

UNNUMBERED LETTERS ISSUED FOR THE OCTOBER OF 2010

Dated	Subject	Distribution
10/06/10	Request for Authorization of Actual Lodging Costs	S/D
10/07/10	Fiscal Year 2011 State Internal Review Handbook	S/D
10/15/10	Fiscal Year 2010 Survey of Section 515 Multi-Family Housing Transfers and American Recovery and Reinvestment Act Funds used in Conjunction with Transfer Transactions	S/D
10/19/20	Business and Industry Guaranteed Loan Program Rescinded Loan Note Guarantees/Loss Claims Denied	S/D
10/19/10	Official Time for Onsite Health Screenings and Procedures	RD Employees
10/19/10	Requesting Additional Section 502 Direct Loan funds	S/D
10/19/10	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, RDM & A/D
10/21/10	2010 Management Control Review Corrective Actions Section 514 On-Farm Labor Housing, Loan Servicing	S/D
10/21/10	Fiscal Year 2010 Management Control Review Corrective Actions Section 515 Rural Rental Housing and Section 514 Off-Farm Labor Housing Loan Servicing	S/D
10/25/10	Annual Report of Unauthorized Assistance	S/D
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10/28/10	Rural Microentrepreneur Assistance Program Project Funded for Fiscal Year 2010	S/D

October 6, 2010

SUBJECT: Request for Authorization of Actual Lodging Costs

TO: State Directors

ATTN: Administrative Program Directors

FROM: Clyde Thompson /s/ *Clyde Thompson*
Deputy Administrator
Operations and Management

On December 10, 2009, we issued Administrative Notice (AN) No. 4481 (2036-A) entitled, "Request for Authorization of Actual Lodging Costs," (see attachment). This memorandum provided guidance to State Directors on the procedures for requesting approval for reimbursement of actual lodging costs. Requests for post approval of actual lodging costs must include the correct supporting information and a justification for the extenuating circumstance, i.e., an emergency situation that is not within the control of the traveler, as required in RD Instruction 2036-A, "Travel Regulations and Policies".

In recent months, we have received an increase in the number of requests for post approvals without the required supporting information and that do not meet the extenuating circumstance requirement. Efforts to obtain the required documentation have been unsuccessful, are time-consuming, and often results in delayed reimbursement of travel expenses. As a result of this, these incomplete post approval requests will be returned for resubmission with proper documentation and justification.

Send your actual lodging cost request to the Rural Development Travel Unit (TU) using Form RD 2036-3, "Request for Travel Authorization or Amendment," which can be located at www.rurdev.usda.gov/regs/formstoc.html. If you have any questions, please contact one of the TU staff: Julie Railey, (202) 692-0227 or Lisa Washington, (202) 692-0030. You may also contact the TU via email to ssd.travel@wdc.usda.gov.

Attachment

EXPIRATION DATE:
October 31, 2011

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 10/7/2010 at 12:00 pm by the Support Services Division.
State Directors should distribute to other personnel as appropriate.



United States Department of Agriculture
Rural Development

RD AN No. 4481 (2036-A)
December 10, 2009

SUBJECT: Request for Authorization of Actual Lodging Costs

TO: State Directors

ATTN: Administrative Program Directors

FROM: Clyde Thompson /s/ *Clyde Thompson*
Deputy Administrator
Operations and Management

PURPOSE/INTENDED OUTCOME:

The purpose of this memorandum is to provide a reminder to State Directors on the procedures for requesting approval for reimbursement of actual lodging costs. Rural Development Instruction (RD) 2036-A, "Travel Regulations and Policies," authorizes reimbursement for actual lodging costs when lodging cannot be obtained at the Government rate. To ensure that we are prudent travelers, a diligent effort must be made to obtain lodging at the Government rate before seeking approval for actual lodging costs.

COMPARISON WITH PREVIOUS AN:

There has not been a previous AN issued on this subject.

IMPLEMENTATION AND RESPONSIBILITIES:

The process for State Directors requesting actual lodging costs is listed below:

- Send requests for approval of actual lodging costs to the Rural Development Travel Unit (TU) using the attached RD Form 2036-3, "Request for Travel Authorization or Amendment."

EXPIRATION DATE:
December 31, 2010

FILING INSTRUCTIONS:
Preceding RD Instruction 2036-A

1400 Independence Ave, SW • Washington, DC 20250-0700
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

- Attach to your request:
 - The name, telephone number, and room rate of at least three other hotels/motels that you contacted to obtain lodging at the Government rate. The rates provided for comparison must be for similar accommodations.
 - A written justification in accordance with RD 2036-A, paragraph 2036.11 (f), that justifies the request for actual lodging costs.
 - A copy of the conference agenda, if you are a presenter, showing your name as a participant at the conference. Reimbursement of actual lodging costs is allowable for conference presenters.

Requests for **post approval** of actual lodging costs **will not be approved**, unless an emergency situation can be documented. Prior approval for actual lodging costs is required and post approval will only be granted for extenuating circumstances. The reimbursement amount for lodging cannot exceed 150 percent of the locality's per diem rate. The TU will review the request to assure its adherence to travel regulations, and forward it for final approval. All other employees should complete and submit the documents in accordance with their office procedures.

If you have any questions, please contact one of the Travel Unit staff: Kelvin Dawson, (202) 692-0229, Lisa Washington, (202) 692-0030, or Julie Railey, (202) 692-0227. You may also e-mail the Travel Unit mailbox at ssd.travel@wdc.usda.gov.

Attachment

Sent by electronic mail on 12/16/09 at 3:00 p.m. by the Support Services Division. State Directors should notify appropriate personnel.

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT**

Form RD 2036-3
(Rev. 9-00)

1. No. (For use by issuing office only)

REQUEST FOR TRAVEL AUTHORIZATION OR AMENDMENT

2. Date (For use by issuing office only)

3. Name	4. Government Employee <input type="checkbox"/> Yes <input type="checkbox"/> No	5. Official Station
6. Title	7. Social Security No.	8. Residence City

9. Government Credit Card Holder: Yes No

10. Itinerary:
Dates: _____

11. Travel Purpose Code: _____ State Purpose: _____

12. Common Carrier Airplane Train Bus

Government or Privately-Owned Vehicle (POV)

Privately-Owned Airplane

Special Conveyance (State reason)

Note: Cost comparison for personal preference to use POV instead of common carrier must be completed by traveler and attached to this form.

13. Authority for Use of Noncontract Airline: Number _____ State reason: _____

14. Rental Car: *Yes No (* Requires detailed justification for need.)

15. Authority to Use Annual/Sick Leave While in Travel Status:
Dates: _____ # of Hours: _____

16. Accounting Classification Code: _____	<p>FUNDS CONTROL</p> <div style="border: 1px solid black; width: 150px; height: 60px; margin: 0 auto;"></div> <p><input type="checkbox"/> FUNDS AVAILABLE <input type="checkbox"/> FUNDS NOT AVAILABLE</p>
-------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

17. Estimated Costs:	*Per Diem:	Lodging \$ _____ x _____ Nights	\$ _____	
		M&IE \$ _____ x _____ Days	\$ _____	
		POV Mileage _____ # x _____ Cents/Mile	\$ _____	
		Miscellaneous (Parking, taxi, telephone calls, etc.)	\$ _____	
		Common Carrier	\$ _____	
		Car Rental	\$ _____	
		Total	\$ _____	0.00

* If requesting actual subsistence, attach request or actual subsistence form justifying why actual subsistence is needed.
(Must be approved by Deputy Administrator or above or other designated official.)

18. Total Overnight Accommodations for _____ # Nights: _____ (#) Do Do Not
Meet Hotel/Motel Fire Safety Act Requirements Act of 1990.

19. Signature of Traveler: _____ Date: _____ Concurrence of Supervisor: _____ Date: _____

October 7, 2010

SUBJECT: Fiscal Year 2011 State Internal Review Handbook

TO: State Directors

ATTN: Administrative Program Directors
Management Control Officers

FROM: Clyde Thompson /S/ *Van B. Jorstad* for
Deputy Administrator
Operations and Management

The Financial Management Division (FMD) has been working closely with the Information Resources Management (IRM) staffs in the National Office and St. Louis, Missouri, to update and issue the Fiscal Year (FY) 2011 State Internal Review (SIR) Handbook. The handbook includes review guides and corresponding spreadsheets for calculating compliance scores.

The updated SIR Handbook has been tested and certified by the IRM staff in St. Louis. In addition to the testing and certification, the IRM staff in St. Louis has loaded the updated handbook on the Intranet at:

<https://rd.sc.egov.usda.gov/teamrd/RDOM/cfo/fmd/sir2011/default.aspx>

Management Control Officers (MCOs) were notified by e-mail on October 1, 2010, of this update and availability for downloading from the Intranet. The MCOs should ensure they obtain the latest updates to the SIR Handbook.

