

PART 1940 - GENERAL

Subpart L - Methodology and Formulas for Allocation of Loan and Grant  
Program Funds

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PART 1940 - GENERAL  
 Subpart L - Methodology and Formulas for Allocation  
 of Loan and Grant Program Funds

§1940.551 Purpose and general policy.

(a) The purpose of this subpart is to set forth the methodology and formulas by which the Under Secretary of Rural Development allocates program funds to the States. (The term "State" means any of the States of the United States, the Commonwealth of Puerto Rico, any territory or possession of the United States, or the Western Pacific Areas.) This subpart is inapplicable to Farm Service Agency, Farm Loan Programs.

(Revised 01-09-08, PN 417.)

(b) The formulas in this subpart are used to allocate program loan and grant funds to State Offices so that the overall mission of the Agency can be carried out. Considerations used when developing the formulas include enabling legislation, congressional direction, and administration policies. Allocation formulas ensure that program resources are available on an equal basis to all eligible individuals and organizations.

(c) The actual amounts of funds, as computed by the methodology and formulas contained herein, allocated to a State for a funding period, are distributed to each State Office by an exhibit to this subpart. The exhibit is available for review in any Rural Development State Office. The exhibit also contains clarifications of allocation policies and provides further guidance to the State Directors on any suballocation within the State. Rural Development will publish a Notice of Availability of Rural Housing funds in the Federal Register each year. (Revised 01-27-92, SPECIAL PN.)

§1940.552 Definitions.

(a) Amount available for allocations. Funds appropriated or otherwise made available to the Agency for use in authorized programs. On occasion, the allocation of funds to States may not be practical for a particular program due to funding or administrative constraints. In these cases, funds will be controlled by the National Office. (Revised 7-12-88, PN 89.)

(b) Basic formula criteria, data source and weight. Basic formulas are used to calculate a basic State factor as a part of the methodology for allocating funds to the States. The formulas take a number of criteria that reflect the funding needs for a particular program and through a normalization and weighting process for each of the criteria calculate the basic State factor (SF). The data sources used for each criteria are believed to be the most current and reliable information that adequately quantifies the criterion. The weight, expressed as a percentage, gives a relative value to the importance of each of the criteria.

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(c) Basic formula allocation. The result of multiplying the amount available for allocation less the total of any amounts held in reserve or distributed by base or administrative allocation times the basic State factor for each State. The basic formula allocation (BFA) for an individual State is equal to:

$$\text{BFA} = (\text{Amount available for allocation} - \text{NO reserve} \\ - \text{total base and administrative allocations}) \times \text{SF}.$$

(d) Transition formula. A formula based on a proportional amount of previous year allocation used to maintain program continuity by preventing large fluctuations in individual State allocations. The transition formula limits allocation shifts to any particular State in the event of changes from year to year of the basic formula, the basic criteria, or the weights given the criteria. The transition formula first checks whether the current year's basic formula allocation is within the transition range (+ or - percentage points of the proportional amount of the previous year's BFA).

$$\text{Transition Range} = 1.0 + \frac{\text{maximum } 20\%}{100}$$

$$\times \frac{(\text{Amount available for allocation this year} \times \text{State previous} \\ (\text{Amount available for allocation previous year}) \text{ year BFA})}{100}$$

If the current year's State BFA is not within this transition range, the State formula allocation is changed to the amount of the transition range limit closest to the BFA amount. After having performed this transition adjustment for each State, the sum of the funds allocated to all States will differ from the amount of funds available for BFA. This difference, whether a positive or negative amount, is distributed to all States receiving a formula allocation by multiplying the difference by the SF. The end result is the transition formula allocation. The transition range will not exceed 40% (+ 20%), but when a smaller range is used it will be stated in the individual program section.

(e) Base allocation. An amount that may be allocated to each State dependent upon the particular program to provide the opportunity for funding at least one typical loan or grant in each Rural Development State, District, or County Office. The amount of the base allocation may be determined by criteria other than that used in the basic formula allocation such as Agency historic data.

(f) Administrative allocations. Allocations made by the Administrator in cases where basic formula criteria information is not available. This form of allocation may be used when the Administrator determines the program objectives cannot be adequately met with a formula allocation.

(g) Reserve. An amount retained under the National Office control for each loan and grant program to provide flexibility in meeting situations of unexpected or justifiable need occurring during the fiscal year. The Administrator may make distributions from this reserve to any State when it is determined necessary to meet a program need or Agency objective. The Administrator may retain additional amounts to fund authorized demonstration programs. When such demonstration programs exist, the information is outlined in Exhibit A of this subpart (available in any Rural Development State Office). (Revised 7-12-88, PN 89)

(h) Pooling of funds. A technique used to ensure that available funds are used in an effective, timely and efficient manner. At the time of pooling those funds within a State's allocation for the fiscal year or portion of the fiscal year, depending on the type of pooling, that have not been obligated by the State are placed in the National Office reserve. The Administrator will establish the pooling dates for each affected program.

(1) Mid-year: This pooling addresses the need to partially redistribute funds based on use/demand. Mid-year pooling occurs near the midpoint of the fiscal year.

(2) Year-end: This pooling is used to ensure maximum use of program funds on a national basis. Year-end pooling usually occurs near the first of August.

(3) Emergency: the Administrator may pool funds at any time that it is determined the conditions upon the initial allocation was based have changed to such a degree that it is necessary to pool funds in order to efficiently carry out the Agency mission.

(i) Availability of the allocation. Program funds are made available to the Agency on a quarterly basis. In the high demand programs, it is necessary that specific instructions be given to the State Offices regarding the amount which is available for obligation during each quarter.

(j) Suballocation by the State Director. Dependent upon the individual program for which funds are being allocated, the State Director may be directed or given the option of suballocating the State allocation to District or County Offices. When suballocating the State Director may retain a portion of the funds in a State Office reserve to provide flexibility in situations of unexpected or justified need. When performing a suballocation the State Director will use the same formula, criteria and weights as used by the National Office.

(k) Other documentation. Additional instructions given to field offices regarding allocations.

§§1940.553 - 1940.559 [Reserved]

(Continued on page 13)

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(Revision 2)

(7-12-85) SPECIAL PN

§ 1940.560 Guarantee Rural Rental Housing Program.  
(Added 12-18-98, SPECIAL PN)

When funding levels are under \$100,000,000, all funds will all be held in a National Office reserve and made available administratively in accordance with the Notice of Funding Availability (NOFA) and program regulations. When program levels are sufficient for a nationwide program, funds are allocated based upon the following criteria and weights.

(a) Amount available for allocations. See § 1940.552(a) of this subpart.

(b) Basic formula criteria, data source and weight. See § 1940.552(b) of this subpart. Each factor will receive a weight respectively of 40%, 40% and 20%. The criteria used in the basic formula are:

(1) State's percentage of National rural population,

(2) State's percentage of the National number of rural households between 50 and 115 percent of the area median income, and

(3) State's percentage of National average cost per unit. Data source for the first two of these criterion are based on the latest census data available. The third criterion is based on the cost per unit data using the applicable maximum per unit dollar amount limitations under section 207(c) of the National Housing Act, which can be obtained from the Department of Housing and Urban Development. The percentage representing each criterion is multiplied by the weight assigned and totaled to arrive at a State factor.

RD Instruction 1940-L  
§ 1940.560(b)(3) (Con.)

State Factor = (criterion No. 1 x weight of 40%)+  
(criterion No. 1 x weight of 40%)+  
(criterion No. 1 x weight of 20%)

- (c) Basic formula allocation. See § 1940.552(c).
- (d) Transition formula. See § 1940.552(d).
- (e) Base allocation. See § 1940.552(e). Jurisdictions receiving administrative allocations do not receive base allocations.
- (f) Administrative allocations. See § 1940.552(f). Jurisdictions receiving formula allocations do not receive administrative allocations.
- (g) Reserve. See § 1940.552(g).
- (h) Pooling of funds. See § 1940.552(h).
- (i) Availability of the allocation. See § 1940.552(i).
- (j) Suballocation by the State Director. See § 1940.552(j).
- (k) Other documentation. Not applicable.

§§ 1940.561 - 1940.562 [Reserved]

§ 1940.563 Section 502 non-subsidized guaranteed Rural Housing (RH) loans.  
(Added 03-13-91, PN 159.)

- (a) Amount available for allocations. See § 1940.552(a) of this subpart.
- (b) Basic formula criteria, data source and weight. See § 1940.552(b) of this subpart. The criteria used in the basic formula are:
  - (1) State's percentage of the National number of rural occupied substandard units,
  - (2) State's percentage of the National rural population in places of less than 2,500 population,
  - (3) State's percentage of the national number of rural households between 80 and 100 percent of the area median income, and

## § 1940.563(b) (Con.)

(4) State's percentage of the national number of rural renter households paying more than 35 percent of income for rent. Data source for each of these criteria is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a basic State factor (SF) as follows:

$$\begin{aligned} SF = & (\text{criterion 1 x weight of 30 \%}) + \\ & (\text{criterion 2 x weight of 10 \%}) + \\ & (\text{criterion 3 x weight of 30 \%}) + \\ & (\text{criterion 4 x weight of 30 \%}) \end{aligned}$$

- (c) Basic formula allocation. See § 1940.552(c) of this subpart.
- (d) Transitional formula. See § 1940.552(d) of this subpart. The percentage range used for Section 502 guaranteed RH loans is plus or minus 15.
- (e) Base allocation. See § 1940.552(e) of this subpart. Jurisdictions receiving administrative allocations do not receive base allocations.
- (f) Administrative allocations. See § 1940.552(f) of this subpart. Jurisdictions receiving formula allocations do not receive administrative allocations.
- (g) Reserve. See § 1940.552(g) of this subpart.
- (h) Pooling of funds. See § 1940.552(h) of this subpart.
- (1) Mid-year: If used in a particular fiscal year, available funds unobligated as of the pooling date are pooled and redistributed based on the formula used to allocate funds initially.
- (2) Year-end: Pooled funds are placed in a National Office reserve and are available as determined administratively.
- (i) Availability of the allocation. See § 1940.552(i) of this subpart.
- (j) Suballocation by the State Director. See § 1940.552(j) of this subpart. Annually, the Administrator will advise State Director's whether or not suballocation within the State Office jurisdiction will be required for the guaranteed housing program.
- (k) Other documentation. Not applicable.

§ 1940.564 Section 502 subsidized guaranteed Rural Housing (RH) loans.  
(Added 03-13-91, PN 159.)

- (a) Amount available for allocations. See § 1940.552(a) of this subpart.
- (b) Basic formula criteria, data source and weight. See § 1940.552(b) of this subpart. The criteria used in the basic formula are:
  - (1) State's percentage of the National number of rural occupied substandard units,
  - (2) State's percentage of the National rural population in places of less than 2,500 population,
  - (3) State's percentage of the national number of rural households below 80 percent of the area median income, and
  - (4) State's percentage of the national number of rural renter households paying more than 35 percent of income for rent. Data source for each of these criteria is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a basic State factor (SF) as follows:  
$$\text{SF} = (\text{criterion 1} \times \text{weight of } 30\%) +$$
$$(\text{criterion 2} \times \text{weight of } 10\%) +$$
$$(\text{criterion 3} \times \text{weight of } 30\%) +$$
$$(\text{criterion 4} \times \text{weight of } 30\%)$$
- (c) Basic formula allocation. See § 1940.552(c) of this subpart.
- (d) Transitional formula. See § 1940.552(d) of this subpart. The percentage range used for Section 502 guaranteed RH loans is plus or minus 15.
- (e) Base allocation. See § 1940.552(e) of this subpart. Jurisdictions receiving administrative allocations do not receive base allocations.
- (f) Administrative allocations. See § 1940.552(f) of this subpart. Jurisdictions receiving formula allocations do not receive administrative allocations.
- (g) Reserve. See § 1940.552(g) of this subpart.

§ 1940.564 (Con.)

(h) Pooling of funds. See § 1940.552(h) of this subpart.

(1) Mid-year: If used in a particular fiscal year, available funds unobligated as of the pooling date are pooled and redistributed based on the formula used to allocate funds initially.

(2) Year-end: Pooled funds are placed in a National Office reserve and are available as determined administratively.

(i) Availability of the allocation. See § 1940.552(i) of this subpart.

(j) Suballocation by the State Director. See § 1940.552(j) of this subpart. Annually, the Administrator will advise State Director's whether or not suballocation within the State Office jurisdiction will be required for the guaranteed housing program.

(k) Other documentation. Not applicable.

§1940.565 Section 502 subsidized Rural Housing loans.

(a) Amount available for allocations. See §1940.552(a) of this subpart.

(b) Basic formula criteria, data source and weight. See §1940.552(b) of this subpart. The criteria used in the basic formula are:

- (1) State's percentage of the National number of rural occupied substandard units,
- (2) State's percentage of the National rural population,
- (3) State's percentage of the National rural population in places of less than 2,500 population,
- (4) State's percentage of the National number of rural households between 50 and 80 percent of the area median income, and
- (5) State's percentage of the National number of rural households below 50 percent of the area median income.

Data source for each of these criteria is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a basic State factor (SF)

$$\begin{aligned} SF = & (\text{criterion 1} \times \text{weight of } 25\%) + \\ & (\text{criterion 2} \times \text{weight of } 10\%) + \\ & (\text{criterion 3} \times \text{weight of } 15\%) + \\ & (\text{criterion 4} \times \text{weight of } 30\%) + \\ & (\text{criterion 5} \times \text{weight of } 20\%) \end{aligned}$$

(c) Basic formula allocation. See §1940.552(c) of this subpart.

(d) Transition formula. See §1940.552(d) of this subpart. The percentage range used for Section 502 subsidized RH loans is plus or minus 15.

(e) Base allocation. See §1940.552(e) of this subpart. Jurisdictions receiving administrative allocations do not receive base allocations.

(f) Administrative allocations. See §1940.552(f) of this subpart. Jurisdictions receiving formula allocations do not receive administrative allocations.

(g) Reserve. See §1940.552(g) of this subpart.

(h) Pooling of funds. See §1940.552(h) of this subpart.

(1) Mid-year: If used in a particular fiscal year, available funds unobligated as of the pooling date are pooled and redistributed based on the formula used to allocate funds initially.

(2) Year-end: Pooled funds are placed in a National Office reserve and are available as determined administratively.

(i) Availability of the allocation. See §1940.552(i) of this subpart.

(j) Suballocation by the State Director. See §1940.552(j) of this subpart. The State Director will suballocate funds to the District Offices and may, at his/her option, suballocate to the County Offices. The State Director will use the same basic formula criteria, data source and weight for suballocating funds within the State as used by the National Office in allocating to the States as described in §1940.565(b) and (c) of this section. The suballocations to District or County Offices will not be reduced or restricted unless written approval is received from the National Office in response to a written request from the State Director. The State Director's request must include the reasons for the requested action (e.g., high housing inventory and/or high housing delinquency).

(k) Other documentation. The percentage distribution of funds to the States by income levels is based on prevailing legislation.

§1940.566 Section 504 Housing Repair loans.

- (a) Amount available for allocations. See §1940.552(a) of this subpart.
- (b) Basic formula criteria, data source and weight. See §1940.552(b).  
The criteria used in the basic formula are:

- (1) State's percentage of the National number of rural occupied substandard units, and
- (2) State's percentage of the National number of rural households below 50 percent of area median income.

Data source for each of these criteria is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a basic State factor (SF).

$$SF = (\text{criterion No. 1} \times \text{weight of 50\%}) + (\text{criterion No. 2} \times \text{weight of 50\%})$$

- (c) Basic formula allocation. See §1940.552(c) of this subpart.
- (d) Transition formula. See §1940.552(d) of this subpart. The percentage range used for Section 504 Housing Repair Loans is plus or minus 15.
- (e) Base allocation. Not used.
- (f) Administrative allocations. See §1940.552(f) of this subpart. Jurisdictions receiving formula allocations do not receive administrative allocations.
- (g) Reserve. See §1940.552(g) of this subpart.
- (h) Pooling of funds. See §1940.552(h) of this subpart.
- (1) Mid-year: If used in a particular fiscal year, available funds unobligated as of the pooling date are pooled and redistributed based on the formula used to allocate funds initially.
- (2) Year-end: Pooled funds are placed in a National Office reserve and are available as determined administratively.
- (i) Availability of the allocation. See §1940.552(i) of this subpart.

(j) Suballocation by the State Director. See §1940.552(j) of this subpart. At the option of the State Director, Section 504 loan funds may be suballocated to the District Offices. When performing a suballocation, the State Director will use the same basic formula criteria, data source and weight for suballocating funds within the State as used by the National Office in allocating to the States as described in §1940.566(b) and (c) of this section.

(k) Other documentation. Not applicable.

§1940.567 Section 504 Housing Repair grants.

(a) Amount available for allocations. See §1940.552(a) of this subpart.

(b) Basic formula criteria, data source and weight. See §1940.552(b) of this subpart. The criteria used in the basic formula are:

(1) State's percentage of the National number of rural occupied substandard units,

(2) State's percentage of the National rural population 62 years and older, and

(3) State's percentage of the National number of rural households below 50 percent of area median income.

Data source for each of these criteria is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a basic State factor (SF).

$$\begin{aligned} SF = & (\text{criterion No. 1} \times \text{weight of } 33 \frac{1}{3}\%) + \\ & (\text{criterion No. 2} \times \text{weight of } 33 \frac{1}{3}\%) + \\ & (\text{criterion No. 3} \times \text{weight of } 33 \frac{1}{3}\%) \end{aligned}$$

(c) Basic formula allocation. See §1940.552(c) of this subpart.

(d) Transition formula. See §1940.552(d) of this subpart. The percentage range used for Section 504 Housing Repair grants is plus or minus 15.

(e) Base allocation. Not used.

(f) Administrative allocations. See §1940.552(f) of this subpart. Jurisdictions receiving formula allocations do not receive administrative allocations.

(g) Reserve. See §1940.552(g) of this subpart.

(h) Pooling of funds. See §1940.552(h) of this subpart.

(1) Mid-year: If used in a particular fiscal year, available funds unobligated as of the pooling date are pooled and redistributed based on the formula used to allocate funds initially.

(2) Year-end: Pooled funds are placed in a National Office reserve and are available as determined administratively.

- (i) Availability of the allocation. See §1940.552(i) of this subpart.
- (j) Suballocation by the State Director. See §1940.552(j) of this subpart. At the option of the State Director, Section 504 grant funds may be suballocated to the District Offices. When performing a suballocation, the State Director will use the same basic formula criteria, data source and weight for suballocating funds within the State as used by the National Office in allocating to the States as described in §1940.567(b) and (c) of this section.
- (k) Other documentation. Not applicable.

§1940.568 Single Family Housing programs appropriations not allocated by State. The following program funds are kept in a National Office reserve and are available as determined administratively:

- (a) Section 523 Self-Help Technical Assistance Grants.
- (b) Section 523 Land Development Fund.
- (c) Section 524 Rural Housing Site Loans.
- (d) Section 509 Compensation for Construction Defects.
- (e) Section 502 Nonsubsidized Funds.

§§1940.569 - 1940.574 Reserved.

§1940.575 Section 515 Rural Rental Housing (RRH) loans. (Revised 7-12-88, PN 89)

- (a) Amount available for allocations. See §1940.552 (a) of this subpart.
- (b) Basic formula criteria, data source and weight. See §1940.552 (b) of this subpart.

The criteria used in the basic formula are:

- (1) State's percentage of National rural population,
- (2) State's percentage of National number of rural occupied substandard units, and
- (3) State's percentage of National rural families with incomes below the poverty level.

Data source for each of these criterion is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight assigned and summed to arrive at a State factor (SF).

$$\text{SF} = (\text{criterion No. 1} \times \text{weight of } 33 \frac{1}{3}\%) + \\ (\text{criterion No. 2} \times \text{weight of } 33 \frac{1}{3}\%) + \\ (\text{criterion No. 3} \times \text{weight of } 33 \frac{1}{3}\%)$$

- (c) Basic formula allocation. See §1940.552 (c) of this subpart.
- (d) Transition formula. See §1940.552 (d) of this subpart.
- (e) Base allocation. See §1940.552 (e) of this subpart. Jurisdictions receiving administrative allocations do not receive base allocations.
- (f) Administrative allocations. See §1940.552 (f) of this subpart. Jurisdictions receiving formula allocations do not receive administrative allocations.
- (g) Reserve. See §1940.552 (g) of this subpart.
- (h) Pooling of funds. See §1940.552 (h) of this subpart.
- (i) Availability of the allocation. See §1940.552 (i) of this subpart.
- (j) Suballocation by the State Director. See §1940.552 (j) of this subpart.
- (k) Other documentation. Not applicable.

§1940.576 Rental Assistance (RA) for new construction. (Revised 7-12-88, PN 89)

- (a) Amount available for allocations. See §1940.552 (a) of this subpart.
- (b) Basic formula criteria, data source and weight. See §1940.575 (b) of this subpart.
- (c) Basic formula allocation. See §1940.552 (c) of this subpart.
- (d) Transition formula. See §1940.552 (d) of this subpart.
- (e) Base allocation. See §1940.552 (e) of this subpart.
- (f) Administrative allocations. See §1940.552 (f) of this subpart.  
Jurisdictions receiving formula allocations do not receive administrative allocations.
- (g) Reserve. See §1940.552 (g) of this subpart.
- (h) Pooling of funds. See §1940.552 (h) of this subpart.
- (i) Availability of the allocation. See §1940.552 (i) of this subpart.
- (j) Suballocation by the State Director. See §1940.552 (j) of this subpart.
- (k) Other documentation. Not applicable.

§1940.577 Rental Assistance (RA) for existing projects.

(a) Amount available for allocations. See §1940.552 (a) of this subpart. RA appropriated for existing projects will first be used to replace contracts expiring each fiscal year and for the first few months of the following fiscal year. This is done to assure continued RA funding. RA units not needed for replacement purposes will be used for existing multiple family housing projects experiencing servicing problems.

(b) Basic formula criteria, data source and weight. No formula or weighted criteria is used to allocate replacement RA. The basic allocation for replacement RA will be made based on the following:

(1) Criteria. This allocation is based on the estimated need to replace RA contracts expiring from the depletion of funds.

(2) Data source. The most accurate and current information available from Rural Development computerized data sources.

(c) Basic formula allocation. While no formula will be used, the basic allocation will be made to each State according to the need determined using the basic criteria.

(d) Transition formula. Not applicable.

(e) Base allocation. Not applicable.

(f) Administrative allocation. Not applicable.

(g) Reserve. See §1940.5522 (g) of this subpart. The National Office maintains a reserve adequate to compensate for the differences between actual and projected replacement activity. Units will be administratively distributed for existing housing to either satisfy previously unidentified replacement needs or address servicing situations. Units will be distributed to any State when the Administrator determines that additional allocations are necessary and appropriate.

(h) Pooling of funds. See §1940.552 (h) of this subpart. Units will be pooled at the Administrator's discretion.

(i) Obligation of the allocation. See §1940.552 (i) of this subpart. (Revised 7-12-88, PN 89)

(j) Suballocation by the State Director. See §1940.552 (j) of this subpart.

(k) Other documentation. Not applicable.

§1940.578 Housing Preservation Grant (HPG) program. (Revised 7-12-88, PN 89)

- (a) Amount available for allocations. See §1940.552 (a) of this subpart.
- (b) Basic formula criteria, data source and weight. See §1940.575 (b) of this subpart.
- (c) Basic formula allocation. See §1940.552 (c) of this subpart.
- (d) Transition formula. See §1940.552 (d) of this subpart.
- (e) Base allocation. See §1940.552 (e) of this subpart.
- (f) Administrative allocations. See §1940.552 (f) of this subpart.
- (g) Reserve. See §1940.552 (g) of this subpart.
- (h) Pooling of funds. See §1940.552 (h) of this subpart. Funds may be pooled after all HPG applications have been received and HPG fund demand by State has been determined. Pooled funds will be combined with the National Office reserve to fund eligible projects. Remaining HPG funds will be available for distribution for use under the Section 504 program.
- (i) Availability of the allocation. See §1940.552 (i) of this subpart.
- (j) Suballocation by the State Director. Not applicable.
- (k) Other documentation. Funds for the HPG program will be available for a limited period each fiscal year. Due to the requirements by law to allocate funds on a formula basis to all States and to have a competitive selection process for HPG project selection, Rural Development will announce opening and closing dates for receipt of HPG applications. After the closing date, Rural Development will review and evaluate the proposals, adjust State allocations as necessary to comply with the law and Program demand, and redistribute remaining unused HPG resources for use under Section 504 (as required by statute).

§ 1940.579 Multiple Family Housing appropriations not allocated by State.  
(Revised 06-07-99, SPECIAL PN.)

Funds are not allocated to States. The following program funds are kept in a National Office reserve and are available as determined administratively:

- (a) Section 514 Farm Labor Housing Loans.
- (b) Section 516 Farm Labor Housing Grants.

§§ 1940.580 - 1940.584 [Reserved]

(Continued on page 29)

§ 1940.585 Community Facility loans.

(a) Amount available for allocations. See §1940.552(a) of this subpart.

(b) Basic formula criteria, data source and weight. See §1940.552(b) of this subpart. (Revised 10-22-93, SPECIAL PN.)

(1) The criteria used in the basic formula are:

(i) State's percentage of national rural population - 50 percent.

(ii) State's percentage of national rural population with incomes below the poverty level - 25 percent.

(iii) State's percentage of national nonmetropolitan unemployment - 25 percent.

(2) Data source for each of these criterion is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a State factor (SF). The SF cannot exceed .05.

$$\begin{aligned} SF = & \text{(criterion (b)(1)(i) x 50 percent) +} \\ & \text{(criterion (b)(1)(ii) x 25 percent) +} \\ & \text{(criterion (b)(1)(iii) x 25 percent)} \end{aligned}$$

(c) Basic formula allocation. See §1940.552(c) of this subpart. States receiving administrative allocations do not receive formula allocations.

(d) Transition formula. See §1940.552(d) of this subpart. The percentage range for the transition formula equals 30 percent (+ 15%).

(e) Base allocation. See §1940.552(e) of this subpart. States receiving administrative allocations do not receive base allocations.

(f) Administrative allocation. See §1940.552(f) of this subpart. States participating in the formula base allocation procedures do not receive administrative allocations.

