



Rural Development

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TO: State Directors
Rural Development

ATTN: Program Directors and Coordinators
Multi-Family Housing

FROM: Richard A. Davis /s/ *Richard A. Davis*
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SUBJECT: Extensions and De-Obligations of Multi-Family Housing
Section 515, Section 514, and Section 516
Unliquidated Obligations

This Unnumbered Letter (UL) provides guidance on when and how to extend and/or de-obligate Section 515, Section 514, and Section 516 unliquidated loan and grant obligations. This guidance was developed in response to the Government Accountability Office (GAO) report entitled “March 2011 GAO Report 10-329, Rural Housing Service - Opportunities Exist to Strengthen Farm Labor Housing Program Management and Oversight”, that recommended the Rural Housing Service (RHS) issue guidance on this subject to all RHS staff in the State Offices and local offices.

Although Section 515 loan obligations were not mentioned in the GAO report, the requirements of this UL will also apply to Section 515 unliquidated funds.

The Evaluation, Extension and/or Deobligation Process

Semi-annually, RHS staff in each State Office will carefully evaluate the status of all unliquidated Multi-Family Housing (MFH) obligations to ensure the proper and efficient use of these funds. The process for reviewing unliquidated obligations is as follows:

STEP 1: STATE OFFICE REVIEW

Identify the unliquidated obligations in the semi-annual certification of reports. The National Financial and Accounting Operations Center (NFAOC) posts the Unliquidated Report Code 743 reports to the NFAOC SharePoint Link at https://ems-team.usda.gov/sites/RD_CFO/nfaoc/DPM/prd/prb/ULO/SitePages/Home.aspx.

MFH reports are the following:

EXPIRATION DATE:
May 31, 2020

FILING INSTRUCTIONS:
Housing Programs

- Report Code 743, Report of Prior Years Unliquidated Obligations for Automated Multi-Family Housing Accounting System.
- Report Code 743, Report of Prior Year Unliquidated Obligations for Rural Housing Grant programs maintained in the Program Loan Accounting System.
- Report Code 743, Report of Inactive Prior Years Unliquidated Obligations for Non-Automated Loan and Grant Programs.

Review the unliquidated MFH obligations on the reports and provide an explanation for each, incompliance with the Unliquidated Obligation Department Regulation 2230-001. See Unliquidated Obligation Certification Instruction Guide for detailed reporting instructions. The following are the timelines to full closure of obligations:

- On-farm Farm Labor Housing (FLH) loans must be fully liquidated not more than two years from the date the loan funds were obligated.
- Off-farm FLH loans and grants must be fully liquidated not more than three years from the date the loan funds were obligated.
- Rural Rental Housing (RRH) loans that are not Multifamily Preservation and Revitalization (MPR) Demonstration program related must be fully liquidated not more than three years from the date the loan funds were obligated.
- RRH loans that are MPR related must be obligated and liquidated as per closing conditions stipulated by the MPR Loan Review Committee.

The State Director certifies unliquidated obligations.

See Unliquidated Obligations (ULO) Certification Instruction Guide for detailed instruction on submission of ULO responses to include accepted supporting documentation. Upload the files to the ULO Certification SharePoint site by State. (You will find specific instructions for these activities in correspondence from NFAOC dated as of September 30, 2017, titled “RD Unliquidated Obligation (ULO) Certification Instruction Guide” and an October 17, 2017, UL titled “Report of Prior Year Unliquidated Obligations Due October 31, 2017”.)

State Office Special Reporting of Obligation Extensions: In an e-mail, submit a request for an extension for the following situations to the State’s MFH Review Underwriter (RU) for review and concurrence and National Office approval;

- Request for time extension for an unliquidated obligation due to extenuating circumstances - An additional one-year extension may be permitted with the State Director’s recommendation, the review and concurrence of the RU and the approval of the National Office. No more than two one-year extensions may be granted on any unliquidated obligation.
- The RUs and the National Office may evaluate obligations that have unusual approval and obligation dates due to funding limitations imposed by budgetary and/or Notice of Funding Availability constraints on a case-by-case basis. No more than two one-year extensions may be granted on any unliquidated obligation.

STEP 2: REVIEW UNDERWITER REVIEW AND CONCURRENCE

- The RU reviews the SharePoint site uploads of ULO PDF files.
- The RU contacts the State and requests documentation for those obligations noted as valid that verifies the continued need of the project at the location, current construction costs, and availability of all original award funding sources (and/or extensions) as necessary to complete the project as initially planned. (State Offices must keep an updated development plan with a revised closing/completion date concurred with the applicant/borrower and authorized State Rural Development approval official in its files.)
- The RU e-mails his/her recommendation for extension or de-obligation of unliquidated obligations to the National Office program leads (courtesy copies the State Office, the Deputy Director and the Director, MFH Preservation and Direct Loan Division (PDL)). The National Office RRH program lead is Bonnie Edwards-Jackson and the National Office FLH program lead is Mirna Reyes-Bible.

STEP 3: NATIONAL OFFICE APPROVAL

- Individually, the program leads and the Deputy Director MFH PDL, are authorized to approve [or reject] the first and second extension requests. No more than two one-year extensions may be granted on any unliquidated obligation.
- The Director, MFH PDL, is authorized to approve de-obligations and to approve [or reject] any extension request.

After five years, we will process any outstanding unliquidated obligation in accordance with 31 U.S.C. section 1552(a) Procedure for appropriation accounts available for definite periods: On September 30th of the fifth fiscal year after the period of availability for obligation of a fixed appropriation account ends, the account shall be closed and any remaining balance (whether obligated or unobligated) in the account shall be canceled and thereafter shall not be available for obligation or expenditure for any purpose.

Questions regarding FLH Section 514 and Section 516 unliquidated obligations should be directed to Mirna Reyes-Bible at (202) 720-1753 or e-mail mirna.reysbible@wdc.usda.gov.

Questions regarding Section 515 unliquidated obligations should be directed to Bonnie Edwards-Jackson at (202) 690-0759 or e-mail bonnie.edwards@wdc.usda.gov.