

# ReConnect Program: Frequently Asked Questions

## General Application Inquiries for Round 3 Funding Opportunities

Updated: February 17, 2022

**Question: What is the ReConnect Program?**

**Answer:** The ReConnect Program offers federal loans, grants, and loan-grant combinations to help get broadband to rural areas that lack sufficient broadband access (defined as 100 megabits per second (Mbps) downstream, and 20 Mbps upstream). ReConnect loans and grants can help cover costs associated with the construction, improvement, or acquisition of facilities and equipment.

**Question: What types of assistance are available in the ReConnect program?**

**Answer:** USDA offers loans and grants to build infrastructure and install equipment that provides modern, reliable, high-speed internet service in rural places. The ReConnect program offers four products:

- 100 percent loans
- 50-50 loan-grant combinations
- 100 percent grants
- 100 percent grants for Tribal Governments and Socially Vulnerable Communities (with no matching requirement)

More information about the four products is available at this link: <https://www.usda.gov/reconnect>.

**Question: Which aspects of the ReConnect Program have been codified in the new regulation?**

**Answer:** Below is a summary of changes codified in the regulation. USDA's Rural Utilities Service (RUS) encourages you to closely review the regulation and the October 25, 2021 Funding Opportunity Announcement (FOA), and refer to them as you prepare your application. The regulation that governs ReConnect – 7 CFR 1740 – is available at this link: <https://go.usa.gov/xMJZU>.

- The regulation allows a number of important topics to be determined by each FOA:
  - Definition of “sufficient access to broadband”
  - Broadband speed of the proposed network

- The amounts and types of funds available for assistance, as well as the minimum and maximum award amounts
- Additional areas restricted from ReConnect funding (see 7 CFR 1740.11(b) – available at: <https://go.usa.gov/xexHA> for a basic list of service areas not eligible for ReConnect funding)
- Interest rate for 100 percent loans
- Possible deferral period for loans
- Whether an applicant can submit more than one application
- Scoring criteria for 100 percent grant, and loan-grant combination applications

**Question: How does the October 25, 2021 Funding Opportunity Announcement define “sufficient access to broadband?”**

**Answer:** “Sufficient access to broadband” is defined as any rural area in which households have fixed, terrestrial broadband service defined as 100 megabits per second (Mbps) downstream and 20 Mbps upstream.

**Question: What are the buildout speeds required for facilities proposed to be constructed with ReConnect funds?**

**Answer:** Proposed facilities funded by ReConnect must be capable of delivering 100 Mbps symmetrical service to every premise in the Proposed Funded Service Area (PFSA) at the same time. Specifically, this means **every premise** within the PFSA can receive 100 Mbps downstream and 100 Mbps upstream service at once.

**Question: What types of – and how much – ReConnect funding is provided under the October 25, 2021 FOA?**

**Answer:** There are four types of funding available with this FOA:

- 100 Percent Loan. A total of up to \$200 million is available for loans. The maximum amount that can be requested in a single application is \$50 million.
- 50 Percent Loan – 50 Percent Grant Combination. Up to \$250 million is available for loan-grant combinations. The maximum amount that can be requested in an application is \$25 million for the loan, and \$25 million for the grant. Loan and grant amounts will always be equal.
- 100 Percent Grant. Up to \$350 million is available for grants. The maximum amount of grant funds that can be requested in an application is \$25 million.

- If an applicant provides supporting information that demonstrates the Proposed Funded Service Area (PFSA) is comprised 100 percent of areas classified by the USDA Economic Research Service as Frontier and Remote Area (FAR) Level 4 (rural areas located 15 minutes or more from an urban area of 2,500 – 9,999 people, 30 minutes or more from an urban area of 10,000 – 24,999 people, 45 minutes or more from an urban area of 25,000 – 49,999 people, or 60 minutes or more from an urban area of 50,000 or more people) the applicant may request increase to \$35 million. Additional explanatory information about FAR levels is available at this link: <https://go.usa.gov/xMJ5x>. A GIS layer of FAR Level 4 areas is located at <https://www.usda.gov/reconnect>.
- 100 Percent Grant for Tribal Governments and Socially-Vulnerable Communities. Up to \$350 million is available for grants. The maximum amount of grant funds that can be requested in an application is \$25 million.
  - If an applicant provides supporting information that demonstrates the PFSA(s) are comprised 100 percent of locations within areas classified by the USDA Economic Research Service as FAR Level 4, the applicant can request up to \$35 million. A Geographic Information System (GIS) layer of FAR Level 4 areas is available at <https://www.usda.gov/reconnect>.

