

UNNUMBERED LETTERS ISSUED FOR THE DECEMBER OF 2012

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December 11, 2012

TO: State Directors
Rural Development

ATTN: Multi-Family Housing Program Directors

FROM: Tammye Treviño /S/ *Cristina Chiappe* for
Administrator
Rural Housing and Community Facilities Programs

SUBJECT: Fiscal Year 2013 Site Manager of the Year Recognition Program

We are pleased to announce guidelines for our annual Multi-Family Housing Site Manager of the Year program for Fiscal Year (FY) 2013.

Awards may be presented in each of the following three categories: (1) Site Manager of the Year for Housing for the Elderly; (2) Site Manager of the Year for Housing for Families; and (3) Site Manager of the Year for Farm Labor Housing. We will choose a national winner in each of the categories this spring. The awards will be presented during the Council for Affordable and Rural Housing's 2013 Annual Meeting and Legislative Conference at Ritz-Carlton Pentagon City, Arlington, Virginia on June 9-11, 2013.

You should use the following selection criteria for making your choice in each category:

- Tenant satisfaction with the manager is high.
- Property has good curb appeal on a continuous basis.
- Manager has no incidents of noncompliance and no unresolved findings.
- Manager consistently does more than what is expected.

These criteria may be added to, but do not eliminate any. We ask that you use these primary criteria so that the program can be consistent Nationwide.

Please see the attached checklist (Attachment 2) to make sure that all items necessary for adequate judging of the entry are included. Please attach the completed checklist to your nomination package.

As in past years, if you want a certificate of recognition for your State winners signed by a National Office official, please submit Attachment 5. Do not include the certificate request in your nomination package, as it may be overlooked. This form should be sent by fax to (202) 720-0302 or email to norma.gavin@wdc.usda.gov.

EXPIRATION DATE:
January 31, 2014

FILING INSTRUCTIONS:
Housing Programs

In those cases where you are requesting a signed certificate only, and are not entering your site manager in the national competition, please reconsider. It is well worth the time and effort of preparing a nomination package if your site manager is selected as the best in the country and is eligible to attend the awards ceremony in the Nation's capital. If you are submitting the name of someone to be considered for National Site Manager, please submit a complete package. This should include all the information you used in determining the selection at the State level, and should contain all of the items provided in Attachment 2, along with the completed checklist.

Good photographs and letters of commendation from public officials and tenants are always beneficial. The selection panel at the National Office level has only the material you submit upon which to base their determination of the winners. Use any materials at your disposal to showcase your nominee at his or her best in each category. If your candidate has done an outstanding job in an area not listed in this unnumbered letter, please do not hesitate to add that information to your nomination package.

Please be sure to address the criterion regarding compliance with Rural Development regulations. In the past, the typical issue that eliminated a nominee was that the last supervisory visit and or compliance review reports were not included in the nomination packet. This year we are asking for these reports to be submitted by the Agency to ensure that the complete report is submitted. The report should include the complete report, letter to borrower/management agent and response from borrower/management agent, if available.

We request that you submit your package in a three-ring binder so that no information is misplaced or overlooked. Please clearly mark your State and the category (family, elderly, or labor housing) on the nomination package. Your packages should be sent by Federal Express or similar carrier in order to be received in good condition and in a timely fashion. Address packages to: USDA Rural Housing Service, Multi-Family Housing Portfolio Management Division, Room 1263, 1400 Independence Avenue SW, Washington, DC 20250.

The deadline for receipt of nomination packages for National Site Manager of the Year is **May 17, 2013**.

It is our hope that you will continue to make this valuable program a success. If you have any questions, please call the Multi-Family Housing Portfolio Management Division at (202) 720-1603.

Attachments

1. Site Manager of the Year Recognition Program Guidelines
2. Best Section 515 or 514 Site Manager Nomination Form/Checklist with evaluation criteria
3. Sample Cover Letter Announcing Awards Program to People Who Might be Interested in Making Nominations
4. Example of Letter to Senator
5. 2013 Site Manager of the Year Award Winners National Office Certificate Request Form

SITE MANAGER OF THE YEAR RECOGNITION PROGRAM GUIDELINES

Following are guidelines and suggestions for implementing or continuing a Manager of the Year program in your State.

1. Determine who is eligible to receive the award. The idea behind this recognition program is to reward site managers who have close interaction with tenants and who deal with properties hands-on and on a daily basis. In some States, these managers live on the property they manage, while in others they live off-site and manage more than one property. Each State should decide whether it makes sense to limit the nominations to resident managers or to extend it to traveling site managers. Remember, however, that the recognition should be for an individual site manager and not owners or management companies.

2. Solicit nominations from tenants and Section 515 and 514 owners and management companies, as well as others you consider knowledgeable. The nomination process should be open so that you get the maximum number of nominations. Rural Development employees with a good knowledge of the nominee may make nominations, so long as the employee is not on the judging panel.

3. Publicize the program so as to maximize the number of nominations you get. Consider using local media resources and your local borrower associations and housing groups as well.

4. Make your selection based on the following criteria (you may add more, but at a minimum use the ones below):

- a. Tenant satisfaction with the manager is high.
- b. Property has good curb appeal on a continuous basis.
- c. Manager has no incidents of noncompliance and no unresolved findings.
- d. Manager consistently does more than what is expected.

Please use these primary criteria so that the manager recognition program can be consistent nationwide.

