



August 21, 2020

Mr. Steve Taylor, Chairman
Ben Hill County Board of Commissioners
402 East Pine Street
Fitzgerald, Georgia 31050

Dear Mr. Taylor:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. This letter is not to be considered loan and grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a direct Community Facilities loan not to exceed \$108,000 and a Disaster Relief grant not to exceed \$100,000. The loan and grant will be administered by USDA, Rural Development.

These loan and grant funds will be utilized to purchase a wheel loader and tractor for use by the County Road Department. Any changes in project costs, source of funds, scope of services, or any other significant changes in the project or County must be reported to and approved by Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be reason to discontinue the processing of your request. The proposed funding for this project is set forth on the attached copy of Form RD 1942-14, "Association Project Fund Analysis."

If Rural Development makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or at the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan and grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. Form RD 1942-46, "Letter of Intent to Meet Conditions," will be used to exercise your choice of the lower interest rate.

The conditions are outlined below:

- A. Organization: Consideration for this loan and grant is based on Ben Hill County Board of Commissioners being properly created as a legal entity in accordance with the laws of the State of Georgia.
- B. Maximum Amount of Loan to be Considered: \$108,000
Maximum Amount of Grant to be Considered: \$100,000

Rural Development • Georgia State Office
355 E. Hancock Ave, RM 304 • Athens, GA 30601
Voice (706) 546-2171 • TDD (706) 546-2034 • Fax (855) 452-0958

USDA is an equal opportunity provider, employer, and lender.

- C. Repayment Schedule: The loan will be repayable over a period not to exceed five (5) years from the date of loan closing. The first payment will be due one month from the date of loan closing and will be a fully amortized installment of both principal and interest. All monthly payments will be due on the same date of each succeeding year for the life of the loan, with each being a fully amortized installment of both principal and interest. If the loan is closed on the 29th, 30th or 31st day of the month, the due date of the installment will be the 28th day of the month. Interest will accrue on the basis of a 365-day year. For planning purposes, the payment is projected to be \$1,906 monthly based on an interest rate of 2.250%.

In addition to the funds needed to pay the principal and interest on the note each year, the County BOC must also collect sufficient revenues to create and maintain the required reserve fund. Such reserve fund will require the monthly deposit of funds equivalent to ten percent of the amount needed to pay the monthly installment of principal and interest on the note. Monthly deposits to the reserve fund in the above described amount are required until the fund has accumulated an amount equal to that needed to pay the principal and interest on the note for the next succeeding year. For planning purposes, the monthly reserve deposit will be \$191 until you have accumulated \$22,872.

You will participate in the PREAUTHORIZED DEBIT (PAD) payment process. This will allow for your payment to be electronically debited from your account on the day your payment is due. The Camilla Rural Development Office will provide more information on this payment process and provide the required form.

- D. Security Requirements: The loan will be evidenced by a UCC-1 Financing Statement and a Security Agreement on all equipment purchased with loan and grant funds. The security will be retained by USDA Rural Development until the loan has been paid in full.
- E. Grant Agreement: Attached is a copy of Form RD 3570-3, "Community Facilities Grant Agreement" for your review. You will be required to execute a completed form at the time of grant closing.

Ben Hill County Board of Commissioners (the Grantee) understands the requirements for receipt of funds under the Community Facilities Grant program. The grantee assures and certifies that it is in compliance with all applicable laws, regulations, Executive Orders, and other generally applicable requirements, including those set forth in the "Agreement for Administrative Requirements for Community Facilities Grants," 7 CFR parts 3015, 3016, or 3019, and the Letter of Conditions.

The Grantee understands that any property acquired or improved with Federal grant funds may have use and disposition conditions which apply to the property as provided by 7 CFR parts 3015, 3016, or 3019 in effect at this time and as may be subsequently modified.

The Grantee understands that any sale or transfer of property is subject to the interest of the United States Government in the market value in proportion to its participation in the project as provided by 7 CFR parts 3015, 3016, or 3019 in effect at this time and as may be subsequently modified.

