

CHAPTER 4: LOAN GUARANTEE APPLICATION PROCESSING

SECTION 1: AN OVERVIEW OF THE PROCESS

4.1 PURPOSE

The purpose of this chapter is to describe the process to obtain a guarantee. Step by step, it will inform the lender what must be done to request and obtain a loan guarantee from the Agency. Exhibit 4-1 presents a timeline of the process.



SECTION 2: NOTICE OF FUNDING AVAILABILITY (NOFA)

Key Activities in this Section

- NOFA is Published
- Project Proposals are Accepted by the Agency
- Proposals are Reviewed by the Agency for Fundamental Eligibility
- Eligible Proposals are Scored and Ranked Against NOFA Selection Criteria
- Selected Borrowers Receive a Notice to Proceed with Processing

4.2 PUBLICATION OF GRRHP REQUIREMENTS

On an annual basis, the Agency will publish a Notice of Funding Availability (NOFA) in the Federal Register. The NOFA will state the amount of GRRHP funding available for the fiscal year. In addition, the NOFA will identify any priorities for selection of proposed applications, and the process by which the Agency will score and rank the proposals. Information will also be included about submission forms and deadlines.

4.3 RESPONSE TO THE NOFA

In response to the NOFA, lenders must submit a NOFA response to the office address identified in the NOFA for the scoring and ranking of a proposed GRRHP project. The lender must provide the requested information concerning the project, which is published in the NOFA, to establish the purpose of the proposed project, its location, and how it meets the established priorities for funding. Lenders must submit their response to the NOFA in accordance with Paragraph 4.4.

Lenders must submit responses during the prescribed period specified in the NOFA. The Agency will determine the highest ranked responses based on priority criteria and a threshold score. Lenders with top ranked proposals will receive a "Notice to Proceed with Application Processing," inviting them to submit a GRRHP application to the State Office where the project is located. Once the "Notice to Proceed with Application Processing" is issued, lenders have 90 calendar days from receipt of the "Notice to Proceed with Application Processing" to notify the State Office, in writing, of the decision to withdraw the application, so that others with eligible proposals can be invited to apply. All lenders who submit a request for scoring and ranking will receive a written response from the Agency. Agency response time will be within 30 calendar days from receipt of the NOFA response.

4.4 INFORMATION TO BE INCLUDED IN RESPONSE TO THE NOFA

A. Descriptive Information

1. The Project

- A brief description of the proposed location of the project, including town, county, state, and congressional district.
- A description of the property and improvements, including lot size, number of units, building type, type of construction, etc., including preliminary drawings, if available.
- The proposed development schedule.
- Total project development cost.
- The proposed rent structure and area median income – (HUD published area median incomes can be found online at <http://www.huduser.org>).
- Evidence of site control by the proposed borrower or a purchase option.
- Description of any environmental issues that may affect the project.
- Amount of loan to be guaranteed.
- Type of project (e.g. elderly or family).

2. The Proposed Financing

- Proposed loan amount and the proposed borrower's equity.

- Proposed use of interest credit – If the lender proposes to use interest credit, this section should include the maximum basis points the lender will charge the borrower for the project. The interest rate may not be lower than the published Long Term Monthly Applicable Federal Rate (AFR) at the closing of the lender’s loan. Selection and scoring criteria that the project must meet to receive interest credit will be published in the NOFA.
- Estimated development budget (total and cost/unit), and the proposed sources and uses of funds. This information should include all proposed financing sources – the amount, type, rates and terms of loans, tax credits, or grant funds. Letters of application and commitment letters should be included, if available.
- Estimated loan-to-development cost ratio for the guaranteed loan.
- Proposed Agency guarantee percentage for guaranteed loan (under no condition can the percentage exceed 90 percent of the loan amount).
- Collateral - all security, in addition to the real property, proposed to secure the loan.

3. *The Proposed Borrower*

- The name of the borrower and the type of ownership entity — list the general partners if a limited partnership, officers if a corporation or members of an LLC.
- Borrower’s contact name, mailing address, phone and fax numbers, and e-mail address.
- Evidence that the borrower or principals of the ownership are not barred from participating in Federal housing programs and are not delinquent on any Federal debt.
- Borrower’s unaudited or audited financial statements.
- Statement of borrower's housing development experience.

B. Lender Eligibility and Approval Status

Evidence that the lender is either an approved lender for the purposes of the GRRHP or that the lender is eligible to apply for approved lender status. The lender’s application for approved lender status can be submitted with the NOFA Response but must be submitted to the National Office within 90 calendar days of the lender's receipt of the "Notice to Proceed with Application Processing."

C. Competitive Criteria

Information that shows how the proposal is responsive to the selection criteria specified in the NOFA.

D. Lender Certification

A commitment letter signed by the lender, on the lender's letterhead, indicating that the lender will make a loan to the borrower for the proposed project, under specified terms and conditions subject only to the issuance of a guarantee by the Agency.

4.5 AGENCY REVIEW OF NOFA RESPONSE

Agency review of the project proposal is designed to assess preliminary eligibility and feasibility. A good project proposal is one that clearly and completely responds to the criteria set forth in the NOFA. Project proposals will be returned if preliminary eligibility cannot be established. Preliminary eligibility means that the project meets the following criteria.

A. Was the Project Proposal on Time and Complete?

Project proposals will be date stamped when first received by the Agency. The reviewer can refer to the date stamp on the project proposal to determine whether the proposal was received by the submission deadline specified in the NOFA. Late and/or incomplete proposals will not be considered and will be returned to the lender.



B. Is the Borrower An Eligible Entity?

Eligible borrowers shall include individuals, corporations, state or local public agencies or an instrumentality thereof, partnerships, limited liability companies, trusts, Indian tribes, or any organization deemed eligible by the Agency. The ownership entity must be a valid entity in good standing under the laws of the jurisdiction in which it is organized. Borrowers must be U.S. citizens or permanent legal residents; a U.S. owned corporation, or a limited liability company, or partnership in which the principals are U.S. citizens or permanent legal residents. Borrowers must not be delinquent on any other Federal debt. The Agency reviewer will determine whether these conditions are met. If these conditions are not met or are unclear, additional steps must be taken as outlined below.

The following resources are available to establish the borrower's good standing with the Federal government:

- The publication, "List of Parties Excluded from Federal Procurement and Nonprocurement Programs," provides a monthly listing of all suspended and debarred individuals and is available on the Internet, at <http://www.arnet.gov/epl/>.



Once the site is entered, there are easy-to-follow user instructions that will guide the user through the Excluded Parties List System (EPLS) and main menu. A hard copy of this publication can be mailed to lenders without Internet access upon request to the Agency. The Agency shall verify that the borrower does not appear on the list, and provide evidence in the file such as a print out of the EPLS page with the date the list was checked or a copy of the AD-1047 Certification Regarding Debarment Suspension.

- The Department of Housing and Urban Development's Credit Alert Interactive Voice Response System (CAIVRS), identifies all individuals with delinquent Federal debt. If CAIVRS indicates that the borrower has a delinquent Federal debt, the reviewer must verify with the point of contact that the information regarding the borrower is current. If the information is current and the borrower is delinquent, the borrower is ineligible. The State Office will inform the borrower of the reason for their rejection and be provided with the telephone number CAIVRS lists as a point of contact.

The Agency reviewer will verify that there is satisfactory evidence that the borrower meets the other requirements of Paragraph 3.6.

C. Is the Lender Eligible?

The lender must provide evidence of approved lender status under the GRRHP program by submitting a duly signed copy of the Lender Agreement's with the submission of the NOFA response. Lenders that are eligible to apply for approved lender status must submit to the National Office an application with supporting documentation requesting lender approval within 90 calendar days of receiving the "Notice to Proceed with Application Processing" for the proposed GRRHP project. Information on the contents of an application for lender approval can be found in the published NOFA and Chapter 2 of this handbook. An application requesting lender approval submitted by a lender who is not eligible to become approved will be rejected and returned to the lender.

D. Is the Proposed Project Eligible?

The Agency will review the following evidence that the project meets basic program requirements.

- Is the proposed project located in a designated rural area as defined for all RHS programs? (See Paragraph 1.6 for the definition.) Prior to submitting a NOFA response, lenders should contact the State Office where the project is located to determine whether the project site is located within a designated rural area in that state.
- Are the proposed uses of funds for eligible purposes?
- Does the proposed financing comply with the requirements set forth in Chapter 3, Section 5 (including occupancy and rent limits, 207(c) limits, maximum loan term, interest rate and loan-to-value ratios)?

4.6 SCORING AND RANKING

If a NOFA response is determined to be eligible after the review of preliminary program requirements and threshold criteria, it will enter the ranking and scoring process as established in the NOFA and [7 CFR 3565.5]. In addition, specific ranking and scoring criteria will be determined annually and announced in the NOFA. The criteria may be used to determine project proposals that might receive a "Notice to Proceed with Application Processing" (Notice) or an interest credit award. (A sample "Notice Proceed with Application Processing" can be found in Attachment 4-A). When all other things are equal between two or more NOFA responses in the scoring and ranking process, the Agency will select NOFA responses submitted by a borrower who is a veteran of the United States armed services over NOFA responses submitted by a non-veteran borrower.

4.7 NOTICE TO PROCEED WITH APPLICATION PROCESSING

NOFA responses with or without interest credit requests will be processed as stipulated in the NOFA. Complete NOFA responses deemed eligible after the preliminary review for program requirements will be issued a Notice to Proceed. The Agency will fax a copy of the Notice to the lender and follow up with a hard copy of the letter. The office that processes the application will also receive a copy of the same Notice and a State Office Award Letter (see Attachment 4-B). A hard copy of the State Office Award Letter will be sent to the State Office where the project is located as well as the NOFA response that was submitted by the lender for the project.

