

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF APRIL 2009

Dated	Subject	Distribution
04/01/09	Acting State Director for North Carolina	S/D & N.O.O.
04/07/09	League of United Latin American Citizens	RD Employees
04/10/09	Rural Development Voucher Demonstration Program	S/D
04/10/09	Multi-Family Housing Programs Management Fee Survey	S/D
04/10/09	Recovery Act Funding Single Family Housing Direct Loan Program	S/D
04/10/09	Interest Rate Changes for Housing Programs and Credit Sales (nonprogram)	S/D, RDM & A/D
04/21/09	National Image, Inc.'s Federal Employees Training Conference	RD Employees
04/22/09	Intermediary Relending Program First Round Funding	S/D
04/22/09	Guidance on the Definition of a Socially Disadvantaged Farmer or Rancher Value-Added Producer Grant Program	S/D
04/27/09	11 <sup>th</sup> National Native American Women's Conference	S/D
04/27/09	American Recovery and Rehabilitation Act Funding Procedures Business and Industry Guaranteed Loan Program Rural Business Enterprise Grant Program	S/D

April 1, 2009

TO: National Office Officials  
State Directors

ATTN: Administrative Program Directors  
Human Resources Managers

FROM: SHERIE HINTON HENRY /s/ *Sherie Hinton Henry*  
Acting Deputy Under Secretary  
Rural Development

SUBJECT: Acting State Director for North Carolina

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Effective **March 29, 2009**, George D. Batchelor, Jr., will serve as the Acting State Director for North Carolina, until further notice.

Mr. Batchelor is currently the Administrative Program Director for the North Carolina State Office.

I know I can count on your support and assistance while he is serving as Acting State Director and responsible for carrying out the mission of Rural Development in North Carolina. Mr. Batchelor can be reached on (919) 873-2036 or via e-mail at [george.batchelor@nc.usda.gov](mailto:george.batchelor@nc.usda.gov).

EXPIRATION DATE:  
March 31, 2010

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by electronic mail on April 1, 2009, at 8:45 am by Human Resources.  
State Directors and National Office Officials should advise other personnel as appropriate.

April 7, 2009

SUBJECT: League of United Latin American Citizens

TO: Rural Development Employees

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

The League of United Latin American Citizens (LULAC) will hold its Annual Federal Training Institute from **July 14-16, 2009**, in San Juan, Puerto Rico. This training program is targeted towards Federal employees. The title for this year's conference is "Reaching New Frontiers: Expanding the Latino Agenda."

The LULAC Training Institute is open to all employees and will provide training and workshops in a variety of areas including Leadership Development, Project & Program Management Planning, and Leadership Executive Core Qualifications for GS 14 and 15's.

This program is considered a Special Emphasis Program (SEP). SEP events are an integral part of civil rights and human resources. Employees wishing to attend this training program must have the program listed in their current IDP.

You can visit <http://www.lulac.org/events/convention09.html> for more information on the LULAC Annual Federal Training Institute.

If you have any questions, please contact Denise N. Johnson, Human Resources Specialist, at (202) 692-0223 or via e-mail at [DeniseN.Johnson@wdc.usda.gov](mailto:DeniseN.Johnson@wdc.usda.gov).

EXPIRATION DATE:  
April 30, 2010

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by electronic mail on 4/8/09, at 9:45 a.m., by Human Resources.

April 10, 2009

TO: State Directors  
Rural Development

FROM: James C. Alsop (*Signed by Philip H Stetson*)  
Acting Administrator  
Housing and Community Facilities Programs

SUBJECT: Rural Development Voucher Demonstration Program

This unnumbered letter is to advise of new policy decisions and to clarify a few existing policies of the Rural Development Voucher Demonstration Program for the Multi-Family Housing portfolio. Most of these policies have been discussed in teleconferences. This Unnumbered Letter will formalize the policies.

**Background**

The Rural Development Voucher Demonstration Program for the Multi-Family Housing portfolio was created to offer protection to eligible multifamily housing tenants in properties financed through Rural Development's Section 515 Rural Rental Housing Program who may be subject to economic hardship through prepayment of the Rural Development mortgage. When the owner of such a property pays off the loan prior to the normal maturity date, rents may increase thereby making the housing unaffordable to tenants. The Rural Development Voucher Program applies to any property financed through Section 515 where the mortgage is paid off prior to the maturity date in the promissory note. This includes foreclosed properties. The Rural Development Voucher will help tenants by providing a rental subsidy that will supplement the tenant's rent payment. Low-income tenants in the prepaying property must be U.S. citizens or legally admitted aliens. Such tenants are eligible to receive a voucher that they may use at that property or take to any other rental unit in the United States that passes inspection and where the owner will accept an Rural Development Voucher, with the exception of rental units in subsidized housing like Section 8, public housing or Rental Assistance units where two housing subsidies would result. The Rural Development Voucher may not be used for the purchase of a home.

EXPIRATION DATE:  
April 30, 2010

FILING INSTRUCTIONS:  
Housing Programs

All changes included in this unnumbered letter are effective immediately. Changes in or new policy information is identified as “New”.

**1. Quadel Assumes Administrative Role For Voucher Portfolio - New**

In early Fiscal Year 2009, Quadel Consulting Corporation (“Quadel”) assumed responsibility for the administrative functions for the entire voucher portfolio. These duties include but are not limited to the following:

- Sending Tenant Letter #3 (advice to tenant about the Voucher program);
- Retrieving from Tenants and forwarding to the States as needed the following: Voucher Obligation Forms (VOF), Requests for Tenancy (RTA), Voucher forms, lead paint forms;
- Notifying State Office of the need for unit inspections or State Director’s Letter;
- Forwarding Housing Assistance Payment (HAP) contract to Landlord, once all required documentation is received; and
- Forwarding Rural Development Voucher renewal packet to tenants.

