UNNUMBERED LETTERS ISSUED FOR THE MAY OF 2010

Dated	Subject	Distribution
05/06/10	Section 9007, Rural Energy for America Program Program Guidance for Fiscal Year 2010	S/D
05/10/10	Servicing Requirements for Community Facilities Guaranteed Loans	S/D
05/10/10	Guidance on Preparation of Financial Feasibility Evaluations of Community Facilities Projects	S/D
05/10/10	Count of U.S. Military and Federal Civilian Employees-Overseas	S/D
05/12/10	Business and Industry Guaranteed and Direct Loan Programs Write-Down of Debt for an Existing Borrower	S/D
05/13/10	Rural Economic Development Loan and Grant Program Projects Funded for Second Quarter, Fiscal Year 2010	S/D
05/13/10	Rural Business Enterprise Grant Program Rural Economic Area Partnerships Fiscal Year 2010	S/D
05/19/10	Guidance for Completion and Proper Submission of Multi-Family Housing Payment Documents	S/D
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05/20/10	Multi-Family Housing Revitalization Demonstration Program Transaction Closings	S/D
05/25/10	Processing Section 515 New Construction Loan Requests Fiscal Year 2010	S/D
05/25/10	Allocation of Rental Assistance for Renewal Needs for Multi-Family Housing Projects for Fiscal Year 2010	S/D
05/28/10	Program Applicant Debarment/Suspension Screening	SD

May 6, 2010

TO: State Directors, Rural Development

ATTN: Business Programs Directors
Energy Coordinators

SUBJECT: Section 9007, Rural Energy for America Program
Program Guidance for Fiscal Year 2010

The purpose of this Unnumbered Letter (UL) is to provide guidance for receiving and processing Section 9007 loan and grant application requests. The following notes the process for fiscal year (FY) 2010 program delivery.

I. State Allocations

Rural Energy for America Program (REAP) funds are being allocated to States. The total amount of appropriated and carry over funds for FY 2010 is $99,371,998 ($39.34 million in discretionary, $60 million in mandatory, and $31,998 carry-over from FY 2009). The following chart identities the allocations for FY 2010. Funds will be allocated to the States following the methodology and formula stated in RD Instruction 1940-L, section 1940.588, presented as budget authority and program level. The State allocations of loan, grant, and grants of $20,000 or less are provided in Exhibit A and B. The Exhibits also reflect the revised REAP goal amounts for FY 2010.

REAP Allocation

Energy Audit & REDA	$ 2,400,000
Feasibility Study	$ 9,694,000
Grants of $20,000 or less	$19,865,706
State Allocation	$55,636,292
National Office REAP Reserve	$11,776,000
Total	$99,371,998

EXPIRATION DATE:
May 31, 2011

FILING INSTRUCTIONS:
Community/Business Programs

The total State allocation was divided into sub-allocations for discretionary and mandatory funding. Funds may not be transferred between the discretionary and mandatory funds. Discretionary funds not obligated this fiscal year, will revert back to the Treasury Department. Mandatory funds will carry-over to next fiscal year. A base allocation of $50,000 was used to determine the total State allocation.

Note: Discretionary funds must be depleted prior to using mandatory funds.

Twenty percent of the funds may be transferred between loan and grant allocations if available funds are not sufficient to fund the next highest ranked application. **(This does not apply to the allocation for grants of $20,000 or less.)** However, a transfer request will not be approved unless the State has used guaranteed loan funds. If after transferring the 20 percent, the amount available will not fully fund the application, the Agency must contact the applicant giving them the following options:

1. Accept remaining funds available for their project. A written response must be provided to the Agency addressing how the applicant will obtain the balance of the request.
2. Provide a written response accepting the funds available; however, have the application compete in the National Office Reserve for the remaining funds needed; with the understanding the request may not be funded.
3. Provide a written response indicating the full amount of the request needed, and that the applicant would like to compete for National Office Reserve funds with the understanding it may not be funded.

If a State does not obligate all remaining funds prior to the July 30, 2010, pooling date, regardless of which option the applicant selects, funds will be pooled. Transferring funds may cause the State to not meet the goals for the program. A request to transfer funds must be sent to Kelley Oehler or Tony Ashby by the State Director or designee, and must show calculations as indicated below:

NOTE: Calculations are to be rounded <u>down</u> to the nearest cent.

Maximum transfer of guaranteed loan to grant:

$1,000,000 – Initial Guaranteed Loan Allocation
(program level)
$ 200,000 – 20 percent of allocation
($200,000 x .1364 = $27,280.00)
$ 27,280 – Grant allocation increase

Maximum transfer of grant to guaranteed loan:

$500,000 – Initial Grant Allocation
$100,000 – 20 percent of allocation
($100,000.00 divided by .1364 = $733,137.83)
$733,137.83 – Loan allocation increase

The grant funds for energy audits and renewable energy development assistance, and feasibility studies will not be allocated to the States. See section IV of this UL for further guidance.

The funds will be allocated to each State through the Program Funds Control System (PFCS). Refer to the September 23, 2009, UL for the obligation and disbursement process until field staff are trained on Rural Utilities Loan Servicing System (RULSS). Please note the following:

a. Mandatory funding (Exhibit A) and discretionary funding (Exhibit B) will have separate accounts in PFCS.
b. Grants of $20,000 or less will have separate accounts in PFCS and Type of Assistance Codes (Exhibit C).
c. Mandatory funds and funds for grants of $20,000 or less will be processed through the RULSS.
d. The grant funds for $20,000 or less must be obligated by June 30, 2010, or they will revert back to the regular REAP National Office Reserve.

II. National Office REAP Reserve for Loans, Grants, and Loan/Grant Combinations

All applications must be competitively selected and the highest priority projects funded with State allocations to the extent possible. National Office REAP reserve funds will be made available to States in five funding cycles prior to pooling, with an additional funding cycle for the pooled funds. A percentage of the National Office Reserve Funds will be released for each funding cycle, which is outlined in the table below. The priority for the National Office REAP Reserve will be:

a. Loan only;
b. Combinations loans/grants; and
c. Grants.

National Office REAP reserve funds may only be requested when the State Office allocation has been obligated to the extent possible. State Offices can contact applicants providing them with the opportunity to accept the remaining State allocation instead of competing for funds nationally. A loan, grant, or combination application that can only be partially funded by the State allocation can be submitted to the National Office for competition for the balance of the funding. However, the Agency must contact the applicant giving them the three options outlined above. If a State does not obligate all funds prior to the July 30, 2010, pooling date, the funds will be pooled. The State needs to clearly identify on Exhibit D the amount of the State allocation available to fund the project and the amount being requested from the National Office.

Loan only requests for REAP Reserve Funds must be received in the National Office by 4:30 p.m. eastern time each Friday. If a loan only application is above the State's approval authority and is submitted to the National Office for review and concurrence, the loan will automatically compete for reserve funds after approval by the National Office Loan Committee.

In order for projects to compete in the funding cycles, requests for grant only and combination loan and grant REAP Reserve funds must be received in the National Office by 4:30 p.m. local time by the dates indicated on the table below:

National Office Reserved Funds	**Apps due to N/O**	**Funding Date**
Forty Percent	May 28, 2010	June 25, 2010
Thirty Percent	June 11, 2010	July 16, 2010
Twenty Percent	June 25, 2010	July 23, 2010
$20,000 or less pooling	June 30, 2010	August 31, 2010
**Emergency Pooling (25%)	July 2, 2010	(see note below)
Ten Percent Plus Emergency Pooled Funds	July 16, 2010	August 13, 2010
Pooling	July 30, 2010	August 31, 2010

Funds remaining from a funding cycle will be available in the next funding cycle.

**** Emergency Pooling** - If a State has not used at least 50 percent of their loan or grant allocation by July 2, 2010, excluding the grant allocation for $20,000 or less, an emergency pooling of 25 percent of the State's remaining amount will occur. For example, if the State was allocated $1,000,000 guarantee loan program funds and only used $250,000, National Office will pool $187,500 leaving a balance of $562,500 for the State. The same formula applies to grants.

If applications have the same score, and remaining funds (either State or National Office reserve) are not sufficient to award all, the funds must be divided proportionally between the applications. Applicants must be contacted and respond in writing, accepting the funds and that the project can be completed, with a reduction in funding, or identifies replacement funds. If an applicant declines the amount offered, a subsequent increase would be made to the other applications.

States will be notified of the project selections. Projects not selected will carryover to the next funding cycle. States must contact the grantees and/or lenders to advise them that their application will be considered in the next funding cycle.

The State Director or designee may request funds from the National Office REAP reserve by uploading the following to SharePoint:

1. The priority score sheet with sufficient narrative justification for the score assigned. Projects with priority score sheets that lack sufficient documentation to determine if the score assigned was accurate will be held at National Office until sufficient documentation is received, which may delay the project from being funded;
2. Completed Exhibit D "Rural Energy for America Obligation Tracking and Request for National Office REAP Reserve Funding." A request for funding should not be submitted unless the project is ready to be obligated;
3. Guaranteed Loan System (GLS) Obligation report; and
4. An electronic Legislative and Public Affairs Staff (LAPAS) Project Selection Information sheet which has been updated to include program specific data.

Requests for National Office REAP reserve funds must be uploaded to SharePoint under Energy Division to the applicable State and the due date folder. For example: State Request; Wisconsin; May 14, 2010. After the information is loaded to SharePoint, States need to e-mail Kelley Oehler, at Kelley.Oehler@wdc.usda.gov, with a copy to Tony Ashby, at Anthony.Ashby@wdc.usda.gov, stating the number of applications submitted to SharePoint. The National Office will check SharePoint and acknowledge the number of requests.

Emergency pooled funds will be made available for the July 16, 2010, reserve funding cycle.

III. Pooling of funds

All allocated REAP grant and loan funds not obligated by the close of business July 30, 2010, will be pooled and revert to the National Office REAP Reserve and made available to States on a competitive basis. The funding priority for applications after pooling will be:

a. Grants of $20,000 or less until 20 percent has been awarded;
b. Loan only; and
c. Grant only and loan/grant combinations (based on grant score only).

Any funds that are deobligated after the pooling date will also revert to the National Office REAP reserve. States are to immediately notify the National Office of any deobligations by sending a copy of Form RD 1940-10, "Cancellation of U. S. Treasury Check and/or obligation," to the National Office Energy Division, Attention: Kelley Oehler, at Kelley.Oehler@wdc.usda.gov, with a copy to Tony Ashby at Anthony.Ashby@wdc.usda.gov.

IV. National Office REAP Reserve for Feasibility Studies and Energy Audits and Renewable Energy Development Assistance

a. Feasibility Study

The National Office has set-aside $9,694,000 for FY 2010 for grants to agricultural producers or rural small businesses to conduct feasibility studies for projects eligible for REAP financing. All applications are due in the State Offices by the deadline date published in the Notice and in the National Office 30 days after the notice deadline date. The National Office will review and prioritize all applications, and fund in priority score order. Any funds remaining after this process will revert to the National Office REAP reserve.

b. Energy Audit

The National Office has set-aside $2,400,000 for FY 2010 Energy Audits and Renewable Energy Development Assistance (EA/REDA) applications. Applications are due in the State Offices by the deadline date published in the Notice and in the National Office 30 days after the notice deadline date. The National Office will review and prioritize all applications, and fund in priority score order. Funds remaining after this process will revert to the National Office REAP reserve.

c. **National Office Reserve Request**

The State Director or designee will submit EA/REDA and feasibility studies requests to the National Office with the following documents:

1. Completed Exhibit D "Rural Energy for America Obligation Tracking and Request for National Office REAP Reserve Funding";
2. LAPAS Electronic Project Information sheet; and
3. Project Summary/checklist and Priority Score sheet with sufficient narrative justification for assigned score. Projects with priority score sheets that lack sufficient documentation to determine if the score assigned was accurate will be held at National Office until sufficient documentation is received, which may delay the project award.

All requests must be uploaded to SharePoint under the Energy Division to the appropriate State and folder. After the information is loaded to SharePoint, States need to e-mail Kelley Oehler, at Kelley.Oehler@wdc.usda.gov, with a copy to Tony Ashby, at Anthony.Ashby@wdc.usda.gov, stating the number of applications submitted to SharePoint. The National Office will check SharePoint and acknowledge the number of requests.

The electronic files must be labeled and include the funding cycle date as follow:

- Use your States abbreviation as the first characters of the electronic file;
- The applicants name next, using last name if individual or the company name;
- C for combination, G for Grant, or L for guaranteed loan;
- Projsum for the project summary-checklist or other document reference as listed below; and
- For the Reserve Funding Request, include the date of the request.

The following are examples of how files should be named:

DC Doe John C projsum (funding cycle date).doc
DC Energy Systems Inc C projsum (funding cycle date).doc
DC Doe John C Score (funding cycle date).xls
DC Doe John C LAPAS (funding cycle date).doc
DC Reserve Funding Request (funding cycle date).xls

d. Funds remaining in any of the reserves will be combined with the National Office REAP reserve and become available for projects in the priority order noted in Section III.

V. **Loan Approval Authority**

Each State has been delegated specific authority by memorandum signed by the Administrator. The State's delegated authority is the same for both the REAP and Business and Industry programs. The delegated authority will remain in effect as long as the Program Director remains in the position or the authority is otherwise rescinded by the National Office. All loan approval and servicing actions exceeding the delegated authority must be submitted to the National Office for concurrence prior to approval.

VI. **Technical Reviews**

Loan, grant, and combination applications for projects using the following technologies will be reviewed for technical merit and scored by the State Office. However, the National Renewable Energy Laboratory (NREL) will be available to provide technical reviews on technologies where the State lacks the expertise needed to complete the review. The following technologies will be reviewed by the State Office:

- Large Wind
- Small Wind
- Large Solar
- Small Solar
- Biomass – ethanol, biodiesel, and solid fuel production
- Biomass boilers which are commercially available and use feedstock(s) that have a proven history in the boiler, and total project costs less than $200,000.
- Geothermal Direct Use
- Energy Efficiency projects

Loan, grant, and combination applications for projects using the following technologies will be submitted to NREL for technical review and scoring:

- Anaerobic Digesters
- Geothermal Electric Generation
- Hydrogen
- Hydro-power, including hydro-electric and ocean energy
- Biomass technologies not listed above

If the project consists of a hybrid technology, and the technical review is a State Office responsibility, the State will review the technical report. If one or more of the technologies require NREL review, NREL will review the technical reports. A complete copy of the application must be forward for all NREL reviews.

The fillable excel document used last fiscal year, must be used this year. NREL will forward an electronic version to the appropriate State Energy Coordinator. The total score must be entered in GLS.

VII. Scoring

The Administrative Notice 4505 "Rural Energy for America Program Scoring Clarification," was re-issued on April 20, 2010, to provide clarification for scoring REAP projects. States are encouraged to conduct outreach to target small grants.