Attachment 2 provides the national criteria and the necessary documentation that needs to be provided. It is important that all items are addressed so that the package will be considered complete. Please attach this completed checklist to your nomination package.

5. Use a panel of representatives from different stakeholder groups to make your selections. Use panels consisting of Rural Development Multi-Family Housing (MFH) staff and management industry representatives, as well as others you think would be appropriate. Possible panelists include tenants, staff from Housing and Urban Development, a State Housing Finance Agency, a Public Housing Authority, or local civic leaders. The idea is to give an award that is recognized by a wide variety of industry and civic professionals.

6. If you have a large portfolio, you might consider using a two-phased process to make your selection. District or Area Offices could convene a panel to choose the best manager in their region and then forward the nomination package to the State Office, which could convene a panel to make the final selection.

7. Choose the best manager and submit your nomination to the National Office by **May 17, 2013**. Attachment 2, “Best Section 515 or 514 Site Manager Nomination Form/Checklist” must be completed and submitted with the complete package.

8. Notify the National Office of the name (or names) of the Site Managers of the Year in your State if you wish to have a certificate signed by the Administrator for your State winner(s). Send this information, as well as the name and address of the facility or facilities the manager oversees, to Norma Gavin, Multi-Family Housing Portfolio Management Division at fax number (202) 720-0302. If you are nominating your winner for the National Site Manager competition, please send (by Federal Express or similar carrier) the complete package upon which you based your determination. Please do not include your request for a certificate in your nomination package. Send it by facsimile only. Requests included in a package may be overlooked, as the nomination packages are not reviewed until immediately before judging takes place.

9. Consider presenting this award jointly with other management groups or at a State management conference. That way, you can highlight the achievements of the manager to a broad group of his or her peers. You may also consider presenting the award at a housing complex the manager oversees.

10. Take advantage of this opportunity for favorable press coverage. The manager recognition program is a chance to highlight one of the most positive aspects of our MFH program. Not only will press coverage help remind communities of how our programs help them, it will also focus their attention on one of their truly outstanding members whom they may not know. Encourage press coverage by inviting the press to your awards ceremony and by distributing press releases.

11. Let your Congressional delegation know about the winners in their districts. This gives members of Congress a chance to send a letter of recognition to the managers. It also highlights the success of our MFH program in serving communities. Attached is a sample letter you may use to send to your congressional delegation for the Site Manager of the Year program.

**BEST SECTION 515 OR 514 SITE MANAGER
NOMINATION FORM/CHECKLIST**

Please address the following criteria in the space provided. Remember, keep your answers short and to the point; however, the more letters, pictures, and documentation you can provide, the better. The nomination package should include the nomination letter summarizing nominee's qualifications and address all the following items and include attachments. This completed checklist should be attached to your nomination package. Failure to address each item will cause the package to be considered as incomplete.

Name of Nominee _____
Name of Property(s) _____
Name of Management Company (if applicable) _____
Year Began Managing at Property _____

Brief Biography of Nominee:

SECTIONS I – III ARE TO BE COMPLETED BY THE NOMINATING PARTY:

___ I. **Tenant Satisfaction.** Overall, are tenants happy with the efforts this manager makes on their behalf and on the behalf of the housing complex? How do you know? Include photographs. Attach the following:

- ___ Letters commenting on the site manager's accomplishments from Congressmen or other officials or tenants.

___ II. **Curb Appeal.** Is the property attractively maintained and landscaped? If applicable, you may wish to discuss particular actions the manager has taken to increase the appeal of the property. Attach the following:

- ___ Pictures of grounds, buildings and signage indicating curb appeal.

- ___ **III. Actions above and beyond what is expected.** Please describe any actions this manager takes on a consistent basis which make him or her truly exceptional and outstanding. Good pictures also help in this category. Document activities such as:
- ___ Pictures of tenants engaging in activities sponsored by site manager.
 - ___ Copies of publications (such as newsletters) initiated and maintained for the residents by the site manager.
 - ___ Newspaper articles depicting site manager's care of tenants and property.
 - ___ Articles or letters showing site manager involvement in the community.
 - ___ Manager helps residents obtain additional services.

Section I – III - Completed By: _____

SECTION IV MUST BE PROVIDED BY THE AGENCY FOR SUBMISSION BY THE NOMINATING PARTY:

- ___ **IV. Compliance With Rural Development's Regulations.** Attach the following documents:
- ___ Letter or written statement from servicing office verifying there are no incidents of noncompliance and no unresolved findings.
 - ___ Copy of last Supervisory Visit (MFIS Form 2000) (complete supervisory visit report must have been completed during the nominee's tenure at property).
 - ___ Copy of last Compliance Review (Form RD 400-8) (complete compliance review report must have been completed during the nominee's tenure at property).
 - ___ Copy of most recent Physical Inspection Report (Form RD 3560-11) (complete physical inspection report must have been completed during the nominee's tenure at property).

Section IV - Completed By: _____

**SAMPLE COVER LETTER ANNOUNCING AWARDS PROGRAM TO PEOPLE WHO
MIGHT BE INTERESTED IN MAKING NOMINATIONS**

NOMINATOR'S NAME
NOMINATOR'S ADDRESS

Dear [NOMINATOR]:

I know you will agree with me that USDA Rural Development's Section 515 and Section 514 rental housing site managers guarantee the success of these complexes. They make sure that day-to-day operations go smoothly, and often they invest a great deal of their own free time in providing tenants with a safe and cohesive community. Although these managers would do their jobs regardless of whether they received recognition, I believe we as management industry professionals should do whatever we can to let them know we appreciate their efforts. They deserve recognition for their outstanding work, and for this reason, we are sponsoring a program to recognize the best Rural Development site manager in [STATE NAME]. I hope that you might be able to join me in this important program by nominating someone you consider to be an outstanding site manager.