The States are responsible for all Automated Multi-Housing Accounting System (AMAS) transactions. Quadel does not have access to AMAS.

**2. Owner Requests for Rent Comparability Studies)– New.**

The Rent Comparability Studies (RCSs) ordered by Rural Development are confidential and can only be shared with Rural Development. However, the Rural Development Freedom of Information Office advises that the RCS may be requested through the Freedom of Information Act (FOIA).

**3. Voucher Determination Summary (VDS) – No More Preliminary VDS or Tenant Letter 3A - New.**

Effective immediately, the requirement for a Preliminary VDS (PVDS) is eliminated. The VDS should be completed immediately following the payoff or the foreclosure sale. Rural Development staff must obtain from the Multi-Family Information System (MFIS), the last Report PRJ2000 “Project Worksheet” to verify the tenants at the property and their net tenant contribution (NTC). Once the VDS is completed, it is submitted via email to Joan Atkinson in the National Office for review and approval.

If you previously submitted a PVDS, you must submit a Final VDS for that property once prepayment is received or foreclosure has occurred.

Once approved, the VDS will be forwarded to Quadel, who will send Tenant Letter #3 advising the tenant of the maximum voucher amount available for that tenant.

#### **4. Prepayment Types Eligible for Voucher Demonstration Participation - New.**

Below is a list of the types of prepayments that are eligible for the Rural Development Voucher Demonstration Program. Inventory properties have been added to the list of project payoffs eligible for participation in the Voucher Demonstration Program:

- Prepayment in accordance with 7 CFR 3560 subpart N
- Prepayments resulting from Foreclosure or Marshal Sale
- Prepayments resulting from Acceleration
- Debt Settlement/Compromise Offer
- Deed-in-Lieu of Foreclosure (Voluntary Conveyance)
- Inventory Properties.

Rural Development Vouchers must be offered to all eligible tenants in these situations.

Tax sales and valueless liens are not considered prepayment.

#### **5 Document Timelines.**

The Rural Development Voucher process does not begin until the tenant forwards the executed VOF to Quadel and funds have been obligated by the State. No payments are made until all required documents are received from the tenant and the landlord. Late or incorrect submissions do not entitle the landlord to retroactive payments.

The tenant has 10 months from the date of prepayment or foreclosure to request a voucher by submitting a signed VOF. If the 10-month period passes with no activity by the tenant, no further action is necessary. No Rural Development Voucher funds will be obligated after this time for the tenant.

The tenant has 60 days from the date of voucher issuance to locate a unit and begin using the voucher. Upon request, an additional 60 days may be granted. If the tenant is issued a Voucher and does not use it in the maximum 120-day period, and does not receive an additional extension, the obligation should be cancelled by the 150<sup>th</sup> day after issuance.

Initial leases and the HAP contract must be for a period of one year.

Leases must be signed within one month of the lease start date.

HAP contracts may be executed up to 60 days after the beginning of the lease term. Exceptions must be requested in writing by the landlord and approved by the National Office or Quadel.

HAP contract payments cannot precede the HAP start date.

States can monitor specific voucher activity using the new Quadel SharePoint available at <http://quadel-rdvp.icfi.com/default.aspx>

## **6 Original Signatures - New**

The Office of the Attorney General has determined that original signatures are required for the following documents:

- Voucher Obligation Form (VOF)
- Voucher Form
- Request for Tenancy Forms (RTA)
- Housing Assistance Payment Contract
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This means that hard copies of documents must be transmitted to Quadel and the State. The States must have original signatures on the VOF in order to obligate funds and on the HAP contracts in order to disburse payments.

## **7 Tenant Eligibility - New**

As part of the citizenship verification process, we will accept a copy of a birth certificate from a hospital in the United States bearing an official seal as evidence of US citizenship. The proof of citizenship requirement is for new voucher holders only.

## **8 Sample Leases - New**

We will no longer require tenants or landlords to forward sample, unexecuted leases as part of the RTA package.

## **9 Renewal Process and AMAS Procedures**

The Voucher Demonstration Program HAP payments will be renewed annually based upon appropriations. The HAP renewal process is as follows:

- Approximately sixty (60) days prior to expiration of the HAP contract, Quadel sends a renewal packet to the tenant. The renewal packet includes a cover letter and a Renewal Voucher Obligation Form (RVOF)
- The tenant returns the signed RVOF to Quadel and it is forwarded to the State
- The State approves and obligates the renewal funding in AMAS
- The State determines appropriate time to initiate MIC
- The MIC must be processed after the automatic payment has been disbursed. For example if the automatic payment is disbursed on April 1, then process MICs on April 3.

## **10 Move Process and AMAS Procedures**

Tenants may move with the Rural Development Voucher if the tenant and the owner mutually agree to break the lease prior to the end of the lease term or the tenant may opt to move at the end of the lease term.

- Tenants must contact Quadel with their intentions.
- Quadel will send a move packet to the tenant. The move packet includes: a cover letter; VOF; voucher; RTA and lead paint forms.
- Upon receipt of required documents, Quadel will ask the State to schedule a unit inspection.
- Upon receipt of passed unit inspection results from the State, Quadel sends unexecuted HAP Contract to owner for signature.
- Upon receipt of signed HAP Contract, Quadel notifies the State to:
  - i. Stop payments at the current unit at the correct time & de-obligate funds at that unit.
  - ii. Obligate funds for the new unit. The State will need to make sure that a new project is established in AMAS for the tenant. (Do not change the name of the existing landlord due to Internal Revenue Service requirements.)
- The State will fax the completed (Rural Development signed) VOF for the new unit back to the Contractor to show that funds have been obligated.
  
