

UNNUMBERED LETTERS ISSUED FOR THE FEBRUARY OF 2012

Dated	Subject	Distribution
02-01-12	Section 502 Direct Loan Data Check Report - Error Rate	S/D
02-16-12	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, AD, RDM
02-21-12	Business and Industry Guaranteed Loan Program Rescinded Loan Note Guarantees/Loss Claims Denied	S/D
02-24-12	Section 9007, Rural Energy for America Program Program Guidance for Fiscal Year 2012	S/D
02-27-12	Business and Industry Guaranteed Loan Program Leveraging of Funds	S/D

February 1, 2012

TO: State Directors
Rural Development

ATTENTION: Single Family Housing Program Directors

FROM: Joyce Allen (Signed by Joyce Allen)
Deputy Administrator
Single Family Housing

SUBJECT: Section 502 Direct Loan Data Check Report - Error Rate

On November 14, 2011, an Unnumbered Letter (UL) entitled "Section 502 Direct Loan Data Check Report" was issued

(<http://www.rurdev.usda.gov/SupportDocuments/ulnovember11.pdf>).

This UL discussed the proposed Section 502 Direct Loan Data Error Rate and requested Housing Program Directors to provide confirmation they had reviewed the report.

Based on the received confirmations, **the Section 502 Direct Loan Data Error Rate goal of 10% will become effective February 1, 2012.** Starting with the February month-end report, which will be issued in the beginning of March, States with obligation error rates exceeding 10% will not be eligible for Section 502 Direct Loan National Office reserve funds (although States may still have access to formula allocated funds). States exceeding the 10% error rate will remain ineligible until the errors are corrected or justification is provided that adequately explains the reported errors.

The Section 502 Direct Loan Data Check Report contains additional instructions and can be accessed on SharePoint using the following link:

<https://rd.sc.egov.usda.gov/teamrd/hcftp/sfh/Single%20Family%20Housing%20Information/Forms/AllItems1.aspx?RootFolder=%2fteamrd%2fhcftp%2fsfh%2fSingle%20Family%20Housing%20Information%2fDirect%20Program%20Information%2fReports&FolderCTID=0x012000FAEA09B3A193524AA6AAC002EF563C63&View=%7b91FA6CF0%2d5A4D%2d413B%2dB65F%2dFC6ACA904921%7d>

EXPIRATION DATE:
January 31, 2013

FILING INSTRUCTIONS:
Housing Programs

If you have trouble using the above link, go to the SharePoint site at <https://rd.sc.egov.usda.gov/teamrd/default.aspx> and follow the path below:

Housing & Community Facilities Programs>Single Family Housing Information>Direct Program Information>Reports>Section 502 Direct Loan Data Check Report

Also refer to the attached Frequently Asked Questions on the report.

If you have any questions regarding this memorandum, please contact the Direct Loan Division at SFHDIRECTPROGRAM@wdc.usda.gov.

Attachment

Sent by Electronic Mail on March 7, 2012 at 2:30 p.m. by the Single Family Housing Direct Loan Division. The State Director should advise other personnel as appropriate.

Section 502 Direct Loan Data Check Report FAQs

What is the difference between a warning and a flag?

Flags occur when a loan is obligated and critical data fields are missing values, incorrect, or exceed allowable limits. Any obligation that triggers a flag will count against the State's Section 502 Direct Loan Data Error rate and must be corrected. **Warnings** do not count against the State error rate but have values that look suspicious based on historical ranges. In some cases the value may be correct, but we want to make sure! For example, a borrower listed with assets in excess of \$50,000 will result in a warning message.

Are the flags reported by the Section 502 Direct Loan Data Check Query the same as the Report?

YES! Accounts that are checked and cleared of flags **prior to obligation** using the Hyperion's SFH 502 Direct Data Check Query (as required in HB 3550, Chapter 8), will not flag on the report.

The SFH 502 Direct Data Check Query is in Hyperion at the following path:

Single Family Housing -> SFH Direct -> Loan Making -> SFH 502 Direct Data Check Query

Should warnings be corrected?

All warnings that have wrong or missing data should be corrected prior to obligation of funds. If the information is verified as correct, then normal processing should resume.

What if there is a legitimate reason for a value that results in a flag?

If there is PITI/TDR or loan limit exceeded, a justification can be provided. These accounts can be emailed to the National office (See report instructions). Once the justification is submitted, these accounts can be removed from the State's error rate and future reports.

The information was updated in UniFi, but the Section 502 Direct Loan Data Check Query is still showing the account with an error - Why?