VIII. Servicing

a. Grant Agreements

Grant Agreements cannot be signed prior to the obligation date. The Grant Agreement must be executed by the grantee and the Agency approval official prior to disbursement of funds.

b. Reporting – All Grants

In the Reporting section of the Grant Agreement, it indicates the grantee is required to provide reporting information after each quarter. The Office of Management and Budget (OMB) has replaced the following Financial Report forms:

a. SF 269;
b. SF 269A;
c. SF 272; and
d. SF272A

The forms are replaced by Forms SF 425, Federal Financial Report and SF 425A, Federal Financial Report Attachment. The new forms must be used for all existing and new grant projects.

c. Reporting – Grants exceeding $100,000

Office of Management and Budget (OMB) also developed a standard form for reporting performance progress on grant projects. The SF-PPR, "Performance Progress Report," SF-PPR-B, SF-PPR-D and SF-PPR-E must be used to report the progress of projects **if the grant is $100,000 or more**. The following information required in the Grant Agreement for quarterly and annual performance reports must be completed on:

Form SF-PPR-B:

1. 7 (A) (1) (a) (b) (c) (d)
2. 7 (B) (a) (v), (vi) and (vii).

Form SF- PPR-D:
1. 7 (B) (a) (i), (ii), (iii), (iv), and (b).

Form SF-PPR-E:
1. 7 (A) (2)

The forms may be found on the following web site: http://www.whitehouse.gov/omb/grants_forms/.

d. Reporting – Grants less than $100,000

The following templates, available on SharePoint, must be used to meet the requirements in the Grant Agreement:

1. "Quarterly Energy Performance Report" for the quarterly requirements of (7) A (1) and the final project development report requirements in (7) A (2).
2. "Annual Energy Performance Report" must be used for the requirements in (7) B (2) (a) and (b).

e. Change of Technology

Projects changing technology, other than initially proposed by the applicant and approved by Rural Development, must be approved by the Agency prior to the purchase of the system. Field staff will consult with the National Office prior to approving the new technology.

f. Monitor Fund Usage

Each Energy Coordinator is responsible for monitoring funds to ensure appropriate use and timely disbursement. All projects should be monitored bi-monthly for any unliquidated obligation by executing GLS report GLSR029, Unliquidated Obligations or similar report from RULSS.

g. De-obligation of FY 2005 Awards

Please Note: Funds obligated in FY 2005 and not advanced by September 30, 2010, will be de-obligated.

VX. Oversight

The National Office will post review REAP projects using a risk-based approach by periodically selecting individual projects for review. When requested, the State Office will forward the following information to the National Office for each project selected, to the attention of the Energy Division.

a. REAP guaranteed loans

1. Copy of the Project Summary;
2. Copy of the State Loan Committee minutes;
3. Copy of the lender's credit analysis, including the pro forma balance sheet projected for loan closing, and spreads of historic and projected financial statements;
4. Copy of the technical report;
5. For existing businesses, a copy of the historic financial statements;
6. Summary pages of the appraisal report(s), including the qualifications of the appraiser and a copy of the desk or technical review by the State Review Appraiser, if applicable;
7. Copy of the Conditional Commitment;
8. Copy of the proposed (or actual, if the loan is closed) Loan Agreement between the lender and the borrower.

b. REAP grants

1. Copy of the Scope of Work.
2. Documentation the application met demonstrated financial need. (For grants and loan-grant combinations over $200,000 total project cost; a certification for those less than $200,000).
3. Copy of the Letter of Conditions.
4. Copy of the technical report.
5. Certification of Financial Need.
6. Grant disbursement documentation, including all Forms SF 270 received to date with supporting documentation.
7. Evidence of grant monitoring, including all Forms SF 425 and SF 425A received to date.

c. <u>REAP loan/grant combinations</u>

Documentation requested for both loans and grants.

If you have any questions, please contact the Energy Division at (202) 720-1400.

(Signed by Judith A. Canales)

JUDITH A. CANALES
Administrator
Business and Cooperative Programs

Attachments:

Exhibit A – Mandatory Rural Energy for America Program FY 2010 State Allocations
Exhibit B - Discretionary Rural Energy for America Program FY 2010 State Allocations
Exhibit C – Type of Assistance Codes
Exhibit D - Rural Energy for America Program Obligation Tracking Sheet and Request for National Office REAP Reserve Funding

EXHIBIT A
Mandatory REAP Funds

STATE	Grant Only greater than $20,000	Budget Authority for Loan	Program Loan Level	Grants of $20,000 or less
Alabama	$486,093	$600,269.15	$4,400,800.20	$385,667
Alaska	$86,103	$94,380.02	$691,935.60	$68,314
Arizona	$258,966	$313,170.01	$2,295,967.80	$205,464
Arkansas	$328,081	$400,619.98	$2,937,096.60	$260,299
California	$520,087	$643,499.98	$4,717,741.80	$412,637
Colorado	$199,498	$237,929.99	$1,744,354.80	$158,282
Delaware	$63,794	$66,330.01	$486,290.40	$50,614
Maryland	$155,066	$181,500.01	$1,330,645.20	$123,030
Florida	$505,540	$625,020.02	$4,582,258.20	$401,095
Virgin Islands	$24,413	$16,500.01	$120,967.80	$19,369
Georgia	$648,366	$805,530.01	$5,905,645.20	$514,414
Hawaii	$70,428	$74,910.03	$549,193.80	$55,878
W. Pacific Areas	$24,413	$16,500.01	$120,967.80	$19,369
Idaho	$136,714	$158,400.01	$1,161,290.40	$108,469
Illinois	$409,217	$503,250.04	$3,689,516.40	$324,673
Indiana	$421,726	$518,760.03	$3,803,226.00	$334,598
Iowa	$260,397	$314,819.98	$2,308,064.40	$206,599
Kansas	$180,355	$213,839.98	$1,567,741.80	$143,094
Kentucky	$503,166	$622,049.96	$4,560,483.60	$399,212
Louisiana	$314,965	$383,789.99	$2,813,709.60	$249,893
Maine	$190,003	$226,050.02	$1,657,258.20	$150,748
Massachusetts	$98,916	$110,549.96	$810,483.60	$78,480
Connecticut	$102,536	$115,499.97	$846,774.00	$81,352
Rhode Island	$35,946	$31,350.04	$229,839.00	$28,520
Michigan	$632,876	$785,729.96	$5,760,483.60	$502,124
Minnesota	$347,072	$424,380.01	$3,111,290.40	$275,367
Mississippi	$439,439	$541,199.98	$3,967,741.80	$348,651
Missouri	$428,360	$527,339.97	$3,866,128.80	$339,861
Montana	$131,815	$152,130.00	$1,115,322.60	$104,582
Nebraska	$134,980	$156,089.99	$1,144,354.80	$107,093
Nevada	$114,103	$129,689.97	$950,806.20	$90,529
New Jersey	$97,636	$109,229.97	$800,806.20	$77,465
New Mexico	$142,405	$165,660.04	$1,214,516.40	$112,984
New York	$487,524	$601,920.02	$4,412,903.40	$386,802
North Carolina	$715,746	$890,670.04	$6,529,839.00	$567,873
North Dakota	$79,133	$85,799.99	$629,032.20	$62,784

Ohio	$619,423	$768,899.98	$5,637,096.60	$491,451
Oklahoma	$295,670	$359,370.00	$2,634,677.40	$234,585
Oregon	$217,850	$261,029.99	$1,913,709.60	$172,843
Pennsylvania	$580,985	$720,389.97	$5,281,451.40	$460,954
Puerto Rico	$128,649	$148,170.01	$1,086,290.40	$102,071
South Carolina	$444,338	$547,469.99	$4,013,709.60	$352,538
South Dakota	$105,398	$118,800.01	$870,967.80	$83,623
Tennessee	$559,165	$692,670.03	$5,078,226.00	$443,641
Texas	$715,746	$890,670.04	$6,529,839.00	$567,873
Utah	$94,168	$104,610.02	$766,935.60	$74,713
Vermont	$108,866	$123,420.04	$904,839.00	$86,375
New Hampshire	$118,514	$135,629.99	$994,354.80	$94,029
Virginia	$425,043	$523,050.00	$3,834,677.40	$337,229
Washington	$266,088	$322,080.01	$2,361,290.40	$211,114
West Virginia	$221,959	$266,309.98	$1,952,419.20	$176,102
Wisconsin	$378,540	$464,309.99	$3,404,032.20	$ 300,333.94
Wyoming	$64,586	$67,320.03	$493,548.60	$ 51,242.32
Totals	$15,120,867	$18,358,559.21	$134,593,542.60	$11,996,900

EXHIBIT B
Discretionary REAP Funds

STATE	Grants of greater than $20,000	Budget Authority for Loan	Program Loan Level	Grants of $20,000 or less
Alabama	$318,830	$400,179.43	$2,933,866.80	$252,960
Alaska	$56,475	$62,920.01	$461,290.40	$44,807
Arizona	$169,857	$208,780.01	$1,530,645.20	$134,764
Arkansas	$215,189	$267,079.98	$1,958,064.40	$170,731
California	$341,127	$428,999.99	$3,145,161.20	$270,650
Colorado	$130,852	$158,620.00	$1,162,903.20	$103,818
Delaware	$41,843	$44,220.01	$324,193.60	$33,198
Maryland	$101,708	$121,000.00	$887,096.80	$80,696
Florida	$331,585	$416,680.01	$3,054,838.80	$263,080
Virgin Islands	$16,013	$11,000.01	$80,645.20	$12,705
Georgia	$425,265	$537,020.00	$3,937,096.80	$337,406
Hawaii	$46,194	$49,940.02	$366,129.20	$36,650
W. Pacific Areas	$16,013	$11,000.01	$80,645.20	$12,705
Idaho	$89,671	$105,600.01	$774,193.60	$71,145
Illinois	$268,407	$335,500.02	$2,459,677.60	$212,954
Indiana	$276,612	$345,840.02	$2,535,484.00	$219,464
Iowa	$170,795	$209,879.99	$1,538,709.60	$135,509
Kansas	$118,295	$142,559.99	$1,045,161.20	$93,856
Kentucky	$330,028	$414,699.98	$3,040,322.40	$261,844
Louisiana	$206,586	$255,859.99	$1,875,806.40	$163,906
Maine	$124,623	$150,700.01	$1,104,838.80	$98,876
Massachusetts	$64,879	$73,699.98	$540,322.40	$51,475
Connecticut	$67,254	$76,999.98	$564,516.00	$53,359
Rhode Island	$23,577	$20,900.03	$153,226.00	$18,706
Michigan	$415,105	$523,819.98	$3,840,322.40	$329,345
Minnesota	$227,646	$282,920.01	$2,074,193.60	$180,614
Mississippi	$288,229	$360,799.99	$2,645,161.20	$228,681
Missouri	$280,963	$351,559.98	$2,577,419.20	$222,916
Montana	$86,458	$101,420.00	$743,548.40	$68,596
Nebraska	$88,534	$104,060.00	$762,903.20	$70,243
Nevada	$74,840	$86,459.98	$633,870.80	$59,378
New Jersey	$64,040	$72,819.98	$533,870.80	$50,809
New Mexico	$93,404	$110,440.02	$809,677.60	$74,107
New York	$319,769	$401,280.02	$2,941,935.60	$253,705
North Carolina	$469,460	$593,780.03	$4,353,226.00	$372,470
North Dakota	$51,903	$57,199.99	$419,354.80	$41,180

Ohio	$406,281.8	$512,599.98	$3,758,064.40	$322,344
Oklahoma	$193,930.8	$239,580.00	$1,756,451.60	$153,865
Oregon	$142,888.8	$174,019.99	$1,275,806.40	$113,368
Pennsylvania	$381,070.0	$480,259.98	$3,520,967.60	$302,341
Puerto Rico	$84,381.6	$98,780.01	$724,193.60	$66,948
South Carolina	$291,442.9	$364,979.99	$2,675,806.40	$231,231
South Dakota	$69,130.9	$79,200.01	$580,645.20	$54,848
Tennessee	$366,758.0	$461,780.02	$3,385,484.00	$290,986
Texas	$469,460.4	$593,780.03	$4,353,226.00	$372,470
Utah	$61,765.0	$69,740.01	$511,290.40	$49,004
Vermont	$71,405.8	$82,280.03	$603,226.00	$56,653
New Hampshire	$77,733.6	$90,420.00	$662,903.20	$61,674
Virginia	$278,787.3	$348,700.00	$2,556,451.60	$221,190
Washington	$174,527.8	$214,720.01	$1,574,193.60	$138,470
West Virginia	$145,583.4	$177,539.99	$1,301,612.80	$115,506
Wisconsin	$248,285.8	$309,539.99	$2,269,354.80	$196,990
Wyoming	$42,362.0	$44,880.02	$329,032.40	$33,610
Total	$9,917,826.47	$12,239,039.47	$89,729,028.40	$7,868,806

Exhibit C
Type of Assistance Codes

Discretionary Funding

Type of Assistance Code	Program Description
357	Renewable Energy Systems – Guaranteed Loan Only
358	Renewable Energy Systems Grant
360	Renewable Energy Systems – Combination Guaranteed Loan/Grant
369	Energy Efficiency Improvements Program – Guaranteed Loan
370	Energy Efficiency Improvement Grant
372	Energy Efficiency Improvement – Combo Guaranteed Loan/Grant
609	Feasibility Study
612	Grants of $20,000 or less – Renewable Energy Systems
613	Grants of $20,000 or less – Energy Efficiency Improvements

Mandatory Funding

Type of Assistance Code	Program Description
505	REAP Mandatory Feasibility Studies
506	Mandatory Energy Audit Grants
507	Mandatory Renewable energy Development Assistance Grants
508	REAP Mandatory Renewable Energy System Grants
509	REAP Mandatory Renewable Energy Systems Guaranteed Loans
510	REAP Mandatory Renewable Energy System Combination Guaranteed Loan/Grant
511	REAP Mandatory Energy Efficiency Improvement Grants
512	REAP Mandatory Energy Efficiency Improvement Guaranteed Loans
513	REAP Mandatory energy Efficiency Improvement Combination Guaranteed Loans/Grants
614	Grants of $20,000 or less – Renewable Energy Systems
615	Grants of $20,000 or less – Energy Efficiency Improvement

(State) RURAL ENERGY for AMERICA Program Obligation Tracking Sheet and Request for National Office REAP Reserve Funding

Project Name (in order of funding preference)	Priority Score	Obligation Date	Technology Type (Wind, Solar, AD, Geo-Dir, Hybrid)	Grant Request $20,000 or less	Grant Request more than $20,000	Loan Request	Grant $20,000 or less	Grant more than $20,000	Combination	G-Loan Only	Guaranteed Loan		Grant	
											Loan Balance	Loan Budget Authority	Grant $20K or less Balance	Grant more than $20K Balance
Initial State Allocation							X	X	X	X	$ -	$ -	$ -	$ -
				$ -	$ -	$ -					$ -	$ -	$ -	$ -
				$ -	$ -	$ -					$ -	$ -	$ -	$ -
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(State) RURAL ENERGY for AMERICA Program Obligation Tracking Sheet and Request for National Office REAP Reserve Funding

Project Name (in order of funding preference)	Priority Score	Date sent to National Office	Technology Type (Wind, Solar, AD, Geo-Dir, Hybrid)	Grant Request $20,000 or less	Grant Request more than $20,000	Loan Request	Grant $20,000 or less	Grant more than $20,000	Combination	G-Loan Only	Guaranteed Loan: Loan Balance	Guaranteed Loan: Loan Budget Authority	Grant: Grant $20K or less Balance	Grant: Grant more than $20K Balance
Request for National Office REAP Reserve Funding							X	X	X	X				
				$ -	$ -	$ -					$ -	$ -	$ -	$ -
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Exhibit D

(State) RURAL ENERGY for AMERICA Program Obligation Tracking Sheet and Request for National Office REAP Reserve Funding							
Project Name (in order of funding preference)	Priority Score	Date sent to National Office	Grant Request	Energy Audit	Renewable Energy Development Assistance	Feasibility Study	Grant / Grant $20K or less Balance
Energy Audit and Renewable Energy Development Assistance				**X**	**X**	**X**	$ -
			$ -				$ -
			$ -				$ -
			$ -				$ -
			$ -				$ -
			$ -				$ -
			$ -				$ -
Renewable Energy Feasibility Study				**X**	**X**	**X**	$ -
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May 10, 2010

TO: All State Directors

ATTN: Community Programs Directors

FROM: Tammye H. Treviño *(Signed by Tammye H. Trevino)*
Administrator
Housing and Community Facilities Programs

SUBJECT: Servicing Requirements for Community Facilities Guaranteed Loans

The overall success rate for Community Facilities Guaranteed Loans continues to be very high and is reflective of your efforts to effectively manage the loan servicing aspect of program operations.

