

ADDENDUM TO THE MEMORANDUM OF UNDERSTANDING

BETWEEN

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL HOUSING SERVICE**

AND

FEDERATION OF APPALACHIAN HOUSING ENTERPRISES, INC.

The Rural Housing Service (RHS) of the United State Department of Agriculture (USDA) and the Federation of Appalachian Housing Enterprises, Inc. (FAHE) hereby modify the Memorandum of Understanding (MOU) dated November 22, 2010. Through this addendum, the parties seek to increase the effectiveness of the demonstration program implemented by the MOU by: (1) expanding the geographical areas covered by the MOU; (2) revising the expectation related to the percentage of applications submitted from very-low income applicants to match the 40 percent requirement in section 502(d) of the Housing Act of 1949 (42 U.S.C. 1472(d)); and (3) removing the expectation related to the percentage of applications submitted from persistent poverty counties since that goal was tied to the American Recovery and Reinvestment Act, which is now expired. This addendum modifies the MOU as follows:

- Sections I and IV are modified to remove the goal that at least 70 percent of the applications submitted by the Intermediary be from persistent poverty counties.
- Sections I and IV are modified to change the goal related to the percentage of submitted applications from eligible very low-income applicants from 50 percent to 40 percent.
- Sections I, II, and IV are modified to expand the territory covered under this MOU to cover Alabama, Indiana, Kentucky, Michigan, Ohio, Tennessee, Virginia, and West Virginia. Certain counties listed below are excluded from coverage because they have an existing high volume of applications and will not significantly benefit from the demonstration program's efforts to improve the accessibility of RHS programs, or those counties already have access to services similar to those provided by FAHE under the demonstration program.

Counties Excluded from Coverage

Alabama: Dallas, Perry, and Tuscaloosa.

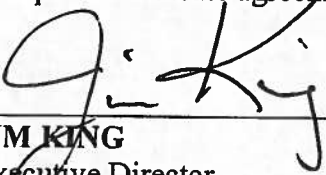
Michigan: Alger, Baraga, Cheboygan, Chippewa, Clinton, Clare, Delta, Dickinson, Emmet, Genesee, Gladwin, Gogebic, Houghton, Iosco, Iron, Isabella, Keweenaw, Livingston, Luce, Mackinac, Macomb, Marquette, Menominee, Midland, Monroe, Newaygo, Oakland, Ogemaw, Ontonagon, Presque Isle, Roscommon, Schoolcraft, Shiawassee, Washtenaw, and Wayne.

Tennessee: Benton, Carroll, Cheatham, Chester, Crockett, Davidson, Decatur, Dickson, Dyer, Giles, Hardeman, Hardin, Henderson, Henry, Hickman, Lake, Lawrence, Lewis, Madison, Marshall, Maury, McNairy, Montgomery, Obion, Perry, Robertson, Rutherford, Sumner, Wayne, Weakley, Williamson, and Wilson.

Virginia: Albemarle, Augusta, Caroline, Clarke, Culpeper, Fauquier, Fluvanna, Frederick, Greene, King George, Loudoun, Louisa, Madison, Nelson, Orange, Page, Prince William, Rappahannock, Rockingham, Shenandoah, Spotsylvania, Stafford, and Warren.


- Section III.4 is modified to change the frequency of the progress reports from quarterly to monthly; reports are due within seven days of the end of each month. Reports include the pipeline, closed loan, lead/pre-qualification, and decline reports.
- Sections III.2.d and V.7 are modified to replace Attachment A with Form RD 1944-12, Rural Housing Loan Application Package.
- Section VII is modified to extend the effective date to December 31, 2012.
- Attachment A is replaced with Form RD 1944-12.

The parties indicate agreement with this addendum by their signatures.



JIM KING
Executive Director
Federation of Appalachian Housing Enterprises, Inc.

9-14-11
DATE



TAMMY TRIVIÑO
Administrator
Housing and Community Facilities Programs

9-13-11
DATE