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Dated: March 8, 2006.

Jackie J. Gleason,

Acting Administrator, Rural Business-Cooperative Service.

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DEPARTMENT OF AGRICULTURE

Rural Housing Service

Notice of Funding Availability (NOFA): Section 515 Multi-Family Housing Preservation Revolving Loan Fund (PRLF) Demonstration Program for Fiscal Year 2006

AGENCY: Rural Housing Service, USDA.

ACTION: Notice.

SUMMARY: The Rural Housing Service, (RHS), an Agency under USDA Rural Development, announces the availability of funds and the timeframe to submit applications for loans to private non-profit organizations, or such non-profit organizations' affiliate loan funds and State and local housing finance agencies, to carry out a housing demonstration program to provide revolving loans for the preservation and revitalization of low-income multi-family housing. Housing that is assisted by this demonstration program must be financed by USDA Rural Development through its multi-family housing loan program under section 515 of the Housing Act of 1949. This demonstration program will be achieved through loans made to intermediaries that establish programs for the purpose of providing loans to ultimate recipients for the preservation and revitalization of section 515 multi-family housing as affordable housing.

DATES: The deadline for receipt of all applications in response to this NOFA is 5 p.m., Eastern Time, June 19, 2006. The application closing deadline is firm as to date and hour. The Agency will not consider any application that is received after the closing deadline. Applicants intending to mail applications must provide sufficient time to permit delivery on or before the closing deadline. Acceptance by a post office or private mailer does not constitute delivery. Facsimile (FAX), and postage due applications will not be accepted.

FOR FURTHER INFORMATION CONTACT: Henry Searcy, Jr., Senior Loan Specialist, Multi-Family Housing Processing Division, STOP 0781 (Room 1263–S), or Bonnie Edwards-Jackson, Senior Loan Specialist, Multi-Family Housing Processing Division, STOP 0781 (Room 1239–S), U.S. Department of Agriculture, USDA Rural Development, 1400 Independence Ave., SW., Washington, DC 20250–0781 or by telephone at (202) 720–1753 or (202) 690–0759, or via e-mail at *Henry.Searcy@wdc.usda.gov* or *Bonnie.Edwards@wdc.usda.gov.* (Please note the phone numbers are not toll free numbers.)

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

Under the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.*, OMB must approve all ''collections of information'' by USDA Rural Development. The Act defines ''collection of information'' as a requirement for ''answers to * * * identical reporting or recordkeeping requirements imposed on ten or more persons * * *.'' (44 U.S.C. 3502(3)(A)) Because this NOFA will receive less than 10 respondents, the Paperwork Reduction Act does not apply.

Equal Opportunity and Nondiscrimination Requirements

(1) In accordance with the Fair Housing Act, title VI of the Civil Rights Act of 1964, the Equal Credit Opportunity Act, the Age Discrimination Act of 1975, Executive Order 12898, the Americans with Disabilities Act, and section 504 of the Rehabilitation Act of 1973, neither the intermediary nor the Agency will discriminate against any employee, proposed intermediary or proposed ultimate recipient on the basis of sex, marital status, race, color, religion, national origin, age, physical or mental disability (provided the proposed intermediary or proposed ultimate recipient has the capacity to contract), because all or part of the proposed intermediary's or proposed ultimate recipient's income is derived from public assistance of any kind, or because the proposed intermediary or proposed ultimate recipient has in good faith exercised any right under the Consumer Credit Protection Act, with respect to any aspect of a credit transaction anytime Agency loan funds are involved.

(2) The policies and regulations contained in 7 CFR part 1901, subpart E apply to this program.

(3) The Agency Administrator will assure that equal opportunity and nondiscrimination requirements are met in accordance with the Fair Housing Act, title VI of the Civil Rights Act of 1964, the Equal Credit Opportunity Act, the Age Discrimination Act of 1975, Executive Order 12898, the Americans with Disabilities Act, and section 504 of the Rehabilitation Act of 1973.