(g) Reserve. See §1940.552(g) of this subpart. States may request funds by forwarding a completed copy of Guide 26 of Subpart A of Part 1942 of this chapter (available in any Rural Development office), to the National Office. Generally, a request for additional funds will not be honored unless the State has insufficient funds to obligate the loan requested.

(h) Pooling of funds. See §1940.552(h) of this subpart. Funds are generally pooled at mid-year and year-end. Pooled funds will be placed in the National Office reserve and will be made available administratively.

(i) Availability of the allocation. See §1940.552(i) of this subpart. The allocation of funds is made available for States to obligate on an annual basis although the Office of Management and Budget apportions it to the Agency on a quarterly basis.

(j) Suballocation by the State Director. See §1940.552(j) of this subpart. State Director has the option to suballocate to District Offices.

(k) Other documentation. Not applicable.

§§1940.586 - 1940.587 [Reserved]

(Continued on page 35)

§ 1940.588 Business and Industry Guaranteed and Direct Loans.  
(Revised 04-25-03, SPECIAL PN.)

- (a) Amount available for allocations. See § 1940.552(a) of this subpart.
- (b) Basic formula criteria, data source and weight. See § 1940.552(b) of this subpart. (Revised 10-22-93, SPECIAL PN.)

(1) The criteria used in the basic formula are:

- (i) State's percentage of national rural population - 50 percent.
- (ii) State's percentage of national rural population with incomes below the poverty level - 25 percent.
- (iii) State's percentage of national nonmetropolitan unemployment - 25 percent.

(2) Data source for each of these criterion is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a State factor (SF). The SF cannot exceed .05.

$$\text{SF} = (\text{criterion (b)(1)(i) x 50 percent}) + \\ (\text{criterion (b)(1)(ii) x 25 percent}) + \\ (\text{criterion (b)(1)(iii) x 25 percent})$$

- (c) Basic formula allocation. See § 1940.552(c) of this subpart.
- (d) Transition formula. See § 1940.522(d) of this subpart. The percentage range for the transition equals 30 percent (+ 15%). (Revised 02-04-04, PN 370.)
- (e) Base allocations. See § 1940.552(e) of this subpart. Jurisdictions receiving administrative allocations do not receive base allocations.
- (f) Administrative allocations. See § 1940.552(f) of this subpart. Jurisdictions receiving formula allocations do not receive initial administrative allocations.

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§ 1940.588 (Con.)

(g) Reserve. See § 1940.552(g). States may request reserve funds from the B&I reserve when all of the state allocation has been obligated or will be obligated to the project for which the request is made.  
(Revised 04-25-03, SPECIAL PN.)

(h) Pooling of funds. See § 1940.552(h). Funds are pooled near fiscal year-end. Pooled funds will be placed in a reserve and made available on a priority basis to all States. (Revised 04-25-03, SPECIAL PN.)

(i) Availability of the allocation. See § 1940.552(i) of this subpart. There is a 6-day waiting period from the time project funds are reserved to the time they are obligated.

(j) Suballocation by the State Director. Suballocation by the State Director is authorized for this program. (Revised 04-25-03, SPECIAL PN.)

§ 1940.589 Rural Business Enterprise Grants. (Revised 08-20-92, SPECIAL PN.)

- (a) Amount available for allocations. See § 1940.552(a) of this subpart.
- (b) Basic formula criteria, data source and weight. See § 1940.552(b) of this subpart. (Revised 10-22-93, SPECIAL PN.)

(1) The criteria used in the basic formula are:

(i) State's percentage of national rural population - 50 percent.

(ii) State's percentage of national rural population with incomes below the poverty level - 25 percent.  
(Revised 04-25-03, SPECIAL PN.)

(iii) State's percentage of national nonmetropolitan unemployment - 25 percent.

(2) Data source for each of these criterion is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a State factor (SF). The SF cannot exceed .05.

$$\begin{aligned} SF = & \text{(criterion (b)(1)(i) x 50 percent) +} \\ & \text{(criterion (b)(1)(ii) x 25 percent) +} \\ & \text{(criterion (b)(1)(iii) x 25 percent)} \end{aligned}$$

- (c) Basic formula allocation. See § 1940.552(c) of this subpart.
- (d) Transition formula. See § 1940.522(d) of this subpart. The percentage range for the transition equals 30 percent (+ 15%). Revised 02-04-04, PN 370.)
- (e) Base allocation. See § 1940.552(e) of this subpart.
- (f) Administrative allocation. Not used.
- (g) Reserve. See § 1940.552(g). States may request funds by written request to the National Office. Generally, a request for additional funds will not be honored unless the State has insufficient funds to obligate from the State's allocation. The National Office may also consider requests to provide funds from the National Reserve for projects that will operate in multiple states. (Revised 04-25-03, SPECIAL PN.)

(h) Pooling of funds. See § 1940.552(h). Funds are pooled near fiscal year-end. Pooled funds will be placed in the National Office reserve and will be made available administratively. (Revised 04-25-03, SPECIAL PN.)

(i) Availability of the allocation. See § 1940.552(i) of this subpart. The allocation of funds is made available for States to obligate on an annual basis although the Office of Management and Budget apportions it to the Agency on a quarterly basis.

(j) Suballocation by the State Director. See § 1940.552(j) of this subpart. State Director has the option to suballocate to District Offices.

§ 1940.590 Community and Business Programs appropriations not allocated by State. (Revised and renumbered 7-12-88, PN 89.)

(a) Watershed Protection Loans, Resource Conservation and Development Loans, and Flood Protection Loans. State allocations will not be made for these type loans. Instead, obligating documents may be submitted to the Finance Office when a loan is approved. Only States that are authorized to process P.L. 534 loans may submit obligating documents to the Finance Office for that type loan. Resource Conservation and Development (RC&D) loan funds will be used in preference to community facility funds in designated RC&D areas for loan purposes included in Subpart A of Part 1942 of this chapter.

(b) Indian Land Acquisition. Control of funds will be retained in the National Office and allocated on an individual case basis. Requests for funds will be made to the Director, Community Facilities Division, when it is determined the loan can be approved.

(c) Nonprofit National Corporation Guaranteed Loans and Grants. Control of funds will be retained in the National Office. These funds are not available for obligation by States.

(d) Rural Development Loan Fund Relending Program. Control of funds will be retained in the National Office. These funds are not available for obligation by States.

(e) Technical Assistance and Training Grants. Control of funds will be retained in the National Office and allocated on a project case basis. These funds are not available for obligation by States.

(f) Emergency Community Water Assistance Grants. Control of funds will be retained in the National Office and allocated on a project case basis. Requests for funds will be made to the Director, Water and Waste Disposal Division. (Added 4-4-90, SPECIAL PN.)

(g) System for Delivery of Certain Rural Development Programs Panel Grants. Control of funds will be retained in the National Office and made available to eligible States. (Added 05-06-92, SPECIAL PN.)

(h) Television Demonstration Grants. Since this is a demonstration program, all funds are being retained in the National Office. Funds may be requested by sending in attachment 1, section C of RD Instruction 1942-G. (Added 08-20-92, SPECIAL PN.)

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(i) Section 306C WWD loans and grants in subpart E of part 4284 of this title. Control of funds will be retained in the National Office and allocated on a project case basis. Requests for funds will be made to the Director, Water and Waste Disposal Division. (Added 01-22-93, SPECIAL PN.)

(j) Rural Cooperative Development Grants. Control of funds will be retained in the National Office and allocated on a project case basis. Funds may be requested by sending in exhibit B of RD Instruction 4284-F. (Revised 08-07-97, SPECIAL PN.)

§ 1940.591 Community Program Guaranteed loans. (Revised 3-26-90, SPECIAL PN.)

(a) Amount available for allocations. See § 1940.552(a) of this subpart.

(b) Basic formula criteria, data source, and weight. See § 1940.552(b) of this subpart. (Revised 10-22-93, SPECIAL PN.)

(1) The criteria used in the basic formula are:

(i) State's percentage of national rural population - 50 percent.

(ii) State's percentage of national rural population with incomes below the poverty level - 25 percent.

(iii) State's percentage of national nonmetropolitan unemployment - 25 percent.

(2) Data source for each of these criterion is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a State factor (SF). The SF cannot exceed .05.

$$\text{SF} = (\text{criterion (b)(1)(i)} \times 50 \text{ percent}) + \\ (\text{criterion (b)(1)(ii)} \times 25 \text{ percent}) + \\ (\text{criterion (b)(1)(iii)} \times 25 \text{ percent})$$

(c) Basic formula allocation. See § 1940.552(c) of this subpart. States receiving administrative allocations do not receive formula allocations.

## § 1940.591 (Con.)

(d) Transition formula. The transition formula for Community Programs Guaranteed loans is not used. (Revised 3-26-90, SPECIAL PN.)

(e) Base allocation. See § 1940.552(e) of this subpart. States receiving administrative allocations do not receive base allocations.

(f) Administrative allocation. See § 1940.552(f) of this subpart. States participating in the formula base allocation procedures do not receive administrative allocations.

(g) Reserve. See § 1940.552(g) of this subpart. States may request funds by forwarding a request following the format found in Guide 26 of subpart A of Part 1942 of this chapter to the National Office. Generally, a request for additional funds will not be honored unless the State has insufficient funds from the State's allocation to obligate the loan requested. (Revised 3-26-90, SPECIAL PN.)

(h) Pooling of funds. See § 1940.552(h) of this subpart. Funds are generally pooled at mid-year and year-end. Pooled funds will be placed in the National Office reserve and will be made available administratively.

(i) Availability of the allocation. See §1940.552(i) of this subpart. The allocation of funds is made available for States to obligate on an annual basis although the Office of Management and Budget apportions it to the Agency on a quarterly basis.

(j) Suballocation by State Director. See §1940.552(j) of this subpart. State Director has the option to suballocate to District Offices.

(k) Other documentation. Not applicable.

§ 1940.592 Community Facilities Grants. (Added 04-07-97, SPECIAL PN.)

(a) Amount available for allocation. See § 1940.552(a) of this subpart.

(b) Basic formula criteria, data source, and weight. See § 1940.552(b) of this subpart.

(1) The criteria used in the basic formula are:

(i) State's percentage of National rural population - 50 percent.

(ii) State's percentage of National rural population with incomes below the poverty level - 50 percent.

(2) Data source for each of these criterion is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a State factor (SF).

$$\text{SF} = (\text{criterion (b)(1)(i)} \times 50 \text{ percent}) \\ + (\text{criterion (b)(1)(ii)} \times 50 \text{ percent})$$

(c) Basic formula allocation. See § 1940.552(c) of this subpart. States receiving administrative allocations do not receive formula allocations.

(d) Transition formula. The transition formula for Community Facilities Grants is not used.

(e) Base allocation. See § 1940.552(e) of this subpart. States receiving administrative allocations do not receive base allocations.

(f) Administrative allocation. See § 1940.552(f) of this subpart. States participating in the formula base allocation procedures do not receive administrative allocations.

(g) Reserve. See § 1940.552(g) of this subpart. States may request funds by forwarding Form Letter RD 3570-B-1 to the National Office. Generally, a request for additional funds will not be honored unless the State has insufficient funds from the State's allocation to obligate the grant requested.

(h) Pooling of funds. See § 1940.552(h) of this subpart. Funds are generally pooled at midyear and yearend. Pooled funds will be placed in the National Office reserve and will be made available administratively.

(i) Availability of the allocation. See § 1940.552(i) of this subpart. The allocation of funds is made available for States to obligate on an annual basis although the Office of Management and Budget apportions it to the Agency on a quarterly basis.

(j) Suballocation by State Director. See § 1940.552(j) of this subpart. State Director has the option to suballocate to area offices.

§ 1940.593 Rural Business Opportunity Grants. (Added 04-25-03, SPECIAL PN.)

(a) Amount available for allocations. See § 1940.552(a).

(b) Basic formula criteria, data source, and weight. See § 1940.552(b).

(1) The criteria used in the basic formula are:

(i) State's percentage of national rural population - 50 percent.

(ii) State's percentage of national rural population with incomes below the poverty level - 25 percent.

(iii) State's percentage of national nonmetropolitan unemployment - 25 percent.

(2) The data source for each criterion is based on the latest census data available. The percentage representing each criterion is multiplied by the weight factor and added to arrive at a State Factor (SF). The SF cannot exceed .05.

$$\text{SF} = \begin{aligned} &(\text{criterion (b)(1)(i)} \times 50 \text{ percent}) + \\ &(\text{criterion (b)(1)(ii)} \times 25 \text{ percent}) + \\ &(\text{criterion (b)(1)(iii)} \times 25 \text{ percent}) \end{aligned}$$

(c) Basic formula allocation. See § 1940.552(c).

(d) Transition formula. The transition formula is not used for Rural Business Opportunity Grants (RBOG).

(e) Base allocation. See § 1940.552(e).

(f) Administrative allocation. The administrative allocation is not used for RBOG.

(g) Reserve. See § 1940.552(g). States may request funds by submitting a copy of RD Instruction 4284-G, Exhibit A, to the National Office. Generally, a request for additional funds will not be honored unless the State has insufficient funds to obligate from the State's allocation. The National Office may also consider requests to provide funds from the National Reserve for projects that will operate in multiple states.

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(h) Pooling of funds. See § 1940.552(h). Funds are pooled near fiscal year-end. Pooled funds will be placed in the National Office reserve and will be made available administratively.

(i) Availability of the allocation. See § 1940.552(i). The allocation of funds is made available to States on an annual basis.

(j) Suballocation by the State Director. Suballocation by the State Director is authorized for this program.

§§ 1940.594 - 1940.600 [Reserved]

Attachments: Exhibits A, B, C, and D.

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ALLOCATION OF PROGRAM FUNDS

This exhibit provides the allocation for program funds and instructions for the use of those funds. Planning and the commitment of resources should be based on these allocations.

The methodology and formulas for the allocation of funds to the States is as stated in the Instruction. Only those areas where it was necessary to provide additional information have been addressed in this exhibit. Refer to the main body of this Instruction for all basic information on the allocation and use of program funds. Attachments 1 and 2 of this exhibit provide information on the various programs as follows:

Attachment 1 - Rural Business-Cooperative Service

Attachment 2 - Rural Housing Service

Part I - Rural Community Facilities Program

Part II - Multi-Family Housing (MFH)

Part III - Single Family Housing (SFH)

The fund control function is performed by the National Office. Fund control balances can be obtained on the State Office terminal through APROPTN, the acronym for the Appropriation Accounting System, on the Online Subsystem Selection Menu screen. Should you have any questions regarding your State's distribution balances, call the respective program division. You can monitor your distribution amount via the Detail File Appropriation Screen.

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Rural Business-Cooperative Service

I. General. This attachment details funding for programs administered by Rural Business-Cooperative Service. (Throughout this attachment the reference to "Agency" refers to Rural Development Rural Business-Cooperative Service).

A. Funding Computations. This attachment provides Fiscal Year (FY) 2012 State Office allocations for program funding. Allocation computations have been performed in accordance with §§ 1940.588 and 1940.589 of this Instruction. Every effort will be made to re-emphasize Rural Development's mission as a provider of affordable credit to those areas of greatest need.

B. Rural Area Eligibility. B&I Guaranteed Loans may be made to cooperative organizations in non-rural areas provided the primary purpose of the loan guarantee is for a facility that provides value-added processing for agricultural producers that are located within 80 miles of the facility and the applicant demonstrates that the primary benefit of the loan guarantee will provide employment for residents of a rural area.

Program assistance under the Rural Business Program Account (RBPA) is limited to rural areas, as defined in applicable program regulations, with the exceptions listed below. Note that the RBPA includes funding for the Business and Industry (B&I) Guaranteed Loan Program, Rural Business Enterprise Grant (RBEG) Program, and Rural Business Opportunity Grant (RBOG) Program. Until implementation of the 2010 Decennial Census data, the following areas will be considered rural for these programs only, unless otherwise limited or specified:

- City of Coachella, California, for loans and grants funded through the rural business and cooperative development programs in the RBPA account.
- County of Honolulu, Hawaii; the Secretary may designate any portion of the county as a rural area or eligible rural community that the Secretary determines is not urban in character: Provided, that the Secretary shall not include in any such rural area or eligible rural community any area included in the Honolulu Census Designated Place as determined by the Secretary of Commerce.

- Cities of Leavenworth and Lansing, Kansas, as separate geographic entities for purpose of REDLG. City of Northampton, Massachusetts (including individuals and entities with projects within the cities) eligible for loans and grants funded through the RBPA.
- City of St. Joseph, Missouri (for an application submitted by a farmer-owned cooperative for the purchase and operation of a facility beneficial to the purpose of the cooperative).
- City of Great Falls, Montana (for B&I).
- City of Berlin, New Hampshire, for loans and grants provided through the RBPA.
- Cities of Guymon, Shawnee, and Altus, Oklahoma, for loans and grants provided through the RBPA.
- Township of Bern, Pennsylvania (including individuals and entities with projects within the cities) eligible for loans and grants funded through the RBPA.
- Municipalities of Vega Baja, Manati, Guayama, Fajardo, Humacao, and Naguabo, Puerto Rico (including individuals and entities with projects within the Municipalities) shall be eligible for the RBPA loan and grant programs and IRP.
- The county of Lexington, South Carolina, shall be considered to be a rural area for the purpose of financing a farmers' market under the B&I in a local area that has rural characteristics as determined by the Secretary.
- Cities of Alamo, Mercedes, Weslaco, Donna, La Feria, Palmview, Pharr, Hidalgo, Alton, La Joya, Penitas, Schertz, Converse, and Cibolo, Texas (including individuals and entities with projects within the cities) eligible for loans and grants funded through the RBPA.
- County of Nueces, Texas (including individuals and entities with projects within the county), eligible under B&I for the purpose of financing a beef processing facility.

C. RBPA Budget Authority. The Agency does not have the authority to transfer FY 2012 appropriated funds between RBOG, RBEG and B&I programs in FY 2012. Under the Rural Business Program Account heading, the appropriations Act states "that sections 381E-H and 381N of the Consolidated Farm and Rural Development Act are not applicable to funds made available under this heading". Section 381-F of the Consolidated Farm and Rural Development Act is the section that authorizes State Directors to transfer funds between RBOG, RBEG and B&I programs. In accordance with the FY 2012 Appropriations Act, this authority is not available to FY 2012 RBPA appropriated funds.

D. Submitting Funding Requests. All requests must be electronically submitted to the National Office using the SharePoint site as provided in each program addressed in this attachment. All requests must include the most current version of the program-specific Legislative and Public Affairs (LAPAS) sheet which has been updated to include program specific data.

Requests for funding should not be submitted unless the project is ready to be obligated. **The Guaranteed Loan System (GLS) must be completed and ready for obligation including the number of jobs created and saved, businesses assisted, energy generated or saved and special initiative sections and codes completed properly.**

Funds for any project funded by Congressional Mandated funds or from the National Office Reserve that are subsequently deobligated cannot be used for funding other projects within the State. The funds must be returned to the National Office Reserve.

E. Scope of Work Changes. Changes to an original approved plan of work or scope of work must be in compliance with appropriation law, program regulations, policies, and statutes.

The State Director (or delegated approval official) can approve **minor changes** to an approved plan of work or scope of work when (1) the funds were obligated from state-allocated funds, (2) the funds can no longer be used as originally approved, and (3) any change would be in accordance with the State's delegated authority.

"Minor changes" are those that (1) involve no-cost budget changes, (2) do not result in a lesser priority score, (3) do not require a re-evaluation of technical merit, or (4) do not include changes to key owners, management, or control of the project. Any change that necessitates re-underwriting the project or amending or supplementing the Agency's NEPA environmental evaluation is not a "minor change".

All changes that are not "minor" must be submitted to the appropriate National Office program area for review along with the request for the change, supporting documentation, and recommendation.

For Rural Economic Area Partnership funds, the State Director should coordinate with Cooperative Programs in the National Office to ensure that changes in the project Scope of Work are consistent with approved benchmarks. The project file should contain a copy of documentation to verify National Office concurrence.

For the purposes of this attachment, a plan of work or a scope of work includes, but is not limited to, statements of work, business plans and feasibility studies, budgets and financial statements, key personnel, the source and use of project funds, timeframes and timelines, technical reports, and anything relating to how the project will be accomplished.

Random reviews of selected projects submitted for funding will be conducted by the National Office prior to States being notified of the awards.

F. Obligation Dates. Throughout this Instruction are references where funds must be obligated by certain dates. There has been some confusion in the past as to whether reserving the funds on the deadline date fulfills obligation requirements; it does. The deadline date is the last possible date your project can be obligated. Once a project is obligated in the Guaranteed Loan System (GLS), we cannot pool obligated funds.

G. Renewable Energy Applications. The following requirements apply to all programs where assistance is provided for renewable energy purposes. This is not limited to the energy programs.

When consistent with program regulations, State Directors are encouraged to use any discretionary points allowed by program regulations to place higher priority on renewable energy applications.

States should utilize GLS to ensure that applicants have not previously received or applied for funding for renewable energy projects from different agency programs for the same purpose. In addition, the following website should be checked for award duplication; USAspending.gov at <http://www.usaspending.gov>. USAspending.gov may not contain information on awards to individuals or awards of less than \$25,000. The reviews of GLS and the website should occur during the eligibility review prior to loan or grant approval, with evidence of the reviews placed in the case file. In addition, the loan or grant application should identify other sources of funding for the proposed project.

H. Emphasis on High Poverty Areas. To the maximum extent possible, high attention should be made on directing loan, grant, and guaranteed funds to rural communities and rural areas with the lowest incomes with emphasis to areas where at least 45% of children qualify for the National School Lunch Program. This emphasis will support Rural Development's goal of providing 15% of its funding by 2015 to these areas of need.

This objective may be a factor in distributing National Reserve funds. Eligibility information, maps, and resource information for the National School Lunch Program can be found on the BP Share Point at:

<https://rd.sc.egov.usda.gov/teamrd/BP/BP/SPD/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fBP%2fBP%2fSPD%2fShared%20Documents%2fNational%20School%20Lunch%20Program&FolderCTID=&View=%7bB0824167%2d2A05%2d43BC%2d89AA%2d8D82E095CDCE%7d>

II. State Allocations. State allocations are made on an annual basis and calculated as program level amounts, not budget authority.

A. B&I Guaranteed Loan Program.

1. Program level available for allocation. Each State has received a B&I allocation for FY 2012 appropriated funds. (See page 27 for program level).

2. Basic formula criteria, data source, and weight. The latest census data available is used for rural population, rural population with incomes below the poverty level, and non-metropolitan unemployment.

3. Basic formula allocation. State allocations are shown on page 34 of this attachment.

4. Transition formula. The transition formula described in § 1940.552 was not utilized.

5. Base allocation. The amount of base allocation is \$5 million.

6. Administrative allocation. Not used.

7. Unrestricted Reserve. Funds will be allocated on a weekly competitive basis to States from the National Office Reserve for projects that best meet Agency priorities from funds available at the time of the request. The cutoff for requests for reserve funds is noon eastern time on Fridays. National Office Reserve funds may be requested only when the State Office allocation is insufficient to fund projects ready to be obligated. **Request for funding should not be submitted unless the project is ready to be obligated.**

It has been determined that no Administrator Points will be awarded in FY 2012. Once pooling occurs on June 30, 2012, there will be 13 weeks remaining in the fiscal year (FY). The National Office reserve balance will be divided by 13, to determine the reserve funding available for each week. If there are not sufficient requests to use the available funding in any particular week, those funds will carry over to the following week.

All requests must be electronically submitted to the National Office using the SharePoint site

<https://rd.sc.egov.usda.gov/teamrd/BP/BP/BI/Shared%20Documents/Forms/AllItems.aspx>. Once you are at this site, access the "Business and Industry Funding Request FY 2012" folder to upload your request. All requests must include the B&I Score Sheet, State Project List (see page 33 of this attachment) and the Legislative and Public Affairs (LAPAS) sheet which has been updated to include program specific data. (See example on page 30 of this attachment); to obtain a program specific copy go to:

<https://rd.sc.egov.usda.gov/teamrd/LAPAS/cc/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fLAPAS%2fcc%2fShared%20Documents%2fProject%20Announcement%20Templates&FolderCTID=&View=%7b1C311D4A%2d552C%2d48AF%2dBA59%2dFE2635B64C80%7d> and click on the applicable program). Also, please refer to <http://www.house.gov/house/MemStateSearch.html> and

[http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm) for correct Representative and Senatorial information required for all LAPAS Project Information sheets in advance of reserving or obligating funds. **Projects not properly entered into GLS will not be considered for funding.** Requests will be funded on a weekly basis with a deadline of noon eastern time each Friday subject to the availability of National Reserve Funds. Funding requests not received by the deadline will be funded with the following week's requests.

**Funds for any project funded from the National Office Reserve that are subsequently deobligated cannot be used for funding other projects within the State. The funds must be returned to the National Office Reserve.**

All States will be notified of project selections. For projects not selected, States should contact the lender to advise them and determine if the lender would like the project to be reconsidered in the next funding cycle. States are responsible for notifying the National Office of projects that lenders do not want considered in the next funding cycle; these projects will be removed from further consideration.

8. Pooling of funds. Pooling of FY 2012 Appropriated funds will take place June 29, 2012. States are to immediately notify Andrea Patterson in the National Office of any de-obligations of funds that came from the National Office reserve. In the event of an emergency, we reserve the right to pool the funds earlier than the June 29, 2012 deadline.

9. Funding for B&I Guaranteed Loans where the percentage of guarantee is in excess of 80 percent or for reduced percent guarantee fees.

A limited amount of annual appropriated funds for the B&I Guaranteed Loan Program with a percentage of guarantee that exceeds 80 percent and a reduced guarantee fee will be available. The amount of funding available will be apportioned on a quarterly basis. All requests for authority to approve loans where the percentage of guarantee will exceed 80 percent must be electronically submitted to the National Office using the SharePoint site

<https://rd.sc.egov.usda.gov/teamrd/BP/BP/BI/Shared%20Documents/Forms/AllItems.aspx>. Once you are at this site, access the "Business and Industry Funding Request FY 2012" folder to upload your request. All requests must include the B&I Priority Score sheet and the Legislative and Public Affairs (LAPAS) sheet. To obtain a program specific copy go to:

<https://rd.sc.egov.usda.gov/teamrd/LAPAS/cc/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fLAPAS%2fcc%2fShared%20Documents%2fProject%20Announcement%20Templates&FolderCTID=&View=%7b1C311D4A%2d552C%2d48AF%2dBA59%2dFE2635B64C80%7d> and click on the applicable program). Also, please refer to <http://www.house.gov/house/MemStateSearch.html> and

[http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm) for correct Representative and Senatorial information required for all LAPAS Project Information sheets in advance of reserving or obligating funds. **Projects not properly entered into GLS will not be considered for funding.** Requests will be funded on a weekly basis with a deadline of noon eastern time each Friday subject to the availability of funds. Funding requests not received by the deadline will be funded with the following week's requests.

