

DEPARTMENT OF AGRICULTURE**Rural Housing Service****Notice for Requests for Proposals for Guaranteed Loans Under the Section 538 Guaranteed Rural Rental Housing Program (GRRHP) for Fiscal Year 2005****AGENCY:** Rural Housing Service, USDA.**ACTION:** Notice.

SUMMARY: This is a request for proposals for guaranteed loans under the section 538 Guaranteed Rural Rental Housing Program (GRRHP) pursuant to 7 CFR 3565.4 for Fiscal Year (FY) 2005 subject to the availability of funding. FY 2005 funding for the section 538 program is \$99.2 million. Applicants will submit proposals in the form of "RESPONSES." The commitment of program dollars will be made to applicants of selected responses that have fulfilled the necessary requirements for obligation. The following paragraphs outline the timeframes, eligibility requirements, lender responsibilities, and the overall response and application processes.

The GRRHP operates under 7 CFR part 3565. The GRRHP Origination and Servicing Handbook (HB-1-3565) is available to provide lenders and the general public with guidance on program administration. HB-1-3565, which contains a copy of 7 CFR part 3565 in Appendix 1, can be found at the Rural Development Instructions Web site address <http://www.rurdev.usda.gov/regs>.

Eligible lenders are invited to submit responses for the development of affordable rental housing to serve rural America. The Rural Housing Service (RHS) will review responses submitted by eligible lenders, on the lender's letterhead, and signed by both the prospective borrower and lender. Although a complete application is not required in response to this Notice, eligible lenders may submit a complete application concurrently with the response. The submission of a complete application will not affect the scoring process.

DATES: The RHS will review and score all responses received through June 13, 2005. Those responses that are selected that subsequently submit complete applications and meet all Federal environmental requirements will receive commitments to the extent an appropriation act provides funding for GRRHP for FY 2005 until all funds are expended. If any FY 2005 funds have not been exhausted by June 13, 2005, the Agency will continue reviewing and scoring NOFA responses every month after June 13, 2005. Each month after

June 13, 2005, the Agency will select proposals with a threshold score of 25 or higher with priority being given based on score rank until all funds are expended. Priority for the selection of proposals that meet the threshold score of 25 will be given to the highest scoring proposals. A Notice will be placed in the **Federal Register** when all funds are committed for FY 2005.

Eligible lenders intending to mail a response or application must provide sufficient time to permit delivery to the Submission Address on or before the closing deadline date and time.

Acceptance by a U.S. Post Office or private mailer does not constitute delivery. Postage due responses and applications will not be accepted.

Submission Address: Eligible lenders will send responses to the Multi-Family Housing Director in the State Office where the project will be located. Rural Development State Offices, their addresses, telephone numbers, and person to contact follows:

Note: Telephone numbers listed are not toll-free.

Alabama State Office
Suite 601, Sterling Centre
4121 Carmichael Road
Montgomery, AL 36106-3683
(334) 279-3455
TDD (334) 279-3495

James B. Harris
Alaska State Office
800 West Evergreen, Suite 201
Palmer, AK 99645
(907) 761-7740
TDD (907) 761-8905
Debbie Andrys

Arizona State Office
Phoenix Courthouse and Federal Building
230 North First Ave., Suite 206
Phoenix, AZ 85003-1706
(602) 280-8765
TDD (602) 280-8706
Johnna Vargas

Arkansas State Office
700 W. Capitol Ave., Room 3416
Little Rock, AR 72201-3225
(501) 301-3250
TDD (501) 301-3063
Cathy Jones

California State Office
430 G Street, #4169
Davis, CA 95616-4169
(530) 792-5830
TDD (530) 792-5848
Jeff Deiss

Colorado State Office
655 Parfet Street, Room E100
Lakewood, CO 80215
(720) 544-2923
TDD (800) 659-2656
Mary Summerfield

Connecticut
Served by Massachusetts State Office
Delaware and Maryland State Office
4607 South Dupont Highway
PO Box 400