(4) All housing must meet the accessibility requirements found at 7 CFR 3560.60(d).

Programs Affected

This program is listed in the Catalog of Federal Domestic Assistance under Number 10.415.

Overview

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006 (Division A of Pub. L. 109–97) provides funding for, and authorizes USDA Rural Development to, establish a revolving loan fund demonstration program for the preservation and revitalization of the section 515 multi-family housing portfolio. The section 515 multi-family housing program is authorized by section 515 of the Housing Act of 1949 (42 U.S.C. 1485) and provides USDA Rural Development the authority to make loans for low income multi-family housing and related facilities.

Program Administration

I. Funding Opportunities Description

This NOFA requests applications from eligible applicants for loans to establish and operate revolving loan funds for the preservation of low-income multi-family housing within the Agency's section 515 multi-family housing portfolio. Agency regulations for the section 515 multi-family housing program are published at 7 CFR part 3560.

Housing that is constructed or repaired must meet the Agency design and construction standards and the development standards contained in 7 CFR part 1924, subparts A and C, respectively. Once constructed, section 515 multi-family housing must be managed in accordance with the program's management regulation, 7 CFR part 3560, subpart C. Tenant eligibility is limited to persons who qualify as a very low-, low-, or moderate-income household or who are eligible under the requirements established to qualify for housing benefits provided by sources other than the Agency, such as U.S. Department of Housing and Urban Development section 8 assistance or Low Income Housing Tax Credit Assistance, when a tenant receives such housing benefits. Additional tenant eligibility requirements are contained in 7 CFR 3560.152.

II. Award Information

Public Law 109–97 (November 10, 2005) made funding available for loans to private non-profit organizations, or such non-profit organizations' affiliate loan funds and State and local housing finance agencies, to carry out a housing demonstration program to provide revolving loans for the preservation of the section 515 multi-family housing portfolio. The total amount of funding available for this program is $6,364,414.02. As required by this statute, loans to intermediaries under this demonstration program shall have an interest rate of no more than one percent, and the Secretary of Agriculture may defer the interest and principal payment to USDA Rural Development for up to three years during the first three years of the loan. The term of such loans shall not exceed 30 years. Payments will be made on an annual basis. Funding priority will be given to entities with equal or greater matching funds, including housing tax credits for rural housing assistance and to entities with experience in the administration of revolving loan funds and the preservation of multi-family housing.

III. Eligibility Information

Applicant Eligibility

(1) Eligibility requirements—Intermediary.

(a) The types of entities which may become intermediaries are private nonprofit organizations or such non-profit organizations' affiliate loan funds and State and local housing finance agencies.

(b) The intermediary must have:

(i) The legal authority necessary for carrying out the proposed loan purposes and for obtaining, giving security for, and repaying the proposed loan.

(ii) A proven record of successfully assisting low-income multi-family housing projects. Such record will include recent experience in loan making and servicing loans that are similar in nature to those proposed for the PRLF demonstration program and a delinquency and loss rate acceptable to the Agency.

(iii) The services of a staff with loan making and servicing expertise acceptable to the Agency.

(iv) Capitalization acceptable to the Agency.

(c) No loans will be extended to an intermediary unless:

(i) There is adequate assurance of repayment of the loan based on the fiscal and managerial capabilities of the proposed intermediary.

(ii) The amount of the loan, together with other funds available, is adequate to assure completion of the project or achieve the purposes for which the loan is made.

(iii) At least 51 percent of the outstanding interest or membership in any nonpublic body intermediary must be composed of citizens of the United States or individuals who reside in the United States after being legally admitted for permanent residence.

(iv) The Intermediary's Debt Service Coverage Ratio (DSCR) must be greater than 1.1 for the fiscal year immediately prior to the year of application and a minimum DSCR of 1 for the fiscal year two years prior and the fiscal year three years prior to application.

