



BILLING CODE 3410-XY-U

DEPARTMENT OF AGRICULTURE

Rural Business-Cooperative Service

Guarantee Fee Rates for Guaranteed Loans for Fiscal Year 2020

Maximum Portion of Guarantee Authority Available for Fiscal Year 2020

Annual Renewal Fee for Fiscal Year 2020

AGENCY: Rural Business-Cooperative Service, USDA.

ACTION: Notice.

SUMMARY: This notice helps to improve applicants' awareness of the Guarantee Fee rates for Guaranteed Loans for fiscal year (FY) 2020, the Maximum Portion of Guarantee Authority Available for FY 2020, and the Annual Renewal Fee for FY 2020 when applying for guaranteed loans under the Business and Industry (B&I) Guaranteed Loan Program.

The Agency has the authority to charge a guarantee fee and an annual renewal fee for loans made under the B&I Guaranteed Loan Program. Pursuant to that authority, and subject to the current appropriated authority, the Agency is establishing an initial guarantee fee rate of 3 percent and an annual renewal fee rate of one-half of 1 percent for the B&I Guaranteed Loan Program.

The initial guarantee fee is paid at the time the Loan Note Guarantee is issued.

The annual renewal fee is paid by the lender to the Agency once a year. Payment of the annual renewal fee is required in order to maintain the enforceability of the guarantee.

DATES: This rule is effective [INSERT DATE OF PUBLICATION IN THE
FEDERAL REGISTER]

FOR FURTHER INFORMATION CONTACT:

Brenda Griffin, USDA, Rural Development, Business Programs, Business and Industry Division, STOP 3224, 1400 Independence Avenue, SW, Washington, DC 20250-3224, telephone (202) 720-6802, e-mail tanner.hinkel@usda.gov.

SUPPLEMENTARY INFORMATION:

As set forth in 7 CFR 4279.120, the Agency has the authority to charge an initial guarantee fee and an annual renewal fee for loans made under the B&I Guaranteed Loan Program. Pursuant to that authority, and subject to the current appropriated authority, the Agency is establishing an initial guarantee fee rate of 3 percent and an annual renewal fee rate of one-half of 1 percent for the B&I Guaranteed Loan Program. Unless precluded by a subsequent FY 2020 appropriation, these rates will apply to all loans obligated in FY 2020 that are made under the B&I Guaranteed Loan Program. As established in 7 CFR 4279.120(b)(1), the amount of the annual fee on each guaranteed loan will be determined by multiplying the annual fee rate by the outstanding principal loan balance as of December 31, multiplied by the percentage of guarantee.

As set forth in 7 CFR 4279.120(a) and 4279.119(b), each fiscal year, the Agency shall establish a limit on the maximum portion of B&I guarantee authority available for that fiscal year that may be used to guarantee loans with a reduced guarantee fee or guaranteed loans with an increased percentage of guarantee. The Agency has established that not more than 5 percent of the Agency's apportioned B&I guarantee authority will be reserved for loan guarantee requests with a reduced fee, and not more than 5 percent of the Agency's apportioned B&I guarantee authority will be reserved for guaranteed loan requests with an increased percentage of guarantee. The funds set aside for increased percentages of guarantee and reduced guarantee fees, which were set at 15 percent and 12 percent, respectively pursuant to the 2019 Agency notice, now will change to 5 percent for both with this notice. Once the respective limits are reached, all additional loans will be at the standard fee and guarantee limits. These changes will have the effect of reducing the need for USDA to reprogram funds, which can delay when funds are made available to borrowers at regular terms and are based on past experience in this program. Allowing a reduced guarantee fee or increased percentage of guarantee on certain B&I guaranteed loans that meet the conditions set forth in 7 CFR 4279.120 and 4279.119 will increase the Agency's ability to focus guarantee assistance on projects that the Agency has found particularly meritorious. Subject to annual limits set by the Agency in this notice, the Agency may charge a reduced guarantee fee if requested by the lender for loans of \$5 million or less when the borrower's business supports value-added agriculture and results in farmers benefitting financially, promotes access to healthy foods, or is a high impact business development investment located in a rural community that is experiencing long-term population decline; has remained in poverty for the last 30

years; is experiencing trauma as a result of natural disaster; is located in a city or county with an unemployment rate 125 percent of the statewide rate or greater; or is located within the boundaries of a federally recognized Indian tribe's reservation or within tribal trust lands or within land owned by an Alaska Native Regional or Village Corporation as defined by the Alaska Native Claims Settlement Act. Subject to annual limits set by the Agency in this notice, the Agency may allow increased percentages of guarantee for high-priority projects or loans where the lender needs the increased percentage of guarantee due to its legal or regulatory lending limit.

Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 et seq.), the Office of Information and Regulatory Affairs designated this notice as not major, as defined by 5 U.S.C. 804(2).

Non-Discrimination Statement

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- (1) Mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, DC 20250-9410;
- (2) Fax: (202) 690-7442; or
- (3) Email: program.intake@usda.gov.

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Mark Brodziski,
Acting Administrator,
Rural Business-Cooperative Service,

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