- Once Quadel receives the completed VOF back from the State, Quadel will execute the HAP Contract.
- Quadel will then send the executed HAP contract to the State and request payment to begin.

These steps apply whether the tenant wants to move out of the property within the same state or to a new state. **If the tenant wants to move to another unit in the same property, the tenant will get a new lease. A new lease requires a new HAP. A new HAP requires a new obligation.**

#### **11 Change In Management Agent**

If management agent of the property changes:

- If only Electronic Funds Transfer (EFT) information is changing, there is no de-obligation and re-obligation needed. The state or Quadel will collect the new EFT information from the owner.
- If the Taxpayer ID changes, a de-obligation & re-obligation of funds is required.
- Form SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form" should be used for capturing changes in EFT or Taxpayer ID.

#### **12 Change In Ownership and AMAS Procedures**

If the ownership of the property changes, the owner will be required to sign new leases with tenants and sign a new HAP contracts will start the same day as the new lease.

- HAP Contracts will no longer be assigned in Change of Ownership cases.
- A new VOF needs to be collected from the tenant so that a new obligation can be made.

- A tenant's unused funds from the previous obligation (if any) will have to be de-obligated so that the new owner's EFT information can be entered into AMAS.
- The ownership change will require that a new project number be created in AMAS
- New obligations will need to be made prior to new lease start date.
- Tenants will need to agree to new 12-month lease.
- Change of Ownership form will still need to be signed so that it's clear that old owner is aware of the change.

### **13 HAP Contract Terminations**

HAP contract terminates automatically when:

- The tenant moves from the unit;
- The tenant relinquishes the Rural Development Voucher;
- Rural Development terminates voucher rent assistance for the tenant;
- The landlord or tenant terminates the lease;
- The landlord evicts the tenant.

The tenant or landlord must notify Quadel if any of the above situations exist. If the State is contacted, then the state must notify Quadel. Upon notification, Quadel will forward HAP termination notices to the tenant, the landlord and the State. Once notified the State is responsible for the de-obligation of funds in AMAS or collection of unauthorized assistance and needed.

Tenants must be aware that if they elect to no longer use the Rural Development Voucher they are not eligible to receive another Rural Development Voucher. Once the Rural

Development Voucher is relinquished by the tenant, no subsequent Rural Development Voucher may be issued to that tenant.

### **14 Cancelling Obligations; Collecting Funds and AMAS Procedures**

To cancel an obligation, the State office must prepare Form RD 1940-10, "Cancellation of US Treasury Check and/or Obligation" and process an M1D "Cancel Loan/Grant Obligation" in AMAS. Refer to the AMAS manual for instructions to process this transaction.

To cancel an ACH disbursement, the Field Office must call the Cash Management Branch Disbursement Request Line at 314-457-4031 and request assistance to reject an ACH disbursement. If a reject is not allowed, the Field Office must contact the owner to obtain the funds. The field office must include these funds and a completed Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation", with their daily wholesale lockbox deposit. On Form RD 1940-10, please indicate in Box 16, Remarks, the name and tenant ID number and the month for which the check is being cancelled.

If a Treasury check was issued, the Field Office must obtain the check or replacement check from the owner, and submit with a completed Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation", with their daily wholesale lockbox deposit.

**15 Attachment.**

Attachment 1 provides a revised timeline for Rural Development Voucher Issuance.

These policies will be incorporated into the updated Rural Development Voucher Guide. If you have any questions regarding this memorandum, please contact Joan Atkinson of the Multi-Family Housing Portfolio Management Division at (202) 720-1609.

## RURAL DEVELOPMENT VOUCHER ISSUANCE PROCESS

<b>PREPAYMENT*</b>	<b>FORECLOSURE AND OTHER PAYOFFS</b>
Borrower requests prepayment request.	State forwards acceleration letter to Borrower.
State sends Tenant Letter #1.	State sends Tenant Letter #1A.
Borrower declines incentives. State approves prepayment. State sends Tenant Letter #2.	State proceeds with foreclosure according to state law.
State orders RCS.	State orders appraisal and RCS – Do not order more than 90 days prior to sale or proceedings.
Borrower prepays.	Foreclosure/payoff occurs.
State completes Voucher Determination Summary (VDS).	State completes Voucher Determination Summary (VDS).
State forwards the VDS to National Office Via email.	State forwards the VDS to National Office Via email.
National Office approves VDS.	National Office approves VDS.
Quadel sends Tenant Letter #3 with voucher amount and appeal rights; includes Voucher Obligation Form. (VOF)	Quadel sends Tenant Letter #3 with voucher amount and appeal rights; includes Voucher Obligation Form. (VOF)
Tenant returns signed VOF with proof of citizenship to Quadel.	Tenant returns signed VOF with proof of citizenship to Quadel.
Quadel mails original VOF to State for obligation.	Quadel mails original VOF to State for obligation.
State obligates funds using original VOF and returns a signed copy of the VOF to Quadel.	State obligates funds using original VOF and returns a signed copy of the VOF to Quadel.
Quadel sends tenant letter #4 which includes the voucher, the Request for Tenancy Approval Form, the HUD lease addendum, and lead paint forms.	Quadel sends tenant letter #4 which includes the voucher, the Request for Tenancy Approval Form, the HUD lease addendum, and lead paint forms.
Tenant identifies unit and submits completed request for tenancy to Quadel.	Tenant identifies unit and submits completed request for tenancy to Quadel.
Quadel requests unit inspection by the State.	Quadel requests unit inspection by the State.
State inspects unit within <b>30 days</b> of notification from Quadel. The State Director's letter may replace the inspection.	State inspects unit within <b>30 days</b> of notification from Quadel. The State Director's letter may replace the inspection.
State approves unit and informs Quadel.	State approves unit and informs Quadel.
Quadel forward two HAPS to the Landlord for signature.	Quadel forward two HAPS to the Landlord for signature.
Quadel executes HAP contract and forwards an original fully executed HAP to the State.	Quadel executes HAP contract and forwards an original fully executed HAP to the State.
State sets up EFT via AMAS.	Set up EFT via AMAS.
State begins payment by initiating MIC manually.	State begins payment by initiating MIC manually.
Voucher payment to landlord begins.	Voucher payment to landlord begins.
State reviews Voucher Disbursement Verification Report by the 20 <sup>th</sup> of each month.	State reviews Voucher Disbursement Verification Report by the 20 <sup>th</sup> of each month.