F. General Requirements:

1. Prior to the closing of the loan and grant, it will be necessary for our Area Office to conduct a Compliance Review. Your office's full cooperation will be necessary in accomplishing this certification and review. During the review, the representative of the Area Office will complete and execute Form RD 400-8, "Compliance Review." The nondiscrimination posters "And Justice for All" and "Equal Employment Opportunity" are to be displayed at your office and facilities.
2. Prior to the approval of the loan and grant, you will have certified on at least two different occasions as to your inability to finance this project from your own resources or other credit at reasonable rates and terms. This was based on prevailing private and cooperative rates and terms in or near your community for loans for similar purposes and periods of time. By accepting this loan and grant, you are also agreeing to refinance the unpaid balance if at any time in the future it should appear to Rural Development that you are able to obtain loans for such purposes from responsible cooperative or private sources at reasonable rates and terms.
3. Your funding needs will be reassessed before loan and grant closing. The reassessment will include the necessary revisions to the loan and grant docket and the Letter of Conditions. The reassessment and revisions will be based on revised project costs and Rural Development regulations effective at the time the loan and grant was approved. Any grant funds not needed to complete the proposed project will be deobligated.
4. This financial assistance is subject to your compliance with the Title VI of the Civil Rights Act of 1964 and the Age Discrimination Act of 1975, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act (ADA) of 1990.

5. Any County BOC contributions shall be considered as the first funds expended. After providing for all authorized costs, any remaining Rural Development project funds will be considered Rural Development grant funds and refunded to Rural Development.
6. Adequate insurance coverage should be maintained. You are encouraged to consult with your attorney and insurance agent to determine the amount of coverage you should maintain to protect the financial interest of the County BOC and Rural Development.
7. Audit Requirements - The following management data will be required from you on an annual basis and be submitted to the Agency as specified below:
 - a) A borrower that expends \$750,000 or more in federal financial assistance per fiscal year shall submit an audit performed in accordance with the requirements of Omni Circular 200.501. As described above, the total federal funds expended from all sources shall be used to determine federal financial assistance expended. Projects financed with interim financing are considered federal expenditures.
 - b) A borrower that expends less than \$750,000 in Federal financial assistance per fiscal year and an outstanding Agency loan balance of \$1,000,000 or more shall submit an audit performed in accordance with Generally Accepted Government Auditing Standards, (GAGAS).
 - c) A borrower that expends less than \$750,000 in Federal financial assistance per fiscal year and has an outstanding Agency loan balance of less than \$1,000,000 may submit a management report, which includes at a minimum a Balance Sheet and an Income and Expense Statement.

Annual Budget and Projected Cash Flow: Thirty days prior to the beginning of each fiscal year, you will be required to submit an annual budget and projected cash flow to this office. You should submit two copies of Form RD 442-2, Statement of Budget, Income and Equity, (Attachment No. ____), Schedule 1, page 1; and Schedule 2, Projected Cash Flow. The only data required at this time on Schedule 1, page 1, is Columns 2 & 3. All of Schedule 1, page 2 and Schedule 2, Projected Cash Flow will be required. You may submit annual budgets on other financial statements for cash flow projections rather than Form RD 442-2. With the submission of the annual budget, you will be required to provide

a current rate schedule, a current listing of the Board or Counsel members and terms.

Quarterly Reports – Borrowers receiving their first loan from RD, will be required to submit two copies of Form RD 442-2, Schedule 1, page 1, columns 2-6, as appropriate, and page 2. You may submit historical quarterly financial statements on a format other than Form RD 442-2. This information should be received in the servicing office thirty days after the end of each of the first three quarters of the fiscal year.

8. If there is more than one source available for the type of furnishings and equipment to be purchased, the County BOC will obtain offers from more than one source to promote free and open competition for this proposal.
9. Positive efforts shall be made by the County BOC to utilize small, minority-owned, and woman-owned business sources. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts to be performed utilizing loan and grant funds.

G. Use of Remaining: All grant funds will be used as initially planned. Remaining funds may be used for eligible purposes, provided that the use will not result in major changes to the original scope of work and the purpose of the grant remains the same. Grant funds that are not needed will be cancelled.

H. Owner and Attorney Responsibilities: Attachments A and B are the requirements (action items) to be met by each respective party to reach the ultimate closing of the loan and grant. All parties should work together, along with the Rural Development Specialist, in meeting these requirements in a timely manner.

If the conditions set forth in this letter are not met within 180 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application. Rural Development will meet with the County BOC officials and attorney and any other parties that may be involved in the project one month after the date of Form RD 1942-46, "Letter of Intent to Meet Conditions." The purpose of this meeting will be to determine the progress that has been made in complying with the "Letter of Conditions" and to review the goals and the timetable for completing work on the conditions that have not yet been satisfied. Additional meetings for the same purpose will be held at 30-day intervals.

