

Multifamily Housing

March 3, 2023

**Multifamily Housing Announces the Availability
of Section 515 Rural Rental Housing Subsequent Loans.
Register for Stakeholder Information Session on March 23, 2023**

In accordance with 7 CFR 3560.73 and Handbook-1-3560 Chapter 10, the Agency is accepting applications for Section 515 Rural Rental Housing subsequent loans. The Agency may make a subsequent loan to a borrower to complete, improve, repair, or make modifications to multifamily housing initially financed by the Agency or for preservation purposes. Although the Agency recognizes the need to add to the rural affordable housing stock through new construction, subsequent loans are only available for projects that currently have a Section 515 loan or loan commitment.

The Agency has received \$70 million of Section 515 subsequent loan funding for Fiscal Year 2023 (FY2023). To effectively manage the FY2023 Section 515 appropriation, funding will be available through two application processes:

1. Applications received by April 30, 2023, will be reviewed for funding, with a priority placed on funding projects with the identified loan purposes described in this announcement. Applications received after April 30, 2023, outside of the NOSA will be reviewed if funding remains available.
2. The Agency will announce additional Section 515 subsequent loan funding in a Notice of Solicitation of Applications (NOSA) that will be published later this year.

Priority Loan Purposes

For applications received by April 30, 2023, priority consideration will be given to applications that address at least one of the following needs:

- Repairs or modifications to address health and safety findings or violations previously identified and documented by an Agency or Agency-authorized inspection or a code-enforcement agency, including the Agency's recently launched Multifamily Housing Physical Inspection Pilot Program (MPIPP).
- Repairs or modifications to comply with accessibility requirements previously identified and documented by the Agency or an Agency-authorized inspector.
- Loan requests associated with prepayment applications already in process and/or approved by the Agency to support preservation of the Section 515 portfolio under the requirements of 7 CFR 3560 Subpart N—Housing Preservation.
- Transfer applications currently in process and/or approved by the Agency that require additional funding to address financing gaps and/or meet Agency underwriting requirements.
- Loan requests to address financing gaps in previously approved or closed preservation transactions.

Loan Terms and Requirements

Rate, Amortization Period and Term

Subsequent loans have an effective interest rate of 1%. The amortization period is the lesser of 50 years or the remaining economic life of the housing. The loan term is the lesser of 30 years or the remaining economic life of the housing.

Borrower Equity Contribution

Loan applicants who receive a subsequent loan, except for nonprofit organizations, consumer cooperatives, or state or local public agencies who will not be receiving tax credits, must make an equity contribution from their own resources in accordance with 7 CFR 3560.63. Loan applicants who will receive benefits from the low-income housing tax credit program must make an equity contribution in the amount of five percent of the Agency loan. Loan applicants who will not receive benefits from the low-income housing tax credit program and are not nonprofit organizations, consumer cooperatives, or state or local public agencies must make an equity contribution in the amount of three percent of the Agency loan.

Restrictive-Use Provisions

Subsequent loans are subject to restrictive-use provisions as outlined in §3560.662(a) and borrowers must execute a new restrictive-use covenant in accordance with §3560.72(a)(2). A new 20-year restrictive-use covenant will be required for projects receiving Section 515 subsequent loans unless additional restrictions are required due to other funding sources.

Initial Application Requirements

The agency requires complete submission of the following items as part of the initial application response due by April 30, 2023. Applicants who do not provide all the required items by April 30, 2023, will not be considered in the initial round of application reviews. If applicants are submitting funding requests for multiple projects, a separate application package must be submitted for each project.

- Form SF 424 A, Application for Federal Assistance
- Form RD 1944-37, Previous Participation Certification
- The method of financing construction
- Drawings, specifications, and a contract document that meets the requirements of Handbook-1-3560 Paragraph 9.10 B
- The estimated total development cost, the cost per unit and the estimated loan amount (Form RD 1924-13, Estimate and Certificate of Actual Cost)
- Scope of work
- Signed statement regarding cost overruns
- Information on architectural, engineering, and legal services and proposed contractor
- Forms RD 3560-30, Certification of No Identity of Interest (IOI) and RD 3560-31, Identity of Interest Disclosure/Qualification Certificate
- Detailed operating budget (Form RD 3560-7, Multiple Family Housing Project Budget/Utility Allowance) that includes proposed subsequent loan
- Demonstrated ability of cooperative to self-manage, if applicable
- Updated financial statements
- Form RD 1910-11, Applicant Certification Federal Collection Policies for Consumer or Commercial Debts

Application Submission Process

Applications must be submitted to the appropriate Processing and Report Review Branch in the Multifamily Housing Production and Preservation Division. Applications must be submitted based on the state in which the project is located.

Processing and Report Review Branch 1 covers the following states in the Northeast and Midwest: CT, DE, IA, IL, IN, KS, MA, MD, ME, MI, MN, MO, ND, NE, NH, NJ, NY, OH, PA, RI, SD, VA, VT, WI, WV. Applications for these states must be submitted to: MFHprocessing1@usda.gov

Processing and Report Review Branch 2 covers the following states in the South and West: AK, AL, AR, AZ, CA, CO, FL, GA, HI, ID, KY, LA, MS, MT, NC, NM, NV, OK, OR, PR, SC, TN, TX, UT, VI, WA, WY. Applications for these states must be submitted to: MFHprocessing2@usda.gov

All applications submitted prior to April 30, 2023, will be considered in the first round of application reviews. Applicants who previously submitted 515 subsequent loan applications in FY2022 or FY2023 may contact the agency to determine if there are missing or additional items to be submitted. For applications previously submitted in FY2022 or FY2023 where the Agency has already provided a list of missing or additional items required, the applicant must provide those items by the date provided in the letter. Any 515 subsequent loan applications submitted prior to FY2022 (October 1, 2021) must be resubmitted to the Agency.

Application Review and Notification

The agency plans to complete an initial review of applications submitted by April 30, 2023, within 60 days. Following agency review, additional application items or clarifications may be required based on the applicant's funding request. The Agency will notify applicants by letter if additional items or clarifications are required for the application, along with the date by which those items must be submitted.

Contact Information

For additional information about application requirements for the Section 515 subsequent loan program, borrowers may send an email to the assigned Processing and Report Review Branch that covers the state in which their property is located.

Stakeholder Information Session

The USDA RD MFH Production and Preservation Division will discuss the Section 515 Subsequent Loan program during a Webinar on **Thursday, March 23, 2023, from 2:00-3:00 PM ET.** Those interested in learning more should pre-register. A confirmation notice will be emailed to registrants.

[Click here to register for the Section 515 Subsequent Loan Stakeholder Information Session](#)

For program information...

- [Farm Labor Direct Loans & Grants](#)
- [Housing Preservation & Revitalization Demonstration Loans & Grants](#)
- [Multifamily Housing Direct Loans](#)
- [Multifamily Housing Loan Guarantees](#)
- [Multifamily Housing Rental Assistance](#)
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