



Rural Development

August 6, 2021

Chad Parker
Acting Administrator

Rural Housing Service
1400 Independence Ave, SW
Room 5014-S
Washington, D.C. 20250

Telephone: (202) 692-0268

TO: State Directors
Rural Development

ATTN: Community Programs Directors

FROM: Chad Parker /s/ **Chad Parker**
Acting Administrator
Rural Housing Service

SUBJECT: Notice of Federal Interest when CF Grant Funds are used for
Real Estate

PURPOSE/INTENDED OUTCOME:

The purpose of this unnumbered letter is to provide guidance on providing notice of federal interest when grant funds are used to purchase, construct or improve real estate under 7 CFR 3570 Subpart B.

BACKGROUND:

Traditionally grant funds administered under 7 CFR 3570 Subpart B are used primarily to purchase equipment. However, if grant funds are used to acquire or improve real property and if the facility is ever sold or is no longer needed for any reason, the Agency may have an interest in the market value of the property in proportion to its participation in the project. Other Federal Agencies administering grant funds require a Notice of Federal Interest to be filed to record the interest.

IMPLEMENTATION:

A grantee that receives funds under 7 CFR 3570 Subpart B to acquire or improve real estate must file a Notice of Federal Interest. Federal interest cannot be defeated by a grantee's failure to file a Notice of Federal Interest. If a grantee uses federal funds to purchase real property or a facility, appurtenant to real property, it must record a Notice of Federal Interest in the official real property records for the jurisdiction where the facility is or will be located. This condition must be included in the letter of conditions and evidence of the filing provided prior to any advance.

CONCLUSION

If you have any questions on the Notice of Federal Interest or when notice is applicable, please contact the National Office for assistance. If you have any other questions regarding the information in this unnumbered letter, please contact your CF Asset Risk Management Specialist.

Attachment:
Notice of Federal Interest

EXPIRATION DATE:
August 31, 2022

FILING INSTRUCTIONS:
Community/Business Programs

NOTICE OF FEDERAL INTEREST
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)
Community Facilities

On (insert date), the Rural Housing Service, an agency in the United States Department of Agriculture (Agency) awarded Grant No. _____ (Grant) in the amount of _____ to (insert name of recipient) (Grantee). The Grant was awarded under the Community Facilities Grant Program (USC 1926(a)(19) and 7 CFR 3570 Subpart B) and provides funds for (describe purpose of grant, e.g., construction of a building), which is located on the land described in Attachment A (Grant Property).

The Grant Program and applicable laws, regulations, Executive Orders and other generally applicable requirements, including but not limited to those set out in 7 CFR 3570 Subpart B, the applicable general provisions of 2 CFR 200, 2 CFR 400, 2 CFR 417, 7 CFR 3015, 3016 and 3019, 7 CFR 5001, and 7 CFR 1942 Subparts A and C, include conditions on use of the Grant Property and provides for a continuing, perpetual Federal interest in the Grant Property that is real property (including fixtures). Specifically, the Grant Property may not be:

- (1) used for any purpose inconsistent with applicable Program statutes and regulations governing the Grant under which the Grant Property was acquired;
- (2) mortgaged or otherwise used as collateral without the written permission of the Agency;
or
- (3) sold or transferred to another party without the written permission of the Agency.

These laws and regulations affect the use and disposition of the Grant Property.

These Grant conditions and requirements cannot be subordinated, diminished, nullified or voided through encumbrance of the property, a transfer of ownership or other violation of Grant requirements. In accordance with Program and Departmental Regulations, Agency approval is required, among other things, for any proposed change in usage, ownership, or use of the Grant Property for third-party collateral.

Inquiries regarding the Agency's interest in the Grant Property should be directed to:

Administrator
Rural Housing Service
1400 Independence Avenue, SW, Room 5014-S
Washington, DC 20250

This Notice of Federal Interest is acknowledged and agreed to by the undersigned Grantee on behalf of the Grantee and its successors in interest. All references to the Agency will include its successors in interest.

Grantee:

Signature: _____

Typed Name: _____

Title: _____

Date: _____

(EXAMPLE OF NOTARIZED AFFIRMATION. THIS SHOULD BE CONFORMED AS NEEDED TO THE SITUATION OR STATE LAW.)

STATE OF _____ COUNTY OF _____ On this ___ day
of _____, 20___, before me, the undersigned, a Notary Public for the County
of _____, (State), personally appeared before me and is known to be the person who
executed this instrument on behalf of said Grantee, _____, and acknowledged to
me that he/she executed the same as their free act and deed in either their individual or other capacity
described above.

Witness my hand and official seal.

Notary Public in and for the County of _____, State
of _____.

ATTACHMENT A

(INSERT LEGAL DESCRIPTION OF PROPERTY INCLUDING THE CITY/TOWN/COUNTY
AND STATE OF PROPERTY)