Camden, DE 19934-9998
(302) 697-4353
TDD (302) 697-4303
Pat Baker

Florida & Virgin Islands State Office
4440 N.W. 25th Place
Gainesville, FL 32606-6563
(352) 338-3465
TDD (352) 338-3499
Elizabeth M. Whitaker

Georgia State Office
Stephens Federal Building
355 E. Hancock Avenue
Athens, GA 30601-2768
(706) 546-2164
TDD (706) 546-2034
Wayne Rogers

Hawaii State Office
(Services all Hawaii, American Samoa
Guam, and Western Pacific)

Room 311, Federal Building
154 Waiianuenue Avenue
Hilo, HI 96720
(808) 933-8305
TDD (808) 933-8321
Jack Mahan

Idaho State Office
Suite A1
9173 West Barnes Dr.
Boise, ID 83709
(208) 378-5630
TDD (208) 378-5644
LaDonn McElligott

Illinois State Office
2118 West Park Court, Suite A
Champaign, IL 61821-2986
(217) 403-6222
TDD (217) 403-6240
Barry L. Ramsey

Indiana State Office
5975 Lakeside Boulevard
Indianapolis, IN 46278
(317) 290-3100 (ext. 423)
TDD (317) 290-3343
John Young

Iowa State Office
210 Walnut Street Room 873
Des Moines, IA 50309
(515) 284-4666
TDD (515) 284-4858
Sue Wilhite

Kansas State Office
1303 SW. First American Place, Suite 100
Topeka, KS 66604-4040
(785) 271-2721
TDD (785) 271-2767
Virginia M. Hammersmith

Kentucky State Office
771 Corporate Drive, Suite 200
Lexington, KY 40503
(859) 224-7325
TDD (859) 224-7422
Paul Higgins

Louisiana State Office
3727 Government Street
Alexandria, LA 71302
(318) 473-7962
TDD (318) 473-7655
Yvonne R. Emerson

Maine State Office
967 Illinois Ave., Suite 4
PO Box 405, Bangor, ME 04402-0405
(207) 990-9110
TDD (207) 942-7331

Bob Nadeau
Maryland
Served by Delaware State Office
Massachusetts, Connecticut, & Rhode Island
State Office
451 West Street, Amherst, MA 01002
(413) 253-4333
TDD (413) 253-4590
Donald Colburn
Michigan State Office
3001 Coolidge Road, Suite 200
East Lansing, MI 48823
(517) 324-5192
TDD (517) 337-6795
Ghulam R. Simbal
Minnesota State Office
375 Jackson Street Building, Suite 410
St. Paul, MN 55101-1853
(651) 602-7782
TDD (651) 602-7830
Peter Lundquist
Mississippi State Office
Federal Building, Suite 831
100 W. Capitol Street
Jackson, MS 39269
(601) 965-4325
TDD (601) 965-5850
Darnella Smith-Murray
Missouri State Office
601 Business Loop 70 West
Parkade Center, Suite 235
Columbia, MO 65203
(573) 876-0990
TDD (573) 876-9480
Colleen James
Montana State Office
900 Technology Blvd. Suite B
Bozeman, MT 59715
(406) 585-2565
TDD (406) 585-2562
Deborah Chorlton
Nebraska State Office
Federal Building, Room 152
100 Centennial Mall N
Lincoln, NE 68508
(402) 437-5594
TDD (402) 437-5093
Phil Willnerd
Nevada State Office
1390 South Curry Street
Carson City, NV 89703-9910
(775) 887-1222 (ext. 25)
TDD (775) 885-0633
Angilla Denton
New Hampshire State Office
Concord Center
Suite 218, Box 317
10 Ferry Street
Concord, NH 03301-5004
(603) 223-6046
TDD (603) 229-0536
Jim Fowler
New Jersey State Office
5th Floor North Suite 500
8000 Midlantic Dr.
Mt. Laurel, NJ 08054
(856) 787-7740
TDD (856) 787-7784
George Hyatt, Jr.
New Mexico State Office
6200 Jefferson St., NE., Room 255
Albuquerque, NM 87109
(505) 761-4944
TDD (505) 761-4938