(v) The Intermediary's prior calendar year audit indicates an unqualified audited opinion as a result of the audit.

(d) Intermediaries, and the principals of the intermediaries, must not be suspended, debarred, or excluded based on the ''List of Parties Excluded from Federal Procurement and Nonprocurement Programs.''

(e) Intermediaries and their principals must not be delinquent on Federal debt or be a Federal judgment debtor.

(2) Eligibility requirements—Ultimate recipients.

(a) To be eligible to receive loans from the PRLF, ultimate recipients must:

(i) Currently have a USDA Rural Development section 515 loan for the property to be assisted by the PRLF demonstration program, or be a transferee of such a loan before receiving any benefits from the PRLF demonstration program.

(ii) Be unable to provide the necessary housing from its own resources and, except for State or local public agencies and Indian tribes, be unable to obtain the necessary credit from other sources upon terms and conditions the applicant could reasonably be expected to fulfill.

(iii) Along with its principal officers (including their immediate family), hold no legal or financial interest or influence in the intermediary. Also, the intermediary and its principal officers (including immediate family) must hold no legal or financial interest or influence in the ultimate recipient.

(iv) Be in compliance with all Agency program requirements at 7 CFR part 3560 or have an Agency approved workout plan in place which will correct a non-compliance status.

(b) Any delinquent debt to the Federal Government, by the ultimate recipient or any of its principals, shall cause the proposed ultimate recipient to be ineligible to receive a loan from the PRLF. PRLF loan funds may not be used to satisfy the delinquency.

(c) The ultimate recipient or any of its principals may not be a Federal judgment debtor.

IV. Application and Submission Information

Application Requirements

The application must contain the following:

(1) A summary page, that is double-spaced and not in narrative form, that lists the following items:

(a) Applicant's name.

(b) Applicant's Taxpayer Identification Number.

(c) Applicant's address.

(d) Applicant's telephone number.

(e) Name of applicant's contact person, telephone number, and address.

(f) Amount of loan requested.

(2) Form RD 4274–1, ''Application for Loan (Intermediary Relending Program).''

(3) A written work plan and other evidence the Agency requires to demonstrate the feasibility of the intermediary's program to meet the objectives of this demonstration program. The plan must, at a minimum:

(a) Document the intermediary's ability to administer this demonstration program in accordance with the provisions of this NOFA. In order to adequately demonstrate the ability to administer the program, the intermediary must provide a complete listing of all personnel responsible for administering this program along with a statement of their qualifications and experience. The personnel may be either members or employees of the intermediary's organization or contract personnel hired for this purpose. If the personnel are to be contracted for, the contract between the intermediary and the entity providing such service will be submitted for Agency review, and the terms of the contract and its duration must be sufficient to adequately service the Agency loan through to its ultimate conclusion. If the Agency determines the personnel lack the necessary expertise to administer the program, the loan request will not be approved;

(b) Document the intermediary's ability to commit financial resources under the control of the intermediary to the establishment of the demonstration program. This should include a statement of the sources of non-Agency funds for administration of the intermediary's operations and financial assistance for projects;

(c) Demonstrate a need for loan funds. At a minimum, the intermediary must either (1) identify a sufficient number of proposed and known ultimate recipients to justify Agency funding of its loan request; or (2) include well-developed targeting criteria for ultimate recipients consistent with the intermediary's mission and strategy for this demonstration program, along with supporting statistical or narrative evidence that such prospective recipients exist in sufficient numbers to justify Agency funding of the loan request;

(d) Include a list of proposed fees and other charges it will assess the ultimate recipients;

(e) Demonstrate to Agency satisfaction that the intermediary has secured commitments of significant financial support from public agencies and private organizations;

