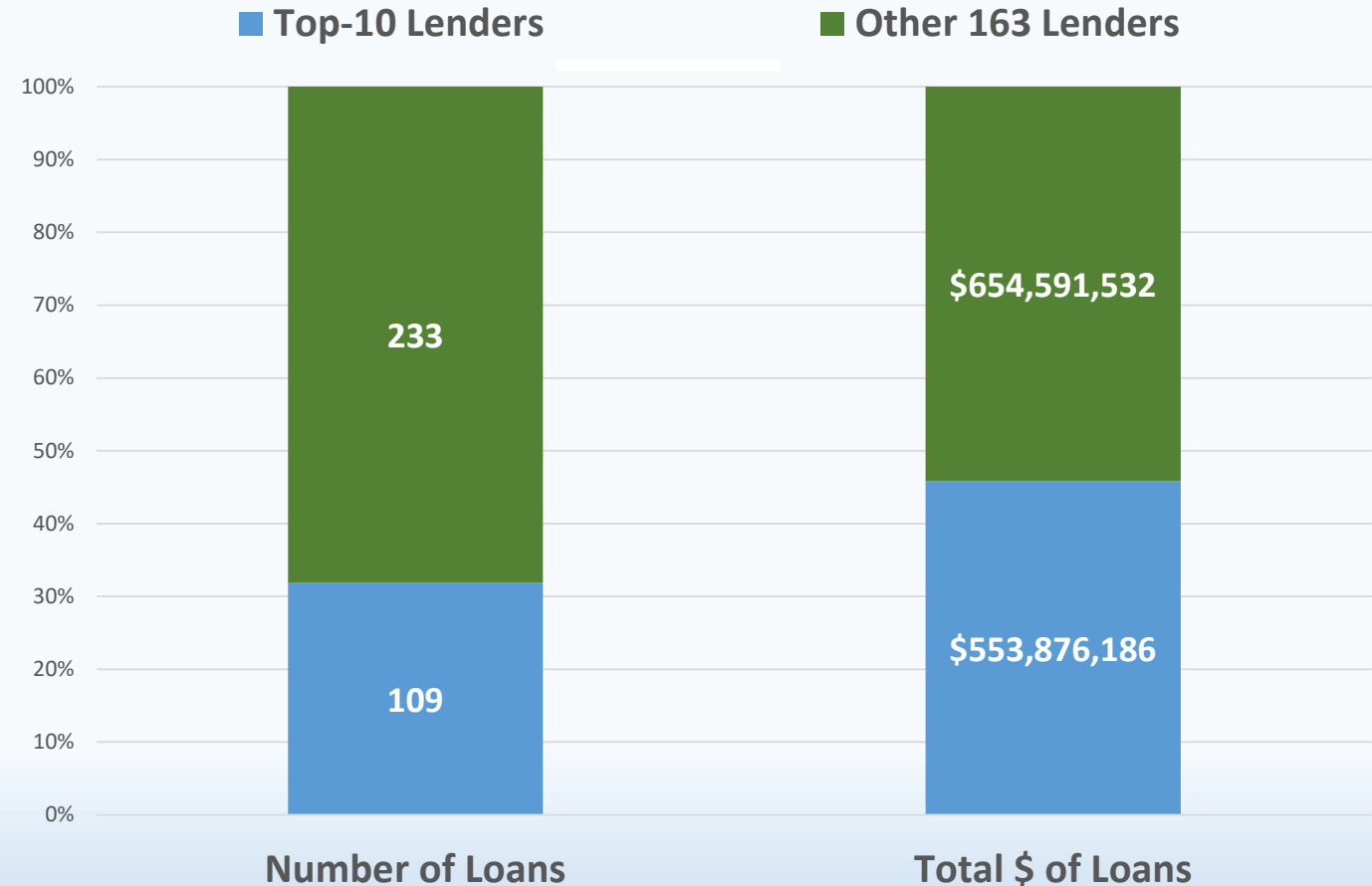
Loan Activity

- 342 Loans

Loan Volume

- \$1.2 Billion

B & I FY 2018



Business & Industry (B & I)

FY 2018

NAICS Industry Sector	Total Amount of Loans	Total Number of Loans	Percentage of Total Amount	Avg Loan Amount
72 Accommodation and Food Services	\$ 373,701,054	90	31.0%	\$ 4,152,233.93
31 - 33 Manufacturing	\$ 179,503,195	54	14.9%	\$ 3,324,133.24
22 Utilities	\$ 150,115,000	39	12.5%	\$ 3,849,102.56
53 Real Estate Rental and Leasing	\$ 116,635,742	37	9.7%	\$ 3,152,317.35
62 Health Care and Social Assistance	\$ 89,962,084	30	7.5%	\$ 2,998,736.13
42 Wholesale Trade	\$ 66,353,357	16	5.5%	\$ 4,147,084.81
44 - 45 Retail Trade	\$ 48,768,480	26	4.0%	\$ 1,875,710.77
71 Arts, Entertainment and Recreation	\$ 40,298,500	12	3.3%	\$ 3,358,208.33
11 Agriculture, Forestry, Fishing and Hunting	\$ 34,544,000	6	2.9%	\$ 5,757,333.33
21 Mining, Quarrying, and Oil and Gas Extraction	\$ 33,070,125	7	2.7%	\$ 4,724,303.57
51 Information	\$ 24,200,000	6	2.0%	\$ 4,033,333.33
92 Public Administration	\$ 10,140,000	2	0.8%	\$ 5,070,000.00
48 - 49 Transportation and Warehousing	\$ 10,000,000	2	0.8%	\$ 5,000,000.00
81 Other Services	\$ 7,704,000	6	0.6%	\$ 1,284,000.00
23 Construction	\$ 6,457,579	4	0.5%	\$ 1,614,394.75
61 Educational Services	\$ 5,120,000	1	0.4%	\$ 5,120,000.00
56 Admin & Support and Waste Mgt & Remediation	\$ 4,525,000	1	0.4%	\$ 4,525,000.00
54 Professional, Scientific, and Technical Services	\$ 3,805,860	2	0.3%	\$ 1,902,930.00
Grand Total	\$ 1,204,903,976	341	100.0%	\$ 3,533,442.74

Business & Industry (B & I)

Continuing Resolution #1 Funding (as of Nov. 30, 2018) (Millions \$)

	\$ Total	\$ Obligated	\$ Bal. Available
State Allocations	347.4	269.1	78.3
National Reserve	145.0	16.6	128.4
Total	492.4	285.7	206.7

