

F. Comments regarding relevant offsite conditions.

G. Explanation of any proposed energy efficiency components.

Applicants are encouraged, but not required, to include a checklist and to have their applications indexed and tabbed to facilitate the review process. The Rural Development State Office will base its determination of completeness of the application and the eligibility of each applicant on the information provided in the application.

B. Applicants are advised to contact the Rural Development State Office serving the place in which they desire to submit an application for the following:

1. Questions pertaining to the application process; and
2. List of designated places for which applications for new section 515 facilities may be submitted.

VI. Areas of Special Emphasis or Consideration

A. The RHS encourages the use of funding from other sources in conjunction with Agency loans. This year there will be a National Office Initiative pursuant to 7 CFR 3560.56(c)(1)(iii), whereby preference points will be awarded to loan requests that meet the selection criteria as follows: In states where RHS has an ongoing formal working relationship, agreement, or MOU with the State to provide State resources (State funds, State RA, HOME funds, CDBG funds, or LIHTC) for RHS proposals; or where the State provides preference or points to RHS proposals in awarding these State Resources, 20 points will be provided to loan requests that include such State resources in an amount equal to at least 5 percent of the TDC. NAHASDA funds may be considered a State Resource if the Tribal Plan for NAHASDA funds contains provisions for partnering with RHS for multi-family housing.

B. \$8,910,000 is available nationwide in a set-aside for eligible nonprofit organizations as defined in 42 U.S.C. 1485(w).

C. \$4,950,000 is available nationwide in a set-aside for the 100 most Underserved Counties and Colonias.

D. \$2,655,463 is available nationwide in an earmark for EZ, EC, and REAP zone.

E. \$990,000 is available nationwide in a reserve for States with viable State RA programs. In order to participate, States are to submit specific written information about the State RA program, i.e., a memorandum of understanding, documentation from the provider, etc., to the National Office.

Dated: April 23, 2007.

James C. Alsop,

Acting Administrator, Rural Housing Service.

[FR Doc. E7-8157 Filed 4-27-07; 8:45 am]

BILLING CODE 3410-XV-P

DEPARTMENT OF AGRICULTURE

Rural Housing Service

Notice of Funding Availability: Section 515 Multi-Family Housing Preservation and Revitalization Restructuring Program (MPR) for Fiscal Year 2007

AGENCY: Rural Housing Service, USDA.

ACTION: Notice.

Announcement Type: Inviting applications from eligible applicants for Fiscal Year 2007 funding.

Catalog of Federal Domestic Assistance Number (CFDA): 10.447.

SUMMARY: USDA Rural Development administers the programs of Rural Housing Service (RHS) announces the availability of funds and the timeframe to submit applications to participate in a demonstration program to preserve and revitalize existing rural rental housing projects financed by Rural Development under Section 515 of the Housing Act of 1949. The intended effect is to restructure selected existing Section 515 loans expressly for the purpose of ensuring that sufficient resources are available to preserve the rental project for the purpose of providing safe and affordable housing for very low-, low-, or moderate-income residents. Expectations are that properties participating in this program will be revitalized and affordable use extended without displacing tenants because of increased rents. No additional Rural Development rental assistance units will be made available under this program.

DATES: The deadline for receipt of all pre-applications in response to this Notice of Funding Availability (NOFA) is 5 p.m., Eastern Time, May 30, 2007. The pre-application closing deadline is firm as to date and hour. The Agency will not consider any pre-application that is received after the closing deadline. Applicants intending to mail pre-applications must allow sufficient time to permit delivery on or before the closing deadline. Acceptance by a post office or private mailer does not constitute delivery. Facsimile (FAX) and postage-due pre-applications will not be accepted.

FOR FURTHER INFORMATION CONTACT:

Carlton Jarratt,
carlton.jarratt@wdc.usda.gov, (804) 561-0665; Sherry Engel,

sherry.engel@wi.usda.gov (715) 345-7677; or Sandra Mercier,
sandra.mercier@wdc.usda.gov (202) 720-1617, Senior Loan Specialists, Multi-Family Housing Office of Rental Housing Preservation, STOP 0782, (Room 1263-S), U.S. Department of Agriculture, Rural Housing Service, 1400 Independence Avenue, SW., Washington, DC 20250-0782. (Please note these phone numbers are not toll free numbers.)

