



United States Department of Agriculture

Rural Development

Office of the
Under Secretary

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Dear Stakeholder:

Effective on March 1, 2013 the Budget Control Act 2011 (P.L. 112-25) mandated budget reductions, known as sequester, totaling \$85 billion across the Federal government for the remainder of the Federal fiscal year. The Consolidated and Further Continuing Appropriations Act, 2013 (P.L.113-6), signed into law on March 26, 2013, maintained the sequester cut and included two further across-the-board reductions (rescission) for USDA discretionary funding totaling 2.77 percent.

The consequence of these across-the-board reductions is that all Rural Development programs are operating with less money than last fiscal year. In particular, the reductions may impact on the availability of Rental Assistance (RA) to benefit very-low income families, many of whom are elderly and disabled.

Given the variables affecting RA usage, it will be some time before we know how far the remaining funding can be extended to accommodate renewals. Rural Development will continue to fully renew RA contracts as they expire. However, we anticipate that funding will run out before the end of the fiscal year. To the extent possible, Rural Development will work with affected borrowers within its regulatory authority to mitigate the effects of these cuts, including the potential use of any of the special servicing actions described in 7 C.F.R. §§3560.454 and 3560.455. We appreciate the potentially difficult position the reductions in rental assistance may create for your properties.

USDA has already undertaken historic efforts since 2009 to save more than \$700 million in taxpayer funds through targeted, common-sense budget reductions. These efforts have allowed the Department to continue carrying out important efforts to support a strong middle class and a new rural economy. USDA is focused on carrying out the Department's mission, while implementing the sequester and rescissions in a manner that causes as little disruption as possible.

Thank you for your continued partnership with the USDA Rural Development, and for your cooperation as we work together to manage these difficult circumstances.

Sincerely,

A handwritten signature in black ink that reads "Dallas Tonsager". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Dallas Tonsager
Under Secretary

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.