**Question: What are the interest rates for loans allowed under the October 25, 2021 FOA?**

**Answer:**

- For 100 percent loans, the interest rate is fixed at 2 percent
- For the loan portion of a loan-grant combination, the interest rate is set at the U.S. Treasury rate for the remaining amortization period at the time of each advance of funds

**Question: What are the deferral periods for loans allowed under the October 25, 2021 FOA?**

**Answer:**

- 100 percent loans: three (3) years deferral of principal and interest
- For the loan portion of a 50 – 50 percent loan-grant combination: three (3) years deferral of principal and interest

The deferral period begins on the date of the first advance of loan funds.

**Question: What is the amortization period on which loan repayments (principal and interest) are based?**

**Answer:** Unless the applicant requests a shorter repayment period, loans must be repaid with interest within a period that – rounded to the nearest whole year – is equal to the expected Composite Economic Life of the funded assets. This is determined by RUS using acceptable depreciation rates, plus three years. You can find the current acceptable depreciation rates table at this link: <https://go.usa.gov/xexHF>.

“Composite Economic Life” means the weighted (by dollar amount of each class of facility) average economic life of all classes of facilities necessary to complete construction of the broadband facilities in the proposed funded service area.

**Question: How many applications can one entity submit for consideration under the October 25, 2021 FOA?**

**Answer:** Although you are free to **create** more than one application in the system, you can only **submit** one application for consideration.

**Question: Do applicants for the 100 percent Grant for Tribal Governments and Socially-Vulnerable Communities need to be Tribal Governments AND ALSO serve socially-vulnerable areas?**

**Answer:** No. Eligible applicants under this funding category include a Tribal Government – or a corporation wholly owned by a Tribal Government – proposing to provide service on its own lands, **OR** an applicant proposing to serve a geographic area comprised of at least 75 percent Socially-Vulnerable Communities.

**Question: When can I apply through the online application system?**

**Answer:** The RUS online application system will open November 24, 2021, and remain open until 11:59 A.M. Eastern on March 9, 2022. Applicants can access the application system at <https://reconnect.usda.gov>.

**Question: Can an applicant start an application if they do not have their System for Award Management (SAM) registration, or Dun and Bradstreet Number (DUNS) yet?**

**Answer:** No. Both DUNS and a Taxpayer Identification Number (TIN) are required to start a ReConnect application.

It can take up to three weeks to register in the System for Award Management (SAM), get a Commercial and Government Entity (CAGE) Code (information is available at this link: <https://sam.gov/content/home>) and get a Dun and Bradstreet (DUNS) number (information is available at this link: <https://fedgov.dnb.com/webform/displayHomePage.do>) so it is important to start these items as soon as possible.

Please keep in mind that entities creating new registrations in SAM, and entities completing their annual registration renewals both must review and complete financial assistance representations and certifications before their registration can be activated. All SAM registration certifications must be up-to-date and complete.

**Question: What types of IDs do we need to access the ReConnect Application System?**

**Answer:** To access the application system, applicants need a USDA-verified (Level II) eAuthentication (eAuth) account, which can be obtained at [www.eauth.usda.gov](http://www.eauth.usda.gov).

To create and submit an application – as well as manage users in the application system – you must also have an approved Authorized Representative Request (ARR). Instructions on how to submit a new ARR or how to update an existing ARR are in the application guide, which is currently being updated, and will be made available before the application window opens at <https://www.usda.gov/reconnect> under “Forms and Resources”.

**Note:** An ARR requires a Taxpayer Identification Number (TIN), for which you can apply through the Internal Revenue Service website at this link: <https://go.usa.gov/xMJnr>, and a Dun & Bradstreet Number (DUNS), obtainable at [fedgov.dnb.com/webform](https://fedgov.dnb.com/webform).

