

# Implementation of a New Underwriting Program and “Other Credit Potential” at USDA Rural Development

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It's a new day at USDA Rural Utilities Service. We have implemented the Rural Utilities Service Water Environmental Programs (RUS-WEP) Underwriting Program as an internal financial analysis tool to assist in determining the proper mix of loan and grant funding.

It continues to be this Agency's priority to direct funds to the smallest communities with the lowest incomes. Projecting reasonable user rates and leveraging funds will allow assistance to be provided to the most financially needy communities.

Prior to issuing a Preliminary Eligibility Determination (PED), the following information will now be required:

- Estimated Operating Budget
- Estimated Total Project Cost (Administrative, Technical Services, Construction, and Contingency)
- Estimated Water/Wastewater User Rate Schedule
- Existing Debt
- Operating and Non-Operating Revenue Sources including Tap/Connection Fees

The primary intent of this new requirement is to develop sustainable projects that will be supported by realistic user rates and “short-lived” asset replacement. To this end, the applicant will now be required to provide an operating budget based upon actual loan and grant funding from RUS prior to bid authorization.

We will check and report on “Other Credit” potential rates and terms as we calculate USDA Rural Development loan and grant funding.

Technical assistance continues to be available from USDA Rural Development Local Service Offices, RCAP, and of course NYS Rural Water Association. As this Agency redevelops its Standard Operating Procedures, including the Preliminary Engineering Report revision and also an amended Letter of Conditions, training will be provided to public officials, professional engineers and fiscal consultants.

Again, our basic intent is to help develop sustainable projects at realistic user rates with the best interest rate and terms.

For more detailed information, please contact our website @ [www.rurdev.usda.gov](http://www.rurdev.usda.gov) or me [david.miller@ny.usda.gov](mailto:david.miller@ny.usda.gov) at (315) 477-6427. ♠