

2016 SUPPORTING STATEMENT  
**Multifamily Preservation and Revitalization**  
**Demonstration Program (MPR)**  
OMB No. 0575-0190

**Justification**

1. Explain the circumstances that make the collection of information necessary.

The Consolidated Appropriations Act, 2016 , Public Law No: 114-113, signed December 18, 2015, authorized USDA to conduct a demonstration program for the preservation and revitalization of the Sections 514, 515, and 516 multi-family rental housing properties to restructure existing USDA/Multi-Family Housing (MFH) loans expressly to ensure the project has sufficient resources to provide safe and affordable housing for low-income residents and farm laborers under the programs authorized by the Housing Act of 1949, as amended (42 U.S.C. 1484, 1485 and 1486).

The authorities to be demonstrated through this program will allow the Agency to test the efficacy of many of the preservation and revitalization tools identified in a fiscal year 2004 study report titled, “Rural Rental Housing–Comprehensive Property Assessment and Portfolio Analysis.” The report reviewed the Section 515 loan portfolio and concluded that although the portfolio has been well managed, it has matured and needs attention now to assure that it can continue to deliver decent, safe and sanitary affordable rental housing into the future. The report suggested a long term comprehensive approach and recommended a number of potential restructuring tools that could assist in this effort. The restructuring tools are defined in the Notice of Funds Availability and include debt deferral, revitalization grants, a bullet loan (deferred payments with a balloon), zero percent interest loans, traditional Section 515 loans, and other existing regulatory approvals including transfers, subordinations and consolidations that are part of a restructuring transaction. Subsequently, the Agency determined the same needs exist across the entire USDA/ Rural Housing Service (RHS) multifamily portfolio, and these opportunities are now being extended to include the non-farm multifamily properties funded under the Section 514/516 Farm Labor Housing authorities as well. The Agency expects the long-term revitalization effort supported by many of the restructuring tools to be tested in this demonstration program to be reflected in proposed legislative changes in the near future.

The pre-application used for this program is designed to afford all respondents an equal chance to participate in this revitalization and preservation of Section 515 financed properties and provides an instrument that the Agency can use to evaluate the request to assure that the demonstration program tests the authorities provided. This pre-application has been designed to require minimal input from the existing USDA/MFH borrowers, as well as transferees seeking MPR assistance within the scope of a published Notice of Solicitation of Applications (NOSA) based on

available funding appropriations from Congress. It has been designed for electronic input and has been automated to allow Agency access to existing property records already contained in the Official Agency records.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the Agency has made of the information received from the current collection.

The Agency will be collecting information from the proposer to evaluate the strengths and weaknesses to which the proposal concept possesses or lacks the attributes set forth in the proposed content and evaluation criteria. RHS will use the collected information to select the most feasible proposals that will enhance the Agency's chances in accomplishing the demonstration objective. The information will be utilized to sustain and modify RHS' current policies pertaining to revitalization and preservation of affordable rental housing in rural areas.

The forms to be completed and signed by those that receive restructuring assistance include:

#### REPORTING REQUIREMENTS – NON FORMS

- MPR Pre-Application - Form is used by Section 515 borrowers to inform the Agency of their interest in participating in the MPR demonstration program and is used by the Agency to evaluate the project for funding potential.
- MPR Conditional Commitment – Legal document that states the Agency has committed an offer to the applicant under certain conditions.
- Debt Deferral Agreement - Legal document completed by the Agency for review and acceptance by the recipient. The document indicates the recipient understands that the debt is being deferred by the Agency.
- Restrictive-Use Covenant - Legal document that is required as a condition of receiving assistance under the MPR demonstration program. The document is completed by the Agency and signed by the recipient with professional legal assistance. The document is filed with the property's deed that limits the uses of the property for 20 years.
- Restrictive-Use Subordination Agreement - Completed by the Agency and recipient and filed as a public record. It documents the Agency's subordination of existing loan agreements to the Restrictive-Use Covenant.
- Form of Legal Opinion - Provided by recipient's attorney to the Agency assuring legal requirements of MPR have been met.
- MPR Grant Agreement - Legal document that is required as a condition of receiving a grant under the MPR demonstration program that is completed by the recipient with professional legal assistance. It documents the Federal requirements for receiving federal grant funds.
- MPR Loan and Grant Resolution (Non-Profit Corporation) - Provides evidence that a non-profit organization has properly considered the terms and conditions of

the restructuring and has authorized the acceptance of the condition. The recipient completes it with professional legal assistance.

- Restructuring Conditional Commitment - The Agency and recipient complete the form that states the terms and conditions under which the Agency will defer debt service for up to 20 years.
- Addendum to Debt Deferral Agreement - Clarifies Agency servicing authority at the time the deferred loan becomes due.

Discrimination Complaints. Any tenant/member or prospective tenant/member may file a complaint if he/she believes they have been discriminated against because of race, color, religion, sex, familial status, national origin, age, or disability.

Compliance With Other Federal Requirements. For contracts exceeding \$100,000, contractors must comply with all applicable standards, orders or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency (EPA) regulations. Applicants must comply with the provisions of the National Historic Preservation Act of 1966, the Archeological and Historical Preservation Act of 1974 (Public Law 93-291), and Executive Order 11593 dated May 13, 1971.

Exception Requests. The Agency Administrator may make an exception to any provision of the regulation provided that the exception is supported by the applicable statute and is in the best interest of the government. The request must be submitted in writing to the State Director for concurrence before the State Office forwards it to the Administrator.

Market Feasibility. Market studies are used by the Agency to examine the general market conditions of supply, demand, and pricing of rents or the demand for housing in a specific area. A market feasibility study would be a necessary component of a conventional loan package made by a commercial lender.

Notification of Other Assistance. The applicant must provide amount, type, rate, and terms for other sources of funding. This requirement is necessary in order to assure the government is not providing excess assistance.