Requests for guarantees exceeding 80 percent must include written documentation from the lender that the loan will not be made and the project will not be completed without the increased percentage of guarantee. Not more than 15 percent of the total national appropriation will be available for guarantees in excess of 80 percent. Where the request is for a reduced guarantee fee of 2 percent, all requests for authority to approve loans must be submitted to the National Office in advance of reserving or obligating funds. Requests on hand will be processed on a weekly basis and States notified.

The State Director must certify that the borrower's business is consistent with RD Instruction 4279-B, § 4279.107(a). The business must support value-added agriculture and result in farmers benefiting financially, or be a high impact business development investment in accordance with § 4279.155(b) (5), which is located in a rural community that is experiencing long-term population decline and job deterioration, or has remained persistently poor over the last 60 years, or is experiencing trauma as a result of natural disaster, or is experiencing fundamental structural changes in its economic base.

Not more than 12 percent of the total national appropriation of B&I funding authority will be available for loans with a reduced guarantee fee.

10. Locally Produced Agricultural Food Products. Through FY 2012, the Agency is required to reserve not less than 5 percent of the funds made available to the B&I program until April 1 of each year for entities that establish and facilitate the processing, distributing, aggregating, storing, and marketing of locally or regionally produced agricultural food products. For FY 2012, \$43,547,452.47 will be set aside under regular B&I in the National Office reserve. When requesting funds from the set-aside, please make sure that your request clearly indicates that the project is for locally or regionally produced agricultural food products. Additionally, priority must be given to projects that have components benefiting (providing product to) underserved communities. Applicants must include in an appropriate agreement with retail and institutional facilities to which the applicant sells locally or regionally produced agricultural food products a requirement to inform consumers of the retail or institutional facilities that the consumers are purchasing or consuming locally or regionally produced agricultural food products. For the purposes of this set-aside, an underserved community is defined as a community (including a rural community and an Indian tribal community) that has limited access to affordable, healthy foods, including fresh fruits and vegetables, in grocery retail stores or farmer to consumer direct markets and has a high rate of hunger or food insecurity or a high poverty rate. Please update GLS for Local Foods initiative. Projects not properly entered into GLS will not be considered for funding.

B. Rural Business Enterprise Grant (RBEG) Program.

Multi-State projects will be considered for funding by agreement between State Offices and the National Office will transfer appropriate funds from the State Allocation to the State in which the intermediary is located.

1. Program level available for allocation. States will receive an RBEG allocation from FY 2012 appropriated funds. (See page 27 for program level).

2. Transportation. Transportation Grant Funds are held in the National Office Reserve.

- **A notice was published in the Federal Register on February 1, 2012, inviting applications until April 2, 2012.**

3. Basic formula criteria, data source, and weight. The latest census data available is used for rural population, rural population with incomes below the poverty level, and non-metropolitan unemployment.

4. Basic formula allocation. State allocations are shown on page 34 of this attachment.
5. Transition formula. The transition formula described in § 1940.552 was not utilized.
6. Base allocation. The amount of base allocation is \$72,000.
7. Administrative allocation. Not used.
8. Reserve. Funds from the National Office Reserve will be allocated on a case-by-case basis to the States for projects that best meet Agency priorities according to funds available at the time of the request. **No request for funding will be considered unless the project is ready to be obligated.** RBEG funds for Rural Economic Area Partnership, Native American Tribes, and Rural Transportation, may be requested in the same manner as FY 2012 National Reserve funds (See page 32 of this attachment for funding cycle information). If an application meets more than one congressional mandate, you must inform the National Office of the congressionally mandated funding under which you want the application to be considered.

There will be one national funding cycle for regular non-congressionally mandated FY 2012 funds. In order to compete in the National Office Reserve funding cycle, all funds allocated to the State must be obligated in accordance with the funding cycle chart on page 32. Highest priority projects must be funded with State allocations to the extent possible. National Office Reserve funds may only be requested when the State Office allocation is not sufficient to fund projects ready to be obligated.

After scoring for the National Office competition at the State level, each State may submit its two highest priority applications for competition in the National Office Reserve funding cycle. This includes any multi-state request. However, this is not applicable to any separate congressionally mandated funding cycles, such as Rural Economic Area Partnership.

All requests must be electronically submitted to the National Office using the SharePoint site <https://rd.sc.egov.usda.gov/teamrd/BP/BP/SPD/RBEG/Shared%20Documents/Forms/AllItems.aspx>. Once you are at this site, access the "REQUEST FOR RBEG FUNDS" folder to upload your request. **Projects not properly entered into GLS will not be considered for funding.**

Requests for funds may be submitted only after the application has been developed to the point where it can be approved upon notification that funds are available. Specialty Programs Division will send the originating State Office contact confirmation of the requests received at the National Office prior to processing recommendations of awards. Consideration will not be given to requests received in the National Office after the dates indicated on page 32 of this attachment listing funding cycles for FY 2012, or to applications failing to meet the minimum scoring criteria. Multi-State projects will be considered for funding from the National Office Reserve and will be reviewed, prioritized and ranked in the same manner as a single-state project.

Requests for National Office Reserve funding must include a signed Certification for Request of Funds (see page 31 of this attachment); State Project List (see page 33 of this attachment); Priority Score Sheet, RD Instruction 1942-G, Attachment 1, including **backup scoring documentation** and the LAPAS Project Information Sheet, which has been updated to include program specific data (see example on page 30 of this attachment; to obtain a program specific copy, go to <https://rd.sc.egov.usda.gov/teamrd/LAPAS/cc/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fLAPAS%2fcc%2fShared%20Documents%2fProject%20Announcement%20Templates&FolderCTID=&View=%7b1C311D4A%2d552C%2d48AF%2dBA59%2dFE2635B64C80%7d> and click on the applicable program). Also, please refer to <http://www.house.gov/house/MemStateSearch.html> and [http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm) for correct Representative and Senatorial information required for all LAPAS Project Information sheets. Requests for funding must be accompanied by a list of projects funded this fiscal year and those applications currently on hand. Information provided is to include date received, current status, and priority score, using the same format as shown on page 33 of this attachment.

All applications on the National Office Reserve list for FY 2011 were removed on October 1, 2011. Should the State Office determine that those projects are still viable; they may use their State allocation to fund the projects, or, if the State allocation has been committed to higher scoring projects, the State Office may resubmit the requests to compete for funds in the National Reserve, provided the request(s) meet the requirements stated above.

In order to distribute limited National Office reserve funds among the greatest number of projects possible, applications will be reviewed, prioritized and funded by ranking each State's highest scoring project in highest to lowest score order. The highest scoring project from each State will be considered that State's Priority One project. Priority One projects will be ranked according to score from highest to lowest.

The second highest scoring project from each State will be considered the State's Priority Two project. Priority Two projects will be ranked according to score from highest to lowest and so forth until all projects have been scored and ranked in priority order. All Priority One projects will be funded before any Priority Two projects and so forth until funds are depleted, so as to ensure broad geographic distribution of funding.

Random reviews of projects selected for funding will be conducted by the National Office prior to States being notified of awards.

9. Pooling of funds. Except for the Native American and Rural Transportation congressional mandates, funds must have an obligation date of no later than June 29, 2012, or they will revert to the National Office for redistribution. For Native American projects, there will be one funding cycle (see page 32 of this attachment). Any applications for Native American funds received after the cutoff date will be considered on an individual basis for any remaining available funds. Any Native American funds not obligated by September 28, 2012, will carry over to FY 2013.

In the event of an emergency, we reserve the right to pool the funds earlier than the June 29, 2012 deadline.

C. Rural Energy for America Program (Section 9007). Funds for feasibility studies and energy audits and renewable energy development assistance are not being allocated. A Federal Register Notice was published on January 20, 2012 with all components of the Section 9007 authorities. (See page 28 for program level).

A separate comprehensive Unnumbered Letter was published on February 24, 2012 providing the state allocation and funding cycle for Section 9007 authorities. Applications under this section will be processed and scored by the State Offices. All applications must be received in the State Office in accordance with the published Notice.

Applicants can apply for only one renewable energy system project, one energy efficiency improvement project, and one renewable energy system feasibility study project this year. In addition, a renewable energy system application cannot be submitted in FY 2012 if a feasibility study grant application was submitted in FY 2012 for the same renewable energy system project.

1. Rural Energy for America Program - Grants. Applications will be processed in the State Office. Applications may be submitted in either electronic format via Grants.gov or paper format. For renewable energy systems, the minimum grant is \$2,500 and the maximum is \$500,000. For energy efficiency improvements projects, the minimum grant is \$1,500 and the maximum is \$250,000.

The National Office will allocate 20 percent of the funds for grants of \$20,000 or less, to meet statutory requirements. The State's allocation was specified in the comprehensive Unnumbered Letter published February 24, 2012.

2. Rural Energy for America Program - Guaranteed Loans. Applications will be processed in the State Office. The minimum guaranteed loan amount is \$5,000 and the maximum is \$25 million. For guaranteed loans that exceed the State's delegated approval authority, the State Office will submit the complete application to the National Office for concurrence. State Offices will be notified of the results of the National Office Loan Committee reviews. If the review is not favorable, the National Office will indicate the weaknesses and identify ways to mitigate same and the State Office will notify the lender.

3. Rural Energy for America Program - Guaranteed Loan and Grant Combinations. Applications will be processed in the State Office. Combination loan and grant applications will compete with grant only applications using the grant score for funding consideration in the State and National Office. Applicants whose combination applications are approved for funding must accept and utilize both the loan and the grant. The minimum combined funding request allowed is \$5,000, with the grant portion of the funding request being at least \$1,500.

D. Intermediary Relending Program (IRP)

1. Program level available for allocation. States will receive an IRP allocation from FY 2012 appropriated funds. (See page 27 for program level).

2. Maximum Amount of Loan. Due to the demand for this program, the maximum amount of a single loan will be \$400,000. However, State Directors may establish a lower maximum amount based upon the demand for such loans in their state.

3. Basic formula criteria, data source, and weight. The 2000 census data is used for rural population, rural population with incomes below the poverty level, and non-metropolitan unemployment.

Basic formulas are used to calculate a basic State factor as a part of the methodology for allocating funds to the States. The formulas take a number of criteria that reflect the funding needs for a particular program and through a normalization and weighting process for each of the criteria calculate the basic State factor (SF). The data sources used for each criteria are believed to be the most current and reliable information that adequately quantifies the criterion. The weight, expressed as a percentage, gives a relative value to the importance of each of the criteria.

(a) The criteria used in the basic formula are:

- (i) State's percentage of national rural population - 50 percent.
- (ii) State's percentage of national rural population with incomes below the poverty level - 25 percent.
- (iii) State's percentage of national nonmetropolitan unemployment - 25 percent.

(b) Data source for each of these criterions is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a State factor (SF). The SF cannot exceed .05.

$$\text{SF} = (\text{criterion (b)(1)(i)} \times 50 \text{ percent}) + \\ (\text{criterion (b)(1)(ii)} \times 25 \text{ percent}) + \\ (\text{criterion (b)(1)(iii)} \times 25 \text{ percent})$$

4. Basic formula allocation is the result of multiplying the amount available for allocation less the total of any amounts held in reserve or distributed by base or administrative allocation times the basic State factor for each State. The basic formula allocation (BFA) for an individual State is equal to:

$$\text{BFA} = (\text{Amount available for allocation} - \text{National Office Reserve} - \\ \text{total base and administrative allocations}) \times \text{SF}.$$

State allocation is shown on page 34 of this attachment.

5. Transition formula. The transition formula described in § 1940.552 was not utilized.
6. Base allocation. The amount of base allocation is \$150,000.
7. Administrative allocation. Not used.
8. Reserve. Funds from the National Office Reserve will be allocated on a case-by-case basis to the States for projects that best meet Agency priorities according to funds available at the time of the request. **No request for funding will be considered unless the project is ready to be obligated.** IRP funds for Rural Economic Area Partnership, Mississippi Delta Region Counties, and Native American Tribes may be requested in the same manner as FY 2012 National Office Reserve funds (see page 32 of this attachment for funding cycle information). If an application meets more than one congressional mandate, you must inform the National Office of the congressionally mandated funding under which you want the application to be considered.

There will be one national funding cycle for regular non-congressionally mandated FY 2012 funds. In order to compete in the National Office Reserve funding cycle, all funds allocated to the State must be obligated in accordance with the funding cycle chart on page 32. Highest priority projects must be funded with State allocations to the extent possible. National Office Reserve funds may only be requested when the State Office allocation is not sufficient to fund projects ready to be obligated.

After scoring for competition at the State level, each State may submit its remaining applications for competition in the National Office Reserve funding cycle. This includes any multi-state request. However, this is not applicable to any separate congressionally mandated funding cycles, such as Rural Economic Area Partnership. All requests must be electronically submitted to the National Office using the SharePoint site <https://rd.sc.egov.usda.gov/teamrd/BP/BP/SPD/IRP/Shared%20Documents/Forms/AllItems.aspx>. Once you are at this site, access the "REQUEST FOR IRP FUNDS" folder to upload your request. **Projects not properly entered into GLS will not be considered for funding.** Requests for funds may be submitted only after the application has been developed to the point where it can be approved upon notification that funds are available. SPD will send the originating State Office contact confirmation of the requests received at the National Office prior to processing recommendations of awards.

Consideration will not be given to requests received in the National Office after the dates indicated on page 32 of this attachment listing funding cycles for FY 2012, or to applications failing to meet the minimum scoring criteria.

Requests for National Office Reserve funding will include a signed Certification for Request of Funds (see page 31 of this attachment); State Project List (see page 33 of this attachment); Priority Score Sheet, including backup scoring documentation and the LAPAS Project Information Sheet, which has been updated to include program specific data (see example on page 30 of this attachment; to obtain a Program specific copy, go to <https://rd.sc.egov.usda.gov/teamrd/LAPAS/cc/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fLAPAS%2fcc%2fShared%20Documents%2fProject%20Announcement%20Templates&FolderCTID=&View=%7b1C311D4A%2d552C%2d48AF%2dBA59%2dFE2635B64C80%7d> and click on the applicable program). Also, please refer to <http://www.house.gov/house/MemStateSearch.html> and [http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm) for correct Representative and Senatorial information required for all LAPAS Project Information sheets. Requests for National Office Reserve funding must be accompanied by a list of projects funded this fiscal year and those applications currently on hand. Information provided is to include date received, current status, and priority score, using the same format as shown on page 33 of this attachment.

In order to distribute limited National Office reserve funds among the greatest number of projects possible, applications will be reviewed, prioritized and funded by ranking each State's highest scoring project in highest to lowest score order. The highest scoring project from each State will be considered that State's Priority One project. Priority one projects will be ranked according to score from highest to lowest. The second highest scoring project from each State will be considered the State's Priority Two project. Priority Two projects will be ranked according to score from highest to lowest and so forth until all projects have been scored and ranked in priority order, this process will continue if more than two projects were submitted for funding consideration from a State. All Priority One projects will be funded before any Priority Two projects and so forth until funds are depleted, so as to ensure broad geographic distribution of funding. Random reviews of projects selected for funding will be conducted by the National Office prior to States being notified of awards.

9. Pooling of funds. Funds must have an obligation date of no later than July 18, 2012, or they will revert to the National Office for redistribution. For Native American, Mississippi Delta Region Counties and

Rural Economic Area Partnership projects, there will be one funding cycle (see page 32 of this attachment). These funds must have an obligation date of no later than June 29, 2012.

10. State Offices will fund projects based on quarterly funding dates of September 30, December 31, March 31 and June 30 beginning when funds become available.

11. Multi-State projects will be considered for funding by agreement between State Offices and the National Office will transfer appropriate funds from the State Allocation to the State in which the intermediary is located.

III. Funds Not Distributed to States. All funds for these programs are retained in the National Office.

A. Rural Microentrepreneur Assistance Program (RMAP).

The FY 2012 Appropriation Act restricts the Agency from undertaking any RMAP activity in FY 2012. The Agency has suspended process of existing applications and will not accept new applications in FY 2012. Until further notice, there will not be any new RMAP loan or grant awards made in FY 2012.

B. Rural Economic Development Loan (REDL) Program. The maximum loan amount for any one project is \$750,000 which will be increased to \$1,000,000 by publication of a NOFA in the near future. (See page 28 for program level).

Funds from the National Office Reserve will be allocated on a case-by-case basis to the States for projects that best meet Agency priorities according to funds available at the time of the request. No Request for funding will be considered unless the project is ready to be obligated. In order to distribute limited REDL funding to the greatest number of States and communities possible, projects recommended by the States for funding will be reviewed, prioritized and funded at the National Office level. See page 32 of this attachment for funding cycle information.

After scoring for the National Office competition at the State level, each State may submit its applications for competition in the National Office Reserve funding cycle. All requests must be electronically submitted to the National Office using the SharePoint site <https://rd.sc.egov.usda.gov/teamrd/BP/BP/SPD/REDLG/Shared%20Documents/Forms/AllItems.aspx>. Once you are at this site, access the "REQUEST FOR REDLG FUNDS" folder to upload your request. **Projects not properly entered into GLS will not be considered for funding.**

Requests for funds may be submitted only after the application has been developed to the point where it can be approved upon notification that funds are available. SPD will send the originating State Office contact confirmation of the requests received at the National Office prior to processing recommendations of awards. Consideration will not be given to requests received in the National Office after the dates indicated on page 32 of this attachment listing funding cycles for FY 2012, or to applications failing to meet the minimum scoring criteria.

Requests for funding will include a Certification for Request of Funds (see page 31 of this attachment); Application Analysis and Project Evaluation Summary; and a LAPAS Project Information Sheet which has been updated to include program specific data required for each program (see example on page 30 of this attachment). To obtain a [program specific copy, go to: https://rd.sc.egov.usda.gov/teamrd/LAPAS/cc/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fLAPAS%2fcc%2fShared%20Documents%2fProject%20Announcement%20Templates&FolderCTID=&View=%7b1C311D4A%2d552C%2d48AF%2dBA59%2dFE2635B64C80%7d](https://rd.sc.egov.usda.gov/teamrd/LAPAS/cc/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fLAPAS%2fcc%2fShared%20Documents%2fProject%20Announcement%20Templates&FolderCTID=&View=%7b1C311D4A%2d552C%2d48AF%2dBA59%2dFE2635B64C80%7d) and click on the applicable program). Also, please refer to <http://www.house.gov/house/MemStateSearch.html> and [http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm) for correct Representative and Senatorial information required for all LAPAS Project Information sheets. No request for funding will be considered unless the project is ready to be obligated.

Applications will be accepted for combination loan and grant requests to finance single projects as well as dual applications where two Rural Utilities Program borrowers wish to simultaneously participate in financing portions of the same ultimate recipient project.

In order to distribute limited National Office reserve funds among the greatest number of projects possible, applications will be reviewed, prioritized and funded by ranking each State's highest scoring project in highest to lowest score order. The highest scoring project from each State will be considered that State's Priority One project. Priority One projects will be ranked according to score from highest to lowest. The second highest scoring project from each State will be considered the State's Priority Two project. Priority Two projects will be ranked according to score from highest to lowest and so forth until all projects have been scored and ranked in priority order, this process will continue if more than two projects were submitted for funding consideration from a State. All Priority One projects will be funded before any Priority Two projects and so forth until funds are depleted, so as to ensure broad geographic distribution of funding.

The eligibility requirements under the REDLG program are included under the FY 2012 Appropriations Bill. Under the FY 2012 appropriation, an organization eligible to apply for REDLG funding is described as:

Any former Rural Utilities Service borrower that has repaid or prepaid an insured, direct, or guaranteed loan under the Rural Electrification Act (Act);

Any not-for-profit utility that is eligible to receive an insured or direct loan under such Act; or any borrower under such Act.

Please see the SPD REDLG SharePoint site for additional guidance in determination of eligibility at:

<https://rd.sc.egov.usda.gov/teamrd/BP/BP/SPD/REDLG/Shared%20Documents/Procedures%20for%20Rural%20Determination%20REDLG%20Program%207-18-11.docx>

C. Rural Economic Development Grant (REDG) Program. The maximum grant amount for any one project is \$300,000. (See page 28 for program level).

Funds from the National Office Reserve will be allocated on a case-by-case basis to the States for projects that best meet Agency priorities according to funds available at the time of the request. No Request for funding will be considered unless the project is ready to be obligated.

Applications will be processed in the State Office. In order to distribute limited REDG funding to the greatest number of States and communities possible, projects recommended by the States for funding will be reviewed, prioritized and funded at the National Office level. See page 32 of this attachment for funding cycle information.

After scoring for the National Office competition at the State level, each State may submit its applications for competition in the National Office Reserve funding cycle. All requests must be electronically submitted to the National Office using the SharePoint site <https://rd.sc.egov.usda.gov/teamrd/BP/BP/SPD/REDLG/Shared%20Documents/Foams/AllItems.aspx>. Once you are at this site, access the "REQUEST FOR REDLG FUNDS" folder to upload your request. **Projects not properly entered into GLS will not be considered for funding.**

Requests for funds may be submitted only after the application has been developed to the point where it can be approved upon notification that funds are available. Specialty Programs Division will send the originating State Office contact confirmation of the requests received at the National Office prior to processing recommendations of awards.

Consideration will not be given to requests received in the National Office after the dates indicated on page 32 of this attachment listing funding cycles for FY 2012, or to applications failing to meet the minimum scoring criteria.

Requests for funding will include a Certification for Request of Funds (see page 31 of this attachment); Application Analysis and Project Evaluation Summary; and a LAPAS Project Information Sheet which has been updated to include program specific data required for each program (see example on page 30 of this attachment). To obtain a [program specific copy, go to: https://rd.sc.egov.usda.gov/teamrd/LAPAS/cc/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fLAPAS%2fcc%2fShared%20Documents%2fProject%20Announcement%20Templates&FolderCTID=&View=%7b1C311D4A%2d552C%2d48AF%2dBA59%2dFE2635B64C80%7d](https://rd.sc.egov.usda.gov/teamrd/LAPAS/cc/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fteamrd%2fLAPAS%2fcc%2fShared%20Documents%2fProject%20Announcement%20Templates&FolderCTID=&View=%7b1C311D4A%2d552C%2d48AF%2dBA59%2dFE2635B64C80%7d) and click on the applicable program). Also, please refer to <http://www.house.gov/house/MemStateSearch.html> and [http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm) for correct Representative and Senatorial information required for all LAPAS Project Information sheets. No request for funding will be considered unless the project is ready to be obligated.

Applications will be accepted for combination loan and grant requests to finance single projects as well as dual applications where two Rural Development financing portions of the same ultimate recipient project.

In order to distribute limited National Office reserve funds among the greatest number of projects possible, applications will be reviewed, prioritized and funded by ranking each State's highest scoring project in highest to lowest score order. The highest scoring project from each State will be considered that State's Priority One project. Priority One projects will be ranked according to score from highest to lowest. The second highest scoring project from each State will be considered the State's Priority Two project. Priority Two projects will be ranked according to score from highest to lowest and so forth until all projects have been scored and ranked in priority order, this process will continue if more than two projects were submitted for funding consideration from a State. All Priority One projects will be funded before any Priority Two projects and so forth until funds are depleted, so as to ensure broad geographic distribution of funding.

The eligibility requirements under the REDLG program are included under the FY 2012 Appropriations Bill. Under the FY 2012 appropriation, an organization eligible to apply for REDLG funding is described as:

Any former Rural Utilities Service borrower that has repaid or prepaid an insured, direct, or guaranteed loan under the Rural Electrification Act (Act);

Any not-for-profit utility that is eligible to receive an insured or direct loan under such Act; or any borrower under such Act.

Please see the SPD REDLG SharePoint site for additional guidance in determination of eligibility at:

<https://rd.sc.egov.usda.gov/teamrd/BP/BP/SPD/REDLG/Shared%20Documents/Procedures%20for%20Rural%20Determination%20REDLG%20Program%207-18-11.docx>

D. BioRefinery Assistance Program (Section 9003). The BioRefinery Assistance Program provides guaranteed loans for the development and construction of commercial-scale biorefineries or for the retrofitting of existing facilities using eligible technology for the development of advanced biofuels. A Federal Register Notice was published on January 27, 2012 stating that the Agency will not be accepting applications until funding becomes available. Questions regarding this program should be submitted to the Energy Division.

E. Payments to Eligible Advanced Biofuel Producers (Section 9005). The Interim Final Rule was published on February 11, 2011 which provides the timeframe for applying for the program (7 CFR 4288, subpart B, section 4288.120 (b)). A Federal Register Notice of Contract Proposals (NOFA) was published on February 2, 2012, announcing the amount of available funds. (See page 28 for program level). This program provides payments to eligible advanced biofuel producers to support and ensure an expanding production of advanced biofuels. Applications will be processed in the State Office. The application and payment request process will be in accordance with the 7 CFR 4288, subpart B.

F. Rural Energy for America Program. A separate Unnumbered Letter was published on February 24, 2012 and provided the funding cycles for Section 9007 authorities. Funds allocated for grants of \$20,000 or less must be obligated by June 29, 2012.

1. Rural Energy for America Program - Feasibility Studies for Renewable Energy Systems. Under RD Instruction 4280-B, certain renewable energy system project applications must include a business level feasibility study. Section 9007 grants may be awarded to fund these studies. Funding for this program will be retained in the National Office.

Applications for feasibility studies will be processed in the State Office. Complete applications must be received by March 30, 2012. Applications not received by the deadline, regardless of the postmark, must be returned to the applicant. A Guaranteed Loan System (GLS) report will be pulled for all applications with a status code of 216 on April 30, 2012. Information regarding small businesses assisted or farmers assisted, jobs created and saved, priority score, and leveraged funds must be completed in GLS and will be verified by National Office. **If information is not entered in GLS, the state will be notified and the application will be held until the information is completed.** The National Office will review and prioritize all applications, and fund in priority score order. If the application is considered for funding the state must upload to SharePoint the following: (1) the priority score sheet with supporting documentation for each criterion; (2) a copy of the executed project summary; and (3) an electronic LAPAS Project Selection Notice.