The Notice will instruct the lender to contact the State Office where the project is located and complete the application process with State Office staff. The State Office Letter serves as a catalyst to initiate the interaction between the lender who is submitting the application and the State Office that will be processing it. Once the lender contacts the State Office concerning the project, State Office staff will schedule a meeting with the lender, borrower and other interested parties to review important programmatic, environmental and civil rights requirements, using the "Planning Meeting Agenda" in Attachment 4-H as a guide.

The Agency will continue to review NOFA responses and issue Notices until all available funds have been obligated for the fiscal year. The Agency will then publish a new notice in the Federal Register notifying the public that all funds have been exhausted and that the Agency will no longer accept NOFA responses for that fiscal year.

After the Notice has been issued, changes in the borrower entity or substitution of the lender with another approved lender are permitted, with prior State Office approval, so long as the loan purpose, scope of project, location, and terms related to scoring and ranking remain unchanged. The original lender must transfer the Notice to the substituting lender and the new lender must issue a commitment letter for the project. Any costs incurred in the transfer of a Notice from one lender to another approved lender cannot be charged to the project. The original lender may charge a fee to the borrower or the substituting lender for its work on the project that is being transferred to another approved lender. However, in no way will this cost be

charged to the project. If the original lender is unwilling to transfer the Notice, then the new lender must submit a new NOFA response. Incomplete NOFA responses will be sent to the lender with a letter notifying the lender of the incompleteness of the proposal (See Attachment 4-E). Lenders may resubmit the NOFA response for consideration in the same fiscal year if the submission date for Agency review of NOFA responses has not expired. A NOFA response that has been resubmitted will be treated as a new NOFA response and will receive a new Agency receipt date.

SECTION 3: APPLICATION FOR THE GUARANTEE

Key Activities in this Section

- Invite Submission of a NOFA Response ("Notice to Proceed with Application Processing")
- Receive and Process Applications
- Issuance of a Conditional Commitment

4.8 PURPOSE OF THE APPLICATION

In submitting an application for a loan guarantee, the lender is seeking a conditional commitment from the Agency. Before a conditional commitment can be issued, the Agency must determine if the project meets Agency threshold requirements and is eligible for a commitment.

A. The Proposed Project Meets the GRRHP Threshold Requirements

To be approved for a guaranteed loan, proposed projects must be able to meet the threshold criteria. The application for a loan guarantee must clearly demonstrate that the following criteria are or can be met before the Agency issues a guarantee:

- Evidence that the owner and development team have the qualifications and experience sufficient to carry out development, management, and ownership responsibilities.
- Evidence that the property is located in an eligible rural area.
- Evidence of readiness to proceed, including submission of a complete application for a guarantee, with evidence of at least a proposed conditional commitment from the lender for financing.
- Evidence of market and financial feasibility.

- Evidence the loan is reasonable for the given borrower.
- Evidence the loan is reasonable for the given borrower Evidence that the loan risk is reasonable, taking conventional lending practices into account.
- Evidence that the loan risk is reasonable given factors related to concentration of risk in a given market.

B. The Proposed Project is Eligible to Receive a Conditional Commitment

In addition to the threshold requirements, the following conditions must be met before a conditional commitment can be issued to the lender.

- The borrower and the lender are both eligible to receive a guarantee under the GRRHP.
- The lender has conducted due diligence and the results have been taken into consideration in the appraisal.
- The application fee of \$2,500 is paid.
- The Agency has completed a satisfactory environmental review required under the National Environmental Policy Act in accordance with RD Instruction 1940-G.

4.9 APPLICATION FORM AND DOCUMENTATION

The lender is responsible for preparing an application that is complete and accurate. The lender must submit the application to the RHS State Office where the project is located. The Standard Application Checklist is Attachment 4-C. The application is comprised of two components: (1) the lender’s certification and (2) exhibits and supporting information to the lender’s certification.

A. The Lender’s Certification

The lender’s certification will serve as assurance to the Agency that the borrower, the project, and the proposed financing meet the lender’s standards for loan making. The lender must certify that:

- The information contained in the exhibits is consistent with the lender’s underwriting and loan making standards;

- The lender has completed the lender's review as required by Paragraph 4.11 and has identified any significant findings in a narrative attached to this certification; and
- The lender agrees to make a loan to the borrower for the proposed project, subject to the Agency's issuance of a guarantee.

B. Exhibits and Supporting Information to the Lender's Certification

In addition to the submission of the certification, the lender must submit the supporting documentation outlined in Paragraph 4.8 B.

Because the application, in many cases, will be prepared before working drawings and an appraisal are complete, the lender must submit pro forma estimates at the application stage. Once a conditional commitment has been issued, the lender must submit complete documented information, as specified in the Conditional Commitment.

For more information about the complete requirements and documentation, see Chapter 3.

1. Agency Forms Included in the Application Package

Form RD 3565-1, Application for Loan and Guarantee. This form is to provide information needed for the analysis and loan determination process.

Form RD 1940-20, Request for Environmental Information. This form will provide an understanding of the environmental conditions of the proposed site and the project's potential impact on the environment, and will provide information to be used by the Agency to complete its environmental review under the National Environmental Policy Act.

ATTACHMENT 4-G, Housing Allowances for Utilities and Other Public Services. This exhibit shows the utility allowance for the proposed project and how it was developed.

Form RD 1944-37, Previous Participation Certification. This document describes a borrower's prior experience with Federal assistance programs.

Form RD 1944-30, Identity of Interest (IOI) Disclosure Certificate. This document describes the Identity of Interest relationships between the borrower and other businesses with whom the borrower may contract for goods or services.

RD Instruction 1940-Q Exhibit A-2, Statement for Loan Guarantees. The lender certifies that no funds have been or will be used in lobbying activities.

Form RD 1944-31, Identity of Interest (IOI) Qualification. This document provides information on organizations listed in the *Form RD 1944-30*.

Form RD 1910-11, Applicant Certification, Federal Collection Policies for Consumer or Commercial Debts. This document is a certification by the borrower that they are not delinquent on Federal debt.

Form HUD 9832, Management Entity Profile Form. This form outlines the proposed management agent and their organizational structure and discloses any identity of interest relationships the management agent may have.

Form HUD 935.2, Affirmative Fair Housing Marketing Plan. This document is required of all Federally guaranteed and assisted housing (except when the borrower is a Federally recognized Indian tribe and the housing units will be located on land over which the tribe has sovereignty/civil jurisdiction). It describes the process borrowers will use to assure that marketing and outreach efforts are targeted at all persons, regardless of race or disability, who are eligible for admission to the available housing.

AD 1047, Certification Regarding Debarment Suspension. This document certifies that the borrower entity is not debarred from participating in Federal housing programs.

AD 1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier-Covered Transactions. This form is required of the General Contractor and each subcontractor when the Agency is guaranteeing the construction loan.

2. Other Information Requested in the Application Package

- Borrower information:
 - ◇ Financial statements with certification(s) (newly formed entities applying for a construction/permanent guarantee do not need to provide financial statements at the time of application)
 - ◇ Credit report for each principal and general partner of the entity, if a limited partnership or LLC member.
 - ◇ Proposed limited partnership agreement and certificate of limited partnership (if applicable). Agency requirements should be contained in one section of the agreement and their location identified by the borrower or their attorney in a cover sheet.
 - ◇ If a limited liability company, Articles of Organization & Operating Agreement.

- If the borrower is a nonprofit organization:
 - ◇ Tax-exempt ruling from the IRS designating them as a 501(c)(3) or 501(c)(4) organization. If the designation is pending, a copy of the designation request must be submitted.
 - ◇ Evidence of organization under State law, or copies of pending applications.
 - ◇ List of Board members.
- If a public body:
 - ◇ The enabling statute; or the State law of organization.
- To establish project information:
 - ◇ Project information including project name, location, number and type of units, the development team, property manager, lawyer, and syndicator. The development team includes the developer (including all principals), architect, and contractor.
 - ◇ Appraisal or market study.
 - ◇ Capital Needs Assessment (for rehab loans only).
 - ◇ State Clearinghouse comments or recommendations.
 - ◇ Certification that the lender has reviewed and approved the management plan and agreement and confirmed that they are consistent with Agency requirements.
 - ◇ Site plan, including contour lines.
 - ◇ Plot plan.
 - ◇ Floor plan of each living unit type and other type spaces.
 - ◇ Building exterior elevations.
 - ◇ Typical building exterior wall section.
 - ◇ Description and justification of any related facilities, and schedule of separate charges for related facilities, if any.
 - ◇ Design development/working plans/construction specifications.
 - ◇ Management plan and proposed management agreement.

Project financing information:

- ◇ Lender's conditional commitment on the lender's letterhead with lender's signature.
- ◇ Lender's narrative.
- ◇ SAUCE disc and hard copy (to be completed by RHS processing office).
- ◇ A copy of the pro forma budget detailing the first year and a typical year's operation.
- ◇ *Form RD 1924-13, Estimate and Certificate of Actual Cost.*
- ◇ Disclosure of any change in financing since NOFA response submission.
- ◇ Type of utilities and utility allowances (Attachment 4-G), if applicable.
- ◇ Interest Credit Request, if applicable (see Paragraph 4.10).

Required environmental information:

- ◇ *Form RD 1940-20, Request for Environmental Information*, to be completed by the lender or the lender's client.
- ◇ Phase I Environmental Site Assessment Report, as prescribed by the American Society for Testing and Materials.
- ◇ Compliance with historic and architectural laws, if applicable.
- ◇ Comments regarding relevant off-site conditions.
- ◇ Land survey.
- ◇ *FEMA Form 81-93, Standard Flood Hazard Determination.*

4.10 INTEREST CREDIT REQUEST AND DOCUMENTATION

Interest credit requests must be made in the NOFA response if interest credit is part of the proposed financing. Interest credit awards will be based on a numerical value earned on the scoring of priority criteria identified in the NOFA. Lenders will be notified of interest credit awards in the Notice. Lenders must justify the need for the interest credit award in the application package submitted to the State Office. Proformas with and without the interest credit award will serve as justification for the interest credit award.