Written Contract for Legal Services. Loan applicants must have written contracts for any legal services that are to be paid out of loan funds. A model legal services agreement is available for use by cooperative or other nonprofit organizations that specifies the required legal services necessary to the organization.

Property, Liability, and Fidelity Insurance, Surety Bonding. Evidence of insurance is usually in the form of a policy. A written binder is acceptable for a specified period of time. The government's interest in the secured property must be protected and the government must be shown on the policy as loss payee. Evidence that premium has been paid, such as a receipt of the policy or bill stamped "paid," must be included.

Cost Overruns. This is a statement by the applicant to pay construction or development costs in excess of those approved by the Agency. Exceptions may be granted for increases caused by factors beyond the applicant's control.

Adequacy of Initial Operating Capital. The borrower is required to deposit cash equal to 2 percent of the loan amount in an operation account. This account is used to pay project operating costs before and after operating cash flow starts.

Establish Reserve Account. To meet major capital expenses of a project, borrower must establish and fund a reserve account. The borrower must make monthly contributions at a minimum in amounts that will equal an annual contribution of 1 percent of the total development cost.

Evidence That Funds From Other Sources Are Available. Applicants must provide evidence that financing arrangements from other sources as proposed in the loan application are available and have not changed. This information would be required of a commercial lender before a loan was closed and is considered a prudent lending practice.

Architect's Statement Certifying Substantial Completion. In cases of interim financing, before an Agency loan is closed, a dated and signed statement from the owner's architect certifying to substantial completion of the housing project must be provided.

Evidence That Agency-Approved Accounting System Is In Place. This is generally a letter from the borrower's accountant outlining the accounting system to be used. This is a loan closing requirement and is a good lending practice.

Subsequent Loan Requirements. The Agency may make a subsequent loan to a borrower to complete or develop additional units, improve, repair, or make modifications to multi-family housing initially financed by the Agency or for equity or other authorized purposes. The borrower will have already submitted much of the required information in the initial loan application package; therefore much of the information will just have to be updated for the subsequent loan requirements.

Management Plan. The management plan establishes responsibility for the operation of the project, sets procedures to rent units to eligible tenants, and ensures that the requirements of the loan and/or grant are met and the property is maintained. Updated or revised management plans must be submitted to the Agency. If there are no changes to the management plan, borrowers must submit a certification every 3 years stating that operations are consistent with the management plan.

Revisions To Management Plan. When deficiencies in management are noted by the Agency, the borrower will revise the management plan or provide a description of corrective actions to ensure that the management plan is followed.

Written Request For Agency Approval Of Management Entity. If there is a change in the management entity for a project, the borrower must seek Agency approval for the change. This ensures that management is carried out in accordance with program objectives.

Management Agreement. This agreement is the contract between the borrower and the management agent hired to manage operation of the security property. It is essential to the clear understanding between the owner, management agent, and the Agency, the division of responsibilities and compensation for service provided. This agreement impacts directly on the borrower's ability to fulfill its loan agreement and obligations. This agreement is prepared when the agent is initially hired and is reviewed and modified as needed or required to achieve loan objectives.

Capital Needs Assessment. The long-term capital plan will be developed as part of the budget process. This plan ensures that long-range needs of the project will be met and that tenants will continue to reside in safe, decent, sanitary housing conditions.

Eviction Of Tenants Who Do Not Recertify. If a tenant refuses to cooperate in verifying income and other information, he may be evicted. This ensures that ineligible tenants are not occupying the units.

Request To Rent To Ineligible: The Agency may authorize the borrower in writing, upon receiving the borrower's written request with the necessary documentation, to rent vacant units to ineligible persons for temporary periods to protect the financial interest of the Government.

Tenant Application Forms. Borrowers must use tenant application forms that collect sufficient information to properly determine household eligibility and to monitor compliance with the Fair Housing Act. These files enable the Agency to ensure eligibility of tenants and civil rights compliance.

Authorization For Information Verification. Authorization must be signed by borrowers/applicants, tenants, etc., so that we can verify such things as employment, other income, account balances. These verifications ensure that the Agency is providing assistance to eligible persons.

Waiting Lists. This list is required by the Agency to assure that eligible tenant applicants are afforded fairness of selection according to Agency requirements. Information on the place and times for tenant application submission must be documented in the housing project's management plan and Affirmative Fair Housing Marketing Plan.

Notification To Ineligible Applicants/Rejections. The borrower, using his own written format, must inform a tenant applicant of his eligibility or rejections for occupancy in a rental housing project. This requirement ensures that an applicant's rights are protected, and a rejected applicant is given appeal rights.

Lease/Lease Modifications. The tenant lease is the basic written confirmation of agreement to the terms and conditions of tenant occupancy and the responsibility between a tenant and landlord (borrower). It is entered into initially and then subsequently with each new 1-year lease term. The Agency requires use of a written tenant lease for consistency in program conformity. Although leases are usual and customary, the Agency requires specific language clauses dealing with specific program requirements.

Occupancy Rules. The purpose of a borrower's occupancy rules is to outline the basis for the tenant and management relationship. Prior to Agency approval of occupancy rules, borrowers must provide written certification from their attorney that the housing project's occupancy rules are consistent with applicable federal, state, and local laws, as well as Agency requirements and the requirements of other programs participating in the project.

Notice Of Lease Violation. The borrower or agent issues this notice to inform a tenant of violation of one or more terms of the lease agreement. The notice advises the tenant that failure to correct the violation, or further violation, can result in termination of occupancy benefits. The notice must be mailed to the tenant as well as hand delivered at the tenant's apartment unit.

Occupancy Termination Notice. The notice follows the notice of lease violation when a tenant has failed to correct previously noted lease violations. It is the tenant's notice that the borrower expects the tenant to cease occupancy by a prescribed date, and that failure to do so will result in the borrower seeking eviction through judicial proceedings.

Tenant Protection And Grievance Procedures. The Agency will provide borrowers/management agents with a booklet outlining tenant protection and grievance procedures to distribute to tenants.