There could be several reasons:

Reason 1: The account has not had adequate time to upload. The Data Check Query requires both a MortgageServ and data warehouse upload before corrections will be displayed.

Solution 1: Make sure that at least one MortgageServ upload and the overnight upload to the data warehouse have occurred since the account was updated.

Reason 2: The account was not closed out properly. Accounts in UniFi must be properly closed out or the connection that transmits data between UniFi and MortgageServ is broken.

Solution 2: Open the account in UniFi, resubmit any corrections, and properly close out of the account.

Reason 3: The loan has been obligated and closed.

Solution 3: When a loan is closed, the connection that transmits data between UniFi and MortgageServ is broken. At this point corrections will need to be made in BOTH UniFi and MortgageServ. This error is common for race, ethnicity, and gender fields. If the user cannot make the changes, field support can assist.

If these solutions have been attempted and the account still reports an error, please send an email with the account along with a description of the problem to SFHDIRECTPROGRAM@wdc.usda.gov.

Last updated 1-18-12

February 16, 2012

TO: State Directors
Area Directors
Rural Development Managers

ATTN: Rural Housing Program Directors

FROM: Tammye Treviño(*signed by Tammye Trevino*)

Administrator
Housing and Community Facilities Programs

SUBJECT: Interest Rate Changes for Housing Programs
and Credit Sales (Nonprogram)

The following interest rates, effective March 1, 2012, are reported as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
ALL LOAN TYPES		
Treasury Judgment Rate	0.120%	0.120%

The new rate shown above is as of the week ending January 27, 2012. The actual judgment rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve website for the weekly average 1-year Constant Maturity Treasury Yield (http://www.federalreserve.gov/releases/h15/data/Weekly_Friday_H15_TCMNOM_Y1.txt).

RURAL HOUSING LOANS

Rural Housing (RH) 502 Very-Low or Low	3.250	3.250
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EXPIRATION DATE:

FILING INSTRUCTIONS:

March 31, 2012
Programs

Administrative/Other

Single Family Housing (SFH) Nonprogram	3.750	3.750
Rural Housing Site (RH-524), Non-Self-Help	3.250	3.250
Rural Rental Housing and Rural Cooperative Housing	3.250	3.250

Please notify appropriate personnel of these rates.

Sent by Electronic Mail on 2/16/2012, at 3:30 pm by Policy Analysis Branch. State Directors should advise other personnel as appropriate.

February 21, 2012

TO: State Directors, Rural Development
ATTN: Business Programs Directors
SUBJECT: Business and Industry Guaranteed Loan Program
Rescinded Loan Note Guarantees/Loss Claims Denied

The practice of denying payment of a loss claim on a Federal guarantee has been the exception rather than the norm within the Business and Industry loan program. As part of our continued efforts to optimize the services we provide, we must periodically assess our practices, policies and procedures for coherence with our objectives. There is a continued need for us to evaluate policies and requirements associated with the reduction or denial of loss claims.

We are asking each State Office to provide a list of loans in which the Agency reduced or denied the payment of loss claim or rescinded the Loan Note Guarantee, between January 2001, and the present, because of fraud or misrepresentation. In addition, we request that you also provide the loan information for the same time period where the Agency has reduced the final report of loss due to negligent servicing. The reduction of a loss claim can include, but is not limited to, unaccounted for machinery and equipment, failure by the lender to maintain a life insurance policy, and etc.

As a method of tracking fraud, misrepresentation, and negligent servicing cases across the nation, please complete the Survey Template located in SharePoint. Please download and complete this Survey Template by September 30, 2012, and upload the completed survey into your state folder located on SharePoint by close of business, September 30, 2012.

Detailed steps for accessing the survey and uploading your response into SharePoint:

1. <https://rd.sc.egov.usda.gov/teamrd/BP/BP/BI/Shared%20Documents/Forms/AllItems.aspx>
2. Access the “Business and Industry – Servicing” folder.
3. Access the “Loss Claims – Survey” folder.
4. Download the Excel Survey Template.
5. After your survey is completed, repeat steps 1-3, and access your state’s folder.
6. Upload your completed survey into your state folder by September 30, 2012.

EXPIRATION DATE:
October 1, 2012

FILING INSTRUCTIONS:
Community/Business Programs

To ensure that we have a response from all states, a response is required even if your state has not denied a payment of a loss claim, or rescinded the Loan Note Guarantee for fraud or misrepresentation. Please download the template and check the appropriate box indicating a negative response, if applicable.

We appreciate your continuous efforts in promoting dynamic economic opportunities in rural America.