The Agency will not accept the resubmission of a project proposal with an interest credit request if the project has been previously submitted without an interest credit request and demonstrated financial feasibility.

Interest credit is a subsidy available to eligible borrowers for the reduction of the effective interest rate on the loan to the Long Term Monthly (AFR) at the closing of the lender's loan with the borrower for the project. The AFR is the interest rate set by the U.S. Treasury for federal financing programs. At least twenty percent (20%) of the loans financed under the GRRHP will be awarded interest credit.

A. Amount of Interest Credit Subsidy

The Agency may choose to regulate the maximum interest rate charged on GRRHP loans. Agency regulation of the maximum interest rate will be announced each year in the NOFA. The spread between the best negotiated interest rate the lender charges on the loan and the Long Term Monthly AFR (the effective interest rate after the interest credit is applied) at the closing the lender's loan with the borrower determines the amount of interest credit subsidy. Lenders are scored on the maximum basis points that they are willing to charge on the loan in the submission of the NOFA response. At no time will the basis points buy down the loan below the Long Term Monthly AFR. The process for allocating interest credit may be competitive in years when there are more requests than credits available. The Agency may give preference to proposals that require less interest credit subsidy.

B. Demonstrated Need

The interest credit justification must demonstrate why the interest credit subsidy is needed. The Agency will review the proposed rents and operating budget and give preference to applications that demonstrate that the interest credit will result in lower rents or in a higher level of services for tenants in the event that demand for interest credit exceeds available funds.

C. Limits on Allocation of Interest Credit


In order to fairly distribute the amount of credit available in a given year, the Agency may set a limit on the amount of interest credit allocated to a single project. The Agency expects to accomplish this by limiting the size of loans eligible for interest credit to \$1.5 million. For highly ranked projects, the Agency may guarantee two parity loans -- one with interest credit (up to the maximum amount) and one without interest credit.

D. Payment of Interest Credit

The amount of interest assistance will be calculated by determining the difference between the best negotiated rate of interest on the loan and the Long Term Monthly AFR at the closing of the lender's loan with the borrower. No project will receive interest credit on more than \$1,500,000 of the total amount guaranteed. If the loan amount exceeds \$1.5 million, the lender is required to separate the loan amount that will receive interest credit from the loan amount that is not eligible for the interest credit award. A separate amortization schedule is necessary for each loan amount. Yearly payments of the interest credit award will be based on the declining balance of the \$1.5 million. Interest credit is established in accordance with *Form RD 1980-24, Request Interest Assistance/Interest Rate Buydown/Subsidy Payment to Guaranteed Loan Lender*. The calculation will be done in accordance with item 17 "Interest Payable". The Interest Credit will be paid every January 1 following the issuance of the permanent loan note guarantee. The interest credit calculation and the request will be part of the annual report provided to the Agency State Office. The State Office will review the calculation for accuracy and then forward the document on to the Finance Office for processing. The interest will be calculated from the date of the conversion to Final Loan Note Guarantee to the end of the year, so interest credit will always be paid in arrears. The formula for calculation is:

<p>Interest Payments Received + Accrued Interest at the End of the Period - Accrued Interest at the Beginning of the Period x Interest Assistance Rate ÷ Effective Interest Assistance Rate = Interest Payable</p>

Interest credit will be paid to the lender. It is anticipated that the lender will use the interest credit to reduce the interest rate on the loan and therefore enable the borrower to pass the savings on to the tenant in the form of reduced rents. We are using the "Long Term Monthly Rate" for purposes of section 1274(d) of the Internal Revenue Code.

<p>To Obtain the Long Term Monthly Applicable Federal Rate (AFR)</p> 
<p>Check the Internet site:</p> <ul style="list-style-type: none"> • http://ftp.fedworld.gov/pub/irs-utl/afrs.pdf <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • the <i>Wall Street Journal</i> which publishes the AFR rate on the third Wednesday of each month. Locate the "Long Term Monthly Rate."

E. Cancellation of Interest Credit

The interest credit is tied to a specific loan. If a loan guarantee application is rejected or withdrawn, the interest credit application is similarly terminated. If the borrower defaults on a GRRHP loan, the interest credit contract will be canceled when the liquidation plan is approved by the Agency. Any unearned credit must be repaid to the Agency.

F. Closing of a Loan with Interest Credit

In order to assist the Finance Office in timely and accurate payments of Interest Credit, the State Office will complete Blocks 1, 4, 7, 8 and 9 of Form *RD 3560-9, Multiple Family Housing Interest Credit and Rental Assistance Agreement* as described below. The state office should only complete *Form RD 3560-9, Multiple Family Housing Interest Credit and Rental Assistance Agreement* as follows:

- Block 1: Enter Borrowers Case Number
- Block 4: Enter 241
- Block 7: Enter the Promissory Note Rate
- Block 8: Enter the Interest Credit Rate
- Block 9: Enter the difference between Block 7 and 8.

This form will be completed for the sole purpose of assisting the Finance Office in the tracking of Interest Credit and will therefore, not be completed in accordance with the *FMI* or signed by the borrower. This form will be submitted to the Finance Office when the *Form RD 1980-19, Guaranteed Loan Closing Report* is submitted as described in paragraph 4.18.

4.11 LENDER REVIEW OF THE BORROWER SUBMISSIONS

The lender must review all elements of the proposed project prior to submission of an application to the State Office for review. The lender must certify to the Agency that program requirements have been met and highlight significant information for Agency review.

A. Borrower Eligibility

The lender will review the following documents submitted by the borrower and assess whether they adequately establish that the borrower meets the eligibility criteria of Chapter 3, Section 3.

1. Acceptable Borrower Entity

The lender review will determine whether the borrower is an acceptable borrower entity by reviewing the following documents.

- **Draft organizational documents.** The organizational documents or Certificate of Good Standing, if the borrower is an existing organization.
- **Certification Regarding Debarment.** The lender will have already checked the list of debarred individuals against the applicant’s *Form RD 1944-37* when the project proposal was first submitted. This certificate by the borrower on *Form AD-1047* or *AD-1048* must confirm the borrower’s status as an entity in good standing with the Federal government.

2. Identity of Interest Disclosure

The lender will review the identity of interest disclosures in order to understand the borrower entity. *Form RD 1944-30* and *Form RD 1944-31* must be crosschecked. *Form RD 1944-30* must disclose all identity of interest companies and the lender must verify that each such disclosed company has completed a *Form RD 1944-31*.

3. Borrower Certification Regarding Debt Collection

The borrower must sign *Form RD 1910-11* to certify to their understanding of the collection policies that will be taken by the government to recover delinquent or defaulted debts. The lender must ensure that this form is included in the application and signed.

B. Project Eligibility

The lender must ensure that the property meets all program requirements.

1. Property Requirements

In reviewing the application, the lender must determine that any site or design issues and any issues raised by the due diligence report (relating to potential contamination from hazardous substances, hazardous wastes, and petroleum products), have been identified and resolved in a manner consistent with Agency requirements. If they cannot be resolved at the time of application, the lender must notify the Agency and propose an appropriate remedy.

The lender will submit the design development or final plans and construction documents to the RHS State Architect who will review them and concur with its compliance with program design requirements.

2. Clear Title and Necessary Local Approval

The preliminary title report is a part of the application. The lender must make sure that it does not show any encumbrances to the title that would affect the lender’s ability to obtain a first lien.

The lender must ensure that all the necessary State or local approvals have been obtained, including proper zoning and necessary utility rights.

C. Project Feasibility Analysis

The lender must carefully review the borrowers proposed cost estimates to ensure that project costs are reasonable and customary for the type of project.

1. SAUCE

The Agency SAUCE program is a software tool to help underwriters determine whether the projected income stream will match projected costs. The State Office must conduct a feasibility analysis using SAUCE. If the projected income and costs do not match fairly evenly, the lender or borrower must revise the project costs and rent structure to bring the two in line or the project is not feasible.

2. Adequacy of the Operating & Maintenance Reserve

All borrowers must contribute cash from their own resources prior to loan closing in an amount equal to at least 2 percent of the loan amount as operating & maintenance reserve (or provide the lender with a letter of credit, as provided by Paragraph 3.10 C., in lieu of a cash contribution). The lender must provide the State Office with proof of deposit for the initial payment into the operating & maintenance reserve account. State Office staff should verify that the initial payment for operating & maintenance reserves has been made in accordance with the Reserve Account Agreement or any other mortgage document governing operating & maintenance reserve accounts. State Office staff will monitor the balance in the operating & maintenance reserve account on an annual basis from the lender's Annually Audited Financial Statements to verify consistency with the Reserve Account Agreement or other relevant mortgage documents.

The materials and equipment that are typically funded by the operating & maintenance reserve amount include, but are not limited to, property and liability insurance premiums, fidelity bond premiums when the borrower is an organization, utility installation charges and deposits, maintenance equipment, lease forms, loan payments that may become due during construction, purchase of office equipment and furniture, community room furnishing, other movable equipment and furnishing, congregate items, advertising expenses, management fees, etc.

The operating & maintenance reserve funds will be kept in a separate account and held by the lender. The lender must ensure that the items are necessary for the project, and the costs are similar to other comparable projects in the area. The lender will authorize all disbursement of funds from the operating & maintenance reserve account as needed prior to utilization. The lender may release any remaining funds from the operating & maintenance reserve account only in accordance with Paragraph 3.10 C.

3. Management Systems

The lender must certify that the borrower has adequate systems to manage the property successfully in accordance with Agency requirements.