**Question: In addition to EIN and DUNS, are there other types of federal identification needed to submit an application?**

**Answer:** Yes. To submit an application, an entity must also have a current, active registration in the System for Award Management (SAM), and a Commercial and Government Entity (CAGE) Code, both of which are obtainable at this link: <https://sam.gov/content/home>.

Please keep in mind that entities creating new registrations in SAM, and entities completing their annual registration renewals, are required to review and complete financial assistance representations and certifications before their registration can be activated.

**Question: How do I get a verified (Level II) eAuthentication (eAuth) account?**

**Answer:** Follow the instructions on the USDA eAuth website (available at this link: <https://www.eauth.usda.gov/eauth/b/usda/home>) to create a verified (Level II) eAuthentication (eAuth) account or upgrade an existing account to “verified” (Level II). All users who access the online application system must have a verified (Level II) eAuth account.

**Question: Can we begin working on the application before the Authorized Representative Request is approved?**

**Answer:** No. Applicants cannot begin working on an application until the Authorized Representative Request (ARR) is approved. ARR approval typically takes about two business days.

**Question: Will consultants, including consulting engineers, have access to the online application site for clients?**

**Answer:** Yes. Applicants can grant consultants access to the online application system. Once assigned the role of “Consultant,” they will then be able to access multiple applications within the system. **Note:** all individuals who log into the system must have a USDA verified (Level II) eAuth account.

**Question: Can an employee of one company be added to a second company without needing a second, separate eAuth ID?**

**Answer:** Yes. All users, regardless of security role, can now be added to multiple ReConnect accounts under a single eAuth ID. Users who are not consultants no longer need a unique eAuth ID in order to access different ReConnect accounts.

**Question: How do I start my application for ReConnect funds?**

**Answer:** Begin by reviewing the October 25, 2021 Funding Opportunity Announcement (FOA), and the ReConnect program regulation (7 CFR 1740 as revised – information is available at this link: <https://go.usa.gov/xex6b>) for current program and eligibility requirements. The FOA, regulation, and other resources including program information, fact sheets, and technical assistance materials are available at <https://www.usda.gov/reconnect>. All applications must be submitted through the RUS online application system, which will open on November 24, 2021, and remain open until 11:59 a.m. Eastern on March 9, 2022.

**Question: My organization uses Internet Explorer, and I am having problems accessing the application system. What can I do to improve my access to the system?**

**Answer:** Do not use Internet Explorer or Safari when using the application system. Both can create technical hitches that result in incomplete applications. Google Chrome and Microsoft Edge are the recommended browsers to use when completing your application.

**Question: My application timed out and I lost the information entered into the system. Can USDA recover this information?**

**Answer:** We cannot recover any information lost from not saving your application. We recommend saving your application multiple times during the process. For security, the system times out after 15 minutes of inactivity, and you will receive a warning message at approximately 14 minutes and 30 seconds. If an application times out without being saved, you will lose all information entered since the last time you saved the application.

**Question: When will USDA announce awards for the new round of funding?**

**Answer:** For current award announcements, visit the ReConnect Program website at <https://www.usda.gov/reconnect> and click "Subscribe" under the "Stay up-to-date" section at the bottom of the home page.

**Question: What is considered an affiliate company? What is the ownership threshold for considering a company an affiliate?**

**Answer:** Always refer to the FOA, regulation, or application guide for comprehensive guidance and legal definitions. The application guide is currently being updated and will be made available before the application window opens at <https://www.usda.gov/reconnect> under "Forms and Resources".

**Question: How does USDA know where broadband services at 100 Mbps down, 20 Mbps up speeds are currently provided?**

**Answer:** Rural Development uses several methods to verify whether a particular Proposed Funded Service Area (PFSA) currently has 100 Mbps downstream, 20 Mbps upstream broadband service. We will post a Public Notice Filing (PNF) of the proposed service area on the ReConnect webpage at <https://www.usda.gov/reconnect>, and service providers in those areas can submit a Public Notice Response (PNR) indicating whether they already provide 100 Mbps downstream, 20 Mbps upstream service. Then, USDA will conduct Service Area Validations (SAVs) within the areas of the PFSA(s) where a PNR is filed.