Please use the attached form to nominate the manager. You will note that the form asks you to comment on three factors:

- The level of tenant satisfaction with the manager.
- The curb appeal of the manager's property.
- Compliance with Rural Development's regulations
- The manager consistently doing more than what the job requires.

Make your presentation as complete as possible. Letters from tenants, members of the community, housing groups, and others highlighting the good qualities of your nominee are encouraged. Also include any local media coverage which has occurred. Please enclose as many pictures as you like of the manager's property that depict its curb appeal. Pictures of tenant activities sponsored, encouraged, or provided by the manager are beneficial. Submit the nomination package to [ADDRESS] no later than [YOUR DEADLINE].

After we receive the nominations, we will use the following process to choose the best site manager in [STATE NAME].

[DESCRIBE YOUR EVALUATION AND SELECTION PROCESS HERE.]

We will present a plaque of recognition to the winner at a ceremony in [DATE, LOCATION, SPECIFY IF CEREMONY WILL BE HELD JOINTLY WITH SOMEONE ELSE OR AT AN ALREADY SCHEDULED CONFERENCE]. We also hope to engage the press in recognizing the exceptional efforts of the winning manager as well as all of our other great managers.

I hope that you will make the necessary effort to complete the enclosed nomination form. I can assure you that it will be worth your time.

Sincerely,
[STATE DIRECTOR]

**EXAMPLE OF LETTER TO SENATOR
[PLEASE CONSIDER A SIMILAR LETTER TO YOUR
CONGRESSIONAL DELEGATION]**

Honorable *Name of Senator*
United States Senate
110 Hart Senate Office Building
Washington, DC 20510-0103

Dear Senator XXXX:

I am writing to inform you that xxxxxx has been chosen as the (State Office) 2013 Site Manager of the Year for the USDA Rural Development Multi-Family Housing program. XXXXXXXXXXXX operates the xxxxxx Apartments in xxxxxxxx.

Rural Development administers a national loan portfolio of over 16,000 rural rental housing complexes. In partnership with our private sector and nonprofit borrowers, we house very low- and low-income rural families, elderly people, and farmworkers. The site managers of the housing complexes we finance are employees of private companies, not the U.S. Government.

The site managers guarantee the success of our housing complexes. They make sure that day-to-day operations go smoothly, and they often invest a great deal of their own free time in providing tenants with a safe and cohesive community. Although these managers would do their jobs whether or not they received recognition, we believe that as lenders and program managers we should reward excellent performance.

In this spirit, we conducted a Manager of the Year competition in each State this year. State Rural Development staffs convened panels of public and private housing management experts to choose their best site managers. They used the following criteria: 1) tenant satisfaction; 2) property curbside appeal; 3) compliance with Rural Development's regulations; and 4) consistent performance of actions above and beyond the call of duty. States could add to these criteria, but they could not change or drop any of them.

The comments we received from tenants and our State Offices are testimony to the outstanding performance of the site managers. Following are a few typical examples:

Insert actual excerpts from your nomination packages. The following are examples.

- *He makes us very proud of where we live.*
- *They are always there to help with anything you need, no matter how big or small.*
- *He shows genuine concern and really puts his heart into the job.*
- *They look after my parents when I'm not there. I don't know what I would do without them.*
- *He listens to the tenants.*
- *She enforces the rules fairly and makes us all feel safe.*
- *My friends [from outside the complex] always comment on how beautiful and well maintained our grounds and buildings are.*
- *One of the greatest things about living here is the great security I feel. Once I became ill in the middle of the night. I pulled the chain on my alarm system and the managers were in my apartment immediately.*

Attachment 4
Page 2

- *Living here is like living at a big home full of loving friends and family. Once I was too sick to go to the barbecue [which the manager had organized], so the manager brought me a plate of food and sat down to tell me who was there and what the grandkids were doing. She really made me feel included in the fun.*

Ms. xxxxxxxx is a credit to herself, the apartments she manages, her employer, her community, USDA, and the Federal Government as a whole. If you would like to recognize Ms. Xxxxxxx, you may contact her at xxxxxxxxxxxx. If you have any questions or would like more information, please contact (Name of State) State Director (Name of State Director) at (State Office phone number).

Sincerely,

State Director
Rural Development

**2013 SITE MANAGER OF THE YEAR AWARD WINNERS
NATIONAL OFFICE CERTIFICATE REQUEST FORM**

Please use this form to let the National Office know who the winners were in your State, for whom you would like a certificate prepared signed by the Administrator. Please complete a separate Attachment for each award winner.

TO: MFHPMD
PHONE #: 202-720-1603
FAX #: 202-720-0302
Contact: Norma Gavin – Norma.Gavin@wdc.usda.gov

STATE CONTACT: _____
STATE NAME: _____
PHONE #: _____
FAX #: _____

1. Name of Award Winner _____

2. Name(s) of Property/Properties He/She/They Manage(s) _____

3. Exact Name of the Category for Which He/She/They Were Chosen Winner (as it should appear on the certificate--for example, 2013 Pennsylvania Multi-Family Housing Site Manager of the Year for Elderly Housing) _____

4. Address to which the Certificate Should Be Sent (This should be someone at the State Office, so that the State Director can sign the certificate. Please include State Director's name.)

