

**CHAPTER 5: PROCESSING FINAL APPLICATIONS — STAGE 2**

**5.1 INTRODUCTION**

In the second stage of the application process, the Agency completes and confirms its underwriting of those applications that passed beyond Stage 1—the Notice of Funding Availability (NOFA) initial application process—and completes its environmental review. During this stage, applicants must submit additional information about the proposed project, project construction or improvements, other financing, a subsidy layering reviews using Sources and Uses Comprehensive Evaluation (SAUCE) or similar documentation approved by the Agency, and the proposed entity and procedures for managing the project. Agency staff use this information to make a final determination about the feasibility of the project, establish that the applicant has adequate systems to successfully develop and operate the project under the program, and set the terms of Agency financing. Applicants also sign the loan agreement or resolution, as applicable, which becomes their legal obligation to comply with all Agency program requirements.

**5.2 OVERVIEW OF STAGE 2, FINAL APPLICATIONS**

In the final application stage, or Stage 2 of the loan origination process, the Loan Originator requests final applications from those loan applicants who have met the tests of eligibility and feasibility and passed the underwriting analysis conducted in the initial application stage. The environmental review is completed, and the Loan Originator generally meets with the loan applicant to discuss any outstanding issues and how to assemble the loan docket. As soon as the final application is requested, the Loan Originator will once again contact any other States in which the applicant has loans to confirm that the applicant is in compliance with those loans.

Once the final applications are submitted, the Loan Originator conducts a final analysis of the loan applications to confirm project eligibility and feasibility and to ensure that compliance with environmental requirements is accomplished. The Loan Originator then makes a recommendation to the Leadership Designee as to whether to approve and fund the loan. The Leadership Designee, or the Leadership Designee’s designee, will make the final decision on the loan.

**Required Affirmative Fair Housing Marketing Plan (AFHMP) Attachments**

- Request final application;
- Confirm that applicant is in compliance with other states;
- Meet with loan applicant;
- Perform final analysis to confirm eligibility and feasibility;
- Run SAUCE program;
- Work with loan review committee as appropriate;
- Make recommendation for loan approval or rejection to Leadership Designee; and
- Obligate funds and Rental Assistance (RA) (if appropriate).

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## SECTION 1: REQUESTING FINAL APPLICATIONS AND MEETING WITH APPLICANTS

### 5.3 REQUESTING FINAL APPLICATIONS

#### A. Invitation to Submit Final Application

The Loan Originator must send *Handbook Letter 106 (3560), Notice of Pre-application Review Action* to all loan applicants who are to proceed to the final application stage of the loan origination process, reminding them of the information and forms that they are required to submit as a final application, and telling them they have 30 days from the date of the notification letter to do so. These letters must be sent immediately following the notification by the Agency for selection to provide for new construction or review of the information submitted in Stage 1 for other requests. The letter should also include an invitation to applicants to attend another meeting with the Loan Originator to discuss final application requirements and establish the loan docket.

The cover letter to the invitation to submit a final application must include the following statement:

“The action taken herein is based upon representation made in your loan request. Any changes therein, including but not limited to changes in complex cost, size, or scope of complex, rental rates, or subsidy costs to the Agency, scope of services, sources of funds, etc., may adversely affect this decision and must be reported to and approved by the Agency in writing. Any changes not approved by the Agency will be cause for the Agency to discontinue processing your request. All applicants requesting changes will be required to give full justification for each change and, if Agency approval is not given, written reasons will be given with a 30-day negotiation period to resolve the difference.”

#### B. Content of Final Application

The final application from a loan applicant consists of additional information about a proposed project that confirms and documents a project’s eligibility and feasibility. The initial application package sent to the applicant by the Agency included the required forms and listed the information that would be due at Stage 2. As a result, some applicants may have already submitted some of the information that is now requested from them. Regardless, the Loan Originator must send the loan applicant another letter that includes the forms and lists the information that is due within 30 days. Exhibit 5-1 lists the forms and information that must be sent to and returned by the applicant, and Exhibit 5-2 lists the information that the Agency must identify to the applicant as required at Stage 2.

**Exhibit 5-1**

**Contents of Final Application Package Sent to  
Loan Applicant and Forms to be Returned by Applicant at Final Application**

1. *Form RD 3560-30, Certification of No Identity of Interest (IOI)*
2. *Form RD 3560-31, Identity of Interest Disclosure/Qualification Certificate;*
3. *Form RD 1910-11, Applicant Certification Federal Collection Policies for Consumer or Commercial Debts;*
4. *Form RD 3560-13, Management Certification;*
5. *Form HUD 935.2, Affirmative Fair Housing Marketing Plan;*
6. *Form RD 1924-13, Estimate and Certificate of Actual Cost;*
7. *Form RD 400-1, Equal Opportunity Agreement;*
8. *Form RD 400-4, Assurance Agreement; and*
9. *AD 1047, Certification Regarding Debarment.*

**Other Materials Provided to the Loan Applicant**

10. *Form RD 3560-33, Loan Agreement or Form RD 3560-35, Loan Resolution, as applicable.*

**Exhibit 5-2****Information Required at Final Application**

1. Attorney's opinion letter that entity is in conformance with program requirements;
2. Final organizational documents or Certificate of Good Standing, if existing organization;
3. Land survey;
4. Interim lender's commitment letter with evidence of license to do business in state (if interim financing is being used);
5. Detailed operating budget showing typical year's operation (as shown on *Form RD 3560-7, Multiple Family Housing Project Budget/Utility Allowance*), the first year's budget (also on *Form RD 3560-7*), and use of 2 percent initial operating capital;
6. Final cost estimates (on *Form RD 1924-13*);
7. Final planning, bidding, and contract documents as listed in Guide 1 of RD Instruction 1924-A, Planning and Performing Construction and Other Development;
8. Environmental review;
9. Agreements/documents (architectural/engineering, legal);
10. State or local approvals (zoning, utilities);
11. Preliminary title report;
12. Confirmation of SHPO evaluation and comments;
13. Disclosure of any change in financing;
14. Management plan with attachments;
15. Schedule of charges for nonshelter services (congregate);
16. Services agreement (congregate);
17. Executed copy of a limited equity agreement (**Attachment 11-E**, cooperative housing);
18. Completed subscription agreement (**Attachment 11-I**, cooperative housing);
19. Relocation plan, if relevant; and
20. Appraisal.

**C. Construction Bidding and Contract Documents**

The invitation to submit final applications should also include the following information to assist applicants with their development plans and documents:

- Guide 1 to RD Instruction 1924-A. This guide specifies the required documents and modifications thereto. All contract documents may not be available by the specified final application deadline, as they may depend upon loan approval. If all documents

are not available, any missing documents must be identified as due before loan closing in the letter of conditions sent at loan approval.

- Exhibit C of RD Instruction 1924-A.

#### **5.4 MEETING WITH THE APPLICANT AND PREPARING THE LOAN DOCKET**

The Loan Originator should meet with all loan applicants in individual meetings within a week after the letter inviting final application has been mailed. It is recommended that this meeting be held in person, even if the applicant has experience with prior Rural Development Multi-Family Housing loans, but the meeting may be conducted by phone in the case of such experienced loan applicants.

At this meeting, the Loan Originator will:

- Discuss any outstanding issues with the loan applicant, including the status of the environmental review;
- Provide loan applicants with copies of appropriate exhibits and forms, including *Form RD 3550-6, Notice of Special Flood Hazards, Flood Insurance Purchase Requirements, and Availability of Federal Disaster Relief Assistance*;
- Furnish guidance necessary for orderly application processing;
- Initiate a processing checklist for use in establishing a schedule for completion of docket items (this item is to be provided to the loan applicant); and
- Provide any other guidance to the applicant upon request and answer any of their questions.

The Loan Originator must explain to the loan applicants that they are responsible for providing the necessary information to develop the docket and that all items must be submitted by the final application deadline. Extensions of the deadline may be granted on a case-by-case basis. **Attachment 5-A** provides a list of Agency-required docket items and their positions in the docket.

The Loan Originator must confirm decisions made at this meeting in a follow-up letter to the loan applicant. The original processing checklist and a copy of the letter to the loan applicant must be retained in the Electronic Case File.

It is important for the Loan Originator to remember that if a face-to-face meeting is not held with an experienced loan applicant, then the docket, processing checklist, deadlines, and all forms mentioned above must be mailed to the applicant. The cover memo sent with these items will serve as confirmation that the Agency has provided the applicant with the necessary information required to continue processing the application.

## 5.5 APPLICANT'S COMPLIANCE WITH OTHER AGENCY DEBT

At this time, the Loan Originator must contact any other states in which the applicant has existing loans to verify that the applicant is either in compliance with those loans, or has been in compliance with a workout agreement for 6 months as of the date the initial application was due. If the applicant was not in compliance as of that date, the Loan Originator must contact the applicant immediately to reject their application and give them appeal rights in accordance with 7 CFR Part 11. The Loan Originator must also immediately notify the Agency so funds can be redistributed.

## SECTION 2: REVIEWING THE FINAL APPLICATION

### 5.6 OVERVIEW

The Loan Originator reviews all submitted final loan applications for completeness and adequacy. Final applications that are not submitted on time or are not complete are rejected and returned to the applicant, unless the Loan Originator grants an extension for unforeseen circumstances.