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The information collection requirements contained in this Notice have received approval from the Office of Management and Budget (OMB) under Control Number 0570-0190.

Overview

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2007 (Pub. L. 110-5), February 15, 2007, provides funding for and authorizes Rural Development to conduct a demonstration program for the preservation and revitalization of the Section 515 multi-family housing portfolio. The Section 515 multi-family housing program is authorized by Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) and provides Rural Development the authority to make loans for low-income multi-family housing and related facilities.

Program Administration

I. Funding Opportunities Description

This NOFA solicits pre-applications from eligible borrowers/applicants to restructure existing multi-family housing within the Agency's Section 515 multi-family housing portfolio for the purpose of revitalization and preservation. The demonstration program shall be referred to in this notice as the Multi-Family Housing Preservation and Revitalization Restructuring Demonstration (MPR) program. Agency regulations for the Section 515 multi-family housing program are published at 7 CFR part 3560. The MPR is intended to assure that existing rental projects will continue to deliver decent, safe, and sanitary affordable rental housing for the lesser of the remaining term of the loan or 20 years from the date of the MPR transaction closing. Once an applicant has been confirmed eligible and the project has been selected by the Agency in the process described in this notice, and the applicant agrees to participate in the MPR demonstration by written notification to the Agency, an

independent third party capital needs assessment (CNA) will be conducted to provide a fair and objective review of projected capital needs. The Agency shall implement this NOFA through an MPR Conditional Commitment (MPRCC) with the eligible borrower, which will include all the terms and conditions under this NOFA, including the MPR Debt Deferral Agreement.

The primary restructuring tool to be used in this program is debt deferral up to 20 years of the existing 1% Section 515 loans obligated prior to October 1, 1991. The cash flow from the deferred payment will be deposited to the reserve account to help meet the future physical needs of the property. If the resulting cash flow is not adequate to address the long-term needs of the project, the Agency may use the following sources of funds:

(1) Other Agency restructuring tools as discussed below;

(2) Section 515 Rehabilitation loan funds; and

(3) Third party funds in the form of grants, tax credits, tax exempt financing, owner-provided rehabilitation funds, Rural Development Section 538 Guaranteed Rural Rental Housing Program financing, and financing from loan funds established through the Rural Development Section 515 Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program.

For the purposes of the MPR, the restructuring transactions will be identified in three categories:

(1) Simple transactions involve no change in ownership.

(2) Complex transactions will consist of a property transfer to new ownership processed in accordance with 7 CFR 3560.406, or transactions requiring a subordination agreement as a result of third party funds.

(3) Portfolio Sale transactions that are defined as multiple project sale transactions with a common purchaser all within one state closed no earlier than September 30, 2006.

Each category may utilize any or all restructuring tools. Restructuring tools that may be available to address capital needs during the MPR demonstration based on the capital needs assessment process and the underwriting feasibility determination. Restructuring tools include:

(1) *Debt Deferral*: A deferral of the existing Agency debt for the lesser of the remaining term of the loan or 20 years. All terms and conditions of the deferral will be described in the MPR Debt Deferral Agreement. A balloon payment of accrued principal and interest will be due at the end of the deferral period. Interest will accrue at the promissory

note rate and subsidy will be applied as set out in the Agency's Interest Credit Agreement. Interest will not be charged on the deferred interest.

(2) *Revitalization Grant*: A revitalization grant (for non-profit applicants/borrowers only), is limited to the cost of correcting health and safety violations as identified by the CNA. The grant administration will be in accordance with 7 CFR part 3015.

(3) *Rehabilitation Loan*: A rehabilitation loan at zero percent interest that will be amortized over 30 years.

(4) *Bullet Loan*: A loan with a one percent interest rate that will have its interest and principal deferred, to a balloon payment, due at the time the latest maturing Section 515 loan becomes due.

(5) *Additional Section 515 Loan*: A Section 515 rehabilitation loan at traditional rates and terms.