In order for an application to be approved, borrowers must show that they will provide professional management to ensure the successful operation of the project. The lender must evaluate the acceptability of the management proposed for the project by analyzing *Form HUD 9832* and the proposed management plan. Chapter 8 provides details on how to evaluate the management profile information.

4.12 AGENCY REVIEW OF THE LOAN GUARANTEE APPLICATION

The analysis conducted at this stage is intended to verify and document feasibility and eligibility. Any changes to the proposal submitted in response to the NOFA must be carefully considered to ensure that the project continues to meet the selection and priority criteria. The application review consists of eight parts.

A. Determination that the Loan Guarantee Application Package is Complete

The Agency will determine if the lender has submitted all of the required application documentation and met the conditions in the NOFA.

B. Environmental Review by Agency

The State Office or RHS delegated processing office will complete an environmental review in accordance with the National Environmental Protection Act of 1969 (as amended) and RD Instruction 1940-G prior to taking any official action on an application for a loan guarantee. The RHS processing office will begin the environmental review process as soon as *Form RD 1940-20* and supporting documentation is received from the lender and borrower. The required information that must be provided by the lender and borrower is listed under Paragraph 4.9 B.

C. Civil Rights Impact Analysis

The Agency will conduct civil rights impact analyses to determine whether proposed actions will negatively and disproportionately affect minorities, women, or persons with disabilities, who are employees, program beneficiaries, or applicants for employment or program benefits in USDA conducted or assisted programs, by virtue of their race, color, sex, national origin, religion, age, disability, or marital or familial status. At the time of the site visit, a trained staff member will complete *Form RD 2006-38, Civil Rights Impact Analysis Certification*. The State Civil Rights Coordinator and, as necessary, the State Environmental Coordinator, will be consulted if problems are noted. RD Instruction 2006-P provides further guidance on these requirements.

D. Review of Other Federal Requirements

The Agency will determine that all Civil Rights Impact Analysis Certifications and all other Federal requirements, including intergovernmental review (RD Instruction 1940-J) and flood insurance requirements (RD Instruction 426.2), have been met prior to taking any official action on an application for a loan guarantee.




E. Review of Affirmative Fair Housing Marketing Plan (AFHMP)

As part of the application, borrowers (except when the borrower is a Federally recognized Indian tribe and the housing units will be located on land over which the tribe has sovereignty/civil jurisdiction) must submit to the lender *Form HUD 935.2* to describe their marketing plan for the project. The intent of this plan is to ensure that eligible persons and families are made aware of the availability of GRRHP multifamily rental housing units. While the lender must review the submission, the Agency must approve and sign this form.

The lender will use Exhibit 4-2 when reviewing the AFHMP. This exhibit describes the plan and provides guidance on what to look for in each part. The Agency may require revisions to the plan if any changes need to be made based on the Agency review.

Required AFHMP Attachments



- Copies of the specific pages(s) from the census report on which the plan was based
- Photograph or drawing of the project sign
- Copies of the newspaper advertisement or sample of proposed advertisement
- Sample community contact letters
- Brochures, leaflets, or handouts used
- Written instructions provided to staff concerning Federal, State, and local fair housing laws and regulations as well as concerning the AFHMP

Exhibit 4-2

**Actions to be Taken By Lender in Reviewing
the Affirmative Fair Housing Marketing Plan**

- A. Part 1 of the plan provides general information about the borrower and the project's location.
 - 1. Make sure the Census Tract is identified. Copies of the specific page(s) from the census report on which the plan was based must be attached. The areas considered to be the market area should be identified (highlighted) by the borrower.
 - 2. Information on the rental rates should indicate the lowest to the highest rents. If there is rental assistance, the lowest rent should be shown as zero.
- B. Part 2 of the plan indicates whether the market area is a minority, non-minority, or mixed area. Verify that the response corresponds directly to the census data.
- C. Part 3 of the plan indicates the groups toward which the marketing efforts are going to be directed. It should also correspond directly with the census data and the community contacts that are identified.
- D. Part 4 describes the marketing program.
 - 1. Ensure that the borrower has indicated they will advertise on an annual basis.
 - 2. Check to see if minority newspapers have been considered as part of the advertising plan.
 - 3. Make sure the borrower has attached a sample of the proposed advertisement.
 - 4. Review any copies of brochures, leaflets, or handouts the borrower intends to use. Review them to ensure the equal housing opportunity statement, logo, or slogan is used.
 - 5. A photo or rendering of the project sign must be provided. The dimensions of the project sign must be indicated and described in terms of feet and/or inches. The logo and the words "Equal Housing Opportunity" must be distinguishable in the photo or rendering. If it does not appear, recommend use of the accessibility logo.
 - 6. The proposed community contacts must reflect efforts directed towards groups identified in Part 3. Ensure each blank in this section is completed (address, phone numbers, etc.). The frequency of contacts must be stated, at a minimum, as "at least once annually" or "(date) and annually thereafter." Sample community contact letters must be attached.
- E. Part 5 describes future marketing activities. Make sure the borrower has indicated future marketing activities that include, as a minimum, "Newspapers, site sign, and community contacts."
- F. Part 6 describes the borrower's experience and the instructions given to staff regarding fair housing marketing. Make sure that the borrower has attached the instructions given to staff concerning Federal, State, and local fair housing laws and regulations, as well as instructions concerning the Affirmative Fair Housing Marketing Plan.
- G. Part 7 describes additional considerations that are planned to outreach to groups not previously mentioned in the plan or to groups identified as least likely to apply for the housing. If this plan is for an elderly project, the borrower must have included community contacts for the disabled, who are also eligible to reside at the project. If for a family project, make sure they have included efforts to make the units with special design features known to mobility impaired persons.
- H. Part 8 is the signature block. It must be signed by the legal borrower or by the borrower's agent.

F. Decision on Interest Credit Subsidy Awards

The processing office will review any information justifying the request for interest credit and have final determination on whether interest credit will be reserved for the project.

G. Decision on the Guarantee Amount

The guarantee amount will be negotiated between the lender and the processing office, up to 90 percent of the loan amount. To obtain a 90 percent guarantee, the property must meet all program requirements and be determined to be an average or better than average risk. Factors affecting this determination include:

- A debt service coverage ratio at or above 1.15 and a loan to value ratio at or below 90 percent.
- A strong market area, as indicated by a market vacancy factor of 5 percent or less for units renting at economic rents.
- A financially strong borrower and ownership entity, as evidenced by the borrower credit rating.
- An owner or members with extensive experience in the operation of similar housing.

If the lender has proposed a project, which is not qualified for a 90 percent guarantee, the lender may ask the State Office to consider a lesser guarantee.

H. Determination that the Loan is Acceptable for a Conditional Commitment

The lender must underwrite the loan and determine that it is a sound investment. The Agency will review the lender's underwriting and determine if the proposed guaranteed loan meets all program requirements. Such requirements include but are not limited to:

- The lender has certified that the proposed loan amount (for such part of the property that may be attributable to dwelling use) and the applicable maximum per unit dollar amount limitations under section 207(c) of the National Housing Act have been exceeded;
- The proposed loan term, including construction is not more than 40 years, but not less than 25 years;
- The proposed sources and uses of funds comply with the use of proceeds and lien;
- The loan to value ratio does not exceed program limits;
- The Agency guarantee percentage does not exceed 90 percent;

- The borrower has contributed at least 2 percent of the loan amount for operating & maintenance reserves (or provided the lender with a letter of credit, as provided by Paragraph 3.10 C., in lieu of a cash contribution);
- If the Agency is providing a construction guarantee, a construction contingency reserve will be established and funded prior to or at the closing of the construction guarantee;
- The proposed interest rate is not higher than the limit published in the NOFA; and
- The proposed interest credit rate is not lower than the published Long Term Monthly AFR.

4.13 AGENCY DECISION

The State Office will review, assess and approve applications. An application, which the State Office determines to be acceptable for a guarantee, with any one of the following criteria must first be sent to the Director of Multi-Family Housing Processing Division at the National Office for review and concurrence prior to State Office approval. These criteria include any one of the following: (1) congregate care facilities for any loan amount; (2) a property with a loan to cost (LTC) or loan to value (LTV) of 75 percent or higher; or (3) an application for a loan amount greater than \$5 million. Applications that are sent to the National Office for review and concurrence must be accompanied by the State Office’s written assessment of the application. An application that has been determined by the State Office NOT to be acceptable for a guarantee, should NOT be sent to the National Office for review and concurrence. In this case, the State Office will send to the lender his/her appeal rights along with the rejection letter explaining the reasons for rejection. Decisions on applications will normally be rendered within 60-120 calendar days of receipt of a complete application. In most cases, the Agency will be able to notify the lender of its decision in about 75 calendar days, however, the timing will vary depending on the intergovernmental review and the environmental assessments. If an application is determined ineligible to receive a conditional commitment, it will be returned to the lender.

SECTION 4: ISSUANCE OF CONDITIONAL COMMITMENT

4.14 GENERAL REQUIREMENTS

A conditional commitment to guarantee the loan will be made upon an Agency determination that:

- The borrower and the lender are both eligible to receive a guarantee under the GRRHP;
- All other program requirements have been met;
- The lender has determined that the project is financially feasible and made a conditional loan commitment;
- The Agency has completed a satisfactory environmental review required under the National Environmental Policy Act, in accordance with RD Instruction 1940-G; and

- The application fee has been paid.

Form RD 3565-2, Conditional Commitment is an agreement between the Agency and the lender in which the Agency agrees to guarantee the loan at a future date, if the conditions in the commitment are met within the term specified in the Conditional Commitment. Simultaneous with the issuance of a Conditional Commitment, the State Office will execute *Form RD 1940-3, Request for Obligation of Funds Guaranteed Loans* and *Obligation Request for Section 538 Loans* for the proposed project, which will be sent by the National Office to the state office at the beginning of each fiscal year. This form provides the National Office with project specific information not available in *Form RD 1940-3, Request for Obligation of Funds Guaranteed Loans*.

