



Rural Development

February 18, 2026

Rural Business-  
Cooperative Service

Dear RBCS OneRD Lender,

Office of the  
Administrator

We are proud to announce that the RBCS **OneRD portfolio has surpassed \$12 billion in active guaranteed loans**, with participation from **over 775 lenders nationwide**. This milestone reflects the strength of our partnership and our shared commitment to rural communities, creating thousands of jobs and delivering essential capital where it's needed most.

1400 Independence  
Avenue, SW, Stop 3201  
Washington, DC  
20250

USDA Rural Development is committed to further strengthening our partnership and ensuring the OneRD Guaranteed Loan Program is delivered efficiently and effectively. We have over \$2 billion in available funds for fiscal year 2026. Unfortunately, RBCS also has over \$1 billion in delinquent loans within the portfolio, and paid approximately \$300 million between repurchases and losses over the last year.

To improve program integrity, we are requesting your particular attention to careful underwriting and servicing to ensure that our borrowers arrive successfully at the end of their loan.

Please note that where the agency discovers instances of negligent underwriting or servicing that come to the attention of RBCS, corrective action will be taken to remove such lenders from the program, in accordance with 7 CFR 5001.132.

To achieve this strong level of program integrity we ask for your continued attention to best practices in the following areas:

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**Underwriting Loan Structure & Risk Mitigation**

- Justify interest-only or ramp-up periods with realistic monthly cash flow projections; P&I should begin at break-even month.
- Ensure loan sizing aligns with industry norms and always include working capital analysis.
- Personal or corporate guarantors should be the norm; exceptions should be rare and have strong mitigation measures.
- Apply conservative collateral discounting where permitted.
- Assess risks in offtake contracts—whether concentrated or diversified. When feasible within the industry, offtake agreements should align with the term of the loan.
- Co-borrower requirements apply when affiliates are financially interdependent.
- Reserve accounts should be funded by the borrower, not the Agency loan.

**• Conditional Commitments:**

- Review conditional commitments upfront to avoid multiple changes in conditions; these delay processing.
- Draft Conditional Commitments should be reviewed promptly.
- Submit extension requests at least **30 days prior to expiration** and only if no material adverse changes have occurred.

**• C-PACE Financing:**

- Use conservative discount rates for CPACE projects; consider an additional 10% discount factor for real estate and machinery/equipment.

- Subtract at least two years of CPACE assessment payments as a prior lien to mitigate collateral risk.
- Include full annual CPACE assessment in cash flow projections for Debt Service Coverage calculations.
- Provide CPACE term sheets with the application.

#### **Servicing**

- Submit required servicing items on time.
- Obtain borrower and guarantor financial statements within 120 days of fiscal year-end and complete annual credit reviews with covenant testing.
- Submit modification requests requiring Agency concurrence 30 days before implementation; post-approval is not permitted.
- Monitor construction when loan note guarantee (LNG) is issued prior to construction.
- Complete semi-annual status reports and pay guarantee retention fees on time via USDA LINC; late payments could result in LNG cancellation.
- File default status reports promptly in USDA LINC.
- Notify the Agency immediately upon borrower default and propose curative actions within 30 days.
- For liquidation, protective advances and expenses require prior written approval per §§ 4287.156 and 5001.516.
- Annual financial reports per § 5001.504(a) (d) must be submitted on time.

#### **Additional Resources:**

**Below is a list of resources that may be useful in complying with the above requirements. For further support, please do not hesitate to reach out to your local RD office.**

**<https://www.rd.usda.gov/about-rd/offices/state-offices>**

- Regulations for OneRD (7 CFR 5001)
- <https://www.ecfr.gov/current/title-7/subtitle-B/chapter-L/part-5001>
- OneRD website (with many forms and resources):  
<https://www.rd.usda.gov/onerdguarantee>
- Lender's Guide:  
<https://www.rd.usda.gov/media/file/download/onerdlenderguide.pdf>
- Checklist for lenders to submit a Preliminary Eligibility Review (PER):  
<https://www.rd.usda.gov/media/file/download/lenderpreliminaryeligibilityreviewchecklist.pdf>
- Checklist for B & I applications:  
<https://www.rd.usda.gov/media/file/download/bi-lendercompleteapplicationchecklist.pdf>

**Thank you for your attention to strong program integrity in RBCS Guaranteed Lending, and for your continued partnership in the program.**

Sincerely,



J.R. Claeys  
Administrator  
Rural Business-Cooperative Service