Notification To Tenant Of Adverse Action. The borrower must notify a tenant before they proceed with any adverse action. This requirement provides due notice to tenant.

Grievance Or Response To Adverse Action. The tenant must communicate to the borrower any grievance or response within 10 calendar days after occurrence of adverse action or receipt of a notice of adverse action.

Summary And Submission Of Problem. If a tenant's grievance is not resolved during an informal meeting, the borrower must prepare a summary of the problem and submit the summary to the tenant and the Agency. This requirement makes the Agency aware of problems and enables the Agency to help resolve the problem.

Escrow For Tenant Payments. When there is a dispute between the tenant and management, the tenant's rent payments must be held in escrow. This protects the tenant's rights while still ensuring that the payment(s) will be available if the dispute is not resolved in the tenant's favor.

Certification That Funds From Other Sources To Reduce Rents Will Not Be Paid From Agency Funds. When funds contributed from sources other than the Agency are used for housing project expenses, the borrower must certify in writing that these funds will not need to be repaid with Agency funds. Such funds could include state or local grants, or private contributions to reduce general operating and management expenses. Housing project rents must be reduced to reflect the funding being used to offset project expenses.

Request For Rent Changes. If it becomes necessary to modify a shelter cost, the borrower must seek Agency approval. These requests are included as part of the budget process. Rents must be reviewed and approved by the Agency to maintain affordability for tenants and sufficient cash flow for borrowers.

Summary of Tenant Comments. Upon receiving notice of a pending rent change, a tenant is given the opportunity to make written comments or objections to the proposed rent change. It is a tenant's opportunity for response, not a requirement. The tenant submits the written comments or objections to the Agency servicing official.

Documentation That There Are No Very Low-Income Households Or That Occupancy By Low-Income Households Is Limited. The Housing and Urban-Rural Renewal Recovery Act of 1983 (HURRA 83) requires that in projects initially occupied prior to November 30, 1983, no more than 25 percent of all units receiving rental assistance may be occupied by low-income tenants other than very low-income tenants. For projects initially occupied on or after November 30, 1983, it is no more than 5 percent. There can be up to 25 percent and 5 percent of RA units respectively used by low-income tenants. The balance must be used by very low-income tenants. When local market conditions do not allow a project to meet these requirements, the borrower may request in writing a variance from this rule.

Rental Subsidies From Non-Agency Sources. Loan applicants using non-Agency rental subsidy must provide market documentation and the rental subsidy agreement.

CPA Certification of Separate Accountability. Housing project funds may be combined in one or more bank accounts for two or more housing projects as long as the borrower's accounting system separately tracks funds for each project. When the borrower requests Agency approval for such an accounting system, they must include a statement from a CPA stating that the accounting system is structured to segregate and maintain separate accountability for each housing project. This requirement ensures that program objectives are met for each housing project.

Withdrawal of Initial 2 Percent. Between the end of the second and seventh year of operation, the Agency provides the borrower the opportunity to withdraw the initial two percent, provided certain fiscal conditions exist. The borrower must request the withdrawal in writing. The Agency will review the borrower's request and supporting justification before withdrawal is permitted.

Maintain Reserve Funds Accounts. The Borrower is required to annually fund the reserve account based upon the terms of their loan agreement or resolution. Funds may be withdrawn from the account typically for capital needs. Borrowers must receive Agency approval prior to withdrawing any funds. Borrower management of the reserve account is subject to the requirements of 7 CFR part 1902, subpart A regarding supervised bank accounts. When reserve funds are invested in securities, the borrower must record the price actually paid for the securities. When designated as a reserve deposit, the price paid must equal the required contribution to reserves.

Request For Approval of Advancement of Owners Funds. Prior written approval by the Servicing Office is required. Such advances may be authorized when justified by unusual short-term conditions.

Reports. The Agency may require quarterly or monthly reports to monitor financial progress when closer supervision is warranted. The reports must be submitted using an Agency approved format. Also see Forms RD 3560-7 or 3560-7A.

Response to Agency Notification Of Deficiencies Or Violations. Borrowers will be notified in writing of any deficiencies or violations noted by the Agency. There will be a specified time period by which the borrower must respond to the Agency and/or remedy the deficiencies or compliance violations. These actions are necessary to ensure program compliance.

Request For Payoff. At the borrower's request, the Agency will prepare a payoff statement.

Documentation Of Organization Structure/Changes In Ownership Entity/Agency Approval For Ownership Changes Or Sales. Changes in organization structure or ownership require Agency approval to ensure the continued eligibility of the borrower organization/entity. Information to be submitted includes a list of members, financial statements from general partners and stockholders with more than a 10 percent interest (or a statement of net worth), statements of net worth for limited partners, statements identifying identity of interest and experience, statements evidencing lack of other available credit, evidence of assumption of original or withdrawing partner's obligations, and amendments to organizational documents.

Signed Agreement Listing All Known Repairs. An agreement must be signed by the borrower and transferee or buyer listing all known repairs necessary to bring project into compliance. The agreement must specify whether each repair will be completed by the borrower prior to transfer, or by the transferee or buyer. This requirement ensures that the project will be in compliance with Agency requirements for decent, safe and sanitary housing.

Financial Reports For Transferee/Buyer. The underwriting requirement for financial reports applies to transfers.



No Liens, Judgments. A transferee or buyer must establish that there are no liens, judgments or claims against the project other than those by the Agency and those to which the Agency had previously agreed. This requirement ensures that the Agency's security position is maintained.

Certification That Equity Payments To Borrower Will Not Be Paid From Project Funds (Identify Sources). If a full equity payment to the transferor is not paid at the time of transfer or sale, or has not been paid through an Agency equity loan to the borrower, the transferee or buyer must certify that equity payments due to the borrower will not be paid from project funds. The source of such payments must be identified. This requirement ensures proper use of project funds.

Applicable Restrictive Use Agreement To Be Executed By Transferee/Borrower. A restrictive use agreement must be executed by transferee at loan closing. This is to ensure property retains use as affordable housing as required by law.