These forms will be faxed to program staff at the National Office for approval by the Division Director. National Office staff will obligate funds to the project in the Guaranteed Loan System (GLS) and provide a copy of the approved *Form RD 1940-3, Request for Obligation of Funds*, to the Finance Office for their records.

If a project cannot meet all of the above conditions, then a conditional commitment will not be issued to the lender and funds will not be obligated to the project.

4.15 TERMS OF CONDITIONAL COMMITMENT

The conditional commitment is valid for the length of time specified in the commitment letter not to exceed 24 months which is the maximum term of the commitment. If a commitment has been issued for fewer than 24 months, it may be extended up to 24 months. Up to two extensions of 60 to 90 calendar days each may be requested prior to the expiration of the commitment on the end of the 24th month. The Agency will charge a flat fee of \$500 for each extension of the commitment. Any extension which would result in material changes to the proposed financing interest rate will require a re-underwriting by the lender and a review by the Agency.



A. Subsidy Layering Review

Because the loan guarantee and interest credit subsidies are government resources, the Agency must conduct a subsidy layering review. The SAUCE review completed by the lender as part of the application will be reviewed by the Agency in accordance with Paragraph 3.25 D.3. at the conditional commitment stage, with an updated review at the permanent loan closing.

B. Guarantee Fee

At the issuance of the Loan Note Guarantee, the lender must pay a loan guarantee fee. The Guarantee Fee is calculated as 1% of the note principal amount times the percentage of guarantee. Although the fee is paid by the lender, it may be passed on to the borrower.

Calculation of the guarantee fee is discussed in Chapter 6. The guarantee fee is to be collected by the State Office at closing of the loan and transmitted to the Finance Office on *Form RD 451-2, Schedule of Remittances*. Code "30" should be entered into the "Miscellaneous Collection" box and it should be coded as a regular payment (R) in column #1. The check and Form RD 451-2 will be sent to: Wholesale Lock Box, P.O. Box 845084, Dallas, TX 75284-5084. Payment of the application fee and the annual renewal fee submitted by the lender will be handled in the same manner.

C. Transactions Backed by Ginnie Mae

Lenders who intend to have the GRRHP loan securitized by Ginnie Mae will inform the State Office of their intentions. State Office staff will include a condition to the Conditional Commitment for loans that will be securitized by Ginnie Mae stating the following:

"The lender must certify, in writing, that the loan amount guaranteed shall not be greater than 50% of total development costs."

D. Termination of the Conditional Commitment

The conditional commitment will expire if the terms are not met or if the lender decides not to originate the loan.

- **Withdrawal of an Application.** The lender must notify the State Office immediately of its intention to withdraw an application. In this case, the Agency will retain the loan application fee. The State Office will prepare *Form RD 1940-10, Cancellation Of U.S. Treasury Check and/or Obligation* and fax it to the National Office to request the de-obligation of funds to the project. National Office staff will de-obligate the funds to the project in the GLS, so that it may be used to fund another project. The de-obligation request will be faxed to the State Office with the date and initials of the person who de-obligated the funds.
- **Lapse of commitment.** If the loan guarantee is not issued within the period specified in the commitment letter, the commitment will automatically expire. On a case-by-case basis, the State Office may allow extensions of the loan commitment period. The lender must submit a written justification for the extension, which may be granted by the State Office if it appears the project can reasonably be completed within the extension period and failure to timely complete was beyond control of lender and borrower. The Agency will charge a flat fee of \$500 for this extension/reopening of the application.

E. Substitution of Lender

There are some circumstances, such as bank mergers, which require a substitution of

lender, and a transfer of conditional commitment from one lender to another. A transfer of a commitment is permitted if the transfer and the substitute lender are approved by the State Office and the substitute lender agrees to the underwriting terms approved in the conditional commitment. The substituted lender must provide the State Office with written approval from the original lender for the substitution and the transfer of the application and supporting documentation to the substituted lender. To obtain Agency approval, the borrower and substitute lender must certify that there are no changes in the borrower's ownership or control and that the loan purposes and all other elements of the application supporting the conditional commitment remain the same.

F. Lender's Agreement

The lender must execute for *Form RD 3565-3, Lender's Agreement*, prior to the issuance of the loan guarantee, unless a current *Form RD 3565-3* is already on file with the Agency. The lender signs the Lender's Agreement with the State Office, which processes and closes the lender's first Loan Note Guarantee. The State Director or his designee will sign the Lender's Agreement on behalf of the Agency. The State Office will keep the original copy of the Lender's Agreement on file. State Office staff are directed to send a copy of the duly signed Lender's Agreement to National Office program staff for the file. Once a lender has a signed Lender's Agreement with the Agency, a copy of *Form RD 3565-3* must be included in each subsequent submission of NOFA responses for proposed projects.

G. Loan Note Guarantee Agreement

Form RD 3565-4, Loan Note Guarantee, is the only form used to execute the construction guarantee and the permanent guarantee. For a permanent loan guarantee, the guarantee becomes effective upon execution of the form by the State Director and the lender. For a construction guarantee, the guarantee for the construction loan becomes effective when funds are first drawn down. The construction guarantee converts to a permanent guarantee when the State Office gives written confirmation to the lender of the conversion date, which is based on meeting the requirements for a permanent guarantee, including satisfaction of the 90% occupancy requirement for 90 days or an additional operating reserve equal to 2% of the appraised value of the project or total development costs, whichever is greater. The additional reserve must be established and a schedule for funding it must be provided to the Agency prior to the closing of the construction loan. It must be fully funded prior to the closing of the permanent loan guarantee. The State Office will provide the Finance Office and National Office with a copy the written confirmation of conversion for their records.

SECTION 5: RESPONSE TO THE CONDITIONAL COMMITMENT AND LOAN CLOSING

4.16 GENERAL CONDITIONS

Once a lender receives a conditional commitment from the State Office, the lender must respond to the conditions detailed in that commitment within 60 calendar days of receipt. When all of the conditions are resolved and the other requirements outlined in Section 7 of this chapter are met, the Agency will issue a permanent guarantee.

As part of loan closing procedures, the state office must review the lender's underwriting calculations, proformas and mortgage documents for consistent use of the same interest rate in all documents. The lender must correct any discrepancy prior to loan closing.

Among the conditions specified in the conditional commitment, the lender must submit the following for State Office approval before loan closing occurs. Regional OGC review of these documents is mandatory for the issuance of the State's first Loan Note Guarantee and is encouraged thereafter.

- Final organizational documents for the borrower entity or Certificate of Good Standing, if applicable;
- An opinion letter from lender's Legal Counsel. (See Attachment 4-D); and
- A copy of the proposed closing documents (See Attachment 4-F).

4.17 DEVELOPMENT OF THE REGULATORY AGREEMENT

A regulatory agreement governing the relationship between the borrower and lender must be developed by the lender and executed by both the borrower and the lender. The regulatory agreement must contain the provisions specified in Paragraph 7.15. While the Agency will not be a party to the agreement, the agreement will state that the Agency may assume the role of the lender if necessary to force borrower compliance with the agreement.

As a part of the closing documents, the lender's attorney must certify that the regulatory agreement submitted for Agency review meets the requirements of this paragraph.

4.18 LOAN CLOSING

Once the closing documents have been approved by the State Office, the lender should prepare a closing statement showing how funds will be disbursed, and begin to coordinate and schedule the closing date for the loan. All conditions of the conditional commitment must be fulfilled prior to the issuance of the loan note guarantee. If the loan is a construction loan, then the requirements of Section 6 will apply and the construction guarantee will only cover advances

for construction. If the loan is a permanent loan, then the guarantee will be issued in accordance with Section 7. In addition to the regulatory agreement, *Form RD 3565-3, Lender's Agreement*, must be executed prior to the issuance of the guarantee. Once the loan is closed, *Form RD 1980-19, Guaranteed Loan Closing Report*, will be prepared by the lender, signed by both the lender and the State Office, and submitted to the Finance Office. If the loan will receive interest credit, *Form RD 3560-9, Multiple Housing Interest Credit and Rental Assistance Agreement*, will also be completed and submitted in accordance with Paragraph 4.10. *Forms RD 1980-19* and *3560-9* and the executed Loan Note Guarantee will be faxed to the Finance Office, ATTN: Guaranteed Loan Branch, (314) 457-4279 and to the National Office.

SECTION 6: GUARANTEE DURING CONSTRUCTION

4.19 CONSTRUCTION GUARANTEE

In the case of a construction loan, the construction guarantee will go into effect with the first draw of the construction loan (see Chapter 5). The construction guarantee is only intended to cover construction advances under the construction contract. The construction guarantee does not cover the rent-up period as construction advances do not cover operations during lease-up. Thus, the Agency will only guarantee the construction loan amount disbursed and expended during the construction phase. Disbursements that have been made without specific work in place are not guaranteed. The construction phase is complete when all certificates of occupancy are obtained. In the case of construction of multiple buildings, certificates of occupancy are to be obtained as the buildings are completed. In no case will the construction guarantee exceed 24 months from the date of issuance. Funds disbursed after the 24 months of construction are not covered by the guarantee.

In the case where the Agency has been requested to provide a construction guarantee and a permanent guarantee, the lender has the option to establish an additional conversion reserve and provide a schedule for funding the additional conversion reserve prior to closing the construction loan. The additional conversion reserve must be equal to no less than 2% of the appraised value of the project or total development cost, whichever is greater. If the lender opts to set up the 2% additional conversion reserve, the Agency will guarantee the guarantee from the construction loan to the permanent loan after all conditions for the permanent guarantee are fulfilled. The guarantee on the permanent loan will become effective when the Agency provides the lender with written confirmation of that date. If the lender does not establish and provide a schedule for funding the additional 2% conversion reserve prior to closing the construction loan with the borrower, and fund the additional conversion reserve in accordance with the schedule, the project must attain 90 percent occupancy for 90 days at pre rent-up assumptions before the Agency issues to the lender written confirmation of the effective date of the guarantee on the permanent loan. In this case, the lender will be without a guarantee from the time that construction is complete (all certificates of occupancy are issued) until the occupancy requirement 90 percent for 90 days and all other conditions in 7 CFR 3565.303(d) are met.