The following items will continue to be documented and reported on the "Summary of Review Findings," at the SIR exit conferences, and in all final SIR reports:

1. Loans/grants reviewed with processing/servicing deficiencies,
2. The value of the above deficient loans/grants, and
3. Recurring weaknesses from the previous SIR(s) of the same field office/centralized program function.

EXPIRATION DATE:
October 31, 2011

FILING INSTRUCTIONS:
Administrative/Other Programs

The universal data on total subjects reviewed (i.e., employees, files, offices, etc.) and those with deficiency findings will still need to be captured and reported in the Automated Reports Tracking System.

If you have any questions or need additional information, please contact Diana Wareham of FMD, at (202) 692-0044 or diana.wareham@wdc.usda.gov.

Sent by electronic mail on 10/08/10 at 03:30 p.m. by FMD.
The State Director should advise other personnel as appropriate.

October 15, 2010

TO: State Directors
Rural Development

ATTN: Multi-Family Housing
Program Managers

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

SUBJECT: Fiscal Year 2010 Survey of Section 515 Multi-Family Housing Transfers and American Recovery and Reinvestment Act Funds used in Conjunction with Transfer Transactions

The Multi-Family Housing Preservation Direct Lending Division (MPDL) is conducting the annual survey of Section 515 Transfers which were approved and closed between October 1, 2009 and September 30, 2010. The annual survey provides a measurement of MPDL program objectives. The transfer information will enable MPDL to analyze types and numbers of transfers, types and amounts of third-party funds, American Recovery and Reinvestment Act (ARRA) funds, workloads and potential training needs.

ARRA funds may have been provided to borrowers in conjunction with transfers approved and closed during this timeframe. Types of ARRA funds include:

- Tax Credit Assistance Program (TCAP) and Tax Credit Exchange Program (TCEP) funds which are provided through State Tax Credit Agencies from Section 1602 Authorities.
- Bond financing provided to the state agencies from supplemental funds provided by the Department of Housing and Urban Development (HUD) for housing preservation and which are not part of the TCAP/TCEP Section 1602 Authorities.

To complete the survey, we ask each State to provide the following:

EXPIRATION DATE:
October 31, 2011

FILING INSTRUCTIONS:
Housing Programs

- Copy of Form RD 3560-20, “*Multi-Family Housing Transfer and Assumption Review and Recommendation*” for every transfer approved and closed between October 1, 2009 and September 30, 2010.
- Copy of borrower selection notification from the applicable State Housing Tax Credit Agency for ARRA - TCAP and TCEP funds approved and funded prior to September 30, 2010; if applicable.
- Copy of the notification from the respective state agency of the bond award using the supplemental funds provided by HUD for housing preservation, if applicable.

Copies of Form RD 3560-20 and ARRA TCAP, TCEP or HUD bond financing notifications can be emailed to melinda.price@wdc.usda.gov or faxed to (614) 255-2563, Attention: Melinda Price. This information is due by close of business October 30, 2010.

If you have any questions regarding this survey, please contact Melinda Price at 614-255-2403 or melinda.price@wdc.usda.gov.

Thank you for your attention to this matter.

October 19, 2010

TO: State Directors, Rural Development
ATTN: Business Programs Directors
SUBJECT: Business and Industry Guaranteed Loan Program
Rescinded Loan Note Guarantees/Loss Claims Denied

The practice of denying payment of a loss claim on a Federal guarantee has been the exception rather than the norm within the Business and Industry loan program. As part of our continued efforts to optimize the services we provide, we must periodically assess our practices, policies and procedures for coherence with our objectives. There is a continued need for us to evaluate policies and requirements associated with the reduction or denial of loss claims.

We are asking each State Office to provide a list of loans in which the Agency reduced or denied the payment of loss claim or rescinded the Loan Note Guarantee, between January 2001, and the present, because of fraud or misrepresentation. In addition, we request that you also provide the loan information for the same time period where the Agency has reduced the final report of loss due to negligent servicing. The reduction of a loss claim can include, but is not limited to, unaccounted for machinery and equipment, failure by the lender to maintain a life insurance policy, and etc.

As a method of tracking fraud, misrepresentation, and negligent servicing cases across the nation, please complete the Survey Template located in SharePoint. Please download and complete this Survey Template after November 1, 2010, and upload the completed survey into your state folder located on SharePoint by close of business, November 10, 2010.

Detailed steps for accessing the survey and uploading your response into SharePoint:

1. <https://rd.sc.egov.usda.gov/teamrd/BP/BP/BI/Shared%20Documents/Forms/AllItems.aspx>
2. Access the "Business and Industry – Servicing" folder.
3. Access the "Loss Claims – Survey" folder.
4. Download the Excel Survey Template.
5. After your survey is completed, repeat steps 1-3, and access your state's folder.
6. Upload your completed survey into your state folder by November 10, 2010.

EXPIRATION DATE:
October 31, 2011

FILING INSTRUCTIONS:
Community/Business Programs

To ensure that we have a response from all states, a response is required even if your state has not denied a payment of a loss claim, or rescinded the Loan Note Guarantee for fraud or misrepresentation. Please download the template and check the appropriate box indicating a negative response, if applicable.

We appreciate your continuous efforts in promoting dynamic economic opportunities in rural America.

If you have any questions or comments, please contact the Business and Industry Division, Servicing Branch, (202) 690-4103.

(Signed by Curtis Wiley) for

JUDITH A. CANALES
Administrator
Business and Cooperative Programs

Attachments

Loss Claim Reports
REDUCED/REVOKED/DENIED
 October 1, 2001 – September 30, 2010

Borrower	Original Loan Amount	Amount of Rescission	Date of Rescission	Reason for Reduction	Amount of Reduction	Date of Reduction	Amount of Final loss Payment	Date of Final Loss Payment

[] By checking this box you are indicating that your State is submitting a negative response.

October 19, 2010

SUBJECT: Official Time for Onsite Health Screenings and Procedures

TO: All Rural Development Employees

FROM: Clyde Thompson
Deputy Administrator /s/ *Clyde Thompson*
Operations and Management

Preventive health screenings and procedures are an important part of maintaining a healthy workforce. Guidance on preventive health screenings are part of the Office of Personnel Management's Feds Get Fit Initiative, located at <http://www.fedsgetfit.gov/About.aspx>, and RD Instruction 2066-A Rural Development Leave Program at §2066.12 (f) (2) (vi) that states, "An employee shall be granted official leave for specific health services offered on a mass or community basis. A maximum of 1 hour of official leave may be granted for tests for tuberculosis and glaucoma, preventive inoculations, etc., provided that:

- The request for official leave is approved by the supervisor in advance (orally or in writing)
- The employee's absence will not interfere with work continuity"

Authorized Excused Absence will be granted for onsite activities such as:

- Mobile Mammogram Van visits
- Flu shots
- Screenings for high blood pressure
- Screenings for diabetes, cholesterol, tuberculosis and glaucoma

This policy does not apply to medical examinations an employee has with their personal physician unless they are examinations required for job qualification. Please contact your Human Resources Office if you have any additional questions.

EXPIRATION DATE:
October 31, 2011

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on October 19, 2010 at 5:00 p.m. by Human Resources.

October 19, 2010

TO: State Directors
Rural Development

ATTENTION: Single Family Housing Program Directors

FROM: Chad Parker (*Signed by Chad Parker*)
Acting Deputy Administrator
Single Family Housing

SUBJECT: Requesting Additional Section 502 Direct Loan funds

As you know, we started Fiscal Year 2011 operating under a Continuing Resolution (CR). With the level of funding received under the CR (\$113 Million), and the period of time those funds may have to last (until December 3rd), we are extremely limited in our ability to grant requests for additional funds. Until we receive further funding as a program, the only additional funding we can provide states (with the exception of Self Help, Rural Home Loan Partnership (RHLP), and Real Estate Owned (REO) is for hardship requests.

States that have exhausted allocated funds may submit hardship requests using the National Office Reserved Funds (NORF) system. Priority will be given to applicants facing deficient housing hardships including applicants who have been living in deficient housing for more than 6 months, current homeowners in danger of losing a property through foreclosure, applicants who will be homeless before the expiration of the CR, and other circumstances determined by the Rural Housing Service on a case by case basis to constitute a hardship. Priority will be given to homeless cases accompanied by a certification from a third party entity such as an agency for the homeless (if certification is verified, please document in NORF). Hardship requests will be evaluated on a weekly basis each Thursday.

Please note: Unobligated funds will be swept by close of business Friday, November 12th!

EXPIRATION DATE:
September 30, 2011

FILING INSTRUCTIONS:
Housing Programs

Funds for Self Help, RHLP, Community Development Financial Institutions (CDFI) loans will continue to be requested through the survey tool.

<http://survey.sc.egov.usda.gov/survey.aspx?surveykey=20>

Hardship and REO sales can requested through NORF.