(6) *Regulatory Approvals*: Transfers, subordinations, and consolidations may be approved as part of a MPR transaction in accordance with existing servicing authorities of the Agency as available in 7 CFR part 3560.

While all non-deferred Agency debt, either in first lien position or a subordinated lien position, must be secured within market value, deferred debt may exceed market value of the security. Payment of the deferred debt will not be required from normal project operation income, but from excess cash from project operations and the value of the property after all other secured debts are satisfied.

(1) *Pre-application*: Applicants must submit a pre-application described in Section VI. This pre-application process is designed to lessen the cost burden on applicants who may not be eligible or whose proposals may not be feasible.

(2) *Eligible Properties*: Using criteria described below in Section III, USDA will conduct an initial screening for eligibility. As described in Section VIII, USDA will conduct additional eligibility screening later in the process.

(3) *Scoring and Ranking*: All eligible, complete and timely-filed pre-applications will be scored, ranked and put in funding queues as discussed in Sections VI and VII.

(4) *Formal Application*: Top ranked pre-applicants will be invited to submit a formal application. As discussed in Section VIII paragraph (2) of this notice, USDA will require the owner to provide a Capital Needs Assessment (CNA) in order to determine the mix of tools to be offered to the applicant, perform additional eligibility review, and underwrite the proposal to determine financial feasibility. Where proposals

are found to be ineligible or financially infeasible, owners will be informed and proposals lower in the queue will be considered.

(5) *Financial Feasibility*: Using the results of the CNA to help identify the need for resources and applicant provided information regarding anticipated or available third party financing, the Agency will determine the financial feasibility of each potential transaction, using restructuring tools available either through existing regulatory authorities or specifically authorized through this demonstration program.

Project financial feasibility is determined when a property can provide affordable, safe, decent, and sanitary housing for 20 years or the remaining term of the loan whichever is less, by using the authorities of this program while minimizing the cost to the Agency and without increasing rents for tenants, except when necessary to meet normal and necessary operating expenses. If the transaction is determined financially feasible by the Agency, the borrower will be offered a restructuring proposal, which will include the requirement that the borrower will execute, for recordation, a restrictive use covenant consistent with 7 CFR 3560.662. The restructuring proposal will be established in the form of the MPR Conditional Commitment (MPRCC).

MPR Agreements: If accepted by the borrower, the Agency and applicant will enter into a MPRCC. The applicant must also agree to restrict the property use pursuant to 7 CFR 3560.662 when the MPR transaction is closed. Any third party lender will be required to subordinate to the Agency's restrictive use covenant unless the Agency determines on a case-by-case basis that the lender refuses to subordinate and such refusal will not compromise the purpose of the MPR. The Agency may also request that the applicant sign an agreement that would require the owner to escrow reserve, tax, and insurance payments in accordance with all pertinent current and future Agency regulations.

General Requirements: The MPR transactions may be conducted with a stay-in owner (simple) or may involve a change in ownership (complex or portfolio sale). Any housing or related facilities that are constructed or repaired must meet the Agency design and construction standards and the development standards contained in 7 CFR part 1924, subparts A and C, respectively. Once constructed, Section 515 multi-family housing must be managed in accordance with 7 CFR part

3560. Tenant eligibility will be limited to persons who qualify as a very low- or low-income household under Agency regulations or who are eligible under the requirements established to qualify for housing benefits provided by sources other than the Agency, such as U.S. Department of Housing and Urban Development Section 8 assistance or Low Income Housing Tax Credit Assistance, when a tenant receives such housing benefits. Additional tenant eligibility requirements are contained in 7 CFR 3560.152.

Voluntary Community Market Rent Demonstration: In conjunction with this demonstration, Rural Development also announces the opportunity for all successful applicants to participate on a voluntary basis in a viability test of a 30 percent limitation on tenant rents, as proposed in Section 544(b)(7) of Saving America's Rural Housing Act of 2006, H.R. 5039, for post-restructured properties. Owners of properties in the Section 515 restructuring program may elect to participate in the "community market rent" demonstration which will allow an owner to set a rent above the approved basic rent for any unit not currently occupied by a tenant receiving Rural Development rental assistance. Eligible tenants for these units must have adjusted annual incomes sufficient to allow them to pay the community market rent using less than 30 percent of their adjusted income. Tenants would be allowed to occupy without paying overage, additional sums that would otherwise be required to bring their rent payment up to 30 percent of income. With Rural Development's consent, up to 50 percent of the difference between the basic rent and the new "community market rent" could be retained by the owner as an increased return.