Carmen N. Lopez
New York State Office
The Galleries of Syracuse
441 S. Salina Street, Suite 357 5th Floor
Syracuse, NY 13202
(315) 477-6419
TDD (315) 477-6447
George N. Von Pless
North Carolina State Office
4405 Bland Road, Suite 260
Raleigh, NC 27609
(919) 873-2066
TDD (919) 873-2003
Terry Strole
North Dakota State Office
Federal Building, Room 208
220 East Rosser
PO Box 1737
Bismarck, ND 58502
(701) 530-2049
TDD (701) 530-2113
Kathy Lake
Ohio State Office
Federal Building, Room 507
200 North High Street
Columbus, OH 43215-2477
(614) 255-2418
TDD (614) 255-2554
Melodie Taylor-Ward
Oklahoma State Office
100 USDA, Suite 108
Stillwater, OK 74074-2654
(405) 742-1070
TDD (405) 742-1007
Ivan S. Graves
Oregon State Office
101 SW. Main, Suite 1410
Portland, OR 97204-3222
(503) 414-3325
TDD (503) 414-3387
Margo Donelin
Pennsylvania State Office
One Credit Union Place, Suite 330
Harrisburg, PA 17110-2996
(717) 237-2281
TDD (717) 237-2261
Martha Eberhart
Puerto Rico State Office
654 Munoz Rivera Avenue
IBM Plaza, Suite 601
Hato Rey, PR 00918
(787) 766-5095 (ext. 249)
TDD (787) 766-5332
Lourdes Colon
Rhode Island
Served by Massachusetts State Office
South Carolina State Office
Strom Thurmond Federal Building
1835 Assembly Street, Room 1007
Columbia, SC 29201
(803) 253-3432
TDD (803) 765-5697
Larry D. Floyd
South Dakota State Office
Federal Building, Room 210
200 Fourth Street, SW.
Huron, SD 57350
(605) 352-1132
TDD (605) 352-1147
Roger Hazuka or Pam Reilly
Tennessee State Office
Suite 300
3322 West End Avenue
Nashville, TN 37203-1084

(615) 783-1375
TDD (615) 783-1397
G. Benson Lasater
Texas State Office
Federal Building, Suite 102
101 South Main
Temple, TX 76501
(254) 742-9758
TDD (254) 742-9712
Julie Hayes
Utah State Office
Wallace F. Bennett Federal Building
125 S. State Street, Room 4311
Salt Lake City, UT 84147-0350
(801) 524-4325
TDD (801) 524-3309
Janice Kocher
Vermont State Office
City Center, 3rd Floor
89 Main Street
Montpelier, VT 05602
(802) 828-6021
TDD (802) 223-6365
Heidi Setien
Virgin Islands
Served by Florida State Office
Virginia State Office
Culpeper Building, Suite 238
1606 Santa Rosa Road
Richmond, VA 23229
(804) 287-1596
TDD (804) 287-1753
CJ Michels
Washington State Office
1835 Black Lake Blvd., Suite B
Olympia, WA 98512
(360) 704-7730
TDD (360) 704-7760
Robert Lund
Western Pacific Territories
Served by Hawaii State Office
West Virginia State Office
Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 284-4889
TDD (304) 284-4836
Craig St. Clair
Wisconsin State Office
4949 Kirschling Court
Stevens Point, WI 54481
(715) 345-7615 (ext. 151)
TDD (715) 345-7614
Peter Kohnen
Wyoming State Office
PO Box 11005
Casper, WY 82602
(307) 233-6715
TDD (307) 233-6733
Jack Hyde

FOR FURTHER INFORMATION CONTACT:
Arlene Nunes, Senior Loan Specialist,
Guaranteed Loans, Multi-Family
Housing Processing Division, U.S.
Department of Agriculture, South
Agriculture Building, Room 1271, STOP
0781, 1400 Independence Avenue, SW.,
Washington, DC 20250-0781. E-mail:
arlene.nunes@usda.gov. Telephone:
(202) 401-2307. This number is not toll-
free. Hearing or speech-impaired
persons may access that number by

calling the Federal Information Relay Service toll-free at (800) 877-8339.