National Office submits Voucher Disbursement Verification Report to DCFO by the 25 <sup>th</sup> of each month.	National Office submits Voucher Disbursement Verification Report to DCFO by the 25 <sup>th</sup> of each month.
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\*Voucher issuance does not include all processes that may be required by 7 CFR 3560 subpart N, Housing Preservation.

April 10, 2009

TO: State Directors  
Rural Development

ATTN: Multi-Family Housing Program Directors

FROM: James C. Alsop (*Signed by Philip H Stetson*)  
Acting Administrator  
Housing and Community Facilities Programs

SUBJECT: Multi-Family Housing Programs  
Management Fee Survey

Rural Development is once again undertaking a management fee survey to obtain current, comparable fee information. This letter sets forth guidance for conducting the survey.

This management fee survey is designed to compare the existing base management fee for Rural Development properties using the “Bundle of Services” defined in CFR 3560.102(i) to those of other affordable multifamily housing properties within the region/state.

In accordance with 7 CFR 3560.102 (i)(2)(i), the Agency is required to develop management fees based on a review of housing industry data, each State will survey and collect management fee data from other assisted housing sources such as local Housing and Urban Development (HUD) field offices, State Housing Finance Agencies, Housing Authorities, local housing organizations and industry groups. To provide consistency, the States are divided into 11 Regions as established by the Institute of Real Estate Management and modified by Rural Development. Each Region will identify a Coordinating State. This state will be responsible for the coordination between the States, the dissemination of information to the States and all submissions to the National Office.

In addition to the base fee, the National Office has established a standard list of add-on fees that is applicable to all states. An add-on fee is a flat per unit per month (PUPM) fee paid on revenue producing units to agents managing projects with long-term project characteristics and conditions that require additional management effort beyond the activities covered by the standard management fee. The current list is available in HB-2-3560, Chapter 3, Exhibit 3-4. These fees are not included as part of the base fee calculation nor are they being reviewed at this time.

Completion of the survey and subsequent review by the National Office **does not** represent that an increase in the base management fee will be implemented.

EXPIRATION DATE:  
April 30, 2010

FILING INSTRUCTIONS:  
Housing Programs

The Regions are identified as follows:

REGION I: CT, MA, ME, NH, RI, VT  
REGION III: DE, MD, PA, VA, WV  
SC, TN  
REGION V: IL, IN, MI, MN, OH, WI  
REGION VII: IA, KS, MO, NE  
REGION IX: AZ, CA, NV

REGION II: NJ, NY  
REGION IV: AL, FL/VI, GA, KY, MS, NC, PR,  
REGION VI: AR, LA, NM, OK, TX  
REGION VIII: CO, MT, ND, SD, UT, WY  
REGION X: ID, OR, WA  
REGION XI: AK, HI

Each Region as defined above collaborates to derive a median PUPM fee known as the Regional Median. A range of \$5 higher or lower than the Regional Median is the Regional Range.

For Example: **Regional Median** = \$40 PUPM; **Regional Range** = \$35 PUPM to \$45 PUPM.

Then each State will derive a single state PUPM fee within the established Regional Range to be used by all management companies within that State. Please note that the Regional Median fees are established to assist States in determining a maximum PUPM fee in their State.

For example:

- The **Regional Median** is \$40 PUPM
- The **Regional Range** is \$35 to \$45 PUPM.
- The State derives a maximum fee of \$41 PUPM. The maximum management fee of \$41 PUPM is within the Regional Range.

Using Attachment A, the “Base Management Fee Calculation Worksheet”, each State will compare the base management fee of the organizations specified on the Worksheet to the Rural Development’s “Bundle of Services”. Each State will:

- Identify the source organization;
- Identify the source organization contact person and dated contacted;
- Identify the fee type. Is the management fee based on a PUPM or a percentage calculation?
- Identify the Management Fee Amount;
- Identify the differences in services provided by the source organization’s management fee and that of the Rural Development Bundle of Services.

Attachment B is an excerpt from 7 CFR 3560.102 (i) which lists the “Bundle of Services” paid from the management fee.

The State Directors within the Region will review the State documentation and provide a signature of approval for the State PUPM fee. The Coordinating State will submit the completed worksheets and any additional information to the National Office, Attn: Joan Atkinson by **June 13, 2009**.

If states within a Region are unable to negotiate a Regional Median, the National Office will determine the Regional Median.

If you have any questions, please contact Joan Atkinson at 202-720-1609 or Janet Stouder at 202-720-9728.