(f) Include the intermediary's plan for relending the loan funds. The plan must be of sufficient detail to provide the Agency with a complete understanding of what the intermediary will accomplish by lending the funds to the ultimate recipient and the complete mechanics of how the funds will get from the intermediary to the ultimate recipient. The service area, eligibility criteria, loan purposes, fees, rates, terms, collateral requirements, limits, priorities, application process, method of disposition of the funds to the ultimate recipient, monitoring of the ultimate recipient's accomplishments, and reporting requirements by the ultimate recipient's management must at least be addressed by the intermediary's relending plan;

(g) Provide a set of goals, strategies, and anticipated outcomes for the intermediary's program. Outcomes should be expressed in quantitative or observable terms such as low-income housing complexes rehabilitated or low-income housing units preserved, and should relate to the purpose of this demonstration program; and

(h) Provide specific information as to whether and how the intermediary will ensure that technical assistance is made available to ultimate recipients and potential ultimate recipients. Describe the qualifications of the technical assistance providers, the nature of technical assistance that will be available, and expected and committed sources of funding for technical assistance. If other than the intermediary itself, describe the organizations providing such assistance and any arrangements between such organizations and the intermediary.

(4) A pro forma balance sheet at start-up and projected balance sheets for at least 3 additional years; financial statements for the last 3 years (or from inception of the operations of the intermediary if less than 3 years); and projected cash flow and earnings statements for at least 3 years supported by a list of assumptions showing the basis for the projections. The projected earnings statement and balance sheet must include one set of projections which takes into consideration a full annual installment on the PRLF loan.

(5) Form RD 400–4, ''Assurance Agreement.''

(6) Complete organizational documents, including evidence of authority to conduct the proposed activities.

(7) Latest audit report.

(8) Form RD 1910–11, ''Applicant Certification Federal Collection Policies for Consumer or Commercial Debts.''

(9) Form AD–1047, ''Certification Regarding Debarment, Suspension, and other Responsibility Matters—Primary Covered Transactions.''

(10) Exhibit A–1 of RD Instruction 1940–Q, ''Certification for Contracts, Grants, and Loans.''

(11) Tax Returns for three years prior to application, and a current financial statement.

(12) A separate one-page information sheet listing each of the ''Application Scoring Criteria'' contained in this Notice, followed by the page numbers of all relevant material and documentation that is contained in the proposal that supports these criteria. Applicants are also encouraged, but not required, to include a checklist of all of the selection criteria as set out in more detail under Section V. Application Review Information in this NOFA and to have their application indexed and tabbed to facilitate the review process.

Submission address. Applications should be submitted to USDA Rural Housing Service; Attention: Henry Searcy, Jr., Senior Loan Specialist, Multi-Family Housing Processing Division STOP 0781 (Room 1263–S), or Bonnie Edwards-Jackson, Senior Loan Specialist, Multi-Family Housing Processing Division, STOP 0781 (Room 1239–S), U.S. Department of Agriculture, USDA Rural Development, 1400 Independence Ave., SW., Washington, DC 20250–0781 or by telephone at (202) 720–1753 or (202) 690–0759 or via e-mail at *Henry.Searcy@wdc.usda.gov* or *Bonnie.Edwards@wdc.usda.gov.* (Please note the phone numbers are not toll free numbers.)

V. Application Review Information

All applications will be evaluated by a loan committee. The loan committee will make recommendations to the Agency Administrator concerning eligibility determinations and for the selection of applications based on the selection criteria contained in this NOFA and the availability of funds. The Administrator will inform applicants of the selection status of their application within 30 days of the loan application closing date of the NOFA.

Selection Criteria

Selection criteria points will be allowed only for factors indicated by well documented, reasonable plans which, in the opinion of the Agency, provide assurance that the items have a high probability of being accomplished. The points awarded will be as specified in paragraphs (1) through (4) of this section. In each case, the intermediary's work plan must provide documentation that the selection criteria have been met in order to qualify for selection criteria points. If an application does not fit one of the categories listed, it receives no points for that paragraph.

(1) Other funds. Points allowed under this paragraph are to be based on documented successful history or written evidence acceptable to the Agency that the other funds are available.