The Agency will guarantee construction advances by the lender, not to exceed 90 percent of the work in place, if the lender provides acceptable credit enhancements. Acceptable credit enhancements include any one of the following:

- Surety bonding or a performance and payment bond (the preferred enhancement).
- An irrevocable letter of credit acceptable to the Agency.
- A pledge by the lender of acceptable collateral.

Chapter 5 provides additional detail regarding the requirements for a construction guarantee.

SECTION 7: PERMANENT GUARANTEE

The requirements for issuing the permanent guarantee are identified below.

4.20 OCCUPANCY

The permanent guarantee may not go into effect until the lender has provided the State Office with copies of rent rolls showing occupancy levels at 90% for 90 days. The minimum level of occupancy is to be set for each transaction. In general, minimum level of occupancy means at least 90 percent occupancy for three months at the pro forma assumptions for rent and debt service coverage. In lieu of meeting the minimum level of occupancy, borrowers may establish an additional conversion reserve and provide a schedule for funding it at a level acceptable to the Agency prior to the closing of the construction loan. The additional conversion reserve will be at least 2% of the appraised value of the project or 2% of the total development cost, whichever is greater. This cash contribution is an additional amount, over and above the required initial operating and maintenance reserve contribution that is described in Paragraph 3.10 C.

If tax credits are used in conjunction with the GRRHP, the borrower must meet any occupancy requirements in the tax credit partnership agreement before the permanent guarantee is issued.

4.21 DOCUMENTATION REQUIREMENTS

The following documentation must be submitted for the permanent guarantee to be issued:

- A final appraisal prepared in accordance with the appraisal standards set forth in USPAP.
- A certificate of substantial completion executed by the architect, lender, contractor, and borrower.
- A certificate of occupancy from the local jurisdiction.
- A final inspection conducted by an Agency representative.
- A final cost certification.
- A certification from the borrower and lender that all parties involved in the pre-construction, site development and construction of the property have been paid in full.

- A complete closing docket for the permanent loan closing (see Attachment 4-F for requirements).
- Lender's Agreement executed by the lender (for lender's with the first loan note guarantee only).
- An updated necessary assistance review by the Agency.
- Evidence that the annual guarantee fee has been paid.
- Copy of Loan Note Guarantee executed by the Agency with written confirmation from state office of the effective date of the permanent guarantee (for construction/permanent loan guarantee only).

The state office will review all submitted documents and verify that the project is free and clear of liens prior to the issuance of the permanent guarantee.

SECTION 8: TERMINATION OF THE LOAN GUARANTEE

4.22 REASONS FOR TERMINATION

If the GRRHP loan is terminated or if the lender fails to comply with the program requirements, the guarantee will be terminated or not issued respectively. The guarantee will terminate under several circumstances identified below.

A. Repayment of the Loan

Once the loan note has been completely paid off, the loan guarantee will automatically terminate.

B. Payment of a Claim

Once a claim has been paid, the loan guarantee automatically terminates.

C. Voluntary Termination of the Guarantee Agreement by the Lender

If a guarantee agreement is voluntarily terminated by the lender, the program restrictions must remain in place unless approved by the National Office pursuant to Chapter 7.

D. Non-Compliance with Program Requirements

The loan guarantee may be terminated for non-compliance with the program requirements. The Agency will exercise its rights to cancel the guarantee only if the Agency has given the lender notice of the acts or omissions that it considers to constitute such grounds, specifying the applicable provisions of the Statute, Regulations, Loan Note Guarantee, or Lender's Agreement

- the lender has not cured the acts or omissions within 90 calendar days after such notice, and
- the acts or omissions can reasonably be expected to have a material adverse effect on the credit quality of the guaranteed mortgage or the physical condition of the property securing the guaranteed mortgage. If such acts or omissions cannot be cured within a 90 calendar day period, the 90 calendar day cure period automatically shall be extended so long as curative activities commence during the 90 calendar day period. At no time shall the curative period extend more than 270 calendar days of the expiration of the original 90 calendar day cure period. The lender will remain bound to all obligations under the Loan Note Guarantee, Lender's Agreement, and the Agency program regulations. Non-compliance with program requirements includes, but is not limited to:

1. Negligent Servicing

Failure to service the loan is a violation of program requirements (see Chapter 7). Negligent servicing is defined as the failure to perform services, which a reasonably prudent lender would perform in servicing its own portfolio of loans. This includes not only the concept of a failure to act, but also not acting in a timely manner, or acting in a manner contrary to that of a reasonably prudent lender.

2. Failure to Pay the Annual Fee

Guarantee may be reinstated upon payment of all past due annual loan guarantee fees. The Agency will charge interest penalties on any unpaid guarantee fee.

3. Improper Sale

If the Agency determines that the loan has been sold or otherwise transferred without Agency approval, the guarantee will be terminated.

E. Fraud

If the Agency determines that fraud took place on the part of the lender in the loan application process, the Agency may terminate the loan guarantee.

In the event of termination, the lender is required to reimburse the Agency for any unused interest credit. A termination is appealable under the adverse action procedures (see Paragraph 1.11).

(This page was intentionally left blank)

ATTACHMENT 4-A
SAMPLE -- NOTICE TO PROCEED WITH APPLICATION PROCESSING

John Dow
Vice President
Rural Mortgage Corporation
123 Farm Road
Ruraltown, USA 00000

RE: Section 538 Guaranteed Rural Rental Housing Program
Fiscal Year 0000 Notice of Funding Availability (NOFA) Selection

Applicant: Rural Partners, LP
Project Location: Adairsville, Georgia
Loan Amount: \$3,563,143
Interest Credit Score: 75 points

Dear Mr. Dow:

I am pleased to inform you that the above subject response has been selected for further processing with an interest credit award. The scoring threshold for an interest credit award is 65 points. Your project scored 75 points. As you have indicated in your NOFA response, the interest rate for the selected project will not exceed 250 basis points over the Long Term Monthly Applicable Federal Rate (AFR) at loan closing. In accordance with the NOFA, no more than \$1.5 million of the loan amount will receive an interest credit award. If the loan amount exceeds \$1.5 million, you are required to separate the loan amount that will receive interest credit from the loan amount that is not eligible for the interest credit award. A separate amortization schedule is necessary for each loan amount. Yearly payment of the interest credit award will be based a declining balance of the \$1.5 million loan amount.

This selection is not a commitment of a loan guarantee. A conditional commitment of guarantee will be issued after the application for loan guarantee has been successfully processed. The conditional commitment of guarantee and obligation of guarantee funds are awarded on a "first-come-first served basis." It is imperative that you complete an application for the selection as soon as possible.

- Please proceed with the development of an application for the subject response in accordance with Chapter 4 of HB-1-3565. Rural Development staff in the State Office in which the project is located will assist you in the application process. Please contact John Smith, Multi-Family Housing Program Director, (000) 000-0000 to arrange a meeting between you, the developer, the State Environmental Coordinator, State Architect or Engineer. Mr. Smith will

provide you with details concerning:

- The environmental assessment,
- Coordination of the application process, and
- Submission of the application fee.

A complete application and application fee for the subject response must be submitted to the State Office within 90 calendar days from the date of this letter. A delay in the submission of a complete application may result in the cancellation of the selection or interest credit award.

If you have any questions regarding the selection award, you may contact the Multi-Family Housing Processing Division, (202) 720-1604.

Sincerely,

Deputy Administrator
Multi-Family Housing

**ATTACHMENT 4-B
SAMPLE -- STATE OFFICE AWARD LETTER**

TO: _____
State Director
Rural Development
Anywhere, USA

FROM: _____
Administrator
Rural Housing Service

SUBJECT: Section 538 Guaranteed Rural Rental Housing Program Notice of Funding
Availability (NOFA) Selection for Fiscal Year 2004
Applicant: Rural Mortgage Corporation

We are pleased to forward to you this package containing the following NOFA response for the project located in your State. The subject request has been selected for further processing with an interest credit award as a result of our ongoing NOFA review.

Project: The Oaks of Adairsville
Location: Adairsville, Georgia
Loan Amount: \$3,563,143
Interest Credit Score: 75

The lender has been notified of this selection and advised to proceed in the development of the application for this loan as described in Chapter 4 of the Guaranteed Rural Rental Housing Program (GRRHP) Origination and Servicing Handbook (HB-1-3565). You were sent a copy of this letter under separate cover.

Your staff should begin working with the lender in the development of this application as soon as possible. As stipulated in the HB-1-3565, the application must be submitted within 90 calendar days from the date of the notification letter to the lender. Otherwise, the award may be cancelled.

The Agency's environmental review of the property, as required in accordance with RD Instruction 1940-G, must be initiated as early as possible. The environmental review must be prepared simultaneously with the development of the application package. The Agency cannot issue a conditional commitment prior to receipt of the \$2,500 application fee, completion of the environmental review, and publication of the Finding of No Significant Impact (FONSI), if appropriate, and the expiration of the public comment period.

The applicant will be expected to work with the Agency in the collection of environmental information. The applicant may also need to consult with appropriate Federal, State, and local regulatory agencies; assist in public involvement; and adopt mitigation measures to avoid adverse environmental impacts.

Applicants should be cautioned against taking any actions which limit the range of alternatives to be considered in the environmental assessment or which have an adverse effect on the environment.