5. Date by Which You Need the Certificate _____

December 12, 2012

TO: State Directors

ATTN: Administrative Program Directors
Management Control Officers

FROM: Edna Primrose /S/ *Edna Primrose*
Deputy Administrator
Operations and Management

SUBJECT: Fiscal Year 2012 State Internal Review Summary Report

This is a reminder that Rural Development (RD) Instruction 2006-M, Management Control System, requires each state to conduct State Internal Reviews (SIRs), a comprehensive evaluation review of program and administrative functions, in its offices during the fiscal year. You are required to submit a Summary Report on the results of the SIRs to the Director of the Financial Management Division (FMD).

Please submit your report for Fiscal Year (FY) 2012 to FMD no later than **December 31, 2012**. Your timely submission of the report will be closely monitored. If all reviews in your state have been completed, submit your report as soon as possible. If no reviews were scheduled or conducted, you must submit a negative FY 2012 SIR Summary Report as soon as possible.

In addition, the RD Instruction 2006-M also requires the following to be submitted to FMD:

- A copy of the SIR 5-Year Plan whenever it is updated or revised:
 - The annual update for FYs 2013 through 2017 is due by **December 31, 2012**; and
 - When revised between the annual updates, if additional changes or updates are made.
- Notification of any change in the Management Control Officer (MCO) and/or Alternate MCO designation. (To ensure statewide awareness, all state employees should also be notified of any changes to the MCO/Alternate MCO designation and how to contact them.)

If you have any questions, please contact John Dunsmuir, Deputy Director, FMD, at (202) 692-0080, or john.dunsmuir@wdc.usda.gov.

EXPIRATION DATE:
November 30, 2013

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by Electronic Mail on December 14, 2012, at 11:00 a.m. by FMD. State Directors should advise other personnel as appropriate.

December 13, 2012

TO: State Directors
Rural Development

ATTN: Program Directors
Multi-Family Housing

FROM: Tammye Treviño (Signed by Cristina Chiappe) for
Administrator
Housing and Community Facilities Programs

SUBJECT: Direct Loan Programs: Multi-Family Housing Occupancy Standards

The purpose of this Unnumbered Letter (UL) is to reiterate and clarify policies outlined at 7 CFR 3560.155 (e) and HB-2-3560, Asset Management Handbook, Chapter 6, concerning Occupancy Policies in Rural Development Section 515 and Section 514 Direct Loan properties. No previous UL has been issued on this topic.

Borrowers must develop and follow occupancy standards that take into account the size and number of bedrooms needed based on the number of people in the family. Occupancy standards serve to prevent the over- or underutilization of units that can result in an inefficient use of housing assistance in general and Rental Assistance, specifically. Occupancy standards also ensure that tenants are treated fairly and consistently and receive adequate housing space. By following the standards described in the Agency's guidance, borrowers can ensure that applicants and tenants are housed in appropriately sized units in a fair and consistent manner as prescribed by law. Occupancy standards must be part of a borrower's tenant selection procedures.

Multifamily regulations at 3560.155 states:

(e) Occupancy policies. Borrowers must establish occupancy policies for each housing project. Households living in a rental unit with more bedrooms than persons in the household will be considered over housed and must be relocated in accordance with paragraph (c) of this section. Households under housed as defined by the project's occupancy standards must be relocated in accordance with paragraph (c) of this section.

EXPIRATION DATE:
December 31, 2013

FILING INSTRUCTIONS:
Housing Programs

Borrowers with no one-bedroom units in a housing project may make an exception to this requirement in their occupancy policies. In addition, a borrower's occupancy policies must establish:

- (1) Reasonable standards for determining when a tenant household is considered under housed. The standards will describe the maximum number of persons that may occupy units of a given size based on occupancy guidelines provided by the Agency or another governmental source;
- (2) The order in which eligible applicants and existing tenants will be housed or re-housed; and
- (3) How fair housing requirements will be met, including how reasonable accommodations will be made for applicants and tenants with disabilities.

In addition, the Multifamily Asset Management Handbook at Chapter 6, Section 6.13A outlines these standards:

Unit Density Standards

Occupancy policies set standards regarding the number of people that can be adequately housed in a unit of a particular size. In developing the occupancy policy for each unit, the borrower must take into account the following:

- State and local codes regarding the number of persons permitted to dwell in a unit of a particular size;
- The size of the rooms in the particular unit;
- Procedures for sizing households for different unit types (how to consider temporarily absent household members); and
- The order in which the property will house eligible applicants and re-house existing tenants.
- A tenant who is disabled will not be considered over housed if the tenant requests an additional room for a live-in aide or an apparatus related to the tenant's disability.

For some properties, state and local codes regarding occupancy standards may not exist. In these cases, the borrower should make a judgment as to how many people may be adequately housed, basing it on the square foot size and layout of the unit. For example, some properties may have several types of two-bedroom units. If one is 600 square feet and the second type is 900 square feet, the borrower may have different occupancy policies for the different unit types.

The following is an ideal range of persons per housing unit:

Number of Bedrooms	Occupancy Density	
	Range	
	Minimum	Maximum
0	1	1
1	1	2
2	2	4
3	3	6
4	4	8

Counting family members

In order to determine the size of unit that would be appropriate for a particular family, the borrower needs to determine the number of family members.

