

**RURAL ECONOMIC DEVELOPMENT GRANT  
LETTER OF CONDITIONS**

**Date:** \_\_\_\_\_

\_\_\_\_\_  
Name or President

\_\_\_\_\_  
RUS Utility

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip

Dear Mr. or Mrs. \_\_\_\_\_

We are pleased to announce that the application of the \_\_\_\_\_  
(the Grantee) for a grant in the amount of \_\_\_\_\_ (Grant) to make an  
initial loan to \_\_\_\_\_ (Ultimate Recipient) and to establish a  
revolving loan fund (Revolving Loan Fund) in accordance with the Grantee's Revolving  
Loan Fund Plan dated \_\_\_\_\_, as approved by Rural Development (Plan) has  
received approval of Rural Development, subject to the following terms and conditions:

- A. The Grantee provides:
1. evidence that it has created a Revolving Loan Fund Account (Account) and has deposited the approved contribution amount in the Account.
  2. a resolution of its Board of Directors adopting the Plan approved by Rural Development.
  3. satisfactory evidence that it has obtained fidelity bond coverage on all of its officers, employees or agents that are authorized to receive or disburse funds from the Revolving Loan Fund, in the total amount of the Grant, or the Revolving Loan Fund, whichever is greater.
  4. duplicate original sets of duly authorized and executed copies of this Letter of Conditions.
  5. duplicate original sets of duly authorized and executed copies of the Rural Economic Development Grant Agreement (Grant Agreement.)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0035. The time required to complete this information collection is estimated to average one hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

6. a legal opinion from its counsel stating that the Grantee possesses the necessary legal authority to execute the Letter of Conditions and the Grant Agreement and to execute the Plan.
7. evidence of satisfactory written procedures to:
  - (i) minimize the time elapsing between receipt of funds from Rural Development and disbursement of funds to the Ultimate Recipient,
  - (ii) ensure funds control and accountability in accordance with 7 CFR parts 3015 and 3019 as applicable,
  - (iii) limit cash advances from Rural Development to the minimum amounts needed for the actual, immediate cash required for carrying out the project.

And,

B. Rural Development approves

1. the Grantee's loan agreement, promissory note(s), and security agreement which will be entered into with the Ultimate Recipient.
2. a legal opinion provided by counsel for the Ultimate Recipient, regarding the legal ability of the Ultimate Recipient to incur debt and perform its obligations under the loan agreement.
3. satisfactory evidence that the following other terms and conditions have been met:
  - (i)
  - (ii)

The enclosed certification form entitled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions" must be referenced in, and included as an exhibit to, the loan agreement that you execute with the Ultimate Recipient. The Ultimate Recipient in turn, must require these certifications in any lower tier covered transactions. Please note this certification is for the signature of the Ultimate Recipient.

Please evidence acceptance of the terms and conditions of this Letter of Conditions by executing and dating the enclosed duplicate original in the space provided and returning it to Rural Development within 30 days from the date of this Letter of Conditions. The Grantee must comply with the conditions set forth in this Letter of Conditions within 120 days from the date of its acceptance. Unless extended, if the Grantee has not complied with these stipulations, the Grant commitment will be automatically rescinded.

Sincerely,

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

Accepted and Agreed to:

\_\_\_\_\_  
**Intermediary**

by: \_\_\_\_\_  
**President**

\_\_\_\_\_  
**Date**

(SEAL) Attested to for the Grantee:

by: \_\_\_\_\_  
**Secretary**

Enclosures:

- Duplicate Original Letter of Conditions
- Rural Economic Development Grant Agreement
- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Teir Covered Transactions
- Form of Legal Opinion
- Standard Form 270