The maximum amount for a feasibly study grant is \$50,000 or 25 percent of the cost of the study, whichever is less. The grantee will have 2 years from the date of the grant agreement to provide the Agency with a complete and acceptable feasibility study.

2. Rural Energy for America Program - Energy Audits and Renewable Energy Development Assistance. Energy audits and renewable energy development assistance under this section provide grants to units of State, tribal, or local government and their instrumentalities, land-grant colleges, universities, or other institutions (including Land Grant Tribal colleges of higher education and 1890 Land Grant Colleges and historically Black Universities), rural electric cooperatives or public power entities to assist agricultural producers and rural small businesses reduce energy costs and consumption and help meet the nation's critical energy needs. At least 25 percent of the cost of the energy audit must be provided by the agricultural producer or rural small business. To ensure the equitable geographic distribution of funds, the two highest scoring applications from each State will be submitted to the National Office to compete for funding.

Applications for energy audits and renewable energy development assistance will be processed in the State Office. Complete applications must be received by the Agency by February 21, 2012. Applications not received by the deadline, regardless of the postmark, must be returned to the applicant. Funds must be obligated by April 1, 2012. A GLS report will be pulled for all applications with a status code of 216 on March 12, 2012.

Information regarding small businesses assisted or farmers assisted, jobs created and saved, priority score, and leveraged funds must be completed in GLS and will be verified by National Office. ***If information is not entered in GLS, the state will be notified and the application will be held until the information is completed.*** The National Office will review and prioritize all applications, and fund in priority score order. If the application is considered for funding the state must upload to SharePoint the following: (1) the priority score sheet with supporting documentation for each criterion; (2) a copy of the executive project summary and (3) an electronic LAPAS Project Information Sheet Funding for this program will be retained in the National Office.

G. Repowering Assistance Program (Section 9004). A Federal Register Notice of Funding Availability (NOFA) was published on February 2, 2012, inviting applications. All applications will be processed in National Office. Questions regarding this program should be submitted to the Energy Division.

This program provides for payments to be made to eligible biorefineries to assist with the cost of updating their physical plants. Eligible biorefineries are those that were in existence prior to June 18, 2008. Biorefineries must install new systems that use renewable biomass to produce heat and power for plant operations and replace the use of fossil fuels. This program allows for payments for the installation of new systems that use renewable biomass or the new production of energy from renewable biomass. To be eligible to receive a payment under this section, a biorefinery shall demonstrate that the renewable biomass system of the biorefinery is feasible based on an independent feasibility study that takes into account the economic, technical, and environmental aspects of the system.

H. Value-Added Producer Grant Program (VAPG). VAPG grants will be made to help eligible producers of agricultural commodities enter into or expand value-added activities, including the development of feasibility studies, business plans, and marketing strategies; and will provide working capital for expenses related to the processing and/or marketing of the value-added product.

Reserved funding is available for Beginning Farmers or Ranchers (BFR), Socially Disadvantaged Farmers or Ranchers (SDFR) and projects proposing support for Mid-Tier Value Chain (MTVC) or local and regional supply networks. Priority points may be awarded to projects that contribute to opportunities for BFR, SDFR, MTVC proposals, a Farmer or Rancher Cooperative, and to Operators of a Small or Medium-sized Farm that is structured as a Family Farm.

All funds are retained in the National Office due to funding constraints. All funds will be allocated on a nationally competitive basis. (See page 28 for program level). The maximum grant size is \$100,000 for a planning grant or \$300,000 for a working capital grant. A Federal Register notice announcing funding for FY 2012 is under development. Requests for funding will include a Certification for Request of Funds (see page 31 of this attachment), application and scoring information as directed by the National Office, and a LAPAS Project Information Sheet. Questions regarding this program should be submitted to Cooperative Programs.

I. The Agricultural Marketing Resource Center (AgMRC). AgMRC is an electronically-based information center to create process, analyze, and present information on value-added agriculture. The center is housed at Iowa State University; with partners at Kansas State University and the University of California-Davis. The center provides producers, processors, and other interested parties with critical information necessary to build successful value-added businesses. No funds are allocated to the State Offices; however, the Iowa State Office helps monitor the Center. Since the passage of the Farm Bill, funding for AgMRC has been set at 5 percent of the funding made available to the other value-added programs.

J. Rural Cooperative Development Grant Program (RCDG). RCDG grants are made to nonprofit corporations including institutions of higher education to establish and operate centers for cooperative development and to improve the operations of existing cooperatives. Centers provide a variety of cooperative development activities that include conducting feasibility and marketing studies, developing business plans, marketing strategies, and by-law provisions, and providing educational and training sessions. A Federal Register notice announcing funding for FY 2012 is under development. All funds are retained in the National Office. The Rural Development State Offices are responsible for monitoring those centers that receive grant funds. (See page 28 for program level).

K. Small Socially Disadvantaged Producer Grant Program (SSDPGP). The SSDPGP makes funding available to rural cooperative development centers, cooperatives or associations of cooperatives whose primary focus is to provide assistance to small, minority producers. Requests for funding will include a Certification for Request of Funds (see page 31 of this attachment), application and scoring information as directed by the National Office, and a LAPAS Project Information Sheet. A Federal Register notice announcing funding for FY 2012 is under development. All funds are retained in the National Office. The Rural Development State Offices are responsible for monitoring those organizations that receive grant funds. (See page 28 for program level).

L. The Appropriate Technology Transfer for Rural Areas (ATTRA). ATTRA provides information to farmers, extension agents, and other rural residents on a variety of sustainable agricultural practices that include both cropping and livestock operations. The program encourages agricultural producers to adopt sustainable agricultural practices, which allow them to maintain or improve profits, produce high quality food, and reduce adverse impacts to the environment. This program is administered exclusively in the National Office. (See page 28 for program level).

M. Cooperative Agreements. Cooperative Agreements are contractual agreements between the Federal government and another party to accomplish a specific public purpose in which both the Agency and the recipient must be substantially involved. While State Offices may participate in the activities; funds are not allocated to the State Offices. (See page 28 for program level).

N. Rural Business Opportunity Grants (RBOG). A Federal Register notice announcing funding for FY 2012 is under development. All funds are retained in the National Office due to funding constraints. (See page 27 for program level. Both Congressionally mandated and discretionary funds will be allocated on a national competitive basis. The maximum grant size is \$50,000. This limit does not apply to congressionally mandated funds.

Requests for funding will include a Certification for Request of Funds (see page 31 of this attachment); RD Instruction 4284-G, Exhibit B, including backup scoring documentation; application information as directed by the National Office; and a LAPAS Project Information Sheet. For funding cycle information, see page 32 of this attachment.

#### IV. Congressionally Mandated Funds.

All congressionally mandated funds will be retained in the National Office. Congressionally mandated funds will be kept in a National Reserve fund and allocated on a national competitive basis, in accordance with the schedule outlined on page 32 of this attachment. Funds cannot be used for purposes other than congressionally mandated funding program purposes. The following funds are available this fiscal year:

A. Native American Congressionally Mandated Funds. Native American funds will be used for projects where more than 75 percent of the benefits of the project will be received by members of a Federally Recognized Native American Tribe.

Requests should clearly document how the specific project meets the above criteria to qualify for the congressionally mandated funds. Requests not providing this documentation will be returned to the State. Procedures to be followed in the distribution of these funds are addressed in this attachment under the procedures for requesting National Reserve funds under the applicable program. Except for IRP, funds not used during FY 2012 will be carried over to FY 2013 for funding of Native American projects.

For IRP, the last day request for funds may be submitted to the National Office is April 30, 2012. All Native American IRP funds not obligated by June 29, 2012, will revert to the regular IRP reserve. (See page 27 for program level. They will be kept in the National Reserve and awarded in accordance with the schedule on page 32 of this attachment.

B. Delta Regional Authority (DRA) Congressionally Mandated Funds. RCAP congressionally mandated funds of \$2,900,000 plus \$215.00 carryover will be available to the DRA to provide assistance for any eligible purpose under RCAP to businesses and residents residing in the Lower Mississippi Delta designated counties. Congressionally mandated funds will be allocated to the Mississippi State Office and awarded to the DRA.

C. Mississippi Delta Region Counties IRP Congressionally Mandated Funds. IRP congressionally mandated funds will be made available for projects located in designated Mississippi Delta Counties. They will be kept in the National Reserve and awarded in accordance with the schedule on page 32 of this attachment. Funds can be used for projects where at least 75 percent of the benefits of this project will be received by residents within one or more of the designated counties. Requests should clearly document how the specific project meets the above criteria to qualify for the congressionally mandated funds. Requests not providing this documentation will be returned to the State.

Procedures to be followed in the distribution of these funds are addressed in this attachment under the procedures for requesting IRP National Reserve funds. The last day request for funds may be submitted to the National Office is April 30, 2012. All funds not obligated by June 29, 2012, will revert to the regular IRP reserve. (See page 27 for program level).

D. Rural Economic Area Partnership (REAP) Congressionally Mandated Funds. REAP funds will be kept in a Reserve fund and controlled by the National Office. Procedures to be followed in the distribution of these funds are addressed in this attachment under the procedures for requesting National Reserve funds under the applicable program. Please refer to page 32 of this attachment for funding cycles for FY 2012.

REAP funds not obligated by the cut-off date will be pooled and revert to regular program use. This includes funds that have been allocated to States but have not been obligated. To compete for REAP funds, States must submit a copy of the Benchmark Management System (BMS) documents identifying the project or include the specific benchmark number in the request for funds. Please do not submit requests for projects not specifically identified in the BMS documents.

If the community elects to amend its strategic plan and BMS documents to reflect the project, it would not be eligible for competition until the project is adopted by the community, approved by the State Director, and entered into the BMS. REAP funds will be used for projects identified in the REAP Strategic Plan and BMS documents, provided more than 75 percent of the benefits of the project will be received by residents within the REAP census tract boundaries.

E. RBOG Congressionally Mandated Funds. RBOG funds for Native American Tribes may be requested in the same manner as regular funds according to the schedule on page 32 of this attachment.

**A. Business and Industry Guaranteed Loan Program**

<u>Program level of FY 2012 funds available for allocation:</u>	
Amount available (which includes \$58,934,222.25 of Carryover Program Level funds)	870,949,049.59
Less National Office Unrestricted Reserve	\$135,218,752.50
Less Locally Produced Ag Products set-aside	\$43,547,452.47
Less Native American set-aside	\$1,502,844.62
Basic formula amount	<u>\$690,680,000.00</u>

**B. Rural Business Enterprise Grant (RBEG) Program**

<u>Program level of FY 2012 funds available for allocation:</u>	
Amount available (including carryover of \$1,207,945.80) (Allotment of \$24,318,000)	\$25,525,945.80
Less Native American Congressional Mandate (including carryover of \$470,955.32) Allotment of \$2,760,000)	3,230,955.32
Less Rural Transportation Congressional Mandate (including carryover of \$2,182.45) (Allotment of \$500,000)	502,182.45
Less Rural Transportation Technical Assistance Congressional Mandate (including carryover of \$.58) (Allotment of \$250,000)	250,000.58
Less Rural Economic Area Partnership Zones Congressional Mandate	1,402,141.10
Less National Office Unrestricted Reserve	970,666.15
Basic formula amount	<u>\$19,170,000.80</u>

**C. Intermediary Relending Program**

<u>Program level available:</u>	\$17,709,563.16
Less Rural Economic Area Partnership Congressional Mandate	1,563,376.91
Less Native American Congressional Mandate	2,582,644.62
Less Mississippi Delta Region Counties	5,165,289.25
Less National Office Unrestricted Reserve	419,252.00
Basic formula amount	<u>\$7,979,000.38</u>

**D. Rural Business Opportunity Grant Program**

<u>Program level available (including carryover of \$217,972.29):</u>	\$2,370,633.14
Less Native American Congressional Mandate (including carryover of \$150,610.78)	1,140,610.78

<b>E. Rural Economic Development Loan Program</b>	
<u>Program level available:</u>	
(including carryover of \$46,149,943.22)	
(Allotment of \$33,000,000)	\$79,226,943.22
<b>F. Rural Economic Development Grant Program</b>	
<u>Program level available:</u>	
(including carryover of \$5,069,913.78)	
(Allotment of \$4,930,086.22)	\$10,000,000.00
<b>G. Rural Energy for America Program</b>	
<u>Program level available for guaranteed loans:</u>	\$48,491,790.75
Less National Office Reserve	\$ 6,586,483.39
<u>Program level available for all Rural Energy for America Program grants:</u>	\$12,700,000.00
Less Energy audit and renewable energy development Assistance set-aside	\$ 880,000.00
Less Feasibility study set-aside	\$ 500,000.00
Less grants of \$20,000 or less set-aside	\$ 5,080,000
Less National Office Reserve	\$ 1,044,000.00
<b>H. Biorefinery Assistance (Section 9003)</b>	
<u>Approximate Program level available:</u>	
FY 2011 carry-over	\$691,334,421.64
<b>I. Repowering Assistance (Section 9004)</b>	
<u>Program level available:</u>	\$33,044,728.00
<b>J. Payments to Eligible Advanced Biofuel Producers (Section 9005)</b>	
<u>Program level available FY 2012:</u>	\$24,672,781.32
<u>Program level available for 4<sup>th</sup> quarter FY 2011</u>	\$40,327,218.68
<b>K. Value-Added Agricultural Market Development Grant Program</b>	
<u>Program level available:</u>	\$14,000,000.00
Less The Agricultural Marketing Resource Center	700,000.00
<b>L. Rural Cooperative Development Grant Program</b>	
<u>Program level available:</u>	\$5,800,000.00
<b>M. Small Socially Disadvantaged Producer Grant Program</b>	
<u>Program level available:</u>	\$3,000,000.00
<b>N. The Appropriate Technology Transfer for Rural Areas</b>	
<u>Program level available:</u>	\$2,250,000.00
<b>O. Cooperative Agreements</b>	
<u>Program level available:</u>	\$0

**E-mail addresses by task:**

**Acknowledgement of receipt of all e-mail requests will be provided by the National Office.**

**RBOG Funding Requests for Congressionally Mandated Funds**

Original to: Gail Thuner ([gail.thuner@wdc.usda.gov](mailto:gail.thuner@wdc.usda.gov))

Copy to: Honie Turner ([honie.turner@wdc.usda.gov](mailto:honie.turner@wdc.usda.gov))

**Section 9007 Funding Requests**

Original to: Lisa Noty ([lisa.noty@wdc.usda.gov](mailto:lisa.noty@wdc.usda.gov))

Josh Borchert ([josh.borchert@wdc.usda.gov](mailto:josh.borchert@wdc.usda.gov))

**Section 9005 Funding Requests**

Original to: Lisa Noty ([lisa.noty@wdc.usda.gov](mailto:lisa.noty@wdc.usda.gov))

Josh Borchert ([josh.borchert@wdc.usda.gov](mailto:josh.borchert@wdc.usda.gov))

Field Contact:  
Phone:  
Obligation Date:

**PROJECT INFORMATION**  
**Rural Development has approved a conditional commitment**  
**for a guaranteed loan of \$**

Program: Business and Industry Guaranteed Loan

State:

County:

Congressman,  
District:

Senators:

Borrower:

Borrower Contact:

Mailing Address:

Telephone:

Project Description: Funds will be used to

Lender:

Previous Funding: FY 2011:

Other Funding:

Total Project Cost:

**CERTIFICATION FOR REQUEST OF FUNDS**

Program:

Name of Applicant:

Amount of Funds Requested:

Type of Funds:

I HEREBY CERTIFY THAT:

1. All priority points are accurate according to the regulations of the program for which the funds are being requested. Adequate documentation to justify points is part of the file and can be clearly discerned if the file is requested for review.
2. The applicant is eligible under the regulation from which funds are being requested, the proposed loan/grant is for an eligible purpose, and the proposed loan/grant complies with all applicable statutes and regulations.
3. For funds requested from Rural Economic Area Partnership congressionally mandated funds, at least 75 percent of the benefits of the project will be received by residents within the designated boundaries. Congressionally mandated funds will be used for projects identified in the Rural Economic Area Partnership Strategic Plan and benchmark documents. The benchmark and task number is:
4. If funds are requested from Native American congressionally mandated funds, at least 75 percent of the benefits of the project will be received by members of a Federally Recognized Native American Tribe.
5. If funds are requested from Mississippi Delta congressionally mandated funds, at least 75 percent of the benefits of the project will be received by residents within one or more lower Mississippi Delta designated counties.
6. All other sources of funds (leveraging) have been verified and are/or will be available at the start of the project.

BY: \_\_\_\_\_  
State Director, Rural Development

RURAL DEVELOPMENT (RD)  
RURAL HOUSING SERVICE  
RURAL COMMUNITY FACILITIES PROGRAMS (RCFP)

I. General. This Attachment details funding for programs administered by Rural Development, Housing and Community Facilities Programs (HCFP). Throughout this Attachment, the reference to "Agency" refers to Rural Development, Rural Housing Service or Housing and Community Facilities Programs.

- A. Funding Computations. This Attachment provides funding allocations available for Fiscal Year (FY) 2012. All Community Facilities (CF) funds are included in the RCFP Account. Computations for allocations available to individual States have been performed in accordance with §§ 1940.585, 1940.591, and 1940.592 of this instruction. For FY 2012, the direct loan program has a neutral subsidy rate and the subsidy rate for the guaranteed loan program is positive.
- B. Budget Authority. For FY 2012, the President provided funding the Consolidated and Further Continuing Appropriations Act, (P.L. 112-55 dated 11/18/2011). These funds flow into the Rural Community Facilities Program (RCFP) Account.

The Administrator allocated budget authorities into program funds as provided in this attachment. Each dollar of budget authority may support a different program level depending upon the nature of the program (loan or grant).

Loan and grant funds are subject to the Equal Credit Opportunity Act, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968 (also known as the Fair Housing Act of 1988, as amended), Section 504 of the Rehabilitation Act of 1973, Title IX Education Amendments of 1972, and Executive Orders 11246 and 12898.

- C. Public notification. State Directors are to ensure that programs comply with Executive Order 12898, and RD Instruction 1901-E, Agency Civil Rights Compliance Requirements, by directing outreach activities to low income and minority populations, underserved communities, and colonias.

Agency Civil Rights Compliance Requirements include the Equal Credit Opportunity Act (ECOA), Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Title IX of the Education Amendments of 1972.

D. USDA Nondiscrimination Statement.

"The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex (including gender identity and expression), marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD)."

To file a complaint of discrimination, write to:

USDA  
Assistant Secretary for Civil Rights,  
Office of the Assistant Secretary for Civil Rights,  
1400 Independence Avenue, S.W., Stop 9410,  
Washington, DC 20250-9410

E. Rural Community Development Initiative.

The President appropriated \$3.621 million for the Rural Community Development Initiative (RCDI). The funds will be used to develop the capacity and ability of private, nonprofit, community-based housing and community development organizations, low-income rural communities, and Indian tribes to undertake projects to improve housing, community facilities, and community and economic development projects in rural areas. A Notice of Funds availability regarding this program will be published in the Federal Register. For FY 2012, each State Office or its designated Area offices will accept and perform the initial screening of RCDI applications before forwarding them to the National Office for scoring and ranking. The initial screening is designed to determine completeness of the application and eligibility of the applicants, recipients, and beneficiaries. Further guidance as to processing and deadlines will be forthcoming.

F. Set-Aside for Childcare.

The Consolidated Farm and Rural Development Act, Section 306a(19)(C)(i) requires that not less than 10 percent of the available funds be reserved for child care facilities in rural areas until June 1 of each fiscal year. Accordingly, a set-aside of \$1,136,300 in CF grant funds is provided for child care facilities. State Offices must E-mail a general description of the project, Form RD 3570-1, and Letter 3570-B-1 to the National Office by close of business on June 1, 2012. The grants must be obligated by June 30, 2012. The maximum grant amount is \$50,000.

G. Rural Economic Area Partnership (REAP) Zone Set-Aside/Reserve. The Appropriations Act provides for a set-aside for REAP zones based on prior year set asides. This equates to \$100,000 for Community Facilities.

1. Grant Processing. Grants should be processed as directed in this Instruction, as follows:

Community Facilities Program: Part I, pages 3-9.

H. Hierarchy of Funding.

We continue to require that each project individually receive the minimum amount of subsidy required for project feasibility. Each project should be reviewed for the potential use of guaranteed funds prior to consideration of direct loan funding. Each project should also be reviewed for the potential use of direct loan funds prior to the consideration of grant funding.

I. Exception authority. The Administrator, or designee, may, in individual cases, make an exception to any of the requirements of this Attachment which are not inconsistent with the authorizing statute or regulations if the Administrator finds that application of such requirement would adversely affect the interest of the Government.

The Administrator, or designee, may exercise this authority upon request by a State Director. These requests must be supported by information that demonstrates the adverse impact or effect on the program.

In addition, the Administrator, or designee, reserves the right to change pooling dates, establish or change minimum or maximum fund usage from set asides and reserves, or restrict participation in set asides and reserves.

II. State Allocations. All allocations have been calculated in accordance with the methodology and formulas contained in §§ 1940.585, 1940.591, and 1940.592 of this Instruction.

A. All Community Facilities Programs.

1. Basic formula criteria, data source, and weight. The census information used in the formula is derived from the latest census data available on population, income, and unemployment.
2. Basic formula allocation. State allocations are shown on pages 10, 11, 12, and 13 of this part.
3. Transition formula. The transition formula is not used.
4. Base allocations. The amounts of the base allocations to each State are \$5,884,125 for the direct loan program, \$1 million for the guaranteed loan program, and \$50,000 for the grant program. Economic Impact Initiative funds also will be allocated to each State, with a base allocation of \$50,000.
5. Administrative allocation. An administrative allocation was used to establish an allocation for the U.S. Virgin Islands and the Western Pacific Islands. Section 1940.552 (f) of this Instruction establishes the conditions for establishing administrative allocations. Section 1940.552 (e) provides guidance on setting the base allocation amount given to each State that receives an allocation including a basic formula allocation amount.

The program area reviews the allocations provided to States that have an allocation factor and sets the administrative allocation amount at either the base amount or slightly below the amount that is allocated to the State with the lowest allocation presently Rhode Island).

Historically, the U.S. Virgin Islands and the Western Pacific Islands do not fully utilize most of the administrative allocation amounts they receive. The Western Pacific occasionally uses its grant funds. Be advised that Program Reserve funds are made available to the administrative allocation States and all other States when projects exceed their allocation.

6. Reserve. Funds will be allocated to the States for those projects which best meet the Agency's priorities, depending on the amount available at the time of the request. Program Managers may request reserve funds by E-mailing a general description of the project with Guide 26 of RD Instruction 1942-A, Exhibit C of RD Instruction 3575-A, or RD Form Letter 3570-B-1, Form RD 3570-1, and the Legislative and Public Affairs Staff Project Announcement Sheet, as appropriate, to the National Office after the docket has been developed to the point where the loan or grant can be approved upon notification that funds are available.

Requests for direct and guaranteed loan and grant reserves may be made at any time. The procedure for requesting grant reserves is contained in Section D, paragraph 3, "Grant Processing," below.

Reserve funds will only be made available after the State's allocation has been allocated or obligated for particular projects. The Administrator will consider a State Director's utilization of all his or her CF allocations in determining whether to honor requests for funds from the direct or guaranteed loan or grant reserves.

7. Pooling. There will be no mid-year pooling for regular grant and EII funds. Mid-year pooling for regular direct and guaranteed funds will take place on Monday, April 30, 2012. End-of-year pooling for regular and EII grants and direct and guaranteed loan funds will take place on Monday, August 6, 2012.

8. 15x15x45. To the maximum extent possible, loan, grant, and guaranteed funds should be directed to the smallest communities with the lowest incomes emphasizing areas where school district data show that at least 45% of children are living in poverty. This emphasis will support Rural Development's goal of providing 15% of its funding by the year 2015 to these areas of need.

B. Community Facilities Direct Loans.

Amount available for allocation:

Amount Available	\$1,300,000,000
Less National Office Reserve Base, Administrative, and Basic Formula Amount Distributed	\$ 65,000,375
	\$1,234,999,625

C. Community Facilities Guaranteed Loans.

Amount available for allocation:

Amount Available	\$105,708,245
Less National Office Reserve Base, Administrative, and Basic Formula Amount Distributed	\$10,572,245
	\$95,136,000

D. Community Facilities Grants.

1. Amount available for allocation:

Amount Available	\$11,363,000
Less National Office Reserve	\$ 1,136,300
Less Child Care Reserve	\$ 1,136,300
Less REAP Set-Aside	\$100,000

Base, Administrative, and Basic Formula Amount Distributed	\$8,990,400
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2. Maximum grant amount. For FY 2012, the maximum grant reserve request amount is \$50,000. The maximum grant amount for a child care reserve request is also \$50,000.

3. Grant processing. The deadline to request Community Facilities grant funds from the National Office Reserve is August 3, 2012. Program Managers must E-mail a general description of the project, Form RD 3570-1, RD Form Letter 3570-B-1, and a separate electronic file copy of the Legislative and Public Affairs Staff Project announcement Sheet for each request to the National Office by close of business on August 3, 2012. Indicate clearly, the type or types of grant for which the request is being submitted for on the "Type of Request" line on RD Form Letter 3570-B-1. Any request received after this time period will be held in the National Office to compete for any additional funds that remain available after all other eligible requests have been funded. The National Office will transfer the funds and provide notification to the State Office that the funds are available. The National Office does not maintain unfunded requests beyond the end of the fiscal year.

4. For each grant application approved, the State Director must document that the minimum grant amount needed to achieve financial feasibility for the project has been determined. A copy of this analysis must be kept in the project file.