- The borrower must count all full-time members of the family.
 - Children expected to be born to a pregnant woman;
 - Children in the process of being adopted by an adult family member;
 - Children whose custody is being obtained by an adult family member;
 - Foster children who will reside in the unit;
 - Children who are temporarily in a foster home who will return to the family; and
 - Children in joint custody arrangements who are present in the household 50% or more of the time.
 - The borrower may count children who are away at school and who live at home during recesses. Borrowers should not count children who are away at school who have established residency at another address or location as evidenced by a lease agreement. The new address or location is considered the student's principle place of residence.
- The borrower must count live-in aides for purposes of determining appropriate unit size.
- The borrower may establish reasonable standards for counting family members that are temporarily in a correctional facility. For example, it is reasonable for a borrower to count a teenager who will return to the family in six months from a detention center. It is not reasonable to count an adult member who may return to the family in two years following incarceration.
- The borrower must not count nonfamily members, such as adult children on active military duty, permanently institutionalized family members, or visitors.
- The borrower must count foster adults living in the unit.

Fair Housing Reminder for Borrowers

The Fair Housing Act prohibits housing providers from discriminating on the basis of familial status, making it illegal to discriminate against families because of the presence of children. Borrowers may neither exclude families with children from their properties, nor may they develop policies or procedures that have the purpose or effect of prohibiting children (e.g., policies in tenant selection plan, occupancy standards, house rules).

Borrowers may not exclude otherwise eligible elderly families with children from elderly properties or elderly/disabled properties.

The Agency should also remind borrowers of regulations concerning rental units with accessibility features and the transfer of existing tenants within a housing project. This is addressed at 7 CFR 3560.155 (b) and (c), as follows:

(b) Rental units accessible to individuals with disabilities. If a rental unit accessible to individuals with disabilities is available and there are no applicants that require the features of the unit, borrowers may rent the unit to a non-disabled tenant subject to the inclusion of a lease provision that requires the tenant to vacate the unit within 30 days of notification from management that an eligible individual with disabilities requires the unit and provided the accessible unit has been marketed as an accessible unit, outreach has been made to organizations representing the disabled, and marketing of the unit as an accessible unit continues after it has been rented to a tenant who is not in need of the special design features.

(c) Transfer of existing tenants within a housing project. When a rental unit becomes available for occupancy and an eligible tenant in the housing project is either over housed or under housed as provided for in paragraph (e) of this section, the borrower must use the available unit for the over housed or under housed tenant, if suitable, prior to selecting an eligible applicant from the waiting list.

The guidance at HB-2-3560 Chapter 6, Section 5, Tenant Selection and Unit Assignment should be followed.

Exhibit 6-4 of HB-2-3560, Chapter 6, lists the expected contents of a borrower's Occupancy Plan. Borrowers have discretion in developing occupancy policies that meet the needs of the specific property. MFH does not prescribe specific policies borrowers must implement but provides guidelines borrowers must follow when developing written occupancy standards. Utilization of appropriately-sized units for an appropriately-sized household will contribute to more efficient and fair use of RD's housing resources, and ensure appropriate use of Rental Assistance. MFH field staff are charged with ensuring compliance with the regulation and handbook, including occupancy policies that address over- and under-housed tenants. Borrowers whose properties do not conform with approved occupancy policies will be required to establish a corrective action plan with timeframes for compliance. Non-compliance may result in a reduction of Rental Assistance payments.

Questions regarding this policy should be directed to the Portfolio Management Analyst assigned to your State.

December 13, 2012

TO: State Directors
Rural Development

ATTN: Program Directors and Coordinators
Multi-Family Housing

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

SUBJECT: Special Appropriation Language for Farm Labor Housing
During FY 13 – Continuing Resolution for Rental Assistance Units

This Unnumbered Letter provides guidance for Rental Assistance (RA) assigned to Farm Labor Housing (FLH) properties. The Consolidated and Further Continuing Appropriations Act, 2012, Continuing Appropriations Act, 2013, and Public Law 112-175 (September 28, 2012) contains special provision for FLH properties. The language reads as follows:

Provided further, that rental assistance provided under agreements entered into prior to fiscal year 2012 for a farm labor multi-family housing project financed under section 514 or 516 of the Act may not be recaptured for use in another project until such assistance has remained unused for a period of 12 consecutive months, if such project has a waiting list of tenants seeking such assistance or the project has rental assistance eligible tenants who are not receiving such assistance: *Provided further*, That such recaptured rental assistance shall, to the extent practicable, be applied to another farm labor multi-family housing project financed under section 514 or 516 of the Act.

As a result, the National Office has instructed the Deputy Chief Financial Office Direct Loan and Grant Branch - Miscellaneous Section (DCFO-DLGB-MS) to monitor the transfer of RA from FLH properties until at least March 27, 2013, to assure that the FLH RA units are being transferred in accordance with the continuing appropriation language. DCFO-DLGB-MS will contact the National Office if FLH RA units are entered into the Automated Multi-Family Housing Accounting System. The National Office will approve the transfer of FLH RA if it is being transferred to another FLH RA property. Without further justification on why it is not practicable to transfer the RA to another FLH property, the National Office will not approve the transfer of FLH RA to a non-FLH property.