If you have any questions or comments, please contact the Business and Industry Division, Servicing Branch, (202) 690-4103.

(Signed by JUDITH A. CANALES)

JUDITH A. CANALES
Administrator
Business and Cooperative Programs

Attachments

State

Loss Claim Reports
REDUCED/REVOKED/DENIED
October 1, 2001 – September 30, 2012

Borrower	Original Loan Amount	Amount of Rescission	Date of Rescission	Reason for Reduction	Amount of Reduction	Date of Reduction	Amount of Final loss Payment	Date of Final Loss Payment

[] By checking this box you are indicating that your State is submitting a negative response.

February 24, 2012

TO: State Directors, Rural Development

ATTN: Business Programs Directors
Energy Coordinators

SUBJECT: Section 9007, Rural Energy for America Program
Program Guidance for Fiscal Year 2012

The purpose of this Unnumbered Letter (UL) is to provide guidance for receiving and processing Rural Energy for America Program (REAP) loan and grant application requests. The following notes the process for Fiscal Year (FY) 2012 program delivery:

I. State Allocations

REAP funds are being allocated to States. The total amount of appropriated funds for FY 2012 is \$22,000,000 in mandatory funds and \$3,400,000 million in discretionary funds. The following chart identifies the allocations for FY 2012. Funds will be allocated to the States following the methodology and formula stated in RD Instruction 1940-L, section 1940.588, presented as budget authority and program level. The State allocations of guaranteed loan, grant, and grants of \$20,000 or less are provided in Exhibit A.

REAP Allocation

	Budget Authority
Energy Audit & REDA	\$880,000
Feasibility Study	\$500,000
State Allocation - Grants of \$20,000 or less	\$5,054,000
State Allocation – Grants greater than \$20,000	\$5,196,000
State Allocation – Guaranteed Loans	\$10,975,000
National Office REAP Reserve	\$2,795,000
Total	\$25,400,000.00

EXPIRATION DATE:
February 28, 2013

FILING INSTRUCTIONS:
Community/Business Program

The State allocation represents only mandatory funding. A base allocation of \$50,000 was used to determine the State loan and grant allocation and \$20,000 was used for the grant allocation of \$20,000 or less.

The funds will be allocated to each State through the Program Funds Control System (PFCS). Grants of \$20,000 or less will have separate accounts in PFCS and Type of Assistance Codes (Exhibit B). Mandatory funds and funds for grants of \$20,000 or less will be processed through the Commercial Loan Servicing System (CLSS) which was formerly named Rural Utilities Loan Servicing System (RULSS).

The grant funds for energy audits and renewable energy development assistance, and feasibility studies will not be allocated to the States. See Section VI of this unnumbered letter for further guidance.

State Offices must score all applications received for Fiscal Year 2012 funding in accordance with § 4280.117 (c) or § 4280.129 (c) of RD Instruction 4280-B, as applicable. In addition, separate competitions must be held as described below with applications ranked in highest priority order funded first:

- A. States have been allocated funds for guaranteed loan only applications for bi-weekly competitions. Complete applications that are ready to be obligated may compete in the bi-weekly competitions starting **February 3, 2012**, and thereafter every other Friday until **July 20, 2012**. All awarded loans must have a minimum score of 50 points. Guaranteed loan funds not obligated by **August 3, 2012**, will revert back to the National Office Reserve. Prior to pooling, all applications must score at least 50, thereafter any unfunded eligible applications, including applications that scored below 50 points, will compete in a National competition if funding is available.
- B. States have been allocated funds for grant applications of \$20,000 or less for a single State competition after the application window published in the Notice of Funds Availability (NOFA) has closed including carryover applications. Any allocated funds for grant applications of \$20,000 or less not obligated by **June 1, 2012**, will revert back to the National Office. (For the purposes of this letter, once the debit for obligation is reflected in the PFCS account, the funds are considered obligated.) Any unfunded eligible applications will compete in a National competition if funding is available.
- C. States have been allocated funds for grant applications of \$20,000 or more for a single State competition after the application window published in the NOFA has closed. This competition will also include combination grant and guarantee loan applications (combination applications) and carryover

applications. These funds must be obligated by **August 3, 2012**, or they will revert back to the National Office. Any unfunded eligible grant and combination applications will compete in a National competition if funding is available.

If the State allocation is not sufficient to fund the total amount of a guaranteed loan only application, the State may request the remaining funds from the National Office Reserve. Additionally, if the State allocation is depleted and additional guaranteed loan only applications are received, the State may request funds from the National Office Reserve. The National Office will satisfy such requests for funds as described in Section II.