Written Consent for Subordination and Junior Liens. Borrowers must obtain Agency consent prior to entering into any financial transaction that will require a subordination of the Agency security interest in the property. The subordination must not adversely impact the Agency's ability to service the loan.

Filing Of Financing Statement, Loan Document Or Contract And Security Agreement. In cases where other liens against property with Agency consent, borrowers must complete and file with the Agency a copy of the financing statement, loan document, or contract, as applicable, as well as a security agreement acceptable to the Agency. This requirement enables the Agency to protect the government's security interest.

Workout Agreements/Revised Agreements. Borrowers must submit a workout agreement in order for the Agency to assist the borrower in overcoming a default or problem.

Special Servicing Rent. Special servicing note rents are a means of lowering a project's maximum rental rate to encourage occupancy of vacant units or to prevent vacant units in a poor local economic market. To justify the special "market" rental rate, the borrower is expected to document the hardship on the project and demonstrate that it is due to poor rental market conditions rather than on poor management practices.

Termination Of Management Agreement. If the Agency determines that a compliance violation or loan default was caused by the actions or inactions of the projects management agent, the Agency may require that the borrower terminate the management agreement with that agent.

Bill Of Sale Itemizing Chattel Property. If the Agency decides to accept an offer of voluntary conveyance of chattel property, the borrower must provide an itemized listing of each item being conveyed and provide title to vehicles or other equipment, where applicable.

Letters Of Credit For Additional Security. In problem account situations, the Agency may require borrowers to provide additional security in the form of real estate, cash reserves, letters of credit, or other security to improve the chances that the Agency will not suffer a loss.

Special Borrower Circumstances. In order for the Agency to make servicing decisions in cases such as deceased borrower, bankruptcy, insolvency, and divorce actions, the borrower or his representative will provide the Agency with information such as the status of the borrower organization, the financial status of the borrower, the status of the security property, and the impact of the identified actions on the operation of the project.

Certification That Farm Workers Are Involved In Applicant's Agricultural Operations. Borrowers applying for a farm labor housing loan must certify that farm workers are involved in the applicant's agricultural operations.

Certification That Operations Will Be Conducted In A Nonprofit Manner. Farm labor housing applicants must certify that housing operations will be conducted in such a manner that income from the housing does not exceed eligible expenses associated with the housing. Eligible expenditures include, but are not limited to, housing repairs, payment of loan installments, taxes, insurance, and reserves.

Additional Security For Loans. If necessary to provide adequate security for an on-farm labor housing loan, personal liability and recourse will be required of all borrowers and the Agency may require that any household furnishings purchased with loan funds also be secured.

Prepayment Request. For Rural Development to determine the borrower's ability to prepay and to determine the need for the rental housing to remain in the low-income program, the borrower must submit documentation on the local housing market and (borrower's) ability to prepay. Upon borrower request and Agency concurrence, the Agency may grant exceptions to the request submission notice of loan prepayment. Borrowers seeking to prepay an Agency loan must submit a written prepayment request to the Agency at least 180 days in advance of the anticipated prepayment date and must obtain Agency approval before the Agency will accept prepayment deadline. The prepayment request will contain the following:

- Copy of waiting list
- Copy of lease language
- Ability to prepay
- Federal, state, or local law compliance
- Financial assistance certification
- Fair Housing Act Certification
- Proposed use after prepayment
- Prepayment market study
- Description of the loan to be prepaid

Posting Prepayment Notices. Borrowers must post the Agency's prepayment request notice, prepayment acceptance notice, or notice of proposed sale to a nonprofit in public areas throughout the housing project.

Tenants May Request LOPE. Rural Development must immediately notify each tenant that a request for prepayment has been received and advise the tenant that all displaced tenants and those experiencing rent overburden due to the proposed prepayment will be eligible for a LOPE that will place them at the top of all occupancy waiting lists for any Rural Development project in any location for which they qualify.

Borrower Must Accept Or Reject Incentive Offer. The borrower must accept or reject the incentive offer within 30 days. If no answer to the offer is received within 30 days, the Agency may void the prepayment request. Incentive offers are not subject to appeal.

Appraisal Reports (Prepayment Only). The Agency will use appraisals to determine whether the security offered is adequate to secure a loan or to determine appropriate servicing or preservation decisions. Appraisal form format may be a form appraisal or a narrative appraisal and must meet the requirements of Uniform Standard Appraisal Procedures, commonly known as USPAP.

Borrower May Offer To Sell To Nonprofit. If no incentive agreement is reached between Rural Development and a borrower requesting prepayment, and a need remains for the housing, the borrower must offer to sell the project to a nonprofit organization or public agency. The borrower must first advertise the housing for sale to qualified local nonprofit organizations and public agencies.

Provide Interested Entities With Information Regarding Project And Provide Additional Materials Requested By Interested Parties. If no local nonprofit organization or public agency submits an offer to purchase, the borrower is expected to contact each organization or agency on the regional or nationwide potential buyer list with an offer to sell and with enough information about the project to allow the prospective purchaser to make an informed decision.

Document Compliance With Restrictive Use Provisions. A borrower who has prepaid a loan with restrictive-use provisions as a condition of prepayment must document compliance and make the documentation and the project site available for Agency inspection upon request.

Notification Of Unauthorized Assistance. A notice must be sent to a tenant when the borrower determines a tenant's failure to fully report income. The borrower is required to notify the tenant that overpaid rental assistance is due and must be collected. This results in preservation of rental assistance for eligible tenants.

Corrective Actions By Tenants Or Borrowers. When a borrower or tenant was responsible for the circumstances causing the unauthorized assistance, they must take

appropriate action to correct the problem within 90 days of the unauthorized assistance determination notice date unless an alternative date is agreed to by the Agency.

Submit Proposed Tenant Repayment Arrangements. Borrower must submit documentation of arrangements borrower has made with tenant for repayment of unauthorized assistance.