EXPIRATION DATE:
March 27, 2013

FILING INSTRUCTIONS:
Housing Programs

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

December 14, 2012

TO: State Directors
Area Directors
Area Specialist

ATTN: Community Facilities Program Directors

FROM: Tammye Treviño (signed by Tammye Treviño)
Administrator
Housing and Community Facilities Programs

SUBJECT: Interest Rate Changes for Community Facilities

Effective from January 1, 2013, through March 31, 2013, the interest rates for direct community facility loans are as follows:

Poverty Line...decreased to.....4.500%
Intermediate...decreased to.....3.750%
Market.....decreased to.....3.125%

For this quarter, all loans may be obligated at the lower market rate. Please notify appropriate personnel of these rates.

EXPIRATION DATE:
March 31, 2013

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by Electronic Mail on 12/20/12, at 1:00 pm by Program Analysis Branch. State Directors should advise other personnel as appropriate.

December 18, 2012

TO: State Directors
Area Directors
Area Specialists

ATTN: Utilities Program Directors

FROM: John C. Padalino (signed Doug O'Brien) for
Acting Administrator
Rural Utilities Service

SUBJECT: Interest Rate Changes for Water and Waste Disposal Loans

Language in the Consolidated Farm and Rural Development Act requires that the poverty rate and the intermediate rate be determined based on the approval date of the loan. For those loans approved on or after May 23, 2008, the poverty rate will be set at 60 percent of the market rate and the intermediate rate set at 80 percent of the market rate, adjusted to the nearest one-eighth of one percent. Following are the new interest rates for water and waste disposal loans approved on or after May 23, 2008:

Poverty Line...decreased to.....1.875%
Intermediate...decreased to2.500%
Market.....decreased to3.125%

For loans approved but not closed on or before May 22, 2008, the poverty rate will remain fixed at 4.500 percent and the intermediate rate will continue to be set at one-half of the difference between the poverty line rate and the market rate. Following are the new interest rates for water and waste disposal loans approved on or before May 22, 2008:

Poverty Line...decreased to.....4.500%
Intermediate...decreased to..... 3.750%
Market.....decreased to..... 3.125%

EXPIRATION DATE:
March 31, 2013

FILING INSTRUCTIONS:
Administrative/Other Programs

For this quarter, all loans approved or obligated before May 22, 2008 may be obligated at the lower market rate. These rates will be effective from January 1, 2013, through March 31, 2013.

Also, the rate for watershed protection and flood prevention loans and resource conservation and development loans is as follows:

CURRENT RATE	NEW RATE
3.500%	3.125%

Please notify appropriate personnel of these rates.

Sent by Electronic Mail on 12/28/12, at 9:30 am by Program Analysis Branch. State Directors should advise other personnel as appropriate.

December 19, 2012

TO: State Directors
Rural Development

ATTN: Program Directors
Single Family Housing

FROM: Joyce Allen /s/ *Joyce Allen*
Deputy Administrator
Single Family Housing

SUBJECT: Guidance on the Use of the Supplemental Nutrition Assistance
Program Income for Single Family Housing Direct Loans

This unnumbered letter enhances existing guidance regarding the use of the Supplemental Nutrition Assistance Program (SNAP) income (formerly known as the Food Stamp Program) to calculate repayment income for Single Family Housing Direct (SFHD) loans.

Chapter 4, paragraph 4.3.C.2.C of the Handbook 1-3550, excludes special-purpose payments income from being used to calculate annual and repayment income to make eligibility and qualification determinations for SFHD loan applications. Since these payments are intended to defray specific expenses, and would be discontinued if not spent solely for those expenses, the entirety of this income cannot be deemed as stable and dependable for mortgage qualification purposes.

However, SNAP benefits help equalize the percent of income a qualified household spends on food in comparison to households who do not need or qualify for SNAP benefits. This equalization essentially enhances a SNAP recipient's repayment ability for a SFHD loan. To acknowledge this while avoiding the past problem of having a substantial portion of an applicant's repayment income consist of SNAP benefits, Field Staff may consider the value of the applicant's SNAP benefits to calculate repayment income in an amount not to exceed 20 percent of the total repayment income.

EXPIRATION DATE:
December 31, 2013

FILING INSTRUCTIONS:
Housing Programs

The 20 percent referenced above was derived from a 2011 Consumer Expenditure survey from the Bureau of Labor Statistics that indicates that households with annual, pre-tax incomes under \$20,000 spend approximately 20 percent of their income on food.

Only the SNAP benefits attributable to the note signers can be considered for repayment income and *only the lesser of the “not to exceed” figure or the actual SNAP benefits can be included in the applicant’s repayment income.*

Below are examples on how to include SNAP benefits in repayment income.

Example 1: The “not to exceed” amount is higher than the actual SNAP benefits received.

Step 1	Establish the amount of monthly SNAP benefits received by the applicant.	Applicant’s monthly SNAP benefits	\$200
Step 2	Calculate the repayment income (received by the note signers) excluding the SNAP benefits.	Monthly repayment income before SNAP consideration	\$1,000
Step 3	Equalize the repayment income using the standard assumption that a household spends 20% of their income on food. This repayment income is equivalent to the monthly income for households that do not receive SNAP benefits.	First step to calculate the “not exceed 20 percent of the total repayment income” Income Equalization: Repayment income / .80	$(\$1,000 / .80) =$ \$1,250
Step 4	Determine the maximum amount of monthly SNAP benefits that may be included in the repayment income.	Calculation for the “not exceed 20 percent of the total repayment income”	$\$1,250 - \$1,000 =$ \$250
Step 5	Compare the actual SNAP benefits received with the “not to exceed 20% of the total repayment income” calculation.	Calculation for “the lesser of the “not to exceed” figure or the actual SNAP benefits”	Actual SNAP Benefits: \$200 “Not to exceed” amount: \$250
Step 6	Add the repayment income from Step 2 and the lesser of the calculation in Step 5.	Monthly repayment income after SNAP consideration.	$(\$1,000 + \$200) =$ \$1,200

Example 2: The “not to exceed” is lower than the SNAP benefits received.