(a) The intermediary will obtain non-Agency loan or grant funds or provide housing tax credits (measured in dollars) to pay part of the cost of the ultimate recipients' project cost. The Intermediary shall pledge as collateral its PRLF Revolving Fund, including its portfolio of investments derived from the proceeds of other funds and this loan award.

Points for the amount of funds from other sources are as follows:

(i) At least 10% but less than 25% of the total project cost—5 points;

(ii) At least 25% but less than 50% of the total project cost—10 points; or

(iii) 50% or more of the total project cost—15 points.

(b) The intermediary will provide loans to the ultimate recipient from its own funds (not loan or grant) to pay part of the ultimate recipients' project cost. The amount of the intermediary's own funds will average:

(i) At least 10% but less than 25% of the total project costs—5 points;

(ii) At least 25% but less than 50% of total project costs—10 points; or

(iii) 50% or more of total project costs—15 points.

(2) Intermediary pledged security funds. The Intermediary will pledge security funds not derived from the Agency and will be considered security funds. The pledged security funds will be placed in a separate account from the PRLF loan account and will remain in this account until the PRLF revolves as described in the loan agreement. The

Intermediary shall contribute the pledged security funds into a separate bank account or accounts according to their work plan. These pledged security funds are to be placed into an interest bearing counter-signature account until the PRLF revolves. No other funds shall be commingled with such money.

The amount of the pledged security funds contributed to the PRLF will equal the following percentage of the Agency PRLF loan:

(a) At least 5% but less than 15%—15 points;

(b) At least 15% but less than 25%—30 points; or

(c) 25% or more—50 points.

(3) Experience. The intermediary has actual experience in the administration of revolving loan funds and the preservation of multi-family housing, with a successful record, for the following number of full years. Applicants must have actual experience in both the administration of revolving loan funds and the preservation of multi-family housing in order to qualify for points under this selection criteria. If the number of years of experience differs between the two types of experience, the type with the least number of years will be used for this selection criteria.

(a) At least 1 but less than 3 years—5 points;

(b) At least 3 but less than 5 years—10 points;

(c) At least 5 but less than 10 years—20 points; or

(d) 10 or more years—30 points.

(4) Administrative. The Administrator may assign up to 35 additional points to an application to account for the following items not adequately covered by the other priority criteria set out in this section, including: The amount of funds requested in relation to the amount of need; a particularly successful affordable housing development record; a service area with no other PRLF coverage; a service area with severe affordable housing problems; a service area with emergency conditions caused by a natural disaster; an innovative proposal; the quality of the proposed program; a work plan that is in accord with a strategic plan, particularly a plan prepared as part of a request for an Empowerment Zone/Enterprise Community designation; or excellent utilization of an existing revolving loan fund program. The Administrator will document his reasons for the points allocated.

VI. Other Administrative Requirements

(1) The following policies and regulations apply to loans to intermediaries made in response to this NOFA:

(a) The PRLF intermediary may draw down up to 25 percent of USDA PRLF loan funds at loan closing. Thereafter, the intermediary may draw down, under this award, only such funds as are necessary to cover a 30-day period in implementing its approved work plan. Advances will be requested by the intermediary in writing. The date of such draw down shall constitute the date the funds are advanced under the PRLF Loan Agreement for purposes of computing interest payments.

(b) PRLF intermediaries will be required to provide the Agency with the following reports:

(i) An annual audit;

(A) The dates of the audit report period need not coincide with other reports on the PRLF. Audit reports shall be due 90 days following the audit period. Audits must cover all of the intermediary's activities. Audits will be performed by an independent certified public accountant. An acceptable audit will be performed in accordance with Generally Accepted Government Auditing Standards and include such tests of the accounting records as the auditor considers necessary in order to express an opinion on the financial condition of the intermediary.