Eligibility of Prior Year Selected Notice of Funding Availability (NOFA)

Responses: NOFA Responses selected, but not yet funded, in prior years, are eligible for FY 2005 program dollars. Prior year NOFA responses selected by RHS may compete for FY 2005 funding without completing a FY 2005 response. These NOFA responses are not subject to the scoring process. RHS will commit and obligate funds on a "first-come first-served basis" only to lenders that submit a complete application for prior year selected NOFA response, including all Federal environmental documents required by 7 CFR part 1940, subpart G, a Form RD 3565-1, and the \$2,500 application fee. FY 2005 will be the last fiscal year that selected prior year NOFA responses will be considered for funding. If prior year selections do not develop into a complete application and funds are not obligated to the subject project, the prior year NOFA response selection will be automatically cancelled. A new NOFA response for the project can be submitted subject to the conditions of the then current NOFA year.

General Program Information

Program Purpose: The section 538 GRRHP is designed to increase the supply of affordable multi-family housing through partnerships between the RHS and major lending sources, as well as state and local housing finance agencies and bond issuers.

Responses Must Be Submitted by: The Agency will only accept responses from GRRHP eligible or approved lenders as described in 7 CFR 3565.102 and 3565.103 respectively.

Qualifying Properties: Qualifying properties include new construction for multi-family housing units or acquisition of existing structures with a minimum per unit rehabilitation expenditure requirement in accordance with 7 CFR 3565.252. The portion of guaranteed funds for acquisition with rehabilitation is limited to 25 percent of the program authority.

Eligible Financing Sources: Any form of Federal, state, and conventional sources of financing can be used in conjunction with the loan guarantee, including Home Investment Partnership Program (HOME) grant funds, tax exempt bonds, and low income housing tax credits.

Maximum Guarantee: The maximum guarantee for a permanent loan will be 90 percent of the unpaid balance and interest on the loan. The maximum guarantee on a construction loan will be 90 percent of the work in place, which

have credit enhancements, or up to 90 percent of the amount actually advanced by the lender, whichever is less.

Reimbursement of Losses: Any losses will be split on a pro-rata basis between the lender and the RHS from the first dollar lost.

Interest Rate: RHS will accept the best rate negotiated between the lender and prospective borrower. The lender is not required to provide the interest rate in the response. The interest rate must be fixed over the term of the loan.

Interest Credit: RHS will provide additional financial assistance for at least 20 percent of the loans by providing an interest credit to reduce the interest rate to the Long Term Monthly Applicable Federal Rate (AFR) subject to appropriations. The interest credit will be paid following the January 1st of the year in which the project has reached occupancy standards, and the permanent loan note guarantee is issued. If 20 percent of the loans have not received interest credit by June 13, 2005, then RHS will award interest credit to those loans that initially requested interest credit and have the highest interest credit priority score until at least 20 percent of the loans have received interest credit. Requests for interest credit must be made in the response. When interest credit assistance is requested, lenders must state in the response the maximum basis points above the Long Term Monthly AFR that will be used to calculate the interest rate. Priority points will be given for basis points equal to or less than 250 above the Long Term Monthly AFR. Lenders should use the Long Term Monthly AFR in effect at the closing of the lender's loan. Lenders are not permitted to make requests for interest credit after the selection process has taken place.