<https://norf.sc.egov.usda.gov/>

Funds for non program credit sales are not yet available.

As a reminder, states should continue to use the data query tool prior to obligating any loan. This is to ensure data quality. Data integrity is still a priority for all Section 502 Direct Loans.

If you have any questions regarding this memorandum, please contact the Single Family Housing Direct Loan Division at 202-720-1474.

October 19, 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 November 1, 2010, are changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
ALL LOAN TYPES		
Treasury Judgement Rate	0.260%	0.250%

The new rate shown above is as of the week ending September 24, 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	4.250	4.000
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EXPIRATION DATE:	FILING INSTRUCTIONS:
November 30, 2010	Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	4.750	4.500
Rural Housing Site (RH-524), Non-Self-Help	4.250	4.000
Rural Rental Housing and Rural Cooperative Housing	4.250	4.000

Please notify appropriate personnel of these rates.

(Signed by Tammye Trevino)

TAMMYE TREVINO
Administrator
Housing and Community Facilities Programs

Sent by electronic mail on 10/19/10 at 1:00 pm by PAD.
State Directors should advise other personnel as appropriate.

October 21, 2010

TO: State Directors
Rural Development

ATTENTION: Program Directors
Multi-Family Housing

FROM: Tammye Treviño (*Kathy McEntee*) for
Administrator
Housing and Community Facilities Programs

SUBJECT: 2010 Management Control Review Corrective Actions
Section 514 On-Farm Labor Housing Loan Servicing

The purpose of this Unnumbered Letter (UL) is to address the concerns raised as a result of the Fiscal Year 2010 Management Control Review (MCR) for Section 514 On-Farm Labor Housing Loan Servicing. The MCR revealed several internal program weaknesses which need to be addressed. Please note that these findings have been identified in previous MCR and State Internal Reviews.

- A. The National Office noted during the file review that there were borrowers with no executed lease agreement or an employment contract with the farm labor worker. In accordance with 7 CFR 3560 Subpart M; Section 3560.623 (b) Housing Management and Operations, it is the responsibility of the borrower to maintain a lease or employment contract with each tenant specifying employment with the borrower as a condition for continued occupancy. During the triennial Supervisory Visit, the Servicing Official should be ensuring that a lease agreement or an employment contract is in place for each tenant.
- B. The National Office noted a recurring trend during the file review and during the review of the Multi-Family Information System (MFIS) that for many of the projects reviewed, there was no indication that an approved Affirmative Fair Housing Marketing Plan (AFHMP) had been prepared and maintained by the borrower. The AFHMP sets forth how the borrowers plan to meet their Fair Housing responsibilities. In accordance with RD Instruction 1901-E, Section 1901.203(c), Rural Development Affirmative Action, it

EXPIRATION DATE:
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FILING INSTRUCTIONS:
Housing Programs

is the responsibility of borrowers with housing projects having five (5) or more rental units to prepare and maintain a current AFHMP. The AFHMP, when applicable, must be submitted to the Agency for approval prior to the initial loan closing and subsequent loan closings. Once approved, it must be posted in a conspicuous place. It is the borrower's responsibility to update the AFHMP and submit it to the Agency for approval when any component of the plan changes, or if implementation of the existing plan is not reaching the population groups targeted by the plan. Servicing Officials must be sure to enter the received date and the approval date of the AFHMP into MFIS on the Supervisory Activities screen.

- C. The National Office noted during the file review that many of the files did not contain Form RD 3560-7A, "*On Farm Labor Housing Project Budget*" as required by the Agency. In accordance with 7 CFR 3560 Subpart M; Section 3560.630 Financial Management; it is the responsibility of the borrower to provide financial information showing the borrower is operating the housing in a non-profit manner. Financial information must be submitted in a format acceptable to the Agency, which is the Form RD 3560-7A.

If you have any questions regarding this Unnumbered Letter, please contact Barbara Turner of the Multi-Family Housing Portfolio Management Division at (202) 690-1436.

October 21, 21010

TO: State Directors
Rural Development

ATTENTION: Program Directors
Multi-Family Housing

FROM: Tammye Treviño (Kathy McEntee) for
Administrator
Housing and Community Facilities Programs

SUBJECT: Fiscal Year 2010 Management Control Review Corrective Actions
Section 515 Rural Rental Housing and Section 514 Off-Farm Labor
Housing Loan Servicing

The purpose of this Unnumbered Letter (UL) is to address the concerns raised as a result of the Fiscal Year 2010 Management Control Review (MCR) conducted for the Section 515 Rural Rental Housing Program and the Section 514 Off-Farm Labor Housing Program. As a result of the MCR, several internal program weaknesses were identified and need to be addressed. Please note that these findings have been identified in previous MCR and State Internal Reviews.

- A. It was noted in the MCR that Multi-Family Housing Loan Servicing Officials are not reviewing the year-end actual budgets and financial audits and are not entering the results of the review into the Multi-Family Information System (MFIS) within 60 days upon receipt. Once the year end budget data is reviewed, the Loan Servicing Official shall notify the borrower of the results of the review and enter the results in MFIS. If financial information is not received or is unacceptable, a finding and a follow-up date must be entered in MFIS. Loan Servicing Officials should review Exhibit 4-7, "Agency Review of Annual Financial Reports" in HB-2-3560, which provides specific guidance on performing year-end financial reviews.
- B. It was noted in the MCR that Multi-Family Housing Loan Servicing Officials are approving budgets that propose a vacancy allowance exceeding the cap, and where there is no workout plan in place. HB-2-3560, Chapter 4.26 requires that proposed annual budgets submitted by borrowers undergo a reasonableness review by Loan Servicers. A reasonable vacancy allowance is considered to be one that does not exceed the previous three years historical vacancy rate. Projects having 15 or fewer units must maintain a historical vacancy rate of no more than 15 percent. Projects having more than 15 units must maintain a historical vacancy rate of no more than 10 percent. If the proposed

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FILING INSTRUCTIONS:
Housing Instructions

vacancy rate exceeds the cap, a workout plan must be submitted prior to receiving budget approval from the Agency. In order to assist Loan Servicers with identifying these budgets, MFIS is being modified so that the budget analysis process will flag instances where a proposed budget contains a vacancy rate that exceeds the cap and where there is no workout plan.

- C. It was noted in the MCR that MFIS was not being maintained or updated promptly and adequately. Servicing Officials are not entering specific items such as dates for budget actions, site inspections, and follow-up actions for deficiencies. MFIS is the Agency's main source of data on the Multi-Family Housing portfolio. Accurate and timely information is critical to appropriate monitoring and enforcement of Agency regulations to ensure continued availability of decent, safe, and sanitary affordable housing for rural residents. This data is used to develop National Office Performance and Accountability Reports, Program Assessment Reports, and to determine achievement of goals in the Rural Development Strategic Plan.

HB-2-3560, Chapter 3.4 provides an overview of the features contained in MFIS and how MFIS is utilized in monitoring the MFH portfolio activities. This chapter also contains a section on Staff Responsibilities that should be reviewed by Servicing Officials. A three-part MFIS training PowerPoint is available on Rural Development's Multi-Family Housing Share Point Site at:

<https://rd.sc.egov.usda.gov/teamrd/hcfc/mfh/MultiHousing%20Family%20Information/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fhcfc%2fmfh%2fMultiHousing%20Family%20Information%2fMFH%20Training%20Information&FolderCTID=&View=%7bF5D1E7F2%2d50F2%2d4C19%2dBC0C%2d4DEA0DA1C74F%7d>.

The PowerPoint presentations are entitled, **MFIS (Rev.1109) - Part 1, MFIS (REV.1109) - Part 2, and MFIS(Rev.1109) - Reports**. Servicing Officials and Loan Specialists who are responsible for monitoring properties and enforcing Agency regulations are strongly encouraged to view these PowerPoint presentations.

- D. The National Office noted during its docket review for both Section 515 and Section 514 programs that the Servicing files lacked Servicing Letters and follow-up actions by Servicing Officials. In situations where site inspections disclosed deficiencies and borrowers did not respond to the Servicing Office with explanations or the status of curing deficiencies within the given timeframe, there was no evidence of further follow-up by the Agency.

Although it is the responsibility of the borrower/management company to report and correct all deficiencies, the Agency must monitor the borrower/management company's performance to:

1. Ensure the property is managed in accordance with the goals and objectives of Multi-Family Housing;
2. Preserve the value of the property;
3. Ensure that the property is maintained in accordance with the Agency's requirements for providing housing that is decent, safe, sanitary and affordable; and

4. Verify compliance with occupancy requirements.

Additional guidance and instructions can also be found in HB-2-3560, Chapter 9, “Agency Monitoring.”

