

DEPARTMENT OF AGRICULTURE**Rural Housing Service****Notice of Funding Availability (NOFA) for section 502 Demonstration Program to Provide Single Family Housing (SFH) Loans and Grants in North Carolina to Elderly Families Who Lost Their Housing as a Result of a Major Disaster**

AGENCY: Rural Housing Service (RHS), USDA.

ACTION: Notice.

SUMMARY: This NOFA announces a Demonstration Program to provide section 502 loans and grants in North Carolina for very-low and low-income elderly families who lost their housing as a result of a major disaster.

DATES: Applications may be submitted at any time until funds are exhausted. Funding is limited, and loan and grants will be obligated on a first come, first served basis from the date of receipt of a full application.

ADDRESSES: Applicants wishing to apply for assistance must contact their local Rural Development office in North Carolina for an application package. Rural Development offices are listed in the government section of phone books under "United States Department of Agriculture (USDA), Rural Development." Applicants may also contact the State office serving North Carolina at the following address: USDA, Rural Development, 4405 Bland Road, Suite 260, Raleigh, NC 27609, phone (919) 873-2060, TDD (919) 873-2003 (these are not toll-free numbers).

FOR FURTHER INFORMATION CONTACT: For general information, applicants should contact their local or State Rural Development Office in North Carolina. Interested parties may also contact David J. Villano, Deputy Administrator, Single Family Housing, Rural Housing Service, United States Department of Agriculture, Stop 0780, 1400 Independence Avenue, SW, Washington, DC, 20250-0780, telephone (202) 720-5177 (voice) (this is not a toll free number) or (800) 877-8339 (TDD-Federal Information Relay Service).

SUPPLEMENTARY INFORMATION:**Programs Affected**

The Single Family Housing program is listed in the Catalog of Federal Domestic Assistance under Number 10.410, Very Low to Moderate Income Housing Loans.

Paperwork Reduction Act

The information collection requirements contained in this notice

have been approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. chapter 35 and have been assigned OMB control number 0575-0172 in accordance with the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

Discussion of Notice**I. Authority and Distribution Methodology****A. Authority**

Section 502 of the Housing Act of 1949 (42 U.S.C. 1471, *et seq.*) provides the Rural Housing Service (RHS) with the authority to make loans to very-low and low income persons and families who currently do not own adequate housing and cannot obtain other credit for modest housing in rural areas. The Demonstration Program described in this NOFA was authorized by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, Public Law 106-387 (October 28, 2000). Under this Demonstration Program, loans and grants may be made under section 502 of the Housing Act of 1949 in North Carolina to elderly families whose housing was destroyed by a major disaster as so declared by the President pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The applicant must (1) not have had insurance that covered such as loss and (2) be unable to repay a section 502 loan (without a section 502 grant). Funds may only be used for the purchase of a new modular home and an adequate building site, or a new modular home if the applicant already owns an adequate building site.

B. Availability of Section 502 Funds for This Demonstration Program

A combination loan and grant will be available for eligible persons under this NOFA; however, funding is limited. A maximum of \$5,000,000 in section 502 grant funds is available. Section 502 loan funds, with a budget authority level of \$400,000, were made available under the aforementioned appropriations act. Funds under this NOFA are not subject to the provisions of 7 CFR 1940.565 and will be held in a National reserve.

I. Determining the Amount of a Loan and Grant

Loan and grant combinations are available. Eligible applicants are expected to pay 20% of their adjusted income (as described in 7 CFR part 3550) toward a subsidized mortgage payment (principal and interest), real estate taxes, and insurance (PITI). After

subtracting the monthly escrow for taxes and insurance, RHS will determine the maximum subsidized section 502 loan that the applicant can repay. The calculated loan amount will be deducted from the actual cost of the housing or market value, whichever is less. The remaining amount will be covered by a subsidized section 502 grant.