If you desire that further consideration be given to your application the following forms need to be executed: Forms RD 1942-9, "Loan Resolution Security Agreement"; RD 1942-46, "Letter of Intent to Meet Conditions;" 400-1, "Equal Opportunity Agreement;" 400-4, "Assurance Agreement;" 442-7, "Operating Budget;" 1940-1, "Request for

Obligation of Funds”; Form AD-1047, “Certification Regarding Debarment, Suspension and Other Responsibility Matters – Primary Covered Transactions;” AD-1049, “Certification Regarding Drug Free Workplace Requirements (Grants) Alternative 1 – For Grantees Other Than Individuals;” “Certification for Contracts, Grants, and Loans” and 1910-11, “Applicant Certification Federal Collection, Suspension and Other Responsibility Matters.”

You will have the full cooperation of this Agency. If we can be of any further assistance to you, please let us know. All inquiries and responses to this Letter of Conditions should be made to Linda Westberry, Area Specialist at (229) 336-0371 or by e-mail at linda.westberry@usda.gov.

Sincerely,

 Digitally signed by John E. Stanek
Date: 2020.08.21 12:55:21 -04'00'

JOHN E. STANEK
Community Programs Director

Attachments: A – Owner’s Responsibilities
B – Attorney’s Responsibilities

ATTACHMENT A – Owner’s Responsibilities

This attachment does not replace the Letter of Conditions but is an integral part of it.

All items listed in Attachment B are also your responsibilities, as owner, in addition to the following items:

1. A quorum of the Board of Commissioners must convene at a meeting called by the Chairman and adopt Form RD 1942-9, “Loan Resolution Security Agreement”.
2. Form AD-1047, “Certification Regarding Debarment, Suspension and Other Responsibility Matters – Primary Covered Transaction” must be executed by the Chairman. If the Chairman is unable to certify to any of the statements in this certification, the Chairman must attach an explanation to the proposal. The County agrees by executing this form, it will not knowingly enter into any transactions with persons debarred, suspended, declared ineligible or voluntarily excluded from participation in this project unless authorized by Rural Development. The County further agrees by executing this form that it will include Form AD-1048, “Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions”, a copy of which is attached, without modification, in all transactions in this project. The County will obtain and maintain in its files an executed copy of Form AD-1048 for each participant providing services for this project in excess of \$25,000
3. The Chairman must execute Form RD 1910-11, “Applicant Certification Federal Collection Policies for Consumer or Commercial Debts” indicating his understanding of actions the Federal government may take in the event that the County fails to meet its scheduled loan payments.
4. Section 504 of the Rehabilitation Act of 1973, as amended, applies to all Federally Financed Programs and Activities. In order to comply with the law, it is your responsibility as recipients of Federal financial assistance to make your “programs and activities” accessible to and useable by persons with disabilities. You should conduct a self evaluation immediately, and if necessary, develop a transition plan for the removal of any structural barriers. The self evaluations must be conducted with the assistance of persons or organizations that are knowledgeable about accessibility issues such as an architect, etc. In addition to structural barriers, policies and procedures must be reviewed. These self evaluations are to be submitted to the Area Office within 30 days of the date of this letter. If structural barriers are found, these will need to be removed prior to loan/grant closing.
5. Prior to loan and grant closing, the County must provide and obtain approval from the Rural Development Office for its accounting and financial reporting system, including the required Agreement for Services with its auditor. Management reports will furnish the management with a means of evaluating prior decisions and serve as a basis for planning future operations and financial conditions.
6. Form RD 442-2, “Statement of Budget, Income and Equity” (Schedule 1, “Statement of Budget, Income and Equity” and Schedule 2, “Projected Cash Flow”) and Form RD 442-3, “Balance Sheet” will be utilized in submitting management data to Rural Development.
7. Form AD-1049 “Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I for Grantees Other Than Individuals” must be executed by the Chairman

By execution of this form the County is agreeing to establish and maintain drug-free workplace with its employees.

8. Evidence of adequate insurance and fidelity bond coverage must be provided to Rural Development prior to loan and grant closing. The use of deductibles may be allowed by Rural Development, provided you have adequate financial resources to cover potential claims requiring payment of the deductible.

The following guideline should be observed in obtaining/maintaining fidelity bond coverage:

All persons who have access to your funds are to have fidelity bond coverage. This coverage may be provided either for all individual positions or persons or through blanket coverage that will adequately protect the interest of you and Rural Development. Rural Development will normally expect the amount of coverage to approximate the total amount of the annual principal and interest payment for the Rural Development loans. Form FmHA 440-24, "Position Fidelity Schedule Bond" or similar forms may be used in writing the coverage.