Recapture Of Unauthorized Assistance. If a borrower or tenant agrees to repay unauthorized assistance, the borrower or tenant proposed repayment schedule must be approved by Agency prior to implementation. The borrower must retain copies of all correspondence and a record of all conversations between the borrower and a tenant, regarding unauthorized assistance received by a tenant with the tenants file records.

#### REPORTING REQUIREMENTS – FORMS

Form RD 440-34, Option to Purchase Real Estate. This form is used by the borrower to obtain an option on real estate to be purchased. A standard contract may be used in lieu of this form.

Form RD 3560-1, Application for Partial Release, Subordination or Consent. This form is used by borrowers to obtain consent from the Agency to permit Junior liens, or request partial release from terms of real estate security instruments.

Form RD 3560-7, Multi-Family Housing Project Budget/Utility Allowance. This form itemizes the project budget for the ensuing year of operation. It includes utility allowances and rent schedules. This document supports any request for a rent change. This document assists the Agency in management analysis and decision making necessary to meet program objectives in a changing economic environment. A budget may occasionally be requested more than once a year in certain servicing situations. The budget provides the borrower and the Agency with factual information to identify initial or subsequent borrower performance in meeting program objectives. The Agency may require quarterly or monthly reports to monitor financial progress when closer supervision is warranted.

Form RD 3560-7A, On-Farm Labor Housing Project Budget. Each on-farm labor housing borrower must complete this form showing expenses of the farming business.

Form RD 3560-8, Tenant Certification and annual recertification. This form is prepared by the owner and signed by every tenant living in a subsidized project, except in those instances where Section 8 subsidy is provided and HUD forms are used for this same purpose. It is necessary for the Agency to fulfill its mandate to monitor the borrower and the tenant to determine that the borrower is in compliance with regulations and equal opportunity requirements, that only eligible tenants occupy the projects, that rental assistance is being provided only to qualified tenants, and that rental assistance and interest credit requested does not exceed the maximum benefit actually accruing to the project or tenant.

Form RD 3560-9, Multi-Family Housing Interest Credit and Rental Assistance Agreement. This form is used for MFH loan, assumption agreements, re-amortizations, credit sales, conversion of payment method, loan consolidations and for existing loans to provide interest credit.

Form RD 3560-10, Multi-Family Housing Balance Sheet. This form provides a comparison of year-end financial condition with the financial condition one year earlier. It is a statement of borrower financial condition as of a specific date and is used for analysis of borrower progress.

Form RD 3560-12, Request For Authorization to Withdraw Reserve Funds. This form is to assure the steady buildup of the reserve fund, its use is restricted by requiring approval of the Agency prior to use of any portion of the reserve. In cases of extreme emergency, the Agency can post-approve such withdrawals.

Form RD 3560-13, Multifamily Project Owner's/Management Agent's Management Certification. This form is completed by Owners of Agency multifamily housing projects that are required to submit certain data for review by the Agency for approval of a new management agent.

Form RD 3560-15, Reamortization Request. This form is used to request reamortization of certain loan types. The terms of the existing note may be modified through use of this form.

Form RD 3560-20, Multi-Family Housing Transfer and Assumption Review and Recommendation. This form is used by the Agency to assemble information needed in planning transfers of real estate security.

Form RD 3560-22, Offer to Convey Security. This form is used by borrowers in offering to convey real estate security property to the Agency.

Form RD 3560-25, Request for Rental Assistance/Operating Assistance. This form is utilized to document the initial need for rental assistance for a project. Subsequent needs will be a checkbox on annual budgets submitted by borrower.

Form RD 3560-27, Rental Assistance Agreement. This form, executed by the borrower, contains the agreement between the borrower and the Agency as to the amount of rental assistance made available to a project and the conditions for its use. This form is used whenever the Agency has approved and obligated rental assistance to a borrower.

Form RD 3560-27A, Operating Assistance Agreement. This form, executed by the borrower, contains the agreement between the borrower and the Agency as to the amount of operating assistance made available to a project and the conditions for its use. This form is used whenever the Agency has approved and obligated operating assistance to a borrower. Operating assistance is only available for Off-Farm Labor Housing.

Form RD 3560-29, Notice of Payment Due Report. This form is sent by the borrower with the monthly loan payment to certify the need for interest credit and rental assistance for that month. This status changes monthly in the project. This document serves as a summary income source document for the borrower. Most borrowers are using the Agency's printout sent to them each month and stapling it to this form.

Form RD 3560-31, Identity of Interest Disclosure and Qualification Certificate. This form must be completed by the principal for each trade or business with an identity of interest relationship with the borrower.

Forms RD 3560-33, 3560-34, 3560-35, Loan Agreement/Resolution. Individuals, partnerships, or corporations execute the applicable form. These documents contain regulatory provisions governing the housing and related operations and assure full understanding of all responsibilities of both the Agency and the borrower.

Forms RD 3560-39, 3560-40, 3560-41, 3560-42, 3560-43, Labor Housing Resolution and loan/grant agreement. Individuals, partnerships, or corporations execute the applicable form. These documents contain regulatory provisions governing the labor housing and related operations and assure full understanding of all responsibilities of both the Agency and the borrower.

Forms RD 3560-33A, 3560-34A, 3560-35A, Loan Consolidation. With the Agency's approval, loans may be consolidated to reduce the administrative burden, improve cost effectiveness, and utilize facilities common to housing projects.

Form RD 3560-44, Farm Labor Housing Technical Assistance Grant Agreement. The Agency may award technical assistance grants to eligible private and public nonprofit agencies. These grant recipients will assist other organizations to obtain loans and grants for the construction of farm labor housing.

Form RD 3560-38, Application for Cooperative Housing Membership. This form is used by cooperatives to obtain formal applications from persons seeking membership in a rural housing cooperative.

Form RD 3560-51, MFH Obligation Fund Analysis. This form is used to obligate loan funds and grants for MFH projects. It may be used to obligate or de-obligate rental or operating assistance.