Service area validations also include desktop research using currently available data. Additionally, we will send subject matter experts (SMEs) to service area locations where a PNR is filed to oversee field tests to determine if the areas meet eligibility requirements, to verify the availability of 100 Mbps downstream, 20 Mbps upstream service, and validate other aspects of the application.

**Question: Does RUS require audited financial statements as part of the application?**

**Answer:** Yes. Audited financial statements are required. You must submit unqualified comparative audited financial statements for the previous fiscal year from the date your application is submitted.

If an application is submitted and the most recent year-end audit has not yet been completed, you can submit the most recent, completed, unqualified audit.

**Note:** an applicant can use the consolidated audit of the parent as long as the parent fully guarantees the loan, or in the case of a grant, guarantees construction will be completed as approved in the application, or the parent will repay the grant to RUS. If the applicant has more than one parent, then each parent's audits must be submitted, and each parent must fully guarantee the award.

For government entities, financial statements must be accompanied with certifications regarding unrestricted cash that may be available to the applicant on a yearly basis.

**Question: Can an applicant use fiscal year projections when completing the financials component of the application, or must they use calendar year projections?**

**Answer:** You can submit your financial information using a calendar year or fiscal year basis for historical and forecasting, but the methodology must be consistent across all years. If you choose to provide financial information on a fiscal year basis, you must indicate the fiscal year in the assumptions. We recommend you use the same basis as the unqualified, comparative, audited financial statements submitted with the application.

**Question: Would two entities owned by the same holding company be able to submit separate applications as separate entities proposing to serve different areas? Or is only one application allowed because both entities are owned by the same holding company?**

**Answer:** As long as each entity is organized as a standalone company, then each entity can submit separate applications. However, if a consolidated unqualified, comparative audit containing each entity's



financial information is not available from the parent holding company, each company must independently provide the unqualified, comparative audited financial statement for the previous fiscal year of the applicant from the date the application is submitted, and meet all other eligibility requirements as standalone entities.

**Question: Can a subsidiary use a parent company's financials when preparing the pro forma financial analysis?**

**Answer:** Financial information and projections must be those of the applicant, and consolidated projections are not acceptable. Applicants must use their own standalone projections.

**Question: What needs to be included for the real property question? (Example: Does the applicant own any real property? If so, upload all applicable copies of real estate deeds or any real property schedules). Do applicants need to upload documents for each property that they own, or can they use a real property schedule that lists all of their real property?**

**Answer:** The question regarding real property is intended to determine whether or not a mortgage would be required if the project is awarded. To satisfy this requirement, upload a copy of the company's real estate deeds and real property schedule. Note: applicants for the 100 percent grant product must select "no" in response to this question.

**Question: Are all CAF II – Auction 903 Winners' Census Block Group(s) off-limits to other applicants, regardless of the level and type of service that the CAF II Winner proposed to offer in those areas?**

**Answer:** CAF II – Auction 903 Winners' Census block (information is available at this link: <https://www.fcc.gov/auction/903>) groups are no longer restricted when applying for ReConnect funding unless sufficient access to broadband (as defined by the most recent Funding Opportunity Announcement) exists.

**Question: Will ReConnect fund middle-mile only projects?**

**Answer:** Typically, no. The intent of the ReConnect program is to bring high-speed broadband service to rural residences and businesses. Therefore, stand-alone, middle-mile projects are not eligible. However, middle-mile facilities are eligible if they are necessary to bring sufficient broadband service to all premises in the PFSA.

**Question: Can an applicant apply for Community Connect and ReConnect funds for different Proposed Funded Service Areas (PFSA)?**

**Answer:** Yes. You can apply for funds from both programs if the projects serve different Proposed Funded Service Areas (PFSAs).

**Question: What is the difference between the 100 Mbps downstream, 20 Mbps upstream service requirement and the 25 Mbps downstream, 3 Mbps upstream evaluation criteria?**

**Answer:** To be eligible for ReConnect funding, 90 percent of the households within a Proposed Funded Service Area (PFSA) must lack sufficient access to broadband service. "Sufficient access" is defined in the October 25, 2021 Funding Opportunity Announcement (FOA) as "fixed, terrestrial broadband service delivering at least 100 Mbps downstream, 20 Mbps upstream." If more than 10 percent of households in a proposed service area has 100 Mbps downstream, 20 Mbps upstream or greater service available, the area is not eligible for ReConnect funding.