We recognize that the primary responsibility for servicing rests with the lender, pursuant to the Lender's Agreement and reasonable and prudent lending standards. In monitoring our servicing activities over the past year, however, there are several areas that need emphasizing in order to strengthen our overall servicing efforts, maintain a high success rate in our portfolio and reduce the potential for losses in the program.

Loan Reporting By Lender

The lender must report to the Agency the outstanding principal and interest balance on each guaranteed loan semiannually by use of Form RD 1980-41, "Guaranteed Loan Status Report". The Deputy Chief Financial Office (DCFO) will contact the lender by e-mail to complete the form on-line or the form will be mailed directly to the lender. If the form has not been completed on-line, the lender will complete the form and mail it back to the Rural Development state servicing office.

The Community Programs staffs are to insure that the reports are submitted timely, that the reported loan balances are accurately entered into the Guaranteed Loan System (GLS); and, that a report has been submitted for all outstanding guaranteed loans in their state.

Financial Reports

The lender must obtain the financial statements required by the Loan Agreement. The borrower's annual financial statements must be submitted by the lender to the Agency servicing office within 120 days of the end of the borrower's fiscal year. The lender must analyze the financial statements and provide the Agency servicing office with a written summary of the lender's analysis and conclusions, including trends, strengths, weaknesses, extraordinary transactions, and other indications of the financial condition of the borrower. Additionally, when applicable, the lender will require an audit in accordance with Office of Management and Budget (OMB) circulars (available in any Agency office).

EXPIRATION DATE:
June 30, 2011

FILING INSTRUCTIONS:
Business/Community Programs

Community Programs staff will review the financial statements and lender analysis to insure appropriate remedial action is taken, if necessary. This is a very critical aspect of servicing our portfolio. Appropriate follow-up is necessary to assure this aspect of servicing is fully met.

Requirements for Defaulted Guaranteed Loans

The lender must immediately notify the Agency when a borrower is placed on a watch list by the lender or other indicator of an intensive servicing situation, is 30 days past due on a payment, has not met its responsibilities of providing the required financial statements, or is otherwise in default. If a monetary default exceeds 30 days, the lender will arrange a meeting with the borrower within forty-five (45) days of the default to resolve the default. The lender will provide a written summary of the meeting and any decisions or actions agreed upon within ten (10) days of the meeting, to the Agency. The lender will continue to provide the Agency, at least on a quarterly basis, a written summary to include the cause of default, amount of default, and the remedial action necessary and being taken to cure the default. The lender will also report bimonthly using the “Guaranteed Loan Borrower Default Status” Form RD 1980-44, until such time as the loan is no longer in default.

DCFO Notification

The State Director will notify the DCFO of any change in payment terms such as reamortizations or interest rate adjustments and effective dates of any changes resulting from servicing actions.

The State Director will also report quarterly to the National Office on all delinquent and problem loans, to include the cause of default, amount of default and the remedial action necessary to cure the default. The report will be in the suggested format shown as “Exhibit A,” on the attachment.

Bankruptcy

The lender will inform the Agency immediately upon notification of a bankruptcy case and keep the Agency adequately and regularly informed, in writing, of all aspects of the proceedings, at a minimum, on a quarterly basis.

With your continued support and servicing efforts, we expect to see a continuing downward trend in the default rates and losses for the Community Facilities Guaranteed Loan Program. Please provide a copy of this unnumbered letter to your participating lenders. If you have any questions regarding the above, please contact Kendra Doedderlein, Senior Loan Specialist, Guaranteed Loan Division, and Community Programs at 202-720-1503.

Attachment

Please submit this report to Kendra Doedderlein by the 20th day of January, April, July and October.

Revised 9/24/09

QUARTERLY DELINQUENCY REPORT FOR NATIONAL OFFICE

BORROWER ID NO.: ________________

BORROWER NAME: ____

LOAN AMOUNT: ________________

LENDER: ____

GUARANTEED PERCENTAGE:	**LOAN BALANCE:**	**TOTAL AMT. DELINQUENT:**	**TOTAL MONTHS DELINQUENT:**
___________%	$____________	$____________	$ ____________

(If additional space is required to fully discuss the following items, please attach a separate sheet of paper.)

REASON FOR DELINQUENCY:

____

____

____

PLAN TO CURE DELINQUENCY:

____

____

ESTIMATED TIME TO CURE DELINQUENCY:

____

OTHER RELEVANT INFORMATION:

____

____

____

COMMUNITY PROGRAMS DIRECTOR:

________________________________ ____________

Signature *Date*

STATE OFFICE:

____

STATE DIRECTOR:

________________________________ ____________

Signature *Date*

May 10, 2010

TO: State Directors
Rural Development

ATTN: Community Programs Directors

FROM: Tammye H. Treviño ***(Signed by Tammye H. Trevino)***
Administrator
Housing and Community Facilities Programs

SUBJECT: Guidance on Preparation of Financial Feasibility Evaluations of Community Facilities Projects

INTRODUCTION:

The purpose of this unnumbered letter is to provide guidance and information to State Offices to assist them in the financial feasibility evaluation of proposals for financing under Community Programs. RD Instruction 3575-A, section 3575.47 and RD Instruction 1942-A, section 1942.17 (h) establishes the requirements for financial feasibility. These sections address the requirement for a financial feasibility evaluation on all projects. For smaller, less complex projects, an analysis may be appropriate, while for larger, more complex projects, requiring a financial feasibility report is necessary. Attachment “A” to this memorandum provides examples of projects that require either a financial feasibility analysis or a full financial feasibility report prepared by an independent consultant.

Additionally, based upon the number of dockets reviewed by the National Office for concurrence, it has been concluded that the overall quality of the financial feasibility reports for larger health care facilities is less than desirable. A major concern is that the financial evaluation is not supported by an examination opinion. It is the examination opinion, backed by the consultant’s professional liability insurance that is relied upon when making a Community Facilities loan or guarantee. An examination opinion in accordance with the standards of attestation of the American Institute of Certified Public Accountants (AICPA) is required on community facility projects. In some cases, compilations of financial information provided by the applicant are being erroneously accepted in lieu of a Certified Public Accountant’s (CPA) examination opinion. Familiarity with the various types of CPA engagements or services is necessary to understand the reliability of the financial analysis. Attachment “B” to this memorandum describes the type of financial engagement services that we are typically seeing.

Attachments

EXPIRATION DATE
June 30, 2011

FINING INSTRUCTIONS:
Community/Business Programs

It is intended that staff have a solid grasp of the professional standards used by project consultants. Sound financial feasibility will support a project that will be of true benefit to the community and one that has the ability to properly meet its financial obligations.

If you have any questions concerning this issue, please contact Kendra Doedderlein at (202) 720-1503.

Attachment “A”

FINANCIAL FEASIBILITY ANALYSES
and
FINANCIAL FEASIBILITY REPORTS

Financial Feasibility Analysis

Rural Development regulations require a financial feasibility analysis on facilities providing fire and rescue services, facilities that are not dependent upon facility revenues, loans of less than $500,000, and similar facilities that have been operated by the borrower successfully. The analysis may be prepared by the borrower, lender or other qualified consultant based upon agency guidelines in Exhibit A of RD Instruction 3575-A entitled “Financial Feasibility Report (General)”; and, for the Community Facilities Direct Loan Program, Guide 5 to RD Instruction 1942-A, and RD Instruction 1942-C. On utility projects, the consulting engineer may complete the analysis. These types of facilities do not require the in-depth study that start-ups and larger, more complex projects or projects of a unique nature require.

Financial Feasibility Report

A financial feasibility report is required on community facility projects that involve the start-up of a new facility, an expansion, improvement or renovation that will result in a substantial change in scope, a larger more complex project, or a project of a unique nature. The financial feasibility report will address the adequacy of equity, cash flow from reliable sources, security, history, management capabilities of the applicant, need for the facility and competition. The report is complimented by a technical report, such as the preliminary architectural report. The financial feasibility report is to be prepared by an independent consultant with the necessary experience, qualifications and expertise to perform the study. RD personnel should verify the consultant’s professional expertise to perform the work, as well as, requiring the consultant to declare any other relationship held with the applicant prior to commencing work, a written qualification statement showing the consultant’s credentials and experience in completing financial feasibility reports and active professional liability insurance coverage. Examples are as follows:

Project	History	Evaluation Needed	Reason
Medical Equipment for Public Clinic	$200,000 loan request 5 year operating history	Financial feasibility analysis	Successful history Below $500,000
Renovation of assisted living center	$900,000 20 year operating history	Financial feasibility analysis	Successful history No change in scope of operations
Dinosaur museum	$2,800,000 loan request Start-up	Financial feasibility report	Start-up No history
Critical access hospital, new location & services	$17,000,000 50 year operating history	Financial feasibility report	Change in scope, size and complexity
Emergency services equipment & bldg.	$3,500,000 New facility revenue bond security w/tax revenue	Financial feasibility analysis	Assured income to cover debt
Community theater	$8,000,000 loan request Established theater group Solid fund raising Campaign	Financial feasibility report	Start-up Lack of successful history

Attachment “B”

FINANCIAL FEASIBILITY
ENGAGEMENTS

An Examination Opinion in Accordance with the Standards of Attestation of the American Institute of Certified Public Accountants

A very important component of the financial feasibility report is the financial analysis. The examination in accordance with the standards of attestation of the American Institute of Certified Public Accountants of the financial information provided by the applicant will culminate in an examination opinion on the reliability of the applicant’s financial statements and management’s underlying assumptions. A Certified Public Accountant’s written opinion is held with confidence and supported by the reputation of the Certified Public Accountant and/or firm and further backed by professional liability insurance.

A Compilation Report of Financial Information Provided by Management

A compilation is a presentation of financial statements provided by applicant’s management in the form of a report. An opinion is not rendered, nor is assurance provided on the statements or the underlying assumption. The compilation report cannot be relied upon to support the viability of a community facilities project.

A Compilation Report with Agreed Upon Procedures

At the time of the engagement of services the client specifies the procedures to be used in reviewing and testing the financial information provided by management. This form of engagement is accepted, where the scope of the engagement is not sufficient to express an opinion. The compilation report with agreed upon procedures cannot be relied upon to support the viability of a community facilities project.

May 10, 2010

SUBJECT: Count of U.S. Military and
Federal Civilian Employees - Overseas

TO: State Directors

ATTN: Administrative Program Directors
Human Resources Managers

FROM Sherie Hinton Henry ***(Signed by Clyde Thompson) for***
Administrator
Operations and Management

The Bureau of Census has requested agencies to collect data concerning the count of United States military and federal civilian employees stationed overseas, and their dependents living with them, by home state of residence. The data collected will be used to determine the number of Congressional representatives from each state.

If you have any employees in the military, or employees stationed overseas and their dependents living with them, please see the attached Guidelines for Completion of Form D-55 Counts of Federally Affiliated Overseas Personnel and Dependents by Home State of Residence 2010 Census. Please complete the attached D-55 form, Counts of Federally Affiliated Overseas Personnel and Dependents by Home State of Residence 2010 Census using your most up-to-date records as of April 1, 2010.

Your report should be forwarded electronically (in PDF format) to Patrick Coates, Human Resources Specialist at Patrick.Coates@wdc.usda.gov by no later than **June 14, 2010.**

Attachment

EXPIRATION DATE: April 30, 2011	FILING INSTRUCTIONS: Administrative/Other Programs

Sent by electronic mail on May 11, 2010 at 5:15 P.M. by Human Resources.
State Directors shall notify other personnel as appropriate.

GUIDELINES FOR COMPLETING FORM D-55 COUNTS OF FEDERALLY AFFILIATED OVERSEAS PERSONNEL AND DEPENDENTS BY HOME STATE OF RESIDENCE 2010 Census

Item 1: Department/Agency Name – Enter the full name of your department and agency.

Item 2: Contact Person – Enter the name, telephone number, and e-mail address of a person we can contact if we have questions about the counts submitted.

Item 3: Counts of Federally Affiliated Overseas Personnel and Dependents by Home State of Residence

- Include as "Overseas," personnel stationed outside the 50 U.S. states and the District of Columbia. This includes personnel stationed in the Commonwealth of Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.
- For the "Personnel" column, include each employee of a U.S. Federal agency who is a U.S. citizen stationed at an overseas post.
- Assign employees to the state that the employee claims as his/her home state while serving overseas.
- Do not include employees who claim residence in a foreign country or U.S. territory. For example, do not include a person who claims residence in the Commonwealth of Puerto Rico, Guam, the Island Areas, Germany, or the Philippines.
- Include only those employees for whom a home state of residence is not available in the box "home state not reported."
- Assign each person individually to a state or the District of Columbia.
- Do not include "contract employees," even if they are U.S. citizens, hired and employed abroad. Contract employees are individuals hired by firms having a contractual relationship with your agency; they are not paid directly by your agency.
- For the "Dependents" column, include dependents of the employee who are living with the employee at the overseas post. Do not include any dependent who lives stateside or in countries other than the one to which your employee is assigned.
- Include each dependent living overseas for whom a home state of residence is shown on your records or use the home state of residence of the employee as the residence of the dependent.