For example, if the basic rent is \$350, the owner could create a community market rent at, say, \$410, and market the unit to tenants who could pay that rent at less than 30 percent of adjusted income. A percentage of the difference, \$60.00 could be retained by the owner, as negotiated with Rural Development, up to \$30.00.

Prior to implementation of the community market rent demonstration, Rural Development will issue guidance to successful applicants who have indicated an interest in participating in the demonstration providing further details with respect to the program.

II. Award Information

Public Law 110-5 makes funding available to the Secretary of Agriculture for Rural Development to provide the restructuring tools of the MPR demonstration. Approximately

\$8,900,000 in budget authority will be available during FY 2007. Additionally, up to \$70,000,000 in Section 515 funding may be made available for properties selected to participate in the MPR. Based on an identical level of budget authority made available for the MPR last fiscal year, the Agency 2006 funded approximately \$47,795,000 in deferred debt, \$210,000 in grants, \$280,000 in zero percent loans, \$4,473,000 in bullet loans. The Agency anticipates the ability to revitalize approximately 200 properties (5,500 units) with the funds available during FY 2007. Once the funding levels for this program are determined, a subsequent notice will be published in the **Federal Register** announcing them. Funding levels may differ from above when necessary to assure that the Agency maximizes the value of the funds available and that all funds are used.

All funding must be approved no later than September 24, 2007 and obligated by the Agency not later than September 28, 2007. If funds available for the MPR are fully used before all properties approved under this NOFA are funded, the unfunded approved properties may receive priority for funding from future resources available for MFH revitalization if additional funds become available and the selected properties/owners meet any future eligibility criteria.

III. Eligibility Information

Applicants (and the principals associated with each applicant) must meet the following requirements:

(1) Eligibility under 7 CFR 3560.55; however, the requirements described in 7 CFR 3560.55(a)(5) pertaining to required borrower contributions and 7 CFR 3560.55(a)(6) pertaining to required contributions of initial operating capital are waived for MPR proposals.

(2) That the project is needed in the market as evidenced by an average physical vacancy rate over the twelve months preceding the filing of the pre-application of no more than 10 percent for projects of 16 units or more and 15 percent for projects under 16 units. The Agency may consider and accept documentation submitted by the applicant that demonstrates the occupancy standard will be met once a restructuring is performed. The documentation must include a copy of a market study performed according to 7 CFR 3560.56(d)(2) and the guidance provided in HB-1-3560, Attachment 4-F. The cost of the market study will NOT be considered a part of the project expense.

(3) Ownership of and ability to operate the facility after the transaction is completed. (In the event of a transfer, the proposed transferee with an executed purchase agreement or other evidence of site control will be the applicant.)

(4) Compliance with any commitment to contribute funds to pay transaction costs as represented at the time of application for the MPR program.

(5) A CNA and Agency financial evaluation must demonstrate that utilization of the restructuring tools of the MPR program is financially feasible and necessary for the revitalization and preservation of the property for affordable housing. Eligibility for processing will be determined as of the date of the pre-application filing deadline. The Agency reserves the right to discontinue processing in the event that material changes in the applicant's status occurs any time after the initial determination.

IV. Equal Opportunity and Nondiscrimination Requirements

(1) Borrowers and applicants will comply with the provisions of 7 CFR 3560.2.

(2) All housing must meet the accessibility requirements found at 7 CFR 3560.60(d).

(3) All MPR participants must have on file a valid Form RD 400-1, "Equal Opportunity Agreement" and Form RD 400-4, "Assurance Agreement."

V. Authorities Available for MPR

MPR tools will be used in accordance with 7 CFR part 3560 and its associated handbooks (available in any Rural Development office). The program will be administered within the resources made available to the Agency through Pub. L. 110-5 for the preservation and revitalization of Section 515 financed properties. In the event that provisions of 7 CFR part 3560 conflict with this demonstration program, the provisions of the MPR will take precedence.