Rural Development may require changes in insurance and fidelity bond coverage as it may determine is necessary to adequately protect the government's financial interest.

9. The County is to appoint one member of its governing body to serve as liaison with Rural Development. This person should be knowledgeable of the project and available to work with Rural Development and the County's attorney.
10. The attached "Certification for Contracts, Grants, and Loans", RD Instructions 1940-Q, Exhibit A-1, must be executed by the Chairman and returned to Rural Development. The County must also require that the language of this certification be included in the award documents for all contracts and subcontracts exceeding \$100,000. The recipient of such contracts and subcontracts must complete and submit to the County a certification. The County must retain these certifications in its files and make them available for Rural Development examination upon request.
11. Furnish a current list of the Council members with their terms of office, and samples of their signatures.

Attachment B — Attorney's Responsibilities
(Community Facilities)

This attachment does not replace the Letter of Conditions, but is an integral part of it:

- 1. Execute a Legal Services Agreement with the applicant for providing the necessary legal services for the proposed project (4 copies). Rural Development guidelines should be used in preparing this Agreement. (Provide within 15 days)
- 2. Issue a certification as to any judgments and/or litigation pending or outstanding against the applicant. This should include an opinion on the effect that such litigation might have on the security liens, (if applicable) that will secure the loan. (3 copies) A similar certification must be furnished to Rural Development at loan closing and prior to the release of each advance of loan funds from the Finance Office.
- 3. Cooperate with Rural Development in assisting applicant with the closing of the loan.
- 4. Complete lien holder section of vehicle titles and perfect first lien on all vehicles with the Department of Motor Vehicles.
- 5. Provide detailed loan/grant closing certification pursuant to loan closing instructions provided by USDA Office of General Counsel. (3 copies)

ASSOCIATION PROJECT FUND ANALYSIS

<p>CASE NUMBER</p> <p>ST CO BORROWER NO.</p> <hr/> <p>Source of Funds: <input type="checkbox"/> 1 - Insured <input type="checkbox"/> 2 - Direct</p> <p>Type of Submission: <input type="checkbox"/> 1 - Initial <input type="checkbox"/> 2 - Subsequent</p> <p>Type of Assistance: <input type="checkbox"/> 1 - Loan <input type="checkbox"/> 2 - Grant <input type="checkbox"/> 3 - Loan & Grant</p> <p>Type of Organization: <input type="checkbox"/> 1 - PBTE <input type="checkbox"/> 2 - Non - TE</p> <p>Date of Application:</p> <hr/> <p>Date Loan and/or Grant Approved:</p>	<p style="text-align: center;">TYPE OF LOAN AND/OR GRANT:</p> <table style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> 1 - Domestic Water System <input type="checkbox"/> 2 - Waste Disposal Systems <input type="checkbox"/> A Sewage Collection <input type="checkbox"/> B Sewage Treatment <input type="checkbox"/> C Solid Waste Disposal <input type="checkbox"/> D Storm Drainage <input type="checkbox"/> 3 - Recreation <input type="checkbox"/> 4 - Grazing </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> 5 - Cooperatives <input type="checkbox"/> 6 - Indian Tribes or Tribal Corporations <input type="checkbox"/> 7 - RC&D <input type="checkbox"/> 8 - Watershed (PL-566) <input type="checkbox"/> 9 - Flood Prevention (PL-534) <input type="checkbox"/> 10 - Community Facilities <input type="checkbox"/> 11 - Grants (PL-92-419) <input type="checkbox"/> 12 - B&I (Insured) </td> </tr> </table>	<input type="checkbox"/> 1 - Domestic Water System <input type="checkbox"/> 2 - Waste Disposal Systems <input type="checkbox"/> A Sewage Collection <input type="checkbox"/> B Sewage Treatment <input type="checkbox"/> C Solid Waste Disposal <input type="checkbox"/> D Storm Drainage <input type="checkbox"/> 3 - Recreation <input type="checkbox"/> 4 - Grazing	<input type="checkbox"/> 5 - Cooperatives <input type="checkbox"/> 6 - Indian Tribes or Tribal Corporations <input type="checkbox"/> 7 - RC&D <input type="checkbox"/> 8 - Watershed (PL-566) <input type="checkbox"/> 9 - Flood Prevention (PL-534) <input type="checkbox"/> 10 - Community Facilities <input type="checkbox"/> 11 - Grants (PL-92-419) <input type="checkbox"/> 12 - B&I (Insured)					
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		<p style="text-align: center;">FINANCE USE ONLY</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">LN</td> <td style="width: 33%; text-align: center;">CR</td> <td style="width: 33%; text-align: center;">FY</td> </tr> <tr> <td style="text-align: center;">MA</td> <td style="text-align: center;">DP</td> <td></td> </tr> </table> <p>Land Shifted: _____ Acres in Project</p> <p>Recreational Visitor Day Capacity _____ Annual</p> <p>Number of users directly benefiting from this action:</p> <p>Residential _____ Other _____</p>	LN	CR	FY	MA	DP	
LN	CR	FY						
MA	DP							