Attachments



**4. Identify the source organizations below that were used to compare the management fees and services provided of the source organization to the “Bundle of Services” allowed by 7 CFR 3560.102(i).**

Provide the source contact name; the date contacted; the fee calculation type, either PUPM or a percentage of (gross or net) income; specify the management fee amount either percentage or per unit per month. Identify the differences between the Rural Development’s “Bundle of Services” and the services provided by the source’s fee. The “Bundle of Services” is provided as Attachment B. Use additional sheets as needed.

**This calculation does not include add-on fees.**

Source Organization	Contact Name	Date	Fee Type PUPM or %	Fee Amount	Identify differences from Rural Development Bundle of Services
Tax Credit					
HUD					
Housing Authority					
Borrower Association					
Housing Finance Agency					
Other: Specify					
Other: Specify					

5. Regional Median: \$ \_\_\_\_\_ PUPM



**EXCERPT FROM 7 CFR 3560.102**  
**“BUNDLE OF SERVICES”**

(i) Management fees. Management fees will be an allowable expense to be paid from the housing project’s general operating account only if the fee is approved by the Agency as a reasonable cost to the housing project and documented on the management certification. Management fees must be developed in accordance with the following:

(1) The management fee may compensate the management entity only for the specifically identified bundle of services to be provided to the housing project. Costs and services to be paid as part of the bundle of services include:

- (i) Supervision by the management agent and its staff (time, knowledge, and expertise) of overall operations and capital improvements of the site.
- (ii) Hiring, supervision, and termination of on-site staff.
- (iii) General maintenance of project books and records (general ledger, accounts payable and receivable, payroll, etc.). Preparation and distribution of payroll for all on-site employees, including the costs of preparing and submitting all appropriate tax reports and deposits, unemployment and workers’ compensation reports, and other IRS- or state-required reports.
- (iv) Training provided to on-site staff at the project site.
- (v) Preparation and submission of proposed annual budgets and negotiation of approval with the Agency, other governmental agencies and the borrowers.
- (vi) Preparation and distribution of the Agency or other governmental agency forms and routine financial reports to borrowers.
- (vii) Preparation and distribution of required year-end reports to the Agency or other governmental agency and borrowers.
- (viii) Preparation of requests for reserve withdrawals, rent increases, or other required adjustments.
- (ix) Arranging for preparation by outside contractors of energy audits and utility allowance analysis. Implement appropriate changes.
- (x) Preparation and implementation of Affirmative Fair Housing Marketing Plans as well as general marketing plans and efforts.
- (xi) Review of tenant certifications and submission of monthly rental assistance requests, and overage. Submission of payments where required.
- (xii) Preparation, approval, and distribution of operating disbursements; oversight of project receipts; and reconciliation of deposits.
- (xiii) Overhead of management agent, including:
  - (A) Establish, maintain, and control an accounting system sufficient to carry out accounting supervision responsibilities.
  - (B) Maintain agent office arrangements, staff, equipment, furniture, and services necessary to communicate effectively with the properties, the Agency or other governmental agency and with the borrowers.

- (C) Postage expenses related to the normal responsibility for mailings to the properties, the Agency or other governmental agency, the tenants, the vendors, and the owners.
- (D) Expense of telephone and facsimile communication to the properties, tenants, the Agency or other governmental agency, and the borrowers.
- (E) Direct costs of insurance (fidelity bonds covering central office staff, computer and data coverage, general liability, etc.) directly related to protection of the funds and records of the borrower.
- (F) Central office staff training and ongoing certifications.
- (G) Maintenance of all required profession and business licenses and permits. (This does not include project site office permits or licenses.)
- (H) Insurance coverage for agent's office and operations (Property, Auto, Liability, E&O, Casualty, Workers Compensation, etc.)
- (I) Travel of agent staff to the properties for on-site inspection, training, or supervision activities.
- (J) Agent bookkeeping for their own business.
- (xiv) Attendance at meetings (including travel) with tenants, owners, and the Agency or other governmental agency.
- (xv) Development, preparation, and revision of management plans or agreements.
- (xvi) Coordination of U.S. Department of Housing and Urban Development (HUD) certifications or vouchers with tenants, including all reporting to all pertinent agencies and borrowers.
- (xvii) Directing the investment of project funds into required accounts.
- (xviii) Maintenance of bank accounts and monthly reconciliations.
- (xix) Preparation, request for, and disbursement of borrower's initial operating capital (for new projects) as well as administration of annual owner's return on investment.
- (xx) Account maintenance, settlement, and disbursement of security deposits.
- (xxi) Working with third party auditors for initial set-up of audits and annually thereafter for audit preparation and review. Assistance with supplemental letters and preparation of Agency financial reports or other governmental agency reports.
- (xxii) Storage of records and adherence to records retention requirements.
- (xxiii) Assist on-site staff with tenant relations and problems. Provide assistance to onsite staff in severe actions (eviction, death, insurance loss, etc.).
- (xxiv) Oversight of general and preventive maintenance procedures and policies.
- (xxv) Development and oversight of asset replacement plans.
- (xxvi) Oversight of preparation of section 504 reviews, development of plans, and implementation of improvements necessary to comply with plans and section 504 requirements.
- (xxvii) Reporting to general and limited partners and State agencies for Low Income Housing Tax Credit (LIHTC)-compliance purposes.

April 10, 2009

TO: State Directors  
Rural Development

ATTN: Program Directors  
Single Family Housing

FROM: James C. Alsop (*Signed by Thomas E. Hannah*)  
Acting Administrator  
Housing and Community Facilities Programs

SUBJECT: Recovery Act Funding Single Family Housing Direct Loan Program

With the American Recovery and Reinvestment Act (ARRA) of 2009 (Recovery Act), the Rural Housing Service (RHS) received net appropriations of approximately \$967 million for the Section 502 Direct Loan Program with the stated purpose of promoting economic recovery and assisting those most impacted by the recession.