E. After evaluating site features for common and public areas, as well as the required accessible dwelling units using an existing Self Evaluation/Transition Plan (SE/TP) specific to each project during individual site visits for each property, the National Office noted during the site reviews that several borrowers were not compliant with Federal Accessibility Standards based on Uniform Federal Accessibility Standards (UFAS). The following non-compliant items shall be addressed in a future SE/TP and completed within the required time period appropriate for each item. This guidance should be submitted to the borrower in order to insure that all areas that require accessibility are addressed by the borrower in, as well as the technical staff addressing these issues on behalf of the borrower in an updated SE/TP. It is the full responsibility of the borrower to insure that the following items are addressed, as well as all other items required by the UFAS which must be met when receiving federal financial assistance.

1. Please refer to the UFAS [4.3](#) , [4.5](#) , and [4.8](#) , which provides guidance for the proper installation/application for drives and sidewalks that were found to be non-compliant. *(Click on the UFAS references and the hyperlinks will direct you to the referenced section)*
2. Please refer to UFAS [4.3](#) , [4.6](#) , [4.7](#) , and [4.8](#) , which provides guidance for the proper installation/application for parking surfaces, parking spaces, access aisles, and accessible signage that were found to be non-compliant. *(Click on the UFAS references and the hyperlinks will direct you to the referenced section)*
3. Please refer to UFAS [4.3](#) , [4.5](#) , [4.16](#) , [4.27](#) , [4.29](#) , [4.30](#) , and [4.34.7](#) , which provides guidance for the proper installation/application for common areas (mailbox access, common restrooms, laundry facilities) that were found to be non-compliant. *(Click on the UFAS references and the hyperlinks will direct you to the referenced section)*
4. Please refer to UFAS [4.34.5.2](#) , [4.34.5.3](#) , [4.34.5.4](#) , and [4.34.5.5](#) , which provides guidance for the proper installation/application of showers/tubs, lavatories, toilet, and grab bars that were found to be non-compliant.

Should you have any questions regarding this UL, please contact Barbara Turner of the Multi-Family Housing Portfolio Management Division at (202) 690-1436.

October 25, 2010

TO: State Directors, Rural Development
ATTN: Business Programs Directors
SUBJECT: Annual Report of Unauthorized Assistance

RD Instruction 1951-O, section 1951.716, requires each State Office to submit an annual report, within 30 days following the end of the fiscal year, for each case of unauthorized assistance or subsidy benefits. Likewise, a negative report is required from States with no unauthorized assistance cases.

Unauthorized assistance is defined, in RD Instruction 1951-O, as any loan, interest subsidy, grant, or portion thereof received by a recipient for which there was no regulatory authorization or for which the recipient was not eligible.

Reports should be sent via e-mail to Marjorie L. Galanos, marjorie.galanos@wdc.usda.gov, with a copy to Jeanette Johnson, jeanette.johnson@wdc.usda.gov. For each reported case, include the account name, case number, fund code, Office of Inspector General audit number (if applicable), amount collected during the period, balance owed, basis for the unauthorized determination, and current status.

As always, your prompt attention is appreciated. Disregard this notice if you have already submitted your report. If you have any questions, contact Marjorie L. Galanos, Oversight Coordination Staff, at (202) 720-0023.

(Signed by Judith A. Canales)

JUDITH A. CANALES
Administrator
Business and Cooperative Programs

EXPIRATION DATE:
October 31, 2011

FILING INSTRUCTIONS:
Community/Business Programs

October 27, 2010

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Program Loan Cost Coordinators and
Contract Program Managers

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

SUBJECT: Program Loan Cost Expense Funds
FY 2011 Allocations and Requirements
Under the Credit Reform Act of 1990

The Office of Management and Budget (OMB) has approved this year's apportionment of **recoverable** Direct Loan Financing and Liquidating Program Loan Cost Expense (PLCE) funds for Rural Development Housing and Community Facilities Programs. Your State's annual FY 2011 Direct Loan Financing Account and initial Liquidating Account allocations are provided in Attachment 1. Your State's Direct Loan Financing Account allocations are based on the number of existing 502 Direct loans and 515 projects in your State. Your State's initial Liquidating Account allocations are based on your FY 2010 Liquidating Account obligations. These funds have been posted in the Type 60 Foundation Financial Information System (FFIS).

All PLCE funds required in the Community Facilities Program are held in the National Office. Funding for Community Facilities PLCEs should be requested by completing and faxing Attachment 2 to Robert Bogan at (202) 690-0652.

Attachment 1 also lists your State's Salaries and Expense Account ("A" funds) initial allocation for FY 2011 (also posted in FFIS), under the current Continuing Resolution through December 3, 2010. This year's non-recoverable PLCE funds are only authorized for Single-Family Housing (SFH) mortgage releases, pre-approved Multi-Family Housing (MFH) appraisals, pre-approved MFH cost certifications, SFH and MFH wage match, SFH bankruptcy fees, and SFH inventory property

EXPIRATION DATE:
October 31, 2011

FILING INSTRUCTIONS:
Administrative/Other Programs

inspections and interpreter services. No other uses of non-recoverable PLCE funds are allowed without prior National Office permission. Your State's initial "A" funds provided in Attachment 1 should be conserved for emergency SFH needs only during the Continuing Resolution.

To request specific MFH appraisals and/or cost certifications, contact Tom Ale at Thomas.Ale@wdc.usda.gov or (202) 720-1620. For all other emergency needs requiring "A" funds, contact Carl Muhlbauer at Carl.Muhlbauer@wdc.usda.gov or (202) 690-2141.

We will again need your cooperation in stretching our limited non-recoverable funding this year. Please check the accuracy of the Program Authority Codes (PACs) entered into FFIS for your State's PLCEs. Make sure you use the current PAC Tables (effective October 1, 2009) to verify the recoverability of each charge you submit. The SharePoint web site address for the Tables is:

<https://rd.sc.egov.usda.gov/teamrd/RD%20Program%20Loan%20Cost%20Information/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fRD%20Program%20Loan%20Cost%20Information%2fRural%20Development%20PAC%20Codes&FolderCTID=&View=%7b55E32C01%2dBF4F%2d4DD9%2d868F%2d48E5150204E2%7d>

To get to this site, Ctrl-Click this hyperlink. If you have trouble Ctrl-Clicking this hyperlink, or if you have received this memorandum as a hard copy, go to the SharePoint site at the following address:

<https://rd.sc.egov.usda.gov/teamrd/default.aspx>

Then, on the upper left side of the screen, under "Documents," click on the Rural Development Program Loan Cost (PLC) Information link; then, on the next screen, click on "Rural Development PAC Codes."

Under provisions of the Credit Reform Act of 1990, each State has three non-transferable accounts to manage. The Direct Loan Financing Account, also referred to as the "R" Account, is used to pay PLCEs that are chargeable to a direct/insured borrower, property account, or subsidy funds in which the loan was obligated in FY 1992 or subsequent years. The Liquidating Account, also referred to as the "L" Account, is used to pay PLCEs that are chargeable to a direct/insured or guaranteed borrower or property account in which the loan was obligated prior to FY 1992. The oldest outstanding loan provides the basis for determining which recoverable ("L" or "R") Account to charge in the case of multiple loans. The non-recoverable Salaries and Expense ("A") Account is to be used to pay non-recoverable PLCEs that are not chargeable to a borrower, property account, or subsidy funds for all Housing and Community Facility programs.

Funding for PLCEs paid from cash proceeds from a sale and recoverable guaranteed loan expenses are not allocated. If you need to process a recoverable guaranteed program loan cost expense, please contact the Guaranteed Loan Branch of the Finance Office (St. Louis) at (314) 457-4192 for instructions.

Program officials are the only staff authorized to certify PLCE funds availability. Administrative officials (Contract Program Managers, Contract Specialists, Budget Analysts, etc.) are not authorized to certify PLCE funds availability. The Program Loan Cost Coordinator is responsible for monitoring obligations/disbursements of PLCE allocations by account to avoid violation of the Anti-Deficiency Act. Specifically, your State Office Housing Program section is responsible for determining and documenting how these funds will best be used to meet your program goals and objectives. It is also accountable for the proper use of these funds. State Offices are required to issue a State Administrative Notice identifying a methodology for controlling their funds, naming the program official designated to certify PLCE fund availability, and, if these funds are sub-allocated, distribute them by program and account. **A State should not request additional funding in any of its three PLCE accounts until it has obligated at least 90 percent of its current account funds.**

If field staff have any questions concerning this memorandum, they should contact their State Office. If State Office officials have questions concerning this memorandum, they should contact Carl Muhlbauer, Program Support Staff, at (202) 690-2141.

Attachments (2)

Sent by electronic mail on 10/27/10 at 4:30p.m. by PSS. State Directors should notify other personnel as appropriate.

