



# USDA Rural Development Guaranteed Programs

## Wisconsin

### Kelley Oehler, Area Director



Rural Development  
U.S. DEPARTMENT OF AGRICULTURE



# Rural Development 3 Mission Areas

Rural Business  
Cooperative Service



Rural Housing Service



Rural Utilities Service



*Bringing Broadband to Rural America*

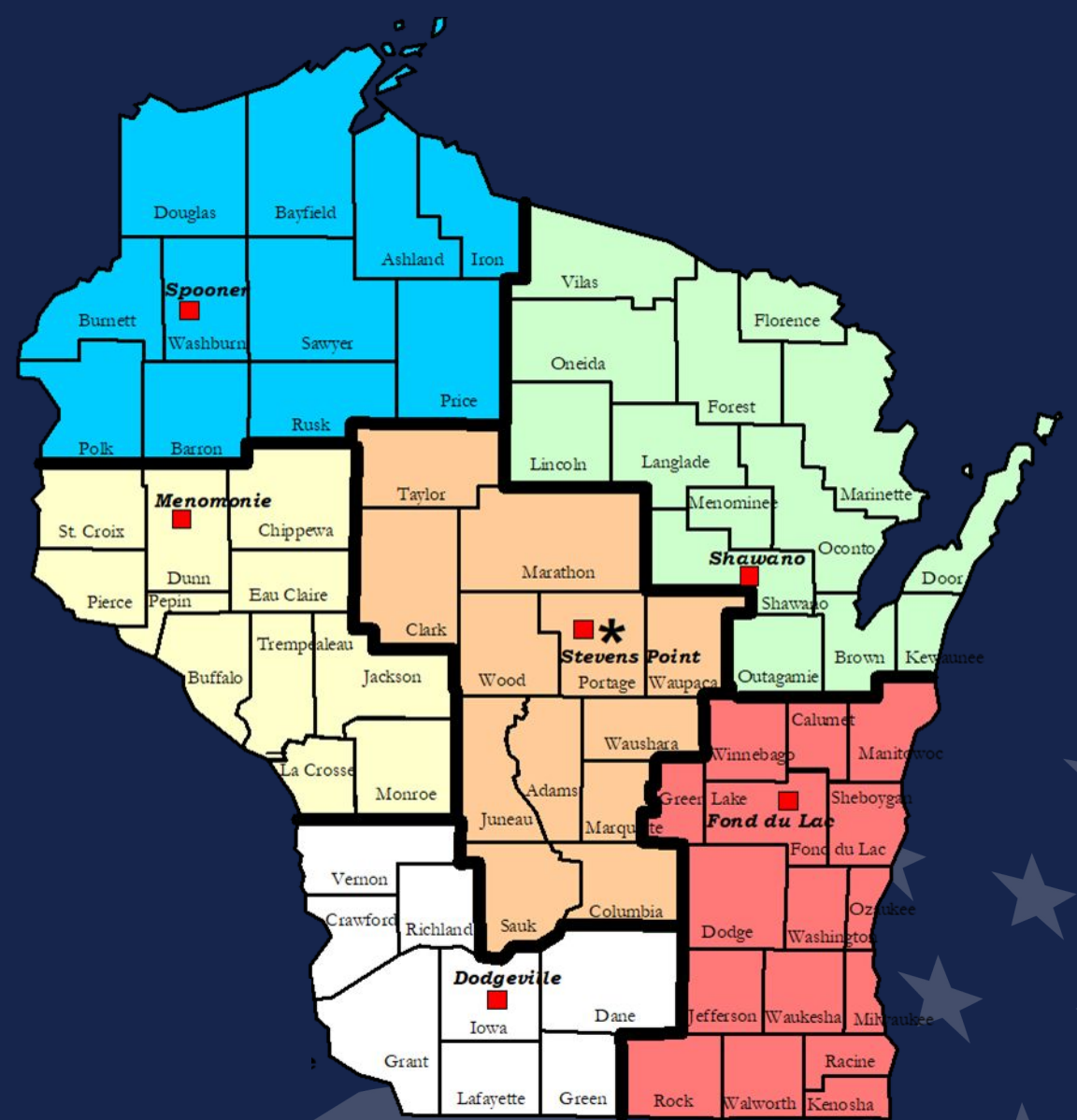
# Wisconsin Rural Development

## 6 Area Offices

Community Programs  
Multi-Family Housing  
Single Family Housing  
Water and Environmental Programs