Item 4: Avoiding Duplicate Reporting – Indicate whether you were able to unduplicate your counts according to the following guidelines:

- Do not include any employee of your department/agency who is married to, or is the dependent of, an overseas member of the military or a Federal civilian employee of the Department of Defense. These persons will be counted as dependents of the Defense Department employee.
- If both spouses of an overseas married couple work for your department/agency, count them as two employees but do not count either as a dependent. If they have additional dependents living with them, count the dependents with either spouse, but not with both spouses. This same rule applies to any situation where two or more overseas persons work for your agency and have some type of dependent relationship, such as parent and child.
- If your employee is married to, or is the dependent of, an overseas employee of a Federal agency, other than the Department of Defense, include the employee and dependents in your counts. Explain in the notes section:

  (1) the extent to which this occurred;

  (2) the other agencies involved;

  (3) the states involved;

  (4) the number of persons added to each particular state.

  If you cannot provide such detail, indicate in the "Notes" the extent to which this occurred.

Item 5: Reference Date – Provide the counts as of Census Day (April 1, 2010) or as close as possible to April 1. If not April 1, enter the date this file was last updated.

Item 6: Source File – Enter the name of the file or system you used to compile the counts, the main purpose of the file (for example, payroll and personnel), and the population covered.

Item 7: No Overseas Personnel – Enter "0" in the box if your department/agency has no overseas personnel.

Item 8: CERTIFICATION – Enter your signature, title, and the date.

OMB No. 0607-0919C: Approval expires 12/31/2011

FORM **D-55**
(6-11-2008)

U.S. DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. CENSUS BUREAU

COUNTS OF FEDERALLY AFFILIATED OVERSEAS PERSONNEL AND DEPENDENTS BY HOME STATE OF RESIDENCE
2010 Census

1. Department/Agency name

2a. Name of contact person

b. Telephone — Area code — Number

c. E-mail address

3. COUNTS OF FEDERALLY AFFILIATED OVERSEAS PERSONNEL AND DEPENDENTS BY HOME STATE OF RESIDENCE

State (a)	Total (b)	Personnel (c)	Dependents (d)	State (a)	Total (b)	Personnel (c)	Dependents (d)
Alabama				Montana			
Alaska				Nebraska			
Arizona				Nevada			
Arkansas				New Hampshire			
California				New Jersey			
Colorado				New Mexico			
Connecticut				New York			
Delaware				North Carolina			
District of Columbia				North Dakota			
Florida				Ohio			
Georgia				Oklahoma			
Hawaii				Oregon			
Idaho				Pennsylvania			
Illinois				Rhode Island			
Indiana				South Carolina			
Iowa				South Dakota			
Kansas				Tennessee			
Kentucky				Texas			
Louisiana				Utah			
Maine				Vermont			
Maryland				Virginia			
Massachusetts				Washington			
Michigan				West Virginia			
Minnesota				Wisconsin			
Mississippi				Wyoming			
Missouri				Home state not reported			

4. Are counts of dependents unduplicated according to the guidelines?	☐ Yes ☐ No
5. Are the counts as of April 1, 2010?	☐ Yes ☐ No – *Specify date* → Month ☐☐ Day ☐☐ Year ☐☐☐☐
6. What is your source for the counts?	
a. System name	
b. System purpose	
c. Population covered	
7. Enter "0" in the box if your department/agency has no overseas personnel.	☐

NOTES

8. CERTIFICATION

I certify that the official records of my office show the above information, and that to the best of my knowledge, this information is correct.

a. Signature

c. Date
Month ☐☐ Day ☐☐ Year ☐☐☐☐

b. Title

RETURN COMPLETED FORM BY JULY 9, 2010

CHIEF, DECENNIAL MANAGEMENT DIVISION
ATTN: PUERTO RICO, ISLAND AREAS
AND OVERSEAS BRANCH
U.S. CENSUS BUREAU
WASHINGTON DC 20233

May 12, 2010

TO: State Directors, Rural Development

ATTN: Business Programs Directors

SUBJECT: Business and Industry Guaranteed and Direct Loan Programs
Write-Down of Debt for an Existing Borrower

The purpose of this Unnumbered Letter (UL) is to clarify that only the Administrator may write-down the debt for an existing borrower who will continue to operate a facility. National Office concurrence is required when the State Office believes that writing down the debt and leaving the borrower in business, is in the best interest of the Government.

Documentation should be forwarded to the Administrator in accordance with RD Instruction 4287-B, Appendix A, Modification or Administrative Action. Your request for Modification or Administrative Action must be in the proper format, including a complete explanation of the request, financial analysis, any appropriate supporting documentation, and the State Director's recommendation.

If you have any questions on the information provided, please contact the Business and Industry Division directly at (202) 690-4103.

(Signed by Judith A. Canales)

JUDITH A. CANALES
Administrator
Business and Cooperative Programs

EXPIRATION DATE:
May 31, 2011

FILING INSTRUCTIONS:
Community/Business Programs

May 13, 2010

TO: State Directors, Rural Development

ATTN: Business Programs Directors

SUBJECT: Rural Economic Development Loan and Grant Program
Projects Funded for Second Quarter, Fiscal Year 2010

Business Programs has announced loan and grant selections for the second quarter of fiscal year (FY) 2010 under the Rural Economic Development Loan and Grant program. A listing of loan and grant awards is attached for your information.

During the second quarter of FY 2010, ten zero-interest loan applications totaling $5,660,000 were considered by Business Programs. Based on the availability of funds, all applications submitted were selected for funding. These funds will be leveraged by $43,849,381 of private and public financing, directly create 726 jobs in rural areas, and help retain 271 existing positions.

In addition to the loan selections, seven grants totaling $1,768,570 to finance revolving loan fund programs that will be operated by rural electric utilities were selected for funding. The initial zero-interest loans from the revolving loan fund programs, leveraged by $27,517,143 in private and public financing, will provide financing to construct a 9,000 sq. ft. health care clinic, a 24 unit assisted living facility, expansion of an existing business, purchase equipment, machinery, medical equipment and two new fire trucks. An estimated 476 new jobs will be created and 126 existing jobs retained as a result of these grants.

If you have any questions, please contact Melvin Padgett, Loan Specialist, at (202) 720-1495 or Cindy Mason, Loan Specialist, at (202) 690-1433, Specialty Programs Division, Processing Branch.

(Signed by Pandor H. Handy)

PANDOR H. HADJY
Deputy Administrator
Business Programs

Attachments

EXPIRATION DATE:
September 30, 2011

FILING INSTRUCTIONS:
Community/Business Programs

Attachment I

RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM
REQUEST FOR LOAN FUNDS – Second Quarter FY 2010

Total Available FY 2010	$33,077,000
Less 1st Quarter FY 2010	$ 3,610,000
Less 2nd Quarter FY 2010	$ 5,660,000
Balance Remaining	$23,807,000

REDL State Number	**Project**	**Loan Amount**	
AL 23	South Alabama Electric Cooperative, Inc.	$ 550,000	1241
OR 29	Columbia Basin Electric Cooperative, Inc.	$ 360,000	1242
VA 31	Mecklenburg Electric Cooperative	$ 250,000	1243
KS 537	Rural Telephone Service Company, Inc.	$ 740,000	1244
MS 45	East Mississippi Electric Power Association	$ 740,000	1245
MO 42	Farmers Electric Cooperative, Inc.	$ 740,000	1246
MI 48	Great Lakes Energy Cooperative	$ 600,000	1247
OK 30	Choctaw Electric Cooperative, Inc.	$ 200,000	1248
AL 39	Tombigbee Electric Cooperative, Inc.	$ 740,000	1249
OR 45	Oregon Trail Electric Cooperative, Inc.	$ 740,000	1250
	10 Loans Total	**$ 5,660,000**	

Balance of Loan Funds After Above Request: $23,807,000

Attachment II

RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM

REQUEST FOR GRANT FUNDS – Second Quarter FY 2010

Total Available FY 2010	$10,000,000
Less 1st Quarter FY 2010	$ 2,700,000
Less 2nd Quarter FY 2010	$ 1,768,570
Balance Remaining	$ 5,531,250

State Number	Project	Grant Amount	REDG
AL 23	South Alabama Electric Cooperative, Inc.	$ 300,000	488
MS 45	East Mississippi Electric Power Association	$ 300,000	489
KS 537	Rural Telephone Service Company, Inc.	$ 300,000	490
OK 533	Pioneer Telephone Cooperative, Inc.	$ 91,370	491
WI 68	Village of Slinger	$ 300,000	492
MI 44	Cherryland Electric Cooperative	$ 300,000	493
KS 544	KanOkla Telephone Association, Inc.	$ 177,200	494
	7 Grants ***Total***	***$1,768,570***	

Balance of Grant Funds After Above Request: **$5,531,250**

May 13, 2010

TO: State Directors, Rural Development

ATTN: Business Programs Directors

SUBJECT: Rural Business Enterprise Grant Program
Rural Economic Area Partnerships
Fiscal Year 2010

We have recently completed the Rural Economic Area Partnerships (REAP) funding cycle. The National Office received eight requests for funds totaling $916,796. We are pleased to announce that all projects were selected for funding. Attached is the list of awardees.

This completes the REAP funding cycle for fiscal year 2010 established in RD Instruction 1940-L. All earmarked funds allocated must have an obligation date of no later than June 30, 2010. Any funds not obligated by that date will be pooled and used as unrestricted reserves in the June 2010 National Office Reserve funding cycle.

(Signed by Pandor H. Hadjy)

PANDOR H. HADJY
Deputy Administrator
Business Programs

Attachment

EXPIRATION DATE:
September 30, 2011

FILING INSTRUCTIONS:
Community/Business Programs

Attachment

Rural Business Enterprise Grant Program Rural Economic Area Partnerships

Fiscal Year 2010

State	Applicant	Amount Awarded
VT	The Center for an Agricultural Economy	$200,000
ND	Adams County Development Corporation	$130,449
VT	Northern Forest Canoe Trails, Inc.	$40,000
VT	Northeast Kingdom Travel & Tourism Association	$92,500
VT	Newport City Renaissance Corporation	$98,799
VT	Country Riders Snowmobile Club, Inc.	$99,000
VT	University of Vermont & State Agriculture College	$192,348
VT	Northern Community Investment Corporation	$63,700
		$916,796

May 19, 2010

TO: State Directors
Rural Development

ATTN: Multi-Family Housing Program Directors

FROM: Tammye Treviño ***(Signed Tammye Trevino)***
Administrator
Housing and Community Facilities Programs

SUBJECT: Guidance for Completion and Proper Submission of Multi-Family Housing Payment Documents

The purpose of this Unnumbered Letter (UL) is to address findings identified in the Fiscal Year 2009 Management Control Review (MCR) and the implementation of a new payment feature.

The MCR identified two findings related to Multi-Family Housing (MFH) payments:

FINDING #1 - Continued issues regarding the file documentation of tenant income verification requirements.

In the three states reviewed, 13 percent of the 111 tenant files reviewed (on site) and 31 percent of the 36 Supervisory Visits reviewed (file review) showed file discrepancies regarding property managers' verification of tenant income. Verification of tenant income is required at least annually or when there is a change in the tenant's income of $100 or more. Verifying tenant's income establishes the level of rent that a tenant is required to pay and the amount of Rental Assistance (RA) the tenant is eligible to receive. The review found that management agents had inconsistent documentation of income and lacked documentation of zero income tenants. 7 CFR 3560.152 (e)(i) states, "Borrowers must verify household income and other information necessary to establish tenant eligibility for the requested rental unit type." The Section 521 – RA program is listed as a "high risk" program as part of the Improper Payment Information Act (IPIA) and is subjected to an annual statistical sampling. The FY 2009 sampling had an error rate of 2.06 percent. This is a reduction from previous year's rates and resulted from improved management training by industry groups.

We have developed two (2) documents for management agents that provide additional guidance for the preparation of tenant certifications and tenant eligibility requirements. These documents are available on the Management Interactive Network Connection (MINC) under the "Help" tab, under "General Information." The two documents are

EXPIRATION DATE:
May 31, 2011

FILING INSTRUCTIONS:
Housing Programs

entitled, “Tenant Certification Process Training” and “Tenant Eligibility Requirement Training.” The web site for the MINC system is https://usdaminc.sc.egov.usda.gov/. The documents are available to everyone and one does not need to have a MINC user identification to access the documents. For management agents who do not have access to the internet, a copy of the documents can be requested from your Servicing Office or the Centralized Servicing Center (CSC).

FINDING #2 – Forms submitted to the CSC were not properly signed and dated.

In reviewing the CSC MFH payment process, 30 percent of the 50 Forms RD 3560-29 “Project Worksheet” reviewed and 40 Forms RD 3560-8, “Tenant Certification” reviewed were not signed by management agents. The review found that in cases when a hard copy of the cited forms was required to be submitted to CSC for processing, the forms were not signed/executed.

HB-2-3560, Chapter 6, section 6.28 states, “Borrowers must submit initial or updated tenant certification forms to the Agency within 10 days of the effective date of an initial certification or any changes in a tenant’s status. The effective date of an initial or updated tenant certification form will always be the first day of the month. Borrowers must submit tenant certification forms to the Agency using a format approved by the Agency.” In order for a certification to be valid, it must be signed and dated by all parties on or before the effective date and maintained in the tenant file. If a borrower fails to submit a certification by the effective date, it will result in monetary penalties to the borrower as established in HB-3-3560 Chapter 10 “Compliance Violations, Defaults, and Work-Out Agreements”. The requirement for electronic submission of documents is addressed in 7 CFR 3560.102 (l), “For properties with eight or more housing units, the Agency may specify that borrowers submit information required by this part electronically.”

HB-2-3560, Chapter 6, section 6.29 B states, “Management Interactive Network Connection (MINC) is the mechanism by which borrowers submit tenant certifications to the Agency electronically on a monthly basis. For projects with eight units or more, all borrowers are required to submit tenant certifications through MINC.” Borrowers who are not using MINC must mail or fax copies of the forms to the Agency for receipt by the tenth of the month.

Project Worksheets are also available through MINC and transmitted electronically for those borrowers signed up for Pre-Authorized Debit (PAD) or anytime a cash payment is not due. The project worksheet is certification to the Agency that the information for the payment is correct.

HB-3-3560 Chapter 4, section 4.13 states the amount of each borrower’s monthly payment is automatically calculated by the Multi-Family Information System (MFIS) based on the tenant information received from the borrower and summarized on Form RD 3560-29, “Notice of Payment Due.” Form RD 3560-29 is released to MINC for verification by the borrower on or about the seventeenth day of the month. It is the borrower’s responsibility to access this form and verify that the data contained therein is accurate. Should discrepancies be found, the borrower must transmit corrected data through MINC or contact CSC for assistance. The phone number for contacting CSC is 1-866-600-7984 or email: multifamily@stl.usda.gov.