E. Economic Impact Initiative (EII) Grants.

1. Amount available for allocation.

Amount Available	\$5,938,000
Less National Office Reserve	\$890,700
Base, Administrative, and Basic Formula amount distributed	\$5,047,300

2. Grant processing. This grant program is authorized under Section 306(a)(20) of the Consolidated Farm and Rural Development

Act. For FY 2012, the President appropriated \$5.938 million for a Community Facilities grant program for rural communities with extreme unemployment and severe economic depression, hereinafter referred to as the Economic Impact Initiative. These funds are in addition to the regular allocation of funding for the Community Facilities grant program. EII funds will be administered under the same regulations governing the Community Facilities grant program. Program administration, eligibility, processing, and servicing requirements for this program may be found in 7 CFR Part 3570, Subpart B. The deadline to request EII grant funds from the National Office Reserve is August 3, 2012. The maximum EII grant reserve request is \$50,000.

3. Project Requirements: In addition to the requirements contained in 7 CFR Part 3570, the essential community facility must be located in a rural community where the "not employed rate" is greater than 19.5 percent. As stated in 7 USC 1926(a)(20)(B), the "not employed rate" is the percentage of individuals over the age of 18 who reside within the community and are ready, willing, and able to be employed but are unable to find employment, as determined by the Department of Labor of the State in which the community is located. This Department must typically analyze "not employed rates" or similar data.

4. Internet and Broadband. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002, expanded eligibility for the EII to provide local dial-up Internet access or broadband service where it does not currently exist. Under this provision, the Agency may make grants to State agencies for use by regulatory commissions in States with rural communities which do not have such services.

The State agencies are expected to establish a competitive, technologically-neutral grant program for telecommunications carriers or cable operators that establish common carrier facilities and services that, in the Commission's determination, will result in the long-term availability of affordable broadband services used for high speed Internet access in these communities.

5. For each grant application approved, the State Director must document that the minimum grant funding needed to achieve financial feasibility for the project has been determined. A copy of this analysis must be kept in the project file.

6. Not Employed Rate: Documentation that the EII grant project is located in an area where the "not employed rate" is greater than 19.5 percent, as defined by paragraph 3 above, must be maintained in each EII grant file.

F. Tribal College Grants

1. Program Administration. This program is authorized under Section 306(a)(19) and 306(a)(25) of the Consolidated Farm and Rural Development Act. For FY 2012, Congress appropriated \$3,369,000 for a Community Facilities grant program for the 35 tribal colleges that are 1994 land-grant institutions meeting the criteria of the Equity in Education Land-Grant Status Act of 1994.

Rural Development will administer these funds using the same regulations that govern its Community Facilities grant program. Program administration, eligibility, processing, and servicing requirements for that program may be found in 7 CFR Part 3570, Subpart B.

2. Funds Management. All Tribal College Initiative funds will remain in the National Office Reserve for FY 2012 funding consideration. Project selections will be made on a Nation-wide competitive basis. When a State Office determines that an applicant is eligible, the preapplication will be evaluated competitively and points awarded as specified in the project selection priorities contained in the above-cited regulations. For FY 2012, the maximum Tribal College grant amount is \$250,000. Applications are due into the State office on June 1, 2012.

3. Funding Requests. The State Director or designee will E-mail the request to the National Office to compete for funding consideration. The request must consist of a general description of the project, Form RD 3570-1, RD Form Letter 3570-B-1, and a separate electronic file copy of the Legislative and Public Affairs Staff Project Announcement Sheet for each project. These items must be forwarded to the National Office by the close of business on July 16, 2012. Any requests received after this date will be held in the National Office to compete for any additional funds that remain available after all other eligible requests have been funded.

4. Funding Notification. All preapplications selected for funding Consideration will be notified by the State of field office by issuance of Form AD-622, "Notice of Preapplication Review Action." At that time, the proposed recipient will be invited to submit a complete application, along with instructions related to the agreed-upon award amount. An application conference will be scheduled with the proposed recipient to discuss items needed for the formal application and to further clarify issues related to the project.

5. Grant Approval. Final grant approval is subject to the availability of funds; the submission of a formal, complete application and related materials meeting the program requirements and responsibilities of the grantee (set forth in 7 CFR Part 3570, Subpart B); the letter of conditions; and the grant agreement.

6. Unfunded Requests. The National Office does not maintain unfunded requests beyond the end of the fiscal year. Those preapplications not having sufficient priority to receive funding consideration during FY 2012 will be notified, in writing, by the State or designated field office.

	Basic Formula	Base Allocation	Base Formula	FY 2012
Alabama	0.03339553	\$5,884,125	\$30,829,000	\$36,713,125
Alaska	0.00445431	\$5,884,125	\$4,112,000	\$9,996,125
Arizona	0.01697340	\$5,884,125	\$15,669,000	\$21,553,125
Arkansas	0.02197317	\$5,884,125	\$20,284,000	\$26,168,125
California	0.03586068	\$5,884,125	\$33,104,000	\$38,988,125
Colorado	0.01266751	\$5,884,125	\$11,694,000	\$17,578,125
Delaware	0.00284737	\$5,884,125	\$2,629,000	\$8,513,125
Maryland	0.00944634	\$5,884,125	\$8,720,000	\$14,604,125
Florida	0.03481044	\$5,884,125	\$32,135,000	\$38,019,125
Virgin Islands		\$5,884,125	\$0	\$5,884,125
Georgia	0.04513052	\$5,884,125	\$41,662,000	\$47,546,125
Hawaii	0.00333212	\$5,884,125	\$3,076,000	\$8,960,125
W. Pacific Areas		\$5,884,125	\$0	\$5,884,125
Idaho	0.00811217	\$5,884,125	\$7,489,000	\$13,373,125
Illinois	0.02783790	\$5,884,125	\$25,698,000	\$31,582,125
Indiana	0.02873057	\$5,884,125	\$26,522,000	\$32,406,125
Iowa	0.01705842	\$5,884,125	\$15,747,000	\$21,631,125
Kansas	0.01127778	\$5,884,125	\$10,411,000	\$16,295,125
Kentucky	0.03463063	\$5,884,125	\$31,969,000	\$37,853,125
Louisiana	0.02100003	\$5,884,125	\$19,386,000	\$25,270,125
Maine	0.01198064	\$5,884,125	\$11,060,000	\$16,944,125
Massachusetts	0.00537944	\$5,884,125	\$4,966,000	\$10,850,125
Connecticut	0.00566207	\$5,884,125	\$5,227,000	\$11,111,125
Rhode Island	0.00084212	\$5,884,125	\$777,000	\$6,661,125
Michigan	0.04400331	\$5,884,125	\$40,621,000	\$46,505,125
Minnesota	0.02332602	\$5,884,125	\$21,533,000	\$27,417,125
Mississippi	0.03001013	\$5,884,125	\$27,704,000	\$33,588,125
Missouri	0.02921525	\$5,884,125	\$26,970,000	\$32,854,125
Montana	0.00776333	\$5,884,125	\$7,167,000	\$13,051,125
Nebraska	0.00798714	\$5,884,125	\$7,373,000	\$13,257,125
Nevada	0.00648236	\$5,884,125	\$5,984,000	\$11,868,125
New Jersey	0.00529691	\$5,884,125	\$4,890,000	\$10,774,125
New Mexico	0.00852279	\$5,884,125	\$7,868,000	\$13,752,125
New York	0.03348471	\$5,884,125	\$30,911,000	\$36,795,125
North Carolina	0.05000000	\$5,884,125	\$46,157,000	\$52,041,125
North Dakota	0.00397123	\$5,884,125	\$3,666,000	\$9,550,125
Ohio	0.04304141	\$5,884,125	\$39,733,000	\$45,617,125
Oklahoma	0.01960993	\$5,884,125	\$18,103,000	\$23,987,125
Oregon	0.01399101	\$5,884,125	\$12,916,000	\$18,800,125
Pennsylvania	0.04026176	\$5,884,125	\$37,167,000	\$43,051,125
Puerto Rico	0.00752173	\$5,884,125	\$6,944,000	\$12,828,125
South Carolina	0.03036461	\$5,884,125	\$28,031,000	\$33,915,125
South Dakota	0.00584397	\$5,884,125	\$5,395,000	\$11,279,125
Tennessee	0.03867384	\$5,884,125	\$35,701,000	\$41,585,125
Texas	0.05000000	\$5,884,125	\$46,157,000	\$52,041,125
Utah	0.00504264	\$5,884,125	\$4,655,000	\$10,539,125
Vermont	0.00612041	\$5,884,125	\$5,650,000	\$11,534,125
New Hampshire	0.00680836	\$5,884,125	\$6,285,000	\$12,169,125
Virginia	0.02896711	\$5,884,125	\$26,741,000	\$32,625,125
Washington	0.01748747	\$5,884,125	\$16,143,000	\$22,027,125
West Virginia	0.01428450	\$5,884,125	\$13,187,000	\$19,071,125
Wisconsin	0.02561357	\$5,884,125	\$23,645,000	\$29,529,125
Wyoming	0.00290131	\$5,884,125	\$2,678,000	\$8,562,125
Totals		\$311,858,625	\$923,141,000	\$1,234,999,625
National Office Reserve				\$65,000,375
Grand Total				\$1,300,000,000

HCFP FY 2012  
 GUARANTEED COMMUNITY FACILITY LOANS  
 LOAN ALLOCATION

RD Instruction 1940-L  
 Exhibit A  
 Attachment 2, Part I  
 Page 11

	Basic Formula	Base Allocation	Base Formula	FY 2012
Alabama	0.03339553	\$1,000,000	\$1,407,000	\$2,407,000
Alaska	0.00445431	\$1,000,000	\$188,000	\$1,188,000
Arizona	0.01697340	\$1,000,000	\$715,000	\$1,715,000
Arkansas	0.02197317	\$1,000,000	\$926,000	\$1,926,000
California	0.03586068	\$1,000,000	\$1,511,000	\$2,511,000
Colorado	0.01266751	\$1,000,000	\$534,000	\$1,534,000
Delaware	0.00284737	\$1,000,000	\$120,000	\$1,120,000
Maryland	0.00944634	\$1,000,000	\$398,000	\$1,398,000
Florida	0.03481044	\$1,000,000	\$1,467,000	\$2,467,000
Virgin Islands		\$1,000,000	\$0	\$1,000,000
Georgia	0.04513052	\$1,000,000	\$1,902,000	\$2,902,000
Hawaii	0.00333212	\$1,000,000	\$140,000	\$1,140,000
W. Pacific Areas		\$1,000,000	\$0	\$1,000,000
Idaho	0.00811217	\$1,000,000	\$342,000	\$1,342,000
Illinois	0.02783790	\$1,000,000	\$1,173,000	\$2,173,000
Indiana	0.02873057	\$1,000,000	\$1,211,000	\$2,211,000
Iowa	0.01705842	\$1,000,000	\$719,000	\$1,719,000
Kansas	0.01127778	\$1,000,000	\$475,000	\$1,475,000
Kentucky	0.03463063	\$1,000,000	\$1,459,000	\$2,459,000
Louisiana	0.02100003	\$1,000,000	\$885,000	\$1,885,000
Maine	0.01198064	\$1,000,000	\$505,000	\$1,505,000
Massachusetts	0.00537944	\$1,000,000	\$227,000	\$1,227,000
Connecticut	0.00566207	\$1,000,000	\$239,000	\$1,239,000
Rhode Island	0.00084212	\$1,000,000	\$35,000	\$1,035,000
Michigan	0.04400331	\$1,000,000	\$1,854,000	\$2,854,000
Minnesota	0.02332602	\$1,000,000	\$983,000	\$1,983,000
Mississippi	0.03001013	\$1,000,000	\$1,264,000	\$2,264,000
Missouri	0.02921525	\$1,000,000	\$1,231,000	\$2,231,000
Montana	0.00776333	\$1,000,000	\$327,000	\$1,327,000
Nebraska	0.00798714	\$1,000,000	\$337,000	\$1,337,000
Nevada	0.00648236	\$1,000,000	\$273,000	\$1,273,000
New Jersey	0.00529691	\$1,000,000	\$223,000	\$1,223,000
New Mexico	0.00852279	\$1,000,000	\$359,000	\$1,359,000
New York	0.03348471	\$1,000,000	\$1,411,000	\$2,411,000
North Carolina	0.05000000	\$1,000,000	\$2,107,000	\$3,107,000
North Dakota	0.00397123	\$1,000,000	\$167,000	\$1,167,000
Ohio	0.04304141	\$1,000,000	\$1,814,000	\$2,814,000
Oklahoma	0.01960993	\$1,000,000	\$826,000	\$1,826,000
Oregon	0.01399101	\$1,000,000	\$589,000	\$1,589,000
Pennsylvania	0.04026176	\$1,000,000	\$1,696,000	\$2,696,000
Puerto Rico	0.00752173	\$1,000,000	\$317,000	\$1,317,000
South Carolina	0.03036461	\$1,000,000	\$1,279,000	\$2,279,000
South Dakota	0.00584397	\$1,000,000	\$246,000	\$1,246,000
Tennessee	0.03867384	\$1,000,000	\$1,630,000	\$2,630,000
Texas	0.05000000	\$1,000,000	\$2,107,000	\$3,107,000
Utah	0.00504264	\$1,000,000	\$212,000	\$1,212,000
Vermont	0.00612041	\$1,000,000	\$258,000	\$1,258,000
New Hampshire	0.00680836	\$1,000,000	\$287,000	\$1,287,000
Virginia	0.02896711	\$1,000,000	\$1,221,000	\$2,221,000
Washington	0.01748747	\$1,000,000	\$737,000	\$1,737,000
West Virginia	0.01428450	\$1,000,000	\$602,000	\$1,602,000
Wisconsin	0.02561357	\$1,000,000	\$1,079,000	\$2,079,000
Wyoming	0.00290131	\$1,000,000	\$122,000	\$1,122,000
Totals		\$53,000,000	\$42,136,000	\$95,136,000
National Office Reserve				\$10,572,245
Grand Total				\$105,708,245

	Basic Formula	Base Allocation	Base Formula	FY 2012
Alabama	0.03824288	\$50,000	\$242,500	\$292,500
Alaska	0.00367702	\$50,000	\$23,300	\$73,300
Arizona	0.01988699	\$50,000	\$126,100	\$176,100
Arkansas	0.02390879	\$50,000	\$151,600	\$201,600
California	0.03951610	\$50,000	\$250,500	\$300,500
Colorado	0.01229015	\$50,000	\$77,900	\$127,900
Delaware	0.00250560	\$50,000	\$15,900	\$65,900
Maryland	0.00955327	\$50,000	\$60,600	\$110,600
Florida	0.03884661	\$50,000	\$246,300	\$296,300
Virgin Islands		\$50,000	\$0	\$50,000
Georgia	0.04659051	\$50,000	\$295,400	\$345,400
Hawaii	0.00176853	\$50,000	\$11,200	\$61,200
W. Pacific Areas		\$50,000	\$0	\$50,000
Idaho	0.00801558	\$50,000	\$50,800	\$100,800
Illinois	0.02225834	\$50,000	\$141,100	\$191,100
Indiana	0.02567130	\$50,000	\$162,800	\$212,800
Iowa	0.01491283	\$50,000	\$94,600	\$144,600
Kansas	0.01036824	\$50,000	\$65,700	\$115,700
Kentucky	0.03741956	\$50,000	\$237,300	\$287,300
Louisiana	0.02349267	\$50,000	\$149,000	\$199,000
Maine	0.01203465	\$50,000	\$76,300	\$126,300
Massachusetts	0.00604875	\$50,000	\$38,400	\$88,400
Connecticut	0.00453020	\$50,000	\$28,700	\$78,700
Rhode Island	0.00097908	\$50,000	\$6,200	\$56,200
Michigan	0.03901934	\$50,000	\$247,400	\$297,400
Minnesota	0.02011661	\$50,000	\$127,500	\$177,500
Mississippi	0.03138458	\$50,000	\$199,000	\$249,000
Missouri	0.02933421	\$50,000	\$186,000	\$236,000
Montana	0.00705207	\$50,000	\$44,700	\$94,700
Nebraska	0.00747142	\$50,000	\$47,400	\$97,400
Nevada	0.00621267	\$50,000	\$39,400	\$89,400
New Jersey	0.00633731	\$50,000	\$40,200	\$90,200
New Mexico	0.00943494	\$50,000	\$59,800	\$109,800
New York	0.03325181	\$50,000	\$210,800	\$260,800
North Carolina	0.05000000	\$50,000	\$317,000	\$367,000
North Dakota	0.00415681	\$50,000	\$26,400	\$76,400
Ohio	0.03760234	\$50,000	\$238,400	\$288,400
Oklahoma	0.02092777	\$50,000	\$132,700	\$182,700
Oregon	0.01092121	\$50,000	\$69,200	\$119,200
Pennsylvania	0.03837550	\$50,000	\$243,300	\$293,300
Puerto Rico	0.01059522	\$50,000	\$67,200	\$117,200
South Carolina	0.03182927	\$50,000	\$201,800	\$251,800
South Dakota	0.00632548	\$50,000	\$40,100	\$90,100
Tennessee	0.03929086	\$50,000	\$249,100	\$299,100
Texas	0.05000000	\$50,000	\$317,000	\$367,000
Utah	0.00533357	\$50,000	\$33,800	\$83,800
Vermont	0.00535483	\$50,000	\$34,000	\$84,000
New Hampshire	0.00636090	\$50,000	\$40,300	\$90,300
Virginia	0.03070706	\$50,000	\$194,700	\$244,700
Washington	0.01737564	\$50,000	\$110,200	\$160,200
West Virginia	0.01716079	\$50,000	\$108,800	\$158,800
Wisconsin	0.02307334	\$50,000	\$146,300	\$196,300
Wyoming	0.00247682	\$50,000	\$15,700	\$65,700
Totals		\$2,650,000	\$6,340,400	\$8,990,400
EZ/EC/REAP Reserve				\$100,000
Child Care Reserve				\$1,136,300
National Office Reserve				\$1,136,300
Grand Total				<u>\$11,363,000</u>

HOUSING AND COMMUNITY FACILITIES PROGRAMS  
 MULTI-FAMILY HOUSING (MFH)

I. General.

A. This Attachment provides guidance regarding MFH funding for the Rural Rental Housing program (RRH) for FY 2011. For FY 2011, State Directors, under the Rural Housing Assistance Grants (RHAG) will have the flexibility to transfer their initial allocations of budget authority between the Single Family Housing (SFH) Section 504 Housing Repair Grants and the Section 533 Housing Preservation Grant (HPG) programs in accordance with Attachment 2, Part I (RHAG Transfers) of this exhibit.

B. MFH loan and grant levels for FY 2011 are as follows:

MFH Loan Programs Credit Sales	\$ 1,446,150.63
Section 514 Farm Labor Housing (LH) Loans 2/	\$ 42,634,820.79
Section 515 Rural Rental Housing (RRH) Loans 2/	\$ 69,543,021.49
Section 514, 515 and 516 Multi-Family Housing Revitalization Demonstration Program 2/3/	\$ 19,816,089
Section 521 Rental Assistance (RA)	\$953,723,730
Section 516 LH Grants 2/	\$ 15,675,895.46
Section 525 Supervisory and Technical Assistance 2/	\$. 79,797.44
Section 533 Housing Preservation Grants (HPG) 2/	\$ 9,814,482.15
Section 538 Guaranteed Rural Rental Housing Program	\$ 30,897,832.81
Rural Housing Voucher Program 1/	\$... 13,972,000
Preservation Revolving Loan Fund Demonstration Program 2/ Carryover adjusted to cover the projects funded in early FY 2011.	\$... 7,038,927

1/ Does Not Include Carryover Funds.

2/ Includes Carryover Funds.

3/ Stated at the budget authority level, rather than at the program level.

C. Requests for obligation for Section 515, 514 and 516, Multi-Family Preservation and Revitalization (MPR) New Construction RA for 515 and 514 and any incentive RA will be made either by electronically updating the MFH Obligation in the SharePoint Site or using pages 7 or 8 of this Attachment.

II. Multi-Family Housing Programs (Funds not allocated to the States).

- A. Credit Sales Authority. For FY 2011, \$1,446,150.63 will be available for credit sales to program buyers. Credit sale funding will not be allocated by State. The State Director must submit requests for authority to approve credit sales using page 8 of this Subpart to the National Office, via facsimile to (202) 720-0302.
  - B. Section 538 Guaranteed Rural Rental Housing Program. The Guaranteed Loan funds were made available under a separate Notice of Funding Availability (NOFA) published in the Federal Register at 76 Federal Register 30641-30646 on May 26, 2011. The Section 538 loans made under the 2011 NOFA shall not be subject to a guarantee fee, and the interest on the loans may not be subsidized.
  - C. Sections 514, 515 and 516 Multi-Family Housing and Revitalization Demonstration Program (MPR). The MPR program is designed to preserve and revitalize Section 515 multi-family rental housing properties and Sections 514/516 Off-Farm labor housing properties. The Program is designed to utilize several demonstration revitalization tools to restructure debt and finance an aging portfolio of rental properties. The program objective is to ensure that properties have sufficient resources to continue providing safe and affordable housing for low-income rural residents. MPR funds will be made available under a Notice of Funding Availability (NOFA). Section 515, 514 and 516 funds that are used in MPR transactions will be made available through reserves for rehabilitation or general reserve funds for those programs as described below.
  - D. Rural Housing Voucher Demonstration Program. This Demonstration Program is designed to provide tenant protections in properties that prepay their mortgages after September 30, 2005. These Vouchers are portable and will enable tenants to continue to access affordable housing without the benefit of the traditional Rental Assistance Program. Funds were made available under a NOFA published in the Federal Register at 76 Federal Register 38352-38355 on June 30, 2011.
- III. Farm Labor Program Account. The Labor Housing (LH) Program Account includes budget authority for the Section 514 Loan and Section 516 Grant Programs. The Administrator has the authority to allocate budget authority between the two programs. Upon closing of the NOFA, the Administrator will evaluate the responses and determine proper distribution of funds between loans and grants.
- A. Section 514 and Section 516 Program Level Estimates. These loans and grants are funded in accordance with § 1940.579(a) and 1940.579(b) respectively, of this Instruction. Unobligated prior year balances and cancellations will be added to the amounts shown.

LH grants for off-farm were made available under a NOFA published in the 76 Federal Register 39813-20 on July 7, 2011. Additional guidance is provided in the NOFA.

On-farm loans will be made available on a first-come, first-served basis. The total amount available for on-farm loans is \$2,000,000.00. States should utilize page 7 of this Subpart to request approval to obligate funds.

Section 514 Loans	\$42,634,820.79
FY 2011 Funds	\$25,672,886.92
Carryover	\$16,961,933.87
Available for Off-Farm New Construction and Substantial Rehab	\$23,672,887.00
Available for On-Farm	\$ 2,000,000.00
National Office Reserve	\$16,961,933.79
Section 516 Grant	\$15,675,895.00
FY 2011 Funds	\$ 9,853,254.00
Carryover	\$ 5,822,641.00
Available for Off-Farm New Construction and Substantial Rehab	\$10,188,062.00
National Office Reserve	\$ 5,487,833.46

B. National Office Reserve. A \$5,487,833.46 LH grant reserve and a \$16,961,933.79 LH loan reserve will be available until fully allocated to selected loan and grant applicants. Reserve funds are not considered New Construction NOFA funds. All unused Section 514 and Section 516 funds will be made a Part of the National Office Reserve Account. The National Office Reserve Account will be used for Repair and Rehabilitation, Hardships and Emergencies. Requests to add additional handicapped units may be funded provided that the request is limited to the cost of the units, and the costs are fully identified on the Agency's underwriting template.

Repair and Rehabilitation loan and grant funds are held in the National Office and may be distributed based upon rehabilitation needs to projects selected and processed under the MPR NOFA. All requests for hardships and emergencies will be based on the needs expressed on the Agency's underwriting template.

State Directors will categorize all hardships and emergencies as follows:

1. Health Concerns;
2. Safety Concerns;
3. Deferred Maintenance
4. Fair Housing Compliance; and
5. Loss of leveraged third-Party funding.

If funds are made available for Technical Assistance those funds will come from Reserve Account.

- C. Rental Assistance for Labor Housing. Not less than \$2,994,000 in RA will be available for new construction and substantial rehabilitation during FY 2011.

IV. Section 515 RRH Loan Funds. States should use page 9 of this Subpart to request approval to obligate all funds.

Section 515 Rural Rental Housing Allocation (Total)	\$69,543,021.49
New Construction and Substantial Rehabilitation	
Funds and set-asides	\$18,036,668.00
Non-Restricted	\$12,036,668.00
Set-aside for nonprofits	\$ 2,000,000.00
Set-aside for underserved counties and colonias	\$ 2,000,000.00
Set-aside for REAP	\$ 2,000,000.00
Rehab and repair funds and equity	\$36,706,945.00
Designated Equity Loan Reserve	\$10,000,000.00
General Reserve	\$14,799,409.49

- A. New Construction and Substantial Rehabilitation Loan Funds. New construction and substantial rehabilitation loan funds were made available under a NOFA published in the Federal Register at 76 Federal Register 41196-41203 on July 13, 2011. Upon closing of the NOFA, States should submit a list, in rank order, of the eligible projects. The list must show the name of the applicant; location of the project (city and state); whether it is located in a REAP Zone, Tribal Land, or Colonia; amount of leveraging; HCFP loan amount; point score; total project units; number of tax credit units; and other information, as requested in the NOFA, to the National Office. Requests that are eligible for the nonprofit set-aside must be so indicated. Include requests for the Underserved Counties and Colonias Set-Aside and REAP Zone set-aside.

The National Office will rank the States' requests by point score using the same tie breaker criteria established in 7 CFR 3560.56(c)(2). Funds will be distributed to the States for loan requests in rank order, up to a maximum of 20 percent of the total amount available for new construction for any one State, regardless of Agency funding source.

- B. National Office New Construction Substantial Rehabilitation Set-asides. The following funds have been set-aside as described below and made available using a national NOFA.

1. Set-aside. The following funds have been set-aside as described below and made available using a national NOFA.
  - a. Nonprofit set-aside. An amount of \$2,000,000.00 has been set aside for nonprofit applicants.
  - b. Underserved counties and colonias set-aside. An amount of \$2,000,000.00 has been set aside for loan requests to develop units in the underserved 100 most needy counties or colonias as defined in Section 509(f) of the Housing Act of 1949.
  - c. REAP set-aside. An amount of \$2,000,000 has been set aside for REAP Zone applicants.
- C. Rental Assistance. Not less than \$2,025,940 in RA will be available for new construction and substantial rehabilitation during FY 2011.
- D. Repair and Rehabilitation Loans. All funds will be held in the National Office and distributed based upon rehabilitation needs to projects selected and processed under the FY 2011 MPR NOFA published in the Federal Register at 76 Federal Register 39820-36 on July 7, 2011.
- E. Designated Reserve for Equity Loans. An amount of \$10,000,000 has been designated for the equity loan preservation incentive described in 7 CFR 3560.656. The \$10,000,000 will be further divided into \$5,000,000 for equity loan requests currently on the pending funding list and \$5,000,000 to facilitate the transfer of properties from for-profit owners to nonprofit corporations and public bodies.

