

Community Facilities Guaranteed Loan Program: For Lenders

PURPOSE

The purpose of the program is to guarantee loans to develop essential community facilities in rural villages, cities and towns of 20,000 or less in population. Rural Development can guarantee loans made to and serviced by lenders such as banks, savings and loans, and mortgage companies that are part of bank holding companies, members of the Farm Credit System, or insurance companies regulated by the National Association of Insurance Commissioners. Also, Rural Development may guarantee up to 90 percent of any loss of interest or principal on the loan.

ELIGIBLE APPLICANTS

Eligible applicants include nonprofit corporations, Native American Tribes, cooperatives, and public bodies, such as cities, villages, towns, counties, and special-purpose districts.* Applicants must have the legal authority to borrow and repay loans, to pledge security for loans, and to construct, operate, and maintain the facilities. They also must also be financially sound and able to organize and manage the facility effectively.

* cannot guarantee tax exempt credit

ESSENTIAL COMMUNITY FACILITY

An essential community facility is defined as a facility that provides an essential service to the local community, is needed for the orderly development of the community, serves a primarily rural area, and does not include private, commercial, or business undertakings.

ELIGIBLE USES

Loans may be used to construct, enlarge, or improve community facilities for health care, public safety, public services and purchase major equipment.

APPLICATION INFORMATION

Lender and borrower complete the application together; the lender submits the application. Required documentation includes: application form, financial statements (historical and projected), organizational documents, budgets, existing debt instruments, site information, environmental information, evidence of public support, proposed rates and terms, and lender's credit analysis.