Form RD 3560-57, Application for Settlement of Indebtedness. Borrowers requesting debt settlement must submit complete and accurate information from which the Agency can make a decision. Offers that are rejected will be returned to the borrower with comments on potential points of negotiation. The borrower may resubmit his/her offer at any time.

Form RD 440-11, Estimate of Funds Needed for 30-Day Period Commencing

This form is a request used by the applicant to indicate the amount of funds required in construction projects for a 30-day period. It is concurred in by Rural Development as to the reasonableness of the amount.

Form RD 1924-1, Development Plan

This form is prepared by the Agency after the applicant/borrower has furnished the Agency with sufficient information to fully describe the planned construction and development work. It provides the basis for a mutual understanding between the borrower and the Agency regarding the development to be accomplished.

Form RD 1924-2, Description of Materials

This form is prepared by an applicant/borrower, builder or designer to furnish the Agency with sufficient information to fully describe the materials, equipment, and fixtures to be used in the construction or repairs of a residential dwelling unit. The collection of information for the form is a normal business practice.

Form RD 1924-3, Service Building Specifications

This form is prepared by the applicant/borrower, builder, or designer to furnish the Agency with sufficient information to fully describe the materials, equipment, and fixtures to be used in the construction of a farm service building. The collection of information for the form is a normal business practice.

Form RD 1924-5, Invitation For Bid

This form is prepared by an applicant/borrower or architect to invite builders to submit bids for constructing service buildings, single family homes, or multi-family housing units by the contract method. The collection of information for the form is a normal business practice for contracts that are competitively bid.

Form RD 1924-6, Construction Contract

This form is prepared by an applicant/borrower, builder, architect, or engineer to set forth specific conditions and terms of a construction contract. The applicant/borrower and builder must sign the form indicating their commitment to fulfill their responsibilities described in the agreement. The collection of information for the form is a normal business practice.

Form RD 1924-7, Contract Change Order

This form is prepared by an applicant/borrower, contractor, architect, or engineer to record any changes in the development work performed by the contract method. An applicant/borrower, contractor, architect/engineer, and the Agency indicating mutual approval of the change sign the form. The collection of information for the form is a normal business practice.

Form RD 1924-9, Certification of Contractor's Release

This form is prepared by a contractor to certify that payments have been made in full for all material and labor used in the performance of a construction contract and to release an applicant/borrower from any claims which might arise by virtue of the contract.

Form RD 1924-10, Release by Claimants

This form is prepared by a contractor to show that the contractor has paid all materials and labor used in a construction contract. All subcontractors and suppliers who have provided material and/or labor for the development work sign the form. Their signatures indicate their release to the applicant/borrower from any claims.

Form RD 1924-11, Statement of Labor Performed

This form is prepared by an applicant/borrower when requesting countersignatures by the Agency on checks for payment of labor performed by hired workers involved with the construction of single family home or multi-family housing units.

Form RD 1924-12, Inspection Report

This form is prepared by the Agency to record the results of an inspection of development work or an existing dwelling or other type building. An applicant/borrower signs the form indicating acceptance of the completed development work or existing facility.

Form RD 1924-13, Estimate and Certificate of Actual Cost

This form, prepared by all applicants for Section 515 loans, is used to provide the applicant/borrowers and the Agency with a trade-item cost breakdown of the proposed development work for evaluation. The form is also used to certify actual cost of construction work performed. In its efforts to combat fraud, waste, and abuse in the 515 program, the Agency scrutinizes proposed construction costs to preclude unnecessary expenditures of Government funds. This form requires a line item breakdown of costs, thus enabling the Agency to capture needed information.

Form RD 1924-18, Partial Payment Estimate

A contractor to request partial payment prepares this form for work performed on financed construction. The completed form provides the applicant/borrower and Agency information on the quantity and value of work performed. The applicant/borrower and Agency indicating their acceptance/approval of the request sign the form. The collection of information for the form is a normal business practice.

Form RD 1924-19, Builder's Warranty

This form is completed by a contractor/builder and issued to the applicant/borrower at the completion or acceptance of the development work. The completed form protects the



applicant/borrower against deficient materials and workmanship. The collection of information for this form is a normal business practice.

Form RD 1924-25, Plan Certification

This form is prepared by licensed architects, professional engineers, plan reviewers, local building officials, National codes organizations, registered professional building designers, local communities, plan services, or builders/contractors to certify that final drawings and specifications and any modifications thereof are in conformance with the applicable development standard. The collection of information for the form is a normal business practice.

Form RD 1940-20, Request For Environmental Information (OMB No. 0575-0094). This form requires the applicant to provide environmental information on the proposed project site and the activities to be conducted at the site by the applicant. The form consists of a checklist, plus an attachment that includes maps, photos and narrative. The full narrative covers 17 items ranging from area description and public reaction to alternatives considered, mitigation measures, and applicable permits. For Class II actions, the form must be completed in full by the applicant. For Class I actions, only a portion of the form (the checklist and 6 of the 17 items) must be completed by the applicant. For actions classified as categorical exclusions, the form need not be completed at all. The information on this form provides a basis for an environmental assessment from which the Agency official may determine whether or not an environmental impact statement (EIS) is necessary to comply with NEPA.

Form RD 1927-5, Affidavit Regarding Work of Improvement

This form is used by the Closing Agent/Attorney to obtain an affidavit regarding improvement work that has been done to the property being financed. The applicant(s) and/or seller(s) certify that they have not incurred any obligations for repairs on the property that will result in a lien on the Agency financed property.

Form RD1927-8, Agreement With Prior Lienholder

This form is used by the Loan Approval Official in conjunction with a loan made subject to an existing lien when it is determined necessary to protect the Government's security interest against foreclosure action by the prior Lienholder. It is also used by participating leveraged lenders in RHS to show their lien priority on the joint loan.

Form RD 1927-9, Preliminary Title Opinion

This form is used by the Closing Attorney to furnish a preliminary title opinion in connection with this regulation occasionally for loans being closed by RHS.

