



March 28, 2025

Secretary Brooke Rollins
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Re: CARH Recommendations to Streamline Rural Development Programs

Dear Secretary Rollins:

The Council for Affordable and Rural Housing (CARH) appreciates the opportunity to provide recommendations on how Rural Development (RD), together with the industry, can help streamline and reduce regulatory barriers for the critical housing programs that RD administers such as the Section 515 Program, Section 521 Rental Assistance, and Section 538 Guaranteed Rural Rental Housing Program. All of these programs are crucial to providing safe and stable housing for low-income families, seniors, and farm workers in rural America.

CARH is a national organization representing rural housing providers, developers, lenders, investors, and managers dedicated to ensuring safe, decent, and affordable housing remains available in rural communities. Since 1980, CARH has served as the nation's premier association for participants in the affordable rural housing profession.

Rural Development was established in part to fill gaps left by conventional lenders in rural communities—particularly where private capital was unavailable for both homeownership and affordable rental housing. The Section 514 and Section 515 rural rental housing programs are the backbone of affordable multifamily housing in rural America. Created under the Housing Act of 1949, these programs were designed to provide affordable rental housing in communities where private financing was unavailable. Today, they support more than 12,000 properties nationwide, accounting for over 400,000 units of affordable housing. Every state has Section 514 and 515 properties, highlighting the national scope of this issue. However, most of these properties were built more than 40 years ago. Without reinvestment, they will disappear, leaving rural renters with no viable housing options.

Equally important is the Section 521 Rental Assistance (RA) program, which offers deep subsidies to the lowest-income rural renters. The average income of residents in Section 514 and 515 properties is just over \$16,000 per year, with those receiving RA earning even less. These households cannot absorb rent increases or compete in the private market without support. Notably, Section 521 RA operates at roughly half the per-unit cost of comparable federal rental programs, efficiently serving the nation's most vulnerable renters.

Rural housing has never been solely a government-driven effort it has always been a partnership between the public and private sectors. The Section 538 loan program is a prime example of how the private market and government can work together to create affordable housing

without direct federal subsidies. Likewise, the Low-Income Housing Tax Credit (LIHTC), a program enacted under President Reagan, has leveraged private investment to develop and preserve affordable housing across the country, including in rural areas. These programs prove that investment in rural housing is not about expanding government but about using smart, market-driven solutions to address real needs. Without these programs, many rural seniors, working families, and vulnerable residents would be displaced from their local communities, often forced to relocate to metropolitan areas where affordable options are also scarce. The preservation of rural rental housing is a matter of community stability and economic viability.

At a time when housing needs in rural America are growing and existing assets are aging, regulatory improvements are essential to ensure these programs can meet the moment. For years, CARH members have worked to ensure the continued success of the valuable private-public partnership these programs were designed to deliver to rural Americans. However, we believe there are aspects of these programs where their effectiveness is being limited by regulatory burdens, inefficient administrative processes, and outdated policies that can limit participation from developers, lenders, owners, management companies and private investors. Delays in approvals and duplicative compliance requirements create additional costs that ultimately deter investment in rural affordable housing. The following recommendations were provided by CARH members whose core business is developing, financing, managing and owning, affordable multifamily housing in rural communities nationwide.

The Role of MOUs in Improving Efficiency

One of the most effective ways to address duplicative compliance requirements and regulatory misalignment across different federal, state, and local agencies is through Memorandums of Understanding (MOUs) between RD, the Department of Housing and Urban Development (HUD) and State Housing Finance Agencies (HFAs). These agreements could:

- Streamline compliance and approval processes, ensuring consistency between federal and state agencies.
- Reduce redundancies in physical inspections, rent calculations, approval of management agents/fees and financial reporting, making program administration more efficient.
- Align environmental review processes by allowing third-party assessments from HUD and LIHTC agencies to be accepted by RD instead of requiring a separate review.
- Ensure that utility allowances, property management approvals, and fee structures are standardized, eliminating conflicting requirements that delay approvals.
- Facilitate the realignment of the Office of General Counsel (OGC), ensuring attorneys work within their respective regions. This regional focus will improve efficiency and responsiveness, allowing attorneys to better understand and address local issues.