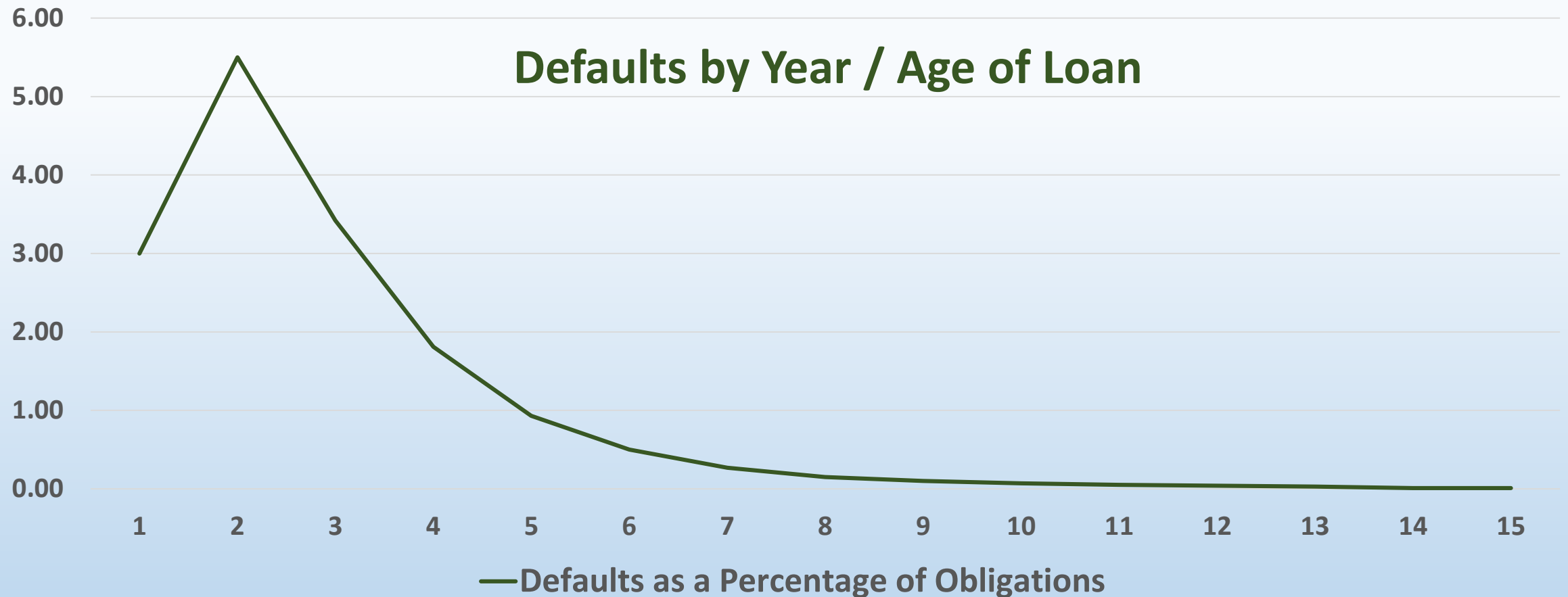
FY 2019 Goals and Objectives

- Continued focus on IPI and community economic outcomes
- Distressed Communities
- Leverage of resources
- Regional and local community-based entrepreneurship

FY 2019 Goals and Objectives (cont.)

- Loan Defaults / Risk Mitigation
 - Portfolio Delinquency Rate
 - First-Year Delinquency

Business & Industry (B & I)





Rural Energy for America Program (REAP)

Promotes energy efficiency and development of renewable energy for agricultural producers and rural small businesses.















Provides loan guarantees and grants for energy efficiency improvements and renewable energy systems.

Rural Energy for America Program (REAP)

Renewable Energy Systems		Energy Efficiency Improvements	
Grant amount cannot exceed 25% of Eligible Project Cost			
Minimum Grant Request	\$2,500 Total eligible project costs \geq \$10,000	Minimum Grant Request	\$1,500 Total eligible project costs \geq \$6,000
 Maximum Grant Request	\$500,000 Total eligible project costs \geq \$2 million	 Maximum Grant Request	\$250,000 Total eligible project costs \geq \$1 million
Minimum Loan Amount	\$5,000 Total eligible project costs \geq \$6,667	<div style="border: 1px solid black; padding: 5px; background-color: #e0e0e0;"> Loan amount cannot exceed 75% of eligible project cost </div>	
Maximum Loan Amount	\$25 million Total eligible project costs \geq \$33.4 million		

Rural Energy for America Program (REAP)

**Improve
Profits for
Your
Farm or
Ranch with
REAP**

Energy Efficiency		Renewable Energy	
	Lighting		Solar
	Heat & Power		Wind
	Refrigeration		Small Hydroelectric
	HVAC		Anaerobic Digesters
	Equipment and Processes		Biomass
	Automated Controls		Geothermal
	Buildings Updates		Wave/Ocean Power

The technology must be commercially available. Research and development projects do not qualify.

Rural Energy for America Program (REAP)

Eligible Applicants and Borrowers

Agricultural Producer





- **Individual or entity that receives 51 percent or more of their gross income from agricultural production** – crops, livestock, aquaculture, forestry operations, nurseries, dairies

Rural Small Business



- **For-profit small business** - as defined by the Small Business Administration (SBA)
- **Rural area or non-metro community of \leq 50,000**

Rural Energy for America Program (REAP)

 Eligible Project Costs	 Ineligible Project Costs
<ul style="list-style-type: none">• Equipment:<ul style="list-style-type: none">• Purchase & installation• New or refurbished• Post-application construction & facility improvements• Retrofitting• Professional service fees• Permits & license fees• Working capital, land acquisition (Loan Guarantee ONLY with restrictions)	<ul style="list-style-type: none">• Residential energy projects• Equipment:<ul style="list-style-type: none">• Farm tillage equipment• Used equipment• Vehicles• Pre-application construction & facility improvements• Application preparation or grant writer fees• Line of credit• Lease payments• Payment to the applicant/business owner, beneficiary, or relative

Rural Energy for America Program (REAP)