The economic downturn has placed many current homeowners, especially those who obtained subprime financing, in a financially difficult position. With declining incomes, increased debt, and a glut of homes on the market thus weakening their pricing power, many homeowners cannot handle their mortgage payments and cannot sell their home for enough to pay off their mortgage. Equally detrimental, the weakened economy has posed many barriers for those seeking homeownership.

Recovery Act funding provides additional resources to assist rural Americans in successful homeownership. This memorandum provides important information on the uses and special considerations required when Recovery funding is used under the Direct Single Family Housing program.

EXPIRATION DATE:  
April 30, 2010

FILING INSTRUCTIONS:  
Housing Programs

The Act requires compliance with the prevailing wage requirements of the Davis Bacon Act. Agency-wide guidance is under development. Until this guidance is available, any loan involving a construction contract in excess of \$2,000 should be funded from annual appropriation funding.

## **SPECIAL REFINANCING PROVISIONS**

Agency funds can be only used to refinance debt that was incurred for eligible purposes, as described in Chapter 6, Paragraph 6.5 of HB 1-3550.. This includes debt which was incurred for eligible program purposes prior to loan application and may include a protective advance made by the mortgagee for accrued interest, insurance premiums, real estate tax advances, and/or preliminary foreclosure costs.

To promote recovery, the Agency will temporarily relax the following refinancing provisions outlined in Chapter 6 of HB 1-3550, for refinancing transactions funded under the Recovery Act only:

- Paragraph 6.5 (B)(1) that states, “An increase in the interest rates or change in repayment terms for adjustable rate loans, interest-only loans, short-term rate locks and other forms of specialty lending are not considered to be beyond the borrower’s control.”
- Paragraph 6.5 (B)(2) that states, “Periodic changes in the repayment terms of a loan should not be the focal point for consideration of the need to refinance.”
- Paragraph 6.5 (B)(2) that requires the primary debt to be refinanced to have been made at rates and terms that were customary for long-term residential financing in the area at the time the debt was incurred.

To qualify for these temporary provisions, the applicant must provide documentation from their current lender that they do not qualify for refinancing or loan modification through the President’s “Making Home Affordable Plan.” Details on this plan are available at <http://financialstability.gov/makinghomeaffordable/>. All other refinancing stipulations outlined in HB-1-3550 and 7 CFR 3550 must be met.

As a point of clarification, the applicant does not have to be delinquent at the time of application in order to be considered “in danger of losing the property”. The RHS staff must establish that there is a high risk of foreclosure because the applicant would not be able to continue making the payments for reasons beyond their control. It is critical that RHS staff establish and document the tie between the circumstance(s) and the need for the Agency to get involved with the refinance to demonstrate that the assistance will permanently alleviate the financial hardship and lead to successful homeownership.

## **FUNDING**

An initial release of Recovery funding was done on March 20, 2009, based on information from the States on loans that were ready to approve and loans with outstanding certificates of eligibility that did not require a construction or a repair contract in excess of \$2,000.

## **FUNDS MANAGEMENT**

With multiple sources of nationwide funding available, funds management for FY 09 and FY 10 will be especially important. Communication between State Offices and the SFH Direct Loan Division program managers and funding contacts will be a critical component of our success this year. A directory has been created on the SFH Direct portion of the SharePoint site where important information will be posted. The site is located at:

<https://rd.sc.egov.usda.gov/teamrd/hcfp/sfh/>

Select “Direct Program Information” and then “Recovery Act Issues.”

Program Directors are strongly urged to check this site regularly and establish their settings for regular “alerts” when the site is updated. For assistance in accessing the site or setting alerts, State Office program staff may contact Teresa Sumpter of the Single Family Housing Direct Loan Division.

Please note that funding must be allocated such that 40% of the appropriated funds are available for Very Low-income loans nationally. In addition, no State can have less than 30% of funds available for Very Low-income. [The initial release of Recovery funds to clean up backlogs of loans ready to fund](#) has put us temporarily out of balance on the 40% Very Low provision. We believe that with your assistance, we can meet this requirement by the end of the year. Low to Very Low obligation ratios on both the national and state level will be taken into account when evaluating state requests for additional funds. **States with obligation ratios of less than 40% Very Low will not be eligible to receive additional Low-income funding from the National Reserves at this time. Rural Housing Program Directors in such States are responsible for ensuring that field offices have appropriate guidance in accordance with HB-1-3550, Section 4, “Selection for Processing” regarding the availability of funds by income category so that Loan Originators can make the proper determination as per paragraph 3.12.**

## **PROGRAM TYPE CODES**

For properties financed with Recovery Act funding, the following program type codes must be used: 1053 (502 Loan Stimulus (Recovery) Very Low) and 1054 (502 Loan Stimulus (Recovery) Low).

## **DATA INTEGRITY**

The President has charged all of us with assuring that funds are expended responsibly and in a transparent manner. Transparency is achieved through timely and accurate reporting. The direct program relies heavily on UniFi, MortgageServ, and Hyperion to capture information for reporting purposes. While we appreciate conflicting demands for staff time, taking the time to thoroughly and accurately complete and update applicable UniFi and MortgageServ screens is imperative. Field staff responsible for entering information in these systems must keep abreast on changes to the DLOS manual and appreciate the fact that all applicable fields must be completed – not just those that are mandatory in order to advance to another screen.