Funds for such transfers would be authorized only for for-profit owners who are currently on the pending funding list who agree to transfer to nonprofit corporations or public bodies rather than to remain on the pending list. If insufficient transfer requests are generated to utilize the full \$5,000,000 set aside for nonprofit and public body transfers, the balance will revert to the general reserve. There is \$3,000,000 of Section 521 funds provided for Incentive Rental Assistance, but no funding for Section 502(c) advances to non-profits this fiscal year.
- F. General Reserve. There is one general reserve fund of \$14,799,409.49. Some examples of immediate allowable uses include, but are not limited, to the following:
  1. Hardships and Emergencies. The request must include sufficient documentation to support the hardship or emergency, including reasons why it is in the Government's best interest to favorably consider the request.

2. Cooperatives or group homes. Requests for cooperative housing or group homes must be in designated places and submitted under the Section 515 new construction NOFA.
  3. RRH preservation. Funds may be used to promote innovative approaches to preserving existing RRH projects. Requests to use these funds will be considered in accordance with specific standards established by the Administrator and with an agreement to extend the project's restrictive use period at least 20 years. The Multi-Family Housing Preservation and Direct Loan Division will be responsible for reviewing these requests.
- F. Requesting Funds for Special Needs. States should utilize page 9 of this Subpart to request reserve funds. This format will ensure a prompt turnaround since it can be used for the request and National Office approval.
- V. Section 533 Housing Preservation Grants. Due to limited funds this fiscal year, the funding process will be followed as described in paragraph (V) (A) of this Subpart.
- A. State allocation options. After receipt of applications, States will have the following options:
    1. Use their allocations as reflected on page 9 of this Subpart to make two or more grants so that no one grantee receives more than 50 percent of the State allocation, unless there is a single applicant from that State.
    2. Return the allocation to the National pool. Once a State returns its allocation to the National pool, the State may request one grant of no more than \$50,000 from that pool. Funds will be limited and States are not guaranteed funding from the National pool. If the pool is insufficient, selection will be in order of point score.
    3. Transfer a portion of the unused funds to Section 504 in accordance with RD Instruction 1940-L, Exhibit A, Attachment 2, Part I, paragraph I.B.
  - B. Amount Available for Allocation. See page 9 of this Subpart for HPG State allocations. REAP Zone set-aside funds will be included in the NOFA.

Total HPG available	\$ 9,814,482
Less reserve	\$ 981,448
Less designated reserve (REAP)	\$ 600,000
Total Available for Distribution	\$ 8,233,034

- C. Base Allocation. The base allocation is not used. Distribution of funds is based on the allocation formula in accordance with RD Instruction 1940-L.
- D. Administrative Allocations. The administrative allocation is not used.
- E. Reserve. The National Office reserve is 10 percent of the total funds available. The eligible uses for reserve funds include natural disasters, and targeted areas. State Directors may request reserve funds with sufficient documentation to support the request, including reasons why it is in the Government's best interest to consider the request. The National Office reserve may also be used to augment the individual grants or National pool.
- F. National Office Pooling. Pooling for unused (unobligated) HPG funds under the RHAG is tentatively scheduled for September 2011. Further details will be provided in conjunction with pooling.
- G. Availability of the Allocation. A distribution of funds is made to all States. The Agency does not have the authority to waive the statutory rule that not more than 50 percent of the State's allocation may go to one eligible applicant, unless there is a single grantee from that State.
- H. HPG is a competitive grant program. State Directors must implement maximum outreach measures to ensure 100 percent utilization of HPG funds. Opening and closing dates for submission of preapplications were announced in the Federal Register at 76 Federal Register 398636-398642 on July 7, 2011. Exhibit G to RD Instruction 1944-N must be submitted to the National Office. (The deadline for submission was announced in the Federal Register in July 2011.)

[On Rural Development Letterhead]

TO: Laurence R. Anderson  
 Director, Multi-Family Housing Preservation and Direct Loan Division

ATTENTION: Mirna Reyes-Bible  
 Finance and Loan Analyst, MFHPDLD, STOP 0781

SUBJECT: Request for Obligation of FY 2011 Section 514 Loan or 516 Grant Funds

State Name \_\_\_\_\_

Authorization is requested for the following application:

Applicant:	
Is the Applicant a Non-Profit Organization? Faith-Based or Community Based? (Yes or No)	
Is the property located within a colonia? (Yes or No)	
Total HCFP Loan:	
Total HCFP Grant:	
Total Number of Units in the Complex:	
Total Number of Migrant Units:	
Total Number of Year Round Units:	
Number of Units with Operating Assistance:	
Number of Units with Rental Assistance:	
Type of Housing (on-farm or off-farm)?	
Amount of Funds from Other Sources:	
Type of Loan or Grant (new construction or rehab):	

I certify that the above information is correct and the borrower represents that uses of this loan (or grant) will meet the requirements of Section 504 of the Rehabilitation Act of 1973, the Fair Housing Amendments Act of 1988, the American with Disabilities Act of 1990, and all applicable regulations. I certify that the cash flow analysis has been completed for the grant, and has been submitted to the National Office, and is for the minimum amount of assistance necessary. Please feel free to contact \_\_\_\_\_ at \_\_\_\_\_ should you have any questions regarding this matter. After National Office approval, return signed form to the following fax number: \_\_\_\_\_.

State Director \_\_\_\_\_

\_\_\_\_\_ Date

#####

[ ] APPROVED. Use of these funds is authorized solely for the above named applicant and may not be used for other applicants/purposes:

[ ] DISAPPROVED. We regret that our response could not be more favorable for the following reasons:

Please feel free to call (202) 720-1753 should you have any questions regarding this matter. Our FAX number is (202) 720-0302.

Laurence R. Anderson  
 Director, MFHPDLD

DATE \_\_\_\_\_

[On Rural Development Letterhead]

TO: Laurence R. Anderson  
 Director, Multi-Family Housing Preservation and Direct Loan Division

ATTENTION: Bonnie Edwards-Jackson  
 Finance and Loan Analyst, MFHPDLD, STOP 0781

SUBJECT: Request for Obligation of FY 2011 Section 515 Funds

State Name: \_\_\_\_\_

Authorization is requested for the following:

Applicant Name:	
Is the Applicant a Non-Profit Organization? Faith-Based or Community Based? (Yes or No)	
Is the Property Located Within a Colonia Area? (Yes or No)	
Total HCFP Loan:	
Source and Amount of Leveraged Funds:	
RA Units Required & Type (new construction only)	
Total Complex Units:	
Number of Units to be repaired:	
Type of Loan (Please put an "X" in the appropriate box)	
New Construction	
New Construction funded from REAP Set-aside (Must obligate before June 30, 2010)	
Repair/Rehabilitation	
Inventory/Credit Sale	
Emergency or Hardship	
Other (Describe)	

I certify that the above information is correct and the borrower represents that uses of this loan and/or grant will meet the requirements of Section 504 of the Rehabilitation Act of 1973, the Fair Housing Amendments Act of 1988, the Americans with Disabilities Act of 1990, and all applicable regulations. Please contact \_\_\_\_\_ at \_\_\_\_\_ should you have any questions regarding this matter. After National Office approval, return signed form to the following fax number: \_\_\_\_\_.

\_\_\_\_\_  
 State Director

\_\_\_\_\_  
 DATE

**-----NATIONAL OFFICE USE-----**

[ ] APPROVED. Type of Assistance Code \_\_\_262 \_\_\_021. Use of these funds is authorized solely for the above named applicant and may not be used for other applicants/purposes.

[ ] DISAPPROVED. Our response could not be more favorable for the following reasons:

\_\_\_\_\_  
 Please feel free to contact Sue Harris-Green at 202-720-1660 should you have any questions regarding this matter. Our FAX number is (202) 720-0302.

\_\_\_\_\_  
 Laurence R. Anderson  
 Director, MFHPDLD

\_\_\_\_\_  
 DATE

Housing and Community Facility Programs FY 2011  
 Section 533 Housing Preservation Grants  
 Allocation in Thousands

STATE	FORMULA FACTOR	TOTAL ALLOCATION
ALABAMA	0.02957	243,450.81
ALASKA	0.00587	48,327.91
ARIZONA	0.01780	146,548.00
ARKANSAS	0.02310	190,183.08
CALIFORNIA	0.04653	383,083.07
COLORADO	0.00840	69,157.49
DELAWARE	0.00190	15,642.76
MARYLAND	0.00880	72,450.70
FLORIDA	0.02890	237,934.68
VIRGIN ISLANDS	0.00273	22,476.18
GEORGIA	0.03867	318,371.42
HAWAII	0.00790	65,040.97
WPA	0.00647	53,267.73
IDAHO	0.00743	61,171.44
ILLINOIS	0.02250	185,243.26
INDIANA	0.02157	177,586.54
IOWA	0.01340	110,322.65
KANSAS	0.01130	93,033.28
KENTUCKY	0.03483	286,756.57
LOUISIANA	0.03170	260,987.18
MAINE	0.00913	75,167.60
MASSACHUSETTS	0.00793	65,287.96
CONNECTICUT	0.00453	37,295.64
RHODE ISLAND	0.00100	8,233.03
MICHIGAN	0.02977	245,097.42
MINNESOTA	0.01673	137,738.66
MISSISSIPPI	0.03180	261,810.48
MISSOURI	0.02460	202,532.63
MONTANA	0.00620	51,044.81
NEBRASKA	0.00713	58,701.53
NEVADA	0.00263	21,652.88
NEW JERSEY	0.00657	54,091.03
NEW MEXICO	0.01437	118,308.70
NEW YORK	0.02753	226,655.42
NORTH CAROLINA	0.04497	370,239.54
NORTH DAKOTA	0.00413	34,002.43
OHIO	0.03450	284,039.67
OKLAHOMA	0.01917	157,827.26
OREGON	0.01423	117,156.07
PENNSYLVANIA	0.03687	303,551.96
PUERTO RICO	0.04923	405,312.26
SOUTH CAROLINA	0.02690	221,468.61
SOUTH DAKOTA	0.00597	49,151.21
TENNESSEE	0.02973	244,768.10
TEXAS	0.07645	629,415.44
UTAH	0.00430	35,402.05
VERMONT	0.00403	33,179.13
NEW HAMPSHIRE	0.00503	41,412.16
VIRGINIA	0.02660	218,998.70
WASHINGTON	0.01743	143,501.78
WEST VIRGINIA	0.01937	159,473.87
WISCONSIN	0.01873	154,204.73
WYOMING	0.00307	25,275.41
STATE TOTALS	1.00000	8,233,033.93
NATIONAL OFFICE RESERVE		981,448.22
REAP RESERVE		600,000.00
TOTAL AVAILABLE		9,814,482.15

HOUSING AND COMMUNITY FACILITIES PROGRAMS  
 SINGLE FAMILY HOUSING

I. General.

A. This Attachment provides SFH allocations for FY 2011. Allocation computations have been made in accordance with §§ 1940.563 through 1940.568 of this Instruction. State Directors are reminded of their authority to transfer funds between the Section 504 Rural Housing Grant program and the Section 533 Housing Preservation Grant program in accordance with Attachment 2, Part I of this exhibit. Program contacts for funds held in the National Office are located on a chart on page 10 of this Subpart. Information on basic formula criteria, data source and weight, administrative allocation, pooling of funds, and availability of the allocation are located on a chart on page 11 of this Subpart.

B. The SFH levels authorized for FY 2011 are as follows:

Section 502 Guaranteed Rural Housing (RH)Loans	\$24,000,000,000.00
Nonsubsidized Guarantees Purchase	\$23,280,000,000.00
Nonsubsidized Guarantees Refinance	\$ 720,000,000.00
Section 502 Direct RH Loans 1/	\$ 1,119,162,939.29
Very low-income Subsidized Loans (rounded)	\$ 447,665,000.00
Low-Income Subsidized loans (rounded)	\$ 671,497,000.00
Credit sales (Nonprogram)	\$ 10,000,000.00
Section 504 Housing Repair Loans 1/	\$ 23,313,026.94
Section 504 Housing Repair Grants 1/2/	\$ 30,439,000.00
Section 509 Compensation for Construction Defects 2/	\$ 499,000.00
Section 523 Mutual and Self-help Housing Grants and Contracts 1/2/	\$ 36,926,000.00
Section 523 Self-Help Site Loans	\$ 4,955,586.20
Section 524 RH Site Loans	\$ 5,041,443.29
Section 306C Water and Waste Disposal Grants 3/	\$ 972,921.00

1/ Includes funds for REAP communities. After June 30, 2010 funds will be available for regular program.

2/ Carryover funds are not included.

3/ This is a carryover balance no new funds were allocated for FY 2011.

C. SFH funding not allocated to States are:

1. Credit Sale Authority. Credit sale funds are available only for nonprogram sales of Real Estate Owned (REO) property. There will be no State distribution of nonprogram credit sale authority; rather funds will be available on a first-come, first-served basis. A separate reserve of Section 502 loan funding is being maintained in the National Office for the sale of program

property to program applicants. Requests should be submitted using the National Office Reserve Funds (NORF) system as described on page 7, paragraph II.B.4.e. of this Attachment. The requested amount and the amount reflected in MortgageServ must match in order for the request to be considered.

2. Section 509 Compensation for Construction Defects. All claims for compensation for construction defects, along with the borrower's case file, must be submitted to the National Office for authorization of funds prior to approval. After receipt of the authorization, claims may be approved and submitted to the finance office for funding. There is a carryover unobligated balance of \$512,095 in addition to the FY 2011 funding of \$499,000.
3. Section 523 Mutual and Self-help Technical Assistance Grants. The State Director must request funding approval from the National Office for all requests. A technical review and analysis must be completed by the Technical and Management Assistance (T&MA) contractor on all predevelopment, new and existing (refunding) grant applications. In addition to the T&MA contractor's review, Agency personnel must also review and evaluate the feasibility of the grantee's request and make the appropriate recommendation. The level of National office review will be based on the amount of the grant:
  - (a) For grant requests of \$300,000 or less, the State Director should submit:
    - (1) the analysis from the T&MA contractor;
    - (2) statement indicating whether or not the grant recipient will be working in Rural Economic Area Partnerships (REAP) and census tract designation of area;
    - (3) the State Director's recommendation;
    - (4) a copy of the conditions to be met;
    - (5) a copy of Form RD 1940-1, Request for Obligation of Funds;
    - (6) if the grantee is a marginal performer, specific information showing actions to correct performance, and
    - (7) USDA Survey on Ensuring Equal Opportunity for Applicants.
  - (b) For grant requests that exceed \$300,000, the complete application docket along with the items mentioned above, must be sent to the National Office.

For Section 523 Mutual and Self-Help Technical Assistance Grants, \$36,926,000 is appropriated. All Section 523 grants will be obligated in the National Office to enable National Office staff to better monitor fund utilization.

4. Section 523 Mutual and Self-Help Site Loans and Section 524 RH Site Loans. State Directors are responsible for developing an outreach program to increase public awareness of these programs. The State Director must request and receive funding authority from the National Office prior to obligating loan funds.
5. Section 306C Water and Waste Disposal (WWD) Grants to Individuals in Colonias. The objective of the Section 306C WWD individual grant program is to facilitate the use of community water or waste disposal systems for the residents of the colonias along the U.S. Mexico border. Colonias are located in the States of Arizona, California, New Mexico and Texas.

A colonia is defined as the area of the United States within 150 miles of the border between the United States and Mexico except that the term does not include any standard metropolitan statistical area that has a population exceeding 1,000,000; is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe and sanitary housing; and was existing as a colonia before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act.

Eligible areas under Section 306C WWD may be different from areas under the 5 percent set-aside for the 100 underserved counties and colonias. The total amount available to Arizona, California, New Mexico and Texas will be \$792,921 for FY 2011. This amount includes the carryover unobligated balance of \$792,921 for processing individual grant applications. Allocations will be distributed to the above States.

6. Section 525 Technical and Supervisory Assistance (TSA) and Section 509 Housing Application Packaging Grants (HAPG). There is no new FY 2011 funding for these programs.
7. Natural Disaster Funds. There are no natural disaster funds available. Should disaster funding be authorized, the Agency will obtain a formal OGC opinion regarding the appropriate use of emergency funds prior to approving applications for designated disasters.
8. Deferred Mortgage Payment Demonstration. There is no FY 2011 funding provided for deferred mortgage authority or loans for deferred mortgage assumptions.

9. Section 502 Direct Funds for Families not Qualifying for Payment Assistance. Funds from a State's allocation may be used for qualified very low and low-income applicants when the payment assistance formula shows there is no need for the subsidy. This assistance will be taken from the State's subsidized regular funding.

II. State Allocations. State allocation distributions can be found on pages 12 through 19 of this Subpart.

- A. Section 502 nonsubsidized guaranteed RH (GRH) loans. The pooling date for all Section 502 non-subsidized guaranteed RH funds will be August 12, 2011. However, if funds are used at a faster rate than anticipated, the pooling date may be moved forward and the National Office may opt to pool funds more than once. If funds are used at a slower rate than anticipated, pooling may be delayed. If it appears that ample funds will remain available for the entire year, the National Office may cancel the pooling of GRH funds.

If analysis of the utilization of funds during the fiscal year indicates that, at the rate of current utilization, funds may not be sufficient to sustain that level of activity for the remainder of the fiscal year, the Agency may determine a shortage of funds exists. A determination that a shortage of funds exists will be made if, based on current obligation rates, funds are projected to run out before the end of the fiscal year. Upon the determination that a shortage of funds exists, the Agency may restrict loan guarantees to first-time homebuyers or veterans. First-time homebuyers and veterans will be served in the order their applications are received.

1. Purchase - Amount available for allocation for annually allocated funds.

Total Available - Purchase	\$23,280,000,000
Less National Office General Reserve	\$5,280,000,000
Basic Formula and Administrative Allocation	\$18,000,000,000

- (a) National Office General Reserve. Requests for National Office reserve funds should be submitted by e-mail to the Guaranteed Loan Division's e-mail address of [sfhgld@wdc.usda.gov](mailto:sfhgld@wdc.usda.gov) with "Funding Request" or "Request for Funds" in the subject line. Your request should be placed in the body of the e-mail message and must have the following information: Amount of the Purchase Funds requested; and under which category: General or Special Outreach. The NORF system is not used for guaranteed

funds. The Administrator may restrict access to this reserve for States not meeting their goals in special outreach areas.

(b) Sub-allocation by the State Director. The State Director may retain funds at the State office level or sub-allocate to the area or field office level.

(c) Special Outreach Areas. In FY 2011, the National Office will no longer allocate funds for specific use in special outreach areas. However, tracking of funds usage in special outreach areas will be continually tracked using reports from the RD data warehouse. States should monitor funds usage in special outreach areas to ensure 30 percent of GRH funds are used in special outreach areas. Special outreach areas for the GRH program are defined as those areas within a State that are not located within a Metropolitan Statistical Area (MSA).

2. Refinance - Amount available for annually allocated funds.

Total Available - Refinance	\$720,000,000
Less National Office General Reserve	\$720,000,000
Basic Formula and Administrative Allocation	\$ -0-

(a) Refinance Funds. Refinance funds use a different Type of Assistance code in the Guaranteed Loan System. The funds are currently tracked in the Program Funds Control System (PFCS) as a separate allocation. Refinance loan funds will not be distributed to each State this year due to the limited resources. Funds will be managed by the National Office and distributed to each State on a loan-by-loan basis to ensure sufficient funding in all States for refinance loans.

(b) National Office General Reserve. Requests for National Office reserve funds should be submitted by e-mail to the Guaranteed Loan Division's e-mail address of [sfhgld@wdc.usda.gov](mailto:sfhgld@wdc.usda.gov) with "Funding Request" or "Request for Funds" in the subject line. Your request should be placed in the body of the e-mail message and must have the following information: Amount of the Refinance Funds requested. The NORF system is not used for guaranteed funds. The Administrator may restrict access to this reserve for States not meeting their goals in special outreach areas.

- (c) Allocation of funds. The National Office will not distribute refinance funds to each State. Funds will be distributed to each State on a loan-by-loan basis, and will be tracked by the National Office.
- (d) Sub-allocation by the State Director. The State Director may not retain funds at the State office level or sub-allocate to the area or field office level.

B. Section 502 Direct RH Loans.

1. Amount available for allocation of annual funds.

Total Available - Rounded	\$1,119,162,000
Less Required Set Aside--5% Underserved Counties and Colonias	\$ 55,958,000
REAP	\$ 2,177,000
Less General Reserve	\$ 253,689,000
Basic Formula and Administrative Allocation	\$ 807,338,000

- 2. Base Allocation. Each State will receive a base allocation in accordance with § 1940.552(e). The base allocation remains at the same level as in FY 2005 so that each State receives at least \$4 million.
- 3. Nationally not less than 40 percent of funds, and not less than 30 percent of funds for an individual State, will be made available for very-low applicants.
- 4. Reserves - Annual Appropriations.
  - a. Program Real Estate Owned (REO) Sales. There will be no State distribution of REO funds. Rather, States are expected to fund Program REO sales from their own reserve. Requests should be submitted using the NORF system, as described on page 7, paragraph II.B.4.e. of this Attachment. The requested amount and the amount reflected in MortgageServ must match in order for requests to be considered.
  - b. Underserved Counties and Colonias. For the 100 underserved counties and colonias, \$55,958,000 has been made available. The underserved counties and colonias are identified in Part I of this Attachment. Requests should be submitted using the NORF system, as described on page 7, paragraph II.B.4.e. of this Attachment. Additional underserved counties may be requested after June 30, 2011. Allocation amounts for underserved and colonia areas are listed on page 17.

- c. Rural Economic Area Partnership (REAP) Set-Aside. For REAP zones, \$2,177,000 has been made available. If these funds are not obligated for REAP Zones by June 30, 2011, they shall remain available for other authorized purposes. Allocation amounts for REAP funds are listed on page 18.
  - d. Reserve Requests. States that have fully utilized their allocations are eligible for National Office reserve funds. Requests for Hardship/Homeless and Program REO funding must be submitted on a case-by-case basis utilizing the NORF system. Requests must include the applicant's name, account number, full loan amount, amount being requested, income category, and a justification, if applicable. The information in the requests must exactly match what is in MortgageServ. Requests with inconsistencies between NORF and MortgageServ will not be processed. States that have fully utilized their allocations may request lump sum amounts using the appropriate survey tool in accordance with periodic instructions from the National Office.
  - e. State Office Pooling. If pooling is conducted within a State, it must not take place within the first 30 calendar days of the first, second, or third quarter. (There are no restrictions on pooling in the fourth quarter.) Pooled funds may be redistributed by the State Director provided the State Director has determined that the pooled funds could not be used in the field offices receiving the funds allocated in accordance with this Instruction. This determination will be in writing, filed in the State office, and will include a statement that all appropriate efforts were made to use the funds, as allocated.
  - f. Suballocation by the State Director. The State Director may suballocate funding to each area office using the methodology and formulas required by this Instruction. If the suballocation is to the area level, the Area Director will make funds available on a first-come, first-served basis to offices at the field or area level. No Field Office will have its access to funds restricted without the prior written approval of the Administrator. State Directors may hold funds in reserve for leveraging and other initiatives.
- C. Section 504 Housing Loans and Grants. Section 504 grant funds are included in the RHAG in the FY 2011 appropriation. Funds included in RHAG may be transferred in accordance with Part I of this Attachment.

1. Amount available for allocation of annual funds.

Section 504 Loans:

Total available	\$23,313,026.94
Less 5% For 100 Underserved Counties and Colonias	\$ 1,165,651.00
REAP	\$ 171,000.00
Less General Reserve	\$ 462,840.94
Basic formula - Administrative Allocation	\$21,513,535.00

Section 504 Grants:

Total Available	\$30,370,000.00
Less 5% for 100 Underserved Counties and Colonias	\$ 1,518,500.00
REAP	\$ 69,000.00
Less General Reserve	\$ 1,515,050.00
Basic Formula - Administrative Allocation	\$27,267,450.00

2. Reserves - Annual Appropriations.

- (a) Underserved Counties and Colonias. For the 100 underserved counties and colonias, \$1,165,651 and \$1,518,500 is available for the Section 504 loan and grant programs, respectively. The underserved counties are identified in Part I of this Attachment. Allocation amounts for underserved and colonias areas are listed on page 17.
- (b) Rural Economic Area Partnership (REAP). For REAP Zones, \$171,000 and \$69,000 is available for the Section 504 loan and grant programs, respectively. If these funds are not obligated for REAP Zones by June 30, 2011, they shall remain available for other authorized purposes. Allocation amounts for REAP funds are listed on page 18.
- (c) Requesting Section 504 Loan and Grant Funds. Requests for Section 504 loan and grant funds from the National Office reserve should be submitted on a case-by-case basis utilizing the NORF, as described on page 7, paragraph II.B.4.e. of this Attachment.