The analysis conducted at this stage is one that:

- Verifies and documents feasibility and eligibility;
- Confirms that the project still complies with the basis upon which it was originally scored and ranked; and
- Verifies environmental compliance.

Any changes to the loan application in terms of financing, applicant entity, or project design must be reviewed carefully to ensure that the project continues to be eligible and feasible and the original basis upon which the project was scored and ranked has not changed. To establish continued eligibility and feasibility, it may be necessary for the Loan Originator to repeat some of the underwriting tests conducted in Stage 1 of the loan origination process.

### 5.7 APPLICANT ELIGIBILITY

The Loan Originator reviews the following documents submitted by the applicant and confirms that they establish that the applicant meets the eligibility criteria of 7 CFR 3560.55.

#### A. Acceptable Borrower Entity

The Loan Originator ascertains whether the loan applicant is an acceptable borrower entity by taking the following actions when reviewing the final application documents.

##### 1. *Organizational Documents*

The Loan Originator reviews the final organizational documents or Certificate of Good Standing if the applicant is an existing organization to confirm that all documents

have been properly signed, that they include the correct citation for the organization, and that the State documentation and all necessary recording information is included. If the applicant is a nonprofit organization, the Loan Originator confirms that the purpose includes the provision of affordable housing. Once the Loan Originator has established that the organizational documents meet these criteria, they are sent to Office of the General Counsel (OGC) for its review.

**2. Attorney Opinion Letter**

The Loan Originator sends the applicant’s attorney’s opinion letter that states that the entity is in conformance with the program requirements to OGC for its review.

**3. Certification Regarding Debarment**

The Loan Originator confirms the signed submission of *Form AD 1047*, which is the applicant’s certification that there are no debarment issues with their loan application. The Loan Originator will have already checked the list of debarred individuals when the project proposal was first submitted and contacted other States in which the applicant has projects, so receipt of this form will further document that the applicant is a borrower in good standing with the Government.

**B. Identity-of-Interest Disclosure**

The Loan Originator reviews the identity-of-interest (IOI) disclosures to determine existing IOI relationships involving the applicant entity. *Forms RD 3560-30*, and *RD 3560-31* must be crosschecked. *Form RD 3560-30* must disclose all IOI companies and the Loan Originator must verify that each such disclosed company has completed a *Form RD 3560-31*.

**C. Applicant Certification Regarding Debt Collection**

The applicant must sign *Form RD 1910-11*, to certify to their understanding of the collection policies that will be taken by the Agency to recover delinquent or defaulted debts. The Loan Originator makes sure that the signed form is included in the final application.

**5.8 FINAL PROJECT ELIGIBILITY**

During the final project eligibility review stage, the Loan Originator must establish that the project continues to meet all program requirements.

**A. Property Requirements**

In reviewing the final application, the Loan Originator must determine that:

- Any concerns about environmental, site, or design issues identified in the initial application stage have been resolved;



- The appropriate level of environmental review has been completed in full (to include applicable public notices and their review periods) and the applicant has agreed to any mitigation measures contained in the environmental review; and
- No other changes in project site or design have occurred since the last review. If so, these changes need to be evaluated to make sure the project still meets program requirements.

The final planning, bidding, and contract documents must be provided to the State Architect who will review them to see that any required changes have been made and that applicable Agency requirements have been met.

**B. Acceptable Agreements and Contracts**

The Loan Originator or appropriate Agency staff must review all architectural, engineering, environmental, and legal documents to determine that they are acceptable.

**C. Concurrence with Construction Contracts**

All construction contracts between the loan applicant and contractor for development of a project must contain a provision that the contract is not in full force and effect until the Leadership Designee concurs in writing with the contract. Before loan closing or before the start of construction, whichever occurs first, the Leadership Designee or delegate must concur with the contract by including the following paragraph at the end of the contract:

“The Agency, as a potential lender or insurer of funds to defray the costs of this contract, and without liability for any payment thereunder, hereby concurs with the form, content, and execution of this contract.”

Date \_\_\_\_\_

Rural Housing Service:

By: \_\_\_\_\_

Title: \_\_\_\_\_

**D. Clear Title and Necessary Local Approval**

**1. Clear Title**

The preliminary title report is a part of the final application. The Loan Originator must make sure that it does not show any unacceptable exceptions. Examples of unacceptable exceptions include outstanding liens, unresolved estates, easements, restrictions on minority individuals living on the land, and outstanding mining rights.

## **2. State and Local Approvals**

The Loan Originator must ensure that the final application shows that all the necessary State or local approvals have been obtained for site development and construction. These would include proper zoning, necessary utility rights, and building permits.

### **E. Prohibited Conditions**

The Loan Originator must make a final confirmation that no conditions that would prohibit the further processing of the loan have come up for the area in which the project is being located. Paragraph 4.17 explains these conditions and the procedures for making sure that such conditions do not exist.

## **5.9 FINAL PROJECT FEASIBILITY ANALYSIS**

The Loan Originator reviews the applicable documents in the final application to verify that project costs are indeed going to be as proposed and that there are no impediments to finalizing the project. A final subsidy layering review is also conducted to confirm that the Agency is not providing any more assistance than is necessary to make the project feasible. Section 3 of this chapter provides further details on this review.

### **A. Are Final Costs Acceptable?**

As the final analysis of project costs, the Loan Originator must establish that:

- Any concerns about project costs identified in the initial application stage have been resolved; and
- No other changes in project costs have occurred since the last review. If so, these changes need to be evaluated to make sure the project still meets program requirements.
- The final Form RD 1924-13 is consistent with the successful construction bid and signed by the applicant and contractor in accordance with the FMI.

### **B. Matching Income Stream with Projected Costs**

The SAUCE program will show whether the projected income stream will match projected costs. This program should be rerun as a final feasibility analysis. If the projected income and costs do not match, the project costs and rent structure must be reassessed for changes that can be made to either the costs or the rents to bring the two in line with each other.

### **C. Failure to Obtain Leveraging**

If the applicants have not been able to confirm the leveraging they anticipated in the initial application by this time, they will be given 10 days in which to find alternative

leveraging. An application involving low-income housing tax credits, or other sources of leveraged financing would be considered to have met this requirement if they have filed or intend to file the appropriate application and are awaiting an award letter. If the applicant has not filed the application yet, a letter confirming the applicant's intent to file an application must be provided to the Agency. If none is available, the application must be rejected and the National Office informed immediately of the availability of unallocated funds.

#### **D. Adequacy of the Initial Operating Capital**

For initial loans, all applicants, except nonprofits, must contribute from their own resources adequate initial operating capital. *Form RD 3560-7* will indicate the estimated initial operating capital that is needed. An additional amount will be contributed for materials and equipment not generally shown on *Form RD 3560-7*.

Loan applicants must provide with their final application a list of materials and equipment that need to be funded by the 2 percent initial operating capital. These items may include, but are not limited to, property and liability insurance premiums, fidelity bond premiums when the applicant is an organization, utility hook-up charges and deposits, maintenance and other equipment, lease forms, loan payments that may become due during construction, purchase of office equipment and furniture, community room furnishings, other movable equipment and furnishing, advertising expenses, management fees, etc.

For the Loan Originator to approve the list, the Loan Originator must conclude that:

- The items shown are necessary for the project; and
- The costs identified are comparable to other comparable projects in the area.

#### **E. Management Systems**

The Loan Originator must evaluate whether the applicant has proposed adequate systems to manage the property successfully in accordance with Agency requirements.

##### ***1. Acceptable Project Management***

For a final application to be approved, loan applicants must show that they will provide professional management to ensure the successful operation of the project. The Loan Originator will evaluate the acceptability of the following management documents provided by the loan applicant at this stage:

- The management certification form, which describes the relationship between the management agent, the loan applicant, and the Agency and certifies that the management agent will comply with Agency requirements and contract obligations.
- The management plan, which provides the details of how the management agent intends to operate the project. The Loan Originator must review all attachments to

the management plan, including proposed leases, waiting lists, etc., to make sure that everything is in compliance with program rules.

Chapter 3 in HB-2-3560 provides details on how to evaluate these management documents.

## **2. Affirmative Fair Housing Marketing Plans (AFHMP)**

As part of the final application, loan applicants must submit *Form HUD 935.2* to describe their marketing plans for the project. The intent of this plan is to ensure that all eligible tenants are made aware of the Multi-Family Housing project.

The Loan Originator or designated Agency staff must approve and sign this form. It is, therefore, the Agency's responsibility to ask the loan applicant to make revisions to the plan if the Agency review shows such revisions to be necessary.

The Loan Originator can use Exhibit 5-3 when reviewing AFHMPs. This exhibit describes each part of the plan and provides guidance on what to look for in each part.

### **Required AFHMP Attachments**

- Copies of the specific page(s) from the census report on which the plan was based;
- Photograph or drawing of the project sign;
- Copies of the newspaper advertisement or sample of proposed advertisement;
- Sample community contact letters;
- Brochures, leaflets, or handouts used; and
- Written instructions provided to staff concerning Federal, State, and local fair housing laws and regulations, as well as concerning the AFHMP.