**PROGRAM LOAN COST EXPENSE FUNDS
Housing Programs (RHIF) - FY 2011**

State/Territory	Allocations		
	Salaries & Expense Account	Direct Loan Financing Account	Liquidating Account
Alabama	\$904	\$937,139	\$25,140
Alaska	\$143	\$97,852	\$3,000
Arizona	\$478	\$482,229	\$11,919
Arkansas	\$757	\$854,726	\$19,457
California	\$1,104	\$920,249	\$24,079
Colorado	\$328	\$286,069	\$19,442
Delaware	\$363	\$336,085	\$14,125
Florida	\$951	\$1,065,076	\$230,831
Georgia	\$1,105	\$1,061,166	\$19,047
Hawaii	\$356	\$513,661	\$8,259
Idaho	\$279	\$304,176	\$21,997
Illinois	\$818	\$852,061	\$31,168
Indiana	\$697	\$616,482	\$118,059
Iowa	\$550	\$579,122	\$5,035
Kansas	\$372	\$348,567	\$2,128
Kentucky	\$1,024	\$1,196,570	\$79,918
Louisiana	\$816	\$916,819	\$154,553
Maine	\$428	\$524,996	\$27,538
Massachusetts	\$348	\$346,135	\$9,242
Michigan	\$907	\$749,722	\$309,007
Minnesota	\$522	\$352,661	\$12,152
Mississippi	\$1,393	\$1,971,447	\$121,818
Missouri	\$816	\$800,546	\$13,608
Montana	\$214	\$207,232	\$3,952
Nebraska	\$256	\$230,753	\$12,962
Nevada	\$88	\$68,089	\$114
New Hampshire	\$193	\$184,837	\$2,360
New Jersey	\$190	\$214,384	\$250,034
New Mexico	\$366	\$339,176	\$12,645
New York	\$800	\$590,487	\$328,735
North Carolina	\$1,548	\$1,539,467	\$45,100
North Dakota	\$140	\$144,610	\$5,909
Ohio	\$923	\$726,251	\$60,303
Oklahoma	\$541	\$476,678	\$56,682
Oregon	\$434	\$369,735	\$25,770
Pennsylvania	\$1,065	\$841,800	\$42,166
Puerto Rico	\$882	\$1,469,077	\$118,226
South Carolina	\$861	\$912,707	\$117,168
South Dakota	\$193	\$185,924	\$2,474
Tennessee	\$960	\$991,769	\$50,129
Texas	\$1,946	\$1,683,698	\$111,612
Utah	\$202	\$251,827	\$2,137
Vermont	\$186	\$198,917	\$41,686
Virgin Islands	\$82	\$96,058	\$787
Virginia	\$796	\$769,968	\$19,007
Washington	\$477	\$374,938	\$4,375
West Virginia	\$499	\$517,888	\$178,401
Wisconsin	\$597	\$413,495	\$43,917
Wyoming	\$102	\$86,679	\$6,827
Total	\$30,000	\$30,000,000	\$2,825,000

FISCAL YEAR PROGRAM LOAN COST EXPENSE
RURAL HOUSING SERVICE - COMMUNITY PROGRAMS

State:
Contact Person:
Telephone Number:

Account:
Fax No.:

Program Authority Code (PAC):
(Loan Program)
(General Purpose)
(Program Activity)
(Detail Description)

Program Authority Required: (Indicate Yes/No)
Recoverable Non-recoverable

Description of Request:

CONTRACTUAL

NONCONTRACTUAL

Inspections
Appraisals
Analysis and Audits
Information Services
Other Services
Maintenance & Management
Repair/Improvement
Exclusive Broker
Open Listing Broker
Environmental
Other Field Contracting
Credit Bureau Reports
TOTAL

Advertising
Real Estate Taxes
Insurance
(including flood)
Other (Explain)
Utilities *
TOTAL

* Attach copies of vouchers and/or documents.

State Program Director

Concurrence:
Associate Administrator/Deputy Administrator
Date:

TO BE COMPLETED BY NATIONAL OFFICE:

Account Balance after this obligation:
Initials:
Date:

October 28, 2010

TO: State Directors, Rural Development
ATTN: Business Programs Directors
SUBJECT: Rural Microentrepreneur Assistance Program
Projects Funded for Fiscal Year 2010

Business Programs has announced direct loan and technical assistance grant selections for fiscal year (FY) 2010 under the Rural Microentrepreneur Assistance Program (RMAP). A listing of direct loan and technical assistance grant awards is attached for your information.

During FY 2010, 75 direct loan/grant combo and grant-only applications were considered by Business Programs. Based on the availability of funds, 63 loans, 62 technical assistance grants, and 12 grant-only applications were selected for funding.

A total of \$45.1 million was available to fund RMAP projects. This includes \$36.2 million for loans, \$7.6 million for technical assistance grants, and \$1.3 million for technical assistance-only grants. Unused balances will be carried over for FY 2011 funding.

Projects should be obligated using Type of Assistance (TOA) codes “489” (loans), “629” and “488” (combo technical assistance grants – *please see attached list of projects to ensure that your State project(s) is properly coded*), and “487” (technical assistance-only grants.) Also, applicable TOA codes for requests for combo technical assistance grants should be changed immediately, per attached, in the Guaranteed Loan System so as to avoid discrepancies when obligating projects. Procedures to obligate and close loans and/or grants should begin immediately. Sharepoint contains Administrative Guidance on procedures to close projects and sample Letter of Conditions for loan/grant combos and technical-assistance only grants. These are also attached.

The State Director, or designee, is delegated authority for approval and servicing of loans and grants.

Please provide appropriate notification to applicants regarding their selection or non-selection of an award. Unsuccessful applications that score 70 points or more should be retained for consideration in subsequent reviews, through a total of four quarterly reviews.

EXPIRATION DATE:
September 30, 2011

FILING INSTRUCTIONS:
Community/Business Programs

Applications unsuccessful after four quarters will be returned and/or withdrawn from funding consideration in accordance with RD Instruction 4280-D, section 4280.317(a)(3). Any revisions in priority scoresheets that are intended for consideration in the next round of FY 2011 funding must be received in the National Office by January 31, 2011.

(Signed by Pandor H. Hadjy)

PANDOR H. HADJY
Deputy Administrator
Business Programs

Attachments

ATTACHMENT 1

STATE	SCORE	BORROWER NAME	LOAN AMT	TA AMT		TA-ONLY AMT
			TOA "489"	TOA "629"	TOA "487"	
PENNSYLVANIA NORTH CAROLINA	100	LAWRENCE COUNTY ECONOMIC DEVEL	100,000	25,000		
VIRGINIA	100	RURAL EC. DEV. CTR.INC.	0	0		130,000
IOWA	100	STAUNTON CREATIVE COMMUNITY FU	0	0		50,000
PENNSYLVANIA	99	IFMCV DBA IOWAMICROLOAN	500,000	105,000		
CALIFORNIA	98	SAINT FRANCIS UNIVERSITY	0	0		85,000
TENNESSEE	98	YUBA-SUTTER EDC	0	0		130,000
FLORIDA	96	ALT CONSULTING	400,000	100,000		
CALIFORNIA	95	NORTH-SOUTH INSTITUTE,	281,250	70,312		
MAINE	93	FRESNO COMMUNITY DEVELOPMENT F	500,000	105,000		
DELAWARE	93	MAINSTREAM FINANCE	500,000	105,000		
SOUTH DAKOTA	93	MARYLAND CAPITAL ENTERPRISES,	500,000	105,000		
TEXAS	93	MOBRIDGE ECONOMIC DEVELOPMENT	120,000	30,000		
VIRGINIA	93	NEIGHBORHOOD HOUSING SER	0	0		130,000
HAWAII	93	VA FOUNDATION FOR AG INNOVATI	0	0		99,500
CALIFORNIA	93	THE CENTER FOR SOCIAL ECOLOGY	0	0		130,000
NEBRASKA	92	ALLIANCE FOR WORKFORCE DEVELOP	0	0		75,000
IOWA	92	CENTER FOR RURAL AFFAIRS	400,000	100,000		
ILLINOIS	92	NORTH IOWA AREA COMMUNITY C	0	0		130,000
OHIO	92	SOUTHERN IL COAL BELT CHAMPION	500,000	105,000		
KENTUCKY	92	THE OHIO STATE UNIVERSITY	0	0		130,000
VIRGINIA	91	KENTUCKY HIGHLANDS INVESTMENT	500,000	100,000		
MONTANA	91	MIDDLE PENINSULA BUS DEV PAR	0	0		70,000
MAINE	90	MONTANA COMMUNITY DEVELOPMENT	0	0		130,000
SOUTH DAKOTA	90	ANDROSCOGGIN VALLEYCOUNCIL/GOV	250,000	62,500		
TEXAS	90	W RIVER FOUNDATION	250,000	62,500		
WISCONSIN	89	CEN-TEX CERTIFIED DEVELOPMENT	500,000	105,000		
WYOMING	88	CAP SERVICES,INC.	500,000	95,404		
NEVADA	88	WIND RIVER DEVELOPMENT	250,000	62,500		
ILLINOIS	87	RURAL NEVADA DEVEL.CORP.	500,000	103,000		
MASSACHUSETTS	87	SOUTH CENTRAL IL RP&DC	300,000	25,000		
PENNSYLVANIA	86	CAPE & ISLANDS COMM	500,000	105,000		
WEST VIRGINIA	86	METROACTION, INC.	300,000	75,000		
SOUTH DAKOTA	85	MOUNTAIN CAP OF WV INC	500,000	104,106		
NEBRASKA	85	NESDEC	500,000	100,000		
WISCONSIN	85	NORTHEAST ECONOMIC DEVELOPMENT	500,000	105,000		
PENNSYLVANIA	85	WI WOMEN'S BUSINESSINITIATIVE	400,000	100,000		
OREGON	84	ALTOONA BLAIR COUNTY DEV CORP	300,000	0		
SOUTH DAKOTA	84	KLAMATH LAKE REGIONAL HOUSING	200,000	50,000		
VIRGINIA	84	LAKOTA FUND	500,000	105,000		
GEORGIA	84	PEOPLE INCORPORATED FINANCIAL	500,000	100,000		
WISCONSIN	84	SMALL BUSINESS ASSISTANCE CORP	400,000	100,000		
	83	ADVOCAP, INC.	150,000	37,500		