The evaluation criteria for an application seeking a 100 percent grant or a loan-grant combination includes additional points if the proposed project serves an area of households that lack fixed, terrestrial broadband service of at least 25 Mbps downstream, 3 Mbps upstream. The applicant must provide supporting evidence that 25 Mbps downstream, 3 Mbps upstream service does not exist for those households. To the extent possible, you must identify all existing providers in the PFSA and indicate what level of service is actually being provided. The evaluation criteria do not apply to applications seeking 100 percent loan funding.

**Question: Can one applicant request funding from all four funding categories?**

**Answer:** No. You must choose one type of funding (100 percent loan, loan-grant combination, 100 percent grant, or 100 percent grant for Tribal Governments and Socially-Vulnerable Communities) from which to apply, and can submit only one application. You can, however, begin multiple applications in the application system.

**Question: If an applicant applies for but does not receive a 100 percent grant, will they be considered for the 50 – 50 percent combination loan-grant category?**

**Answer:** No. You can submit only one application within the application window specified in the October 25, 2021 FOA. An application submitted for one funding category is not eligible for any of the other funding categories.

**Question: Does USDA have sample language for the Authorized Representative Request (ARR)?  
To whom and to where should the ARR and board resolution be submitted?**

**Answer:** Authorized Representative Request (ARR) instructions and sample board resolution language are available on the ReConnect website at <https://www.usda.gov/reconnect> under “Forms and Resources.” The instructions provide two sample resolutions featuring a corporation, and a Limited Liability Company (LLC). If the applicant is an entity other than a corporation or LLC, the content of the sample resolutions can be modified to reflect the applicant’s legal structure. Once completed, the board-approved resolution must be uploaded within the online application system as a part of the AAR.

**Question: Can I use my RD Apply or eAuth login for access to ReConnect?**

**Answer:** No. Although both use verified (Level II) eAuthentication for logins, the ReConnect program does not use the RD Apply system. To use the ReConnect online application system, you must have an approved ARR in ReConnect. The RUS ReConnect online application system can be found at <https://www.usda.gov/reconnect>.

**Question: Are there any application fees required in the ReConnect application?**

**Answer:** No application fees are required to submit an application to USDA. However, you can incur pre-application expenses related to the creation and submission of an application. Pre-application expenses must fund eligible costs and be budgeted within the application in order to be reimbursed by Rural Development. Additional details on pre-application expenses can be found in 7 CFR 1740.12(a)(2) – available at this link: <https://go.usa.gov/xex6M>.

**Question: Do applicants need to submit a legal opinion?**

**Answer:** Yes. All applicants must submit a legal opinion. The document must address your ability to enter into the award documents, describe all material pending litigation matters, address your ability to pledge security as required by the award documents, and address your ability to provide broadband service under state law. We recommend the legal opinion be prepared according to the sample format available under “Forms and Resources” at this link: <https://www.usda.gov/reconnect>. This sample can be modified to meet your needs. **Note:** We recommend all such modifications be reviewed with RUS staff prior to final submission. Additional details on legal opinions required for the ReConnect program can be found in 7 CFR 1740.60(d)(9), available at this link: <https://go.usa.gov/xex6t>.

**Question: Are the evaluation criteria datasets available for download?**

**Answer:** Yes. The datasets used to determine evaluation criteria are available to download. These datasets represent a specific moment in time and will not be modified during the course of the current Funding Opportunity Announcement; nor can the data be challenged. The Evaluation Criteria Datasets available for download include:

- Economic Need of the Community (SAIPE)
- Rurality – 100 Miles from Urbanized Areas
- Socially-Vulnerable Communities
- Tribal Lands

More information about ReConnect Program Service Area Map Datasets can be found at this link:

<https://go.usa.gov/xe3GH>.

