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**CFCC – October 2021**

# Rural Community Assistance Corporation

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**RCAC envisions vibrant, healthy and enduring rural communities throughout the West.**

- Environmental Infrastructure
- Affordable Housing Development
- Economic and Leadership Development
- Community Development Finance
- Small Business Loans



Headquartered in West  
Sacramento, CA Call us at  
(916) 447-2854 or view our  
website [www.RCAC.org](http://www.RCAC.org)



## **Environmental Technical Assistance for Small Systems**

## Regionalization

- Consolidation
- Facilitation

## Funding Application Assistance

- Planning and construction phases
- FFAST
- RD-Apply

## Rate Studies

- Financial analysis
- Capital Improvement Planning
- Rate adoption process

## Policy Development

- Financial
- Emergency response plans

## Community Outreach

- Facilitate discussions
- Project coordination and development

## Training

- Operators
- Board members

## Income Surveys

- Disadvantaged community status
- Median Household Income (MHI)
- Low to Moderate Income (LMI)

# Benefits of an MHI income survey

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Community and Environmental Projects

Determines DAC/SDAC status

Affordable service rates

Good for five (5) years

# Benefits of an LMI income survey

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Community Development Block Grant

Benefits low to moderate income persons

Preventing or eliminating blight

Meets community development needs

# Rural Community Assistance Corporation

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Environmental  
infrastructure

Community  
Facilities

Affordable  
housing

Small  
business  
loans

Technical  
Assistance



**Request Technical Assistance** <https://www.rcac.org/contact-us/request-for-assistance/>

Email [kbennett@RCAC.org](mailto:kbennett@RCAC.org)





## Environmental Lending

# Loan Fund

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- Established in 1988
- Designated Community Development Financial Institution (CDFI)
- Capitalized at over \$180 Million
- Financial resource for community development projects (population of 50,000 or less)

# Loan Fund Program Areas

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- Affordable Housing - Single Family, Multi Family & Manufactured Home Parks
- Community Facilities
- Small Business
- Environmental Infrastructure – Water, Wastewater, Solid Waste Systems

# Environmental Infrastructure Loan Program



# Borrower Eligibility

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- Non-profit Organizations
- Government Entities
- Federal or State recognized Tribal Entities



# Project Eligibility

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- Water, wastewater and solid waste
- System must primarily serve a low-income community
  - MHI of system's service area must be less than County or State MHI, whichever is greater
  - If MHI does not qualify, then system might qualify for business loan program

# Short Term

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- Purpose:
  - Feasibility, Preliminary Engineering and Environmental Reports
  - Predevelopment, engineering, legal, bond counsel, etc.
  - Construction

# Short Term

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- Terms:
  - Interest Rate 5% up to 24 months and 5.25% from 25 to 36 months
  - 1% loan fee
  - 1.5% loan fee for revolving line of credit
- Collateral:
  - Varies by purpose



# Intermediate Term

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- Purpose:
  - Smaller capital needs, normally not to exceed \$100,000



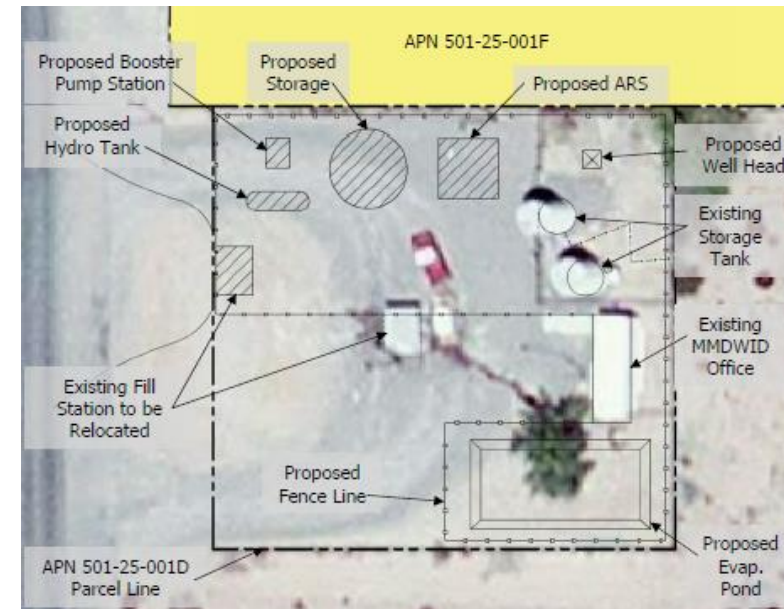
# Intermediate Term

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- Terms:
  - Up to 20 years
  - Interest Rate 5%
  - 1% loan fee
- Collateral:
  - Assignment of Revenues
  - Possibly real estate or security agreement