WISCONSIN	83	FOND DU LAC COUNTY ECONOMIC DE	450,000	37,500
OREGON	83	LANE MICROBUSINESS	300,000	75,000
WASHINGTON	83	SHOREBANKENTERPRISEGROUP PACIF	500,000	105,000
SOUTH CAROLINA	82	APPALACHIAN DEVELOPMENT CORPOR	400,000	100,000
COLORADO	82	REGION 9 ECONOMIC DEVELOPMENT	300,000	75,000
OKLAHOMA	81	RURAL ENTERPRISES, INC.	500,000	105,000
PENNSYLVANIA	80	FAY-PENN ECONOMIC DEVELOPMENT	500,000	105,000
NORTH CAROLINA	80	MOUNTAIN MICROENTERPRISE FUND,	500,000	105,000
GEORGIA	79	APPALACHIAN COMM ENTERPRISES	500,000	105,000
NEW JERSEY	79	COOPERATIVE BUSINESS ASSISTANC	500,000	105,000
WISCONSIN	79	IMPACT SEVEN INC	500,000	95,215
MONTANA	79	LAKE COUNTY COMMUNITY DEVELOPM	250,000	62,500
NEBRASKA	79	NEBRASKA ENTERPRISE	300,000	75,000
MICHIGAN	79	NORTHERN ECONOMIC INITIATIVES	400,000	100,000
ILLINOIS	79	SOUTHERN FIVE DEVELOPMENT CORP	500,000	105,000
KENTUCKY	78	COMMUNITY VENTURES CORPORATION	500,000	105,000
ARIZONA	78	PPEP MICROBUSINESS & HOUSING D	500,000	105,000
ILLINOIS	78	STARK COUNTY ECONOMIC DEV. PAR	150,000	37,500
WISCONSIN	78	WASHBURN COUNTY ECONOMIC DEV C	200,000	50,000
WYOMING	78	WYOMING WOMENS BUSINESS CENTER	200,000	50,000
MASSACHUSETTS	76	QUABOAG VALLEY BUSINESS ASSIST	131,250	32,812
CALIFORNIA	75	VALLEY SMALL BUSINESS DEVELOPM	500,000	105,000
HAWAII	74	PACIFIC GATEWAY CTR	400,000	100,000
PENNSYLVANIA	73	COMMUNITY FIRST FUND	400,000	100,000
NEW YORK	73	PATHSTONE ENTERPRISE CENTER, I	400,000	100,000
WASHINGTON	73	SEATTLE ECONOMIC DEV ASSOCIA	500,000	105,000
KANSAS	73	SO CEN KS ECON DEV	500,000	105,000
OKLAHOMA	72	CITIZEN POTAWATOMI NATION	500,000	105,000
MAINE	72	NORTHERN MAINE DEV COMM	500,000	96,651

<u>STATE</u>	<u>SCORE</u>	<u>BORROWER NAME</u>	<u>LOAN AMT</u>	<u>TA AMT</u>	<u>TA-ONLY AMT</u>
			<u>TOA "489"</u>	<u>TOA "488"</u>	<u>TOA "487"</u>
MAINE	72	NORTHERN MAINE DEV COMM		8,349	
IDAHO	71	CLEARWATER ECONOMIC DEV. ASSOC	400,000	100,000	
IDAHO	71	PANHANDLE AREA COUNCIL, IN	500,000	105,000	
MAINE	70	COASTAL ENTERPRISES	500,000	100,000	
MONTANA	84	GREAT NORTHERN DEVELOPMENT	200,000	43,000	
		Total:	24,982,500	5,313,349	1,289,500

ADMINISTRATIVE REQUIREMENTS FOR RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM

We are providing you with the following information to assist you in closing your Rural Microentrepreneur Assistance Program (RMAP) loans and/or grants.

In accordance with §4280.311(e)(7), the Agency's loan closing must take place within 90 days of loan approval or the loan will be deobligated. The Agency does not have the authority to waive this 90-day deadline for loan closing.

For Rejected or Ineligible Applications

Notify applicant of ineligibility and/or rejection of application and state reason(s). RD Instruction 4280-D, Section 4280.310(c) provides some guidance.

For Applications that were Funded/Not Funded

Applicants must be notified regarding their selection or non-selection, provided appeal/review rights of unsuccessful applications and closing instructions for the loans and/or grants to awardees.

Applications that were determined to be complete and eligible applications but were not funded because the available funding did not reach their priority score, will be carried forward into subsequent quarterly funding cycles up to four funding cycles

If you are contacted by a rejected or ineligible applicant or one that was not funded, you may discuss specifics of their application but not the score or application of other applicants. Each score sheet should be accompanied by the States explanation/justification of points awarded. Such items may be discussed with the applicant.

Pre-closing Requirements

1. Enter application date into Guaranteed Loan System (GLS), if not already entered. Update information as necessary.
2. Please check amount funded against amount requested. If for some reason (such as insufficient funds to totally cover a request) the applicant agrees to accept a reduced award, these amounts may be different.
3. Send the "Notification" letter along with a Form RD 1940-1, "Request for Obligation of Funds." Please identify the appropriate Type of Assistance (TOA) code, as communicated in the Unnumbered Letter (UL) announcement of awardees, when obligating projects. Projects under RMAP will be obligated via Rural Utilities Loan Servicing System (RULSS.)

4. Prepare Form RD 400-8, "Compliance Review" if not already completed. This form is prepared for the Microenterprise Development Organization (MDO) only. Please note that the term "recipient" is used several times in the form and refers to the recipient of loan/grant funds, which is the MDO. Please advise the MDO that it is their responsibility to discuss Part V, "Accessibility Requirements," Form RD 400-8, with their microborrowers. All common areas must be accessible whenever an activity or program is being offered to the public that utilizes RMAP funds.

Closing

1. Please work with your Regional Attorney to receive closing instructions. The loan must be closed within 90 days of loan approval.
2. All items listed under "Loan/Grant Closing" per RD Instruction 4280-D, Exhibit B must be completed and executed prior to closing the loan/grant.
3. The grant closing will involve reviewing the provisions of the Grant Agreement with the grantee and signing the document. Grantees should sign the Grant Agreement in the same manner that Form RD 1940-1 was prepared.
4. Provide the grantee with how to access Form SF 270, "Request for Advance or Reimbursement" which is necessary for quarterly requests for disbursements/advance of funds.
5. The State Director, or designee, is the signing official for the Agency.
6. The original Grant Agreement and debt instruments must be maintained in the official State file.
7. The Promissory Note needs to be faxed to the Finance Office (Deputy Chief Financial Officer) along with the Borrower's Name, Case Number, Fund Code, Loan Number, Amount of Obligation, Amount of Loan/Advance and Borrower's Address similar to what's required for the Intermediary Relending Program (IRP.)
8. All requirements outlined in RD Instruction 4280-D, Section 4280.312(c) as required for loan closing.
9. Prescribed Letter of Conditions, as attached.

Ordering Funds

1. Prior Agency concurrence in microloans made to each microborrower is *not required* under RMAP.

2. You must establish the MDO in the Electronic Funds Transfer system.
3. Grant funds may be ordered/requested on a reimbursement or advancement basis but not more frequently than quarterly (based on Federal fiscal year.) Form SF 270 must be used to request grant disbursements; however, periodic reports as outlined in RD Instruction 4280, Section 4280.311(h)(1) must be up-to-date.
4. Loan funds may be requested, in writing, and additional disbursements made not more frequently than quarterly.