Therefore, it is important that you promptly contact the lender to arrange a meeting between the appropriate State Office staff (Multi-Family Housing Program Director, the State Environmental Coordinator and the State Architect or Engineer), the lender, and the borrower/developer. This meeting should be held within 14 calendar days of this letter. Your staff should provide the lender and borrower with details concerning the following actions:

- The preparation of an environmental assessment,
- Coordination of the application process, and
- Submission of the complete loan application and the \$2,500 application fee.

If the lender is unresponsive to your requests for a meeting, you will need to send your request in writing and give the lender 14 calendar days to respond, or the invitation to submit an application for the loan note guarantee will be withdrawn.

After the meeting has taken place, your office should reiterate the issues discussed during the meeting in a letter to the lender, using the format of the attached sample letter. This letter should provide the lender with timeframes for submission of the application and other pertinent information that may be needed prior to the issuance of the conditional commitment. The lender should be given no more than 90 calendar days to submit the application and \$2,500 application fee. It is important to assist the lender in meeting these timeframes.

Attachments

ATTACHMENT 4-C

Section 538 GRRHP Application Checklist

This checklist is a consolidation of required information contained in the GRRHP Origination and Servicing Handbook for the completion of a GRRHP application.

The lender is responsible for preparing an application that is complete and accurate. The lender must submit the GRRHP application to the RHS State Office where the project will be located. The GRRHP application is comprised of two components: (1) a list of lender certifications and (2) exhibits and supporting information.

(1) The lender's certification will serve as assurance to the Agency that the borrower, the project, and the proposed financing meet the lender's standards for loan making. The lender must certify on the lender's letterhead the following:

- The information contained in the application is consistent with the lender's underwriting and loan making standards (HB-1-3565, section 4.9A).
- The lender has completed the lender's review as required by Paragraph 4.11 of the GRRHP Origination and Servicing Handbook and has identified any significant findings in a narrative attached to this certification (HB-1-3565, section 4.9A).
- The lender agrees to make a loan to the borrower for the proposed project, subject to the Agency's issuance of a guarantee (HB-1-3565, section 4.9A).
- The lender must provide to the Agency a certification from the borrower that the borrower is not under any state or federal order suspending or debaring participation in state or federal loan programs and that the borrower is not delinquent on any non-tax obligation to the United States (HB-1-3565, section 4.11 A(1) and (3)).
- The lender must certify that the proposed loan amount (for such part of the property attributable to dwelling use) and the applicable maximum per unit dollar amount limitations under section 207 (c) of the National Housing Act have not been exceeded (HB-1-3565, section 4.12H).
- The lender must certify that the owner and development team have the qualifications and experience sufficient to carry out development, management, and ownership responsibilities (HB-1-3565, section 4.8A).

- The lender must certify that the property is located in an eligible rural area (HB-1-3565, section 4.8A).
- The lender must certify that it has conducted due diligence and the results have been taken into consideration in the appraisal (HB-1-3565, section 4.8B).
- The lender must certify that it has reviewed and approved the management plan and agreement and confirmed that they are consistent with Agency requirements (HB-1-3565, section 4.9B(2)).

(2) Exhibits and Supporting Information:

Agency Forms to be included in the application package:

- Form RD 3565-1, Application for Loan and Guarantee (HB-1-3565, section 4.9B(1)).
 - Form RD 1940-20, Request for Environmental Information (HB-1-3565, section 4.9B(1)).
 - ATTACHMENT 4-G, Housing Allowances for Utilities and Other Public Services (HB-1-3565, section 4.9B(1)).
 - Form RD 1944-37, Previous Participation Certification (HB-1-3565, section 4.9B(1)).
 - Form RD 3560-30, Certification of No Identity of Interest (IOI), if applicable (HB-1-3565, section 4.9B(1)).
 - Form RD 3560-31, Identity of Interest Disclosure/Qualification Certificate, if applicable (HB-1-3565, section 4.9B(1)).
 - Form RD 1910-11, Applicant Certification, Federal Collection Policies for Consumer or Commercial Debts (HB-1-3565, section 4.9B(1)).
 - Form HUD 9832, Management Entity Profile Form (HB-1-3565, section 4.9B(1)).
 - Form HUD 935.2, Affirmative Fair Housing Marketing Plan (HB-1-3565, section 4.9B(1)).
 - AD 1047, Certification Regarding Debarment Suspension (HB-1-3565, section 4.9B(1)).
 - AD 1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier-Covered Transactions (HB-1-3565, section 4.9B(1)).
-

- FEMA Form 81-93, Standard Flood Hazard Determination (HB-1-3565, section 4.9B(2)).
- Form RD 1924-13, Estimate and Certificate of Actual Cost (HB-1-3565, section 4.9B(2)).
- Form RD 400-4, Assurance Agreement, (HB-1-3565, section 7.14C).

Other Required Supporting Information:

Borrower information:

- Financial statements with certification(s) (newly formed entities applying for a construction and permanent guarantee do not need to provide financial statements at the time of application) (HB-1-3565, section 4.9B(2)).
- Credit report for each principal and general partner of the entity, if a limited partnership or LLC member (HB-1-3565, section 4.9B(2)).
- Proposed limited partnership agreement and certificate of limited partnership (if applicable). Agency requirements should be contained in one section of the agreement and their location identified by the borrower or their attorney in a coversheet (HB-1-3565, section 4.9B(2)).
- If a limited liability company, Articles of Organization & Operating Agreement (HB-1-3565, section 4.9B(2)).

If the borrower is a nonprofit organization:

- Tax-exempt ruling from the IRS designating them as a 501(c)(3) or 501(c)(4) organization. If the designation is pending, a copy of the designation request must be submitted (HB-1-3565, section 4.9B(2)).
- Evidence of organization under State law, or copies of pending applications (HB-1-3565, section 4.9B(2)).
- List of Board members (HB-1-3565, section 4.9B(2)).

If a public body:

- The enabling statute; or the State law of organization (HB-1-3565, section 4.9B(2)).

Project Information:

- An application fee of \$2,500,(HB-1-3565, section 4.8B).
- An appraisal or market study (HB-1-3565, section 4.9B(2)).
- Project information including project name, location, number and type of units, the development team, property manager, lawyer, and syndicator. The development team includes the developer (including all principals), architect, and contractor (HB-1-3565, section 4.9B(2)).
- Capital Needs Assessment (for rehab loans only) (HB-1-3565, section 4.9B(2)).
- State Clearinghouse comments or recommendations (HB-1-3565, section 4.9B(2)).
- Site plan, including contour lines (HB-1-3565, section 4.9B(2)).
- Plot plan (HB-1-3565, section 4.9B(2)).
- Floor plan of each living unit type and other type spaces (HB-1-3565, section 4.9B(2)).
- Building exterior elevations (HB-1-3565, section 4.9B(2)).
- Typical building exterior wall section (HB-1-3565, section 4.9B(2)).
- Description and justification of any related facilities, and schedule of separate charges for related facilities, if any (HB-1-3565, section 4.9B(2)).
- Design development/working plans/construction specifications (HB-1-3565, section 4.9 (2)). Plans, specifications, and estimates must fully describe all of the work to be completed, including all landscaping, construction, repairs, and site development work. The plans must be clear and accurate, with adequate dimensions and sufficient scale for estimating purposes. Technical data, tests, or engineering evaluations needed to support the design of the development must be included (HB-1-3565, section 5.7).
- Management plan and proposed management agreement (HB-1-3565, section 4.9B(2)).

Financing Information:

- Lender's conditional commitment on the lender's letterhead with lender's signature (HB-1-3565, section 4.9B(2)).
-

- Lender's narrative (HB-1-3565, section 4.9B(2)).
- A copy of the pro forma budget detailing the first year and a typical year's operation (Proformas with and without the interest credit award will serve as justification for the interest credit award) (HB-1-3565, section 4.9B(2)).
- Disclosure of any change in financing since NOFA response submission (HB-1-3565, section 4.9B(2)).
- Type of utilities and utility allowances (Attachment 4-G), if applicable (HB-1-3565, section 4.9B(2)).
- Interest Credit Request, if applicable (see Paragraph 4.10) (HB-1-3565, section 4.9B(2)).

Required environmental information:

- Phase I Environmental Site Assessment Report, as prescribed by the American Society for Testing and Materials (HB-1-3565, section 4.9B(2)).
- Compliance with historic and architectural laws, if applicable (HB-1-3565, section 4.9B(2)).
- Comments regarding relevant off-site conditions (HB-1-3565, section 4.9B(2)).
- Land survey (HB-1-3565, section 4.9B(2)).

HB-1-3565

6. The Guaranty has been duly executed by the Guarantors and is a legal, valid and binding joint and several obligations of the Guarantors, enforceable in accordance with its terms, except to the extent that the enforceability (but not the validity) thereof may be limited by laws of bankruptcy, insolvency, or other laws generally affecting creditors' rights.
7. All necessary consents, approvals, or authorizations of any governmental agency or regulatory authority or of stockholders which are necessary have been obtained. The improvements and the use of the property comply in all respects with all Federal, State, and local laws applicable thereto.
8. (In cases involving subordinate or other than first lien position.) That the mortgage/deed of trust on Borrower's real estate and (fixtures, e.g. machinery and equipment) and the security interest on (type of collateral, e.g., machinery and equipment, accounts receivables and inventory) both given as security to the Lender for the Loan, will be subordinate to (first mortgage) given as security for a loan in the amount of \$_____ and the security interest in Borrower's (type of collateral, e.g., accounts inventory) given to (secured creditor) as security for a loan (state type of loan, i.e., revolving line of credit, if known) in the amount of \$_____.
9. That there are no liens, as of the date hereof, on record with respect to the property of Borrower other than those set forth above.
10. There are no actions, suits or proceedings pending or, to the best of our knowledge, threatened before any court or administrative agency against Borrower which could materially adversely affect the financial condition and operations of Borrower.
11. Borrower has good and marketable title to the real estate security free and clear of all liens and encumbrances other than those set forth above. I/we have no knowledge of any defect in the title of the Borrower to the property described in the Loan Instruments.
12. Borrower is the absolute owner of all property given to secure the repayment of the loan, free and clear of all liens, encumbrances, and security interests.
13. Duly executed and valid functioning statements have been filed in all offices in which it is necessary to file financing statements to fully perfect the security interests granted in the Loan Instruments.
14. Duly executed real estate mortgages/deeds of trust have been recorded in all offices in which it is necessary to record to fully perfect the security interests granted in the Loan Instruments.