Due to limited funding and in order to distribute interest credit assistance as broadly as possible, the Agency has decided to limit the interest credit to \$1.5 million per loan. For example, if an eligible request were made for interest credit on a loan of \$2.5 million, up to \$1.5 million of the loan would receive interest credit. Interest credit is not available for construction loans. Interest credit is only available for permanent loans. Lenders with projects that are viable with or without interest credit are encouraged to submit a response reflecting financial and market feasibility under both funding options. Responses requesting consideration under both options will not affect interest credit selection. However, once the interest credit funds are exhausted, only those responses requesting

consideration under both funding options or the Non-Interest Credit option will be further considered.

Due to limited interest credit funds and the responsibility of RHS to target and give priority to rural areas most in need, responses requesting interest credit must score a minimum of 55 points under the criteria established in this NOFA. In the event of ties, selection between responses will be by lot.

Surcharges for Guarantee of Construction Advances: There is no surcharge for the guarantee of construction advances for FY 2005.

Program Fees for FY 2005: The following information stipulates the program fees.

(1) There is an initial guarantee fee of 1 percent of the total guarantee amount, which will be due when the loan guarantee is issued. In the case of a combination construction and permanent loan guarantee, the 1 percent initial fee will be paid when the construction loan note guarantee is issued. For purposes of calculating this fee, the guarantee amount is the product of the percentage of the guarantee times the initial principal amount of the guaranteed loan.

(2) There is an annual renewal fee of 0.5 percent of the outstanding principal and interest of the loan. This fee will be collected annually on January 1st of each calendar year.

(3) There is no fee for site assessment and market analysis or preliminary feasibility in FY 2005.

(4) There is a non-refundable application fee of \$2,500 when the application is submitted.

(5) There is a flat fee of \$500 when a lender requests RHS to extend the term of a guarantee commitment.

(6) There is a flat fee of \$500 when a lender requests RHS to reopen an application when a commitment has expired.

(7) There is a flat fee of \$1,250 when a lender requests RHS to approve the transfer of property and assumption of the loan to an eligible prospective borrower.

(8) There is no lender application fee for lender approval in FY 2005.

Eligible Lenders: An eligible lender for the section 538 GRRHP as required by 7 CFR 3565.102 must be a licensed business entity or Housing Finance Agency (HFA) in good standing in the state or states where it conducts business. Lender eligibility requirements are contained in 7 CFR 3565.102. Below is a list of some of the eligible lender criteria under 7 CFR 3565.102:

(1) Licensed business entity that meets the qualifications and has the

approval of the Secretary of Housing and Urban Development (HUD) to make multi-family housing loans that are insured under the National Housing Act. A complete list of HUD approved lenders can be found on the HUD Web site at <http://www.hud.gov>.

(2) A licensed business entity that meets the qualifications and has the approval of the Ginnie Mae or Freddie Mac or Fannie Mae corporations to make multi-family housing loans that are sold to the same corporations. A complete list of Freddie Mac approved lenders can be found in Freddie Mac's Web site at <http://www.freddiemac.com>. Fannie Mae approved lenders are found at <http://www.fanniema.com>. For a list of Ginnie Mae issuers, contact Ginnie Mae at <http://www.ginniemae.gov>.

(3) A state or local HFA with a top-tier rating from Moody's or Standard & Poors, or member of the Federal Home Loan Bank system, and the demonstrated ability to underwrite, originate, process, close, service, manage, and dispose of multi-family housing loans in a prudent manner.

(4) Be a GRRHP approved lender, defined as an entity with an executed multi-family housing Lender's Agreement with RHS.

(5) Lenders that can demonstrate the capacity to underwrite, originate, process, close, service, manage, and dispose of multi-family housing loans in a prudent manner. In order to be approved the lender will have to have an acceptable level of financial soundness as determined by a lender rating service. The submission of materials demonstrating capacity will be required if the lender's response is selected. Lenders who are otherwise ineligible may become eligible if they maintain a correspondent relationship with an eligible lender that does have the capacity to underwrite, originate, process, close, service, manage, and dispose of multi-family housing loans in a prudent manner. In this case, the eligible lender must submit the response and application. All contractual and legal documentation will be signed between RHS and the lender that submitted the response and application.