FY 2018 Activity

1,396 Projects

\$40 Million Grants

\$273 Million Loan Guarantees

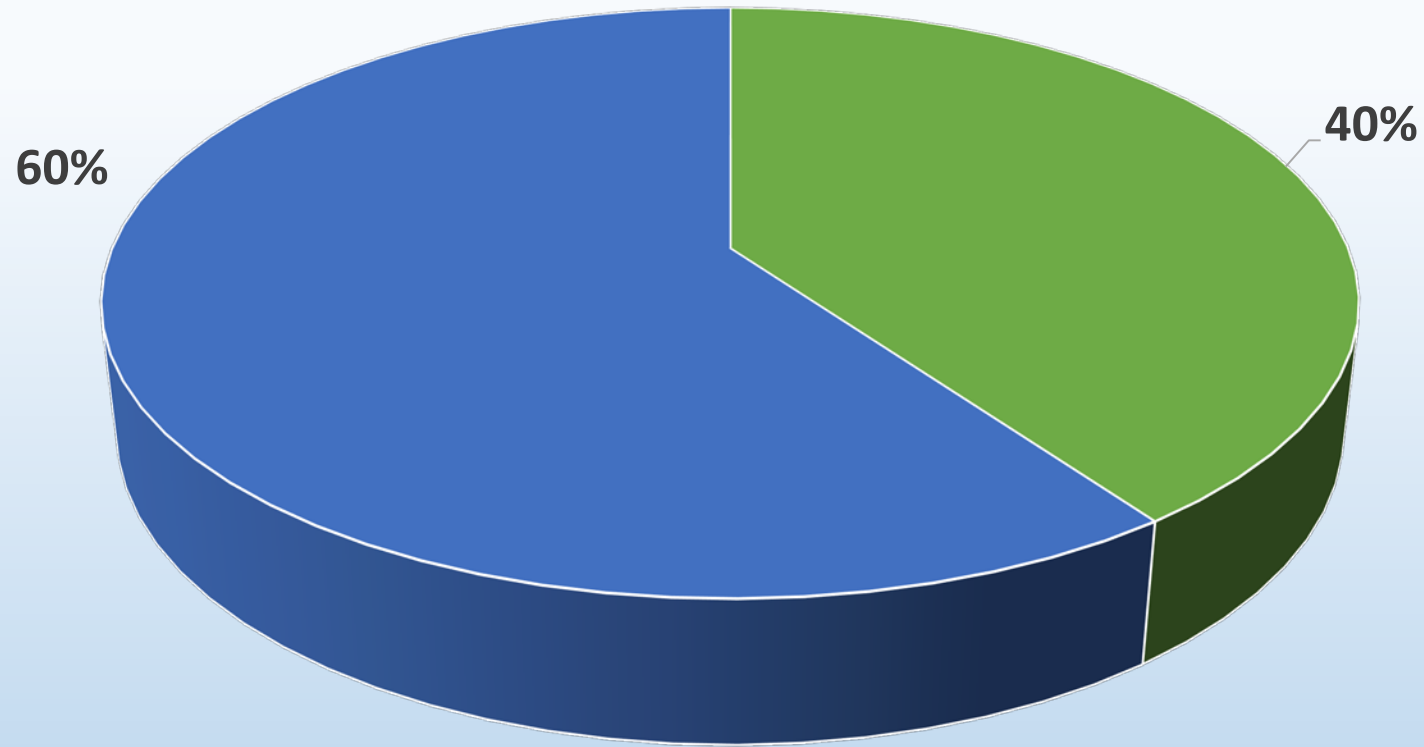
891,650 MegaWatts – 75,000 avg households

96 Million gallons of biofuel



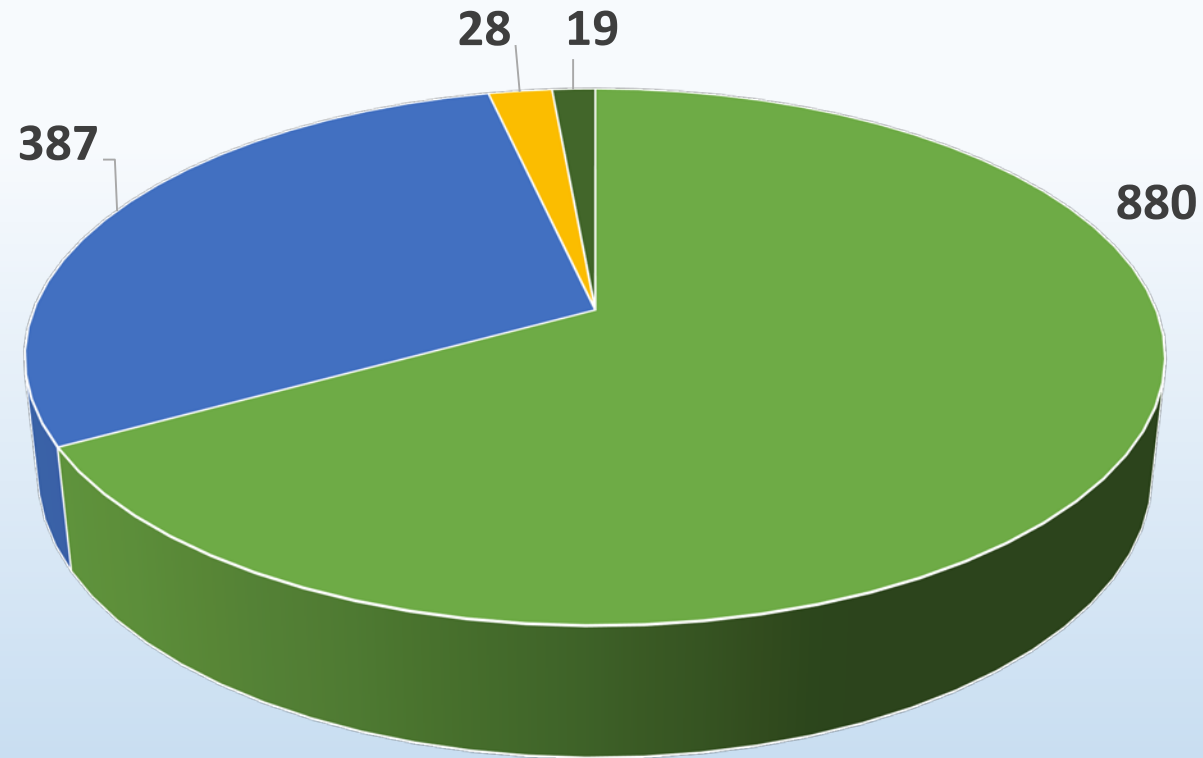
Rural Energy for America Program (REAP)

FY 2018 REAP Grant - Type of Applicant



Rural Energy for America Program (REAP)