### Exhibit 5-3

#### Contents of the Affirmative Fair Housing Marketing Plan

- A. **Part 1** of the AFHMP provides general information about the loan applicant and the project's location.
1. Make sure that the blank for the U.S. Census tract is completed. Copies of the specific page(s) from the U.S. Census report on which the plan was based must be attached and the areas considered to be the market area should be identified (highlighted) by the loan applicant. By doing so, both the market and the source of the market data will be identified.
  2. In the blanks for the rental rates, indicate the lowest to the highest rents. If there is rental assistance, the lowest rent should be shown as zero.
- B. **Part 2** of the AFHMP indicates whether the market area is a minority, nonminority, or mixed area. Verify that what is checked in this part corresponds directly to the U.S. Census data.
- C. **Part 3** of the AFHMP indicates the groups toward which the marketing efforts are going to be directed. It should also correspond directly with the U.S. Census data and the community contacts that are identified.
- D. **Part 4** describes the marketing program.
1. Ensure that the loan applicant has indicated that they will advertise on an annual basis.
  2. Check to see if minority newspapers have been considered as part of the advertising plan.
  3. Make sure that the loan applicant has attached a sample of the proposed advertisement.
  4. Review any copies of brochures, leaflets, or handouts that the loan applicant intends to use. Review them to ensure the equal housing opportunity statement, logo, or slogan is used.
  5. Make sure that a photo or rendering of the project sign has been provided. The dimensions of the project sign must be indicated and described in terms of feet and/or inches. The logo and the words "Equal Housing Opportunity" must be distinguishable in the photo or rendering. The accessibility logo and a TDD number must also appear.
  6. Ensure that the proposed community contacts reflect efforts directed toward groups identified in block 3. Ensure each blank in this section is completed (address, phone numbers, etc.). The frequency of contacts must be stated, at a minimum, as "at least once annually" or "(date) and annually thereafter." Sample community contact letters must be attached.
- E. **Part 5** describes future marketing activities. Make sure that the loan applicant has indicated future marketing activities that include, as a minimum, "Newspapers, site sign, and community contacts."
- F. **Part 6** describes the loan applicant's experience and the instructions given to staff regarding fair housing marketing. Make sure that the loan applicant has attached the instructions given to staff concerning Federal, State, and local fair housing laws and regulations, as well as instructions concerning the Affirmative Fair Housing Marketing Plan.
- G. **Part 7** describes additional considerations that are planned to outreach to groups not previously mentioned in the AFHMP or to groups identified as least likely to apply for the housing. If this plan is for an elderly project, the loan applicant must have included community contacts for the handicap/disabled, who are also eligible to reside at the project. If the plan is for a family project, loan applicants must include efforts to make the units with special design features known to provide accessibility to impaired persons.
- H. **Part 8** is the signature block. It must be signed by the legal applicant or by the applicant's agent.

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**SECTION 3: DETERMINING LOAN LIMITS, RATES, AND TERMS**

**5.10 DETERMINING LOAN LIMITS [7 CFR 3560.63]**

The Agency applies a maximum debt limit to every project that is based on the value of the project and the type of applicant entity. **Attachment 5-B** provides several loan calculation worksheets and examples of different types of loans.

**A. Determining Maximum Debt Limit and Equity Contribution**

The maximum amount the Agency will lend for a project is based on the lesser of a project’s total development cost (TDC) or appraised value minus any other loans on the project. This is referred to as the loan basis.

| <b>Example</b>  |   |
|---|---|
| \$1,000,000   | TDC   |
| 950,000   | Appraised value                             |
| 200,000   | Other loans                                 |
| 750,000   | Agency’s loan basis (\$950,000 – \$200,000) |
| The Agency will use \$750,000 as the loan basis on which it will determine its loan amount. |   |

The loan basis is then multiplied by 95 percent, 97 percent, or 102 percent, depending upon the applicant entity. The applicants must make up any difference as the equity requirement from their own resources. Exhibit 5-4 shows the Agency loan limits and applicant contribution requirements.

| <b>Exhibit 5-4</b>  |                               |  |   |
|---|-------------------------------|--|---|
| <b>Agency Loan Limits and Applicant Contribution Requirements</b> |                               |  |   |
| <b>Agency Loan Limit</b>  | <b>Applicant Contribution</b> | <b>Operating Capital</b>   | <b>Qualifications</b>   |
| 97% loan  | 3% applicant contribution     | 2% initial operating capital provided by the applicant                         | Individuals, corporations, or partnerships that do <u>not</u> receive low-income housing tax credits (LIHTCs) |
| 95% loan  | 5% applicant contribution     | 2% initial operating capital provided by the applicant                         | Individuals, corporations, or partnerships that <u>do</u> receive LIHTCs                                      |
| 100% loan<br>102% loan  | contribution not required     | 2% initial operating capital provided by the applicant or included in the loan | Nonprofit organizations or public bodies  |

For all applicants, the amount of loan after capitalized construction interest is considered will not exceed the loan limits set forth in Exhibit 5-4. However,

Predetermined Amortization Schedule System (PASS) loans closed with multiple advances may exceed that amount when the loan is closed other than on the first of the month. In this case, the interest is capitalized to the first of the following month and is added to the loan amount.

## **B. Land or Cash Equity Contribution**

Loan applicants may make their equity contribution only in the form of land or cash.

If a borrower uses owned land as equity contribution and the land value is more than the equity requirement, the additional value of the land will not be covered by loan funds. However, the borrower may receive a return to owner on the additional value of the land up to the value of the land provided that:

- The value of the land on which the return is paid, when added to the loan and grant amounts from all sources, does not exceed the security value of the housing project; and
- Payment of the additional return does not cause rents to exceed Conventional Rents for Comparable Units (CRCU).

Land that has been donated and received points in the scoring process as donated land may not be considered equity contribution nor may a return on the value of the land be allowed.

Any borrower contribution that is cash will be used first as project development commences; then the rest of any leveraged funds will be used in lien priority. In most cases, the interim lender will collect all funds and distribute them, but the Agency must nevertheless track these disbursements and their sources as they occur.

## **C. Subsidy Review**

The loan applicant must identify any changes in sources and uses. If there are any, the Loan Originator must make sure that they still meet the program requirements by rerunning the SAUCE program to confirm that the amount of Government assistance is no more than necessary to make the project feasible.

If sources of financing exceed proposed uses by more than \$25,000, then Government assistance to the project must be reduced. When the Loan Originator must reduce the loan amount, the Loan Originator will provide the loan applicant with formal notification and inform the State agency (if there are LIHTCs being applied to the project), any other financing source, and the Agency.

The Loan Originator will consult with the applicant, as well as with the State Agency or any other financing sources, to reach an agreement on reducing the excess assistance by taking one of the following steps:



- Reducing the number of LIHTCs requested;
- Reducing the level of assistance provided by one or more of the other sources of funds (if applicable);
- Revising the uses to include eligible costs for any funding participants, provided that the project enhancement is consistent with the intent of the Multi-Family Housing program and will assist the resident population being served by the housing; or
- As a last resort, reducing the amount of equity contribution through the reduction of the loan amount.

## **5.11 SETTING LOAN RATES AND TERMS [7 CFR 3560.67]**

### **A. Interest**

Loans are closed at the lower of the interest rate in effect at the time of loan approval or that in effect at the time of loan closing. The Agency specifies interest rates periodically in RD Instruction 440.1. The Loan Originator refers to this Instruction to make a note of the interest rate at the time a loan is approved, compares this rate with the interest rate in effect at loan closing, and inserts whichever rate is lower into *Form RD 3560-52, Promissory Note*.

### **B. Interest Credit**

The Agency provides interest credit to subsidize the interest rate shown in *Form RD 3560-52* to a payment rate of one percent for all loans. *Form RD 3560-9, Interest Credit and Rental Assistance Agreement*, is used to establish the credit at loan closing. This form amends *Form RD 3560-52*.

### **C. Loan Term and Amortization Period**

Initial loans are amortized over 50 years and paid over a period not to exceed 30 years, except for manufactured housing that is amortized and paid for over a period of 30 years. The amortization period is shown in the *Form RD 3560-52*.

Subsequent loans for repair and rehabilitation are amortized over 50 years or the remaining economic life of the project, whichever is less. The loan term is 30 years or the economic life of the project, whichever is less.

## **5.12 ESTABLISHING PROFIT BASE AND RETURN ON INITIAL INVESTMENT [7 CFR 3560.68]**

### **A. Return on Required Investment**

Limited-profit applicants are permitted a return not to exceed 8 percent on their initial required investment (the equity contribution of 3 percent or 5 percent of the Rural Development loan amount; see Paragraph 5.10 for details).

The return to owner is shown as an operational cash use on budget *Form RD 3560-7* and approved by the Loan Originator as part of the budget approval process.

### **B. Return on Additional Investment**

A return will be allowed on additional contributions of the loan applicant's own resources, provided and to the extent that:

- The additional contribution, when added to the Agency loan amount and all sources of project funding or financing, does not exceed the security value of the project; and
- The additional return does not result in an increase in rents beyond the CRCU. The return on the additional investment may be less than 8 percent if necessary to keep rents below CRCU.