If a State allocation is not sufficient to fund the total amount of a grant or combination application, the applicant must be notified they may accept the remaining funds or submit the total request for National Office reserve funds available after pooling. Partial funding from the State's allocation and the National Office reserve will not be accepted for grant or combination applications this fiscal year. If the applicant agrees to lower its grant request, the applicant must certify that the purposes of the project will be met and provide the remaining total funds needed to complete the project.

If one or more grant or combination applications have the same score and remaining funds in the State allocation are insufficient to fully award all, the remaining funds must be divided proportionally between the applications. The applicant must be notified they may accept the proportional amount of funds. If the applicant agrees to lower its grant request, the applicant must certify that the purposes of the project will be met and provide the remaining total funds needed to complete the project.

- A. If the applicant chooses to take the proportional amount, they cannot compete for National Office funding.
- B. If an applicant declines the amount offered, those funds can be offered to other applicants.
- C. Applicants that decline partial funding may have their full request submitted for National competition after pooling if funds are available.

Any unfunded eligible State application can compete in the applicable National competition; however, all State Director points must be removed from the total score. In addition, the Guaranteed Loan System (GLS) must be updated to reflect the adjusted point total and the status code of 216 "National Office for Funding."

II. Requesting Guaranteed Loan Funds from the National Reserve Prior to Pooling

States may request funds for guaranteed-loan only applications from the National Office Reserve until **July 23, 2012**. In order to request funds, the State must demonstrate it has fully utilized its guaranteed loan allocation, the application must have scored at least 50 points, and GLS information must be up-to-date, including a status code of 216, projected energy savings or generation, payback period (at this time only a whole number is allowed, round down), small businesses assisted or farmers assisted, jobs created and saved, priority score, and leveraged funds. To request funds, please email the following information to Diane Berger at Diane.Berger@wdc.usda.gov and copy Lisa Noty at Lisa.Noty@wdc.usda.gov and Josh Borchert at Josh.Borchert@wdc.usda.gov.

- A. The project name,
- B. The project score,
- C. The total amount of the loan request,
- D. The amount to be funded with the State Allocation, and
- E. The amount requested from the National Allocation.

Projects seeking funds from the National Office Reserve must be submitted on the Monday after the State competition is held. The first date a request can be submitted to the National Office is **February 6, 2012**, and then every Monday after each State competition is held until **July 23, 2012**.

Requests for guaranteed loan funds from the National Office Reserve will be awarded based upon the date the complete application was received. If the National Office Reserve does not have sufficient funds to award the total amount of a loan, the applicant must be notified they may accept the remaining funds or they can request to wait until after pooling to see if the total amount of funding becomes available. Under no circumstances is there an assurance that the applicant will be funded if they decide to wait until after pooling. If the applicant agrees to lower its loan request, the applicant must certify that the purposes of the project will be met and provide the remaining total funds needed to complete the project.

If one or more applications are received on the same day and remaining funds in the National Office Reserve are insufficient to fully award all, the remaining funds must be divided proportionally between the applications. The applicant must be notified they may accept the proportional amount of funds or they can request to wait until after pooling to see if the total amount of funding becomes

available. Under no circumstances is there an assurance that the applicant will be funded if they decide to wait until after pooling. If the applicant agrees to lower its loan request, the applicant must certify that the purposes of the project will be met and provide the remaining total funds needed to complete the project.

III. National Competition for Guaranteed Loans, Grants and Loan/Grant Combinations

Provided that funding is available, there will be one National competition held for guaranteed loan only applications and grant and combination applications. Funds will be made available for grant and loan/grant combinations after guaranteed loan only applications compete for the funds available in the reserve. In addition, a separate National competition may be held for grants of \$20,000 or less if the amount of funding made available for the statutory set-aside is not fully obligated by **June 1, 2012**. The Agency will utilize the following process:

- A. A GLS report will be generated for all applications not funded by the State's allocation with a status code of 216. The report for grants of \$20,000 or less will be generated on June 4, 2012. Reports will be generated for guaranteed loan only and grant and combination applications on August 6, 2012.
- B. Information regarding projected energy saved or generated, payback period (at this time a whole number is only allowed, round down), small businesses assisted or farmers assisted, jobs created and saved, priority score (base and technical), leveraged funds, and the technology must be completed in GLS and will be verified by National Office. If this information is not entered in GLS, the application will not compete for National Office funding.
- C. State Directors may provide justification for Administrator points, however, it is the Administrator's discretion to award points in accordance with § 4280.117 (c) (10) of RD Instruction 4280-B. States will be notified of the applications that received Administrator Points.
- D. Based on priority score and availability of funds in the National Office reserve, applications will be selected for further funding consideration. The National Office will select applications in excess of funds available to allow for scoring adjustments based on National Office review. Grant and combination applications will compete using the grant score.
- E. The National Office will advise the State Office of applications selected for funding consideration.