Monitoring

1. Maintain records on disbursement, which include updated GLS, etc.
2. Each quarter, the MDO must submit periodic reports in accordance with RD Instruction 4280, Section 4280.311(h)(1) including ultimate recipient loan information through the LINC system..
3. Update information in GLS as the status of a project(s) changes, i.e., loan/grant closing or new MDOs added.
4. You do not need to submit copies of the quarterly reports to the National Office. However, MDOs are required to submit the first 2 pages of existing Form RD 1951-4, "Revolving Loan Fund Quarterly Reports" until 2nd phase of automation effort is completed (estimated December 2010.) Monitor the microlenders' quarterly reports through GLS reports and review of screens.

Name
Address

Date

SUBJECT: Letter of Conditions
Rural Microentrepreneur Assistance Program
\$0.00 Loan
\$0.00 Grant

Dear:

This letter establishes conditions, which must be understood and agreed to by you, "microlender", before further consideration may be given to the Rural Microentrepreneur Assistance Program (RMAP) application.

This letter is not to be considered loan and grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a loan not to exceed \$ and a grant not to exceed \$.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions" and Form RD 1940-1, "Request for Obligation of Funds" by Date, if you desire further consideration be given your application. Two copies of the Form RD 1940-1 "Request for Obligation of Funds" are enclosed for each the loan and the grant, four in total. Please sign, date, and return all four copies of the form along with the signed "Letter of Intent to Meet Conditions."

If the conditions set forth in this letter are not met within 90 days from the date hereof, USDA Rural Development reserves the right to discontinue the processing of the application. You will be notified, in writing, by USDA Rural Development of any such discontinuance.

The conditions are as follows:

1. USE OF FUNDS

The proposed loan funds must be used to capitalize a Rural Microentrepreneur Assistance Program (RMAP) rural microloan revolving fund (RMRF) that is to be established in accordance with the application package as submitted or as amended and approved by USDA. The rural microloan revolving fund must be established and maintained in accordance with RD Instruction 4280-D, §4280.311.

Loan funds received from the Agency and any non-Federal cost share funds will be deposited into an interest-bearing account that will be the RMRF account and include interest earned on the account, principal and interest repayment on microloans made from the account and will be used to make fixed interest rate microloans.

The grant funds will be used to provide business-based technical assistance and training to eligible rural microentrepreneurs and microenterprises in accordance with the application package as submitted or as amended and approved by USDA Rural Development.

Not more than % of grant funds, not to exceed a total of \$ may be used to pay administrative expenses in accordance with the application package as submitted or as amended and approved by USDA Rural Development.

Any changes in the scope of work or any other significant changes must be reported to and approved by Rural Development by written amendment to this letter. Failure to obtain prior approval of changes to the scope can result in suspension/termination of grant funds.

2. TERM OF THE LOAN

The loan will be written for a term not to exceed 20 years and will accrue interest on the outstanding principal balance at the rate of 2 percent interest per annum. Principal and interest payments will be deferred for a period of 2 years from the date of the Promissory Note. Interest will accrue during the deferral period only on the funds disbursed by the Agency. During the 24th month of the deferral period interest accrued during the 2-year deferral period will be capitalized and the microlender's debt to the Agency will be calculated and equally amortized over the remaining term of the loan. Equal amortized monthly payments of principal and interest will begin the last day of the 24th month from the date of the Promissory Note.

3. ORGANIZATION AND DOCUMENTS

The USDA Office of General Counsel (OGC) will review all organizational documents to determine that the Microlender has the authority to borrow the funds and administer the relending program as proposed. The Attorney for the Microlender will certify that the Microlender has the legal capacity and authority to borrow the funds as proposed. OGC will review and approve the loan agreement, promissory note, and all required actions authorizing the loan and security instruments and will issue closing instructions. Attorney for the Microlender will prepare all necessary documents to close and secure the loan subject to USDA review and concurrence.

4. SECURITY

The Microlender's attorney will provide an opinion satisfactory to USDA, that USDA has a first lien position on the Microlender's RMRF account, Loan Loss Reserve Fund, and all notes receivable from microloans.

Before loan closing, the microlender will provide sufficient evidence that no lawsuits are pending or threatened that would adversely affect the security of the microlender when Agency security instruments are filed.

5. NON-FEDERAL COST SHARE

The Federal share of the eligible project cost may not exceed 75 percent. The non-Federal cost share requirement shall be met by the microlender using either of the options identified in paragraphs 4280.311(d)(1) and (2) in establishing an RMRF. A microlender may establish multiple RMRFs utilizing either option. Whichever option is selected for an RMRF, it must apply to the entire RMRF and all microloans made with funds from that RMRF.

6. MATCHNG FUNDS

Microlender agrees to provide matching funds in an amount not less than 15% of the total amount of the grant in the form of cash, indirect costs or in-kind goods or services. Unless specifically permitted by laws other than the statute authorizing RMAP, matching contributions must be made up of non-Federal funding. Matching funds must be used for RMAP grant-eligible purposes in accordance with RD Instruction 4280-D, §4280.313(a)(4). Documentation of the commitment of these funds is required prior to any disbursement of the grant funds.

7. DISBURSEMENT OF FUNDS

The Microlenders may request a disbursement of up to 25 percent of the total loan amount at the time of loan closing. Microlenders may request in writing, and receive additional disbursements not more than quarterly, until the full amount of the loan to the microlender is disbursed, or until the end of the 36th

month of the loan, whichever occurs first. Letters of request for disbursement must be accompanied by a description of the microlender's anticipated need. Funds not disbursed to the microlender by the end of the 36th month of the loan from the Agency will be de-obligated.

A microlender must make one or more microloans within 60 days of any disbursement it receives from the Agency. Failure to make a microloan within this time period may result in the microlender not receiving any additional funds from the Agency and may result in the Agency demanding return of any funds already disbursed to the microlender.

The Agency will make grant disbursements not more often than on a quarterly basis. The first payment may be made in advance and will equal no more than one fourth of the grant award. Payment requests must be submitted on Standard Form 270 "Request for Advance or Reimbursement", and will only be paid if reports are up to date and approved and the Microlender is in compliance with the Loan Agreement and Grant Agreement.

8. LOAN LOSS RESERVE FUND

Each microlender that receives one or more RMAP loans will be required to establish an interest-bearing a Loan Loss Reserve Fund (LLRF) in accordance with §4280.311(g). The LLRF account must be established by the microlender prior to the closing of the loan from the Agency. At the time of initial loan closing, sources of funding for the LLRF must be identified by the microlender so that as microloans are made, the amount in the LLRF can be built over time to an amount greater than or equal to 5 percent of the amount owed to the Agency by the microlender under this program. After the first disbursement is made to a microlender, further disbursements will only be made if the LLRF is funded at the appropriate amount. After the initial loan is made to a microlender, subsequent loan closings will require the LLRF to be funded in an amount equal to 5 percent of the anticipated initial drawdown of funds for the RMRF. Federal funds may not be used to fund the LLRF, except where specifically permitted by other laws.

9. RURAL AREA

Microlender must maintain documentation that each microentrepreneur and microenterprise assisted is located in a rural area as defined by §4280.302.

10. DEBARMENT

You must execute Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions," to certify that your organization is not debarred or suspended from Government assistance. You also must obtain a certification on Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," from any person or entity you do business with as a result of this Government assistance that they are not debarred or suspended from Government assistance.

11. DRUG-FREE WORKPLACE

You must execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Microlenders Other Than Individuals," to certify that you will provide a drug-free awareness program for employees.

12. EQUAL OPPORTUNITY AND NONDISCRIMINATION REQUIREMENTS

The Microlender will comply with Title VI of the Civil Rights Act of 1964, "Nondiscrimination in Federally Assisted Programs," 42 U.S.C. 2000d4, Section 504 of the Rehabilitation Act for Federally Conducted Programs and Activities, the Age Discrimination Act of 1975 and the Americans with

Disabilities Act. RD Forms 400-1, Equal Opportunity Agreement and 400-4, Assurance Agreement, must be completed by the Microlender.

13. LOBBYING RESTRICTIONS (include only when grant is \$100,000 or greater)

You must execute RD Instruction 1940-Q, Exhibit A, acknowledging you are prohibited from influencing or attempting to influence an officer or employee of any Agency, any member of Congress, or an employee or officer of any member of Congress to obtain specific Federal awards.

14. REPORTING

Lender will become an approved participant in Rural Development's Lender Interactive Network Connection (LINC). The USDA eAuthentication is the system used by USDA agencies to enable customers to obtain accounts that will allow them to access USDA Web applications and services via the Internet. To conduct official business transactions, such as submitting RMRF fund reports and microborrower account reporting using the LINC, the customer must have Level 2 eAuthentication credentials. Microlenders must maintain RMRF account and microborrower account reports at least quarterly.