(B) It is not intended that audits required by this program be separate from audits performed in accordance with State and local laws or for other purposes. To the extent feasible, the audit work for this program should be done in connection with these other audits. Intermediaries covered by the Office of Management and Budget Circular A–133 should submit audits made in accordance with that circulars.

(ii) Quarterly or semiannual Performance Reports (due 30 days after the end of the period);

(A) Performance Reports will be required quarterly during the first year after loan closing. Thereafter, reports will be required semiannually. Also, the Agency may resume requiring quarterly reports if the intermediary becomes delinquent in repayment of its loan or otherwise fails to fully comply with the provisions of its work plan or Loan Agreement, or the Agency determines that the intermediary's PRLF is not adequately protected by the current financial status and paying capacity of the ultimate recipients.

(B) These reports shall contain information only on the PRLF loan. If other funds are included, the PRLF portion shall be segregated from the others. If the intermediary has more than one PRLF loan from the Agency, a separate report shall be made for each PRLF loan.

(C) The reports will include, on a form to be provided by the Agency, information on the intermediary's lending activity, income and expenses, financial condition and a summary of names and characteristics of the ultimate recipients the intermediary has financed.

(iii) Annual proposed budget for the following year; and

(iv) Other reports as the Agency may require from time to time regarding the conditions of the loan.

(c) USDA Rural Development may consider, on a case by case basis, subordinating its security interest on the property to the lien of the intermediary so that USDA Rural Development has a junior lien interest when an independent appraisal documents that USDA Rural Development will continue to be fully secured.

(d) The term of the loan to the ultimate recipient may not exceed the remaining term of the USDA Rural Development loan.

(e) When loans are made to the ultimate recipients for preservation purposes, Restrictive Use Provisions must be incorporated into the loan documents, as outlined in 7 CFR 3560.662.

(f) The policies and regulations contained in 7 CFR part 1901, subpart F regarding historical and archaeological properties apply to all loans funded under this NOFA.

(g) The policies and regulations contained in 7 CFR part 1940, subpart G regarding environmental assessments apply to all loans funded under this NOFA. Loans to intermediaries under this program will be considered a Categorical Exclusion under the National Environmental Policy Act, requiring the completion of Form RD 1940–22, "Environmental Checklist for Categorical Exclusions," by the Agency.

(h) These loans are subject to the provisions of Executive Order 12372 that require intergovernmental consultation with state and local officials. USDA Rural Development conducts intergovernmental consultations for each loan in a manner delineated in RD Instruction 1940-J which is available in any Rural Development office.

(2) The intermediary agrees to the following:

(a) To obtain the written Agency approval, before the first lending of PRLF funds to an ultimate recipient, of:

(i) All forms to be used for relending purposes, including application forms, loan agreements, promissory notes, and security instruments; and

(ii) Intermediary's policy with regard to the amount and form of security to be required.

(b) To obtain written approval from the Agency before making any significant changes in forms, security policy, or the work plan. The Agency may approve changes in forms, security policy, or work plans at any time upon a written request from the intermediary and determination by the Agency that the change will not jeopardize repayment of the loan or violate any requirement of this NOFA or other Agency regulations. The intermediary must comply with the work plan approved by the Agency so long as any portion of the intermediary's PRLF loan is outstanding;

(c) To secure the indebtedness by pledging the PRLF, including its portfolio of investments derived from the proceeds of the loan award, and other rights and interests as the Agency may require;

(d) To return, as an extra payment on the loan any funds that have not been used in accordance with the intermediary's work plan by a date 2 years from the date of the loan agreement. The intermediary acknowledges that the Agency may cancel the approval of any funds not yet delivered to the intermediary if revolving loan funds have not been used in accordance with the intermediary's work plan within the 2 year period. The Agency, at its sole discretion, may allow the intermediary additional time to use the revolving loan funds by not more than 3 additional years. If any revolving loan funds have not been used by 5 years from the date of the loan agreement, the approval will be canceled for any funds that have not been delivered to the intermediary and the intermediary will return, as an extra payment on the loan, any revolving loan funds it has received and not used in accordance with the work plan. In accordance with the Agency approved promissory note, regular loan payments will be based on the amount of funds actually drawn by the intermediary.