Thus, for example, a return will not be allowed on any proceeds contributed by the applicant to cover total development costs that exceed appraised value.

### **C. Tax Credit Proceeds**

Proceeds received by the loan applicant from the syndication of LIHTC and contributed to the project may be considered funds from the loan applicant's own resources for the portion of the proceeds that exceeds:

- The allowable developer's fee determined by the State agency administering the LIHTCs; and
- The amounts expected to be contributed to the transaction, as determined by the State agency administering the low-income housing tax credit.

### **D. Building Sites**

A building site contributed to meet the equity requirement by the loan applicant will be appraised by the Agency to determine its value. A return may be allowed on the amount above the required equity contribution up to the value of the land that is needed for the project and so long as project rents do not exceed CRCU when the return is allowed.

If the appraisal shows a lower value than originally estimated and is less than the required contribution, applicants will have to contribute additional funds from their own resources to make up the difference. If points were given for the value that was not realized, the National Office must be contacted for guidance.

## SECTION 4: REJECTING AND APPROVING FINAL APPLICATIONS

### 5.13 REJECTING FINAL APPLICATIONS

If a loan is disapproved after the docket has been developed, the Loan Originator will take the following steps:

- Change the current stage code in Automated Multi-Family Housing Accounting System (AMAS) to reflect rejected or withdrawn applicant;
- Handle the disapproved docket in accordance with RD Instruction 2033-A; and
- Notify the applicant of the reason(s) for rejection. If rejection is not at the applicant's request or mutual agreement, the applicant will be notified of the right to request a further review of the decision in accordance with 7 CFR Part 11. Any notice of rejection or adverse action must include the following paragraph:

“The Federal Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income is derived from any public assistance program, or because the applicant has, in good faith, exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law is the Federal Trade Commission. If any person believes they were denied assistance in violation of this law, they should contact the Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580.”

### 5.14 RECOMMENDING PROJECTS FOR FINAL APPROVAL

#### A. Preparing the Recommendation for Approval

In preparing the recommendation for approval, the Loan Originator will:

- Ensure that the appropriate level of environmental review has been completed in full, including the review and concurrence of the State Environmental Coordinator and all applicable public notices and associated review periods;
- Obtain the analysis and recommendations of the Loan Review Committee, if appropriate; and
- Conduct a complete review of the proposed management and occupancy procedures to ensure compliance with Title VI of the Civil Rights Act of 1964 and the Rehabilitation Act of 1973. The USDA Office of Civil Rights can assist the Loan Originator in conducting this review.

**B. Submitting the Completed Docket**

The Loan Originator will submit the completed docket with a cover memo recommending approval to the Loan Approval Official. The cover memo will detail the proposed conditions of loan approval and indicate if construction will be financed by interim financing or multiple advances.

**5.15 ACTION BY THE LOAN APPROVAL OFFICIAL**

**A. Reviewing of Docket by Loan Approval Official**

The MFH Production and Preservation Division Director may redelegate loan approval authority in writing to MFH Production and Preservation Division staff.

MFH staff must review the docket to confirm that the proposed loan complies with established policies and all pertinent regulations. In making this review, MFH staff will verify that:

- The applicant is eligible and has legal authority to contract for a loan and enter into the required agreements;
- The location of the housing meets program requirements;
- The funds are requested for an authorized purpose;
- The proposed loan is sound;
- The commitment of leveraged funds has been obtained;
- The security is adequate (see Chapter 7);
- All preapproval documents required for a complete loan application have been executed;
- The proposal is in compliance with all environmental requirements; and
- If applicable, flood insurance requirements have been met and *Form RD 3550-6* has been executed by the applicant.

**B. Approving Loans**

When the final analysis is complete and the Agency is ready to approve the loan, the Agency must first complete and deliver to the applicant for signature and date Form RD 3560-51, Obligation Fund Analysis. Once this form has been returned, the Agency will execute the form and send a copy of it to the applicant.

Loans will be approved in accordance with 7 CFR part 3560, subpart B and RD Instruction 1901-A.

## 5.16 LETTER TO INTERIM LENDER

When the loan has been approved, the Loan Originator will send *Handbook Letter 104 (3560)*, *Letter To Interim Lender*, informing them of the amount and terms of the loan that Rural Development is preparing to close for the loan applicant.

## 5.17 OBLIGATING FUNDS

Once the Agency approves a loan, the loan funds must be obligated.

### A. Initial Obligation

When the loan has been approved, the Loan Originator must take the following steps to obligate the funds:

- Complete *Form RD 3560-51*, and
- In AMAS, complete the screen [M1A], Obligate Loan/Grant Funds. The number of months entered in the [M1A] should be the number of months for loan amortization (e.g., 600), not loan term.

### B. Changing the Loan Amount

#### 1. Decreasing the Loan Amount

It may, at times, be necessary to decrease the amount of a loan obligation prior to loan closing. For example, if the loan applicant changes from interim financing to multiple advances, the interest costs designated for the interim lender must be subtracted from the loan amount.

In these cases, the extra loan funds must be deobligated and all paperwork and AMAS records corrected. The Loan Originator must notify the National Office so that funds may be redistributed when possible.

- To change the loan amount in the application record, use screen [M1AA].
- To change the obligation amount, deobligate the excess funds in AMAS using the screen [M1D], Cancel Loan/Grant Obligation.
- Forms to be updated when funds are deobligated include:
  - ◇ *Form RD 3560-51*, and
  - ◇ *Form RD 3560-33, Loan Agreement, 3560-34, Loan Agreement, or 3560-35, Loan Resolution.*

## 2. *Increasing the Loan Amount*

The Agency rarely allows the amount of the loan to be increased. In cases in which the borrower can justify the need for extra funds (e.g., for circumstances beyond the borrower's control), and it is in the same fiscal year in which the loan was obligated, the Agency may deobligate the loan and obligate a larger loan if approved by the National Office. If the funds are required in a fiscal year following that in which the loan was originally obligated, the Agency may approve a subsequent loan. See Chapter 10 for details on subsequent loans.

## 3. *Ordering Checks*

The Loan Originator must take into account that it will take approximately 5 days to receive the check after ordering it.

- **Multiple advances.** AMAS is used to order, disburse, and track multiple advances. Monitoring multiple advances is especially important to ensure that:
  - ◇ Accrued interest does not cause the maximum debt limit to be exceeded; and
  - ◇ Any funds not needed for the final draw are deobligated before the final check is drawn, otherwise the Amortization Effective Date (AED) will not be established.

The following screens are used to process multiple advances:

- ◇ To order checks for multiple advances, complete the screen [M1C], Issue Loan/Grant Check;
  - ◇ To see all disbursed checks, use screen [M8CI], Loan/Grant/Cost Checks;
  - ◇ Use screen [M1AI], Inquiry on Loan/Grant Obligations for maximum debt limit;
  - ◇ Use screen [M1XI], Accrual Calculation Request, for disbursed amount and accrued interest to ensure that the maximum debt limit is not exceeded.
- **Interim financing.** If interim financing is used, a single check must be ordered to pay off the interim financier. Use the screen [M1C], Issue Loan/Grant Check.

## 5.18 FOLLOW-UP TO OBLIGATIONS

To ensure that obligated funds are used promptly, the MFH Production and Preservation Division staff should make periodic checks to verify that project construction is progressing. If after 12 months construction on an approved project has not begun or is significantly behind schedule, the MFH Production and Preservation Division staff must document in the case file that the project has been reviewed and that one of the following decisions has been made regarding the continued obligation of funds.

- The MFH Production and Preservation Division staff may choose to cancel the loan and deobligate the funds. If the deobligation occurs during the same fiscal year in which the obligation was initiated, the funds are returned to the National Office. If the obligation was made in a prior fiscal year, the deobligated funds revert to the U.S. Treasury.
- The MFH Production and Preservation Division staff may choose to allow the borrower another 12 months to make progress on the construction.

## 5.19 TRANSFER OF FUND OBLIGATION

The transfer of fund obligations may occur only when:

- The organizational entity remains the same. The entity remains legally the same but a substitution of the member occurs. All or part of the membership may change as long as eligibility is not affected. The project site location and market must remain the same;
- The organizational entity changes. The membership and their interest remain identical, the project site location and market are the same, but the legal entity changes;
- There is a monetary default by the original applicant/entity. An obligation may be transferred to any person or applicant eligible to receive an Agency loan when the original applicant/entity is in monetary default, which has or may result in foreclosure by the interim lender, and:
  - ◇ The applicant/entity assuming the obligation, or the interim lender, removes any liens filed against the property;
  - ◇ There have been no deviations from the Agency-approved plans and specifications;
  - ◇ The transferee will not be composed of any principals of the transferor;
  - ◇ The transfer will be in the best interest of the Agency and prospective tenants;
  - ◇ The applicant/entity and all members thereof whose obligations are transferred will not be considered eligible for further participation in the Agency's Multi-Family Housing programs for at least five years from the date of the transfer of the Agency loan obligation; and
  - ◇ Prior approval is obtained from the Agency.