In addition to establishing MOUs, RD should implement targeted regulatory improvements in transfers, reserve accounts, budgeting, environmental reviews, evictions, inspections,

construction oversight, financing terms, and utility allowances. The following recommendations align with existing RD handbook policies while proposing critical reforms to reduce administrative burdens, enhance efficiency, and encourage long-term investment in rural housing programs. Each section below references the relevant federal regulations and handbooks (with hyperlinks) which are RD's internal guidance documents that implement the applicable regulations.

1. Transfers of Ownership (7 CFR 3560.406, [RD HB-3-3560, Chapter 7](#))

The Section 515 property transfer process is one of the most cumbersome and time-consuming challenges facing rural housing developers and owners. The lack of standard processing timelines, excessive underwriting requirements, and inconsistent guidance across RD offices causes unnecessary delays that hinder transactions and deter investment.

Recommended Changes:

- Expedite the Section 515 property transfer process by reducing redundant documentation and ensuring timely RD review. Transactions can take up to 12 months or longer, creating financial uncertainty for buyers and sellers.
- Eliminate RD underwriting for transfers where no new RD debt is involved, allowing lenders, investors, and state agencies to conduct due diligence. RD underwriting adds unnecessary complexity and delays, especially when no new debt is involved.
- Rely solely on the Project Assessment Tool (PAT) for deal-specific information. Eliminate the need to complete additional forms when the required information is already available in the PAT. This will reduce redundancy and streamline the application process.
- Consolidate RD forms and certifications into a single certification requiring only one signature, eliminating duplicative paperwork. Multiple forms and signatures create administrative burdens and slow down the process.
- Remove environmental review requirements for projects with no new RD debt, aligning with HUD and LIHTC environmental policies. Environmental reviews for projects with no new debt are redundant and delay project timelines.
- If no new RD funds are involved in an acquisition/rehab project, eliminate architectural reviews, unless requested by the developer. Architectural reviews for projects without new RD funds add unnecessary steps and delays.
- Remove RD oversight of pay app/draw reviews unless RD financing is included, reducing unnecessary intervention in privately financed transactions. RD oversight in privately financed transactions adds complexity and delays without providing additional value.

On September 6, 2023, CARH circulated a memo to RD entitled "Improvements to Chapter 7 Transfer Application Process" which provides a detailed set of recommendations on how to further streamline the transfer process. The memo is enclosed herein as [Schedule A](#).

2. Reserve Account Utilization (7 CFR 3560.306, [RD HB-2-3560, Chapter 4](#))

RD's Reserve for Replacement (RR) approval process is overly restrictive, limiting the ability of property owners and management agents to conduct proactive maintenance and make necessary repairs without delays.

Recommended Changes:

- Increase allowable RR deposits to \$600 per unit per year without requiring RD approval, providing a Capital Needs Assessment (CNA) and rent study justify the increase. Higher deposits allow for better maintenance and repairs, ensuring property quality and safety.
- Allow automatic approval for reserve withdrawals under \$10,000, expediting urgent property repairs and routine maintenance. Quick access to funds is crucial for addressing urgent repairs and maintaining property standards. Approvals required before payment, delays payments to vendors.
- Simplify the process for increasing reserve contributions. Currently, property owners must undergo a lengthy approval process to justify higher RR deposits, which can delay necessary maintenance and repairs. By streamlining this process, RD can allow property owners to increase their RR contributions more efficiently. This change will enable proactive maintenance and ensure properties remain in good condition without delays.
- Eliminate the Reserve Account Deposit Account Control Agreement requirement, which unnecessarily restricts access to funds and delays emergency repairs. Removing this requirement ensures timely access to funds for critical repairs.

3. Budgeting and Financial Reporting (7 CFR 3560.205, [RD HB-2-3560, Chapters 7](#))

Recommended Changes:

- Auto-approve annual budget rent increases below a certain threshold (i.e. OCAF), reducing unnecessary manual reviews and unpredictability from office to office. Automatic approvals would streamline the process and reduce administrative burdens while creating predictable rent increases for property owners to better forecast a project's operating income.
- Establish a revised threshold for budget changes that require RD approval, allowing greater flexibility in property financial management. Higher thresholds provide more autonomy and efficiency in managing property finances and will allow RD staff to prioritize review for larger budget items being requested.
- Allow properties to budget for bad debt, enabling them to properly account for uncollected rent and financial losses. Accurate budgeting for bad debt ensures financial stability and realistic financial planning.