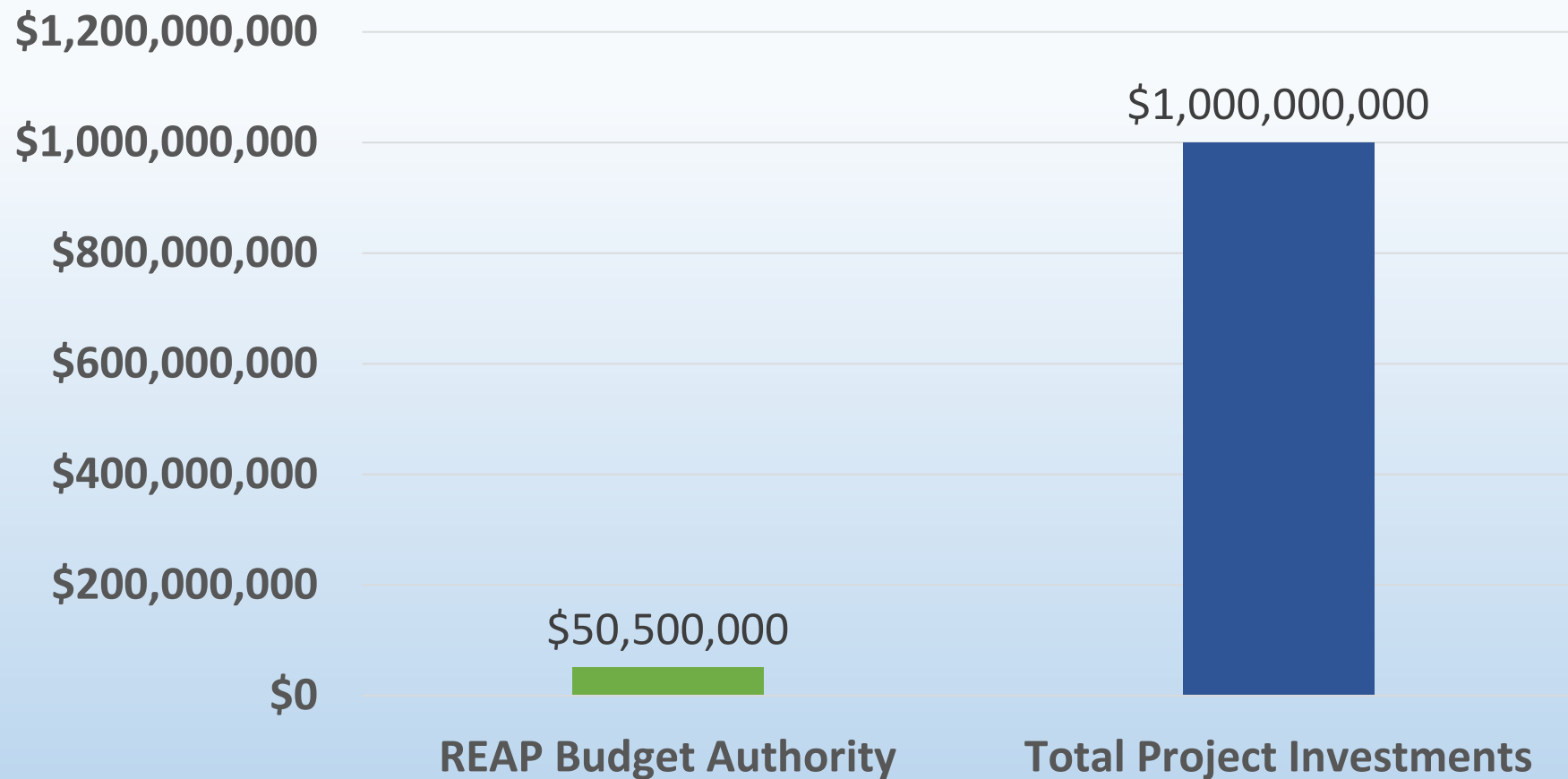
FY 2018 REAP Grant - Project Type



Solar **Energy Efficiency** **Biomass** **Other**

Rural Energy for America Program (REAP)

FY 2018 REAP Leverage



Rural Energy for America Program (REAP)

FY 2019 Goals

Obligate \$350M in REAP guaranteed loans

Diversify technologies in portfolio

Obligate a minimum of one loan in every state

Create at least one new public/private partnership

Increase usage of funds in distressed communities



The Bioeconomy

Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program (Section 9003)

Provides loan funds for emerging technologies:

- Biorefineries
 - Advanced biofuels
 - Renewable chemicals
 - Biobased products
 - Manufacturing assistance
- Biobased product manufacturing
- Maximum Loan - \$250 Million

The Bioeconomy

Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program (Section 9003)

Project Eligibility:

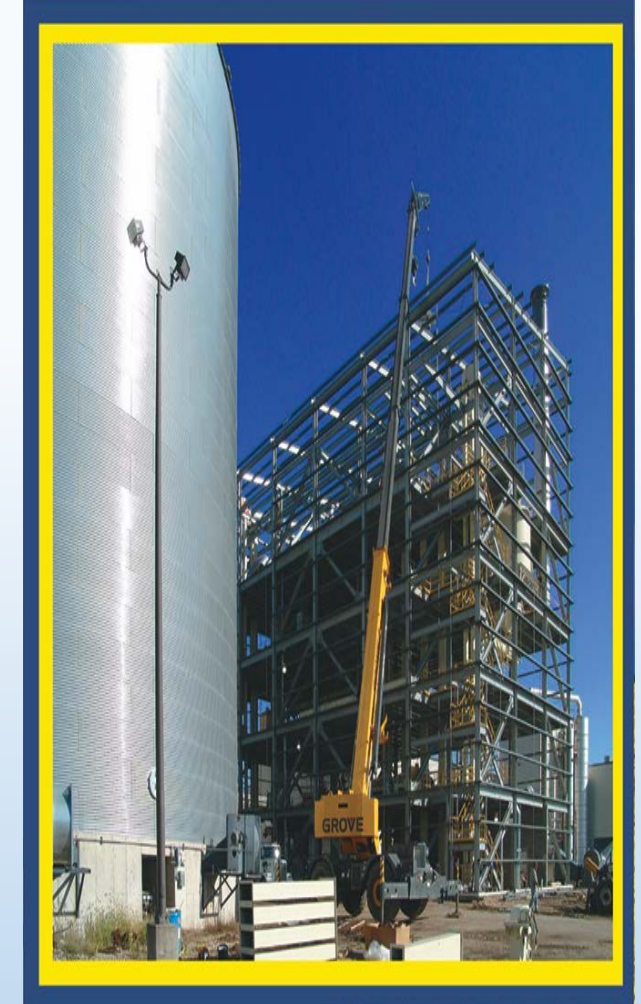
- Must produce advanced biofuel
- May produce biobased products and renewable chemicals