VI. Application and Submission Information

(1) The application submission and scoring process will be completed in two phases in order to avoid unnecessary effort and expense on the part of interested borrowers/applicants and to allow additional points to be added to applications that propose a transfer of a troubled project to an eligible owner.

The first phase is the pre-application process. The applicant must submit a complete pre-application by the deadline date under the "DATES" section of this Notice. The applicant's

submission will be classified complete when a "pre-application" is received by MFH for each MPR proposal the applicant wishes to be considered in the demonstration. In the event the MPR proposal involves either a project consolidation completed in accordance with 7 CFR 3560.410 or a portfolio sale only one pre-application for the proposal will be required so long as the proposal lists all the properties to be consolidated or purchased as a portfolio. The form to be used for the pre-application is "MPR Pre-application" and is attached at the end of this Notice. An electronic version of this form may be found on the internet at <http://www.rurdev.usda.gov/rd/nofas/index.html>.

Information must be provided, as indicated on the MPR pre-application, showing the breakdown of funding sources, type and probability of third party money, borrower names and identification numbers, project names and numbers, and property locations of all properties being consolidated and included in the transaction.

Additional information that must be provided with the pre-application, when applicable, includes:

(i) A copy of a Purchase agreement or other evidence of site control if a transfer is being considered.

(ii) Evidence of need for property if occupancy standards are not met, which could include a copy of a market study.

The second phase of the application process will be completed by the Agency based on Agency records and the pre-application information. Points as set forth below will only be assigned to eligible pre-applications. Additional points will be assigned when the proposal involves a transfer to a new eligible owner and the property is currently classified by the Agency as a troubled property; or to an eligible "stay-in owner" when the property is classified by the Agency as a troubled property AND there is an approved workout plan in place that was approved prior to January 1, 2007.

All eligible, complete, and timely-filed pre-applications will then be scored and ranked based on points received during this two-phase application process.

Further, the Agency will categorize each MPR proposal as being potentially Simple, Complex, or Portfolio Sale based on the information submitted on the pre-application and in accordance with the category description provided in Section I of this Notice.

(2) Pre-applications can be submitted either electronically or in hard copy. The Agency will record pre-applications received electronically by the actual

date and time received in the website mail box. Hard copy pre-applications received on the deadline date will receive the close of business time of the day received as the receipt time. Assistance for filing electronic and hard copy pre-applications can be obtained from any Rural Development State Office.

The pre-application is stored in the form of a .pdf format and may be completed as a fillable form. The form contains a button labeled "Submit by Email". Clicking on the button will result in an e-mail containing a completed pre-application being sent to the Office of Rental Housing Preservation in Washington, DC for consideration.

Pre-application forms may be downloaded from the site given in Section VI, paragraph (1) above or obtained by contacting the State Office in the state the project is located. Hard copy pre-applications and electronic submittals should be submitted to the attention of Sandra L. Mercier, Senior Loan Specialist, Multi-Family Housing Office of Rental Housing Preservation-STOP 0782 (Room 1263-S), or Ed Duval, Chief, Operations Research and Systems Development Branch-STOP 0782 (Room 1263-S), U.S. Department of Agriculture, Rural Housing Service, 1400 Independence Avenue, SW., Washington, DC 20250-0781

Note: All documents must be received on or before the pre-application closing deadline to be considered complete and timely filed. Pre-applications that are incomplete as of the closing deadline will not be considered and will be returned to the applicant with no appeal rights.