**Question: What datasets are available to the public as they relate to the ReConnect Program Service Area Map?**

**Answer:** You can access several datasets relating to the ReConnect Program, including the following:

- Economic Needs of the Community (SAIPE) – This dataset contains the results of the U.S. Census Bureau’s Small Area Income and Poverty Estimates (SAIPE) program poverty estimates for all counties with a poverty percentage of 20 percent or higher. This program provides annual estimates of income and poverty statistics for all school districts, counties, and states for the administration of federal programs and the allocation of federal funds to local jurisdictions.
- Rurality – 100 Miles from Urbanized Areas – This shapefile contains a multipart feature of all 2010 Census urbanized areas surrounded by a 100-mile buffer. Urbanized areas are areas of 50,000 or more people.
- Socially-Vulnerable Communities – The dataset contains Census Tracts with a Social Vulnerability Index (SVI) overall ranking of 0.75 or higher. The SVI determines the degree to which a community is perceived as able to prevent human suffering and financial loss in the event of a disaster.

The ReConnect Program Service Area Map Datasets can all be viewed at this link:

<https://go.usa.gov/xe3GH>.

Additionally, there are datasets for Service Area Eligibility Criteria. These datasets outline geographic areas where the service area eligibility possibly will be limited for some applications. These datasets include the following:

- **Frontier and Remote Areas (FAR) Level 4:**
  - 15 minutes or more from an urban area of 2,500-9,999 people
  - 30 minutes or more from an urban area of 10,000-24,999 people
  - 45 minutes or more from an urban area of 25,000-49,999 people
  - 60 minutes or more from an urban area of 50,000 or more people
- **Non-Rural Areas** –For more information, please refer to the ReConnect Program Service Area Map Datasets webpage at this link: <https://go.usa.gov/xex6h>.
- **Pending Applications** – This dataset includes all Community Connect, Farm Bill Broadband, Telecommunications Infrastructure, and ReConnect Program loan, loan-grant combination, and grant applications submitted to the Rural Utilities Service (RUS). The layer updates when the status of an application changes. Approved applications remain protected under the Protected Broadband Borrower Service Areas layer. For applications no longer being considered by RUS, the applicant’s Proposed Funded Service Area will no longer appear as part of this layer.
- **Protected Broadband Borrower Service Area** - This dataset includes the service areas of entities that received a Telecommunications Infrastructure loan, Farm Bill Broadband loan, Broadband Initiatives Program (BIP) award, or ReConnect Program grant, loan, or combination award during or after fiscal year 2000. This dataset also includes Community Connect projects still under construction. Service areas of projects that were approved but subsequently de-obligated are not protected and have been omitted from this layer. With the exception of RUS projects still under construction, the service areas of existing RUS broadband borrowers and grant recipients without sufficient access to broadband, as defined in the October 25, 2021 Funding Opportunity Announcement (FOA), are eligible to apply for ReConnect funding.

Finally, there is a dataset for both Evaluation Criteria and Service Area Eligibility Criteria. This is the Tribal Lands dataset from the U.S. Census Bureau. It contains American Indian, Alaska Native and Native Hawaiian areas as of January 1, 2020. Additional information is available on the Service Area Maps webpage at this link: <https://go.usa.gov/xext6>.

**Question: What is the difference between the 100 Mbps symmetrical buildout requirement and the 100 Mbps downstream, 20 Mbps upstream sufficient access to broadband definition?**

**Answer:** The 100 Megabits per second (Mbps) symmetrical buildout speed is a requirement for all ReConnect Program projects. Projects incapable of delivering 100 Mbps symmetrical service to every premises in their Proposed Funded Service Area (PFSA) at the same time will not be selected for funding. A professional engineer must certify the proposed network can deliver at least 100 Mbps symmetrical service.

The 100 Mbps downstream, 20 Mbps upstream service speed is the current definition for sufficient access to broadband. Only areas where at least 90 percent of household lack access to 100 Mbps downstream, 20 Mbps upstream service are eligible for ReConnect funding. If fewer than 90 percent of households in an area lack access to 100 Mbps downstream, 20 Mbps upstream service, the area is not eligible to be served.

**Question: Can other federal funds be used to meet the ReConnect Program matching requirement for 100 percent grants?**

**Answer:** Typically, federal funds from other programs cannot be used as match for ReConnect funds unless the program under which the non-ReConnect funds were awarded has **specific statutory authorization** allowing that program's funds to be used as match for other federal programs.