- Eliminate RD's review of annual audits if other federal or state programs already require compliance audits, reducing duplicative oversight. Reducing duplicative audits saves time and resources, focusing efforts on essential reviews.

4. Environmental Review Exemptions (7 CFR 1970)

Recommended Changes:

- Exempt minor rehabilitation work from NEPA reviews (i.e. installing French drains to improve drainage, fixing leaks or replacing shingles on roofs, repairing or replacing sections of damaged sidewalks, and upgrading heating, ventilation, and air conditioning systems). These types of projects are localized and do not significantly alter the environment, making extensive reviews unnecessary. If environmental reviews were already conducted when the property was first placed in service, it is duplicative and inefficient to require another review for minor rehab work that does not change the property's use or footprint.
- Allow third-party environmental assessments from HUD and HFAs that administer the LIHTC program to satisfy RD's requirements, eliminating unnecessary duplication. Accepting third-party assessments streamlines the process and reduces redundant reviews.

5. Evictions and Compliance (7 CFR 3560.152 & 7 3560.158, [RD HB-2-3560 Chapter 6](#))

Recommended Changes:

- Evictions should be governed by state-specific laws as state laws are tailored to local conditions and provide a more appropriate framework for managing landlord-tenant relationships. Aligning with state laws will simplify the eviction process and reduce confusion.
- Remove the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) 30-day notice requirement before filing for eviction, aligning RD policy with state landlord-tenant laws.
- Extend the late certification penalty deadline from the 10th to the 15th, preventing resident displacement over minor administrative delays. Extending the deadline provides residents with more time to comply, reducing unnecessary evictions.
- Permit properties to collect RA for three months after recertification expires, following HUD's best practices. Allowing RA collection ensures financial stability during recertification periods.

6. Streamlining Physical Inspections (7 CFR part 3560, [RD HB-2-3560, Chapter 9](#))

Recommended Changes:

- Standardize RD inspections with HUD NSPIRE and LIHTC standards, reducing duplicative property inspections. Standardized inspections reduce redundancy and ensure consistency across programs.
- Utilize MOUs to streamline inspection processes. MOUs between RD, HUD and LIHTC administrators can help coordinate inspection schedules and standards, ensuring one agency's inspection is accepted by others. This approach reduces the number of inspections required and minimizes disruption for property owners and residents.

7. Construction and Rehabilitation ([USDA RD Instruction 1924](#))

Recommended Changes:

- Eliminate USDA RD Instruction 1924 for the renovation of existing projects, aligning RD's construction oversight with LIHTC and state building codes. Aligning oversight with existing codes reduces complexity and streamlines project approvals. These regulations are primarily focused on new construction and should not be applied to the renovation of existing projects.
- Eliminate RD's review of insurance loss claims. Currently, RD's involvement in reviewing insurance loss claims adds an extra layer of oversight, causing delays in the resolution process. By eliminating RD's review, property owners can work directly with insurance companies to expedite claim settlements, ensuring timely repairs and minimizing disruptions for residents. This change will reduce administrative burdens on both RD and property owners, allowing for a more efficient and responsive claims process.

8. Section 538 Guaranteed Rural Rental Housing Program (7 CFR 3565)

Recommended Changes:

- Increase the Loan-to-Cost (LTC) ratio from 70% to 90%, making it easier for developers and owners to secure adequate financing. Higher LTC ratios improve access to financing, supporting project feasibility.
- Lower the Debt Service Coverage Ratio (DSCR) from 1.15 to 1.11, aligning RD with HUD financing guidelines. Lower DSCR requirements make financing more accessible and projects more viable.
- Extend amortization periods from 40 to 50 years, reducing debt service costs and improving long-term affordability. Longer amortization periods lower monthly payments, enhancing affordability.