For example, an applicant desires to purchase a new modular home for \$72,000. Her adjusted income is \$700 per month. Annual real estates taxes (based upon an "as completed" valuation) are estimated to be \$400, and homeowners insurance is estimated to be \$200. Twenty percent of her adjusted income is \$140 per month (\$700 times 20%). From that amount, \$50 per month is deducted for taxes and insurance (\$400 taxes plus \$200 insurance divided by 12 equals \$50 per month). In summary, the applicant can pay \$90 per month towards a subsidized mortgage payment (\$140 minus \$50 for taxes and insurance equals \$90). Based upon a \$90 per month payment, the applicant would be eligible to receive a \$30,000 section 502 subsidized loan. Since the cost of the house is \$72,000, RHS will provide a \$30,000 subsidized loan and \$42,000 grant (\$72,000 cost minus \$30,000 loan equals \$42,000).

III. Impact of Other Affordable Housing Products

If the applicant is to receive any other affordable housing product or assistance (a forgivable loan or grant from another source, additional FEMA assistance, etc.) in conjunction with funds from RHS, the RHS loan or grant will be reduced correspondingly. An outside grant will reduce the RHS grant; and an outside loan (requiring payments) will reduce the RHS loan on a dollar for dollar basis. For example, if the applicant is to receive a \$5,000 grant from another source, it will reduce the amount of the RHS grant by \$5,000. Similarly, a forgivable loan of \$7,500 (one requiring no payments until the property is sold or title transferred) will also reduce the grant amount by \$7,500. An affordable housing loan (which requires monthly payments) from another source of \$2,000, will reduce the RHS loan amount by \$2,000. RHS funding is extremely limited, and the Agency must ensure that funds are used prudently and to the maximum extent possible so that as many elderly families can be assisted as possible.

IV. Grants

Under the terms of the grant, the grant recipient is required to personally occupy the housing acquired with grant

funds for 10 years. If the grantee fails to personally occupy the housing for this term, then some or all of the grant must be repaid to the Agency, as discussed below. There is no penalty if the grantee stops personally occupying the property after the tenth anniversary of the grant. Repayment of the penalty for failing to personally occupy the housing will be secured by the standard Agency form deed of trust for North Carolina and the applicant will be required to sign an Agency grant agreement.

V. Grant Default and Penalties for Default

The following events shall be considered a default under the grant:

- A. The property is sold or title transferred;
- B. The grantee fails to honor any of the terms of the grant agreement, or any of the terms of the Promissory Note, Mortgage or Deed of Trust securing an Agency loan which enabled the grantee to purchase the security property;
- C. The grantee falsely certifies, or fails to certify that the grantee occupies or will occupy the security property;
- D. The property is no longer personally occupied by the grantee, including by death of the grantee; or
- E. The grantee, or someone acting on the grantee's behalf, provided false or inaccurate information to obtain the grant.

For the first full five years from closing, should a default occur, the penalty for default will be 100% of the grant amount. On the sixth anniversary, the penalty for default will be reduced by 20%, and the penalty will be reduced by an additional 20% on each succeeding anniversary date so that there will be no penalty for default after the tenth anniversary of the grant. In the case of death of the grantee at any time during the 10-year period, the penalty under the grant shall apply to anyone holding a remainder interest in the property, or by the heirs of the estate and the penalty amount will be promptly paid to the Agency. The Agency will charge interest on such penalty amount at the United States Treasury's current value of funds rate in effect at the time of default. The following example represents the potential penalties resulting from a default on a section 502 grant that was closed June 15, 2001:

Date of Default: Penalty for default

June 15, 2001: 100%
 June 15, 2002: 100%
 June 15, 2003: 100%
 June 15, 2004: 100%
 June 15, 2005: 100%
 June 15, 2006: 100%
 June 15, 2007: 80%

June 15, 2008: 60%
 June 15, 2009: 40%
 June 15, 2010: 20%
 June 15, 2011: 0

Under this example, if the property is sold or title transferred from June 15, 2001 up to and including June 15, 2006, the penalty would be 100% of the grant amount. For a default that would occur on July 1, 2006, the penalty would be 100% of the grant amount. For a default that would occur on June 16, 2007, the penalty would be 80% of the grant amount.

Should a default occur (with the exception of false or inaccurate information), the Agency may amortize repayment over a period of time with interest when it is in the best financial interest of the Government and is consistent with the objectives of the Demonstration Program.

VI. Submitting Loan and Grant Requests

All applications must be filed with the appropriate Rural Development office and must meet the applicable requirements of 7 CFR part 3550 and this NOFA. Incomplete applications will be returned to the applicant. Applicants must provide documentation to support their loan and grant in accordance with 7 CFR part 3550 and this NOFA.