Guarantee Percentages:

- **80%** for loans of \$150 Million or less
- **70%** for loans >\$150MM but less than \$200MM
- **60%** for loans >\$200MM
- Loans \$150MM or less could receive **90%** guarantee if they meet certain conditions

Section 9003 Application Process

- Section 9003 Program uses 2-phase application process
- Two application cycles each year
 - Closing dates are October 1 and April 1
- Applications may be submitted at any time
- Letter of Intent deadlines are 30 days prior to application closing date

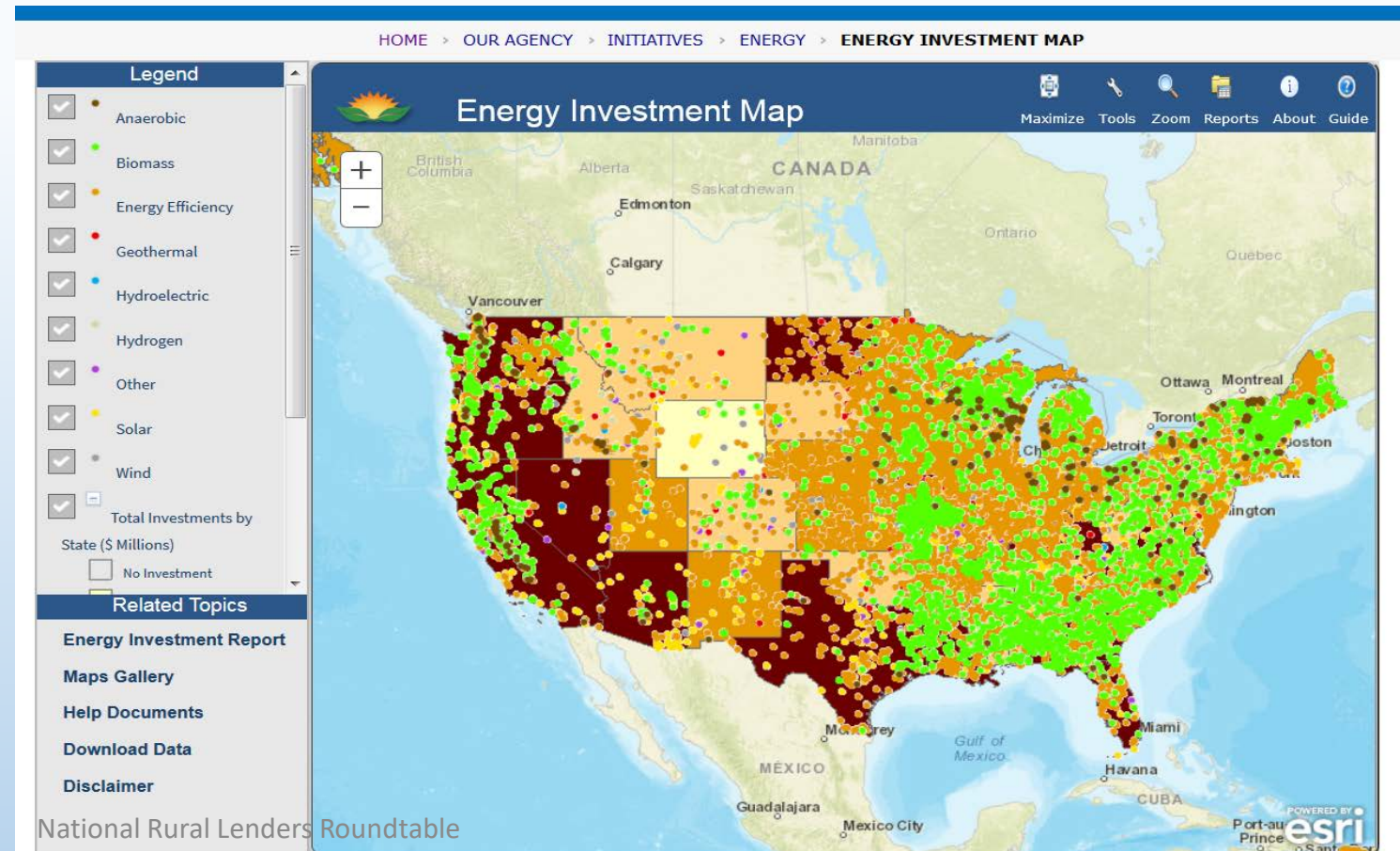


USDA Energy Resources

USDA Energy Investment Map

<https://www.usda.gov/energy/maps/maps/Investment.htm>

- Provides information on USDA programs that support renewable energy and energy efficiency projects.
- The map displays investment location, type of energy, assistance provided, and the associated USDA program.
- The energy investment data is summarized by state, county, and congressional districts by total number of investments and total dollar amounts.



Intermediary Relending Program (IRP)

Provides loans to local intermediaries (non-profit and public economic development entities) that re-lend to businesses and community projects to improve economic conditions and create jobs in rural communities.

- Loans up to 75% of the total cost of the ultimate recipient's project, maximum loans of \$250,000
- Business is unable to obtain commercial financing for all or part of loan
- Intermediary may participate in loans with commercial lenders

Rural Economic Development Loan and Grant Program

USDA provides grants to local utility organizations which use the funding to establish revolving loan funds (RLF). USDA also provides loans to local utilities which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipients repay the lending utility directly. The utility is responsible for repayment to USDA.

- Up to \$300,000 in grants may be requested to establish the RLF
- Up to \$2 million loan funds may be requested for a project

Rich Davis

Deputy Administrator

Rural Housing Service

Community Facilities Programs

- Community Facilities Programs offer **direct loans, loan guarantees** and **grants** to develop or improve essential public services and facilities in communities across rural America.
- These amenities help **increase the competitiveness of rural communities** in attracting and retaining businesses that provide employment and services for their residents
- These facilities **improve the basic quality of life**, and assist in the development and sustainability of rural America.