NAME OF APPLICANT:	ADDRESS:	NAME OF COUNTY:
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ITEM	FUND ANALYSIS — (ALL AMOUNTS IN HUNDREDS OF DOLLARS)				
	CASH CONTRIBUTION	OTHER	RD/FSA GRANT	RD/FSA LOAN	TOTALS
1. Development					
2. Land and Rights					
3. Legal Services					
4. Architectural Eng. and Planning Service					
5. Interest					
6. Equipment					
7. Contingencies					
8. Refinancing					
9. Initial O&M					
10. Initial Reserve					
11. TOTAL					

**United States Department of Agriculture
Rural Housing Service**

COMMUNITY FACILITIES GRANT AGREEMENT

THIS GRANT AGREEMENT (Agreement) dated _____, is a contract for receipt of grant funds under the Community Facility Grant program (7 C.F.R. part 3570, subpart B). These requirements do not supersede the applicable requirements for receipt of Federal funds stated in 7 C.F.R. parts 3015, "Uniform Federal Assistance Regulations," 3016 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," or 3019, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations." Further, 7 C.F.R. part 3570, subpart B, and all relevant regulatory requirements apply to applicants whether contained in here or not.

BETWEEN _____

a public body, nonprofit corporation, or Indian tribe (Grantee) and the United States of America acting through the Rural Housing Service (RHS), Department of Agriculture, (Grantor)

WITNESSETH:

All references herein to "Project" refer to a community facility to serve a rural community generally known as _____ The principal amount of the grant is \$ _____ (Grant Funds) which is _____ percent of Project costs.

WHEREAS

Grantee has determined to undertake the acquisition, construction, enlargement, capital improvement, or purchase of equipment for a project with a total estimated cost of \$ _____ Grantee is able to finance and has committed \$ _____ of Project costs.

The Grantor has agreed to give the Grantee the Grant Funds, subject to the terms and conditions established by the Grantor. Provided, however, that any Grant Funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of this Agreement or the applicable regulation.

As a condition of this Agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders, and other generally applicable requirements, including those contained in 7 C.F.R. § 3015.205(b), which are incorporated into this agreement by reference, and such other statutory provisions as are specifically contained herein.

NOW, THEREFORE, in consideration of said grant;

Grantee agrees that Grantee will:

A. Cause said Project to be constructed within the total sums available to it, including Grant Funds, in accordance with any architectural or engineering reports, and any necessary modifications, prepared by Grantee and approved by Grantor;

B. Provide periodic reports as required by Grantor and permit periodic inspection of the Project by a representative of the Grantor. For grant-only Projects, Form SF-269, "Financial Status Report," and a project performance report will be required on a quarterly basis (due 15 working days after each of each calendar quarter). A final project performance report will be required with the last "Financial Status Report." The final report may serve as the last quarterly report. Grantees shall constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved. The project performance reports shall include, but not limited to, the following:

1. A comparison of actual accomplishments to the objectives established for that period;
2. Reasons why established objectives were not met;
3. Problems, delays, or adverse conditions which will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular project work elements during established time periods. This disclosure shall be accomplished by a statement of the action taken or planned to resolve the situation; and
4. Objectives and timetables established for the next reporting period.