**National Office Contacts for Program Initiatives**

<b>Program Initiatives</b>	<b>Contact</b>	<b>Phone #</b>
504 Loan & Grant Requests	Myron Wooden	(202) 720-4780
Compensation for Construction Defects	Myron Wooden	(202) 720-4780
Funds for Sale of Program/Non-Program Real Estate Owned (REO) Properties	Renee May	(314) 457-5440
Hardship and Homelessness Requests (502)	Shantelle Gordon	(202) 205-9567
Hardship Requests (504)	Myron Wooden	(202) 720-4780
Homeownership Partnership Fund Usage Report/Requests for additional Funds	Migdaliz Bernier	(202) 690-3833
Housing Application Packaging Grants (HAPG)	Myron Wooden	(202) 720-4780
Leveraging Participation	Migdaliz Bernier	(202) 690-3833
Matching funds for States with approved Mutual Self-Help Housing Grants	Shantelle Gordon	(202) 205-9567
Mutual & Self-Help Technical Assistance Grants	Akua Assata	(202) 690-3832
Mutual and Self-Help Site Loans	Carolyn Bell	(202) 720-1532
National Office Reserve Funds (NORF) System	Shantelle Gordon	(202) 205-9567
Rural Housing Site Loans	Carolyn Bell	(202) 720-1532
Rural Housing Demonstration Program	Gloria Denson	(202) 720-1487
SFH Guaranteed Loan Division National Office Reserves	Melvin Carroll or Dave Chaput	(202) 690-4742 (202) 720-1456
502 Underserved Counties and Colonias	Shantelle Gordon	(202) 205-9567
504 Underserved Counties and Colonias	Myron Wooden	(202) 720-4780

**Information on basic formula criteria, data source and weight, administrative allocation, pooling of funds, and availability of the allocation**

#	DESCRIPTION	SECTION 502 NONSUBSIDIZED GUARANTEED RH LOANS	SECTION 502 DIRECT RH LOANS Annual	SECTION 504 LOANS AND GRANTS
1/	<b>Basic formula criteria,, data source, and weight</b>			
		See §1940.563(b) of this instruction.	See §1940.565(b) of this instruction.	See § 1940.566(b) and 1940.567(b) of this instruction.
2/	<b>Administrative Allocation</b>			
	Western Pacific Area	\$8,000,000	\$2,000,000	\$500,000 loan \$500,000 grant
3/	<b>Pooling of funds.</b>			
	a. Year-end pooling	August 12, 2011	July 14, 2011	July 14, 2011
	b. Underserved counties & colonias	N/A	June 30, 2011	June 30, 2011
	c. REAP	N/A	June 30, 2011	June 30, 2011
4/	<b>Availability of the allocation.</b>			
	a. first quarter	40 percent	50 percent	50 percent
	b. second quarter	70 percent	75 percent	75 percent
	c. third quarter	90 percent	100 percent	100 percent
	d. fourth quarter	100 percent	100 percent	100 Percent
1/	Data derived from the 2000 U.S. Census is available on the web at <a href="http://census.sc.egov.usda.gov">http://census.sc.egov.usda.gov</a> .			
2/	Due to the absence of Census data.			
3/	All dates are tentative and are for the close of business (COB). Pooled funds will be placed in the National Office reserve and made available administratively. The Administrator reserves the right to redistribute funds based upon program performance.			
4/	Funds will be distributed cumulatively through each quarter listed until the National Office year-end pooling date.			

Housing and Community Facility Programs FY 2011  
 Allocation in Thousands  
 Section 502 Direct Rural Housing Loans

STATE	STATE BASIC FORMULA FACTOR	TOTAL FY 2011 ALLOCATION
1 ALABAMA	0.02893348	\$21,321
60 ALASKA	0.00623983	\$7,746
2 ARIZONA	0.01551438	\$13,308
3 ARKANSAS	0.02202430	\$17,189
4 CALIFORNIA	0.04281159	\$29,668
5 COLORADO	0.01225178	\$11,338
6 CONNECTICUT	0.00445853	\$6,667
7 DELAWARE	0.00293815	\$5,759
9 FLORIDA	0.02769317	\$20,586
10 GEORGIA	0.03803061	\$26,773
61 HAWAII	0.00623301	\$7,741
12 IDAHO	0.00847438	\$9,077
13 ILLINOIS	0.02627571	\$19,722
15 INDIANA	0.02616726	\$19,659
16 IOWA	0.01764334	\$14,557
18 KANSAS	0.01336777	\$12,002
20 KENTUCKY	0.02807301	\$20,804
22 LOUISIANA	0.02361424	\$18,145
23 MAINE	0.01109070	\$10,637
24 MARYLAND	0.01010209	\$10,044
25 MASSACHUSETTS	0.00622585	\$7,724
26 MICHIGAN	0.03579346	\$25,421
27 MINNESOTA	0.02361828	\$18,138
28 MISSISSIPPI	0.02636473	\$19,793
29 MISSOURI	0.02809053	\$20,815
31 MONTANA	0.00738806	\$8,424
32 NEBRASKA	0.00953784	\$9,709
33 NEVADA	0.00339314	\$6,033
34 NEW HAMPSHIRE	0.00666198	\$7,986
35 NEW JERSEY	0.00551402	\$7,299
36 NEW MEXICO	0.01296637	\$11,776
37 NEW YORK	0.03378933	\$24,219
38 NORTH CAROLINA	0.05148079	\$34,820
40 NORTH DAKOTA	0.00469453	\$6,810
41 OHIO	0.03725173	\$26,289
42 OKLAHOMA	0.02019475	\$16,092
43 OREGON	0.01654303	\$13,908
44 PENNSYLVANIA	0.04269918	\$29,548
63 PUERTO RICO	0.00884495	\$9,311
45 RHODE ISLAND	0.00090026	\$4,539
46 SOUTH CAROLINA	0.02669849	\$19,986
47 SOUTH DAKOTA	0.00705037	\$8,222
48 TENNESSEE	0.03062418	\$22,329
49 TEXAS	0.07365688	\$48,141
52 UTAH	0.00500465	\$6,999
53 VERMONT	0.00579860	\$7,470
64 VIRGIN ISLANDS	0.00217552	\$5,306
54 VIRGINIA	0.02711459	\$20,229
56 WASHINGTON	0.01939199	\$15,618
62 WEST PAC ISLANDS	N/A	\$2,000
57 WEST VIRGINIA	0.01591004	\$13,521
58 WISCONSIN	0.02634031	\$19,764
59 WYOMING	0.00393497	\$6,356
STATE TOTALS		\$807,338
100 UNDERSERVED COUNTIES/COLONIAS		\$55,958
REAP		\$2,177
GENERAL RESERVE		\$253,689
TOTAL AVAILABLE		\$1,119,162

Housing and Community Facility Programs FY 2011  
 Allocation In Thousands  
 Section 502 Direct Rural Housing Loans

STATE	TOTAL FY 2011 ALLOCATION	VERY-LOW INCOME ALLOCATION 40 PERCENT	LOW INCOME ALLOCATION 60 PERCENT
1 ALABAMA	\$21,321	\$8,528	\$12,793
60 ALASKA	\$7,746	\$3,098	\$4,648
2 ARIZONA	\$13,308	\$5,323	\$7,985
3 ARKANSAS	\$17,189	\$6,876	\$10,313
4 CALIFORNIA	\$29,668	\$11,867	\$17,801
5 COLORADO	\$11,338	\$4,535	\$6,803
6 CONNECTICUT	\$6,667	\$2,667	\$4,000
7 DELAWARE	\$5,759	\$2,304	\$3,455
9 FLORIDA	\$20,586	\$8,234	\$12,352
10 GEORGIA	\$26,773	\$10,709	\$16,064
61 HAWAII	\$7,741	\$3,096	\$4,645
12 IDAHO	\$9,077	\$3,631	\$5,446
13 ILLINOIS	\$19,722	\$7,889	\$11,833
15 INDIANA	\$19,659	\$7,864	\$11,795
16 IOWA	\$14,557	\$5,823	\$8,734
18 KANSAS	\$12,002	\$4,801	\$7,201
20 KENTUCKY	\$20,804	\$8,322	\$12,482
22 LOUISIANA	\$18,145	\$7,258	\$10,887
23 MAINE	\$10,637	\$4,255	\$6,382
24 MARYLAND	\$10,044	\$4,018	\$6,026
25 MASSACHUSETTS	\$7,724	\$3,090	\$4,634
26 MICHIGAN	\$25,421	\$10,168	\$15,253
27 MINNESOTA	\$18,138	\$7,255	\$10,883
28 MISSISSIPPI	\$19,793	\$7,917	\$11,876
29 MISSOURI	\$20,815	\$8,326	\$12,489
31 MONTANA	\$8,424	\$3,370	\$5,054
32 NEBRASKA	\$9,709	\$3,884	\$5,825
33 NEVADA	\$6,033	\$2,413	\$3,620
34 NEW HAMPSHIRE	\$7,986	\$3,194	\$4,792
35 NEW JERSEY	\$7,299	\$2,920	\$4,379
36 NEW MEXICO	\$11,776	\$4,710	\$7,066
37 NEW YORK	\$24,219	\$9,688	\$14,531
38 NORTH CAROLINA	\$34,820	\$13,928	\$20,892
40 NORTH DAKOTA	\$6,810	\$2,724	\$4,086
41 OHIO	\$26,289	\$10,516	\$15,773
42 OKLAHOMA	\$16,092	\$6,437	\$9,655
43 OREGON	\$13,908	\$5,563	\$8,345
44 PENNSYLVANIA	\$29,548	\$11,819	\$17,729
63 PUERTO RICO	\$9,311	\$3,724	\$5,587
45 RHODE ISLAND	\$4,539	\$1,816	\$2,723
46 SOUTH CAROLINA	\$19,986	\$7,994	\$11,992
47 SOUTH DAKOTA	\$8,222	\$3,289	\$4,933
48 TENNESSEE	\$22,329	\$8,932	\$13,397
49 TEXAS	\$48,141	\$19,256	\$28,885
52 UTAH	\$6,999	\$2,800	\$4,199
53 VERMONT	\$7,470	\$2,988	\$4,482
64 VIRGIN ISLANDS	\$5,306	\$2,122	\$3,184
54 VIRGINIA	\$20,229	\$8,092	\$12,137
56 WASHINGTON	\$15,618	\$6,247	\$9,371
62 WEST PAC ISLANDS	\$2,000	\$800	\$1,200
57 WEST VIRGINIA	\$13,521	\$5,408	\$8,113
58 WISCONSIN	\$19,764	\$7,906	\$11,858
59 WYOMING	\$6,356	\$2,542	\$3,814
STATE TOTALS	\$807,338	\$322,935	\$484,403
100 UNDERSERVED COUNTIES/COLONIAS	\$55,958	\$22,383	\$33,575
REAP	\$2,177	\$871	\$1,306
GENERAL RESERVE	\$253,689	\$101,476	\$152,213
TOTAL AVAILABLE	\$1,119,162	\$447,665	\$671,497

Housing and Community Facilities Programs  
Allocation in Actual Dollars  
Section 502 Guaranteed Purchase Loans (NonSubsidized)

STATE	STATE BASIC FORMULA FACTOR	FY 2011 STATE BASIC FORMULA ALLOCATION	ADDITIONAL ADMINISTRATIVE ALLOCATION FY 2011	TOTAL FY 2011 ALLOCATION
ALABAMA	0.02657575	\$425,212,000	\$17,895,796	\$443,107,796
ALASKA	0.00722325	\$115,572,000	\$0	\$115,572,000
ARIZONA	0.01640900	\$262,544,000	\$106,055,084	\$368,599,084
ARKANSAS	0.02282102	\$365,136,320	\$55,759,656	\$420,895,976
CALIFORNIA	0.05030996	\$804,959,360	\$0	\$804,959,360
COLORADO	0.01357525	\$217,204,000	\$0	\$217,204,000
CONNECTICUT	0.00408986	\$65,437,760	\$13,366,356	\$78,804,116
DELAWARE	0.00276106	\$44,176,960	\$20,472,799	\$64,649,759
FLORIDA	0.02650361	\$424,057,760	\$286,635,544	\$710,693,304
GEORGIA	0.03793281	\$606,924,960	\$0	\$606,924,960
HAWAII	0.00796215	\$127,394,400	\$14,324,260	\$141,718,660
IDAHO	0.00888491	\$142,158,560	\$55,775,806	\$197,934,366
ILLINOIS	0.02591265	\$414,602,400	\$15,303,686	\$429,906,086
INDIANA	0.02361952	\$377,912,320	\$73,451,677	\$451,363,997
IOWA	0.01674764	\$267,962,240	\$0	\$267,962,240
KANSAS	0.01333450	\$213,352,000	\$0	\$213,352,000
KENTUCKY	0.02667768	\$426,842,880	\$0	\$426,842,880
LOUISIANA	0.02306785	\$369,085,600	\$301,115,570	\$670,201,170
MAINE	0.01154316	\$184,690,560	\$46,706,240	\$231,396,800
MARYLAND	0.00944838	\$151,174,080	\$75,648,227	\$226,822,307
MASSACHUSETTS	0.00620846	\$99,335,360	\$7,195,330	\$106,530,690
MICHIGAN	0.03318174	\$530,907,840	\$93,516,821	\$624,424,661
MINNESOTA	0.02265572	\$362,491,520	\$0	\$362,491,520
MISSISSIPPI	0.02650848	\$424,135,680	\$0	\$424,135,680
MISSOURI	0.02830414	\$452,866,240	\$32,088,739	\$484,954,979
MONTANA	0.00778549	\$124,567,840	\$28,027,594	\$152,595,434
NEBRASKA	0.00963559	\$154,169,440	\$0	\$154,169,440
NEVADA	0.00373060	\$59,689,600	\$13,205,359	\$72,894,959
NEW HAMPSHIRE	0.00696793	\$111,486,880	\$17,836,023	\$129,322,903
NEW JERSEY	0.00489407	\$78,305,120	\$37,205,306	\$115,510,426
NEW MEXICO	0.01349689	\$215,950,240	\$0	\$215,950,240
NEW YORK	0.03640605	\$582,496,800	\$0	\$582,496,800
NORTH CAROLINA	0.05076681	\$812,268,960	\$101,220,175	\$913,489,135
NORTH DAKOTA	0.00440032	\$70,405,120	\$0	\$70,405,120
OHIO	0.03518978	\$563,036,480	\$0	\$563,036,480
OKLAHOMA	0.02008600	\$321,376,000	\$8,688,325	\$330,064,325
OREGON	0.01909631	\$305,540,960	\$84,678,130	\$390,219,090
PENNSYLVANIA	0.04089133	\$654,261,280	\$0	\$654,261,280
PUERTO RICO	0.00919939	\$147,190,240	\$107,045,149	\$254,235,389
RHODE ISLAND	0.00075627	\$12,100,320	\$6,434,047	\$18,534,367
SOUTH CAROLINA	0.02526494	\$404,239,040	\$34,557,763	\$438,796,803
SOUTH DAKOTA	0.00751015	\$120,162,400	\$11,218,781	\$131,381,181
TENNESSEE	0.02902148	\$464,343,680	\$23,182,682	\$487,526,362
TEXAS	0.07276234	\$1,164,197,440	\$0	\$1,164,197,440
UTAH	0.00510515	\$81,682,400	\$132,220,462	\$213,902,862
VERMONT	0.00663633	\$106,181,280	\$0	\$106,181,280
VIRGIN ISLANDS	0.00306743	\$49,078,880	\$0	\$49,078,880
VIRGINIA	0.02554389	\$408,702,240	\$22,280,326	\$430,982,566
WASHINGTON	0.02205374	\$352,859,840	\$88,946,380	\$441,806,220
WEST VIRGINIA	0.01502432	\$240,389,120	\$0	\$240,389,120
WESTERN PACIFIC	N/A	\$0	\$8,000,000	\$8,000,000
WISCONSIN	0.02575423	\$412,067,680	\$0	\$412,067,680
WYOMING	0.00395173	\$63,227,680	\$103,828,147	\$167,055,827
STATE TOTALS				\$18,000,000,000
NATIONAL RESERVE				\$5,280,000,000
TOTAL AVAILABLE				\$23,280,000,000

Housing and Community Facilities Programs FY 2011  
 Allocation in Thousands  
 Section 504 Direct Rural Housing Loans

STATE	STATE BASIC FORMULA FACTOR	TOTAL FY 2011 ALLOCATION
1 ALABAMA	0.02914691	\$615
60 ALASKA	0.00945161	\$200
2 ARIZONA	0.02165916	\$458
3 ARKANSAS	0.02301181	\$486
4 CALIFORNIA	0.05356026	\$1,132
5 COLORADO	0.01244796	\$263
6 CONNECTICUT	0.00301503	\$64
7 DELAWARE	0.00260858	\$55
9 FLORIDA	0.02862195	\$604
10 GEORGIA	0.03870552	\$817
61 HAWAII	0.00914234	\$193
12 IDAHO	0.00926157	\$196
13 ILLINOIS	0.02289193	\$482
15 INDIANA	0.02163577	\$456
16 IOWA	0.01497537	\$316
18 KANSAS	0.01252499	\$264
20 KENTUCKY	0.02699175	\$569
22 LOUISIANA	0.02658801	\$561
23 MAINE	0.01004646	\$212
24 MARYLAND	0.00809012	\$171
25 MASSACHUSETTS	0.00467784	\$99
26 MICHIGAN	0.03036170	\$640
27 MINNESOTA	0.02241926	\$473
28 MISSISSIPPI	0.02944306	\$621
29 MISSOURI	0.02649320	\$559
31 MONTANA	0.00748030	\$158
32 NEBRASKA	0.00889870	\$188
33 NEVADA	0.00389431	\$82
34 NEW HAMPSHIRE	0.00533998	\$113
35 NEW JERSEY	0.00402807	\$85
36 NEW MEXICO	0.01723147	\$364
37 NEW YORK	0.02829025	\$596
38 NORTH CAROLINA	0.04993409	\$1,053
40 NORTH DAKOTA	0.00445144	\$94
41 OHIO	0.03025666	\$638
42 OKLAHOMA	0.02084848	\$440
43 OREGON	0.01749746	\$369
44 PENNSYLVANIA	0.03508076	\$739
63 PUERTO RICO	0.01361295	\$288
45 RHODE ISLAND	0.00061002	\$13
46 SOUTH CAROLINA	0.02721728	\$574
47 SOUTH DAKOTA	0.00727218	\$153
48 TENNESSEE	0.02874616	\$606
49 TEXAS	0.08626859	\$1,822
52 UTAH	0.00539086	\$114
53 VERMONT	0.00496554	\$105
64 VIRGIN ISLANDS	0.00348170	\$74
54 VIRGINIA	0.02455868	\$518
56 WASHINGTON	0.02114040	\$446
62 WEST PAC ISLANDS	N/A	\$500
57 WEST VIRGINIA	0.01464971	\$309
58 WISCONSIN	0.02300364	\$485
59 WYOMING	0.00397110	\$84
STATE TOTALS		\$21,516
100 UNDERSERVED COUNTIES/COLONIAS		\$1,166
REAP		\$171
GENERAL RESERVE		\$460
TOTAL AVAILABLE		\$23,313

Housing and Community Facilities Programs FY 2011  
 Allocation in Thousands  
 Section 504 Direct Rural Housing Grants

	STATE	STATE BASIC FORMULA FACTOR	TOTAL FY 2010 ALLOCATION
1	ALABAMA	0.02895129	\$777
60	ALASKA	0.00683910	\$184
2	ARIZONA	0.01822198	\$490
3	ARKANSAS	0.02307817	\$619
4	CALIFORNIA	0.04712512	\$1,267
5	COLORADO	0.01159403	\$311
6	CONNECTICUT	0.00371268	\$100
7	DELAWARE	0.00293163	\$79
9	FLORIDA	0.03041312	\$816
10	GEORGIA	0.03661908	\$983
61	HAWAII	0.00731435	\$197
12	IDAHO	0.00852842	\$229
13	ILLINOIS	0.02641754	\$708
15	INDIANA	0.02405959	\$645
16	IOWA	0.01786210	\$479
18	KANSAS	0.01364909	\$366
20	KENTUCKY	0.02688977	\$722
22	LOUISIANA	0.02413924	\$648
23	MAINE	0.01074827	\$288
24	MARYLAND	0.00927164	\$249
25	MASSACHUSETTS	0.00548024	\$147
26	MICHIGAN	0.03302491	\$886
27	MINNESOTA	0.02348925	\$630
28	MISSISSIPPI	0.02699213	\$725
29	MISSOURI	0.02801252	\$752
31	MONTANA	0.00736568	\$198
32	NEBRASKA	0.00983363	\$264
33	NEVADA	0.00359134	\$96
34	NEW HAMPSHIRE	0.00589663	\$158
35	NEW JERSEY	0.00461712	\$124
36	NEW MEXICO	0.01420178	\$382
37	NEW YORK	0.03156987	\$847
38	NORTH CAROLINA	0.05019393	\$1,347
40	NORTH DAKOTA	0.00470192	\$126
41	OHIO	0.03422496	\$918
42	OKLAHOMA	0.02108316	\$566
43	OREGON	0.01770850	\$475
44	PENNSYLVANIA	0.04090487	\$1,097
63	PUERTO RICO	0.01023070	\$275
45	RHODE ISLAND	0.00074832	\$20
46	SOUTH CAROLINA	0.02591134	\$696
47	SOUTH DAKOTA	0.00723669	\$194
48	TENNESSEE	0.02972644	\$798
49	TEXAS	0.07876808	\$2,116
52	UTAH	0.00493463	\$133
53	VERMONT	0.00527848	\$142
64	VIRGIN ISLANDS	0.00243791	\$66
54	VIRGINIA	0.02623675	\$704
56	WASHINGTON	0.01980392	\$532
62	WEST PAC ISLANDS	N/A	\$500
57	WEST VIRGINIA	0.01559911	\$418
58	WISCONSIN	0.02514997	\$675
59	WYOMING	0.00385395	\$103
STATE TOTALS			\$27,267
100 UNDERSERVED COUNTIES/COLONIAS			\$1,522
REAP			\$69
GENERAL RESERVE			\$1,581
TOTAL			\$30,439

Housing and Community Facilities Programs FY 2011  
 Allocation in Thousands  
 Underserved Counties and Colonias Funds

**Underserved  
 Counties**

	502 TOTAL UNDERSERVED AMOUNT	502 VL UNDERSERVED AMOUNT	502 Low UNDERSERVED AMOUNT	504 Loan UNDERSERVED AMOUNT	504 Grant UNDERSERVED AMOUNT
TOTALS	\$27,979	\$11,192	\$16,787	\$583	\$761

**Colonias**

STATE	PERCENTAGE	502 TOTAL COLONIAS AMOUNT	502 VL COLONIAS AMOUNT	502 Low COLONIAS AMOUNT	504 Loan COLONIAS AMOUNT	504 Grant COLONIAS AMOUNT
Arizona	25.00%	\$5,596	\$2,238	\$3,357	\$117	\$152
California	25.00%	\$5,596	\$2,238	\$3,357	\$117	\$152
New Mexico	25.00%	\$5,596	\$2,238	\$3,357	\$117	\$152
Texas	25.00%	\$5,596	\$2,238	\$3,357	\$117	\$152
STATE TOTALS COLONIAS RESERVE	100.00%	\$22,383 \$5,596	\$8,953 \$2,238	\$13,430 \$3,357	\$466 \$117	\$609 \$152
TOTALS		\$27,979	\$11,192	\$16,787	\$583	\$761

Housing And Community Facilities Programs FY 2011  
 Allocation in Thousands  
 Rural Economic Area Partnership Funds

STATE	502 VL EZ/EC/REAP AMOUNT	502 Low EZ/EC/REAP AMOUNT	504 Loan EZ/EC/REAP AMOUNT	504 Grant EZ/EC/REAP AMOUNT
ND	\$280	\$420	\$50	\$20
NY	\$280	\$420	\$50	\$20
VT	\$280	\$420	\$50	\$20
STATE TOTALS	\$840	\$1,260	\$150	\$60
RESERVES	\$31	\$46	\$21	\$9
AVAILABLE	\$871	\$1,306	\$171	\$69

Housing and Community Facilities Programs FY 2011  
 Allocation in Actual Dollars  
 Section 502 Guaranteed Refinance Loans (NonSubsidized)

STATE	STATE BASIC FORMULA FACTOR	FY 2011 ALLOCATION
ALABAMA	N/A	\$0
ALASKA	N/A	\$0
ARIZONA	N/A	\$0
ARKANSAS	N/A	\$0
CALIFORNIA	N/A	\$0
COLORADO	N/A	\$0
CONNECTICUT	N/A	\$0
DELAWARE	N/A	\$0
FLORIDA	N/A	\$0
GEORGIA	N/A	\$0
HAWAII	N/A	\$0
IDAHO	N/A	\$0
ILLINOIS	N/A	\$0
INDIANA	N/A	\$0
IOWA	N/A	\$0
KANSAS	N/A	\$0
KENTUCKY	N/A	\$0
LOUISIANA	N/A	\$0
MAINE	N/A	\$0
MARYLAND	N/A	\$0
MASSACHUSETTS	N/A	\$0
MICHIGAN	N/A	\$0
MINNESOTA	N/A	\$0
MISSISSIPPI	N/A	\$0
MISSOURI	N/A	\$0
MONTANA	N/A	\$0
NEBRASKA	N/A	\$0
NEVADA	N/A	\$0
NEW HAMPSHIRE	N/A	\$0
NEW JERSEY	N/A	\$0
NEW MEXICO	N/A	\$0
NEW YORK	N/A	\$0
NORTH CAROLINA	N/A	\$0
NORTH DAKOTA	N/A	\$0
OHIO	N/A	\$0
OKLAHOMA	N/A	\$0
OREGON	N/A	\$0
PENNSYLVANIA	N/A	\$0
PUERTO RICO	N/A	\$0
RHODE ISLAND	N/A	\$0
SOUTH CAROLINA	N/A	\$0
SOUTH DAKOTA	N/A	\$0
TENNESSEE	N/A	\$0
TEXAS	N/A	\$0
UTAH	N/A	\$0
VERMONT	N/A	\$0
VIRGIN ISLANDS	N/A	\$0
VIRGINIA	N/A	\$0
WASHINGTON	N/A	\$0
WEST PAC	N/A	\$0
WEST VIRGINIA	N/A	\$0
WISCONSIN	N/A	\$0
WYOMING	N/A	\$0
STATE TOTALS		\$0
NATIONAL OFFICE RESERVE		\$720,000,000
TOTAL AVAILABLE		\$720,000,000

SECTION 515 NONPROFIT SET ASIDE (NPSA)

I. Objective: To provide eligible nonprofit entities with a reasonable opportunity to utilize Section 515 funds.

II. Background: The Cranston-Gonzalez National Affordable Housing Act of 1990 established the statutory authority for the Section 515 NPSA funds.