Community Facilities Programs

Essential Community Facilities

- Public Safety Facilities
- Public Buildings & Equipment
- Health Care Facilities & Equipment
- Education & Cultural Facilities
- Infrastructure

Eligible Applicants

- Public Bodies, Non Profits or Indian Tribes
- Communities less than 20,000 residents



Community Facilities Programs

Eligible Purposes

- Acquire existing real estate
- Construct, expand, renovate, or improve facilities
- Purchase vehicles and major equipment
- Associated project expenses (i.e. legal fees, interest expense)
- Refinancing when less than 50% of the total project cost

CF Direct Loan Rates and Terms

- Interest rates currently at 4.0% fixed for the loan term
- 40-year term or useful life
- Adequate security to protect the interest of the Government
- Demonstrate adequate repayment ability
- Unable to obtain other commercial credit

Community Facilities Programs

CF Guarantee Rates, Terms, and Fees

- Lender driven process
- Interest rate set by lender (fixed or variable)
- Term set by lender (max 40 year term or useful life)
- Adequate security to protect the interest of the Government
- Lender must be unable to make loan without guarantee
- Up to a 90% guarantee on any loss
- One time, one percent (1%) fee on guaranteed portion, payable upon issuance of Loan Note Guarantee

Community Facilities Programs

Other CF Programs

CF Grants – Regular, Economic Impact Initiative (EII) & Tribal College

- Limited funds available for the most needy communities
- Same eligible purpose as direct loans and guarantees

Rural Community Development Initiative Grants (RCDI)

- Technical assistance for capacity building

Technical Assistance & Training Grants (TAT)

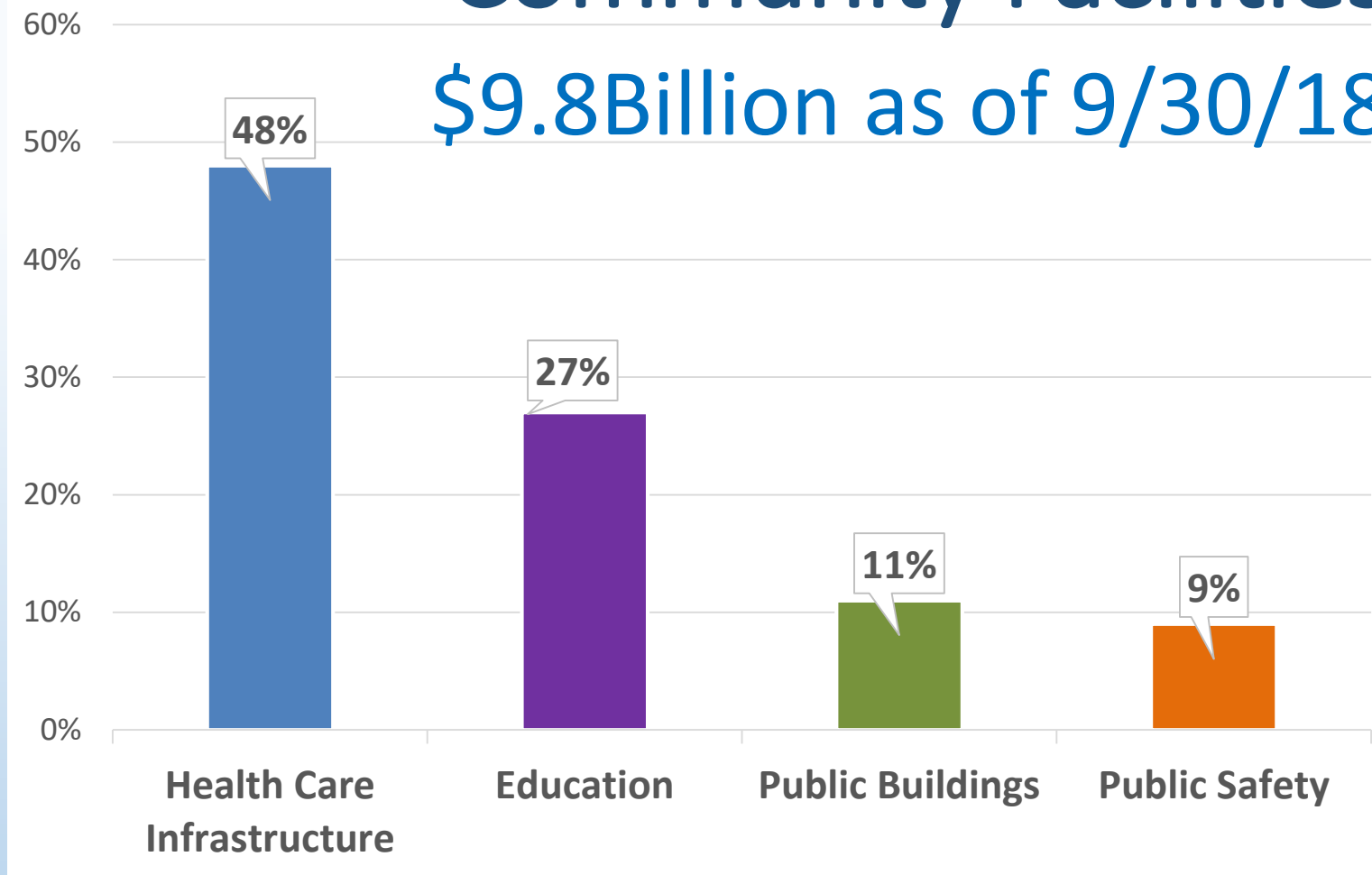
- For the benefit of developing an essential community facility

FY 2018 Fund Utilization

- Direct Loans \$1.98 billion
- Guaranteed Loans \$176.5 million
- Grants \$46.3 million
- **TOTAL INVESTMENTS \$2.2 billion**
- **Rural Residents Served 16.1 million**

Community Facilities Programs

Community Facilities Portfolio \$9.8 Billion as of 9/30/18



Continuing Resolution Through Dec 7

- Direct Loans: \$521.6 Million
- Guaranteed Loans: \$27.6 Million
- Grants: \$5 Million

Infrastructure

Modern infrastructure is a necessity, not an amenity, for any community to prosper.