VII. Selection Process

Pre-application ranking points will be based on information provided during the submission process and in Agency records. Points will be awarded as follows:

(1) *Contribution of third party funds.* Third party funds are those discussed in the second paragraph of Section I "Funding Opportunities Description". Points awarded are to be based on documented written evidence that the third party funds are available or they will be available by October 1, 2008 or closing, whichever is first. The maximum points awarded for this criterion is 25 points. These points will be awarded in the following manner:

(i) Owner contribution (these funds cannot be from project reserve or operating funds) sufficient to pay transaction costs. Transaction costs are defined as those soft costs required to complete the transaction and include, but are not limited to, the CNA, legal

and closing costs, appraisal costs and filing/recording fees. The minimum contribution required to receive these points is \$5,000 and will be required to be deposited in the property reserve account prior to closing—5 points, and

(ii) Evidence of intent that meets the approval of the Agency to obtain a commitment greater than \$5,000 per unit from other sources—10 points. (An example of evidence to obtain a commitment might be an application for the Low Income Housing Tax Credit Program), or

(iii) A commitment of at least \$3,000 to \$5,000 per unit from other sources—15 points, or

(iv) A commitment greater than \$5,000 per unit from other sources—20 points.

(2) *Age of project.* Since the age of the project and the date that the loan was made are directly related to physical needs, a maximum of 25 points will be awarded on the following criteria:

(i) Initial loans closed prior to December 21, 1979—25 points.

(ii) Initial loans closed on or after December 21, 1979, but before December 15, 1989—20 points.

(iii) Initial loans closed on or after December 15, 1989, but before October 1, 1991—15 points.

Note: For multiple property transactions, the closing date of the earliest loan will be used.

(3) *Troubled project points.* The Agency may award up to 25 additional points to facilitate the transfer and revitalization of troubled projects with an Agency classification of "C" or "D" according to HB 2-3560, Paragraph 9.7 (available at <http://www.rurdev.usda.gov/regs/hblist.html>).

Troubled properties that are classified "B" and do not involve a transfer will also receive consideration. These projects may be troubled due to an act of nature or physical or financial deterioration or to correct management issues. Points will be awarded in the following manner:

(i) If the Agency servicing classification is C or D for less than 24 months—15 points.

(ii) If the Agency servicing classification is C or D for more than 24 months—20 points.

(iii) For Stay-in Owners only: If the Agency servicing classification is B as a result of a workout plan approved by the agency prior to January 1, 2007—25 points.

(4) *Prior Agency approvals.* The Agency will award up to 20 points for properties with CNAs already approved by the Agency. Points will be awarded for:

(i) CNAs approved after October 1, 2005 and *prior* to October 1, 2006—20 points.

(ii) CNAs approved *after* October 1, 2006 but before April 1, 2007—10 points.

(5) *Energy generation.* Applicants will be awarded 5 points if the proposal includes the installation of energy generation systems to be funded by a third party.

The proposal must include an overview of the energy generation system being proposed. Evidence that an energy generation system has been funded by a third party and that it has a quantifiable positive impact on energy consumption will be required.

(6) *Tenant service provision.* The Agency will award 10 points for applications that include new services provided by a non-profit organization, which may include a faith-based organization, or by a Government agency. Such services shall be provided at no cost to the project and shall be made available to all tenants. Examples of such services are transportation for the elderly, after-school day care services or after-school tutoring, etc.

The Agency will total the points awarded to each pre-application received within the timeframes of this Notice and rank each pre-application according to total score. If point totals are equal, the earliest time and date the pre-application was received by the Agency will determine the ranking. In the event pre-applications are still tied, they will be further ranked by giving priority to those pre-applications with the earliest Rural Development loan closing date.

Eligibility will then be confirmed on the 10 highest-scoring pre-applications in each State. If one or more of the 10 highest-scoring pre-applications is determined ineligible, (i.e. the applicant is a borrower that is not in good standing with the Agency or has been debarred or suspended by the Agency, etc.) the next highest-scoring pre-application will be confirmed for eligibility.

If one or more of the highest ranking pre-applications is a portfolio sale, then eligibility determinations will be conducted on all of the pre-applications associated with the portfolio sale. Should any of the pre-applications associated with the portfolio sale be determined ineligible, the overall eligibility of the portfolio sale will not be affected as long as the definition in Section I "Funding Opportunities Description", of "portfolio sale" is still met.

Once ranking has been established, the Agency will conduct a five-step

process to select pre-applications for submission of formal applications. This process is needed to assure that the Agency can process the proposed transactions within available staffing resources, develop a representative sampling of revitalization transaction types, assure geographic distribution, and assure an adequate pipeline of transactions to use all available funding.