III. Eligible entities. Amounts set aside shall be available only for nonprofit entities in the State, which may not be wholly or partially owned or controlled by a for-profit entity. An eligible entity may include a partnership, including a limited partnership, that has as its general partner a nonprofit entity or the nonprofit entity's for-profit subsidiary which will be receiving low-income housing tax credits authorized under section 42 of the Internal Revenue Code of 1986. For the purposes of this exhibit, a nonprofit entity is an organization that:

- A. Will own an interest in a project to be financed under this section and will materially participate in the development and the operations of the project; and
- B. Is a private organization that has nonprofit, tax exempt status under section 501(c)(3) or section 501(c)(4) of the Internal Revenue Code of 1986; and
- C. Has among its purposes the planning, development, or management of low-income housing or community development projects; and
- D. Is not affiliated with or controlled by a for-profit organization; and
- E. May be a consumer cooperative, Indian tribe, or tribal housing authority.

IV. Nondiscrimination. Rural Development reemphasizes the nondiscrimination in use and occupancy, and location requirements of 3560.104 of Subpart C of Part 3560 of this chapter.

V. Amount of Set Aside. See Attachment 1 of this exhibit (available in any Rural Development State Office):

A. Small State Allocation Set Aside (SSASA). The allocation for small States has been reserved and combined to form the SSASA, as shown in Attachment 1 of this exhibit (available in any Rural Development State Office). The definition of small State is included in Attachment 1 of this exhibit (available in any Rural Development State Office).

B. Large State Allocation Set Aside (LSASA). The allocation for large States has been reserved in the amounts shown in Attachment 1 of this exhibit (available in any Rural Development State Office). The definition of large State is included in Attachment 1 of this exhibit (available in any Rural Development State Office).

C. NPSA Rental Assistance (RA). NPSA RA has been reserved in the National Office as shown in Attachment 1 of this exhibit (available in any Rural Development State Office).

VI. Access to NPSA funds and RA. RA is available and may be requested, as needed, with eligible loan requests. NPSA funds and RA should be requested by the State Director using a format similar to Attachment 2 of this exhibit (available in any Rural Development State Office). Funds are available as follows:

A. SSASA: The SSASA is available to any SSASA State on a first-come-first-served basis until pooling. See Attachment 3 of this exhibit (available in any Rural Development State Office) for information regarding pooling.

B. LSASA: LSASA States may request LSASA funds up to the amount the State contributed to LSASA until pooling. See Attachment 3 of this exhibit (available in any Rural Development State Office) for information regarding pooling.

VII. General information on priority/processing of preapplications.

A. Preapplications/applications for assistance from eligible nonprofit entities under this subpart must continue to meet all loan making requirements of Subpart B of Part 3560 of this chapter.

B. A separate processing list will be maintained for NPSA loan requests.

C. The State Director may issue Form AD-622, "Notice of Preapplication Review Action," requesting a formal application to the highest ranking preapplication(s) from eligible nonprofit entities defined in paragraph III of this exhibit as follows:

1. LSASA. In LSASA States, AD-622s may not exceed 150 percent of the amount the State contributed to the LSASA. No single Form AD-622 may exceed the amount of funds the State contributed to LSASA.

2. SSASA. In SSASA states, AD-622s should not exceed the greater of \$750,000 or 150 percent of the amount the State contributed to the SSASA; except that the State Director in a SSASA State may request authorization to issue a Form AD-622, in an amount in excess of \$750,000 if additional funds are necessary to finance an average-size proposal based upon average construction costs in the state. For example, if the average size proposal currently being funded in the state is 24 units, and the average construction cost in the state is \$35,000 per unit, the state may request authorization to issue a Form AD-622 for \$840,000. The State Director will submit such requests to the National Office including data reflecting average size/cost projects in the State. No single Form AD-622 may exceed the amount of funds the State may receive from the SSASA.

D. All AD-622s issued for proposals to be funded from NPSA will be subject to the availability of NPSA funds. Form AD-622 should contain the following or similar language: "This Form AD-622 is issued subject to the availability of Nonprofit Set Aside (NPSA) funds."

E. If a preapplication requesting NPSA funds has sufficient priority points to compete with non-NPSA loan requests based upon the District or State allocation (as applicable), the preapplication will be maintained on both the NPSA and non-NPSA rating/ranking lists.

F. Provisions for providing preference to loan requests from nonprofit organizations is contained in 7 CFR part 3560.56, Subpart B. Limited partnerships, with a nonprofit general partner, do not qualify for nonprofit preference.

VIII. Exception authority. The Administrator, or his/her designee, may, in individual cases, make an exception to any requirements of this exhibit which are not inconsistent with the authorizing statute, if he/she finds that application of such requirement would adversely affect the interest of the Government or adversely affect the intent of the authorizing statute and/or Rural Rental Housing program or result in an undue hardship by applying the requirement. The Administrator, or his/her designee, may exercise this authority upon the request of the State Director, Assistant Administrator for Housing, or Director of the Multi-Family Housing Processing Division. The request must be supported by information that demonstrates the adverse impact or effect on the program. The Administrator, or his/her designee, also reserves the right to change pooling dates, establish/change minimum and maximum fund usage from NPSA, or restrict participation in the set aside.

Attachments: Attachments 1, 2, and 3.

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SECTION 515 NONPROFIT SET ASIDE (NPSA) ALLOCATIONS

FISCAL YEARS 1993 AND 1994

I. Fiscal Year (FY) 93/94 NPSA allocation: Nine percent of each State's FY 93 and FY 94 allocation has been set aside in the National Office for NPSA, as follows:

A. Small State Allocation Set Aside (SSASA): Small States are those in which 9 percent of their allocation is less than \$750,000. Nine percent of each small State's allocation has been reserved and combined to form the SSASA.

B. Large State Allocation Set Aside (LSASA): Large States are those in which 9 percent of their allocation is more than \$750,000. Nine percent of each large State's allocation has been reserved.

II. NPSA Rental Assistance: See the Multi-Family Housing funding attachment to Exhibit A of this subpart (available in any Rural Development State Office).

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SUBJECT: Request for Nonprofit Set Aside (NPSA)  
Funds and Rental Assistance (RA)

TO:  
Assistant Administrator  
Housing

ATTN: Multi-Family Housing Processing Division

We hereby request NPSA funds and RA as follows:

State Name: \_\_\_\_\_ County Name: \_\_\_\_\_

State Code: \_\_\_\_\_ District Code: \_\_\_\_\_ County Code: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

Type of Applicant:

- \_\_\_\_\_ Nonprofit (NP) organization
- \_\_\_\_\_ Limited partnership with NP general partner
- \_\_\_\_\_ Indian tribe or tribal housing authority
- \_\_\_\_\_ Other (please specify) \_\_\_\_\_

Project Name: \_\_\_\_\_

Type of Complex: \_\_\_\_\_ No. of Units: \_\_\_\_\_

Priority Processing Point Score: \_\_\_\_\_ points

Total Loan Request: \$\_\_\_\_\_ RA Units: \_\_\_\_\_

NPSA Request: \$\_\_\_\_\_ RA Units: \_\_\_\_\_

Other comments/information:

The applicant is an entity which meets the requirements of RD Instruction 1940-L, Exhibit B.

State Director

(Instructions: Submit a separate request for each NPSA request.)

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SECTION 515 NONPROFIT SET ASIDE (NPSA) POOLING

FISCAL YEAR (FY) 1994 AND THEREAFTER

Pooling for Small State Set Aside (SSASA) and Large State Set Aside (LSASA):  
Beginning with FY 94, unused SSASA and LSASA funds will be pooled as follows:

- A. On or after July 1, of each year, unused funds from the SSASA and the LSASA States will be combined and made available, on a first-come-first-served basis, in any State, for eligible nonprofit entities meeting the requirements of paragraph III of Exhibit B of this subpart. The exact pooling date will be established annually and will be included in the Multi-Family Housing (MFH) funding attachment to Exhibit A of this subpart (available in any Rural Development State Office). The MFH funding attachment is also published annually as a Notice in the Federal Register.
- B. Unused funds remaining 30 days after the pooling date will be returned to the States for use for any Section 515 proposal ready for obligation, without regard to the type of applicant entity. Funds will be returned to States that did not use the full amount contributed, in an amount proportionate to the amount contributed.

SECTION 515 NPSA POOLING

FY 1993

I. Pooling for SSASA States:

A. June 18, 1993, is the last date for SSASA States to request SSASA funds and RA units. At close of business (COB) June 18, 1993, any unused SSASA funds will be pooled and made available to any SSASA State on a first-come-first-served basis until COB July 19, 1993.

B. Unused funds, as of COB July 19, 1993, will be returned to SSASA States which did not use the full amount of set aside funds they contributed, in an amount proportionate to the amount contributed. The returned funds may be used for Section 515 proposals ready for obligation, without regard to the type of applicant entity.

II. Pooling for LSASA States:

A. LSASA States may request LSASA funds, up to the amount contributed, until COB July 19, 1993.

B. Unused LSASA funds will be returned to the States as of COB July 19, 1993. These funds may be used for Section 515 proposals ready for obligation, without regard to the type of applicant entity.

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HOUSING IN UNDERSERVED AREAS

I. Objective.

A. To improve the quality of affordable housing by targeting funds under Rural Housing Targeting Set Aside (RHTSA) to designated areas that have extremely high concentrations of poverty and substandard housing and have severe, unmet rural housing needs.

B. To provide for the eligibility of certain colonias for rural housing funds.

II. Background. The Cranston-Gonzalez National Affordable Housing Act of 1990 (herein referred to as the "Act") requires that Rural Development set aside Section 502, 504, 514, 515, and 524 funds for assistance in targeted, underserved areas. An appropriate amount of Section 521 new construction rental assistance (RA) is set aside for use with Section 514 and 515 loan programs. Under the Act, certain colonias are now eligible for Rural Development housing assistance.

III. Colonias.

A. Colonia is defined as any identifiable community that:

1. is in the State of Arizona, California, New Mexico or Texas;
2. is in the area of the United States within 150 miles of the border between the United States and Mexico, except that the term does not include any standard metropolitan statistical area that has a population exceeding 1 million;
3. is designated by the State or county in which it is located as a colonia;
4. is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and

5. was in existence and generally recognized as a colonia before November 28, 1990.

B. Requests for housing assistance in colonias have priority as follows:

1. When the State did not obligate its allocation in one or more of its housing programs during the previous two fiscal years (FYs), priority will be given to requests for assistance, in the affected program(s), from regularly allocated funds, until an amount equal to 5 percent of the current FY program(s) allocation is obligated in colonias. This priority takes precedence over other processing priority methods.

2. When the State did obligate its allocation in one or more of its housing programs during the previous 2 FYs, priority will be given to requests for assistance, in the affected program(s), from RHTSA funds, until an amount equal to 5 percent of the current FY program(s) allocation is obligated in colonias. This priority takes precedence over other processing priority methods.

C. Colonias may access pooled RHTSA funds as provided in paragraph IV G of this exhibit.

IV. RHTSA.

A. Amount of Set Aside. Set asides for RHTSA from the current FY allocations are established in Attachment 1 of this exhibit (available in any Rural Development State Office).

B. Selection of Targeted Counties.

1. Eligibility. Eligible counties met the following criteria: (1) 20 percent or more of the county population is at or below poverty level; (2) 10 percent or more of the occupied housing units are substandard; and (3) the average funds received on a per capita basis in the county during the previous 5 FYs were more than 40 percent below the State per capita average during the same period. Data from the most recent available Census was used for all three criteria, with criteria (2) and (3) based on the Rural Development rural area definition.

2. Selection. The Act requires that 100 of the most underserved counties be initially targeted for RHTSA funds. In establishing the 100 counties, those with 28 percent or more of their population at or below poverty level and 13 percent or more of their occupied housing units substandard, have preference. If less than 100 counties meet this criteria, the remaining counties meeting the criteria in paragraph IV B 1 of this exhibit will be ranked, based upon a total of their substandard housing and poverty level percentages. The highest-ranking counties are then selected until the list reaches 100. The remaining counties are eligible for pool funds only.

C. State RHTSA Levels. In the Section 502, 504, and 515 programs, each State's RHTSA level will be based on its number of eligible counties, with each county receiving a pro rata share of the total funds available. In order to ensure that a meaningful amount of assistance is available to each State, minimum funding levels may be established. When minimum levels are established, they are set forth on Attachment 1 of this exhibit (available in any Rural Development State Office).

D. Use of Funds. To maximize the assistance to targeted counties, allocated program funds should be used in addition to RHTSA funds, where possible. The State Director has the discretion to determine the most effective delivery of RHTSA funds among the targeted counties within his/her jurisdiction. The 100 counties listed in Attachment 2 of this exhibit (available in any Rural Development State Office) are eligible for RHTSA funding consideration immediately. Colonias are also eligible for RHTSA funds as described in Paragraph III of this exhibit.

E. National Office RHTSA Reserve. A limited National Office reserve is available on an individual case basis when the State is unable to fund a request from its regular or RHTSA allocation. The amount of the reserve, and the date it can be accessed and any conditions thereof, if applicable, are contained in Attachment 1 of this exhibit (available in any Rural Development State Office).

F. Requests for Funds and RA. All RHTSA funds are reserved in the National Office and requests for these funds and/or units must be submitted by the State Director using the applicable format shown on Attachments 4 or 5 of this exhibit (available in any Rural Development State Office). The State Director is responsible for notifying the Director of Single Family Housing Processing Division (SFHPD) or Multi-Family Housing Processing Division (MFHPD) of any RHTSA funds and RA units authorized, but not obligated, by RHTSA pooling date.

G. Pooling. Unused RHTSA funds and RA will be pooled. Pooling dates and any pertinent information thereof are available on Attachment 1 of this exhibit (available in any Rural Development State Office). Pooled funds will be available on a first-come, first-served basis to all eligible colonias and all counties listed on Attachments 2 and 3 of this exhibit (available in any Rural Development State Office). Pooled RHTSA funds will remain available until the year-end pooling date.

H. Outreach. Outreach efforts publicizing the availability of loan and grant funds for the eligible RHTSA counties will be aggressively carried out. Each affected State Director will develop an outreach plan which includes such techniques as news releases, community meetings, coordination with other Federal, State, and local government organizations, to promote full utilization of these targeted funds by all qualified applicants regardless of race, color, and sex. In addition to the above outreach efforts, States with eligible colonias should establish liaison with community groups in order to leverage support and assistance provided to residents of colonias.

I. Monitoring Performance.

1. National Office: The National Office will track the use of targeted funds on a regular basis throughout the FY and take necessary follow-up actions to facilitate the delivery of the program.

2. State Office:

a. The State Director will designate a staff member to coordinate all efforts under RHTSA.

b. Adequate records will be maintained for each of the eligible RHTSA counties, in all programs with RHTSA set asides.

c. The State Directors for Arizona, California, New Mexico, and Texas will submit quarterly reports of funds usage in colonias to SFHPD and MFHPD. Negative reports will be required.

J. Requests for Assistance. Requests for assistance in targeted counties must meet all loan making requirements of the applicable program Instructions, except as modified for colonias in paragraph III of this exhibit. For Section 515, States may:

1. Issue Form AD-622, "Notice of Preapplication Review Action," up to 150 percent of the amount shown in Attachment 1 of this exhibit (available in any Rural Development State Office).

2. All AD-622s issued for applicants in targeted counties will be annotated, in Item 7, under "Other Remarks," with the following: "Issuance of this AD-622 is contingent upon receiving funds from the Rural Housing Targeting Set Aside (RHTSA). Should RHTSA funds be unavailable, or the county in which this project will be located is no longer considered a targeted county, this AD-622 will no longer be valid. In these cases, the request for assistance will need to compete with other preapplications in non-targeted counties, based upon its priority point score."

V. Exception Authority. The Administrator, or his/her designee, may, in individual cases, make an exception to any requirements of this exhibit which are not inconsistent with the authorizing statute, if he/she finds that application of such requirement would adversely affect the interest of the Government. The Administrator, or his/her designee, may exercise this authority upon the request of the State Director, Assistant Administrator for Housing, Director of the SFHPD or Director of the MFHPD. The request must be supported by information that demonstrates the adverse

RD Instruction 1940-L  
Exhibit C  
Page 6

impact or effect on the program. The Administrator, or his/her designee, also reserves the right to change the pooling date, establish/change minimum and maximum fund usage from set asides and/or the reserve, or restrict participation in set asides and/or reserves.

Attachments: 1, 2, 3, 4, and 5

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Exhibit C: Attachments 1, 2, and 3 in PDF EXHIBIT ONLY.

SUBJECT: Request for Rural Housing Targeting  
Set Aside (RHTSA) Funds

TO: Ronnie O. Tharrington  
Assistant Administrator  
Housing

ATTN: Single Family Housing Processing Division

We hereby request RHTSA funds as follows:

State Name: \_\_\_\_\_

Program

Amount of RHTSA Requested

Section 502 Very Low-Income Funds	\$	_____
Section 502 Low-Income Funds	\$	_____
Section 504 Loan Funds	\$	_____
Section 504 Grant Funds	\$	_____
Section 524 Loan Funds	\$	_____

State Director

(General Instructions - Individual listing of counties or applicants not required. Requests should be grouped and submitted on a periodic basis.)

RD Instruction 1940-L  
Exhibit C, Attachment 5

SUBJECT: Request for Rural Housing Targeting Set Aside (RHTSA)  
Funds and Rental Assistance (RA)

TO: Ronnie O. Tharrington  
Assistant Administrator  
Housing

ATTN: Multi-Family Housing Processing Division

We hereby request funds and RA from the RHTSA as follows:

State Name: \_\_\_\_\_ County Name: \_\_\_\_\_ Colonia: \_\_\_\_\_

State Code: \_\_\_\_\_ County Code: \_\_\_\_\_ District Code: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project Physical Location: \_\_\_\_\_

Type of Project: \_\_\_\_\_ No. of rental units: \_\_\_\_\_

Priority Processing Point Score: \_\_\_\_\_ points

Total Loan Request: \$\_\_\_\_\_ RA units \_\_\_\_\_

RHTSA Request: \$\_\_\_\_\_ RHTSA RA Request \_\_\_\_\_

Projected Obligation Date: \_\_\_\_\_

Other comments/information:

State Director

[General Instructions - Complete a separate Attachment 5 for each RHTSA request.]

(02-20-91) SPECIAL PN

RURAL RENTAL HOUSING DIVERSITY DEMONSTRATION PROGRAM (RRHDDP)

I. Objectives.

- A. To encourage applicants of limited gross incomes which have little or no participation in the Section 515 program.
- B. To provide housing in unserved areas.
- C. To provide an economic stimulus to the local economy by encouraging procurement of labor, goods, and services from the local community.

II. Background. In accordance with Section 506 (b) of the Housing Act of 1949, as amended, the Secretary is authorized and directed to conduct research, technical studies, and demonstrations relating to the mission and programs of Rural Development and the national housing goals defined in section 2 of this Act. In connection with such activities, the Secretary shall seek to promote the construction of adequate farm and other rural housing. The Secretary shall conduct such activities for the purposes of stimulating construction and improving the architectural design and utility of dwellings and buildings. In furtherance of this goal, the Rural Rental Housing Diversity Demonstration Program (RRHDDP) is implemented. An appropriate amount of Section 521 new construction rental assistance (RA) is set aside for use with Section 515 loan funds.

III. RRHDDP.

- A. Amount of Set Aside. Set asides for RRHDDP from the current fiscal year (FY) allocations are established in Attachment 1 of this exhibit.
- B. Selection of States. All States were considered using the following criteria:
  - 1. Highest percentage of poverty;
  - 2. Highest percentage of substandard housing;
  - 3. Highest unemployment rates;
  - 4. Lowest rural median income; and
  - 5. Number of places with population of 2,500 or fewer.

Each State selected for RRHDDP had to be in the top 10 of at least 3 of the 5 criteria. Data from the 1990 census was used for all criteria. The States selected are listed in Attachment 1 of this exhibit.

C. State RRHDDP Levels. See Attachment 1 of this exhibit.

D. Use of Funds. To ensure the success of RRHDDP, the State Director may leverage funds from the RRHDDP with allocated funds from the Section 515 and 521 allocations held in the State Office reserve. The State Director has the discretion to determine the most effective delivery of RRHDDP funds; however, the intent and scope of the program should be ever present in the implementation and application processes.

E. National Office RRHDDP Reserve. There is no RRHDDP reserve available when the State is unable to fund a request from its regular or RRHDDP allocation.

F. Pooling. Unused RRHDDP funds and RA will be pooled. Pooling dates and any pertinent information thereof are available on Attachment 1 of this exhibit. Pooled funds will be available on a first-come-first-served basis to all eligible States listed on Attachment 1 of this exhibit. Pooled RRHDDP funds will remain available until the year-end pooling date.

IV. Eligibility. Applicants and proposals will need to meet the following requirements, in addition to those found in 7 CFR part 3560, Subpart B:

A. The applicant must have had an interest (including family members) in no more than one Section 515 loan over the past 3 years. For entity applicants, this restriction applies to all general partners and their family members. For the purposes of this program, interest means a Section 515 loan which has been approved and funds obligated.

B. The applicant must have had a gross aggregate income from business and personal operations of less than \$500,000 in the previous calendar year. For entity applicants, the aggregate income of all general partners will be considered. American Indian tribes and tribal housing authorities are exempt from these income requirements.

C. At least 51 percent of the labor, goods, and services to develop the proposed housing must come from the market area as described in paragraph V B of this exhibit.

D. The housing must be constructed in a market area without similar subsidized housing. Market area is defined in 7 CFR part 3560, Subpart A.

E. The proposed complex must contain no more than 50 percent of the average number of units of the average size Section 515 complex in the State based on the previous FY average.

V. Processing Preapplications.

A. Requirements. To be eligible for participation in this demonstration program, applicants must ensure that the preapplication meets all requirements set forth in 7 CFR part 3560 and this exhibit.

1. All complete preapplications must be received in the place designated by the State Director by the date listed in Attachment 1 of this exhibit. Incomplete preapplications will not be considered. A complete preapplication consists of all items specified in THC Notice of Funding Availability that will be published in the Federal Register each Fiscal Year.

2. Based upon projected demand for the RRHDDP, the State Director will select the manner in which preapplications will be rated prior to implementation and/or announcement of the program to ensure the public is aware of how requests will be prioritized. The State Director may elect one of the following systems to prioritize and select proposals for further processing:

- a. The priority point system contained in 7 CFR 3560.56 or
- b. The following priority point scoring system;

(i) Interest in Section 515 loans over the past 3 FYs as specified in paragraph IV A of this exhibit.

No Interest	- 5 points
Interest in 1 project	- 2 points

(ii) Gross incomes as defined in paragraph IV B of this exhibit.

Income: \$400,001-499,999	- 1 point
\$300,000-400,000	- 2 points
\$299,999 or less	- 3 points

American Indian Tribes/Tribal Housing Authorities	- 3 points
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(iii) Percent of the labor, goods, and services must come from the local market described in paragraph V B of this exhibit.

100% from local market	- 5 points
90-99% from local market	- 4 points
80-89% from local market	- 3 points
70-79% from local market	- 2 points
51-69% from local market	- 1 point

(iv) Size of proposed complex compared to average size complex obligated in previous FY.

40-50% average size	- 3 points
30-39% average size	- 4 points
less than 30%	- 5 points

c. A combination of the points received in paragraphs V A 2 a and b of this exhibit.

3. In the event of a tie, the proposal with the earliest date of complete preapplication will take preference.

B. Procurement of labor, goods, and services. One of the intents of the RRHDDP is to stimulate the local economy by encouraging procurement of labor, goods, and services from the local area. Rural Development recognizes that defining a local trade area in which to procure the labor, goods, and services to build an apartment complex is difficult in rural America. To be responsive to the application procedures, applicants must procure labor, goods, and services from Level One of this paragraph. If labor, goods, and services are not available in Level One of this paragraph, the applicant may use the trade area defined in Level Two of this paragraph. Documentation as to why the labor, goods, and services are not available in Level One of this paragraph must be included in the case file. The applicant may propose to secure labor, goods, and services from Level Three or Four of this paragraph; however, documentation as to why same is not available in all of the previous levels must be included in the case file.

1. Level One: Labor, goods, and services must be procured within 15 miles of the proposed site of the apartments.

2. Level Two: Labor, goods, and services must be procured within the county where the proposed apartments will be located.

3. Level Three: Labor, goods, and services must be procured within the lesser of 50 miles from the site of the proposed complex OR the boundaries of any adjacent county (regardless of State boundary).

4. Level Four: Labor, goods, and services must be procured within 100 miles of the proposed site (regardless of State boundary).

C. Outreach. Outreach efforts publicizing the availability of loan funds for the eligible RRHDDP States will be aggressively carried out. Each affected State Director will develop an outreach plan which includes such techniques as news releases, community meetings, coordination with other Federal, State, and local government organizations, to promote full utilization of these funds by all qualified applicants regardless of race, color, religion, national origin, marital status, age, and sex. In addition to the above outreach efforts, States with eligible colonias and/or tribal lands should establish liaison with community groups in order to leverage support and assistance provided to residents of colonias and tribal lands.

D. Monitoring Performance.

1. National Office: The National Office will track the use of targeted funds on a regular basis throughout the FY and take necessary follow-up actions to facilitate the delivery of the program.

2. State Office: The State Director will designate a staff member to coordinate all efforts under RRHDDP.

E. Issuance of Form AD-622, "Notice of Preapplication Review Action," inviting a formal application.

1. The State Director may issue AD-622s up to 100 percent of the amount shown in Attachment 1 of this exhibit and any funds made available from the State Office reserve.

2. All AD-622s issued for applicants under this demonstration program will be annotated, in Item 7 of the form, under "Other Remarks," with the following:

"Issuance of this AD-622 is contingent upon receiving funds from the Rural Rental Housing Diversity Demonstration Program (RRHDDP). Should RRHDDP funds be unavailable or the program discontinued,

this AD-622 will no longer be valid. In these cases, the request for assistance will need to compete with other preapplications based upon its priority point score established in accordance with 7 CFR 3560.56.

- VI. Exception Authority. The Administrator, or his/her designee, may, in individual cases, make an exception to any requirements of this exhibit which are not inconsistent with the authorizing statute, if he/she finds that application of such requirement would adversely affect the interest of the Government. The Administrator, or his/her designee, may exercise this authority upon the request of the State Director, Assistant Administrator for Housing, or Director of the Multi-Family Housing Processing Division (MFHPD). The request must be supported by information that demonstrates the adverse impact or affect on the program. The Administrator, or his/her designee, also reserves the right to change the pooling date, establish/change minimum and maximum fund usage from set asides and/or the reserve, or restrict participation in set asides and/or reserves.