## 1 State Office

Business Programs





# Rural Housing Service (RHS)





# Guaranteed Rural Housing (GRH) Program

## Program Highlights

- Finance Up to 100% of the Appraised Value
- Provides a 90% loan note guarantee
- No Down payment Required...Keep Reserves in the Bank!
- No Pre-determined Purchase Price Limits
- No Reserve Requirements
- Expanded Qualifying Ratios Beyond 29/41
- Low and Moderate income limits apply
- Not Limited to First Time Homebuyers





# Guaranteed Rural Housing (GRH) Program (cont.)

## Program Requirements

- Purchase: Existing stick built or modular; New or existing (post 2005) manufactured; New construction
- Refinance: Only current Rural Development loans (GRH or Direct)
- Mortgage Term: 30 Years
- Annual Fee: Currently 0.35%
- Upfront Guarantee Fee: Currently 1.00%
- Homeowners Taxes and Insurance: Monthly escrow required
- Normal Purchase Contract Time...No Need to Extend the Contract. 1-2 Business Day Turn Time!





# Guaranteed Rural Housing (GRH) Program (cont.)

## GRH Loan Process

- Applicant applies for home loan through a GRH approved lender
- Lender's underwriter approves the complete loan (applicant and property eligibility)
- Lender submits request for Loan Guarantee to Rural Development
- Rural Development issues Conditional Commitment to Lender
- Lender closes the loan
- Lender submits closing documentation to Rural Development
- Rural Development issues Loan Note Guarantee to Lender





# Guaranteed Rural Housing (GRH) Program (cont.)

To become an Approved Guaranteed Rural Housing Lender check out this website:

<https://www.rd.usda.gov/page/sfh-guaranteed-lender>

The Single Family Housing GRH Program is now an Integrated National Program.

## GRH Contact Info

Specific File Questions

[SFHGLPONE@usda.gov](mailto:SFHGLPONE@usda.gov)

General Questions

[sfhgld.program@usda.gov](mailto:sfhgld.program@usda.gov)





# Multi-Family Housing Loan Guarantee (Section 538 Program)

Loan Guarantees to construct, purchase and rehabilitate affordable rental housing for low- to moderate-income individuals and families.

- Application deadline 12/31/21
- 90% guarantee
- 10% down payment required
  - Only 3% for non-profit entity
- 25-40 year term
- Guarantee Fee – 1%
- Annual Fee – 0.5%





# Multi-Family Housing Loan Guarantee (Section 538 Program)

Qualified lenders are automatically eligible if approved and active in:

- Fannie Mae, Freddie Mac, Ginnie Mae
- Housing and Urban Development (HUD) programs
- Federal Home Loan Bank members
- State or local housing finance agencies

Contact Dirk Williams

[Dirk.Williams@usda.gov](mailto:Dirk.Williams@usda.gov) or 715-345-7630





# Community Facilities Program



We provide guarantees on loans made by lenders participating in the program to help build, expand or improve essential community facilities in rural areas.