Partnerships



Public Private Partnerships

CF invested over \$1.6 billion in direct loan funds leveraged \$894 million from the capital markets, institutional investors and other stakeholders, for 127 projects in 38 states

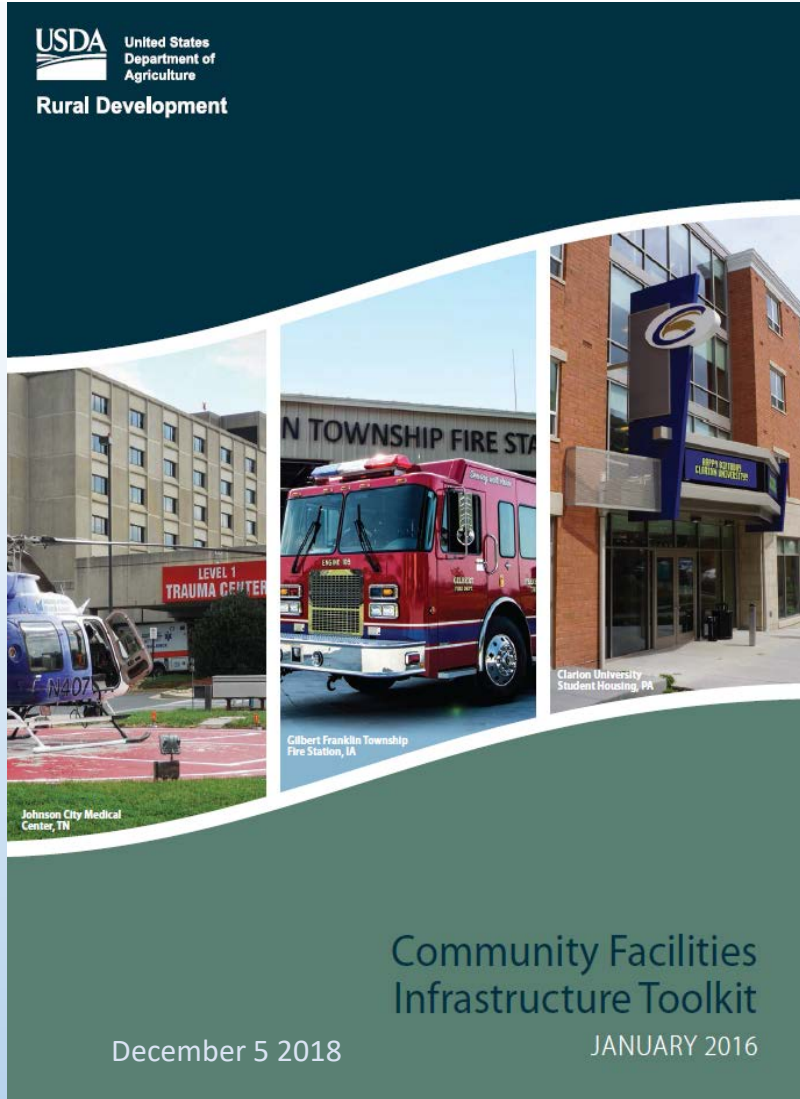
USDA is a strong partner to communities in addressing the opioid epidemic



“The opioid epidemic is a pivotal challenge for many rural places. More than a health concern, the opioid crisis is an issue of rural prosperity and will take the commitment, collaboration and creativity of a wide range of partners to address.”

- Anne Hazlett, USDA Assistant to the Secretary for Rural Development

Community Facilities Infrastructure Tool Kit & Other Resources



Community Facilities Infrastructure Tool Kit Link:

http://www.rd.usda.gov/files/RDCFIToolkit_Jan2016.pdf

Rural Development Fact Sheets:

<https://www.rd.usda.gov/publications/fact-sheets>

Rural Development State Offices:

<https://www.rd.usda.gov/contact-us/state-offices>

Edna Primrose

Assistant Administrator

Water and Environmental Programs

Rural Utilities Service

Rural Water and Waste Infrastructure Needs

- Infrastructure is a foundation for prosperity and quality of life in rural America:
 - Providing economic opportunity; and
 - Protecting public health and the environment.
- Over 52,000 small and rural water systems in the US.
- The need for water and waste infrastructure in the United States is estimated at more than \$1 trillion over the next 25 years.
- Rural areas rely on RUS to finance water & waste infrastructure improvements.
- Small population w/ fewer to share cost of infrastructure deployment creates disproportionately higher rates/costs.



Water and Environmental Programs (WEP)

Finance the acquisition, construction or improvement of:

- Drinking water sourcing, treatment, storage and distribution
- Sewer collection, transmission, treatment and disposal
- Solid waste collection, disposal and closure
- Storm water collection, conveyance and disposal

Eligible areas:

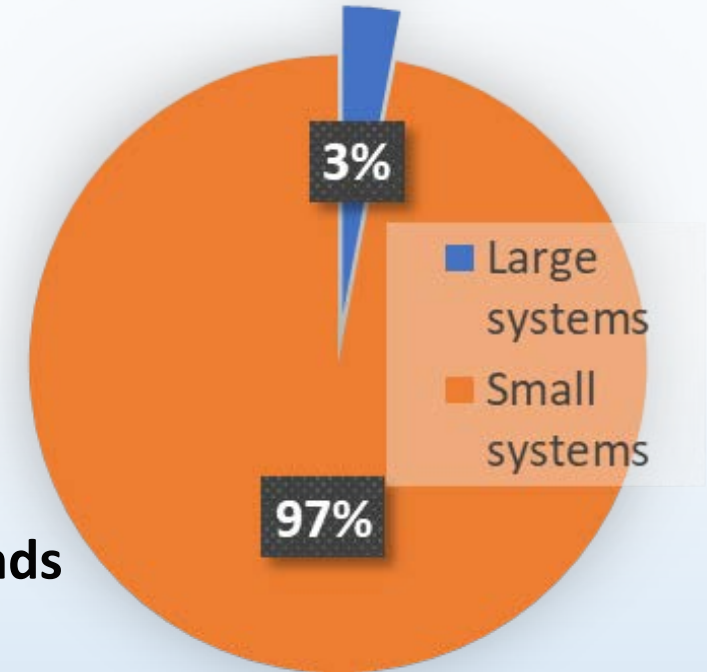
- Areas with populations of 10,000 or less; Rural areas; tribal lands in rural areas; *Colonias*

Eligible borrowers:

- Most state and local governmental entities; private non-profits; and federally-recognized tribes

WEP Funding Portfolio

- \$4 billion+ in direct loan, loan guarantee, & grant programs



Water and Environmental Programs (WEP)

WEP Funding Portfolio:

- **Over \$4 billion in direct loan, loan guarantee and grant programs is available.**
- **In FY 2018, WEP invested nearly \$3 billion for over 1,000 projects and will provide new or improved service to enhance water quality for nearly 3 million rural residents nationwide (pop. of 10,000 or less).**
- **WEP partnered with financial institutions to guarantee \$25.5 million in private capital investment in rural water and waste infrastructure.**