C. Manage, operate, and maintain the facility, including this Project if less than the whole of said facility, continuously in an efficient and economical manner;

D. Not use grant funds to replace any financial support previously provided or assured from any other source. The Grantee agrees that the Grantee's level of expenditure for the Project shall be maintained and not reduced as a result of Grant Funds;

E. Make the public facility or services available to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental disability at reasonable rates, including assessments, taxes, or fees. Grantee may make modifications as long as they are reasonable and nondiscriminatory;

F. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, that agreement applies equally to the grant and another identical agreement need not be executed in connection with this grant;

G. Upon any default under its representations or agreements contained in this instrument, Grantee, at the option and demand of Grantor, will immediately repay to Grantor the Grant Funds with any legally permitted interest from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Agreement may be enforced by Grantor, at its option and without regard to prior waivers of previous defaults by Grantee, by judicial proceedings to require specific performance of the terms of this Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Agreement and the laws and regulations under which this grant is made;

H. Use the real property including land, improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed;

1. Title to real property shall vest in the Grantee subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain Grantor's approval to use the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed, as provided in paragraphs 1 and 2 above, the Grantee shall request disposition instructions from the Grantor. The Grantor will observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal government in an amount computed by applying the Federal percentage of participation in the cost of the original Project to the fair market value of the property;

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor and pay the Federal government an amount computed by applying the Federal percentage of participation in the cost of the original Project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return;

(c) The Grantee may be directed to transfer title to the property to the Federal government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or Project to the current fair market value of the property;

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

I. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with Grant Funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment as defined below:

1. Use of equipment.

(a) The Grantee shall use the equipment in the Project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other federally sponsored activities, if any, in the following order of priority:

(i) Activities sponsored by the Grantor.

(ii) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the property was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the property as provided in paragraph 1 (a) and (b) above, the equipment may be sold or used for other activities in accordance with the following standards:

(a) Equipment with a current fair market value of less than \$5,000. The Grantee may use the property for other activities without reimbursement to the Federal government or sell the property and retain the proceeds.

(b) Equipment with a current fair market value of \$5,000 or more. The Grantee may retain the property for other uses provided that compensation is made to the Grantor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original Project to the current fair market value of the property. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the Grantor.

(c) The Grantor shall determine whether the equipment can be used to meet RHS or its successor agency's requirements. If no such requirements exist, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor shall issue instructions to the Grantee no later than 120 days after the Grantee's request and the following procedures shall govern:

(i) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share 10 percent of the proceeds or \$500, whichever is less, for the Grantee's selling and handling expenses.

(ii) If the Grantee is instructed to ship the property elsewhere, the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant Project or program to the current fair market value of the equipment plus any reasonable shipping or interim storage costs incurred.

(iii) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall include:

(a) Property records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the Project for which the equipment was acquired; location, use, and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return;

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

J. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property, and other assets. Grantees shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

K. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts, and transcripts;

L. Provide either an audit report, annual financial statements, or other documentation prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations, and this Agreement;

M. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or an instrumentality of a State shall not be held accountable for interest earned on Grant Funds pending their disbursement;

N. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item H and I; and

O. Not duplicate other Project purposes for which monies have been received, are committed, or are applied to from other sources (public or private).

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ _____ which it will advance to Grantee to meet not to exceed _____ percent of the Project development costs in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the Project and coordinating the plan with local official comprehensive plans for essential community facilities and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the Project will not produce beneficial results commensurate with the further expenditure of funds.

IN WITNESS WHEREOF, Grantee has this day authorized and caused this Agreement to be executed

By _____

and attested with its corporate seal affixed (if applicable) by

Attest: _____

By _____

(Title) _____

UNITED STATES OF AMERICA
RURAL HOUSING SERVICE

By _____

(Name)

(Title)



United States Department of Agriculture

AD-1048

**Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion
 Lower Tier Covered Transactions**

The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. § 552(a), as amended). This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, and 2 C.F.R. §§ 180.300, 180.355, Participants' responsibilities. The regulations were amended and published on August 31, 2005, in 70 Fed. Reg. 51865-51880. Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0505-0027. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud privacy, and other statutes may be applicable to the information provided.

(Read Instructions On Page Two Before Completing Certification)

- A. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency;
- B. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

ORGANIZATION NAME

PR/AWARD NUMBER OR PROJECT NAME

NAME(S) AND TITLE(S) OF AUTHORIZED REPRESENTATIVE(S)

SIGNATURE(S)

DATE

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider, employer and lender.

Instructions for Certification

- (1) By signing and submitting this form, the prospective lower tier participant is providing the certification set out on page 1 in accordance with these instructions.
- (2) The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.
- (3) The prospective lower tier participant shall provide immediate written notice to the person(s) to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (4) The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549, at 2 C.F.R. Parts 180 and 417. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
- (5) The prospective lower tier participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
- (6) The prospective lower tier participant further agrees by submitting this form that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- (7) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the System for Award Management (SAM) database.
- (8) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (9) Except for transactions authorized under paragraph (5) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.