**Question: Can ReConnect funds be used for monitoring expenses associated with National Historic Preservation Act (Section 106) reviews?**

**Answer:** Yes; as long as the cost of the monitors are considered part of construction costs and are capitalized. Monitoring expenses are considered professional costs and are eligible to be funded using up to 3 percent of the total award amount. Awardees are required to submit associated invoices, along with a copy of the agreement with their state or Tribal historic preservation office.

**Question: What areas are eligible for ReConnect funding?**

**Answer:** To be eligible for ReConnect Funding, a Proposed Funded Service Area (PFSA) must be:

1. Rural

- According to 7 CFR 1740.2 (available at this link: <https://go.usa.gov/xexFF>), a rural area is any area not located within:

1. A city, town, or incorporated area with a population greater than 20,000

2. An urbanized area contiguous and adjacent to a city or town with a population greater than 50,000

2. Lack sufficient access to broadband service as defined in the FOA.

- For all funding categories, 90 percent of households within each proposed service area must lack sufficient access to broadband. Sufficient access to broadband is defined in the October 25, 2021 Funding Opportunity Announcement (FOA) as “any rural area in which households have fixed, terrestrial broadband service delivering at least 100 Mbps downstream, 20 Mbps upstream.” In addition, 7 CFR 1740.2 (available at this link: <https://go.usa.gov/xexFt>) provides that mobile or cellular and satellite services – including systems that use satellite backbone facilities to connect to the internet – will not be considered when determining whether sufficient access to broadband exists.

In addition, a PFSA cannot include areas considered ineligible for funding under the ReConnect program. The ReConnect Program Service Area Map identifies areas that are ineligible or may be ineligible due to a protected broadband borrower currently providing sufficient access to broadband. Also, both the regulation and FOA provide information on this issue. The ReConnect Program Service Area Map (available at this link: <https://tinyurl.com/bdccjhap>) does not provide information on where sufficient access to broadband currently exists.

**Question: The RUS Service Area Map does not differentiate between “Protected Broadband Borrowers” that have built to 100/20 Mbps (therefore ineligible) and those that have not. Does RUS intend to differentiate them on the tool, or is it up to applicants to determine which Protected Broadband Borrower areas are eligible, and which are not?**

Answer: RUS currently does not list broadband download and upload speeds on either the Protected Broadband Borrower or Pending Applications layers of the Service Area Map (available at this link: <https://tinyurl.com/bdccjhap>). You must exercise your own due diligence in determining broadband speeds in potential PFSAs. RUS will review all submitted application information and will contact the RUS borrower to determine if sufficient access to broadband exists.

**Question: If our application includes the Irrevocable Letter of Credit, is there still a requirement for an exclusive first lien on all grant-funded assets?**

**Answer:** 7 CFR 1740.44(c)(2) states that for grant-only applications, applicants may request that standard grant security arrangements be replaced with an Irrevocable Letter of Credit (ILOC), to ensure that the project is completed. The ILOC would replace the need for an exclusive first lien on all grant-funded assets. However, even if there is no government lien filed on the grant assets, a subsequent sale of those assets before the completion of the service obligation results in an obligation (or debt) to repay the proceeds to the government, pursuant to 2 CFR 200.

**Question: What are the requirements for a Pledged Deposit Account?**

**Answer:** All ReConnect Awardees will be required to establish a Pledged Deposit Account (PDA). If a ReConnect Awardee has a matching fund requirement of either 25% or 50%, then those funds have to be expended prior to advancing any grant funds, with the exception of any eligible pre-application expenses. All matching funds must be deposited in the PDA and approved by RUS on an Financial Requirement Statement (FRS). Awardees have a choice of depositing the entire amount in the PDA prior to closing the award or they can choose to deposit them in tranches on a rolling basis prior to submitting an FRS to apply the respective amount that was deposited.

**Question: If an applicant wants to use the ILOC option, does an unqualified comparative audit need to be submitted?**

**Answer:** Yes, an unqualified comparative audit for the previous year does need to be submitted. By checking that an ILOC will be utilized, the financial section is turned off so applicants must upload their audits in the "Project Documents" section as an "Other" documents. In the description, the applicant should indicate that this is the audit.