Form RD1927-10, Final Title Opinion

This form is used by the Closing Attorney to furnish a final title opinion for loans using an attorney's opinion and being closed in connection with this regulation.

Form RD 1927-19, Certification of Attorney, and  
Form RD 1927-20, Certification of Title Insurance Company

These forms are used by the Closing Agent/Attorney, selected by the applicant to close an Agency loan, to certify that the Closing Agent/Attorney meets the required conditions of 7 CFR 1927-B. Since the forms contain professional information about the Closing Agent/Attorney, they are not expected to require any research.

RD Form 402-1, Deposit Agreement

A deposit agreement will be typically used to hold funds in a non-interest bearing account for a short period of time. This agreement may be used for any program administered by the Agency which may require the holding of funds for very short periods of time in a non-interest bearing account.

Form RD 400-1, Equal Opportunity Agreement

This form is an agreement between Rural Development and a recipient of Federal financial assistance when a construction contract of \$10,000 or more is involved. The borrower agrees not to discriminate against any employee, or applicant for employment, and agrees to abide by the requirements of Executive Order 11246. The form is read and signed by the recipient.

Form RD 400-4, Assurance Agreement

This form is executed by recipients of Rural Development's Federal financial assistance as an assurance that the recipient will comply with the requirements of Title VI of the Civil Rights Act of 1964. This form is read and signed by the recipient.

Form RD 400-8, Compliance Review

RD created the current form RD-400-8 with the capability to make direct comparison of the eligible population data obtained from the census data and the participation of the beneficiaries the recipients served. The race and ethnic data will be provided by the recipients of the various loan and grant programs and is evaluated and compared to the eligible census data to determine if similar situated groups are receiving the same benefits and services of the particular program or activity. The additional information required will be collected by RD compliance officials from the review of the recipients' records. All sections of the compliance review do not pertain to all recipients; therefore they will not be completed.

Form RD 440-24, Position Fidelity Schedule Bond Declarations

This form may be used by organizations (where permitted by state law) to provide fidelity bond coverage for certain officials entrusted with funds.

REPORTING REQUIREMENT – FORM BURDEN APPROVED UNDER OTHER  
OMB NUMBERS

Application for Federal Assistance (For Non-Construction) (SF-424) – (OMB No. 4040-0004 Expiration Date: 8/31/2016)

This form provides general information and signature documenting application. Accounted for in separate Request for Common Forms (RCF).

HUD Form 935.2A, Affirmative Fair Housing Marketing AFHM Plan - Multifamily Housing and 935.2B, Affirmative Fair Housing Marketing Plan - Single Family Housing. (OMB No. 2529-0013 Expiration Date: 12/31/2016).

The implementing regulations issued by the Department of Housing and Urban Development (HUD) and adopted by RD, require recipients and other participants in RD housing programs to prepare affirmative fair housing marketing plans (AFHMP), and to collect and maintain data to reflect compliance with the requirements of that plan. The AFHMP is a HUD form that is used by RD housing recipients to assure that recipients are marketing housing in a non-discriminatory manner to groups which are least likely to apply for housing.

HUD Form 2530, Previous Participation Certification (OMB No. 2502-0118 Expiration Date: 5/31/2019).

Applicants must file a form HUD-2530 upon initial participation for HUD's multifamily programs or when notifying HUD of a proposed substitution or addition of a principal. The form HUD-2530 must also be filed when or if there are changes in roles or proposed participation in a different capacity from what has been previously approved. Respondents can include owners, managers, consultants, general contractors, and nursing home operators and administrators.

## RECORDKEEPING REQUIREMENTS

Retain Tenant Applications. Borrowers must retain all tenant application forms for at least three years. The Agency may require borrowers to submit application information for Agency review.

Retain Copies Of Correspondence And A Record Of Conversations Regarding Unauthorized Assistance Received By Tenants. Borrowers must retain correspondence and record of conversations regarding unauthorized assistance for at least three years. The Agency may require borrowers to submit correspondence and records of conversations for Agency review in order to service any unauthorized assistance received and paid back by the tenant.

Marketing Records. The borrower must maintain records that reflect efforts to fulfill the affirmative fair housing marketing plan. The Agency may require borrowers to submit records and to update plans as needed.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other

forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection.

The Agency has established a website which contains the pre-application in a “fillable form” format that can be completed online and sent electronically to the Agency. The website for the electronic application is <http://www.rd.usda.gov/programs-services/housing-preservation-revitalization-demonstration-loans-grants>. The Agency will be able to evaluate and score the applications for processing primarily through electronic means. We estimate that 100% of this information will actually be collected electronically.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The information collected is not duplicated. The Agency will use the information to identify the applicant, applicant’s contact person, the properties involved and the service requested. All other information will be obtained from the Agency’s database, to the extent practical.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.

This information collection will not have a significant economic impact on a substantial number of small entities. However, small businesses will be involved in the demonstration. The agency estimates 20% of applicants to be small businesses. Care was taken in developing the pre-application to enhance, rather than burden, respondents. The data requested is appropriate to the professional and economic sophistication of the respondents. If a project is selected for further consideration, applicants will need to retain the services of an outside consultant to provide a Capital Needs Assessment (CNA) in order to determine the amount of financial assistance necessary. With a clear statement of work and a streamlined reporting format, this will help CNA providers who are generally small businesses deliver a product to the Government with less reporting burden. This is necessary for the Agency to determine financial viability of the request.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The collection of information is done only on a one-time basis for each proposer approved. Without this one time reporting requirement, RHS could not provide assistance in a timely and effective manner.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

a. Requiring respondents to report information more than quarterly.

There are no information collection requirements that require specific reporting on more than a quarterly basis.

b. Requiring written responses in less than 30 days.

Because this is a demonstration program and the funds must be used within the timeframe established by the Congressional appropriation language, it is imperative that the responders advise the Agency in a timely manner if they are interested in proceeding with a full application. Reasonable timetables that have been developed based on past MPR experience and customer comments, are published in the NOSA.

c. Requiring more than an original and two copies.