9. Utility Allowances and Rent Calculations

Recommended Changes:

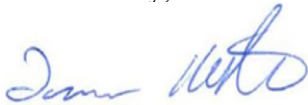
- Eliminate RTO restrictions and workout plans for properties without full RA and vacancy problems. Removing these restrictions will provide more flexibility for property owners to manage vacancies and create more financial stability.
- Allow rent concessions for non-RA units without affecting RTO calculations, ensuring greater leasing flexibility. Rent concessions can help fill vacancies and maintain occupancy rates.
- Standardize or simplify the UA allowance process, requiring utility companies to comply with information release requests. Simplified processes ensure timely and accurate utility allowances.
- Create a universal formula for rent calculation across all housing programs, aligning income-based rent formulas with HUD and LIHTC policies. A universal formula reduces confusion.

By implementing these regulatory streamlining measures, RD can enhance program efficiency, reduce unnecessary administrative burdens, and improve the long-term viability of affordable rural housing properties. These recommendations align with existing RD handbook policies and propose modifications that uphold program integrity while improving operational efficiency.

We greatly appreciate RD's commitment to rural housing and look forward to working together to support sustainable, high-quality affordable housing in rural communities. We understand the agency has had a very busy year, and we greatly appreciate the hard work of you and your staff.

Please let us know if you have any questions or would like to schedule a meeting to discuss these recommendations. If you would like additional information, please contact Colleen Fisher, CARH's Executive Director at (703) 837-9001 or cfisher@carh.org.

Sincerely,



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CARH President

cc: Mr. Vince Haley, Director of White House Domestic Policy Council
Ms. Jacqueline Ponti-Lazaruk, Acting Deputy Under Secretary Rural Development
Ms. Angilla Denton, Acting Administrator Rural Housing Service
Ms. Kailee Buller, Chief of Staff, U.S. Department of Agriculture

Schedule A

Improvements to Chapter 7 Transfer Application Process



Council for Affordable and Rural Housing
Serving the Affordable Housing Needs of Rural America

TO: Karissa Stiers, Deputy Administrator, Office of
Multifamily Housing, Rural Development

Dan Rogers, Director of Production and
Preservation for Multifamily Housing, Office of
Multifamily Housing, Rural Development

Mike Resnik, Director of Asset Management, Office
of Multifamily Housing, Rural Development

Laurie Warzinski, Director of Field Operations,
Office of Multifamily Housing, Rural Development

FROM: Colleen M. Fisher,
Executive Director, CARH

Rebecca Simon, Counsel,
Nixon Peabody, LLP

RE: Improvements to Chapter 7 Transfer
Application Process

DATE: September 6, 2023

Thank you for the opportunity to present our recommendations for improving the Chapter 7 transfer application process for the Section 515 Rural Rental Housing (“Section 515”) program. This memo focuses on three main areas where we see opportunity to make improvements that will significantly expedite and streamline the transfer application process for the Rural Development (“RD” or the “Agency”) Multifamily Housing staff (“Multifamily”) processing the applications and the participants submitting the applications.

As you know, the regulations governing the transfer process are contained at 7 CFR § 3560.406. The existing guidance for the transfer process is found in Project Servicing Handbook HB-3-3560, Chapter 7 (the “Chapter 7 Handbook”). This memo does not request or suggest any regulatory or statutory changes to the transfer process. Instead, this memo focuses on changes that can be made to the review process and updates that can be incorporated into the existing application process. Our goal is to decrease the workload required of RD when an application is received by streamlining the application review process and improving the application format to allow for more efficient and effective approvals.

The Section 515 portfolio is critically important to the availability of affordable rural housing in America. It is also aging at an alarming rate. The infusion of new capital to these properties through transactions that bring in third party financing and other funding sources must be prioritized as a primary path to preservation. Improving the transfer process to allow for faster, more efficient review will allow owners and developers to expand their portfolios and impact the greatest number of properties.

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The three areas of improvement we will focus on in this memo are:

1. Implement Parallel Processing of Multifamily and Underwriting Reviews
2. Increase Accountability from Third Party Reviewers
3. Streamline the Transfer Application

Below are detailed explanations of each recommendation. We look forward to working with the RD team to review and discuss these proposals.