F. The State will be required to submit the following documents into SharePoint:

1. Legislative and Public Affairs Staff (LAPAS) Electronic Project Information sheet; and
2. Project Summary/checklist and Priority Score sheet with sufficient narrative justification for assigned score. Priority score sheets that lack sufficient documentation to determine if the score assigned was accurate will be returned to the State to provide additional information. The information must be provided within one week. If documentation is not received in the appropriate amount of time, scoring criterion will be given zero points and the application will compete at the reduced score. Due to the limited time for processing and obligating \$20,000 or less awards this fiscal year, any score criterion not justified appropriately by the State will receive zero points. The National Office will reduce the total score accordingly, and the application will compete at the lower score. Thus, it is imperative that the score sheets submitted to the National Office have sufficient documentation. Examples of insufficient documentation are points given for a score without any justification. The documentation must consist of how the points were determined such as calculations; sections of the work plan explaining the project (generation or replacement), etc.

All requests must be uploaded to SharePoint under the Energy Division to the appropriate State and folder. After the information is loaded to SharePoint, please email Diane Berger at Diane.Berger@wdc.usda.gov and copy Lisa Noty at Lisa.Noty@wdc.usda.gov and Josh Borchert at Josh.Borchert@wdc.usda.gov. Be sure to state the number of applications submitted to SharePoint in your email. The National Office will check SharePoint and acknowledge the number of requests.

- G. If applications have the same score, and remaining funds for the applicable National competition are not sufficient to award all, the Agency will determine if it is feasible to award proportionally, offer to a lower scoring application or allow the remaining funds to be carried over to the next fiscal year.

IV. Flexible Fuel Pump

If the project is for a flexible fuel pump(s), the following information must be completed in GLS:

- A. On the BP Facility/Project Information screen under the Project Information section, the name should be "Flexible Fuel Pump" (FFP).

- B. The field labeled “This Project is*” the user should select “Other” and in the description box put FFP and the number of pumps being installed.
- C. The Energy Type field should be “Flexible Fuel Pump” (new addition to this table).
- D. The Energy Subcategory must be “FFP Pump Only” or “FFP Pump and tank” (new additions to this table.)

V. Pooling of funds

On **June 1, 2012**, the National Office reserves the right to pool 25 percent of a State’s allocation of guaranteed loan funds if the State has not obligated at least 50 percent of its allocation by **May 30, 2012**.

Final pooling will occur on **August 6, 2012**. Projects funded with State allocations must be obligated by **August 3, 2012**.

Any funds deobligated after the pooling date will revert to the National Office REAP reserve. States are to immediately notify the National Office of any deobligations by sending a copy of Form RD 1940-10, “Cancellation of U. S. Treasury Check and/or Obligation”, to the National Office Energy Division, Attention: Diane Berger, at Diane.Berger@wdc.usda.gov with a copy to Lisa Noty at Lisa.Noty@wdc.usda.gov and Josh Borchert at Josh.Borchert@wdc.usda.gov.

Deobligation of funds for mandatory grants must be processed by the Direct Loan and Grant Division in St. Louis. The Form RD 1940-10 must have the Tax Identification Number (ID) removed on the copy and put the system generated borrower ID number on the top, scan and e-mail it to RD.DCFO.RUS@stl.usda.gov.

VI. National Office REAP Reserve for Feasibility Studies and Energy Audits and Renewable Energy Development Assistance

A. Feasibility Study

The National Office has set-aside \$500,000 for FY 2012 for grants to agricultural producers or rural small businesses to conduct feasibility studies for projects eligible for REAP financing. All applications are due in the State Offices by **March 30, 2012**, and must be submitted to the National Office by

close of business on **April 30, 2012**. A GLS report will be generated for all applications with a status code of 216. Information regarding projected generation, payback period (at this time only a whole number is allowed, round down), small businesses assisted or farmers assisted, jobs created and saved, priority score, leveraged funds, and the technology 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 all applications and prioritize and fund in highest priority score order. Any funds remaining after this process will revert to the National Office Reserve.

