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To: 1 Oregon IRP
Cc: Cormier, Paul - Portland, OR; Stedman, Julie - Portland, OR
Subject: New, Streamlined System for Submitting Information to USDA when Relending to Ultimate Recipients

Importance: High

7/9/2009

Attention: Oregon Intermediary Relending Program (IRP) Lenders

The Intermediary Relending Program (IRP) has been operating quite successfully in Oregon for over 15 years. However, it has been some time since we have provided detailed guidance on what information USDA needs from IRP lenders. With more than a dozen IRP lenders in the state and the passage of time, we now see a lot of variability in the information being submitted to USDA. Furthermore, we see lots of IRP lenders submitting considerably more paperwork than is necessary!

For the last several months, Paul Cormier, Julie Stedman, and I have been examining Oregon's IRP practices and procedures, and we have come up with what we hope will be some significant simplification and streamlining in our IRP processes. Our objective is to gather all the information that the IRP program requires without being unduly burdensome.

Our goal... simplify the paperwork so that you can focus your energies on relending your RLF dollars!

With this in mind, we are pleased to announce both a new relending system - the "wrapper" system - and a new USDA Rural Development-Oregon web site containing all the new tools you'll need:

<http://www.rurdev.usda.gov/or/rlf.htm>

PLEASE BOOKMARK IT!

At the center of this new system is something we call the RAPUR ("wrapper"), which stands for "Request for Approval of Proposed Ultimate Recipient", and the ALURT ("alert"), which stands for "Advice of Loan to Ultimate Recipient". The RAPUR is used for loans to ultimate recipients funded with Agency funds, ones that require USDA concurrence; the ALURT is used for loans made with revolved funds where you are simply reporting RLF activity.

The "wrapper" system works just as the name suggests -- it is a format for wrapping up each IRP lender's distinct credit memorandum format so as to provide USDA with the minimum supplemental information necessary for USDA.

Here's how it works.

a. Initial-round ultimate recipient loans (those requiring RD concurrence). Whenever an IRP lender needs USDA concurrence for an ultimate recipient loan, it provides the following documents to USDA:

1. RAPUR form
2. IRP lender's credit memo, attached to the RAPUR
3. An ultimate recipient data sheet (providing the information we need to maintain our database)

If new construction is being financed, the following additional information is also needed:

4. Form 1940-20, "Request for Environmental Information" and supplemental information

It will no longer be necessary to submit a post-closing "Report of Loan Closing by Intermediary" that we had previously required.

b. Revolved-funds ultimate recipient loans (those not requiring RD concurrence). Whenever an IRP lender makes an ultimate recipient loan with revolved funds, it provides the following documents to USDA:

1. ALURT form
2. IRP lender's credit memo, attached to the ALURT.
3. An ultimate recipient data sheet (providing all the data we need for our tracking systems)

It will no longer be necessary to submit a post-closing "Report of Loan Closing by Intermediary" that we had previously required.

Some of the advantages we see in the "wrapper" system are:

- It asks only basic IRP-ultimate recipient eligibility questions, with no need to restate the underwriting details already in your credit memo.
- It allows you to clearly demonstrate how IRP funds will not finance more than 75% of the project cost.
- It gathers all of the data that USDA needs for its tracking system.
- It allows you to let us know when you need the IRP funds.
- All of the required lender certifications are built-in, so there's no chance of overlooking any.
- The RAPUR and ALURT eliminate the need for a cover letter to submit information.

The RAPUR, ALURT, and all the other "wrapper" documents are in Microsoft Word and can be downloaded as needed from our RLF web site:

<http://www.rurdev.usda.gov/or/rlf.htm>

The RLF web site includes an example of what the RAPUR and ALURT look like when they are completed. Look these over to see what sort of information is being sought.

We believe this new approach will be a great improvement and simplify your submissions to us. We encourage you to immediately begin using the new "wrapper" system. We believe it will result in even faster turn-around times by USDA with less need for questions or back-and-forth requests for additional information.

We are very interested in getting your comments on this system and welcome your suggestions for any additional improvements that can be made.

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