



Committed to the future of rural communities.

Water & Environmental Programs (WEP) Loan Guarantees

Eligible Purposes

USDA Rural Development can guarantee loans made by private lenders to build or improve essential public use facilities such as water and sewer facilities, storm sewers and solid waste facilities. Loan funds can be used for construction and non-construction costs including land, equipment, engineering services, legal services, capitalized interest, and initial operating funds.

Eligible Borrowers

Non-profit corporations and public bodies such as municipalities, counties and special purpose districts and authorities. Projects may only benefit rural areas or incorporated communities of up to 10,000 population.

The borrower must have legal capacity to borrow and repay loans to pledge security for loans and to operate and maintain the facilities. The borrower must be financially sound and able to manage the facility effectively as well as have a financially sound facility based upon taxes, assessments, revenues, fees or other satisfactory sources of income to pay costs of operating, debt service and reserve.

Eligible Lenders

Must be a local regulated lender such as any federal or state chartered bank or savings and loan association, some mortgage and/or insurance companies, Co-Bank, National Rural Utilities Cooperative Finance Corporation, Farm Credit Bank of the Federal Land Bank, or other Farm Credit System institution with direct lending authority for this type of credit, State Bond Banks or State Bond Pools, and other types of lenders meeting USDA approval.

Maximum Loan, Rates, and Terms

There is no maximum dollar amount. The amount loaned is usually determined by the amount needed to meet the

Note: Rural Development RUS Regulations, Bulletins and Forms can be accessed at www.usda.gov/rus/water/regs.htm and some forms are also available in a fillable format through the USDA eForms link at www.rurdev.usda.gov/

“USDA is an equal opportunity provider, employer, and lender”. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue S.W., Washington D.C. 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD).

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borrower’s needs and its ability to handle the repayment schedule. Interest rates (fixed or variable) and terms are negotiated between the borrower and lender. Maximum term of 40 years, State Statute, or the useful life, whichever is less. Balloon payments are prohibited.

Environmental Requirements

The borrower must submit an Environmental Report, in accordance with the format prescribed by Rural Development, for the proposed project. Must employ the services of an engineer to provide necessary technical services associated with the project.

Other Credit Test

Rural Development shall determine that other credit is not available at reasonable rates and terms without the guarantee. Also, an outstanding delinquent debt with any Federal Agency by the borrower shall cause the potential borrower to be ineligible to receive a loan guarantee.

Guarantee

The maximum percent of guarantee is ninety percent (90%) and the lender must retain a minimum of five percent (5%) of the total loan amount. The retained amount must be from the unguaranteed portion of the loan. A one-time guarantee fee, equal to one percent (1%) of the guaranteed portion of the loan, is due at the time the guarantee is issued. Additionally, Rural Development can only guarantee taxable debt instruments.

Inquiries

Information and applications may be obtained from one of our USDA Rural Development Area Offices:

- Montpelier, VT (802) 828-6032
- Concord, NH (603) 223-6045

or contact the State Office in Montpelier at
Phone: (802) 828-6011 FAX: (802) 828-6097