B. Energy Audit and Renewable Energy Development Assistance

The National Office has set-aside approximately \$880,000 for FY 2012 Energy Audits and Renewable Energy Development Assistance (EA/REDA) applications. Applications are due in the State Offices by **February 21, 2012**, and the top two scoring applications for each State must be submitted to the National Office by close of business on **March 9, 2012**. A GLS report will be pulled for all applications with a status code of 216. Information regarding projected savings, 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. Due to the limited time for processing and obligating EA/REDA awards this fiscal year, any score criterion not justified appropriately by the State will receive zero points. The National Office will reduce the total score accordingly, and the application will compete at the lower score. Thus, it is imperative that the score sheets submitted to the National Office have sufficient documentation. The National Office will review all applications and prioritize and fund in highest priority score order. Obligation of these funds will take place through **March 30, 2012**. Any funds remaining or not obligated by **March 30, 2012**, will revert to the National Office Reserve.

C. Documentation needed for National competition

The State Director or designee will submit EA/REDA and feasibility study requests to the National Office with the following documents:

1. LAPAS Electronic Project Information sheet; and
2. Project Summary/checklist and Priority Score sheet with sufficient narrative justification for assigned score. Priority score sheets for feasibility study requests that lack sufficient documentation to determine if the score assigned was accurate, will be returned to the State to provide additional information. For feasibility study grants, the information must

be provided within one week. If documentation is not received in the appropriate amount of time, scoring criteria will be given zero points and the application will compete at the reduced score. Examples of insufficient documentation are points given for a score without any justification. The documentation must consist of how the points were determined such as calculations; sections of the work plan explaining the project (generation or replacement), etc.

All requests must be uploaded to SharePoint under the Energy Division to the appropriate State and folder. After the information is loaded to SharePoint, please email Diane Berger at Diane.Berger@wdc.usda.gov and copy Lisa Noty at Lisa.Noty@wdc.usda.gov and Josh Borchert at Josh.Borchert@wdc.usda.gov. Be sure to state the number of applications submitted to SharePoint in your email. The National Office will check SharePoint and acknowledge the number of requests.

VII. File Labeling for National Office Submittal

The electronic files must be labeled as follows:

- Use the State abbreviation as the first characters of the electronic file;
- The applicants name next, using last name if individual or the company name;
- C for RES/EEI combination, G for RES/EEI grant, L for RES/EEI guaranteed loan, FS for RES feasibility study grant, or EA for energy audit and renewable energy development assistance grant;
- Projsum for the project summary-checklist or other document reference as listed below; and

The following are examples of how files should be named:

DC Doe John C projsum.doc
DC Energy Systems Inc L projsum.doc
DC Doe John G Score .xls
DC Doe John FS LAPAS .doc
DC Reserve Funding Request .xls
DC Town of Energy EA projsum .doc

VIII. Loan Approval Authority

Each State is delegated specific authority by memorandum signed by the Administrator. The State's delegated authority will be the same for both the REAP and Business and Industry programs. The delegated authority will remain in effect until the authority is otherwise rescinded by the National Office. All

loan approval and servicing actions exceeding the delegated authority must be submitted to the National Office for concurrence prior to approval.

IX. Scoring and Technical

Separate documents will be published to provide clarification for scoring and guidance on Technical Reviews. However, the deadline to submit technical reports for the National Renewable Energy Laboratory and Environmental Protection Agency, AgStar review, will be **April 30, 2012**, for grant only and combination applications and **July 6, 2012**, for guaranteed loan only applications.

X. Oversight

The National Office will post review REAP projects using a risk-based approach by periodically selecting individual projects for review. When requested, the State Office will forward the following information to the National Office for each project selected, to the attention of the Energy Division.

A. REAP guaranteed loans

1. Copy of the Project Summary;
2. Copy of the State Loan Committee minutes;
3. Copy of the lender's credit analysis, including the pro forma balance sheet projected for loan closing, and spreads of historic and projected financial statements;
4. Copy of the technical report;
5. For existing businesses, a copy of the historic financial statements;
6. Summary pages of the appraisal report(s), including the qualifications of the appraiser and a copy of the desk or technical review by the State Review Appraiser, if applicable;
7. Copy of the Conditional Commitment; and
8. Copy of the proposed (or actual, if the loan is closed) Loan Agreement between the lender and the borrower.

B. REAP grants

1. Copy of the Scope of Work;
2. Copy of the Letter of Conditions;
3. Copy of the technical report;

4. Grant disbursement documentation, including all Forms SF 270, "Request for Advance or Reimbursement," received to date with supporting documentation; and
5. Evidence of grant monitoring, including all Forms SF 425, "Federal Financial Report," and SF 425A, "Federal Financial Report Attachment," received to date.