SF-PPR Project Performance Activity Report will be required on a quarterly basis (due 30 working days after end of quarter). If requesting grant funding at the time of reporting, SF-PPR-E, "Activity Based Expenditures" shall be submitted. Project reporting will begin when the grant is closed. A final Project Performance Report will be required after all grant funds have been expended or the term of the grant expires. The final report may serve as the last quarterly report. Microlenders shall constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved.

15. AUDITS BASED UPON FEDERAL FINANCIAL ASSISTANCE RECEIVED

The Microlender will provide an annual audit in accordance with OMB Circular A-133 in any year where Federal funds of \$500,000 or more are received or expended by the Microlender.

16. LOAN CLOSING

Loan closing between the microlender and the Agency must take place within 90 days of loan approval or funds will be forfeited and the loan will be deobligated. The loan will be considered approved on the date the signed copy of Form RD 1940-1, "Request for Obligation of Funds," is signed by the Agency.

Prior to loan closing, microlenders must provide evidence that the RMRF and LLRF bank accounts have been set up and the LLRF has been, or will, be funded as described in § 4280.311(g)(4). Such evidence shall consist of:

- A. A pre-authorized debit form allowing the Agency to withdraw payments from the RMRF account, and in the event of a repayment workout, from the LLRF account;
- B. An Agency-approved automatic deposit authorization form from the depository institution providing the Agency with the RMRF account number into which funds may be deposited at time of disbursement to the microlender. Loan and grant funds will be transferred to the Microlender via Electronic Funds Transfer (EFT). The Microlender will complete and deliver to USDA Rural Development, Form SF-3881, Electronic Funds Transfer Payment Enrollment Form.
- C. A statement from the depository institution as to the amount of cash in the LLRF account.

At loan closing, the microlender must certify that:

- A. All requirements of the letter of conditions have been met and
- B. There has been no material adverse change in the microlender or its financial condition since the issuance of the letter of conditions. If one or more adverse changes have occurred, the microlender must explain the changes and the Agency must determine that the microlender remains eligible and qualified to participate as an MDO.

You and USDA must execute a Promissory Note on Form RD 4274-3 and a Loan Agreement on Form RD 4274-4 at loan closing.

17. GRANT AGREEMENT

The Grant will be considered closed when all parties have executed the Form RD 4280-3, Grant Agreement.

18. GRANT PROVISIONS

Before any changes or addition are made to key personnel, the Microlender must notify and the Agency must approve such changes.

19. OTHER REQUIREMENTS

The Microlender will be responsible for any additional requirements of federal, state or local governments that may apply in accordance with RD Instruction 4280-D.

The above conditions are based on the proposed use of funds as outlined and financing arrangements as stated. The conditions as stated may be modified if the scope or cost of the Project is changed or the financial arrangements are adjusted. Any change or modification of the conditions of the Project must have prior approval by USDA Rural Development.

Sincerely,

STATE DIRECTOR NAME
State Director

Attachments:

[Form AD 1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters"](#)
[Form AD 1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions" – with Iowa Guide 6a](#)
[Form AD 1049, "Certification Regarding Drug-Free Workplace Requirements \(Grants\) Alternative I - For Microlenders Other Than Individuals"](#)
[RD Instruction 1940-Q, Exhibit A](#)
[SF 270, Request for Advance or Reimbursement](#)
[1942-46, Letter of Intent to Meet Conditions](#)
[Form SF-3881, Electronic Funds Transfer Payment Enrollment Form.](#)
[Form RD 1940-1, Request for Obligation of Funds](#)
Form RD 4280-3, Grant Agreement
Form RD 4274-3, Promissory Note
Form RD 4274-4, Loan Agreement

Name
Address

Date

SUBJECT: Letter of Conditions
Rural Microentrepreneur Assistance Program
\$0.00 Grant

Dear:

This letter establishes conditions, which must be understood and agreed to by you before further consideration may be given to the Rural Microentrepreneur Assistance Program (RMAP) application.

This letter is not to be considered grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a grant not to exceed \$.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions" and Form RD 1940-1, "Request for Obligation of Funds" by Date, if you desire further consideration be given your application. Two copies of the Form RD 1940-1 "Request for Obligation of Funds" are enclosed. Please sign, date, and return both copies of the form along with the signed "Letter of Intent to Meet Conditions."

If the conditions set forth in this letter are not met within 90 days from the date hereof, USDA Rural Development reserves the right to discontinue the processing of the application. You will be notified, in writing, by USDA Rural Development of any such discontinuance.

The conditions are as follows:

1. USE OF FUNDS

The proposed grant funds will be used to provide business-based technical assistance and training to eligible rural microentrepreneurs and microenterprises in accordance with the application package as submitted or as amended and approved by USDA Rural Development.

Not more than % of grant funds, not to exceed a total of \$ may be used to pay administrative expenses in accordance with the application package as submitted or as amended and approved by USDA Rural Development.

Grant term will not exceed 12 months from the date the Grant Agreement is signed.

Any changes in the scope of work or any other significant changes must be reported to and approved by Rural Development by written amendment to this letter. Failure to obtain prior approval of changes to the scope can result in suspension/termination of grant funds.

2. MATCHNG FUNDS

Grantee agrees to provide matching funds in an amount not less than 15% of the total amount of the grant in the form of cash, indirect costs or in-kind goods or services. Unless specifically permitted by laws other than the statute authorizing RMAP, matching contributions must be made up of non-Federal funding. Matching funds must be used for RMAP grant-eligible purposes in accordance with RD Instruction 4280-

D, §4280.313(a)(4). Documentation of the commitment of these funds is required prior to any disbursement of the grant funds.

3. DISBURSEMENT OF GRANT FUNDS

The Agency will make grant disbursements not more often than on a quarterly basis. The first payment may be made in advance and will equal no more than one fourth of the grant award. Payment requests must be submitted on Standard Form 270 "Request for Advance or Reimbursement", and will only be paid if reports are up to date and approved and the grantee is in compliance with the Grant Agreement.

Grant funds will be transferred to the Grantee via Electronic Funds Transfer (EFT). The Grantee will complete and deliver to USDA Rural Development, Form SF-3881, Electronic Funds Transfer Payment Enrollment Form.

4. RURAL AREA

Grantee must maintain documentation that each microentrepreneur and microenterprise assisted is located in a rural area as defined by §4280.302.

5. DEBARMENT

You must execute Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions," to certify that your organization is not debarred or suspended from Government assistance. You also must obtain a certification on Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," from any person or entity you do business with as a result of this Government assistance that they are not debarred or suspended from Government assistance.

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The Grantee will comply with Title VI of the Civil Rights Act of 1964, "Nondiscrimination in Federally Assisted Programs," 42 U.S.C. 2000d4, Section 504 of the Rehabilitation Act for Federally Conducted Programs and Activities, the Age Discrimination Act of 1975 and the Americans with Disabilities Act. RD Forms 400-1, Equal Opportunity Agreement and 400-4, Assurance Agreement, must be completed by the Grantee.

8. LOBBYING RESTRICTIONS (include only when grant is \$100,000 or greater)

You must execute RD Instruction 1940-Q, Exhibit A, acknowledging you are prohibited from influencing or attempting to influence an officer or employee of any Agency, any member of Congress, or an employee or officer of any member of Congress to obtain specific Federal awards.

9. REPORTING

SF-PPR Project Performance Activity Report will be required on a quarterly basis (due 30 working days after end of quarter). If requesting grant funding at the time of reporting, SF-PPR-E, "Activity Based Expenditures" shall be submitted. Project reporting will begin when the grant is closed. A final Project Performance Report will be required after all grant funds have been expended or the term of the grant expires. The final report may serve as the last quarterly report. Grantees shall constantly monitor

performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved.

10. AUDITS BASED UPON FEDERAL FINANCIAL ASSISTANCE RECEIVED

The Grantee will provide an annual audit in accordance with OMB Circular A-133 in any year where Federal funds of \$500,000 or more are received by the Grantee.

14. GRANT AGREEMENT

The Grant will be considered closed when all parties have executed the Form RD 4280-3, Grant Agreement. The term of the grant will not exceed 12 months from the date the Grant Agreement is signed.

15. GRANT PROVISIONS

Before any changes or addition are made to key personnel, the grantee must notify and the Agency must approve such changes.

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The Grantee will be responsible for any additional requirements of federal, state or local governments that may apply in accordance with RD Instruction 4280-D.

The above conditions are based on the proposed use of funds as outlined and financing arrangements as stated. The conditions as stated may be modified if the scope or cost of the Project is changed or the financial arrangements are adjusted. Any change or modification of the conditions of the Project must have prior approval by USDA Rural Development.

Sincerely,

STATE DIRECTOR NAME
State Director

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[SF 270, Request for Advance or Reimbursement](#)

[1942-46, Letter of Intent to Meet Conditions](#)

[Form SF-3881, Electronic Funds Transfer Payment Enrollment Form.](#)

[Form RD 1940-1, Request for Obligation of Funds](#)

Form RD 4280-3, Grant Agreement