15. (IN SOME OTHER CIRCUMSTANCES) The Indemnification Agreement has been duly executed by the Indemnitors and is a legal, valid and binding joint and several obligation of the Indemnitors, enforceable in accordance with its terms, except to the extent that the enforceability (but not the validity) thereof may be limited by laws of bankruptcy, insolvency, or other laws generally affecting creditors' rights.
 16. That the lease contains a valid and enforceable right of assignment and right of reassignment, enforceable in accordance with its terms, except to the extent the enforceability (but not the validity) thereof may be limited by laws of bankruptcy, insolvency, or other laws generally affecting creditors' rights.
 17. The Lender's lien has been duly noted on all motor vehicle titles, stock certificates or other instruments where such notations are required for proper perfection of security interests therein.
 18. That a valid pledge of the outstanding and unissued stock and/or shares of Borrower has been obtained and the Lender has a validly perfected and enforceable security interest in the shares/stock of Borrower, except to the extent the enforceability thereof may be limited by laws of bankruptcy, insolvency, or other laws generally affecting creditors rights.
-

ATTACHMENT 4-E

LETTER NOTIFYING LENDER OF INCOMPLETE NOFA RESPONSE

John Dow
Vice President
Rural Mortgage Corporation
123 Farm Road
Ruraltown, USA 00000

RE: Section 538 Guaranteed Rural Rental Housing Program
Fiscal Year 0000 Notice of Funding Availability (NOFA)

Dear Mr. Dow:

The Agency has received your NOFA response dated 00-00-0000. Unfortunately, we are unable to process your NOFA because the following information is missing:

- Missing documentation, and
- Missing information.

You are welcome to resubmit another NOFA response for the project prior to the closing date of the NOFA.

Sincerely,

Deputy Administrator
Multi-Family Housing

Enclosures

HB-1-3565

ATTACHMENT 4-F

**CLOSING DOCUMENTS TO BE SUBMITTED
AS PART OF THE FINAL APPLICATION**

After the conditional commitment for guarantee has been issued, the proposed closing documents will be prepared by the lender and forwarded to the Agency with the lender's counsel's opinion in the suggested format of Attachment 4-D. Prior to issuing the loan note guarantee, the State Director will forward the loan docket including all required documents to the Office of the General Counsel (OGC) for review unless otherwise directed by OGC. After an administrative review, the State Director will include with the docket a letter of recommendation indicating any special items, documents, or problems that need to be addressed. The docket will be assembled by the lender for OGC review in accordance with guidance listed below, and indexed and tabbed.

DOCUMENTS TO BE SUBMITTED FOR OGC REVIEW

- (1) Letter from RHS National Office authorizing loan guarantee and containing conditions (if applicable);
- (2) *Form RD 3565-2, Conditional Commitment*;
- (3) Promissory Notes;
- (4) Security documents - Real Estate Mortgage, Security Agreement, Financing Statements, and Leases (if applicable);
- (5) Personal or corporation guarantees with related security documents;
- (6) *Form RD 3565-3, Lender's Agreement*;
- (7) *Form RD 3565-4, Loan Note Guarantee*;
- (8) Opinion of Lender's Counsel in form prescribed by OGC (Attachment 4-D);
- (9) Regulatory Agreement with attached certification from the lender's attorney (see Paragraph 4.17); and
- (10) Deed Restriction or other recordable instrument acceptable to the Agency that declares that housing must remain available for occupancy by low and moderate income households for the original term of the guaranteed loan.

Do not submit for OGC review feasibility studies, title information, or the original application unless specifically requested to do so.

OGC will review the docket and furnish advice to the Agency on whether it may issue the loan note guarantee after the loan is closed. Such advice is for the benefit of the agency only and does not relieve the lender of its responsibilities under agency regulations. OGC at his/her option may attend the loan closing.

HB-1-3565

**PART II ALLOWANCES FOR UTILITIES AND SERVICES BILLED AND PAID
DIRECTLY BY TENANT**

TO: _____
Address of Tenant

Number of Bedrooms: _____

You will be billed directly for utilities and service charges. Below are the allowances credited in your rent for the payment of utilities. You may be billed for more or less than shown below depending on your use of utilities.

UTILITY OR SERVICE	PER MONTH EXPENSE
Heating	\$ _____
Air Conditioning	\$ _____
Cooking	\$ _____
Other Electric	\$ _____
Water Heating	\$ _____
Water	\$ _____
Sewer	\$ _____
Trash Collection	\$ _____
Other (Specify) _____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL	\$ _____

Signature of Borrower or Agent

Date

Planning Meeting Agenda

The purpose of this meeting is to present and discuss USDA Rural Development (Agency) requirements for developing a Guaranteed Rural Rental Housing project. Topics marked with an asterisk (*) include procedures that apply only when an Agency construction loan guarantee is combined with a permanent loan guarantee. Additional information on the topics may be provided in Agency administrative notices, guides, and other documents. The Agency will document the meeting with a list of attendees and note whether it took place in person or via conference call.

	TOPICS	REFERENCES		COMMENTS
		Regulation	HB-1-3565 / Other	
1.	Sites			
A.	Location	3565.251 and 1924.106(c)	3.12 and 3.13	
B.	Services / facilities		3.13	
C.	Professional services	1924.105(a)(2)	3.14	
D.	Site standards	1924.107(2) and 1924.108	3.14	
E.	Site density		3.15	
F.	Non-contiguous sites	3565.251(c)	3.16	
G.	Site control	3565.152	3.17	
2.	Environmental			
A.	NEPA process and responsibilities	3565.255 and 1940-G	3.18 and 5.8 and Chap. 4 and 11	
B.	Lender's Phase I ESA included in NEPA review	3565.254(b) and 1940-G	3.18 and 5.8 and 11.5	
C.	FEMA form 81-93	1806-B	11.5	
D.	Timing issues/scheduling	1940.331	Chap 4 and 11	
E.	Parties involved from local and state agencies	3565.254(b)	Chap 11	
F.	Lender documentation	3565.254(b)	Chap 11	
3.	Design			
A.	Property standards	3565.254(a) and 1924.5(d)(1)	3.20 and 5.3	
B.	Drawings and specifications	1924.5(d)(2) and 1924.13(c),(d)	4.4A1, 5.6. and 5.7	
C.	Professional services	3565.256 and 1924.13(a)	5.6	
D.	Agency Reviews	1924.5(h)	5.7	

Planning Meeting Agenda

	TOPICS	REFERENCES		COMMENTS
		Regulation	HB-1-3565 / Other	
E.	Plan certification	3565.256 and 1924.5(f)(1)	5.7 and 5.12	
F.	Life Cycle Costs Analysis		5.9	
4.	Accessibility			
A.	Americans with Disabilities Act (ADA) compliance	3565.251(d)	3.20.C and ADAAG	
B.	Van accessible parking space for on-site office and public spaces		ADAAG 4.1.2(5)(b)	
C.	Fair Housing Amendments (FHA) Act of 1988 compliance	3565.251(d)	3.20.C and FHA / AG	
D.	All common areas accessible		FHA / AG Sec. 5, Req. 2; and UFAS 4.1.3	
E.	All ground floor units adaptable.		FHA / AG Sec. 5, Req. 4	
F.	Section 504 of the Rehabilitation Act of 1973	7 CFR 15b and 3565.251(d)	3.20.C and UFAS	
G.	5% fully accessible units		UFAS 4.1.4(11)(b) and 4.34	
H.	Front loading washers		UFAS 4.34.7.2	
5.	Construction			
A.	Contract documents	1924.6(a) and 1924.13(e)(1)(ii)	5.9 and Exh 5.2 and 5.4	
B.	Pre Construction Conference	1924.6(a)(11)	5.2	
C.	Debarment / Suspension	1940-M	5.5	
D.	Procurement	3565.257		
E.	Insurance *		5.14	
F.	Inspections	3565.303(c)(3) and 3565.303(d)(4)	3.20 and 4.21 and 5.10 and 5.20	
G.	Substantial Completion	3565.303(d)(2)		
H.	Warranty	1924.12	5.11 and 5.21	
I.	Sureties *	3565.303(c)(2)	5.15 and 5.16	
J.	Payments *	1924-A, and 3565.303 (c)(3)	5.17 and 5.20 and 5.21	
K.	Change orders *	1924.10(c)	5.18	
L.	Cost Certification	3565.303(d)(5)	5.21	
M.	Annual inspections	3565.351(c)	7.13.A.2	

Planning Meeting Agenda

	TOPICS	REFERENCES		COMMENTS
		Regulation	HB-1-3565 / Other	
6.	Professional Mgmt. & Servicing			
A.	Affirmative Fair Housing Marketing Plan		7.14 A	
B.	Assurance Agreement		7.14 C	
C.	Title VI of Civil Rights Act of 1964		Exhibit 7-5	
D.	Occupancy Requirements		8.12 A, B, D, E	
E.	Tenant Grievances		8.14, 8.15	
F.	Pre-Rent Up Instructions		8.2 I	

Date _____

Location _____
(indicate if teleconference)

Attendees:

	Name	Contact Information
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____