The National Office is reviewing obligation data on a daily basis. When we have questions, we will be contacting States. Information will also be posted to the SharePoint site mentioned above to maximize the quality of our information.

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

April 10, 2009

**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 May 1, 2009, are changed as follows:

<b><u>Loan Type</u></b>	<b><u>Existing Rate</u></b>	<b><u>New Rate</u></b>
<b>ALL LOAN TYPES</b>		
Treasury Judgement Rate	0.720%	0.590%

The new rate shown above is as of the week ending March 27, 2009. 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](http://www.federalreserve.gov/releases/h15/data/Weekly_Friday_H15_TCMNOM_Y1.txt)).

**RURAL HOUSING LOANS**

Rural Housing (RH) 502 Very-Low or Low	4.625	4.625
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**EXPIRATION DATE:**  
May 31, 2009

**FILING INSTRUCTIONS:**  
Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	5.125	5.125
Rural Housing Site (RH-524), Non-Self-Help	4.625	4.625
Rural Rental Housing and Rural Cooperative Housing	4.625	4.625

Please notify appropriate personnel of these rates.

*(Signed by Philip H. Stetson) for*

JAMES C. ALSOP  
Acting Administrator  
Housing and Community Facilities Programs

Sent by electronic mail on 4/14/09 at 1:00 pm by PAD.  
State Directors should advise other personnel as appropriate.

April 21, 2009

SUBJECT: National Image, Inc.'s Federal Employees Training Conference

TO: Rural Development Employees

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

The National Image, Inc. will hold its Annual Federal Employees Training Conference from **May 11-16, 2009**, in San Antonio, Texas. This training program is targeted towards Federal employees. The title for this year's conference is "The Third Millennium...Linking Latino History for Leadership and Change in the 21<sup>st</sup> Century."

The National Image, Inc.'s Federal Employees Training Conference is open to all employees and will provide training and workshops in a variety of areas including Certified Equal Employment Opportunity Counselor Refresher Training, Career Planning, Contemporary Strategies, and Team Building.

This program is considered a Special Emphasis Program (SEP). SEP events are an integral part of civil rights and human resources. Employees wishing to attend this training program must have the program listed in their current Individual Development Plan.

You can visit <http://www.nationalimageinc.org/> for more information on the National Image, Inc.'s Federal Employees Training Conference.

If you have any questions, please contact Denise N. Johnson, Human Resources Specialist, at (202) 692-0223 or via e-mail at [DeniseN.Johnson@wdc.usda.gov](mailto:DeniseN.Johnson@wdc.usda.gov).

EXPIRATION DATE:  
April 30, 2010

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by electronic mail on 4/22/09, at 5:15pm, by Human Resources.

April 22, 2009

**SUBJECT:** Intermediary Relending Program  
First Round Funding

**TO:** State Directors, Rural Development

**ATTN:** Business Programs Directors

The fiscal year (FY) 2009 first round funding selections for the Intermediary Relending Program (IRP) non-earmarked funds are listed below for your information. The priority points for each project are inclusive of any Administrator points that were awarded. The selections are as follows:

<b>State</b>	<b>Project Name</b>	<b>Amount</b>	<b>Priority Points</b>
MD	Maryland Capital Enterprises	\$750,000	190
GA	Georgia Cities Foundation, Inc.	\$750,000	181
SC	Community Development and Improvement Corporation	\$750,000	176
NC	Advancement Regional Business Lenders, Inc.	\$750,000	166
MO	Midwest Assistance Program, Inc.	\$500,000	165
PA	Greater Berks Development Fund	\$500,000	161
SC	Williamsburg County Development Corporation	\$750,000	161
ID	Clearwater Economic Development Association, Inc.	\$300,000	161
SD	South Dakota Economic Development Finance Authority	\$750,000	156
OK	Tulsa Economic Development Corporation	\$750,000	155
NC	Lumbee River Electric Membership Corporation	\$750,000	151
CA	Arcata Economic Development Corporation	\$750,000	151
MT	Gallatin Development Corporation d/b/a Prospera Business Network	\$500,000	149
ND	North Dakota Housing Finance Agency	\$600,000	149
ND	Lewis and Clark Regional Development Council Mandan II	\$750,000	146
NY	North Country Alliance	\$750,000	146
OR	Northeast Oregon Business Development	\$750,000	146

**EXPIRATION DATE:**  
September 30, 2009

**FILING INSTRUCTIONS:**  
Community/Business Programs

Intermediary Relending Program

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CA	Colusa County Partnership	\$500,000	145
DE	First State Community Loan Fund	\$500,000	145
NY	Tioga County LDC	\$300,000	145
	<b>Total</b>	<b>\$12,700,000</b>	

A total of \$12,776,703.72 was available for the IRP first round of funding.

Please provide appropriate notification to applicants who did not receive an allocation. Applications that have been considered for an allocation of funds in four quarterly funding cycles will receive no further consideration, in accordance with RD Instruction 4274-D, section 4274.344(b). Applications that have been considered in less than four quarterly funding cycles will be considered again next quarter. Any revisions in priority scoresheets that are intended for consideration in the next funding cycle of FY 2009 must be received in the National Office **by April 30, 2009**.

*(Signed by Pandor Hadjy)*

PANDOR HADJY  
Acting Deputy Administrator  
Business Programs

April 22, 2009

TO: State Directors  
Rural Development

FROM: William F. Hagy III *(Signed by LeAnn M. Oliver)*  
Acting Administrator  
Business and Cooperative Programs

SUBJECT: Guidance on the Definition of a Socially Disadvantaged Farmer or Rancher  
Value-Added Producer Grant Program

The passage of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) has revised many components of the Value-Added Producer Grant program. One of the revisions includes the use of the term, Socially Disadvantaged Farmer or Rancher, as defined at 7 U.S.C. 2003(e). It is defined as “A farmer or rancher who is a member of a socially disadvantaged group.” In this definition, the term farmer or rancher means a person that is directly engaged in farming or ranching or an entity solely owned by individuals who are directly engaged in farming or ranching. A socially disadvantaged group means a group whose members has been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities.