Step 1	Establish the amount of monthly SNAP benefits received by the applicant.	Applicant’s monthly SNAP benefits	\$550
Step 2	Calculate the repayment income (received by the note signers) excluding the SNAP benefits.	Monthly repayment income before SNAP consideration	\$2,000
Step 3	Equalize the repayment income using the standard assumption that a household spends 20% of their income on food. This repayment income is equivalent to the monthly income for household that do not receive SNAP benefits.	First step to calculate the “not exceed 20 percent of the total repayment income” Income Equalization: Repayment income / .80	$(\$2,000 / .80) =$ $\$2,500 - \$2,000 =$ \$500
Step 4	Determine the maximum amount of monthly SNAP benefits that may be included in the repayment income.	Calculation for the “not exceed 20 percent of the total repayment income”	$\$2,500 - \$2,000 =$ \$500
Step 5	Compare the actual SNAP benefits received with the “not to exceed 20% of the total repayment income calculation” calculation.	Calculation for “the lesser of the “not to exceed” figure or the actual SNAP benefits”	Actual SNAP Benefits: \$550 Not to exceed amount: \$500
Step 6	Add the actual repayment income from Step 2 and the lesser of the calculation in Step 5.	Monthly repayment income after SNAP consideration	\$2,500

Be sure to thoroughly document this consideration and calculation in the running record. In UniFi, **do not** enter the allowable SNAP benefit amount in the non-taxable income field in the Income Worksheet screen.

To determine repayment ability for 504 loan applicants, only the food cost over and above the SNAP benefits should be reflected on *Form RD 1944-3, “Budget and/or Financial Statement”*,

as a food expense. For example, if the monthly SNAP benefit is \$300 and the actual food expense is \$400 per month, only \$100 is considered food expense for budget purposes.

The Agency believes that by enhancing the guidance on SNAP income, we promote long-term homeownership in the communities we serve while protecting the government's investment.

Questions about this unnumbered letter may be directed to Migdaliz Bernier of the Single Family Housing Direct Loan Division at (202) 690-3833, or migdaliz.bernier@wdc.usda.gov.

Sent by Electronic Mail on December 19, 2012 at 3:00 p.m. by Single Family Housing Direct Loan Division. The State Director should advise other personnel as appropriate.

December 20, 2012

TO: State Directors
Area Directors
Area Specialist

ATTN: Rural Housing Program Directors

FROM: Tammye Treviño *(signed by Cristina Chiappe)* *for*
Administrator
Housing and Community Facilities Programs

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

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The following interest rate is in effect for loans approved after the beginning of business January 1, 2013.

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
Farm Labor Housing- State Director Exception	5.875%	3.750%

Also, the benchmark used for FY 2012 interest rate for repayment of unauthorized assistance when the borrower was at fault was announced by Treasury to be 2.970%.

Please notify appropriate personnel of this rate.

EXPIRATION DATE:
January 31, 2013

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by Electronic Mail on 12/28/12 at 11:00 am by Policy Analysis Branch. State Directors should advise other personnel as appropriate.

December 20, 2012

TO: State Directors
Area Directors
Area Specialist

ATTN: Rural Housing Program Directors

FROM: Tammye Treviño (*signed by Cristina Chiappe*)
Administrator
Housing and Community Facilities Programs

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

The following interest rates, effective January 1, 2013, are reported as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
ALL LOAN TYPES		
Treasury Judgment Rate	0.190%	0.180%

The new rate shown above is as of the week ending November 30, 2012. The actual judgment 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	3.125	3.125
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EXPIRATION DATE:
January 31, 2013

FILING INSTRUCTIONS:
Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	3.625	3.625
Rural Housing Site (RH-524), Non-Self-Help	3.125	3.125
Rural Rental Housing and Rural Cooperative Housing	3.125	3.125

Please notify appropriate personnel of these rates.

Sent by Electronic Mail on 12/28/12, at 10:00 am by Policy Analysis Branch. State Directors should advise other personnel as appropriate.

December 20, 2012

TO: State Directors
Area Directors
Rural Development Managers

ATTN: Business Program Directors

FROM: Lillian Salerno
Acting Administrator *(Signed by Lillian Salerno)*
Rural Business-Cooperative Service

SUBJECT: Interest Rate Changes for Business and Industry Loans

The following interest rate is in effect January 1, 2013 through March 31, 2013.

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
Direct Business and Industry	3.250%	3.250%

Please notify appropriate personnel of this rate.

EXPIRATION DATE:
March 31, 2013

FILING INSTRUCTIONS:
Administrative/Other Programs

December 21, 2012

TO: State Directors
Rural Development

ATTN: Community Program Directors

FROM: Tammye Treviño
Administrator
Housing and Community Facilities Programs

SUBJECT: Community Facilities Funding for Local and Regional Food Systems
Projects and Know Your Farmer, Know Your Food Initiative

PURPOSE/INTENDED OUTCOME:

This unnumbered letter is being issued to provide guidance to field staff regarding the Know Your Farmer, Know Your Food initiative (KYF2) and how Community Facilities (CF) funding can support local and regional food system projects.