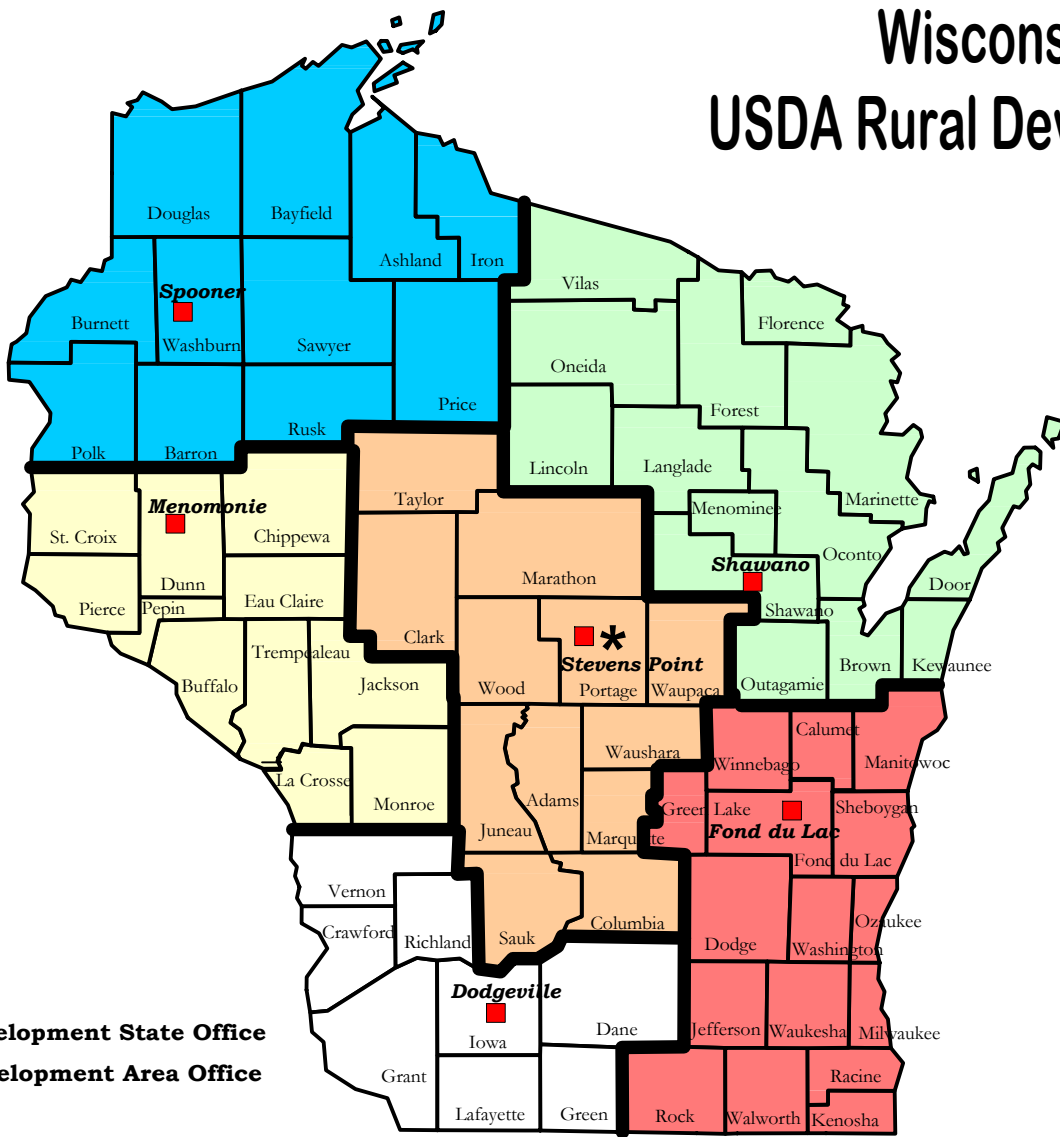
PROJECT EXAMPLES

Hospital · clinic · nursing home · private college charter school · HeadStart center · sports arena child/adult care center · pre-school · courthouse police/fire station · library · vehicles & equipment jail · sidewalks · fairground · street improvements food bank · marina · airport · community center homeless shelter · railroad · park · animal shelter health clubs · outdoor theaters · municipal docks

PROGRAM ADVANTAGES

- Non-profits and cooperatives are eligible
- Guarantee maximum is 90% of loss of interest or principal on the loan
- One time 1% fee on guaranteed portion of loan
- Guarantee fee can be passed on to borrower
- No annual servicing fee
- Loans are primarily processed on lender forms
- Financial reporting requirements are set by lender
- Prepayment penalties allowed
- No maximum loan limits – limits are determined by project feasibility, costs and cash flow projections
- Secondary Market benefits:
 - 95% of loan can be sold
 - Potential for fixed interest rates
 - Flexible terms – interest rates and caps are negotiated by lender and borrower
- Guarantee reduces amount of loan loss reserves required
- Guaranteed portion of loan is not included in your legal lending limit
- Only unguaranteed portion of loan is subject to FDIC examination
- Security package, which may include the asset being financed, pledge of taxes, assignment of insured income, and significant community support, is determined by lender and approved by USDA Rural Development
- FDIC does not require a full industry standard appraisal for projects under \$250,000
- Guaranteed portion does not count against the loan to value ratio when determining adequate security for a project
- Public relations potential - loans may enable lender to increase investment in community
- Stimulate related banking services

Wisconsin USDA Rural Development



- * Rural Development State Office
- Rural Development Area Office

Area 1
Carol Wetuski, Area Director

- Dodgeville Area Office
138 S Iowa Street, Suite 2
Dodgeville WI 53533
Phone: 608-935-2791
E-mail: RD.Dodgeville@wi.usda.gov

Area 2
Brian Deaner, Area Director

- Shawano Area Office
603B Lakeland Road
Shawano WI 54166
Phone: 715-524-8522
E-mail: RD.Shawano@wi.usda.gov

Area 3
Carol Wetuski, Area Director

- Fond du Lac Area Office
W6529 Forest Avenue, Suite 200
Fond du Lac WI 54937
Phone: 920-907-2976
E-mail: RD.FondduLac@wi.usda.gov

Area 4
Brian Deaner, Area Director

- Menomonie Area Office
390 Red Cedar Street, Suite G
Menomonie WI 54751
Phone: 715-232-2614
E-mail: RD.Menomonie@wi.usda.gov

Area 5
Barb Brewster, Area Director

- Stevens Point Area Office
1462 Strongs Avenue
Stevens Point WI 54481
Phone: 715-346-1313
E-mail: RD.StevensPoint@wi.usda.gov

Area 6
Cora Schultz, Area Director

- Spooner Area Office
800 N Front Street, Room 102
Spooner WI 54801
Phone: 715-635-8228
E-mail: RD.Spooner@wi.usda.gov

State Office ~ Housing Programs
Dave Schwobe, Program Director

- * 4949 Kirschling Court
Stevens Point WI 54481
Phone: 715-345-7620
E-mail: RD.SFH.SO@wi.usda.gov

State Office ~ Business & Community Programs
Mark Brodziski, Program Director

- * 4949 Kirschling Court
Stevens Point WI 54481
Phone: 715-345-7610
E-mail: RD.BCP.SO@wi.usda.gov

State Office ~ Administrative Programs
Lori Wells, Program Director

- * 4949 Kirschling Court
Stevens Point WI 54481
Phone: 715-345-7680
E-mail: RD.ADMIN.SO@wi.usda.gov