There are no specific new information collection requirements that require more than an original and two copies.

d. Requiring respondents to retain records for more than 3 years.

There are no such new requirements. However, upon receipt of any funding provided by the Agency, the on-going routine servicing actions prescribed in 7 CFR 3560 for all USDA/RHS multifamily properties and borrowers are to be consistently applied.

e. Not utilizing statistical sampling.

There are no such requirements.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

No such requirements exist.

g. Requiring a pledge of confidentiality.

There are no such requirements.

h. Requiring submission of proprietary trade secrets.

There are no such requirements.

8. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

The 60-day Notice was published on May 19, 2016 [Vol. 81, No. 97, page 31589. No comments were received.

Contacts have been made with persons who have knowledge of the Rural Housing Demonstration programs. The persons selected for consultation provided a cross section of participation in the program that would be representative nationally. They were recommended by the Agency because of their thorough knowledge of Rural Development programs and their experience with the Agency. They had no issues with the amount of information we are requesting for this MPR demonstration program. The following persons were contacted.

Carlton Jarratt  
MPR Team Leader  
Richmond, Virginia 23229  
(804) 287-1524

Dean Greenwalt  
Special Projects Coordinator  
St Louis, Missouri 63120  
(314) 457-5933

Martha Hanson  
Review Underwriter  
Carlisle, Pennsylvania 17013  
(717) 209-1205

9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

There are no payments or gifts given to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or Agency policy.

There has been no assurance of confidentiality provided to the respondents by the Agency.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private.

Information is being requested to require an accurate and realistic assessment of the proposer's concept in relation to the specific criteria contained in the proposal content and evaluation criteria including market potential and feasibility of the innovative project. There are no questions or information collection of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information.

This submission is for 1,500 respondents, of which, 990 are individuals, 480 are private organizations and 30 are state, local or tribal governments; with 22,141 responses and 27,365 burden hours. RHS estimates that 1,500 property owners will respond to a Notice of Funds Available (NOFA). Of this number, only 150 will actually submit a formal application. These numbers are based on the Agency's initial response from the NOFA. The pre-application was specifically designed to attract Section 515 borrowers that are interested in revitalizing and preserving rental properties. It adequately addresses the data needed in order to effectively evaluate the proposal for the characteristics necessary for the program. The wages rates of \$130, \$55, and \$30 per hour are estimated rates for a rural attorney, an administrative assistant, and a clerk, respectively. These are the highest classification that may be required to complete the documents. The wage rates listed in the 90 percentile column listed in the "National Compensation Survey: Occupational Wages in the United States, May 2015 Supplementary Tables" were reviewed, but were significantly adjusted upward to reflect our "hands on" understanding that legal and documentation preparation expenses are often more expensive in the specialized field of affordable, subsidized rental housing financing.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

There are no capital/start-up or operation/maintenance costs associated with this collection.

14. Provide estimates of annualized cost to the Federal Government.

The annual cost to the Federal Government is estimated to be \$2,149,350. The estimated cost is based on the following chart. The cost includes salary and administrative expenses for Government employee time associated with the information collection. There is no special equipment aside from that needed for day-to-day operations or material resource. The hourly rate used is an estimated average cost for GS-11 and GS-12 wage classification (2016 GS DC Locality Salary Table with 36.25% for benefits and overhead costs), which is the grade level of the employees that will typically complete these documents. This is based on a long-term series of budget reviews and site visits currently required by regulations that will be used to confirm that the capital needs scheduled over a 20-year period by a CNA are, in fact, being addressed as scheduled. The regulations require both functions to be performed annually, averaging 12 hours a year over the 20-year period converted by the CNA.

**Summary of cost to the Government**

(1) Review of the application, proposal content, and evaluation criteria for completeness and accuracy.

<u>Hours</u>	<u>Cost/Hrs</u>	<u>#of Units</u>	<u>Cost</u>
.25	\$46	1,500	\$17,250

(2) Evaluate the proposals for special consideration and additional points.

<u>Hours</u>	<u>Cost/Hrs</u>	<u>#of Units</u>	<u>Cost</u>
.5	\$46	150	\$3,450

(3) Evaluate the proposals for classification.

<u>Hours</u>	<u>Cost/Hrs</u>	<u>#of Units</u>	<u>Cost</u>
.5	\$46	150	\$3,450

(4) Notify applicants of selection status.

<u>Hours</u>	<u>Cost/Hrs</u>	<u>#of Units</u>	<u>Cost</u>
.5	\$46	1500	\$34,500

(5) Site visit and CNA review.

<u>Hours</u>	<u>Cost/Hrs</u>	<u>#of Units</u>	<u>Cost</u>
3	\$46	150	\$20,700

(6) Underwriting, Summary of Recommendations/Denial, and Funding to Applicant.

<u>Hours</u>	<u>Cost/Hrs</u>	<u>#of Units</u>	<u>Cost</u>
36	\$46	150	\$248,400

(7) Closing of transaction and document review.

<u>Hours</u>	<u>Cost/Hrs</u>	<u>#of Units</u>	<u>Cost</u>
24	\$46	150	\$165,600

(8) Monitoring of development.

<u>Hours</u>	<u>Cost/Hrs</u>	<u>#of Units</u>	<u>Cost</u>
240	\$46	150	1,656,000

<b>Total Cost</b>			<b>\$2,149,350</b>
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15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-I.

There was a significant increase in responses, 19,721, and hours, 24,645, due to Rural Development's accounting for burden of RD forms within individual packages.

16. For collection of information whose results will be published, outline plans for tabulation and publication.

The collection of information will not be published for statistical purposes.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

It is not cost effective for the Agency to display the expiration date on any of the forms.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-I.

There are no exceptions requested.

19. How is this information collection related to the Service Center Initiative (SCI)? Will the information collection be part of the one stop shopping concept?

This information collection is not related to the Service Center Initiative.