VII. Funding and Approval of Applications

As mentioned, funding for this program is limited. Therefore, it is imperative that customers submit applications and related supporting documents in a timely manner. Submission of an application neither reserves funds nor ensures funding. Loan and grant requests will be obligated in the order in which a full application is received by Rural Development until funds are exhausted. A full application includes a valid sales contract for the purchase of a modular home, an adequate building site (or evidence of ownership, if the site is already owned), and a loan and grant request which can be approved in accordance with 7 CFR part 3550 and this NOFA.

VIII. Applicability of Current Regulations

All loan and grant requests for this Demonstration Program are subject to the provisions of this NOFA. Grants are also subject to 7 CFR part 3015. In addition, loan and grant requests are subject to the requirements of 7 CFR part 3550, with the following modifications:

A. Loan Purposes

Section 3550.52 does not apply except for paragraphs (d) and (e). Funds may only be used to purchase a new modular home and an adequate building site (if the applicant does not already own an adequate building site), and related eligible costs outlined in paragraph (d) such as site preparation, special features to accommodate the needs of persons with disabilities, title and closing costs, etc.

B. Eligibility Requirements

Section 3550.53 applies, with the exception of paragraph (d).

In addition, the applicant must:

- (1) be an elderly family as defined in section 3550.10; and
- (2) have owned or rented housing (which was their primary residence) that was destroyed by a major disaster declared by the President pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act; and
- (3) have sufficient income to pay living expenses, current debts, real estate taxes (based upon an as-completed valuation), homeowners insurance, utilities, and required maintenance on the house; and
- (a) did not have homeowner's insurance or other insurance to cover such loss; or
- (b) cannot repay a section 502 loan without the benefit of a section 502 grant as described in this NOFA.

C. Applications

Section 3550.55 applies, with the exception of paragraph (c).

D. Site Requirements

Section 3550.56 applies, except for paragraph (a). In addition, a loan or grant may only be made in a rural area designated by RHS.

E. Dwelling Requirements

Section 3550.57 applies, with the exception of paragraph (c). Only new modular homes are eligible under this Demonstration Program. In North Carolina, a modular home is defined as a manufactured building designed to be used as a one family unit which has been constructed and labeled indicating compliance with the North Carolina State Uniform Residential Building Code, Volume VII (available in most public libraries or through North Carolina Building Inspectors). The unit must have a North Carolina validation stamp. In addition, unless the applicant requests a waiver for individual needs, the modular unit must have the following design features at a minimum:

- (1) grab bars, or blocking for them, in the tub and shower;

(2) toilet centered a minimum of 18 inches from side wall with grab bars or blocking;

(3) minimum 30 × 48 inch area of approach in front of all fixtures;

(4) minimum 29 inch clearance below lavatory counter with insulated piping (a removable cabinet front may be used);

(5) minimum 32 inch clearance for all door openings;

(6) minimum 18 inch space at latch side of all doors;

(7) "view" windows at a maximum 36 inch sill height;

(8) electrical receptacles at 15 to 18 inches of height;

(9) flush thresholds (maximum of 1/2 inch rise);

(10) minimum 42 inch accessible route throughout;

(11) lights switches and thermostat at 48 inch maximum height;

(12) high contrast, glare free floor surfaces and trim;

(13) minimum of one entry ramped with accessible route to parking and mailbox, or property designed to accommodate such needs at a later time;

(14) kitchen cabinets with removable panel under sink, pipes insulated, and removable fronts for work space;

(15) lever handles for sink, lavatory, and door knobs; and

(16) if the house does not have an attached garage, a minimum 8 × 8 foot accessible, attached storage space.

F. Ownership Requirements

Section 3550.58 applies with the exception of paragraphs (b), (c), (d), and (e). At the time of closing, the applicant must have fee-simple ownership.

G. Escrow Account

Section 3550.60 applies. Escrow accounts are required regardless of the loan and grant amounts.

H. Insurance

Section 3550.61 applies; however, the loss payable clause must cover the combined amount of all loans needed to obtain the housing plus the section 502 grant. Flood insurance, where applicable, is required regardless of the loan or grant amount.