# Long Term

- Purpose:
  - Large capital improvement projects, normally not to exceed \$6,000,000



# Long Term

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- Terms:
  - Up to 30 years
  - Interest rate varies by term
  - 1% loan fee
  - 1% guarantee fee
- Collateral:
  - Real Estate Bonds
  - Assignment of Revenues
  - Possibly real estate or security agreement
  - Requires USDA WWD Loan Guarantee

# Loan Program Chart



Rural Community Assistance Corporation

## LOAN FUND PROGRAMS

Loan Program	Purpose	Eligibility	Term	Loan Limit	Int Rate	Fees	Collateral	Other
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>• Predevelopment</li> <li>• Site Development</li> <li>• Construction</li> </ul>	<ul style="list-style-type: none"> <li>• Nonprofits</li> <li>• Public Body</li> <li>• Tribes</li> </ul>	Up to 3 yrs.	\$3.0 M	5%	<ul style="list-style-type: none"> <li>• 1% Loan Fee</li> <li>• \$300 doc fee</li> </ul>	<ul style="list-style-type: none"> <li>• Generally 1st lien on real estate</li> </ul>	Unit construction requires homes to be pre-sold
<b>Environmental Infrastructure Short Term</b>	<ul style="list-style-type: none"> <li>• Feasibility</li> <li>• Predevelopment</li> <li>• Construction</li> </ul>	<ul style="list-style-type: none"> <li>• Nonprofits</li> <li>• Public Body</li> <li>• Tribes</li> </ul>	Up to 3 yrs.	Varies by purpose	5%	<ul style="list-style-type: none"> <li>• 1% Loan Fee</li> </ul>	<ul style="list-style-type: none"> <li>• Varies by purpose</li> </ul>	Except for feasibility requires take-out in place
<b>Environmental Infrastructure Intermediate Term</b>	<ul style="list-style-type: none"> <li>• Smaller capital improvement projects</li> </ul>	<ul style="list-style-type: none"> <li>• Nonprofits</li> <li>• Public Body</li> <li>• Tribes</li> </ul>	Up to 20 yrs.	\$100,000	5%	<ul style="list-style-type: none"> <li>• 1% Loan Fee</li> </ul>	<ul style="list-style-type: none"> <li>• Generally Assignment of revenues</li> </ul>	
<b>Environmental Infrastructure Long Term</b>	<ul style="list-style-type: none"> <li>• Large capital improvement projects</li> </ul>	<ul style="list-style-type: none"> <li>• Nonprofits</li> <li>• Public Body</li> <li>• Tribes</li> </ul>	Up to 30 yrs.	\$6.0 M	Varies by term	<ul style="list-style-type: none"> <li>• 1% Loan Fee</li> <li>• 1% guarantee Fee</li> </ul>	<ul style="list-style-type: none"> <li>• Real Estate Bonds</li> <li>• Assignment of revenue</li> </ul>	Requires USDA WWD Loan Guarantee
<b>Community Facilities</b>	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Acquisition</li> <li>• Rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Nonprofits</li> <li>• Public Body</li> <li>• Tribes</li> </ul>	Up to 30 yrs.	\$6.0 M	Varies by term	<ul style="list-style-type: none"> <li>• 1% Loan Fee</li> <li>• 1.5% guarantee Fee</li> <li>• \$300 doc fee</li> </ul>	<ul style="list-style-type: none"> <li>• Real Estate</li> <li>• Equipment</li> </ul>	Requires USDA CF Loan Guarantee
<b>Community Facilities Re-Lending</b>	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Acquisition</li> <li>• Rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Nonprofits</li> <li>• Public Body</li> <li>• Tribes</li> </ul>	Up to 30 yrs.	\$6.0 M	5% with a 1% write down for first 3 yrs.	<ul style="list-style-type: none"> <li>• 1% Loan Fee</li> <li>• \$300 doc fee</li> </ul>	<ul style="list-style-type: none"> <li>• Real Estate</li> <li>• Equipment</li> </ul>	Program pending extension for availability
<b>Small Business Short Term/ Intermediate Term</b>	<ul style="list-style-type: none"> <li>• Working Capital</li> <li>• Lines of Credit</li> </ul>	<ul style="list-style-type: none"> <li>• For profit businesses</li> <li>• Nonprofits</li> <li>• Tribal</li> </ul>	Up to 5 yrs.	\$250K w/o guarantee	Based on credit quality of applicant	<ul style="list-style-type: none"> <li>• 1% Loan Fee</li> <li>• \$300 doc fee</li> </ul>	<ul style="list-style-type: none"> <li>• Business Assets</li> <li>• Equipment</li> <li>• Inventory</li> </ul>	Loan of \$250K or greater require federal or state guarante
<b>Small Business Long Term</b>	<ul style="list-style-type: none"> <li>• Real Estate</li> <li>• Equipment</li> </ul>	<ul style="list-style-type: none"> <li>• For profit businesses</li> <li>• Nonprofits</li> <li>• Tribal</li> </ul>	Up to 30 yrs.	\$6.0 M	Based on credit quality of applicant	<ul style="list-style-type: none"> <li>• 1% Loan Fee</li> <li>• 1% - 3% guarantee fee</li> </ul>	<ul style="list-style-type: none"> <li>• Real Estate</li> <li>• Equipment</li> </ul>	Requires USDA B&I or BIA loan Guarantee
<b>Individual water well and septic systems</b>	<ul style="list-style-type: none"> <li>• Repair or replace systems (Septic system assistance in Idaho only)</li> </ul>	<ul style="list-style-type: none"> <li>• Individual property owners</li> </ul>	Up to 20 yrs.	Water wells: \$18K Septic systems: \$15K	1% – 3% water wells 1% septic systems	<ul style="list-style-type: none"> <li>• \$100 water wells</li> <li>• \$500 septic systems</li> </ul>	<ul style="list-style-type: none"> <li>• Real Estate lien</li> </ul>	Grants possible for water wells in CA and for septic systems in Idaho.
<b>Polanco Park Program</b>	<ul style="list-style-type: none"> <li>• Renovation of existing Polanco Parks</li> </ul>	<ul style="list-style-type: none"> <li>• Individual Park Owners</li> </ul>	Determined based on need	Based on need	TBD	<ul style="list-style-type: none"> <li>• 1.125%</li> </ul>	<ul style="list-style-type: none"> <li>• Real Estate Lien</li> </ul>	Polanco Parks in Riverside Co., CA
<b>RELIEF Loan Program</b>	<ul style="list-style-type: none"> <li>• Relief from effects of COVID</li> </ul>	<ul style="list-style-type: none"> <li>• Profit businesses</li> <li>• Nonprofits</li> <li>• Tribal</li> </ul>	Up to 5 years	\$25,000	3%	<ul style="list-style-type: none"> <li>• \$250</li> </ul>	<ul style="list-style-type: none"> <li>• Not required</li> </ul>	Possible partial or full forgiveness