GRRHP Lender Approval Application: Lenders whose responses are selected

will be notified by the RHS to submit a request for GRRHP lender approval application within 30 days of notification. Lenders that have received GRRHP lender approval in the past and are in good standing do not need to reapply for GRRHP lender approval.

Submission of Documentation for GRRHP Lender Approval: All lenders that have not yet received GRRHP lender approval must submit a complete lender application to: Director, Multi-Family Housing Processing Division, Rural Housing Service, U.S. Department of Agriculture, Room 1263, STOP 0781, 1400 Independence Avenue, SW., Washington, DC 20250-0781. Lender applications must be identified as "Section 538 Guaranteed Rural Rental Housing Program" on the envelope.

As RHS does not have a formal application form, a complete application consists of a cover letter requesting GRRHP lender approval and the following documentation:

- (1) Request for GRRHP lender approval on the lender's letterhead;
- (2) Lenders who are HUD, Ginnie Mae, Freddie Mac or Fannie Mae multi-family approved lenders are required to show evidence of this status, such as a copy of a letter designating the distinction;
- (3) The lender's Loan Origination, Loan Servicing and Portfolio Management Handbooks. These handbooks should detail the lender's policies and procedures on loan origination through termination for multi-family loans;
- (4) Portfolio performance data;
- (5) Copies of standard documents that will be used in processing GRRHP loans;
- (6) Resumes and qualifications of key personnel that will be involved in the GRRHP;
- (7) Identification of standards and processes that deviate from those outlined in the GRRHP Origination and Servicing Handbook (HB-1-3565) found at <http://rdinit.usda.gov/regs>;
- (8) A copy of the most recent audited financial statements;
- (9) Lender specific information including: (a) Legal name and address, (b) list of principal officers and their responsibilities, (c) certification that the

officers and principals of the lender have not been debarred or suspended from Federal programs, (d) Form AD 1047, (e) certification that the lender is not in default or delinquent on any Federal debt or loan, or possesses as an outstanding finding of deficiency in a federal housing program, and (f) certification of the lender's credit rating; and

(10) Documentation on bonding and insurance.

GRRHP Lender Approval Requirements: Lenders who request GRRHP lender approval must meet the standards stipulated in the 7 CFR 3565.103.

Lender Responsibilities: Lenders will be responsible for the full range of loan origination, underwriting, management, servicing, compliance issues and property disposition activities associated with their projects. The lender will be expected to provide guidance to the prospective borrower on the RHS requirements during the application phase. Once the guarantee is issued, the lender is expected to service each loan it underwrites or contract these services to another capable entity.

Discussion of Notice

Content of Notice Responses: All responses require lender information and project specific data. Incomplete responses will not be considered for funding. Lenders will be notified of incomplete responses. Complete responses are to include a signed cover letter from the lender on the lender's letterhead and the following information:

(1) **Lender certification**—The lender must certify that the lender will make a loan to the prospective borrower for the proposed project, under specified terms and conditions subject to the issuance of the GRRHP guarantee. Lender certification must be on the lender's letterhead and signed by both the lender and the prospective borrower.

(2) **Project specific data**—The lender must submit the project specific data below on the lender's letterhead, signed by both the lender and the prospective borrower.

Lender Name	Insert the lender's name.
Lender Tax ID #	Insert lender's tax ID #.
Lender Contact Name	Name of the lender contact for loan.
Mailing Address	Lender's complete mailing address.
Phone #	Phone # for lender contact.