## 5.20 CANCELING AN OBLIGATION

In some cases, it may be necessary to cancel an obligation prior to closing either because the borrower withdraws from the process or the Agency receives new information that disqualifies the borrower. In these cases, the Loan Originator must:

- Notify the applicant and closing agent of the cancellation. In situations where the cancellation is not the applicant's choice, the Loan Originator must inform the borrower of any action that can be taken to correct or appeal the decision. (It is the applicant's responsibility to notify other interested parties, such as any contractors, of the cancellation.)
- Notify the National Office so that funds may be redistributed when possible.
- Deobligate the loan. This involves the following steps.
  - ◇ In AMAS, cancel the obligation using screen [M1D], Cancel Loan/Grant Obligation; and
  - ◇ Complete *Form RD 3560-53, Multi-Family Housing Cancellation of U.S. Treasury Check and/or Obligation*.
- Void the check, if necessary. If the check has already been ordered and received by the Field Office, it must be voided and returned to the St. Louis Office.

The Loan Originator must document the Agency's or applicant's decision to cancel the obligation in the running record or project case file.

## 5.21 LETTER OF CONDITIONS

When a loan is approved, the Loan Approval Official must send the applicant *Handbook Letter 102 (3560), Letter of Conditions, Loan Approval, or Obligation of Funds* that must be met in order for loan closing to occur. This letter describes the rates and terms at which the loan has been approved, restates program requirements to which the applicant must adhere, specifies the construction requirements, and lists any conditions which the applicant must meet prior to loan closing. The loan applicant must sign and return this letter to the Agency within 5 days. The Loan Approval Official must send a copy of this letter to the Loan Originator since it provides all the details of the approved loan and the construction requirements. The information to be included in the letter is listed in Exhibit 5-5.



### **Exhibit 5-5**

#### **Information to be Included in the *Handbook Letter 102 (3560), Letter of Conditions, Loan Approval, or Obligation of Funds***

The following information should be included in the letter of conditions:

**To describe loan rates and terms:**

- The debt limit approved, the applicable interest rate, the loan term, and the amortization term;
- Equity contribution requirements;
- Initial 2 percent operating capital requirement;
- A request for confirmation that the borrower will pay cost overruns;
- Security requirements;
- Any changes required to the management profile, certification, or plan;
- All mitigation measures required by the environmental review;
- Allowed rents; and
- Rental assistance, if any, and associated requirements.

**To summarize program requirements:**

The letter of conditions should include a brief summary of each of the following requirements:

- Tenant eligibility requirements (see 7 CFR 3560.152);
- Accounting requirements (see 7 CFR 3560.302);
- Annual financial examination requirements (see 7 CFR 3560.308);
- Annual budgets and other reporting requirements (see 7 CFR 3560.303);
- Compliance with applicable civil rights laws, regulations, and Agency policies (see 7 CFR 3560.2 and 7 CFR 3560.104);
- Insurance requirements (see 7 CFR 3560.105 and paragraph 5.22);
- Other conditions (agreement to allow Agency access, agreement to keep records, identity of person keeping records and accounts); and
- Required covenant in instrument of conveyance or deed of trust concerning civil rights as follows:

“The property described herein was obtained or improved with federal financial assistance and is subject to the provisions of Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973 and the regulations issues thereto. This covenant is in effect for as long as the property continues to be used for the same or similar purpose for which the financial assistance was extended, or for as long as the above recipient owns it, whichever is longer.”

**To describe construction and development requirements:**

- Public bid requirements;
- Construction accounting requirements; and
- Cost certification requirements.

**To accept letter of conditions:**

- Space for applicant’s signature of agreement; and
- Return address.

## **5.22 INSURANCE REQUIREMENTS**

The loan applicant must have certain insurance in place at loan closing. The loan applicant is notified of these requirements at loan approval in *Handbook Letter 102 (3560)*, *Letter of Conditions, Loan Approval, or Obligation of Funds*. At a minimum, the following types of insurance must be carried:

- Fire and extended coverage on all buildings included in the security for the loan;
- Suitable worker's compensation insurance carried by the applicant for all employees;
- Flood insurance on all buildings located in or to be located in special flood or mudslide prone areas; and
- Liability insurance.

Chapter 3 in HB-2-3560 covers these requirements in greater detail.

## **5.23 ASSIGNING CASE NUMBERS, PROJECT NUMBERS, AND LOAN CODES**

The Loan Approval Official assigns the borrower's case number using the State and county codes where the project will be located and the borrower's tax identification number. If the borrower does not have a tax identification number, the state assigns a temporary number from the block of numbers assigned to the state. When the Borrower receives a tax identification number, the state must replace the temporary number. *Form 3560-51*, provides the details on how these numbers are assigned.

Each project will be assigned a project number by AMAS. When the tax identification number is identified in a future case number anywhere in the nation, AMAS will assign project numbers sequentially.

When the total number of units financed are built or purchased at one place at one time, the loan will be coded as the initial loan on the project.

**ATTACHMENT 5-A  
AGENCY DOCKET CHECKLIST**

| <b>ITEM</b>   | <b>Agency</b> | <b>Applicant</b> | <b>Docket Position</b> | <b>Date Due</b> | <b>Date Received</b> |
|---|---------------|------------------|------------------------|-----------------|----------------------|
| 1. <i>Form RD 3560-51, Multi-Family Housing Obligation — Fund Analysis</i>  | X             |                  | 2                      |                 |                      |
| 2. <i>SF 424, Application for Federal Assistance (For Construction)</i>   |               | X                | 3                      |                 |                      |
| 3. <i>Form HUD-2530, Previous Participation Certification</i>   |               | X                | 3                      |                 |                      |
| 4. <i>Form RD 3560-30, Certification of No Identity of Interest (IOI)</i>   |               | X                | 3                      |                 |                      |
| 5. <i>Form RD 3560-31, Identity of Interest Disclosure/Qualification Certificate</i>                              |               | X                | 3                      |                 |                      |
| 6. <i>Form RD 1910-11, Applicant Certification, Federal Collection Policies for Consumer or Commercial Debts</i>  |               | X                | 3                      |                 |                      |
| 7. <i>Form RD 400-4, Assurance Agreement</i>  |               | X                | 3                      |                 |                      |
| 8. <i>Form RD 440-25, Financing Statement</i>   |               | X                | 1                      |                 |                      |
| 9. <i>Form RD 400-1, Equal Opportunity Agreement</i>  |               | X                | 6                      |                 |                      |
| 10. <i>**Form RD 400-3, Notice to Contractors and Applicants</i>  |               | X                | 6                      |                 |                      |
| 11. <i>Form RD 400-6, Compliance Statement</i>  |               | X                | 6                      |                 |                      |
| 12. <i>Form RD 1922-7, Appraisal Report for Multi-Unit Housing</i>  | X             |                  | 8                      |                 |                      |
| 13. <i>*Proof of organization (certified copy of charter or articles of incorporation)</i>                        |               | X                | 5                      |                 |                      |
| 14. <i>*Certified copies of bylaws or regulations</i>   |               | X                | 5                      |                 |                      |
| 15. <i>*List of names and addresses of officers, directors and members, and membership interests held by each</i> |               | X                | 5                      |                 |                      |
| 16. <i>*Form RD 3560-35, Certified copy of Loan Resolution</i>  |               | X                | 2                      |                 |                      |

| ITEM   | Agency | Applicant | Docket Position | Date Due | Date Received |
|--|--------|-----------|-----------------|----------|---------------|
| 17. Interim lender's commitment letter with evidence of license to do business in state, if applicable   |        | X         | 2               |          |               |
| 18. <i>Forms RD 3560-33, 3560-34, or 3560-35, Loan Agreement or Resolution, as applicable</i>  |        | X         | 5               |          |               |
| 19. <b>**Survey of land given as security, plans, specifications, cost estimates, and proposed manner of construction</b>  |        | X         | 6               |          |               |
| 20. <i>Form RD 3560-7, Multiple Family Housing Project Budget/Utility Allowance (first year)</i>   |        | X         | 3               |          |               |
| 21. <i>Form RD 3560-7, Multiple Family Housing Project Budget/Utility Allowance (typical year)</i>   |        | X         | 3               |          |               |
| 22. <i>Form RD 1940-20, Request for Environmental Information, if applicable</i>   |        | X         | 3               |          |               |
| 23. <i>Form RD 1940-22, Environmental Checklist for Categorical Exclusions, Form RD 1940-21, Environmental Assessment for Class I Actions, or Environmental Assessment for Class II Actions, or Exhibit H, RD Instruction 1940-G</i> |        | X         | 3               |          |               |
| 24. Phase 1 Environmental Site Assessment  |        | X         | 8               |          |               |
| 25. <i>FEMA Form 81-93, Standard Flood Hazard Determination</i>  |        | X         | 6               |          |               |
| 26. <i>Form RD 3550-6, Notice of Special Flood Hazards, Flood Insurance Purchase Requirements, and Availability of Federal Disaster Relief Assistance</i>  |        | X         | 6               |          |               |
| 27. Relevant information from SHPO   |        | X         | 3               |          |               |
| 28. Market feasibility documentation   |        | X         | 3               |          |               |
| 29. SAUCE input data and analysis  |        | X         | 6               |          |               |
| 30. Appraisal  |        | X         | 8               |          |               |
| 31. Management certification   |        | X         | 3               |          |               |

| ITEM   | Agency | Applicant | Docket Position | Date Due | Date Received |
|--|--------|-----------|-----------------|----------|---------------|
| 32. Management plan  |        | X         | 3               |          |               |
| 33. A preliminary title insurance commitment/binder and final title insurance policy   |        | X         | 5               |          |               |
| 34. AFHMP  |        | X         | 3               |          |               |
| 35. Mortgage title insurance policy  |        | X         | 5               |          |               |
| 36. Copy of deed, purchase contract, or other instrument of ownership  |        | X         | 5               |          |               |
| 37. A copy of the lease to be used between borrower and public housing authority or other authorized lessees, report of lien search, option or foreclosure notice agreement, and items of information concerning prior mortgage, if applicable |        | X         | 1               |          |               |

\* When applicant is an organization.