- Hospitals
- Health Clinics
- Schools
- Daycares
- Firehouses
- First Responder Vehicles & Equipment
- Community Centers
- Libraries



# Community Facilities Program (cont.)



- Community Facilities (CF) Guaranteed Loans are available in rural areas with populations up to 20,000.
- By removing most of the lender's risk, guarantees make it easier to lend to underserved communities and meet obligations under the Community Reinvestment Act.
- Provides 90% Guarantee of Loss
- One time guarantee fee of 1.5%
- Annual fee of 0.5%



# Community Facilities Program (cont.)



## What types of lenders may participate?

- Federal or state chartered banks
- Savings and loan associations
- Mortgage companies that are part of a bank holding company
- Cooperative banks
- The Federal Land Bank Farm Credit Bank
- Other farm credit institutions with direct lending authority
- State or nationally regulated insurance companies
- State bond banks or bond pools
- Other lenders with legal authority to participate in the program



# Community Facilities Program (cont.)

## Who May Borrow?

- Public bodies
- Nonprofits
- Federally recognized Tribes

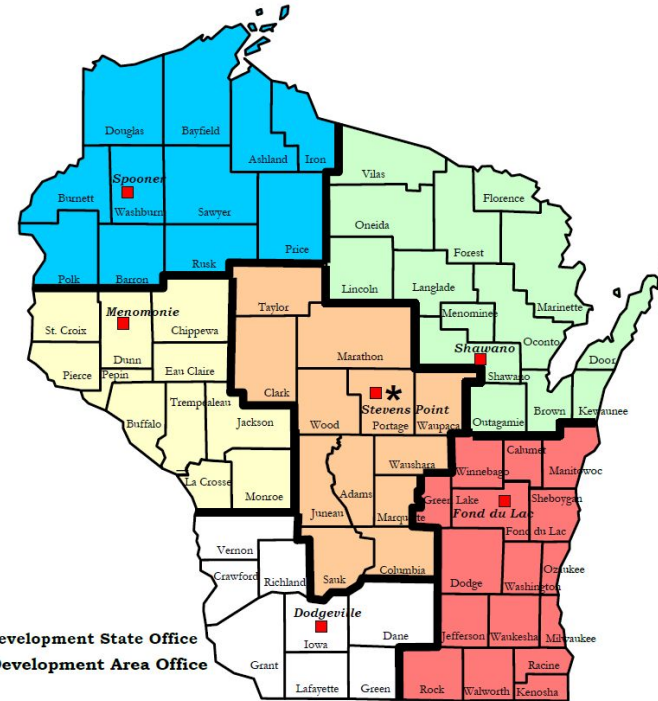
## How May the Funds be Used?

- To buy, build or improve community facilities
- To buy equipment
- To pay related project expenses





# Community Facilities Program (cont.)



\* Rural Development State Office  
 ■ Rural Development Area Office

## State Office

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 Stevens Point, WI 54482  
 Phone: 715-345-7635  
 Fax: 855-731-0161  
 Email: WI-RD-BCP-SO@usda.gov

## Nathan Billingham, Program Director

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### Jane White, Specialist

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## Area 2

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### Michelle Eis, Specialist

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 E-mail: Eric.Berg@usda.gov

## Area 4

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 E-mail: Brenda.Heinen@usda.gov

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 Fax: 608-742-0194  
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## Area 6

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 800 North Front Street  
 Spooner, WI 54801  
 Phone: 715-635-8228 ext. 4  
 Fax: 855-715-8493  
 E-mail: Lisa.Paulson@usda.gov



# Rural Business-Cooperative Service (RBS)





# Business & Industry Loan Guarantees (cont.)

## Who May Participate?

- Federal or State chartered banks
- Savings and loans
- Farm Credit Banks
- Credit unions

## Who May Borrow?

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





# Business & Industry Loan Guarantees (cont.)

## Uses for Funds

- Development or expansion
- Purchase real estate or buildings
- Equipment, supplies, or inventory
- Debt refinancing, when necessary to improve cash flow and create or save jobs.
- Business acquisitions, provided that jobs will be created or saved.