Fax #	Insert lender's fax #.
E-mail Address	Insert lender contact e-mail address.
Borrower Name and Organization Type	State whether borrower is a Limited Partnership, Corporation, Indian Tribe, etc.
Tax Classification Type	State whether borrower is for profit, not for profit, etc.
Borrower Tax ID #	Insert borrower's tax ID #.
Borrower Address, including County	Insert borrower's address and county.
Borrower Phone #	Insert borrower's phone #.
Principal or Key Member for the Borrower	Insert name and title.
Borrower Information and Statement of Housing Development Experience	Attach relevant information.
New Construction or Acquisition with Rehabilitation	State whether the project is new construction or acquisition with rehabilitation.
Project Location Town or City	Town or city in which the project is located.
Project County	County in which the project is located.
Project State	State in which the project is located.
Project Zip Code	Insert zip code.
Project Congressional District	Congressional District for project location.
Project Name	Insert project name.
Project Type	Family, senior (all residents 55 years or older), or mixed.
Property Description and Proposed Development Schedule	Provide as an attachment.
Total Project Development Cost	Enter amount for total project.
# of Units	Insert the # of units in the project.
Ratio of 3-5 bedroom units to total units	Insert percentage of 3-5 bedroom units to total units.
Cost Per Unit	Total development cost divided by # of units.
Rent	Proposed rent structure.
Median Income for Community	Provide median income for the community.
Evidence of Site Control	Attach relevant information.
Description of Any Environmental Issues	Attach relevant information.
Loan Amount	Insert the loan amount.
Interest Credit (IC)	Is interest credit requested for this loan? (Yes or No)
Basis Points over the Long Term Monthly Applicable Federal Rate (for interest credit requests only)	Lenders seeking interest credit must provide the maximum basis points above the Long Term Monthly AFR that will be used to calculate the interest rate. Priority points will be given for basis points equal to or less than 250 above the Long Term Monthly AFR. Lenders should use the Long Term Monthly AFR in effect at the closing of the lender's loan.
If Above Is Yes, Should Proposal Be Considered Under Non-IC Selection if IC Funds Are Exhausted?	If Yes, proposal must show financial feasibility for Non-IC consideration.
Borrower's Proposed Equity	Insert amount.
Tax Credits	Will the project be allocated tax credits? How much? What is the estimated value of the tax credits awarded?
Other Sources of Funds	List all funding sources other than tax credits and amounts for each source.

Loan to Total Development Cost	Guaranteed loan divided by the total development costs of project.
Debt Coverage Ratio	Net Operating Income divided by debt service payments.
Percentage of Guarantee	Percentage guarantee requested.
Collateral	Attach relevant information.
Empowerment Zone(EZ) or Enterprise Community(EC), Colonia or Tribal Lands	Yes or No. Is the project in a recognized EZ or EC, Colonia or on an Indian Reservation?
Population	Must be within the 20,000 population limit set for the program.
Is a Guarantee for Construction Being Requested? Are Advances Being Requested?	State yes or no. The Agency will guarantee construction advances, only as part of a combination construction and permanent loan.
Loan Term	Up to a 40-year amortized loan. Balloon mortgages with a minimum 25-year term are eligible.

Scoring of Priority Criteria for Selection of Projects: All 2005 NOFA responses will be scored based on the criteria set forth below to establish their priority for obligation of funds. Priority criteria include population size, median income, loan to development cost ratio, highest percentage of 3–5 bedroom units to total units, and location in Empowerment Zones/Enterprise Communities or on Tribal Land. Prior to June 13, 2005, projects with an overall score of 25 points and a loan to development cost ratio less than 70 percent will be processed and, when ready, obligated on a first-come-first-serve basis, provided funds are available. Projects that score less than 25 points, and projects that score 25 points or more and do not have a loan to development cost ratio less than 70 percent, may be processed up to the point of obligation, but they will not be obligated until after June 13, 2005. Each month after June 13, 2005, the Agency will select proposals with a threshold score of 25 or higher until all funds are expended. Priority for the selection of proposals that meet the threshold score of 25 will be given to the highest scoring proposals. A notice will be placed in the **Federal Register** when all funds are committed for FY 2005.

Scoring of Priority Criteria for Selection of Projects With Interest Credit Requests: RHS will allocate points to projects with requests for interest credit. Subject to available funding, all projects scoring 55 points or more on the six priority criteria below and demonstrate a need for the interest credit subsidy will receive interest credit awards.