\*\* One copy for contractor.

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## ATTACHMENT 5-B

### LOAN CALCULATION WORKSHEETS

(Not for proposals with donated land, applicant owned sites, or 102 percent loans)

\_\_\_\_\_  
(Applicant Name)

\$ \_\_\_\_\_ Total Development Cost (TDC) (Line 58 of *Form RD 1924-13, Estimate and Certificate of Actual Cost*, including site cost on Line 50, and Line 27 of *Form RD 3560-51, Obligation - Fund Analysis*.)

\$ \_\_\_\_\_ Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal, including the appraised \_\_\_\_\_ value of the site.)

\$ \_\_\_\_\_ Adjusted Total Development Cost (ATDC):

\$ \_\_\_\_\_ **TDC**  
- \_\_\_\_\_ Minus site cost, line 50 of *Form RD 1924-13*  
+ \_\_\_\_\_ Plus appraised value of site "as is"  
\$ \_\_\_\_\_ **ATDC**

\$ \_\_\_\_\_ Loan Basis Value (LBV) (Lower of **SV** or **ATDC** or **TDC**.)

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#### CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (**LBV** x **.95** or **.97**)

\$ \_\_\_\_\_ x **.95** = \$ \_\_\_\_\_ LIHTC proposals

\$ \_\_\_\_\_ x **.97** = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Applicant Contribution: (**TDC** minus **ML**)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Return on Investment: (**LBV** minus **ML**)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

**EXAMPLE A**  
**WORK SHEET FOR LOAN CALCULATION**

Security value is greater than total development cost and  
value of site is greater than cost of site

\_\_\_\_\_  
(Applicant Name)

**\$ 980,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*,  
including site cost on Line 50, and Line 27 of *Form RD 3560-51*.)

**\$1,000,000** Security Value (SV) (Recent Rural Development or Rural Development-contracted  
appraisal, including the appraised value of the site.)

**\$ 990,000** Adjusted Total Development Cost (ATDC):

**\$ 980,000** TDC  
**- 40,000** Minus site cost, line 50 of *Form RD 1924-13*.  
**+ 50,000** Plus appraised value of site "as is"  
**\$ 990,000** ATDC

**\$ 980,000** Loan Basis Value (LBV) (Lower of **SV** or **ATDC** or **TDC**)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the  
Internal Revenue Code.

Determining Maximum Loan (ML): (**LBV x .95 or .97**)

**\$980,000 x .95 = \$931,000** LIHTC proposals  
**\$980,000 x .97 = \$950,600** Non-LIHTC proposals

Determining Applicant Contribution: (**TDC** minus **ML**)

**\$980,000 - \$931,000 = \$49,000** LIHTC proposals  
**\$980,000 - \$950,600 = \$29,400** Non-LIHTC proposals

Determining Return on Investment: (**LBV** minus **ML**)

**\$980,000 - \$931,000 = \$49,000** LIHTC proposals  
**\$980,000 - \$950,600 = \$29,400** Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)



**EXAMPLE B**  
**WORK SHEET FOR LOAN CALCULATION**

Total development cost is greater than security value and  
value of site is greater than cost of site

\_\_\_\_\_  
(Applicant Name)

**\$1,000,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*,  
including site cost on Line 50, and Line 27 of *Form RD 3560-51*.)

**\$ 980,000** Security Value (SV) (Recent Rural Development or Rural Development-contracted  
appraisal including the appraised value of the site.)

**\$1,010,000** Adjusted Total Development Cost (ATDC):

**\$1,000,000** TDC  
**- 40,000** Minus site cost, line 50 of *Form RD 1924-13*  
**+ 50,000** Plus appraised value of site "as is"  
**\$1,010,000** ATDC

**\$ 980,000** Loan Basis Value (LBV) (Lower of SV or ATDC or TDC)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the  
Internal Revenue Code.

Determining Maximum Loan (ML): (LBV x .95 or .97)

**\$980,000 x .95 = \$931,000** LIHTC proposals  
**\$980,000 x .97 = \$950,600** Non-LIHTC proposals

Determining Applicant Contribution: (TDC minus ML)

**\$1,000,000 - \$931,000 = \$69,000** LIHTC proposals  
**\$1,000,000 - \$950,600 = \$49,400** Non-LIHTC proposals

Determining Return on Investment: (LBV minus ML)

**\$980,000 - \$931,000 = \$49,000** LIHTC proposals  
**\$980,000 - \$950,600 = \$29,400** Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

**EXAMPLE C**  
**WORK SHEET FOR LOAN CALCULATION**

Total development cost is greater than security value  
and value of site is less than cost of site

\_\_\_\_\_  
(Applicant Name)

**\$1,000,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*,  
including site cost on Line 50, and Line 27 of *Form RD 3560-51*.)

**\$ 950,000** Security Value (SV) (Recent Rural Development or Rural Development-contracted  
appraisal including the appraised value of the site.)

**\$ 985,000** Adjusted Total Development Cost (ATDC):

|                           |  |
|---------------------------|--|
| <b><u>\$1,000,000</u></b> | <b>TDC</b>   |
| <b><u>- 60,000</u></b>    | Minus site cost, line 50 of <i>Form RD 1924-13</i> |
| <b><u>+ 45,000</u></b>    | Plus appraised value of site "as is"               |
| <b><u>\$ 985,000</u></b>  | <b>ATDC</b>  |

**\$ 950,000** Loan Basis Value (LBV) (Lower of **SV** or **ATDC** or **TDC**.)

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CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the  
Internal Revenue Code.

Determining Maximum Loan (ML): (**LBV x .95 or .97**)

**\$950,000 x .95 = \$902,500** LIHTC proposals  
**\$950,000 x .97 = \$921,500** Non-LIHTC proposals

Determining Applicant Contribution: (**TDC minus ML**)

**\$1,000,000 - \$902,500 = \$97,500** LIHTC proposals  
**\$1,000,000 - \$921,500 = \$78,500** Non-LIHTC proposals

Determining Return on Investment: (**LBV minus ML**)

**\$950,000 - \$902,500 = \$47,500** LIHTC proposals  
**\$950,000 - \$921,500 = \$28,500** Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

**WORK SHEET FOR LOAN CALCULATION  
(Donated land only)**

\_\_\_\_\_  
(Applicant Name)

\$ \_\_\_\_\_ Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*) (Line 58 should include value of site.)

- \_\_\_\_\_ Appraised value of site

\$ \_\_\_\_\_ Adjusted TDC (ATDC)

\$ \_\_\_\_\_ Security value (Recent Rural Development or Rural Development-contracted appraisal)

- \_\_\_\_\_ Appraised value of site

\$ \_\_\_\_\_ Adjusted Security Value (ASV)

\$ \_\_\_\_\_ Loan Basis Value (LBV) (Lower of ASV or ATDC.)

=====

**CALCULATIONS**

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (LBV x .95 or .97)

\$ \_\_\_\_\_ x .95 = \$ \_\_\_\_\_ LIHTC proposals  
\$ \_\_\_\_\_ x .97 = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Applicant Contribution: (ATDC minus ML plus appraised value of site)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals  
+ \$ \_\_\_\_\_ Appraised value of site  
\$ \_\_\_\_\_ Total contribution

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals  
+ \$ \_\_\_\_\_ Appraised value of site  
\$ \_\_\_\_\_ Total contribution

Determining Return on Investment: (LBV minus ML) (Not to exceed SV)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)

**EXAMPLE A**  
**WORK SHEET FOR LOAN CALCULATION**  
**(Donated land only)**

\_\_\_\_\_  
(Applicant Name)

**\$1,000,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*.)  
(Line 58 should include value of site.)  
**- 100,000** Appraised value of site  
**\$ 900,000** Adjusted TDC (ATDC)

**\$1,000,000** Security value (Recent Rural Development or Rural Development-contracted appraisal)  
**- 100,000** Appraised value of site  
**\$ 900,000** Adjusted Security Value (ASV)

**\$ 900,000** Loan Basis Value (LBV) (Lower of ASV or ATDC.)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (**LBV x .95 or .97**)

**\$900,000 x .95 = \$855,000** LIHTC proposals  
**\$900,000 x .97 = \$873,000** Non-LIHTC proposals

Determining Applicant Contribution: (**ATDC minus ML plus appraised value of site**)

**\$900,000 - \$855,000 = \$ 45,000** LIHTC proposals  
+ **\$100,000** Appraised value of site  
**\$145,000** Total contribution