## Eligible Areas

- Outside of cities
- Towns of less than 50,000
- Urbanized areas near cities may be ineligible





# Business & Industry Loan Guarantees (cont.)

## Ineligible Uses for Funds

- Lines of credit
- Owner-occupied housing
- Golf courses
- Racetracks or gambling facilities
- Churches, church-controlled organizations, or charitable organizations.
- Fraternal organizations
- Lending, investment and insurance companies
- Projects involving more than \$1 million and relocation of 50 or more jobs
- Agricultural production, with certain exceptions
- Distributions/payments to individual owners





# Business & Industry Loan Guarantees (cont.)

## Loan Guarantee Maximums

- 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

## Applicable Fees

- Initial guarantee fee: 3% of the guaranteed amount
- Annual renewal fee: 0.5% of outstanding principal
- Reasonable, customary fees: Negotiated between borrower and lender

## Maximum Loan Terms

- Working Capital – 7 Years
- Equipment – 15 Years (not to exceed useful life)
- Real Estate – 30 Years (not to exceed useful life)





# Rural Energy for America Guaranteed Loan Program (REAP)

- Ag Producers and rural small business (size standards apply)
- Renewable energy systems and energy efficiency improvement projects
- Maximum loan is \$25MM
- Fund up to 75% of eligible project cost
- Upfront guarantee fee is 1%
- Annual service charge is 0.25%

Contact Justin Kirking

[Justin.Kirking@usda.gov](mailto:Justin.Kirking@usda.gov) or 715-345-7639





# Rural Utilities Service (RUS)



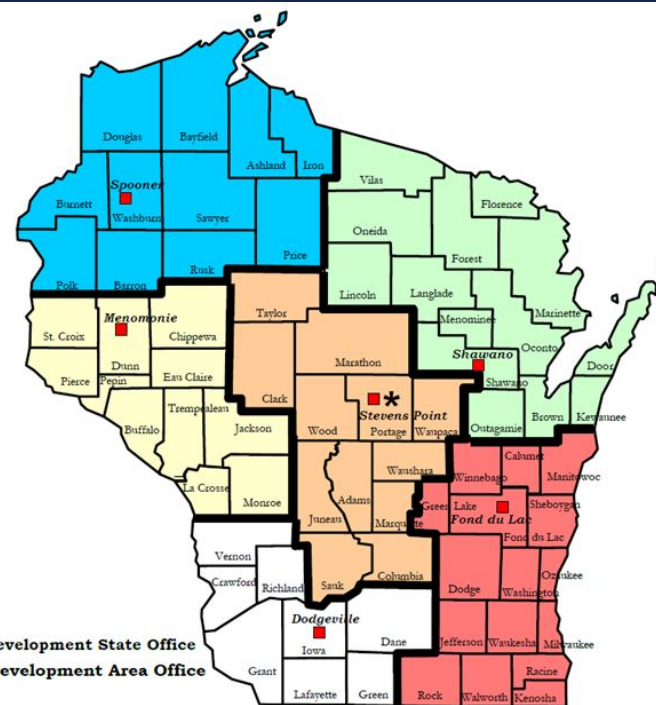


# Water & Environmental Programs

- This program helps private lenders provide affordable financing to qualified borrowers to improve access to clean, reliable water and waste disposal systems for households and businesses in rural areas
- The borrower must have legal authority needed to construct, operate and maintain the proposed facilities and the services they provide
- All facilities financed with the aid of a loan guarantee must be used for public purposes
- Provides 90% Guarantee of Loss
- One time guarantee fee of 1%



# Water & Environmental Programs (cont.)



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# Rural Development's Impact



# Outcomes Matter

Last year alone, USDA Rural Development helped the residents of Wisconsin by leveraging **more than \$470 million** in funding for economic development projects and quality of life improvements. That:

- helped create or retain over **700 jobs**;
- aided over **1,900 families** in buying or repairing their own **homes**;
- assisted over **5,900 renters** in retaining affordable housing;
- supported **46 rural businesses** throughout the state; and
- assisted **20 communities and impacted numerous residents** in improving essential community facilities and local infrastructure.





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