BACKGROUND:

KYF2 was launched in September 2009 by the Secretary and Deputy Secretary of Agriculture to help develop and support local and regional food systems to support local farmers, strengthen rural communities, promote healthy eating, and protect natural resources. A food system includes all processes involved in feeding a population: growing and harvesting; processing and packaging; transporting; marketing; distributing; consuming; and disposing of food and food-related items. This initiative supports access to high quality and affordable locally-grown foods and creates market opportunities for producers and businesses interested in marketing their products to local consumers.

EXPIRATION DATE:
January 31, 2014

FILING INSTRUCTIONS:
Community/Business Programs

Local food has not been statutorily defined for CF, nor does USDA utilize a set definition internally. Some state procurement policies consider local to be products produced, processed and distributed within state boundaries; yet producers on a state border may be considered local by the consumers that buy their products in the adjacent state. The 2008 Farm Bill defined local food specifically for the Business and Industry Loan Program as food that is raised, produced and distributed in-state or within a 400 mile radius. Staff should consider their local context when determining whether a project is part of a local or regional food system.

IMPLEMENTATION RESPONSIBILITIES:

Projects and applicants related to this initiative must meet the same eligibility criteria as any other CF project and applicant. It is the Program Director's responsibility to ensure that all staff members are familiar with the initiative and the type of funding that is available. For example, a farmers market containing a predominant number of vendors selling non-food products may be eligible for funding under the Rural Business & Cooperative Programs rather than the CF program.

States must provide a copy of their Legislative and Public Affairs Staff (LAPAS) Project Information sheet on these projects to Susan Woolard for tracking purposes. The purpose should address the locally-grown component(s) and state that the project supports the Know Your Farmer Know Your Food initiative. A check block has also been added to CPAP and GLS for tracking purposes. By providing this information, you are also helping the KYF2 Task Force identify projects to highlight in blogs, case studies, and other resources. We will use this opportunity to highlight your work and CF as a resource for regional food systems development.

Applicants will have access to all CF funding sources, guaranteed and direct loans, and grants, based on applicant and project eligibility. The following examples are ways CF funding could be used to support local and regional food systems. **These examples are not all inclusive.**

Food Banks (must source a portion of their food from local producers to be applicable)

- Purchase building
- Renovations
- Construct new building
- Purchase equipment
- Purchase vehicles for food delivery

School Cafeterias (must source a portion of their food from local producers to be applicable, for example through a farm-to-school program)

- Equipment
- Renovations
- Central Processing/Distribution Centers

Farmers Markets

We can finance farmers markets that primarily sell fruits and vegetables and other food products. We cannot finance flea markets. Farmers markets that sell 25% or more in items that are not food products cannot be financed with CF funding, but may be eligible for funding under Rural Development's Rural Business & Cooperative Programs.

- New construction
- Purchase building
- Renovations
- Electronic Benefits Transfer (EBT) machines - a system that allows use of government benefits; i.e., food stamps. In 2008 the Food Stamp Program was renamed "Supplemental Nutrition Assistance Program" and is referred to as "SNAP." Some machines also allow the purchaser to use debit/credit cards. There are state and federal programs that provide funding assistance for EBT-only machines that redeem SNAP activity in excess of \$100 per month. CF funding may be used for EBT/Debit/Credit machines and/or EBT-only machines that redeem SNAP activity of less than \$100 per month.

Community Gardens

- Purchase real estate
- Water source access – the necessary infrastructure to connect to the water source and/or provide irrigation.
- Noncommercial greenhouses
- Ineligible – small tools

Community Kitchens

Community kitchens can provide classes for families to learn how to prepare healthy meals. They can also be used to prepare meals for various community programs using fresh, locally grown products.

- Renovations - applicant must own, or be purchasing, facility
- Equipment - must be removable if the applicant does not own the facility and equipment must be primarily used for the community initiative
- New Construction

For More Information:

The KYF2 initiative has developed a tool to help USDA employees and the public identify local and regional food projects funded through CF and other USDA programs since 2009. The Know Your Farmer, Know Your Food *Compass* includes a guide to these programs and an interactive map of USDA-supported local food projects (<http://www.usda.gov/maps/maps/kyfcompassmap.htm>). In the legend on the left-hand side, select “Projects by USDA Program” to isolate CF-funded projects; clicking on a brown dot on the map will display a pop-up box with information on the project funded. We encourage you to use this tool to explore projects in your region and to find other examples of applicable projects funded by USDA around the country. Reading the Compass guide (<http://www.usda.gov/documents/KYFCompass.pdf>) will also help familiarize USDA employees with the concept of local and regional food systems and with USDA tools and resources.

The Compass is also useful to share with stakeholders interested in learning about other USDA funding opportunities for local and regional food systems. The map can be searched by key word; for example, if a stakeholder is interested in funding for cold storage, searching the map for the term “cold storage” will return a list of relevant projects funded through several USDA programs and agencies.

Please let your staff know about the KYF Compass as a tool to facilitate their work.

Additional information regarding Local and Regional Food Systems and Know Your Farmer, Know Your Food is available at:

<http://www.usda.gov/wps/portal/usda/knownyourfarmer?navid=KNOWYOURFARMER>

If you have any questions about this initiative, please contact Karen Safer at (202) 720-1506.