(3) The intermediary will be required to enter into an Agency approved loan agreement and promissory note. The promissory note will have a term not to exceed 30 years, bear interest at no more than one percent per annum, and provide for annual payments, provided that interest and principal due to the Government during the first three years of the loan may be deferred.

(4) Loans made to the PRLF ultimate recipient must meet the intent of providing decent, safe, and sanitary rural housing and be consistent with the requirements of title V of the Housing Act of 1949.

(5) When an intermediary proposes to make a loan from the PRLF to an ultimate recipient, Agency concurrence is required prior to final approval of the loan. A request for Agency concurrence in approval of a proposed loan to an ultimate recipient must include:

(a) Certification by the intermediary that:

(i) The proposed ultimate recipient is eligible for the loan;

(ii) The proposed loan is for eligible purposes;

(iii) The proposed loan complies with all applicable statutes and regulations; and

(iv) Prior to closing the loan to the ultimate recipient, the intermediary and its principal officers (including immediate family) hold no legal or financial interest or influence in the ultimate recipient, and the ultimate recipient and its principal officers (including immediate family) hold no legal or financial interest or influence in the intermediary.

(b) Copies of sufficient material from the ultimate recipient's application and the intermediary's related files, to allow the Agency to determine the:

(i) Name and address of the ultimate recipient;

(ii) Loan purposes;

(iii) Interest rate and term;

(iv) Location, nature, and scope of the project being financed;

(v) Other funding included in the project; and

(vi) Nature and lien priority of the collateral.

(vii) Environmental impacts of this action. This will include an original Form RD 1940–20, ''Request for Environmental Information,'' completed and signed by the intermediary. Attached to this form will be a statement stipulating the age of the building to be rehabilitated and a completed and signed FEMA Form 81–93, ''Standard Flood Hazard Determination.'' If the age of the building is over 50 years old or if the building is either on or eligible for inclusion in the National Register of Historic Places, then the intermediary will immediately contact the Agency to begin section 106 consultation with the State Historic Preservation Officer. If the building is located within a 100-year flood plain, then the intermediary will immediately contact the Agency to analyze any effects as outlined in 7 CFR part 1940, subpart G, Exhibit C. The intermediary will assist the Agency in any additional requirements necessary to complete the environmental review.

(c) Such other information as the Agency may request on specific cases.

(6) Upon receipt of a request for concurrence in a loan to an ultimate recipient the Agency will:

(a) Review the material submitted by the intermediary for consistency with the Agency's preservation and revitalization principals which include the following;

(i) There is a continuing need for the property in the community as affordable housing.

(ii) When the transaction is complete, the property will be owned and controlled by eligible section 515 borrowers.

(iii) The transaction will address the physical needs of the property.

(iv) Existing tenants will not be displaced because of increased post transaction rents.

(v) Post transaction basic rents will not exceed comparable market rents.

(vi) Any equity loan amount will be supported by a market value appraisal.

(b) Issue a letter concurring in the loan when all requirements have been met or notify the intermediary in writing of the reasons for denial when the Agency determines it is unable to concur in the loan.

Funding Restrictions

Loans made to the PRLF intermediary under this demonstration program may not exceed $2,125,000 and may be limited by geographic area so that multiple loan recipients are not providing similar services to the same service areas.

Loans made to the PRLF ultimate recipient must meet the intent of providing decent, safe, and sanitary rural housing and be consistent with the requirements of title V of the Housing Act of 1949.

VII. Appeal Process

All adverse determination regarding applicant eligibility and the awarding of points as part of the selection process are appealable. Instructions on the appeal process will be provided at the time the applicant is notified of the decision.

Dated: March 14, 2006.

Russell T. Davis,

Administrator, Rural Housing Service.

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