**\$900,000 - \$873,000 = \$ 27,000** Non-LIHTC proposals  
+ **\$100,000** Appraised value of site  
**\$127,000** Total contribution

Determining Return on Investment: (**LBV minus ML**) (**Not to exceed SV**)

**\$900,000 - \$855,000 = \$45,000** LIHTC proposals  
**\$900,000 - \$873,000 = \$27,000** Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)



**EXAMPLE C**  
**WORK SHEET FOR LOAN CALCULATION**  
**(Donated land only)**

\_\_\_\_\_  
(Applicant Name)

**\$ 900,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*.)  
(Line 58 should include value of site.)  
**- 50,000** Appraised value of site  
**\$ 850,000** Adjusted TDC (ATDC)

**\$1,000,000** Security value (Recent Rural Development or Rural Development-contracted appraisal)  
**- 50,000** Appraised value of site  
**\$ 950,000** Adjusted Security Value (ASV)

**\$ 850,000** Loan Basis Value (LBV) (Lower of ASV or ATDC.)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (**LBV x .95 or .97**)

**\$850,000 x .95 = \$807,500** LIHTC proposals  
**\$850,000 x .97 = \$824,500** Non-LIHTC proposals

Determining Applicant Contribution: (**ATDC minus ML plus appraised value of site**)

**\$850,000 - \$807,500 = \$42,500** LIHTC proposals  
+ **\$50,000** Appraised value of site  
**\$92,500** Total contribution

**\$850,000 - \$824,500 = \$25,500** Non-LIHTC proposals  
+ **\$50,000** Appraised value of site  
**\$75,500** Total contribution

Determining Return on Investment: (**LBV minus ML**) (**Not to exceed SV**)

**\$850,000 - \$807,500 = \$42,500** LIHTC proposals  
**\$850,000 - \$824,500 = \$25,500** Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)

**EXAMPLE D**  
**WORK SHEET FOR LOAN CALCULATION**  
**(Donated land only)**

\_\_\_\_\_  
(Applicant Name)

**\$ 900,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13.*)  
(Line 58 should include value of site.)  
**- 200,000** Appraised value of site  
**\$ 700,000** Adjusted TDC (ATDC)

**\$1,000,000** Security value (Recent Rural Development or Rural Development-contracted appraisal)  
**- 200,000** Appraised value of site  
**\$ 800,000** Adjusted Security Value (ASV)

**\$ 700,000** Loan Basis Value (LBV) (Lower of **ASV** or **ATDC**.)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (**LBV** x .95 or .97)

**\$700,000 x .95 = \$665,000** LIHTC proposals  
**\$700,000 x .97 = \$679,000** Non-LIHTC proposals

Determining Applicant Contribution: (**ATDC** minus **ML** plus appraised value of site)

**\$700,000 - \$665,000 = \$ 35,000** LIHTC proposals  
**+ \$200,000** Appraised value of site  
**\$235,000** Total contribution

**\$700,000 - \$679,000 = \$ 21,000** Non-LIHTC proposals  
**+ \$200,000** Appraised value of site  
**\$221,000** Total contribution

Determining Return on Investment: (**LBV** minus **ML**) (**Not to exceed SV**)

**\$700,000 - \$665,000 = \$35,000** LIHTC proposals  
**\$700,000 - \$679,000 = \$21,000** Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

WORK SHEET FOR LOAN CALCULATION  
(Applicant Owned Sites)

\_\_\_\_\_  
(Applicant Name)

(When value of site is equal to or greater than required applicant contribution)

\$ \_\_\_\_\_ Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*)  
(Line 58 should include cost of site.)

\$ \_\_\_\_\_ Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)  
\$ \_\_\_\_\_ appraised value of site

\$ \_\_\_\_\_ Adjusted Total Development Cost (ATDC):  
\$ \_\_\_\_\_ TDC  
- \_\_\_\_\_ Minus site cost  
+ \_\_\_\_\_ Plus appraised value of site "as is"  
\$ \_\_\_\_\_ ATDC

\$ \_\_\_\_\_ Loan Basis Value (LBV) (Lower of ATDC or SV)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (LBV minus site value)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Applicant Contribution: (ATDC minus ML minus site value)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals  
site value - \$ \_\_\_\_\_  
cash \$ \_\_\_\_\_

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals  
site value - \$ \_\_\_\_\_  
cash \$ \_\_\_\_\_

Determining Return on Investment: (LBV minus ML)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)

\_\_\_\_\_



**EXAMPLE A**  
**WORK SHEET FOR LOAN CALCULATION**  
**(Applicant Owned Sites)**

\_\_\_\_\_  
(Applicant Name)

\$1,000,000 Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*)  
(Line 58 should include cost of site.)

\$ 900,000 Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)

\$ 10,000 appraised value of site

\$ 910,000 Adjusted Total Development Cost (ATDC):

\$1,000,000 TDC

- 100,000 Minus site cost

+ 10,000 Plus appraised value of site "as is"

\$ 910,000 ATDC

\$ 910,000 Loan Basis Value (LBV) (Lower of ATDC or SV)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (LBV minus site value)

\$910,000 - \$10,000 = \$900,000 LIHTC proposals

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Applicant Contribution: (ATDC minus ML minus site value)

\$910,000 - \$900,000 = \$10,000 LIHTC proposals

site value - **\$10,000**

cash \$ -0-

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ - \$ \_\_\_\_\_ Non-LIHTC proposals

site value - \$ \_\_\_\_\_

cash \$ \_\_\_\_\_

Determining Return on Investment: (LBV minus ML)

\$910,000 - \$900,000 = \$10,000 LIHTC proposals

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

CALCULATED BY \_\_\_\_\_

(Rural Development employee) (Date)

**EXAMPLE B**  
**WORK SHEET FOR LOAN CALCULATION**  
**(Applicant Owned Sites)**

\_\_\_\_\_  
(Applicant Name)

\$1,000,000 Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*)  
(Line 58 should include cost of site.)

\$1,400,000 Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)

\$500,000 appraised value of site

\$1,400,000 Adjusted Total Development Cost (ATDC):

\$1,000,000 TDC

- 100,000 Minus site cost

+ 500,000 Plus appraised value of site "as is"

\$1,400,000 ATDC

\$1,400,000 Loan Basis Value (LBV) (Lower of ATDC or SV)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (LBV minus site value)

\$1,400,000 - \$500,000 = \$900,000 LIHTC proposals

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Applicant Contribution: (ATDC minus ML minus site value)

\$1,400,000 - \$500,000 = \$500,000 LIHTC proposals

site value - \$500,000

cash \$ -0-

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

site value - \$ \_\_\_\_\_

cash \$ \_\_\_\_\_

Determining Return on Investment: (LBV minus ML)

\$1,400,000 - \$900,000 = \$500,000 LIHTC proposals

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_

(Rural Development employee) \_\_\_\_\_ (Date)

\_\_\_\_\_

**EXAMPLE C**  
**WORK SHEET FOR LOAN CALCULATION**  
**(Applicant Owned Sites)**

\_\_\_\_\_  
(Applicant Name)

\$1,000,000 Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*)  
(Line 58 should include cost of site.)

\$ 750,000 Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)

\$100,000 appraised value of site

\$ 600,000 Adjusted Total Development Cost (ATDC):

\$1,000,000 TDC  
- 500,000 Minus site cost  
+ 100,000 Plus appraised value of site "as is"  
\$ 600,000 ATDC

\$ 600,000 Loan Basis Value (LBV) (Lower of **ATDC** or **SV**)

=====

**CALCULATIONS**

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (**LBV** minus site value)

\$600,000 - \$100,000 = \$500,000 LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Applicant Contribution: (**ATDC** minus **ML** minus site value)

\$600,000 - \$500,000 = \$100,000 LIHTC proposals  
site value - \$100,000  
cash \$ -0-  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals  
site value - \$ \_\_\_\_\_  
cash \$ \_\_\_\_\_

Determining Return on Investment: (**LBV** minus **ML**)

\$600,000 - \$500,000 = \$100,000 LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)

WORK SHEET FOR LOAN CALCULATION  
(Applicant Owned Sites)

\_\_\_\_\_  
(Applicant Name)

(When value of site is less than the required applicant contribution)

\$ \_\_\_\_\_ Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*)  
(Line 58 should include cost of site.)

\$ \_\_\_\_\_ Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)

\$ \_\_\_\_\_ appraised value of site

\$ \_\_\_\_\_ Adjusted Total Development Cost (ATDC):

\$ \_\_\_\_\_ TDC  
- \_\_\_\_\_ Minus site cost  
+ \_\_\_\_\_ Plus appraised value of site "as is"  
\$ \_\_\_\_\_ ATDC

\$ \_\_\_\_\_ Loan Basis Value (LBV) (Lower of ATDC or SV)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (LBV minus site value)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Applicant Contribution: (ATDC minus ML minus site value)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals  
site value - \$ \_\_\_\_\_ - **THIS IS LESS THAN REQUIRED CONTRIBUTION**  
cash \$ \_\_\_\_\_

**Reduce loan amount by \$ \_\_\_\_\_; new loan amount \$ \_\_\_\_\_**  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals  
site value - \$ \_\_\_\_\_  
cash \$ \_\_\_\_\_

Determining Return on Investment: (LBV minus ML)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)

**EXAMPLE A**  
**WORK SHEET FOR LOAN CALCULATION**  
**(Applicant Owned Sites)**

\_\_\_\_\_  
(Applicant Name)

\$1,000,000 Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*)  
(Line 58 should include cost of site.)