Step One: The Agency will review the eligible pre-applications, identify pre-applications as either Simple, Complex or Portfolio Sale and separate them by state.

Step Two: For portfolio sale transactions, the Agency will recalculate an average score for each portfolio sale transaction and then score and separately rank the simple, complex and portfolio sale transactions.

Step Three: The Agency will select, for further processing, the top-ranked portfolio sale transactions until a total of \$100,000,000 in potential debt deferral is reached. Portfolio sale transactions will be limited to one per State.

Step Four: The highest ranked complex transaction in each State will be selected for further processing, not to exceed 3 per State.

Step Five: For those states not having a portfolio transaction and at least two eligible complex transactions, additional projects will be selected from the highest ranking eligible pre-applications involving simple transactions in that state, seeking a minimum of 4 pre-applications for MPR transactions per state.

VIII. Processing for Selected Pre-applications

Those proposals that are ranked and then selected for further processing will be invited to submit a formal application on SF 424 "Application for Federal Assistance." Those proposals that are rejected by the Agency will be returned to the applicant and the applicant will be given appeal rights pursuant to 7 CFR Part 11. In the event that a proposal is selected for further processing and the pre-applicant declines, the next highest ranked pre-application in that state will be selected. Applications can be obtained and completed on line. An electronic version of this form may be found on the internet at <http://forms.sc.egov.usda.gov/eforms/mainervlet> and can be submitted either electronically or in hard copy.

If a pre-application is accepted for further processing, the applicant will be expected to submit additional information needed to demonstrate eligibility and feasibility (such as a CNA), consistent with this NOFA and

the appropriate sections of 7 CFR part 3560, prior to the issuance of a restructuring offer.

Rural Development will work with pre-applicants selected for further processing in accordance with the following steps:

(1) Based on the feasibility of the type of transaction that will best suit the project and the availability of funds, further eligibility confirmation determinations will be conducted by the designated Multi-Family Housing Revitalization Coordinators assigned by each Rural Development State Director with the assistance of the Office of Rental Housing Preservation.

(2) If one is not already available to the Agency, a CNA will be required and conducted in accordance with the requirements of 7 CFR 3560.103(c), HB 3-3560, Chapter 7, "Guidance on the Capital Needs Assessment Process," and the CNA Statement of Work (available in any Rural Development State Office.) A CNA is prepared by a qualified independent contractor and is obtained to determine needed repairs and any necessary adjustments to the reserve account for long-term project viability. While the requirements of the CNA are described in the materials referenced above, at a minimum, to be considered acceptable, a CNA must include:

(i) A physical inspection of the site, architectural features, common areas and all electrical and mechanical systems,

(ii) An inspection of a sample of dwelling units;

(iii) Identify repair or replacement needs,

(iv) Provide a cost estimate of the repair and replacement expenses, and

(v) Provide at least a 20-year analysis of the timing and funding for identified needs which includes reasonable assumptions regarding inflation. The cost of the CNA will be considered a part of the project expense and may be paid from the "project reserve" with prior approval of the Agency. The Agency approval for participation in this program will be contingent upon the Agency's final approval of the CNA and concurrence in the scope of work by the owner. The Agency, in its sole discretion, may choose to obtain a CNA, at its expense, if it determines that doing so is in the best interest of the Government.

(3) Underwriting will be conducted by the designated Multi-Family Housing Revitalization Coordinator assigned by each Rural Development State Director with the assistance of the Office of Rental Housing Preservation. The feasibility and structure of each revitalization proposal will be

determined using this underwriting process and will include a determination of the restructuring tools that will minimize the cost to the Government consistent with the purposes of this NOFA. To help assure a balanced utilization of revitalization tools and the long-term economic viability of revitalized projects, the MPR underwriting guidelines include, but are not limited to the following:

(i) The maximum bullet loan is limited to no more than \$5,000 per unit,
 (ii) The total assistance provided from a revitalization grant, rehabilitation loan, and/or a bullet loan is limited to \$10,000 per unit,

(iii) The maximum Section 515 one percent loan is limited to no more than \$20,000 per unit,

(iv) Properties receiving tax credits are expected to have sufficient funding sources and generally will receive debt deferral only.

