

## USDA

# Rural Development Community Facilities Program

### PROGRAM OVERVIEW

The USDA Rural Development Community Facilities (CF) Program provides long-term, fixed-rate financing to support the development, expansion, and modernization of hospitals and senior living facilities serving eligible rural communities. The program is designed to improve access to essential healthcare and senior services where conventional financing is insufficient.

<b>ELIGIBLE BORROWERS</b>	<ul style="list-style-type: none"> <li>Public bodies (e.g., hospital districts, municipalities, counties) and Federally Recognized Tribes</li> <li>Community-based non-profit hospitals and senior living organizations</li> </ul>
<b>ELIGIBLE COMMUNITIES</b>	<ul style="list-style-type: none"> <li>Direct Loans: Rural communities and Tribal Lands with populations <math>\leq</math> 20,000</li> <li>Guaranteed Loans: Eligible projects in communities with populations up to 50,000</li> </ul>
<b>ELIGIBLE PROJECTS</b>	<ul style="list-style-type: none"> <li>Acute care and critical access hospitals</li> <li>Hospital-affiliated outpatient and medical facilities</li> <li>Skilled nursing, assisted living, and memory care communities</li> <li>Campus expansions, renovations, and modernization projects</li> </ul>
<b>USES OF FUNDS</b>	<ul style="list-style-type: none"> <li>Acquisition, construction, expansion, or renovation</li> <li>Medical, operating, and facility equipment</li> <li>Eligible development and financing soft costs</li> <li>Debt refinancing, limited to <math>\leq</math> 50% of total USDA proceeds</li> </ul>
<b>FINANCING STRUCTURES</b>	<ul style="list-style-type: none"> <li>USDA Direct Loans</li> <li>USDA Grants (where available)</li> <li>USDA Guaranteed Loans, often paired with bank or capital markets debt</li> </ul> <p>Multiple sources may be combined for a single project, subject to USDA approval.</p>
<b>FUNDING PRIORITIES</b>	<ul style="list-style-type: none"> <li>Communities with populations <math>\leq</math> 5,500</li> <li>Low-income service areas (median household income <math>&lt;</math> 80% of state non-metro median)</li> <li>Projects demonstrating meaningful improvement to local healthcare and senior services</li> </ul>
<b>KEY DIRECT LOAN TERMS</b>	<ul style="list-style-type: none"> <li>Maximum Term: Up to 40 years (limited by useful life and borrower authority)</li> <li>Interest Rate:             <ul style="list-style-type: none"> <li>Set by USDA Rural Development</li> <li>Fixed for the full term</li> <li>Locked upon USDA project and loan approval, prior to construction start</li> </ul> </li> <li>Prepayment: No penalties</li> </ul>
<b>GUARANTEED LOAN TERMS</b>	<ul style="list-style-type: none"> <li>Rates and structures are project-specific</li> <li>Suitable for larger rural communities (up to 50,000 population)</li> </ul>
<b>ELIGIBILITY &amp; APPROVAL CONSIDERATIONS</b>	<p>Borrowers Should Have:</p> <ul style="list-style-type: none"> <li>5+ years of operating history</li> <li>Demonstrate strong community and stakeholder support</li> <li>Show that conventional financing is not available on feasible terms</li> <li>Complete required environmental reviews, feasibility studies, and third-party reports</li> </ul>
<b>ROLE OF LUMENT SECURITIES, LLC*</b>	<p>Lument Securities, LLC serves as underwriter or placement agent for:</p> <ul style="list-style-type: none"> <li>Short-term construction financing</li> <li>Interim and parity debt, typically issued as tax-exempt bonds or notes</li> </ul>

\*Services provided by Lument Securities, LLC, Member FINRA/SIPC, and its registered representatives.

These obligations are structured to be taken out by USDA Direct and/or Guaranteed CF loans upon substantial completion of construction, subject to USDA approval and satisfaction of closing conditions.

## TYPICAL FINANCING TIMELINE

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### 1. Pre-Development & USDA Application

- Project planning and preliminary design
  - Feasibility study and third-party reports
  - Environmental review (NEPA)
  - USDA underwriting and project approval
  - Direct Loan interest rate locked
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### 2. Construction & Interim Financing Period

- Short-term construction financing issued
  - Typically structured as tax-exempt bonds or notes
  - Underwritten or placed by Lument Securities, LLC
  - Funds disbursed during construction
  - USDA monitors progress and compliance
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### 3. Substantial Completion

- Project construction completed
  - Certificate of occupancy / substantial completion achieved
  - Final USDA conditions satisfied
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### 4. USDA Take-Out / Permanent Financing

- USDA Direct Loan and/or Guaranteed Loan closes
  - USDA proceeds retire interim construction debt
  - Borrower transitions to long-term, fixed-rate USDA financing alongside parity financing
  - Amortization begins (up to 40 years for Direct Loans but typically 35 years)
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