\$ 800,000 Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)

\$10,000 appraised value of site

\$1,000,000 Adjusted Total Development Cost (ATDC):  
\$1,000,000 TDC  
- 100,000 Minus site cost  
+ 10,000 Plus appraised value of site "as is"  
\$ 910,000 ATDC

\$ 800,000 Loan Basis Value (LBV) (Lower of ATDC or SV)

=====

CALCULATIONS

Low Income Housing Tax Credit (LIHTC): LIHTC or similar tax incentive pursuant to Section 42 of the Internal Revenue Code.

Determining Maximum Loan (ML): (LBV minus site value) \*

\$800,000 - \$10,000 = \$790,000 LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

Determining Applicant Contribution: (ATDC minus ML minus site value)

\$910,000 - \$790,000 = \$120,000 LIHTC proposals  
site value - \$ 10,000 - **THIS IS LESS THAN REQUIRED CONTRIBUTION**  
cash \$110,000

**Reduce loan amount by \$110,000; new loan amount \$680,000 \***

Determining Return on Investment: (LBV minus ML)

\$800,000 - \$790,000 = \$10,000 LIHTC proposals  
\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_ Non-LIHTC proposals

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)



WORK SHEET FOR LOAN CALCULATION  
(102 percent loans with donated land)

\_\_\_\_\_  
(Applicant Name)

\$ \_\_\_\_\_ Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*)  
(Line 58 should include value of site.)

\$ \_\_\_\_\_ Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)

\$ \_\_\_\_\_ Loan Basis Value (LBV) (Lower of SV or TDC.)

=====

CALCULATIONS

Maximum Loan (ML): \$ \_\_\_\_\_ (LBV)

Determining Applicant Contribution: The amount of funds that applicant must contribute beyond the value of the site. (TDC minus ML)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)

**EXAMPLE A**  
**WORK SHEET FOR LOAN CALCULATION**  
**(102 percent loans with donated land)**

\_\_\_\_\_  
(Applicant Name)

**\$1,000,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*.)  
(Line 58 should include value of site.)

**\$1,200,000** Security Value (SV) (Recent Rural Development or Rural Development-  
contracted appraisal.)

**\$1,000,000** Loan Basis Value (LBV) (Lower of SV or TDC.)

=====

CALCULATIONS

Maximum Loan (ML): \$1,000,000 (LBV)

Determining Applicant Contribution: The amount of funds the applicant must contribute beyond  
the value of the site. (TDC minus ML)

**\$1,000,000 - \$1,000,000 = \$ 0**

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)



**EXAMPLE B**  
**WORK SHEET FOR LOAN CALCULATION**  
**(102 percent loans with donated land)**

\_\_\_\_\_  
(Applicant Name)

**\$1,000,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*.)  
(Line 58 should include value of site.)

**\$ 900,000** Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)

**\$ 900,000** Loan Basis Value (LBV) (Lower of SV or TDC.)

=====

CALCULATIONS

Maximum Loan (ML): **\$900,000** (LBV)

Determining Applicant Contribution: The amount of funds the applicant must contribute beyond the value of the site. (TDC minus ML)

**\$1,000,000 - \$900,000 = \$ 100,000**

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

**EXAMPLE C**  
**WORK SHEET FOR LOAN CALCULATION**  
**(102 percent loans with site purchase)**

\_\_\_\_\_  
(Applicant Name)

**\$1,000,000**    Total Development Cost (TDC) (Line 58 of *Form RD 1924-13.*)  
(Line 58 should include value of site.)

**\$1,000,000**    Security Value (SV) (Recent Rural Development or Rural Development-  
contracted  
appraisal.)

**\$1,000,000**    Loan Basis Value (LBV) (Lower of SV or TDC.)

=====

CALCULATIONS

Maximum Loan (ML): **\$1,000,000** (LBV)

Determining Applicant Contribution: The amount of funds the applicant must contribute beyond the value of the site. (TDC minus ML)

**\$1,000,000 - \$1,000,000 = \$ 0**

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

WORK SHEET FOR LOAN CALCULATION  
(102 percent loans with applicant owned site)

\_\_\_\_\_  
(Applicant Name)

\$ \_\_\_\_\_ Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*)  
(Line 58 should include cost of site.)

\$ \_\_\_\_\_ Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal.)

\$ \_\_\_\_\_ Loan Basis Value (LBV) (Lower of SV or TDC.)

=====

CALCULATIONS

Maximum Loan (ML): \$ \_\_\_\_\_ (LBV)

Determining Applicant Contribution: (TDC minus ML)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

**EXAMPLE A**  
**WORK SHEET FOR LOAN CALCULATION**  
**(102 percent loans with applicant owned site)**

\_\_\_\_\_  
(Applicant Name)

**\$1,000,000**    Total Development Cost (TDC) (Line 58 of *Form RD 1924-13.*)  
(Line 58 should include cost of site.)

**\$1,000,000**    Security Value (SV) (Recent Rural Development or Rural Development-  
contracted appraisal.)

**\$1,000,000**    Loan Basis Value (LBV) (Lower of SV or TDC.)

=====

CALCULATIONS

Maximum Loan (ML): **\$1,000,000** (LBV)

Determining Applicant Contribution: (TDC minus ML)

**\$1,000,000 - \$1,000,000 = \$ 0**

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

**EXAMPLE B**  
**WORK SHEET FOR LOAN CALCULATION**  
**(102 percent loans with applicant owned site)**

\_\_\_\_\_  
(Applicant Name)

**\$ 900,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13.*)  
(Line 58 should include cost of site.)

**\$1,000,000** Security Value (SV) (Recent Rural Development or Rural Development-  
contracted appraisal.)

**\$ 900,000** Loan Basis Value (LBV) (Lower of SV or TDC.)

=====  
CALCULATIONS

Maximum Loan (ML): **\$900,000** (LBV)

Determining Applicant Contribution: (TDC minus ML)

**\$900,000 - \$900,000 = \$ 0**

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

**EXAMPLE C**  
**WORK SHEET FOR LOAN CALCULATION**  
**(102 percent loans with applicant owned site)**

\_\_\_\_\_  
(Applicant Name)

**\$1,080,000**    Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*.)  
(Line 58 should include cost of site.)

**\$1,030,000**    Security Value (SV) (Recent Rural Development or Rural Development contracted appraisal.)

**\$1,030,000**    Loan Basis Value (LBV) (Lower of SV or TDC.)

=====

CALCULATIONS

Maximum Loan (ML): **\$1,030,000** (LBV)

Determining Applicant Contribution: (TDC minus ML)

**\$1,080,000 - \$1,030,000 = \$ 50,000**

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

WORK SHEET FOR LOAN CALCULATION  
(102 percent loans with site purchase)

\_\_\_\_\_  
(Applicant Name)

\$ \_\_\_\_\_ Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*,  
including site cost on Line 50.)

\$ \_\_\_\_\_ Security Value (SV) (Recent Rural Development or Rural Development-contracted  
appraisal, including site value.)

\$ \_\_\_\_\_ Adjusted Total Development Cost (ATDC):

\$ \_\_\_\_\_ **TDC**  
- \_\_\_\_\_ Minus site cost  
+ \_\_\_\_\_ Plus appraised value of site "as is"  
\$ \_\_\_\_\_ **ATDC**

\$ \_\_\_\_\_ Loan Basis Value (LBV) (Lower of **SV** or **ATDC**.)

=====

CALCULATIONS

Maximum Loan (ML): \$ \_\_\_\_\_ (**LBV**)

Determining Applicant Contribution: The amount of funds the applicant must contribute.  
(**TDC** minus **ML**)

\$ \_\_\_\_\_ - \$ \_\_\_\_\_ = \$ \_\_\_\_\_

CALCULATIONS BY \_\_\_\_\_  
(Rural Development employee) (Date)





**EXAMPLE B**  
**WORK SHEET FOR LOAN CALCULATION**  
**(102 percent loans with site purchase)**

\_\_\_\_\_  
(Applicant Name)

**\$1,125,000** Total Development Cost (TDC) (Line 58 of *Form RD 1924-13*, including site cost on Line 50.)

**\$1,000,000** Security Value (SV) (Recent Rural Development or Rural Development-contracted appraisal, including site value.)

**\$1,130,000** Adjusted Total Development Cost (ATDC):

**\$1,125,000** TDC

- **75,000** Minus site cost

+ **80,000** Plus appraised value of site "as is"

**1,130,000** ATDC

**\$1,000,000** Loan Basis Value (LBV) (Lower of **SV** or **ATDC**.)

=====

CALCULATIONS

Maximum Loan (ML): **\$1,000,000** (**LBV**)

Determining Applicant Contribution: The amount of funds the applicant must contribute.  
(**TDC** minus **ML**)

**\$1,125,000 - \$1,000,000 = \$125,000**

CALCULATIONS BY \_\_\_\_\_ (Date)  
(Rural Development employee)

