

ENVIRONMENTAL INFRASTRUCTURE LOAN PROGRAM

Rural Community Assistance Corporation's (RCAC) Environmental Infrastructure Loan Program helps create, improve or expand the supply of safe drinking water, waste disposal systems and other facilities that serve communities in the rural West. RCAC's loan programs are unique — they provide the early funds small rural communities need to determine feasibility and pay pre-development costs prior to receiving state and federal program funding. RCAC also may provide interim construction financing, as well as intermediate and long-term loans for system improvements.

General Program Requirements

■ ELIGIBLE APPLICANT

Nonprofit organizations, public agencies and tribal governments.

■ ELIGIBLE AREA

Projects must be located in rural areas with populations of 50,000 or less in Alaska, Arizona, California, Colorado, Hawaii and other Pacific islands, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. Community size is limited to 10,000 for long-term USDA guaranteed loans and short-term loans for which USDA is the long-term lender.

■ ELIGIBLE PROJECTS

Eligible projects include water, wastewater, solid waste and storm water facilities that primarily serve lower-income rural communities.

Loan Products

■ SHORT-TERM LOANS (1 TO 3 YEARS) FOR:

Feasibility (Such as Preliminary Engineering Reports (PER), environmental reports)

- Normally not more than \$50,000
- Unsecured, Promissory Note only
- Normal term — one year
- Entity must be eligible for long-term financing from governmental or other source and have reasonable priority rating for probable funding
- Entity must agree to repay loan, on extended terms, if necessary, if project does not proceed
- Must have technical assistance to extent needed, either from RCAC or another acceptable technical assistance source

Pre-development (Such as engineering, legal, bond counsel)

- Amount corresponding with other financing source Letter of Conditions to cover preconstruction costs
- Normally not to exceed \$350,000
- Unsecured, Promissory Note only
- Letter of Conditions from long-term funding source
- Normal term — one year
- Technical assistance as necessary

Construction

- Amount corresponding with other financing source Letter of Conditions to cover loan portion of funding commitment
- Normally not to exceed \$3 million
- Generally secured by same type of security as permanent financing source outlined in Letter of Conditions for permanent loan
- Commitment letter for permanent financing from funding source
- Loan term corresponding with construction period for loan portion

■ INTERMEDIATE TERM LOANS:

- Up to 20 years repayment
- 5 percent interest rate for first 10 years
- For smaller capital needs, normally not to exceed \$100,000

■ LONG-TERM LOANS:

- Must meet requirements of USDA Rural Utilities Service Water and Waste Disposal Guaranteed Loan Program, such as eligible loan purpose and eligible entity
- Fees – 1 percent loan fee, 1 percent guarantee fee on guaranteed portion of loan (generally 90 percent)
- Interest rate – set at time of closing in accordance with the secondary market rate for the term of the loan
- Generally used when system improvements are needed and system does not have priority to qualify for more favorable funding sources
- Cannot be used for public body applicants who would issue tax exempt obligations as security
- Applicant must demonstrate repayment ability and security for the loan

General Information

- Loan applications are available online at www.rcac.org. Applications are specific to the requested loan product. RCAC loan officers and environmental staff can provide application assistance.
- Loan Fee – 1 percent.
- Interest rates and fees are subject to change. Short-term rates are generally in the 5 percent range.
- The RCAC Loan Committee can make loan policy exceptions to tailor a loan to fit community needs.
- Loans may roll from one into the next, for example, feasibility to pre-development, or may be freestanding. Limited additional borrower information is required for progressive loans; the PER provides most information. A more extensive loan application is required for freestanding pre-development, construction or long-term loans.
- Amounts given as normally not to exceed are loan policy limits; higher amounts may be approved.

Green Lending

- RCAC encourages incorporation of water and energy saving features in new or rehabilitation infrastructure projects
- Applicant must agree to provide green components or features as part of the project
- Loan applications meeting green criteria are given funding priority

RCAC

Rural Community Assistance Corporation (RCAC) provides training, technical and financial resources and advocacy so rural communities can achieve their goals and visions

Founded more than 35 years ago, RCAC provides a wide range of community development services for rural and Native

American communities, and community-based organizations in 13 western states and other Pacific islands. RCAC was certified as a Community Development Financial Institution (CDFI) in 1996 and finances affordable housing, community facilities, utility infrastructure and small businesses in rural communities. As a certified CDFI, RCAC fills financing gaps and serves those traditionally neglected by conventional markets.

With nearly \$130 million in lending capital, RCAC is a major resource for rural communities. Headquartered in West Sacramento, California, RCAC's more than 100 employees serve rural communities from field offices located throughout our service region.

Contacts

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RCAC Loan Fund contacts are subject to change without notice. If the loan officer you are trying to reach is unavailable, please call the corporate office at (916) 447-2854 and ask for the Loan Fund.

RCAC is an Equal Opportunity Lender