C. REAP loan/grant combinations

Documentation requested for both loans and grants.

If you have any questions, please contact the Energy Division at (202) 720-1400.

(Signed by JUDITH A. CANALES)

JUDITH A. CANALES
Administrator
Business and Cooperative Programs

Attachments:

Exhibit A –FY 2012 State Allocations
Exhibit B - Type of Assistance Codes

Exhibit A
FY 2012 State Allocations
Page 19

STATE	Grants of \$20,000 or less	Grants of above \$20,000	Guarantee Program Level
Alabama	\$135,000.00	\$140,000.00	\$1,313,478.43
Alaska	\$64,000.00	\$64,000.00	\$374,188.62
Arizona	\$82,000.00	\$84,000.00	\$614,738.45
Arkansas	\$108,000.00	\$111,000.00	\$950,744.56
California	\$128,000.00	\$132,000.00	\$1,214,203.89
Colorado	\$74,000.00	\$76,000.00	\$515,463.92
Delaware	\$55,000.00	\$56,000.00	\$267,277.59
Maryland	\$73,000.00	\$74,000.00	\$496,372.66
Florida	\$113,000.00	\$117,000.00	\$1,023,291.33
Virgin Islands	\$50,000.00	\$50,000.00	\$190,912.56
Georgia	\$150,000.00	\$156,000.00	\$1,504,390.99
Hawaii	\$57,000.00	\$58,000.00	\$294,005.35
W. Pacific Areas	\$50,000.00	\$50,000.00	\$190,912.56
Idaho	\$73,000.00	\$74,000.00	\$492,554.41
Illinois	\$111,000.00	\$114,000.00	\$992,745.32
Indiana	\$112,000.00	\$116,000.00	\$1,011,836.58
Iowa	\$93,000.00	\$96,000.00	\$763,650.25
Kansas	\$80,000.00	\$82,000.00	\$588,010.69
Kentucky	\$141,000.00	\$146,000.00	\$1,386,025.20
Louisiana	\$109,000.00	\$113,000.00	\$977,472.32
Maine	\$80,000.00	\$82,000.00	\$591,828.94
Massachusetts	\$65,000.00	\$66,000.00	\$397,098.13
Connecticut	\$61,000.00	\$61,000.00	\$336,006.11
Rhode Island	\$52,000.00	\$53,000.00	\$229,095.07
Michigan	\$140,000.00	\$146,000.00	\$1,382,206.95
Minnesota	\$101,000.00	\$104,000.00	\$862,924.78
Mississippi	\$129,000.00	\$133,000.00	\$1,229,476.90
Missouri	\$121,000.00	\$126,000.00	\$1,134,020.62
Montana	\$71,000.00	\$72,000.00	\$469,644.90
Nebraska	\$70,000.00	\$71,000.00	\$454,371.90
Nevada	\$57,000.00	\$58,000.00	\$294,005.35
New Jersey	\$66,000.00	\$67,000.00	\$408,552.88
New Mexico	\$80,000.00	\$82,000.00	\$591,828.94
New York	\$135,000.00	\$140,000.00	\$1,313,478.43

STATE	Grants of \$20,000 or less	Grants of above \$20,000	Guarantee Program Level
North Carolina	\$171,000.00	\$178,000.00	\$1,783,123.33
North Dakota	\$62,000.00	\$62,000.00	\$347,460.86
Ohio	\$142,000.00	\$147,000.00	\$1,401,298.21

Exhibit A
FY 2012 State Allocations
Page 2

STATE	Grants of \$20,000 or less	Grants of above \$20,000	Guarantee Program Level
Oklahoma	\$103,000.00	\$106,000.00	\$893,470.79
Oregon	\$85,000.00	\$87,000.00	\$649,102.71
Pennsylvania	\$148,000.00	\$154,000.00	\$1,485,299.73
Puerto Rico	\$85,000.00	\$87,000.00	\$652,920.96
South Carolina	\$118,000.00	\$122,000.00	\$1,084,383.35
South Dakota	\$66,000.00	\$67,000.00	\$404,734.63
Tennessee	\$136,000.00	\$141,000.00	\$1,324,933.18
Texas	\$171,000.00	\$178,000.00	\$1,783,123.33
Utah	\$63,000.00	\$64,000.00	\$362,733.87
Vermont	\$64,000.00	\$65,000.00	\$378,006.87
New Hampshire	\$66,000.00	\$67,000.00	\$404,734.63
Virginia	\$121,000.00	\$125,000.00	\$1,126,384.12
Washington	\$97,000.00	\$100,000.00	\$817,105.77
West Virginia	\$101,000.00	\$104,000.00	\$862,924.78
Wisconsin	\$110,000.00	\$113,000.00	\$977,472.32
Wyoming	\$59,000.00	\$59,000.00	\$309,278.35
Totals	\$5,054,000.00	\$5,196,000.00	\$41,905,307.37