For projects with less than eight units, the signed and dated tenant certifications and project worksheets are submitted to the wholesale lockbox or faxed to CSC and must be properly dated and signed. The wholesale lockbox address is: USDA, Rural Development Multi-Family Housing Payments, P.O. Box 979082, St. Louis, MO 63197-9000.

If a borrower has difficulty with transmission, they may fax (314-457-4471) a copy of the signed tenant certification or project worksheet to Centralized Servicing Center (CSC) for input.

It was noted that several of the payment forms submitted to CSC did not match the Agency Form. CFR §3560.302, Accounting, bookkeeping, budgeting, and financial management systems states,

(f) Forms generated by automated systems.

(1) The forms and formats approved for use by borrowers may be prepared on automated systems when they meet the requirements of this paragraph.

(2) Forms may be automated if they meet the following requirements:

(i) The identical wording and nomenclature of an official form must be included in the automated version of the form, including the Office of Management and Budget (OMB) approval number.

(ii) The logic or mathematical calculation of an official form must be the same in an automated version of the form.

(iii) The name or logo of the source of the automated form must be visible on each output of the automated form.

(iv) Output size must be 8\1/2\ x 11 inches.

(v) Nominal spacing adjustment and colored paper are allowed

Please note that CSC will no longer accept unsigned or undated forms as of thirty (30) days after the date of this UL. CSC will contact the Management Agent and when signed and dated forms are received, CSC will process the forms using the effective date as the date when the signed and dated forms are received.

Also, please refer to Attachment A for other Common Issues with Tenant Certifications and Project Worksheets that have been identified by CSC.

To assist you in educating borrowers and management agents in some of the Agency's requirements related to tenant certifications and project worksheets, this unnumbered letter will be mailed directly to management agents by CSC.

<u>New Enhancement</u>

We are pleased to announce that we have implemented a new payment feature:

- It will now be possible to process a MFH payment through MINC that is not associated to the Project Worksheet. The process is referred to as a "Staged Payment". This will require close contact and communication with CSC. This can be used for such things as a Final Payoff, Delinquent Payments, or Recapture of unauthorized or unanticipated Rental Assistance.

- A power point presentation has been posted on the MINC web site (https://usdaminc.sc.egov.usda.gov) to provide instruction on how to process a "Staged Payment".

If you have any questions, please contact Diane Larson of MFH Portfolio Management Division at 712/243-2915 or CSC at 1-866-600-7984.

Common Borrower/Management Agent Issues
Submitting Tenant Data and Project Worksheets

Tenant Certification Issues

- Failure by borrowers/management agents to review transactions or email for successful transmissions
  - When files are transmitted via MINC, the user will receive two notices:
    - A file confirmation page stating files were transmitted successfully. This confirmation does not mean that the files were processed successfully only that the files were transmitted successfully.
    - An email notification with the status of the transfer (pending, accepted, rejected) and a breakdown of the actions that were included in the file transfer.
  - Failure to retransmit rejected transactions may result in expired tenant certifications if the rejected transaction is not corrected by the due date.
  - Interest credit and rental assistance subsidies cannot be provided for a unit that does not have a current tenant certification on file. When a tenant certification expires (one year after the effective date of the tenant certification), the rent is set at note rent (instead of basic rent) and overage will be charged.
- Submitting unsigned copies of Tenant Certifications
  - All tenant certifications submitted manually must be signed by the tenant and the management agent, even if the form is only being submitted to correct a transmission error.
  - The date of receipt of a manually submitted tenant certification will be the date the **signed** tenant certification is received.
- Entering incorrect Social Security numbers
  - There are multiple instances each month where incorrect social security numbers are being transmitted by management agents due to data entry errors.
  - Incorrect social security numbers cause undue delays
    - MINC transactions are rejected for “tenant not found” error
    - Management agent is unable to change the SSN and must request that CSC make the change
    - Rejected transaction may have to be re-transmitted
  - If you need to verify the social security numbers on file in MFIS for your property, please request a Tenant Quick Check report from CSC to be sent to you.
  - If the Social Security number needs to be changed by CSC, a copy of the signed and dated Tenant Certification form must be sent to CSC.
- Entering incorrect dates
  - Initial Certifications are not always transmitted with the actual initial occupancy date. This is the date the tenant physically moves into the project and is important to the system for the calculation of management fees.

    - Recertifications are being transmitted with an incorrect effective date. Example – Recertification effective 09/01/09 is transmitted on 09/04/09 with an effective date of 10/01/09 rather 9/1/09. Error is not detected by management until 09/17/09 when project worksheet is released.
        - Worksheet reflects the unit as expired and may charge overage based on the tenant subsidy code.
        - A review of the pre-released 09/01/09 project worksheet would have revealed the error and a correction could have been submitted prior to the 10th, avoiding the overage charge.
- Entering multiple tenant actions on one transaction
    - Some vendor software will allow management agents to transfer a tenant to a different unit and recertify them all in one transaction.
    - MFIS accepts specific data based on the type of transaction being submitted
        - When a transfer is transmitted, MFIS looks at the old unit number, tenant SSN, new unit number, and the effective date of the move. MFIS **does not** change the effective date of the certification on file, modify household member data, or change income and expense data when a transfer is transmitted.
        - If the management agent does not transmit a recertification separately, the certification will expire in MFIS.

<u>Project Worksheet Issues</u>

The Project Worksheet form consists of two parts, Part I, the front page of the form, contains the information from the Payment Summary portion of the MINC Project Worksheet report. Part II, the second page of the form, contains a detailed listing of all tenants living in the project. This is the information from the MINC Project Worksheet report that is listed above the payment summary portion. Both parts of the Project Worksheet must be received, accurate, signed, and dated, in order for CSC to give date of credit of when it is received and process the payment. It is recommended to view the pre-released project worksheets from MINC every month prior to the 10th to be sure all tenant transactions have been processed as anticipated.

- Part I of the Project Worksheet is received, but Part II (tenant listing) is not submitted.
    - When the tenant listing is not included, the payment package is considered incomplete.
    - Incomplete payment packages will be returned to the management agent, unprocessed, with a request for a complete package.
    - The submission of an incomplete payment package does not constitute an Agency approved reason for a late fee waiver.

- The entire Project Worksheet is submitted, but it is not signed and dated.
  - Project worksheets contain certification statements regarding the accuracy of the data being submitted. When the project worksheet is not signed and dated, the borrower or borrower's representative has not certified that the data is accurate.
  - CSC is not authorized to process data contained on a project worksheet report that has not been certified as accurate. The package will be returned as incomplete.

- Project worksheets reflect all tenant information current for a given month for a project. A pre-released project worksheet is marked across the face of Part II as "Unofficial Copy". Around the 17th of each month the project worksheets are "released" which locks the data so no more changes can be made to the project worksheet. Pre-released Project Worksheets, marked with "Unofficial Copy", are sometimes printed from MINC for review and later submitted with payment. Be sure to always print the "Released" Project Worksheet and submit with payment, which reflects all the latest updates.

- The current month's project worksheet is submitted, but last month's worksheet was never received.
  - While we are not required to process the project worksheets in effective date order, skipping months can cause delinquencies.
  - CSC will contact the management agent and request the prior month's worksheet be submitted.

- The RA on the project worksheet submitted by the management agent does not match the RA on the project worksheet in MFIS and MINC.
  - A certification for a tenant has not been received.
    - Management agent will have to transmit the missing certification.
    - Overage may be charged and rental assistance withheld due to the Tenant Certification (TC) being transmitted late.
    - A corrected project worksheet will have to be submitted by the management agent.
    - If received late, late fees may be charged, for PASS accounts, and would not meet the requirements for the Agency to approve a waiver of late fees.
  - The net tenant contribution (NTC) on a tenant certification does not match the NTC on the Project Worksheet.
    - Always check the NTC on the pre-released worksheet in MINC to ensure that the accepted tenant certification reflects the correct amount of rent paid by the tenant.
    - Double check the tenant subsidy code being transmitted for accuracy in rent and rental assistance calculations.
    - A modification will need to be transmitted to correct the NTC.
  - The rent schedule does not match.

- Fox example, if you are approved to implement a rent change on 10/01/2009, be sure to check the pre-released 10/01/09 worksheet in MINC to ensure the rents are correct.
- If the rent increase is not reflected on the worksheet, contact your servicing official and request the rent schedule be corrected so your project worksheet can be submitted in a timely manner.

- The overage on the project worksheet submitted by the management agent does not match the overage on the project worksheet in MFIS and MINC.
  - A tenant certification for that month's worksheet may have been transmitted after the management agent mailed the worksheet.
  - A certification for a tenant may not have been received.
  - A vacate may not have been successfully transmitted.
- The project worksheet is mailed to the wrong address.
  - Effective May 15, 2008, the correct mailing address is USDA Rural Development, MFH Payments, PO Box 979082, St. Louis, MO 63197-9000.
  - Payments mailed to our old address are no longer being forwarded by the Post Office.
  - Mailing your payment to the wrong address does not constitute an Agency approved reason for granting a late fee waiver.
- The project worksheet is mailed without sufficient postage.
  - The mailing address listed above is our wholesale lockbox address.
  - Postage due packages are returned to the sender by the Post Office.
  - Failure to use correct postage does not constitute an Agency approved reason for granting a late fee waiver.

IMPORTANT TIP: We encourage everyone to approve payments for processing through MINC. By submitting your payment electronically you are assured that:

- Your payment will not be returned as incomplete.
- Your payment will not be returned as inaccurate.
- There are no address issues.
- There is no postage required.
- You can approve your payment from anywhere as long as you have access to a computer with internet capabilities.
- You are in control of the date and amount of monies that are drafted from the project's bank account. All you need to do is establish a Pre-Authorized Debit (PAD) account.
- Remember that the earliest date of credit for a payment submitted via MINC is 2 business days after the day the approval is submitted.

If you have any questions, please contact CSC at 1-866-600-7984 (phone), 314-457-4471(fax), or multifamily@stl.usda.gov (email).

May 20, 2010

SUBJECT: Interest Rate Changes for Housing Programs
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,
Rural Development Managers,
and Area Directors

ATTN: Rural Housing Program Directors

The following interest rates, effective June 1, 2010, are changed as follows:

Loan Type	Existing Rate	New Rate
ALL LOAN TYPES		
Treasury Judgement Rate	0.420%	0.430%

The new rate shown above is as of the week ending April 30, 2010. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve website for the weekly average 1-year Constant Maturity Treasury Yield (http://www.federalreserve.gov/releases/h15/data/Weekly_Friday_/H15_TCMNOM_Y1.txt).

RURAL HOUSING LOANS

Rural Housing (RH) 502		
Very-Low or Low	4.875	4.875

EXPIRATION DATE:
June 30, 2010

FILING INSTRUCTIONS:
Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	5.375	5.375
Rural Housing Site (RH-524), Non-Self-Help	4.875	4.875
Rural Rental Housing and Rural Cooperative Housing	4.875	4.875

Please notify appropriate personnel of these rates.

(Signed by Tammye Trevino)

TAMMYE TREVINO
Administrator
Housing and Community Facilities Programs

Sent by electronic mail on May 20, 2010 at 4:00 p.m.by PAD.
State Directors should advise other personnel as appropriate.

May 20, 201

TO: State Directors
Rural Development

ATTN: Multi-Family Housing
Program Managers

FROM: Tammye Treviño ***(Signed by Tammye Trevino)***
Administrator
Housing and Community Facilities Programs

SUBJECT: Multi-Family Housing Revitalization Demonstration Program (MPR)
Transaction Closings

This Unnumbered Letter (UL) clarifies the closing responsibilities and general recordkeeping requirements for all approved Multi-Family Housing Revitalization Demonstration Program transaction closings

Although Multi-Family Housing (MFH) loan closings are addressed in HB-1-3560, Chapter 8 and HB 3-3560, Chapter 7 (for transfers), MPR transactions remain a demonstration program requiring special processing and documentation to insure compliance with approval conditions and to verify that loans are properly established within the Agency's accounting and recordkeeping systems. State and Area Offices are required to adhere to these specific conditions to insure program objectives, security requirements and reporting actions are met for the remaining term of the loan.

Each approved MPR transaction requires the respective servicing official to understand the unique details of that specific transaction to confirm it is properly closed and documented. The keys to successfully processing of these transactions include:

1. Understanding the steps necessary for each project. There may be several transactions necessary to properly set up the borrower’s account. The sequence for completing the transaction needs to be planned prior to the closing date so that there are minimal delays in processing the payments and tenant certifications.

EXPIRATION DATE:
May 31, 2011

FILING INSTRUCTIONS
Housing Programs

2. Timely processing of the transaction into the MFH databases, AMAS and MFIS. The National Office has established a threshold of five (5) business days for processing the transactions into the Automated Multi-Housing Accounting System (AMAS) from the date of the actual closing.

Pre-closing Actions: [

1. Establish an Electronic Funds Transfer (EFT) account for the MPR project if it does not already have one.
2. Establish the Preauthorization Debit (PAD) for the MPR project. (This is useful for returning any unanticipated RA that may be received. Also, see the following closing section.)
3. Identify in Multi-Family Information Systems (MFIS) any planned project payment changes, including any subsequent loans that may be part of the MPR transaction.
4. Verify details of the MPR transaction by reviewing the approval conditions and the loan, grant and deferral amounts authorized for the project by reviewing the MPR Record of Loan Committee Meeting posted to the MPR SharePoint website at: https://mfhdemoteam.sc.egov.usda.gov/default.aspx. (Please remember that MPR transactions are tracked by fiscal year in which they are selected for the demonstration.)

MPR Closing Actions:

1. No later than 30 days prior to any MPR transaction closing (i.e., transfer, reamortization, deferral, etc.), enter the MFIS payment screen to select Project Suspense and select the suspense type of "MPR Demo."
2. Review each existing loan on the borrower's account to determine the action that will be required as part of the closing transaction.

   a. Daily Interest Accounting System (DIAS) – Association Note Code 06 or 11 – account status can be zero or ahead of schedule.
   b. Predetermined Amortization Schedule System (PASS) – Association Note Code 10 – account status must be zero. If loan is future paid (ahead of schedule), please contact the Centralized Servicing Center's (CSC) MFH staff for assistance to bring the account to a current status.

3. Verify all cost items except Retro PASS (cost items with an effective date of May 31, 1985) are paid in full. If the cost items are not paid, then they must be paid or the loan reamortized prior to closing.
4. Verify the unpaid balance of the loan(s) being deferred is less than or equal to the amount of the obligated deferred loan (Type of Assistance Code 433) that is being closed. If the unpaid balance of the loan being deferred is not less than or equal to the obligated deferred loan then the deferred obligated loan will need to be deobligated and a new deferred loan will need to be re-obligated. You will need to contact the National Office MPDL for assistance in this situation. Note: This may result in restoration of funds and will require additional special handling.