The six priority criteria for projects with requests for interest credit are listed below.

Priority 1—Projects located in eligible rural communities with the lowest populations will receive the highest points.

Population size	Points
0–5,000 people	15
5,001–10,000 people	10
10,001–15,000 people	5
15,001–20,000 people	0

Priority 2—The most needy communities as determined by the median income from the most recent census data will receive points. The RHS will allocate points to projects located in communities having the lowest median income. Points for median income will be awarded as follows:

Median income (dollars)	Points
Less than \$35,000	20
\$35,000–less than \$45,000	15
\$45,000–less than \$55,000	10
\$55,000–less than \$65,000	5
\$65,000 or more	0

Priority 3—Projects that demonstrate partnering and leveraging in order to develop the maximum number of units and promote partnerships with state and local communities will also receive points. Points will be awarded as follows:

Loan to total development cost ratio (percentage %)	Points
90–100	0
Less than 90–70	15
Less than 70–50	20
Less than 50	30

Priority 4—The development of projects on Tribal Lands, or in an Empowerment Zone or Enterprise Community will receive points. The RHS will attribute 20 points to projects that are developed in any of the locations described in this priority. The development of projects in a Colonia or in a place identified in the State’s Consolidated Plan or State Needs Assessment as a high need community

for multi-family housing will receive points. The RHS will attribute 20 points to projects that are developed in any of the locations described in this priority.

Priority 5—RHS will award points for basis points above the long term monthly AFR used to calculate the interest rate. Lenders should use the Long Term Monthly AFR in effect at the closing of the lender’s loan. The score for basis points is as follows:

Basis points	Points
More than 250 basis points	–20
200 to 250 basis points, inclusive ..	10
100 to 199 basis points, inclusive ..	15
0 to 99 basis points, inclusive	20

Priority 6—The RHS will award points to projects with the highest ratio of 3–5 bedroom units to total units as follows:

Ratio of 3–5 bedroom units to total units	Points
More than 50%	6
21%–50%	5
Less than 21%–more than 0%	1

Notifications: Responses will be reviewed for completeness and eligibility. The RHS will notify those lenders whose responses are selected via letter. The RHS will request lenders without GRRHP lender approval to apply for GRRHP lender approval within 30 days upon receipt of notification of selection. For information regarding GRRHP lender approval, please refer to the section entitled “Submission of Documentation for GRRHP Lender Approval” in this Notice.

Lenders will also be invited to submit a complete application and the required application fee of \$2,500 to the Rural Development State Office where the project is located.

Submission of GRRHP Applications: Notification letters will instruct lenders

to contact the Rural Development State Office immediately following notification of selection to schedule required agency reviews.

Rural Development State Office staff will work with lenders in the development of an application package. Required documentation for a complete application package is stated in section 3 of chapter 4 of HB-1-3565.

The deadline for the submission of a complete application and application fee is 90 days from the date of notification of response selection. If the application and fee are not submitted within 90 days from the date of notification, the selection is subject to cancellation, thereby allowing another response that is ready to proceed with processing to be selected.

Obligation of Program Funds: The RHS will only obligate funds to projects that meet the requirements for obligation, including undergoing a satisfactory environmental review in accordance with the National Environmental Protection Act (NEPA) and lenders who have submitted the \$2,500 application fee and completed Form RD 3565-1 for the selected project.

Conditional Commitment: Once required documents for obligation and the application fee are received and all NEPA requirements have been met, the Rural Development State Office will issue a conditional commitment, which stipulates the conditions that must be fulfilled before the issuance of a

guarantee, in accordance with 7 CFR 3565.303.

Issuance of Guarantee: The RHS State Office will issue a guarantee to the lender for a project in accordance with 7 CFR 3565.303. No guarantee can be issued without a complete application, review of appropriate certifications, satisfactory assessment of the appropriate level of environmental review, and the completion of any conditional requirements.

Dated: March 3, 2005.

Russell T. Davis,

Administrator, Rural Housing Service.

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