Applicants who meet the definition of a Socially Disadvantaged Farmer or Rancher may be considered for reserved funds and awarded priority points. To assess whether an applicant meets the definition, the Agency will require a self-certification (see attached) from the individual owner(s) of the applicant organization with the submission. In the event that there are multiple farmer or rancher owners of the applicant organization, the Agency requires that at least 75 percent of the owners are members of a socially disadvantaged group.

EXPIRATION DATE:  
April 30, 2010

FILING INSTRUCTIONS:  
Community/Business Programs

## **SOCIALLY DISADVANTAGED FARMER OR RANCHER CERTIFICATION**

I certify that I am a farmer or rancher AND that I am a member of a socially disadvantaged group (i.e., a group whose members have been subjected to racial, ethnic, or gender prejudice).

If awarded a grant, the Agency may request that I identify the socially disadvantaged group with which I identify to confirm the socially disadvantaged status of that group.

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Signature

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Date

April 27, 2009

SUBJECT: 11<sup>th</sup> National Native American Women's Conference

TO: Rural Development Employees

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

The Native American Resources, LLC will hold its 11<sup>th</sup> National Native American Women's Conference from **May 26-28, 2009**, in Albuquerque, New Mexico. This training program is targeted towards Federal employees. The title for this year's conference is "Succeeding and Excelling in the Workplace."

The National Native American Women's Conference is open to all employees and will provide training and workshops in a variety of areas including Balancing Family and Career, Leadership Styles: A Woman's Perspective, Setting and Achieving Goals, Managing Stress, The Art of Communicating Well, and Navigating Tribal Political Waters.

This program is considered a Special Emphasis Program (SEP). SEP events are an integral part of civil rights and human resources. Employees wishing to attend this training program must have the program listed in their current Individual Development Plan.

You can visit <http://www.natr-inc.com> for more information on the 11<sup>th</sup> National Native American Women's Conference.

If you have any questions, please contact Denise N. Johnson, Human Resources Specialist, at (202) 692-0223 or via e-mail at [DeniseN.Johnson@wdc.usda.gov](mailto:DeniseN.Johnson@wdc.usda.gov).

EXPIRATION DATE:  
May 31, 2010

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by electronic mail on 4/29/09 at 3:50 pm, by Human Resources.

April 27, 2009

TO: State Directors, Rural Development

ATTN: Business Programs Directors

SUBJECT: American Recovery and Rehabilitation Act Funding Procedures  
Business and Industry Guaranteed Loan Program  
Rural Business Enterprise Grant Program

In an effort to provide a short-term automated solution for processing American Recovery and Rehabilitation Act (ARRA) programs in a timely manner, existing automated coding will temporarily be re-used to process fiscal year (FY) 2009 ARRA transactions. See below for the existing type of assistance (TOA) codes by name and their temporary ARRA program equivalent. During this short-term solution phase, the names for these codes will not be changed on dropdown menus, etc., to identify them as ARRA programs.

<u>ARRA Program Description</u>	<u>TOA Code</u>	<u>Existing Program Description</u>
Guaranteed B&I 1% Loan – 2009 Stimulus	308	Guaranteed B&I 1% - Native American Tribes
Guaranteed B&I 2% Loan – 2009 Stimulus	309	Guaranteed B&I 2% - Native American Tribes
Rural Business Enterprise Grants – 2009 Stimulus	310	Rural Business Enterprise Grants - Native American Tribes

You will be advised when FY 2009 stimulus funding becomes available for your programs. From that point forward, until conversion of activity processed under these temporary TOA codes to the permanently assigned TOA codes for stimulus, all transactions processed under these codes will be reported as stimulus. After conversion, stimulus transactions will be processed using new TOA's, which will be provided to you at a later date. The existing programs will not obligate any loan guarantees/grants under these codes during the ARRA obligation period (until FY 2012).

EXPIRATION DATE:  
April 30, 2010

FILING INSTRUCTIONS:  
Community/Business Programs

Recovery funds will be allocated to State Offices on a case-by-case basis. Projects that are deemed inappropriate for ARRA funds will be considered for Omnibus funds.

We are changing State Office allocations in the future based on the latest socio-economic data available in calculating the State factors in the allocation formulas before any new program funding is allocated to the States. We have been using data from the 2000 Census in our allocation formulas. The Economic Research Service will provide Rural Development with 2007/2008 data that can be used to determine each State's percentage of: 1) the national rural population; 2) the national rural poverty levels; and 3) the national non-metro unemployment figures. The sources for this data are the Census Bureau's new American Community Survey and the Bureau of Labor Statistics' Local Area Unemployment Series. This data will more accurately reflect current economic conditions and population shifts.

If you have any questions about B&I funding, please contact Andrea Patterson, (202) 205-2460, or at [andrea.patterson@wdc.usda.gov](mailto:andrea.patterson@wdc.usda.gov). If you have any questions about RBEG funding, please contact Cindy Mason, (202) 690-1433, or at [cindy.mason@wdc.usda.gov](mailto:cindy.mason@wdc.usda.gov).

*(Signed by William F. Hagy III)*

WILLIAM F. HAGY III  
Acting Administrator  
Business and Cooperative Programs