5. Process all outstanding servicing transactions prior to the deferral using the table below for additional reference:

Transaction	When to Use:
a. New Rates & Terms Transfers	Only when ALL loans are pre-credit reform (loans obligated prior to the start of FY 1992: October 1, 1991) to maintain deferral eligibility.
b. Same Rates & Terms Transfers	When property has both pre-credit reform and post-credit reform loans: First - process the transfer as "same rates and terms". Second – Process a reamortization to change the rates and terms (for the 1st of the following month). This will maintain the integrity of the original loans for possible future loan deferral under the MPR, if authorized.
c. Consolidations (1st of month prior to deferral loan closing)	Recommended for "stay-in-owner. If transferring to new owner, the transfer transaction will move each loan under the new project number. Multiple transfers can be processed but must have effective dates dated one day apart.
d. Reamortization (1st of month prior to deferral loan closing).	-Stay-in-owner – to bring account current or account has a open cost item (except for retro-pass cost item) or -As described in b.
e. Conversion to PASS	For Stay-in-owners when the existing loan is a DIAS loan and a subsequent loan is being closed.

6. Fax a copy of the debt deferral agreement to 314-457-4284; ATTN: MFH Team or e-mail to RD.DCFO.MFHU@stl.usda.gov.
7. A Management Interactive Network Connection (MINC) waiver is automatically in place during the processing of the closing information, but due dates remain effective. Project worksheets must continue to be submitted in a timely manner, although a mortgage payment may or may not be due. Manual submission of the Tenant Certifications and Project Worksheets is required for reporting of Overage and Rental Assistance.
8. For MPR loans involving a transfer, refer to the MFIS Tip #2 – "Establishing a Project in MFIS as a Result of a Transfer" located on the MFIS Message Board. Section II provides instructions for steps in establishing the new project in MFIS.

If you have any questions, please contact: Multifamily@stl.usda.gov and specifically include "**MPR**" in the subject line to identify that this is an MPR transaction.)

May 25, 2010

TO: State Directors
Rural Development

ATTENTION: Multi-Family Housing State Directors
Program Directors and Coordinators

FROM: Tammye Treviño ***(Signed by Tammye Trevino)***
Administrator
Housing and Community Facilities Programs

SUBJECT: Processing Section 515 New Construction Loan Requests
Fiscal Year 2010

The purpose of this Unnumbered Letter (UL) is to provide information, guidance, and a timeline to process Section 515 new construction loan requests. The information is in accordance with 7 CFR part 3560, and the “Notice of Funds Availability (NOFA) for the Section 515 Rural Rental Housing Program for Fiscal Year (FY) 2010” that was published in the Federal Register April 14, 2010. This UL replaces the former UL dated July 16, 2009 entitled “Processing Section 515 New Construction Loan Requests Fiscal Year 2009”.

Applications may be submitted for Section 515 New Construction Funds, Non-Profit Set-Aside, Underserved Counties and Colonias Set-Aside, and the deadline for receipt of these applications is June 14, 2010. Also, applications may be submitted for Rural Economic Area Partnership (REAP) and the deadline for receipt of REAP applications is June 30, 2010.

Applications will be reviewed and scored based upon the factors listed in the Section 515 New Construction NOFA and Section 3560.56. Additional guidance is provided in the Multi-Family Housing Loan Origination Handbook (HB-1-3560).

Individual loan requests may not exceed $1 million. This applies to regular Section 515 funds and Set-Aside funds. The Administrator may make an exception to this limit in cases where a State’s average total development costs (TDC) exceed the National average by 50 percent or more. States may not set a lower loan request or Set-Aside limit than the $1 million National limit.

EXPIRATION DATE:
May 31, 2011

FILING INSTRUCTIONS:
Housing Programs

States may receive a maximum combined total of $2.5 million from regular Section 515 funds and Set-Aside funds. The designated reserve for States with Rental Assistance (RA) is not included in this cap.

PROCESSING TIMELINE

The following timeframes will be followed in originating loan applications:

- June 14, 2010: Deadline for receipt of Section 515 new construction applications. Applications must be received by 5:00 pm local time for each Rural Development State Office. No application will be accepted after 5:00 pm on the application deadline.

- June 30, 2010: Deadline for REAP Applications.

- July 16, 2010: Deadline for States to submit preliminary reports of applications received, using the NOFA Applications Summary Sheet (Attachment 1). At a minimum, the summary sheet should list the applicant's name, loan amount requested number of units, number of RA units requested, and eligibility. If no applications were received, indicate such as "No Applications Received" on the report. A copy of the NOFA Applications Summary Sheet must be e-mailed to Melinda Price at melinda.price@wdc.usda.gov or faxed to 614-255-2563.

- July 30, 2010: Deadline for States to submit the final list of scored and ranked applications meeting the preliminary eligibility and feasibility requirements, in accordance with Section 3560.56(c)(1), to the National Office. Attachment 1 must be updated to include both the ranking number and point score. For point score ties, establish the ranking number in accordance with Section 3560.56(c) (2) and HB-1-3560 Chapter 4.13.C. The Application Review Checklist and Point Score Sheet (Attachment 2), and the Calculation of Leveraged Assistance Worksheet (Attachment 3) must be submitted at this time. An example of the calculation is provided as (Attachment 4). Applications that are eligible for more than one funding category should be listed in all eligible categories. In a separate section or on a separate page, please list any incomplete, ineligible or not feasible applications. Do not score or rank incomplete, ineligible and not feasible applications. Please e-mail or fax this information to melinda.price@wdc.usda.gov or 614-255-2563.

- The National Office will rank applications nationwide and advise States of the results as soon as possible following the July 30, 2010 deadline.

- July 30, 2010: Pooling date for Section 515 funds.

- September 3, 2010: Deadline for obligating funds or obtaining National Office approval of extension.

LOAN SCORING FACTORS

Loan applications will be submitted to the States in accordance with 7 CRF section 3560.56 and the NOFA for New Construction in FY 2010. Point scores will be determined using the following factors:

1. Energy initiatives. (0 to 67 points)
2. Leveraged assistance. (0 to 30 points)
3. Underserved Counties and Colonias. (20 points)
4. National initiative. (20 points)
5. Donated land. (5 points)
6. 2009 Presidentially declared disaster area. (10 points)

1. Energy Initiatives:

Funding will be equitably distributed across the country and applied to all five climate zones within the United States. The climate zones are defined by the Department of Energy. A map is available at http://www.eia.doe.gov/emeu/recs/climate_zone.html. The four highest scoring applications in each of the five climate zones will be selected for further processing. (See NOFA)

a. Energy Generation: (maximum 37 points)

- Points will be awarded if the proposal includes plans to install energy generation systems or plans to construct housing that earns the ENERGY STAR label for new residential construction.
- Applicants seeking energy generation points will be awarded points if the proposal includes the installation of energy generation systems to be funded by a third-party. The proposal must include an overview of the energy generation system being proposed. Evidence that an energy generation system has been funded by a third-party and that it has a quantifiable positive impact on energy consumption will be required.

b. Energy Conservation: (maximum 30 points)

- Applicants seeking energy conservation points will be awarded points to construct housing that earns the ENERGY STAR label for new residential construction. Units earning the ENERGY STAR label must be independently verified to meet guidelines for energy efficiency as set by the U.S. Environmental Protection Agency. All procedures used in verifying a unit for the ENERGY STAR label must comply with National Home Energy Ratings System (HERS) guidelines. ENERGY STAR guidelines for residential construction apply to homes that are three stories or less and single or low-rise multi-family residential buildings.

- The applicant must include in the summary an explanation of how it plans to incorporate ENERGY STAR. Construction plans pertaining to energy efficiency must be developed with, reviewed, and accepted by a HERS certified rater, the contractor, and the owner. Progress inspections must be made at appropriate times by a HERS certified rater to ensure that the housing is being constructed or rehabilitated according to ENERGY STAR specifications. In order to receive final payment, applicants will be required to submit the appropriate rating reports from the HERS rater to Rural Development as evidence that housing has been constructed to meet the standards of ENERGY STAR. In the event that housing does not meet ENERGY STAR guidelines for new residential construction, the Agency shall, at its discretion, deduct 5 points from future funding proposals. For further information about ENERGY STAR, see http://www.energystar.gov or call the following toll-free numbers: (888) 782-7937 or (888) 588-9920 (TTY).

2. Leveraged Assistance: (maximum 30 points)

All leveraged assistance must meet the provisions of Section 3560.66 entitled "Participation with other funding or financing sources". Any contribution from the applicant above his or her required contribution on the Rural Housing Service loan, including tax credit proceeds, is eligible for consideration for points provided there is an equal or positive impact on basic rents. Borrower contributions must meet the conditions of Section 3560.68(c) regarding return on additional investment. Additional guidance can be found in the NOFA and HB-1-3560 Chapter 4-13 part A entitled "Scoring Leveraged Assistance".

Number of Points	Description % of Leveraging
30	150% or more
25	100 - 149%
20	50 - 99%
15	1 - 49%

3. Underserved Counties and Colonias: (20 points)

This factor is for loan requests to develop units in the 100 most needy Underserved Counties or Colonias as defined in section 509(f) of the Housing Act of 1949, as amended. Also included are tribal land, Rural Economic Area Partnership (REAP) and places identified in the State

Consolidated Plan or State Needs Assessment as a high need community for Multi-Family Housing. A list of the 100 Eligible Counties and a list of the Pool Counties can be found in the Advanced Copy of RD Instruction 1940-L for FY 2010.

4. National Initiative: (20 points)

This factor applies to only those States in which the Agency has an on-going formal working relationship, agreement, or Memorandum of Understanding (MOU) with the State to provide financial resources (State funds, State RA, HOME funds, Community Development Block Grant (CDBG) funds or Low Income Housing Tax Credits (LIHTC)) for the U.S. Department of Agriculture (USDA), Rural Development proposals; or where the State provides preference or points to the USDA, Rural Development proposals in waiting. The formal MOU must be in place by the close of the NOFA. The application must include documentation regarding the State resource. In order for an application to receive points for this factor, the State resource amount must be equal to at least five percent of the TDC. Documentation evidencing the applicant's eligibility for points must be maintained with Attachment 2 of this letter, and will be submitted to the National Office for concurrence.

5. Donated Land: (5 points)

This factor describes land that is donated by a State, unit of local Government, public body, or non-profit organizations and is suitable for the housing proposal and meets Agency requirements. Further requirements can be found in Section 3560.56(c)(1)(iv). Also, HB-1-3560 Chapter 4-13-B-4 provides additional guidance on donated land.

6. 2009 Presidentially Declared Disaster Area: (10 points)

This factor supports the Agency initiative to provide relief in areas that have been Presidentially declared as a disaster area in 2009. For further information on Presidentially declared disasters, see http//www.rurdev.gov/rd/disasters.

ADDITIONAL GUIDANCE FOR PROCESSING 515 LOAN REQUESTS

Applications - State Response to Requests for Initial Applications:
When the State Office receives a request for an initial loan application, the staff will send a complete loan package to the potential applicant, including:

a. The recommended cover letter for the application package is Handbook 1, Appendix 4, Letter 103 (3560) "Cover Letter to the Application Package". The cover letter must include all information listed in Handbook 1, Chapter 4, and Ex. 4-2.

b. A list of authorized loan uses. (Handbook 1, Chapter 4, Ex. 4-3 and 4-4.)
c. Applicant eligibility requirements. (Handbook 1, Chapter 4, Ex. 4-5.)
d. A listing of all information required from the applicant. (Handbook 1, Chapter 4, Ex. 4-6 and 4-7.)
e. Any special conditions or limitations being applied on the amount of individual application packages or RA requests.
f. Any special State Office initiatives, approved by the National Office, that award points.
g. The address to which the initial application must be sent.

Handbook 1, Chapter 4 “NOFA and Initial Application Process” should be referred to for additional information.

Applicants with Prior Debt, Monetary and Non-Monetary Deficiencies:
Prior debt requirements apply to an applicant or managing partner of a borrower, or an affiliated entity having 10 percent or more ownership interest, which have prior or existing Agency debt. Compliance with 7 CFR 3560.55(b) is required, and pertains to both monetary and non-monetary deficiencies.

Borrower Contribution, Determining Return on Investment (ROI) and Project Feasibility:
Borrower contributions, including equity contributions above the required three or five percent of the Housing and Community Facilities Programs loan that meet the conditions of 7 CFR 3560.63(c) are potentially eligible to earn a ROI. Borrower contributions must be from the borrower’s own resources and cannot exceed the security value of the project, in accordance with 7 CFR 3560.68(b). However, meeting these conditions does not automatically entitle the borrower to an ROI. Paying an ROI on amounts above the required three percent or five percent contribution must also be considered in terms of project feasibility and the impact on basic rents and RA. Please refer to Section 3 of Chapter 5, of HB-1-3560 for detailed guidance.

RA may only be provided on units where the basic rent does not exceed the amount of rents with full Housing and Community Facilities Programs financing. (If RA is being provided, and paying the ROI on the additional investment would cause basic rents and RA costs to exceed the amount of rent and RA cost if the project had received full Housing and Community Facilities Programs financing, the ROI can not be allowed.) (See Section 3560.66(b) (2)). The borrower may wish to provide additional funds without the ROI or accept a reduced ROI, if feasible in terms of basic rents and RA. If RA is not being provided, the ROI must not cause basic rents to exceed Conventional Rents for Comparable Units (CRCU) in the market.

Capital Needs Assessment (CNA):
A CNA performed by the applicant’s architect should be included in the initial application in order to determine the long term physical needs of the project over a 20-year period. The CNA will be used to determine the amount of the annual contribution to the reserve account. The annual contribution to the reserve account will be a minimum of one percent of the TDC and not more than the higher of the amount required by the CNA or that which brings rents up to CRCU.

The aggregate, fully funded reserve amount must equal at least 10 percent of the greater of the TDC or appraised value. If the reserve contribution at one percent of TDC results in rents that are above the CRCU standard as discussed in HB-1-3560 Chapter 3, and the applicant is unable to modify the proposal to meet the minimum reserve requirement without exceeding CRCU, the project must be rejected as infeasible.

Community Rooms:
States are reminded to encourage community rooms in Section 515 complexes. Community rooms provide a place for resident and community meetings, special activities and services which may aid residents in improving social skills, job skills or education.

Conventional Rents for Comparable Units:
CRCU describes a standard by which a benchmark is established to maintain the affordability of program units, and to avoid situations where project rents are in excess of established local market rents. In no case may basic rents exceed CRCU for a market area by more than 50 percent. However, the Agency may grant an exemption to CRCU for exceptional circumstances. Handbook 1, Chapter 3.20 contains guidance regarding CRCU standard.

Life Cycle Cost Analysis (LCCA):
The Agency's policy on cost containment includes the use of LCCA analyses to determine whether a project's design and its components make sense economically. This may mean funding projects with higher initial costs that will result in long-term operation and maintenance cost savings. The components normally include exterior wall finishes, roofing, paving, and energy source items. HB-1-3560 Chapter 3.17.B will provide more information regarding LCCA.