Discretionary Funding

Type of Assistance Code	Program Description
357	Renewable Energy Systems – Guaranteed Loan Only
358	Renewable Energy Systems Grant
360	Renewable Energy Systems – Combination Guaranteed Loan/Grant
369	Energy Efficiency Improvements Program – Guaranteed Loan
370	Energy Efficiency Improvement Grant
372	Energy Efficiency Improvement – Combo Guaranteed Loan/Grant
609	Feasibility Study
612	Grants of \$20,000 or less – Renewable Energy Systems
613	Grants of \$20,000 or less – Energy Efficiency Improvements

Mandatory Funding

Type of Assistance Code	Program Description
505	REAP Mandatory Feasibility Studies
506	Mandatory Energy Audit Grants
507	Mandatory Renewable energy Development Assistance Grants
508	REAP Mandatory Renewable Energy System Grants
509	REAP Mandatory Renewable Energy Systems Guaranteed Loans
510	REAP Mandatory Renewable Energy System Combination Guaranteed Loan/Grant
511	REAP Mandatory Energy Efficiency Improvement Grants
512	REAP Mandatory Energy Efficiency Improvement Guaranteed Loans
513	REAP Mandatory energy Efficiency Improvement Combination Guaranteed Loans/Grants
614	Grants of \$20,000 or less – Renewable Energy Systems
615	Grants of \$20,000 or less – Energy Efficiency Improvement

February 27, 2012

TO: State Directors, Rural Development

ATTN: Business Programs Directors

SUBJECT: Business and Industry Guaranteed Loan Program
Leveraging of Funds

Due to the limited program funds that will be available for Fiscal Year 2012, it is advisable to maximize the use of available authority to the extent possible. To achieve this objective, strong consideration should be given to leveraging Business and Industry (B&I) guaranteed loans with funds coming in from other sources, such as other government guarantees (Small Business Administration, Department of Commerce, etc.), grants (State, local or Community Development Block Grants), unguaranteed conventional loans, or non-bank loan programs. A parity lien position is acceptable to secure the B&I guaranteed loan as long as there is sufficient collateral coverage after discounting. B&I loans may also be secured by separate collateral or “carve-out” of collateral.

As a reminder, RD Instruction 4279-B, section 4279.114(p), states that the Agency may guarantee a loan for a project which involves tax-exempt financing only when the guaranteed loan funds are used to finance a part of the project that is separate and distinct from the part which is financed by the tax-exempt obligation, and the guaranteed loan has at least a parity security position with the tax-exempt obligation.

Additionally, while there is no explicit regulatory provisions prohibiting the refinancing of B&I guaranteed loans made in previous fiscal years, you should scrutinize all requests that include debt refinancing as a use of guaranteed loan proceeds and keep in mind that debt refinancing is only eligible when it is determined that the project is viable and refinancing is necessary to improve cash flow and create new or save existing jobs. As program funds will be scarce, you should ensure that any refinancing included as a use of loan funds is critical to the project.

Transfers and assumptions could also be utilized to conserve B&I loan funds. Transfers and assumptions to new borrowers can be made at different rates and terms in accordance with RD Instruction 4287-B, section 4287.134, and keep in mind that there is no

EXPIRATION DATE:
February 28, 2013

FILING INSTRUCTIONS:
Community/Business Programs

guarantee fee associated with a transfer and assumption like there would be for a new loan to a new borrower. In any transfer and assumption, it is important to ensure that the entire balance of the loan is transferred and assumed and any additional new loan amount is properly obligated.

When the existing B&I guaranteed loan is with a different lender, a substitution of lender would have to be executed, in accordance with RD Instruction 4287-B, section 4287.135, before a transfer and assumption could be completed.

It is important that leveraging information be entered in the Guaranteed Loan System in order to receive credit for your leveraging goal. This information should be entered prior to obligation as the information cannot be changed after obligation.

We strongly encourage you to make your best effort to leverage guaranteed loan funds whenever possible and prioritize the use of B&I loan funds to projects with higher impacts on jobs and economic benefits. If you have any questions, please contact the B&I Division at (202) 690-4103.

(Signed by JUDITH A. CANALES)

JUDITH A. CANALES
Administrator
Business and Cooperative Programs