# Borrower Examples

# Short Term Loan

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<u>Borrower</u>	Mutual Water Company
<u>Purpose</u>	Revolving line of credit for interim financing of State Water Resource Control Board disbursements. Funds can be drawn to pay contractor and engineer's while waiting for state reimbursement
<u>Amount</u>	\$1,035,533
<u>Term</u>	18 months, interest only
<u>Rate</u>	5%
<u>Security</u>	Grant Anticipation Note

# Intermediate Term Loan

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<u>Borrower</u>	Privately owned water company
<u>Purpose</u>	Purchase and install a 100,000-gallon water storage tank to be used in connection with an existing 150,000-gallon tank
<u>Amount</u>	\$402,000
<u>Term</u>	10 years (6 months, interest only followed by 114 months amortized payments)
<u>Rate</u>	5%
<u>Security</u>	Promissory Note, UCC filing and Security Agreement



# Long Term Loan

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<u>Borrower</u>	Water User Association
<u>Purpose</u>	Refinance an existing USDA loan to lower interest rate and extend amortization to reduce annual debt service (improve cash flow)
<u>Amount</u>	\$762,622
<u>Term</u>	15 years
<u>Rate</u>	3.18% fixed
<u>Security</u>	Assignment of Revenue, UCC Filing and Security Agreement
<u>Guarantee Program</u>	Utilized USDA WWD guarantee



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