Limited English Proficiency (LEP):
Borrowers and grantees must ensure that LEP persons will receive instructions and documents in the language necessary to afford them meaningful access to USDA programs free of charge. Failure to take reasonable steps to ensure that LEP persons can effectively participate in or benefit from Federally-assisted programs or activities may violate the prohibition under Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d and Title VI regulations against national origin discrimination.

USDA has submitted its proposed LEP guidance to the Department of Justice (DOJ) for review and approval. Until such time as USDA's guidance document has been approved by DOJ and published in the Federal Register, recipients are encouraged to follow guidance that was published by DOJ June 18, 2002, for recipients of Federal financial assistance (specifically for DOJ recipients). This guidance and additional information can be found at www.lep.gov.

Loan Security:
To protect its interest in the project, the Agency shall seek first or parity lien position on a property. A junior lien position is acceptable only if the Government's financial interests are adequately protected. HB-1-3560 Chapters 6.5.A and 7.6, provide guidance on loan security.

Non-Profit Applicants Including Faith-Based Organizations:
The additional requirements for non-profit organizations have been revised, in accordance with 7 CFR 3560.55(c). The non-profit entity is no longer required to have at least one-third representatives of the low-income community and no more than one-third representatives from the public sector.

An organization qualifies as a non-profit organization when:

a. The applicant received a tax-exempt ruling from the Internal Revenue Service designating the applicant as a 501(c)(3) or 501(c)(4) organization;
b. The applicant must have in its charter the provision of affordable housing;
c. No part of the applicant's earnings may benefit any of its members, founders or contributors; and
d. The applicant must be legally organized under State and local laws.

Rental Assistance:
New Construction RA will be available for FY 2010 for new construction projects only. Further, unused RA may be allocated from within the State jurisdiction for approved new construction projects, and must not be reallocated to another State. New construction RA may not be used in conjunction with a transfer or subsequent loan for repairs or rehabilitation, preservation purposes or inventory property sales. The governing provisions for RA can be found at 7 CFR 3560.66(b) and 7 CFR 3560, subpart F.

State Director's Approval Limit:
The State Director's approval limit is $3 million per project. The outstanding Rural Development loan balance of a single project, whether existing or proposed, may not exceed $3 million. Prior approval from the National Office **must** be sought should the balance of a single project exceed $3 million.

Questions regarding this UL may be directed to Melinda Price, Finance and Loan Analyst, Multi-Family Housing Preservation and Direct Loan Division at melinda.price@wdc.usda.gov or 614-255-2403.

Attachments

RURAL HOUSING SERVICE
SECTION 515 RURAL RENTAL HOUSING NOFA APPLICATIONS
FISCAL YEAR 2010

STATE____________________

RANK	SCORE	APPLICANT NAME/ LOCATION	**RACE/ ETHNIC CODE:** 1=White 2=Black/AA 3=A/NH/PI 4=AI/AN 5=Hispanic/L	HIGH NEED BY TYPE EZ/EC/ REAP, TRIBAL, COLONIA	TYPE FAM/ ELD/ CG	PROJ CONG DIST	RHS TOTAL DEVELOPMENT COST (TDC)	RHS LOAN REQUESTED	RHS LEVERAGED ASSISTANCE	% LEVER-AGING	NO. OF UNITS	NO. OF TAX CREDIT UNITS	NO. OF RA UNITS	ALSO ELIG FOR NPSA, EZ/EC/REAP, OR UNDERSRVD SET-ASIDE (BY TYPE)
SECTION 515														
NON-PROFIT SET-ASIDE														

RURAL HOUSING SERVICE
SECTION 515 RURAL RENTAL HOUSING NOFA APPLICATIONS
FISCAL YEAR 2010

STATE___________________

RANKING	SCORE	APPLICANT NAME/ PROJECT LOCATION	**RACE/ ETHNIC CODE:** 1=White 2=Black/AA 3=A/NH/PI 4=AI/AN 5=Hispanic/L	HIGH NEED BY TYPE REAP, TRIBAL, COLONIA	TYPE FAM/ ELD/ CG	PROJ CONG DIST	RHS TOTAL DEVELOPMENT COST (TDC)	RHS LOAN REQUESTED	RHS LEVERAGED ASSISTANCE	% LEVER-AGING	NO. OF UNITS	NO. OF TAX CREDIT UNITS	NO. OF RA UNITS
		UNDERSERVED COUNTIES AND COLONIAS SET-ASIDE											
		REAP Zone SET-ASIDE											
		STATE RA RESERVE											
		GROUP HOME											
		CO-OP HOUSING											

Attachment 2

FY 2010 SECTION 515 APPLICATION AND POINT SCORE SHEET

Applicant information:

Date and time received: ______________

Applicant Name: _______________________________ Applicant type: ___________________

Project Name: _________________________________ Number of units: ____ RA units: ____

City: _______________________ County: ______________ Congressional District: _______

Application threshold requirements: Application meets preliminary threshold requirements of HB-1-3560 Ch. 4.12; received by COB, June 14, 2010, contains all requirements of HB-1-3560 Attachment 4-D; and is for an eligible purpose. (Yes/No): ______ Comments: ______________________________

Application scoring: (Please refer to NOFA for further explanation)

1. Net Energy Consumption. (Maximum 37 points) __________
2. Energy Generation. (Maximum 30 points) __________
3. Leveraged Assistance. (Maximum 30 points) __________
4. Underserved community in a Colonia, tribal land, or REAP zone, or in a place identified in the State Consolidated Plan or State Needs Assessment. (20 points) __________
5. National initiative. States in which Rural Development has a formal working relationship, agreement, or MOU with the State to provide resources such as State funds, State RA, HOME funds, CDBG funds, or LIHTC; or State provides preference or points to Rural Development proposals in awarding State resources at least equal to five percent of TDC. (20 points)
6. Donated land. The loan request includes donated land meeting the provisions of § 3560.56(c)(1)(iv). (5 points)
7. Presidentially declared disaster area in 2009. (10 points) __________

Total Point Score __________

Estimated funding:

RHS loan amount $ _________________

Leveraged funds: Source ______________________ $ _________________

Source ______________________ $ _________________

Source ______________________ $ _________________

Source ______________________ $ _________________

Total Development Cost: $ _________________

Review comments:

____

____

Reviewer: ____ Date of Review: ________________

National ranking results: Selected for further processing based on National ranking (Yes/No): _______ Date: ____________

Attachment 3

SECTION 515
CALCULATION OF LEVERAGED ASSISTANCE WORKSHEET

Applicant Name: __________________________ Project Name: __________________

1. Borrower total development cost (TDC) $ __________________
2. Non-eligible costs such as audit reserve, developer's fee, organizational or accounting fees. $ __________________
3. Adjusted TDC (line 1 minus line 2) $ __________________
4. Multiply by percentage of units that will serve Section 515 income eligible tenants _____% =
5. Section 515 eligible TDC $ __________________
6. Applicant funds and leveraged assistance. Include all applicant funds and leveraged assistance such as loans, grants, land, tax abatements, etc., meeting the provisions of § 3560.56 and § 3560.66.

Source:	*Amount*:
Section 515 loan requested*	________________
______________________	________________
______________________	________________
______________________	________________
______________________	________________

7. Total funds for TDC plus operating cost savings $ __________________
8. Minus ineligible costs from line 2 ($___________) = $ __________________
9. Multiply by percentage of units that will serve Section 515 income eligible tenants _________ % $ __________________
10. Subtract Section 515 loan and required borrower contribution based on 95, 97 or 100 percent of Section 515 loan $ __________________
11. Leveraged assistance eligible for points $ __________________
12. Percentage of leveraged assistance (line 11 divided by line 5) ___________%
13. Points for leveraging based on the following chart: ___________
(Round up for .50 and above; round down for .49 and below. for example, 59.49 becomes 59; and 59.50 becomes 60.)

Percentage:	*Points*:
150% or more	30
100 - 149%	25
50 - 99%	20
1 - 49%	15

Reviewer: ____ Date: _____________________

Note: Cannot exceed smaller of Section 515 eligible TDC or appraised value X 95, 97, or 102 percent, OR the $1 million National cap. When the appraised value is established, it may be necessary to adjust the Section 515 loan.

<u>EXAMPLE</u>

Attachment 4

SECTION 515

CALCULATION OF LEVERAGED ASSISTANCE WORKSHEET

Applicant Name: ___________________________ Project Name: ___________________

1.	Borrower total development cost (TDC)	$ 2,500,000
2.	Non-RHS eligible costs such as audit reserve, developer's fee, organizational or accounting fees).	$ 400,000
	Adjusted TDC (line 1 minus line 2)	$ 2,100,000
4.	Multiply by percentage of units that will serve RHS income eligible tenants <u>100 percent</u>	
5.	RHS TDC	$ 2,100,000
6.	Applicant funds and leveraged assistance. Include all applicant funds and leveraged assistance such as loans, grants, land, tax abatements, etc., meeting the provisions of § 3560.56 and § 3560.66.	

Source:	*Amount*:
RHS loan requested*	$ 1,000,000
HOME loan	250,000
HOME grant	150,000
20-year tax abatement	500,000
applicant funds/LIHTC	1,100,000

7.	Total funds for TDC plus operating cost savings	$ 3,000,000
8.	Less ineligible costs from line 2 ($400,000) =	$ 2,600,000
9.	Multiply by percentage of units that will serve RHS income eligible tenants <u>100 percent</u>	$ 2,600,000
10.	Subtract RHS loan and required borrower contribution based on 95, 97 or 100 percent of RHS loan (1,000,000/.95)	$ 1,052,632
11.	Leveraged assistance eligible for points	$ 1,547,368
12.	Percentage of leveraged assistance (line 11 divided by line 5)	74 %
13.	Points for leveraging based on the following chart: (Round up for .50 and above; round down for .49 and below. For example, 59.49 becomes 59; and 59.50 becomes 60.)	19

Percentage:	*Points*:
150% or more	30
100 - 149%	25
50 - 99%	20
1 - 49%	15

Reviewer: ____ Date: _____________________

Note: Cannot exceed smaller of Section 515 eligible TDC or appraised value X 95, 97, or 102 percent, OR the $1 million National cap. When the appraised value is established, it may be necessary to adjust the Section 515 loan.

May 25, 2010

TO: State Directors
Rural Development

FROM: Tammye Treviño ***(Tammye Trevino)***
Administrator
Housing and Community Facilities Programs

SUBJECT: Allocation of Rental Assistance for Renewal Needs for Multi-Family Housing Projects for Fiscal Year 2010

This Unnumbered Letter provides the allocation of rental assistance (RA) renewal units for Multi-Family Housing (MFH) properties for Fiscal Year (FY) 2010.

Attachments A, B, and C provide the allocation of the FY 2010 RA renewal units for each state. The Attachments were developed from summarized data obtained from the State Office surveys.

RA for renewals for January 1, 2010, through June 30, 2010, has already been loaded on the Automated Multi-Housing Accounting System (AMAS) and ready for obligation. The remaining quarter will be loaded as follows:

RA Units Expiring during:	RA Units will be loaded into AMAS:
July – September 2010	May 25, 2010
October – December 2010	August 9, 2010

The AMAS Coordinator should regularly monitor the AMAS system to ensure that RA units are immediately obligated to the approved properties in order to alleviate an accumulation of unobligated RA units on the system. If any deviation from the allocation is necessary, the AMAS Coordinator must submit a "Request for RA Allocation and Renewals" using the RA share point web site https://mfhdemoteam.sc.egov.usda.gov/RA/default.aspx. Examples of necessary deviations may be quarter changes due to accelerated RA usage or mistakes in rental coding such as elderly (EL), family (FA), or labor housing (LH). All renewal units must be obligated by **August 27, 2010**.

EXPIRATION DATE:
September 30, 2010

FILING INSTRUCTIONS:
Housing Programs

Terms for FY 2010 RA Obligations:
This FY's appropriation language has established a set term of 1 year.

For example, renewal obligation for Borrower A is obligated on April 6, 2010, and the Form 3560-27, "Rental Assistance Agreement," is signed on April 10, 2010. The expiration of the obligation will be April 10, 2011.

Then if one unit of RA (from the FY 09 obligation) is transferred from Borrower A to Borrower B on August 15, 2010, then the Form 3560-27, "Rental Assistance Agreement" for Borrower B will have an expiration date of April 10, 2010, even though the borrower received the unit on August 15, 2011.

A servicing effort tracking item "FY 2010 RA Obligations" has been established in Multi-Family Housing Information System (MFIS) to assist in the monitoring of FY 2010 RA obligations. The National Office will be monitoring this tracking item to assure that funds are properly managed.

Obligation of RA:
To obligate RA for a project, there must be a Project Rental Code (FA or EL) in the project record. "Mixed" projects, for the purpose of RA are coded as "Family," "Congregate" and "Group Homes" are coded as "Elderly." The Alpha Code for the RA must validate against the Project Rental Code before the obligation will process. The AMAS transaction M5S, "Record Project/Rental Code/Units" should be used to establish the project rental code. The allotment key for FY 2010 is 21102 2141437XXXX to access AMAS inquiries. As a reminder, the six digit number for the RA Agreement Number should be assigned as follows:

1. First 2 digits - fiscal year of obligation (10);
2. Second 2 digits - numbers(s) in sequential order for each fiscal year starting with 01 (Example 10-01, 10-02);
3. Third 2 digits - always use 00.

The National Office will be regularly monitoring AMAS to determine the obligation activity of each state. Do not wait until the end of the quarter to obligate the renewal units. A final clean up of the AMAS system will be performed on **August 27, 2010**. Be sure to obligate any RA needed by your state for renewal purposes prior to this date.

The RA per unit values have been established based on each state's RA average usage rate. In some cases, a property may have a higher usage rate and may need to be renewed twice this fiscal year. In these situations, we will be using a different "alpha" code to distinguish obligations that are the second obligation of this fiscal year called "re-renewals". (The coding information is available on the RA share point under "General Information".) If re-renewal units are needed, please use the same process of submitting a "Request for RA Allocation and Renewals" using the RA share point web site.

Transferred RA Units:.
When transferring RA units from borrowers, a review of the list of renewal units will need to be done to determine if the transferring RA units are scheduled to be renewed in this fiscal year. Depending on the situation, units may or may not need to be renewed. If changes are needed, please submit a request through the RA share point site.

<u>Expiring RA Agreements</u>
For prior year RA obligations that will have their agreements expiring in FY 2010, the existing Form RD 3560-27, “RA Agreement,” will need to be revised to extend the agreement to “until funds are expended.” We anticipate a majority of the RA obligations will have depleted prior to September 30, 2010, and the renewal process will be initiated.

If you have any questions, please contact Janet Stouder, Multi-Family Housing Portfolio Management Division at (202) 720-9728.