FY 2018 Results and Plans for FY 2019

- WEP invested nearly **\$3 billion for over 1,000 projects** – will provide new or improved service to enhance water quality for **nearly 3 million rural residents** nationwide (pop. of 10,000 or less);
- WEP partnered with 9 financial institutions to guarantee **\$25.5 million in private capital investment** in rural infrastructure, funding 18 new/improved water and wastewater systems.
- WEP awarded **100% of grant funding** for our Technical Assistance Training (TAT), Solid Waste Management, Household Water Well Systems programs.
 - Will assist almost 30,000 rural communities and rural utilities systems.
 - Will provide nearly 900 training sessions for operators, utility management and boards.
 - Over 570 energy audits will be conducted.
 - Will reduce/eliminate pollution of water resources and improve planning and management of solid waste sites.
- Rural Development executed a **Nationwide Programmatic Agreement (NPA)** under the National Historic Preservation Act (NHPA), a groundbreaking efficiency that will allow the Agency to obligate loans/grants prior to completing Section 106 environmental reviews and to conduct the reviews at the time where important site-specific details are available. In FY 18, WEP used the NPA to enable the obligation of funds for nearly 700 Rural Utilities projects.

In FY 2019, WEP will continue the momentum established in FY 2018 to reduce our application backlog, cultivate key stakeholder partnerships, streamline business processes and maintain a solid footprint in rural water infrastructure.

2017 Hurricane Emergency Grant Funding

\$163,475,000 for repairs, \$2 M for technical assistance as of 9-12-18

- Repair water, sewer and solid waste systems impacted by hurricanes Harvey, Irma, and Maria – FL, GA, SC, TX, Puerto Rico and US Virgin Islands
 - Serving areas of **≤ 50,000 inhabitants**
 - Public Bodies, Nonprofit Corporations, and Indian tribes
 - Funds for applicants that are:
 - unable to finance the project; or
 - experiencing financial hardship post repairs.
 - NOTE: In FY 18, WEP awarded two disaster technical assistance grants to strengthen connections with our partners who help rural communities recover from current and future natural disasters. In 2018, National Rural Water Association (NRWA) and Rural Community Assistance Partnership (RCAP) provided damage assessments to 1,143 rural systems in 2018 and direct assistance in restoring service to 51 systems impacted by Hurricanes Harvey, Irma and Maria.
- Grant amount is based on:
 - Up to 100% grant if income < poverty or < 80% of SNMHI
 - Up to 75% grant <100% SNMHI
 - Up to 45% grant if population ≥ 10,000 ≤ 50,000

WEP Lender Partnership Opportunities

Private Investment in Public Infrastructure (Public-Private Partnership – P3)

- The majority of water systems are small.
- \$1 trillion needed over the next 25 years.
- Public funding will not be sufficient.
- Public-Private Partnerships are needed.
- Co-funding to leverage public-private funds.
 - ✓ Guaranteed loans can be combined with USDA's direct loan program.
 - ✓ Blended rate for borrowers and greater affordability for users.
- Interim construction financing by commercial lenders.
- Graduation of current borrowers to private capital.
- Refinance to improve interest rates/loan terms/liquidity.



Mid-Dakota Rural Water System – SD Direct Loan/Guaranteed Loan/Refinance Blend

- Distributes water to over 6,000 customers and sells bulk water to 16 additional communities.
- Over 5000 miles of pipeline, 14 pump stations, 1 control vault, and 18 water storage tanks.
- \$3,800,000 **guaranteed loan** for 30 years at 5.25% interest rate.
- \$31,272,000 **direct loan** for 40 years at 2.75% interest rate.
- Construction part of project was \$18,845,000 and debt in the amount of \$16,226,600 was **refinanced**.
- Total debt service requirements were decreased by refinancing debt that had interest rates ranging from 4.459% to 6.114%.



RD Apply

- Launch of online filing through RD Apply – September 2015
- Live demos and registration at more than 40 rural water conferences
- 1,000+ registered to use RD Apply
- 1,000+ applications filed online

<https://rdapply.usda.gov>

Electronic Preliminary Engineering Report (ePER)

- Web-based application for engineers to use to write PERs
- Interactive system steps engineers through the PER development process based on 2013 Interagency Template
- Compatible w/ RD Apply

Jacki Ponti

Chief Innovation Officer

USDA – Rural Development

One RD Guaranteed Loan Program

What is One RD Guaranteed?

- *A standard RD regulation guaranteed loan making in four programs:*
 - *Water and Waste*
 - *Community Facilities*
 - *Business and Industry*
 - *Rural Energy for America*
- *End-to-End: Filing, Processing, Servicing Reporting*
- *Standardize documents across programs*



What are the benefits?

- ✓ *Supports One USDA Initiative and the Administration's guidance for Reducing Regulation and Controlling Regulatory Costs.*
- ✓ *Simplifies, improves and enhances delivery of these four program*
- ✓ *Reduces burden on lenders, applicants and staff*
- ✓ *Becomes a common platform to all for efficient delivery*
- ✓ *Standardizes and improves customer experience*

One RD Guaranteed Loan Program

This is a major undertaking with many components that requires collaboration across RD and with Customers



Asks from our Customers

- Online filing and customer access to application and account information.
- Consistent approach to processing and servicing across all programs.
- Eliminate Tangible Balance Sheet Equity (TBSE) requirement.
- Issuance of Loan Note Guarantee prior to construction
- Faster issuance of guarantee.
- Use of reserve to continue payments to lender during loss claim process.
- More consistent loss claim timelines.
- Higher population limit for eligibility (*statutory*)
- Proposed rule with comment.



317 external comments from 10 listening sessions, outreach and filings.

23 formal written comments submitted.

Next Steps

Regulations and Process

- Review and Evaluation of Comments
- Draft Regulation
- Finalize New Process Flow
- Publish Regulation
 - Final with Comment
 - 60-day comment period
 - Modifications to regulations as warranted by comments
 - Rules going into effect

December 5 2018

Technology

- High Level Requirements Documentation (ongoing)
- Finalize Requirements and System Design
- System Development
- Testing
- Launch (concurrent with effective data of regulations)

National Rural Lenders Roundtable

Outreach and Training

- Develop Outreach and Training Plan (winter 2018)
- Staff Training (prior to effective date of rules)
- Customer Outreach and Training
- Customer Feedback and analysis.

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Opportunity for Input

**September 2018
Listening Sessions**

**Formal
Comments**
(closed October 22, 2018)

**Regulation
Comment Period**

**System Design
and Testing**

**Continuous
Feedback Post
Launch**



National Rural Lenders Roundtable

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Thank You!

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