1. Implement Parallel Processing of Multifamily and Underwriting Reviews

The transfer of a Section 515 loan requires review by both a RD loan servicer and a RD underwriter to assess whether the transfer meets RD's administrative, program and underwriting requirements (Project Servicing Handbook HB-3-3560, Chapter 7.2). The current policy at RD requires the RD loan servicer to analyze the full transfer submission for completeness and work with the applicant on any questions or concerns they have on the initial application before submitting the application to underwriting.

This initial review process by the RD loan servicer is extensive. The application, as discussed in more detail below, requires significant third-party reporting, financial data for the entire transaction, including application and data from other financing sources, as well as complete information on the proposed organizational structure and sources and uses. In practice, the RD loan servicer is utilizing a checklist to ensure that every document is included but is not analyzing the application to understand how the various requirements fit into the transaction timeline. Further, the RD loan servicer will review the financing materials, including the PAT, a process that is then repeated once the package is submitted to underwriting.

The process would be significantly improved by bifurcating the review and allowing the initial review of the financing portion of the application to be done by the RD underwriter. By splitting the initial review between the RD loan servicer and the RD underwriter, the discussions between the applicant and RD will immediately get to the heart of any issues in the application. Allowing the applicant to discuss financing issues directly with the RD underwriter from the onset would eliminate many duplicative conversations that happen under the current review structure.

We request that the initial review of a transfer application be split between the RD loan servicer, to review the legal, organizational, and third-party reporting materials, and the RD underwriter, to review the financing materials.

2. Increase Accountability of Third-Party Reviewers and Reliance on Third-Party Reports

A significant portion of the RD transfer application is reviewed by RD staff members who sit outside of the Multifamily organizational structure within USDA. These third-party internal reviews often include review of the appraisal by an Agency appraiser, review of the legal documents by an attorney in USDA's Office of General Counsel ("OGC"), and review of the Capital Needs Assessment ("CNA") and environmental reporting by an Agency construction analyst. As a result of the third-party reviewers sitting outside the Multifamily organization at RD, there is limited ability by the RD loan servicer to impact the timing of these reviews. Many transfer applications are delayed because the application is

sent to the third-party reviewers who have little to no accountability to complete the reviews in accordance with Multifamily's timeline for review of the whole application.

This second recommendation for streamlining the transfer application process is to work internally at USDA with the other offices where these third-party reviewers sit to improve the internal work expectations for review of transfer application documents.

In addition to working with other offices within USDA to improve review timelines, Multifamily should enact policies that allow RD staff to appropriately rely up on third party reporting, as opposed to the current policy that requires RD review of each third-party report. By requiring third-party vendors to complete reports, such as CNAs, environmental reporting, and appraisals, RD should be able to rely upon the expert conclusions in the reports without the need for significant expert review within RD. Allowing the RD loan reviewer to review and accept third-party reports without the need for further review from RD staff, the transfer application process would be significantly expedited.

We recommend that Multifamily work with the third-party internal reviewers to improve processing timeline expectations and enact policies to allow RD loan reviewers to accept the conclusions of third-party reports without the need for extensive review.

3. Streamline the Transfer Application

The final area of opportunity to streamline the transfer application process is by eliminating duplication contained in the Chapter 7 Handbook and consolidating the requirements for a transfer application.

First, the Chapter 7 Handbook contains two separate checklists, which often creates confusion. The checklist contained in Attachment 7-B-1 to the Chapter 7 Handbook is unnecessarily detailed and applicants often have a hard time understanding what the Agency is looking for when they review this checklist. Alternatively, Attachment 7-D to the Chapter 7 Handbook is more streamlined but leaves out some of the requirements of the first checklist. Consolidating these checklists into one, easy to follow checklist would improve consistency and accuracy across transfer applications.

For the rest of this memo, we will refer to Transfer Application Documents Checklist, Attachment 7-B-1 ("Attachment 7-B-1" or "Checklist") to the Chapter 7 Handbook, as that is the more complete of the two checklists. The Checklist has forty-five (45) items, plus the Transfer Preliminary Assessment Tool ("PAT").

a. Duplication of Sources and Uses

The Checklist and PAT each call for generating transaction sources and uses multiple times. The top suggestion for streamlining transfer applications is to create one sources and uses statement that is contained within the PAT and eliminate the need for applicants to copy this information on to any other document. Instead, other areas of the application should simply refer back to the PAT.