Attachments

EXHIBIT A

FAMILY ALLOCATION - FISCAL YEAR 2009 (1 YR.)
O & E CODE: 21102 21414370021

		FAMILY VALUES	RENEWAL/ REPLACEMENT Expiring Jan. - Mar.	RENEWAL/ REPLACEMENT Expiring Apr. - June	RENEWAL/ REPLACEMENT Expiring July - Sept.	RENEWAL/ REPLACEMENT Expiring Oct. - Dec.	TOTAL UNITS	TOTAL DOLLARS NEEDED
1	ALABAMA	4,368	832	1,421	967	767	3,987	17,415,216
60	ALASKA	9,684	65	76	95	79	315	3,050,460
2	ARIZONA	5,160	513	553	458	275	1,799	9,282,840
3	ARKANSAS	4,284	1,178	628	876	630	3,312	14,188,608
4	CALIFORNIA	5,580	1,282	1,944	1,691	1,700	6,617	36,922,860
5	COLORADO	4,600	88	451	292	485	1,316	6,053,600
6	CONNECTICUT	4,500	29	59	107	108	303	1,363,500
7	DELAWARE	6,012	0	55	197	437	689	4,142,268
9	FLORIDA	4,824	1,511	1,626	907	765	4,809	23,198,616
10/11	GEORGIA	3,420	649	1,126	1,097	1,353	4,225	14,449,500
61	HAWAII	8,448	63	91	145	0	299	2,525,952
12	IDAHO	4,992	286	615	376	632	1,909	9,529,728
13/14	ILLINOIS	4,044	362	1,076	1,040	2,215	4,693	18,978,492
15	INDIANA	3,588	253	1,082	1,340	1,370	4,045	14,513,460
16	IOWA	4,404	318	807	749	599	2,473	10,891,092
18/19	KANSAS	3,828	168	471	534	359	1,532	5,864,496
20/21	KENTUCKY	3,240	461	947	575	1,071	3,054	9,894,960
22	LOUISIANA	4,776	1,099	1,525	1,745	354	4,723	22,557,048
23	MAINE	5,808	53	521	335	929	1,838	10,675,104
24	MARYLAND	5,796	36	372	327	1,015	1,750	10,143,000
25	MASSACHUSETTS	6,780	98	17	193	120	428	2,901,840
26	MICHIGAN	4,080	811	1,845	1,322	1,349	5,327	21,734,160
27	MINNESOTA	3,888	169	690	695	953	2,507	9,747,216
28	MISSISSIPPI	5,232	1,365	1,437	1,191	1,015	5,008	26,201,856
29/30	MISSOURI	3,324	540	959	1,269	922	3,690	12,265,560
31	MONTANA	3,828	91	299	195	231	816	3,123,648
32	NEBRASKA	3,828	183	356	269	602	1,410	5,397,480
33	NEVADA	5,544	165	398	118	255	936	5,189,184
34	NEW HAMPSHIRE	5,904	77	148	183	707	1,115	6,582,960
35	NEW JERSEY	5,352	363	74	319	121	877	4,693,704
36	NEW MEXICO	5,124	250	613	570	601	2,034	10,422,216
37	NEW YORK	4,884	217	824	538	902	2,481	12,117,204
38/39	NORTH CAROLINA	4,356	865	1,898	2,220	3,172	8,155	35,523,180
40	NORTH DAKOTA	3,984	65	194	191	261	711	2,832,624
41	OHIO	3,156	67	1,418	1,385	1,727	4,597	14,508,132
42	OKLAHOMA	4,272	449	1,383	749	853	3,434	14,670,048
43	OREGON	4,380	266	545	335	721	1,867	8,177,460
44	PENNSYLVANIA	4,416	197	818	567	779	2,361	10,426,176
63	PUERTO RICO	5,160	130	745	1,189	1,320	3,384	17,461,440
45	RHODE ISLAND	5,904	0	0	12	36	48	283,392
46	SOUTH CAROLINA	4,584	759	1,004	741	1,091	3,595	16,479,480
47	SOUTH DAKOTA	4,968	78	315	230	811	1,434	7,124,112
48	TENNESSEE	3,960	661	1,164	803	933	3,561	14,101,560
49/51	TEXAS	3,624	297	1,931	1,661	3,164	7,053	25,560,072
52	UTAH	5,316	109	438	121	217	885	4,704,660
53	VERMONT	6,816	141	142	130	246	659	4,491,744
64	VIRGIN ISLAND	12,192	113	69	12	168	362	4,413,504
54/55	VIRGINIA	4,068	558	838	833	852	3,081	12,533,508
56	WASHINGTON	4,656	498	706	728	757	2,689	12,519,984
57	WEST VIRGINIA	3,492	623	486	543	514	2,166	7,563,672
58	WISCONSIN	3,360	202	801	542	829	2,374	7,976,640
59	WYOMING	4,164	211	190	57	203	661	2,752,404
	NATIONAL TOTAL		19,864	38,191	33,764	41,575	133,394	590,121,620

EXHIBIT B

ELDERLY ALLOCATION - FISCAL YEAR 2010 (1 YR.)
O & E CODE: 21102 21414370081

		ELDERLY VALUES	RENEWAL/ REPLACEMENT Expiring Jan. - Mar.	RENEWAL/ REPLACEMENT Expiring Apr. - June	RENEWAL/ REPLACEMENT Expiring July - Sept.	RENEWAL/ REPLACEMENT Expiring Oct. - Dec.	TOTAL UNITS	TOTAL DOLLARS NEEDED
1	ALABAMA	4,368	429	641	629	433	2,132	9,312,576
60	ALASKA	9,684	15	16	10	77	118	1,142,712
2	ARIZONA	5,160	78	92	278	393	841	4,339,560
3	ARKANSAS	4,284	359	328	290	301	1,278	5,474,952
4	CALIFORNIA	5,580	536	647	671	1,426	3,280	18,302,400
5	COLORADO	4,600	35	225	342	192	794	3,652,400
6	CONNECTICUT	4,500	144	347	267	465	1,223	5,503,500
7	DELAWARE	6,012	55	31	65	189	340	2,044,080
9	FLORIDA	4,824	606	951	1,049	905	3,511	16,937,064
10/11	GEORGIA	3,420	392	543	357	958	2,250	7,695,000
61	HAWAII	8,448	24	65	245	10	344	2,906,112
12	IDAHO	4,992	29	166	71	558	824	4,113,408
13/14	ILLINOIS	4,044	51	96	110	726	983	3,975,252
15	INDIANA	3,588	38	344	574	694	1,650	5,920,200
16	IOWA	4,404	123	356	443	670	1,592	7,011,168
18/19	KANSAS	3,828	217	176	70	186	649	2,484,372
20/21	KENTUCKY	3,240	107	390	354	661	1,512	4,898,880
22	LOUISIANA	4,776	462	474	1,122	399	2,457	11,734,632
23	MAINE	5,808	77	505	809	1,653	3,044	17,679,552
24	MARYLAND	5,796	0	190	278	558	1,026	5,946,696
25	MASSACHUSETTS	6,780	232	80	196	326	834	5,654,520
26	MICHIGAN	4,080	140	489	392	510	1,531	6,246,480
27	MINNESOTA	3,888	59	206	326	283	874	3,398,112
28	MISSISSIPPI	5,232	614	535	387	580	2,116	11,070,912
29/30	MISSOURI	3,324	78	424	275	536	1,313	4,364,412
31	MONTANA	3,828	105	178	88	134	505	1,933,140
32	NEBRASKA	3,828	26	178	31	186	421	1,611,588
33	NEVADA	5,544	19	125	38	287	469	2,600,136
34	NEW HAMPSHIRE	5,904	0	150	211	348	709	4,185,936
35	NEW JERSEY	5,352	143	342	147	76	708	3,789,216
36	NEW MEXICO	5,124	69	96	110	51	326	1,670,424
37	NEW YORK	4,884	112	255	260	975	1,602	7,824,168
38/39	NORTH CAROLINA	4,356	368	1,390	1,070	1,609	4,437	19,327,572
40	NORTH DAKOTA	3,984	43	60	7	154	264	1,051,776
41	OHIO	3,156	117	414	624	816	1,971	6,220,476
42	OKLAHOMA	4,272	20	182	260	304	766	3,272,352
43	OREGON	4,380	77	348	177	536	1,138	4,984,440
44	PENNSYLVANIA	4,416	350	604	996	1,428	3,378	14,917,248
63	PUERTO RICO	5,160	32	87	16	16	151	779,160
45	RHODE ISLAND	5,904	184	28	23	0	235	1,387,440
46	SOUTH CAROLINA	4,584	351	665	498	343	1,857	8,512,488
47	SOUTH DAKOTA	4,968	19	146	93	230	488	2,424,384
48	TENNESSEE	3,960	225	164	410	757	1,556	6,161,760
49/51	TEXAS	3,624	220	973	799	1,283	3,275	11,868,600
52	UTAH	5,316	0	61	104	112	277	1,472,532
53	VERMONT	6,816	95	20	134	282	531	3,619,296
64	VIRGIN ISLAND	12,192	20	0	0	22	42	512,064
54/55	VIRGINIA	4,068	141	349	525	823	1,838	7,476,984
56	WASHINGTON	4,656	263	594	700	717	2,274	10,587,744
57	WEST VIRGINIA	3,492	293	128	284	406	1,111	3,879,612
58	WISCONSIN	3,360	106	578	506	441	1,631	5,480,160
59	WYOMING	4,164	16	136	99	0	251	1,045,164
	NATIONAL TOTAL		8,314	16,568	17,820	26,025	68,727	310,404,812

EXHIBIT C

LABOR HOUSING ALLOCATION - FISCAL YEAR 2010
O & E CODE: 21102 21414370032

		FAMILY VALUES	RENEWAL/ REPLACEMENT Expiring Jan. - Mar.	RENEWAL/ REPLACEMENT Expiring Apr. - June	RENEWAL/ REPLACEMENT Expiring July - Sept.	RENEWAL/ REPLACEMENT Expiring Oct. - Dec.	TOTAL UNITS	TOTAL DOLLARS NEEDED
1	ALABAMA	4,368	0	0	0	0	0	0
60	ALASKA	9,684	0	0	0	0	0	0
2	ARIZONA	5,160	48	0	40	0	88	454,080
3	ARKANSAS	4,284	0	0	0	0	0	0
4	CALIFORNIA	5,580	77	476	541	559	1,653	9,223,740
5	COLORADO	4,600	0	94	167	96	357	1,642,200
6	CONNECTICUT	4,500	0	0	0	0	0	0
7	DELAWARE	6,012	16	0	26	0	42	252,504
9	FLORIDA	4,824	998	324	414	92	1,828	8,818,272
10/11	GEORGIA	3,420	0	0	0	48	48	164,160
61	HAWAII	8,448	0	0	42	0	42	354,816
12	IDAHO	4,992	0	25	0	77	102	509,184
13/14	ILLINOIS	4,044	36	0	0	0	36	145,584
15	INDIANA	3,588	0	0	0	0	0	0
16	IOWA	4,404	0	4	0	0	4	17,616
18/19	KANSAS	3,828	0	0	0	0	0	0
20/21	KENTUCKY	3,240	0	0	0	0	0	0
22	LOUISIANA	4,776	0	39	0	0	39	186,264
23	MAINE	5,808	0	0	0	0	0	0
24	MARYLAND	5,796	0	0	82	0	82	475,272
25	MASSACHUSETTS	6,780	16	0	30	0	46	311,880
26	MICHIGAN	4,080	0	0	0	0	0	0
27	MINNESOTA	3,888	0	0	0	40	40	155,520
28	MISSISSIPPI	5,232	0	0	0	0	0	0
29/30	MISSOURI	3,324	0	0	0	0	0	0
31	MONTANA	3,828	0	0	0	0	0	0
32	NEBRASKA	3,828	0	16	0	8	24	91,872
33	NEVADA	5,544	0	0	0	0	0	0
34	NEW HAMPSHIRE	5,904	0	0	0	0	0	0
35	NEW JERSEY	5,352	0	24	0	0	24	128,448
36	NEW MEXICO	5,124	121	71	0	0	192	983,808
37	NEW YORK	4,884	0	0	0	6	6	29,304
38/39	NORTH CAROLINA	4,356	0	0	0	45	45	196,020
40	NORTH DAKOTA	3,984	0	0	0	0	0	0
41	OHIO	3,156	0	0	23	0	23	72,588
42	OKLAHOMA	4,272	0	0	10	0	10	42,720
43	OREGON	4,380	43	92	127	211	473	2,071,740
44	PENNSYLVANIA	4,416	0	12	0	0	12	52,992
63	PUERTO RICO	5,160	0	0	0	0	0	0
45	RHODE ISLAND	5,904	0	0	0	0	0	0
46	SOUTH CAROLINA	4,584	0	0	0	0	0	0
47	SOUTH DAKOTA	4,968	0	0	0	0	0	0
48	TENNESSEE	3,960	0	0	0	0	0	0
49/51	TEXAS	3,624	49	14	140	208	411	1,489,464
52	UTAH	5,316	0	13	0	12	25	132,900
53	VERMONT	6,816	0	0	0	0	0	0
64	VIRGIN ISLAND	12,192	0	0	0	0	0	0
54/55	VIRGINIA	4,068	34	0	0	0	34	138,312
56	WASHINGTON	4,656	10	39	126	173	348	1,620,288
57	WEST VIRGINIA	3,492	0	0	0	0	0	0
58	WISCONSIN	3,360	0	24	0	0	24	80,640
59	WYOMING	4,164	0	0	0	0	0	0
	NATIONAL TOTAL		1,448	1,267	1,768	1,575	6,058	29,842,188

May 28, 2010

TO: Rural Development
State Directors

ATTENTION: Program Directors

FROM: Tammye H. Treviño ***(Signed by Tammye H. Trevino)***
Administrator
Housing and Community Facilities Programs

SUBJECT: Program Applicant Debarment/Suspension Screening

A recent audit by the Office of the Inspector General (OIG) noted weaknesses in our due diligence checking and certifying loan applicants' debarment histories. Such debarment screenings are required by RD Instruction 1940-M in all our loan making processes. Documentation of such screenings (e.g., printed hardcopy query results from the Excluded Parties List System (EPLS)) is also required in the respective loan dockets.

Please ensure that all your loan making staff, particularly those new to their positions, are aware of these requirements and in compliance. To assist your staff, a Rural Development Debarment web site is available on the teamrd intranet at http://teamrd.usda.gov/rd/rhs/PSS/Debarment/debarment.htm with a link to the EPLS where debarment searches can be performed on-line.

Any questions concerning this requirement can be directed to Martha Burton, the Rural Development Suspension and Debarment Coordinator, at (202) 720-9651.

EXPIRATION DATE:
May 31, 2011

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 5/28/10 at 2:30 p.m. by PSS. State Directors should notify other personnel as appropriate.