(4) Properties with more than 75 percent of the units receiving deep tenant subsidy such as Rural Development rental assistance or HUD-funded tenant subsidy will be supplemented with rehabilitation loans and Section 515 loans before grant and bullet loans are considered,

(5) Grants will be limited to \$5,000 per unit,

(6) Any rent increases that may be necessary will not exceed 10 percent in any one year,

(7) The approved MPR transaction will include projected revenue sufficient to cover a 10 percent Operations and Maintenance increase in the second year after the transaction,

(8) Full return to owner will be budgeted pursuant to the Loan Agreement,

(9) Budgeted increases to reserve deposit will not exceed 3 percent per annum,

(10) The remaining reserve balance at the end of the 20-year analysis period should be at least 2.0 times the average annual needs, including inflation, over the 20-year analysis period.

These guidelines have been developed based on experience in the FY 2005 and FY 2006 Demonstrations. The Agency believes that these guidelines will be appropriate for typical transactions. However, the Agency reserves the right to waive any

of the guidelines if, in the Agency's judgment, doing so would further the objectives of the Demonstration and is in the best interest of the Government.

The Agency expects that some of the transactions proposed by selected pre-applicants will prove to be infeasible. The applicant entity may be determined to be ineligible under Section III of this Notice. If a proposed transaction is determined infeasible or the applicant determined ineligible, the Agency will then select the next highest ranked project for processing.

Each MPR offer will be approved by the Revitalization Review Committee chaired by the Deputy Administrator for Multi-Family Housing or an agency-authorized delegate. Approved MPR offers will be presented to applicants who will then have up to 15 calendar days to accept or reject the offer in writing. Offers will expire after 15 days. The Agency will replace expired applications by selecting the next highest ranked project. Closing of MPR offers will occur within 90 days of acceptance by the applicant unless extended by the Agency.

IX. Funding Restrictions

Applicants will be selected in accordance with selection criteria and the five-step process identified in Section VII of this Notice. Once selected to proceed, the Agency will provide additional guidance to the applicant and request information and documents necessary to complete the underwriting and review process. Since the character of each application may vary substantially depending on the type of transactions proposed, information requirements will be provided as appropriate. Complete project information must be submitted as soon as possible but in no case later than 45 days from the date of Agency notification of the applicant's selection for further processing or September 1, 2007, whichever occurs first. Failure to submit the required information in a timely manner may result in the Agency discontinuing the processing of the request.

Funding under this NOFA will be obligated to selectees that finish the processing steps outlined above first within each of the 3 funding queues described in Section VII of this Notice

and to result in a ratio as close as possible to 30 percent portfolio sale transactions, 50 percent complex transactions, and 20 percent simple transactions.

X. Application Review

A review committee will make recommendations for final decision regarding funding to the appropriate Rural Development State Director based on the selection criteria contained in this NOFA.

XI. Appeal Process

All adverse determinations regarding applicant eligibility and the awarding of points as a part of the selection process are appealable. Instructions on the appeal process will be provided at the time an applicant is notified of the adverse action.

Dated: April 20, 2007

Russell T. Davis,

Administrator, Rural Housing Service.

[FR Doc. E7-8148 Filed 4-27-07; 8:45 am]

BILLING CODE 3410-XV-P

DEPARTMENT OF COMMERCE

Economic Development Administration

Notice of Petitions by Firms for Determination of Eligibility To Apply for Trade Adjustment Assistance

AGENCY: Economic Development Administration, Department of Commerce.

ACTION: Notice and opportunity for public comment.

Pursuant to Section 251 of the Trade Act of 1974 (19 U.S.C. 2341 *et seq.*), the Economic Development Administration (EDA) has received petitions for certification of eligibility to apply for Trade Adjustment Assistance from the firms listed below. EDA has initiated separate investigations to determine whether increased imports into the United States of articles like or directly competitive with those produced by each firm contributed importantly to the total or partial separation of the firm's workers, or threat thereof, and to a decrease in sales or production of each petitioning firm.