The current application requires Sources and Uses to be listed out (in whole or material part) at least eight (8) separate times in the following documents:

1. PAT
2. Executive Summary (Checklist Item #1) (*While the Sources and Uses are not included as chart in this item, the description of the Executive Summary in Attachment 7-B-1 requires inclusion of a*

detailed description of the financing for the deal and how that financing will be used for the benefit of the project.)

3. MFH Transfer and Assumption Application Supplement (Page 3 of Checklist Item #2, Attachment 7-B-2)
4. MFH Transfer and Assumption Application Supplement Exhibit (Page 9 of Checklist Item #2, Attachment 7-B-2)
5. Construction Sources and Uses, for 1924-13 (Checklist Item #11)
6. Application for Federal Assistance (Section 15 of Checklist Item #16, SF-424)
7. Sources and Uses (Checklist Item #18)
8. Sources and Uses Comprehensive Evolution Analysis (Checklist Item #25)

As radical as it sounds, all of these documents can be eliminated, except the PAT. The MFH Transfer and Assumption Application Supplement (Checklist Item #2, Attachment 7-B-2) has been nearly entirely subsumed by the PAT input. That form contains much basic, vital information, but the most important remaining portion is the contact list of names and that could easily be added to the PAT in one of the first few tabs, which already calls out borrower, applicant and project information. If RD needs a “paper” version of the data in addition to the PAT’s Excel format, the PAT or portions of it can be also submitted in PDF, which is often easier to read.

b. Duplication of Scope of Work/Repairs

Similar to the Sources and Uses, the scope of work or scope of repairs that will be made to the project following the transfer are required in multiple documents throughout the application. Both the Exhibit A to the Repair Agreement, the “Description of Repairs” (Checklist Item #10), and the Cost Estimate and Certificate of Cost (Checklist Item #11) require a breakdown of the repairs anticipated to be made by the purchaser. Additionally, the repairs needed at the property are also spelled out in the third-party Capital Needs Assessment (“CNA”) (Checklist Item #8).

For the scope of work-related items, the duplication of information from the CNA (Checklist Item #8) to Exhibit A of the Repair Agreement (Checklist Item #10) and the Cost Estimate (Checklist Item #11) creates three (3) separate documents with different formatting relating the same information to RD: the repairs needed at the project that will be addressed by the purchaser following the closing of the transaction. Here, RD could modify both the Repair Agreement (Checklist Item #10) and the Cost Estimate (Checklist Item #11) to include one standard Scope of Work attachment derived from the Capital Needs Assessment. Purchasers will typically have a Scope of Work created when putting together the initial financing plan for the project that could be used. Requiring this Scope of Work as a standard document and referring to it in the Repair Agreement (Checklist Item #10) and in a certification of cost from a contractor (as is required in the Cost Estimate (Checklist Item #11) will streamline the review of the anticipated work and eliminate inconsistencies amongst the documents.

c. Duplication of Project Budget

The Proposed Project Budget (Checklist Item #17, RD 3560-7) is included as both a standalone document as well as in the PAT in the “Rents and Operations” and “Cash Analysis Tab” and in the Financial Pro Forma (Checklist Item #20). The instructions should be clarified such that both the year of construction budget and the first-year stabilized budget should be provided (which would actually expand the request data). Doing so will complement the rest of the project budget. The PAT includes the exact requirements from Part I through IV of the Proposed Project Budget and the remaining items in the form would be included in a Financial Pro Forma. Rather than completing the PAT and then retyping the paper or PDF

of the 3560-7 Budget form (Checklist Item #17), that part of the PAT can just be resubmitted as a PDF. See below for a full breakdown:

- Part I of RD 3560-7 – Cash Flow Statement – *Included in full in PAT (Rents and Operations Tab).*
- Part II of RD 3560-7 – Operating and Maintenance Expense Schedule – *Included in full in PAT (Rents and Operations Tab).*
- Part III of RD 3560-7 – Account Budgeting/Status – *Included in full in PAT (Cash Analysis Tab).*
- Part IV of RD 3560-7 – Rent Schedule and Utility Allowance – *Included in full in PAT (Rents and Operations Tab).*
- Part V of RD 3560-7 – Annual Capital Budget – *Included in application as Financial Pro Forma (Checklist Item #20).*

d. Other Areas of Duplication

Several additional small changes that will eliminate unnecessary checklist items in the transfer applications are as follows:

- Proof of Citizenship (Checklist Item #32) – The Federal Tax ID number or Social Security number is required on the Previous Participation Certification (Checklist Item #27, HUD 2530/RD 1944-37) making this item unnecessary and duplicative. Further, some offices have begun requiring an attorney certification of this item, which is also unnecessary. Checklist Item #32 should be eliminated.
- Attorney Opinion (Checklist Item #34) and Attorney Certification (Checklist Item #38) – From experience, there is no consistency in the format or type of opinions, which varies by OGC review attorney. There are also multiple different formats that we have seen. And the request for these documents often comes in the early part of the processing where many of the certifications or opinions have not occurred yet, as a matter of law. There should be one format of opinion and as is typical of real estate transactions, should be provided in draft at application and signed and collected at closing.
- Appraisals and Rent Comparability Studies: Checklist Items # 12, 13 and 14 call out USDA Security Value Appraisal, As-Is Unrestricted Appraisal, and Rent Comparability Study. But in practice RD staff will usually point to Handbook HB-1-3560, Chapter 7 and ask for a range of values as set forth in that guidance. Those three items should be replaced with an appraisal as either provided by RD (RD rules still speak to that process) or submitted by the applicant in compliance with HB-1-3560, Chapter 7.
- Self-Evaluation and Transition Plan (Checklist Item #9): As previously discussed, the Self-Evaluation and Transition Plans (Checklist Item #9) should be something that RD has on file, but the request should be coordinated with the scope of work, above, and any current or new management plan to eliminate barriers as part of the rehabilitation and part of any updating to project procedures. This will also help incorporate tasks from the management plan and the Affirmative Fair Housing Marketing Plan. Further, for any projects undergoing full rehabilitation, the plan should be not applicable, as all new rehabilitation projects require full compliance with Section 504.

e. Streamlining of Certifications

The Chapter 7 Transfer Application requires certain certifications from both the seller and purchaser. Checklist Item #2 includes five (5) joint certifications, two (2) seller certifications, and five (5) purchaser

certifications. These certifications overlap, in part, with the Repair Agreement. The various certifications and the Repair Agreement can be combined in one document. Attached is a rough draft example of how such a consolidated Agreement and Certification could work.

Checklist Items #29 and #39 through #43 are additional certifications made by the purchaser relating to civil rights, lobbying and other issues. All of these are important, and we recognize there are specific statutory and Executive Order concerns that generated most or all of these forms (ie, Equal Opportunity Agreement, Lobbying Certificate, Drug Free Workplace). Still, a material efficiency can be gained by adding each of these forms to a single PDF or if there is an issue, a single zip file that applicants can pull down together. Indeed, that can work for really all of the remaining forms. Most, not all, can be found at different parts of the RD website, but a single file would be most efficient.

f. Clarifying Guidance

At the risk of expanding work in other areas, there are a few items where the guidance could be made clearer:

1. Environmental Information (Checklist Item #21) should be more clearly tied into what information might be triggered and when.
2. Regulation Requirements (Checklist Item #23) need to be clarified as to which regulation requirements are need by RD.
3. Credit Report Fees (Checklist Item #31) seems to always confuse applicants and it is almost always a de minimis amount, such as \$24. Perhaps a published amount could be posted?
4. Request for Rental Assistance (Checklist Item #45) is clear but perhaps it can be clarified, as it is relating to annual budgets, that any application is an automatic request for Rental Assistance for rent overburdened tenants?
5. Construction Documents are being requested with transfer applications by many offices but do not appear on the checklist and are not generally available until much further along in the transaction. It would be helpful to clarify for the RD loan servicers what is appropriate to request for the purposes of approving the proposed rehabilitation.

We appreciate the time and effort spent by RD in reviewing our recommendations for streamlining the transfer application process and eliminating duplication amongst the required documents. We would be happy to discuss each of these recommendations in more detail if that would be helpful.