I. Appraisals

Section 3550.62 applies. Appraisals are required regardless of the loan and grant amounts. The combined section 502 loan and grant, plus any prior liens, may not exceed the appraised value.

J. Maximum Loan Amount

Section 3550.63 applies, with the exception of paragraph (b)(3). The Housing and Urban Development (HUD) 203(b) limits in effect as of September 30, 1998, apply.

K. Payment Subsidy

Section 3550.68 applies, with the exception of paragraph (c). Eligible applicants will receive interest credit.

L. Deferred Mortgage Payments

Section 3550.69 is not applicable.

M. Recapture

Section 3550.162 applies; however, the section 502 grant shall be considered original equity. If the loan is repaid within its 10th year anniversary, or a penalty is imposed for a default on the grant, the balance due on the 502 grant shall be considered to be part of the outstanding balance on the 502 loan for recapture purposes.

N. Other

Sections 3550.71, 3550.73, 3550.74, and 3550.101 through 3550.150 are not applicable.

VI. Exception Authority

The Administrator, or Deputy Administrator, Single Family Housing, reserves the right to make an exception to any requirement or provision of this NOFA or address any omission that is consistent with the applicable statute upon the request of the State Director for North Carolina if he or she determines that application of the requirement or provision, or failure to take action in the case of an omission, would adversely affect the Government's financial interests.

Dated: December 15, 2000.

James C. Kearney,

Administrator, Rural Housing Service.

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DEPARTMENT OF AGRICULTURE

Rural Housing Service

Notice of Funding Availability (NOFA) for the Section 515 Rural Rental Housing Program for Fiscal Year 2001

AGENCY: Rural Housing Service (RHS), USDA.

ACTION: Notice.

SUMMARY: This NOFA announces the timeframe to submit applications for section 515 Rural Rental Housing (RRH) loan funds and section 521 Rental Assistance (RA) for new construction, including applications for the nonprofit set-aside for eligible nonprofit entities, the set-aside for the most Underserved Counties and Colonias (Cranston-Gonzalez National Affordable Housing Act), and the set-aside for Empowerment Zones and Enterprise

Communities (EZ/ECs) and Rural Economic Area Partnership (REAP) communities. This document describes the methodology that will be used to distribute funds, the application process, submission requirements, and areas of special emphasis or consideration.

DATES: The closing deadline for receipt of all applications, including those for the set-asides, in response to this NOFA is 5 p.m., local time for each Rural Development State office on March 26, 2001. The application closing deadline is firm as to date and hour. RHS 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 date and time. Acceptance by a post office or private mailer does not constitute delivery. Facsimile (FAX) and postage due applications will not be accepted.

ADDRESSES: Applicants wishing to apply for assistance must contact the Rural Development State office serving the place in which they desire to submit an application for rural rental housing to receive further information and copies of the application package. Rural Development will date and time stamp incoming applications to evidence timely receipt, and, upon request, will provide the applicant with a written acknowledgment of receipt. A listing of Rural Development State offices, their addresses, telephone numbers, and person to contact follows:

Note: Telephone numbers listed are not toll-free.

Alabama State Office, Suite 601,
Sterling Centre, 4121 Carmichael
Road, Montgomery, AL 36106-3683,
(334) 279-3455, TDD (334) 279-3495,
James B. Harris
Alaska State Office, 800 West Evergreen,
Suite 201, Palmer, AK 99645, (907)
761-7734, TDD (907) 761-8905,
Miguel Correa
Arizona State Office, Phoenix Corporate
Center, 3003 N. Central Ave., Suite
900, Phoenix, AZ 85012-2906, (602)
280-8765, TDD (602) 280-8706,
Johnna Vargas
Arkansas State Office, 700 W. Capitol
Ave., Rm. 3416, Little Rock, AR
72201-3225, (501) 301-3250, TDD
(501) 301-3279, Cathy Jones
California State Office, 430 G Street,
Agency 4169, Davis, CA 95616-4169,
(530) 792-5819 or, (530) 792-5830,
TDD (530) 792-5848, Millie
Manzanedo or, Jeff Deiss
Colorado State Office, 655 Parfet Street,
Room E100, Lakewood, CO 80215,