

ReConnect Program: Frequently Asked Questions

General Application Inquiries

Updated March 2, 2021

Question: What is the ReConnect Program?

Answer: The ReConnect Program is a broadband pilot program that offers federal loans, grants, and combinations thereof to facilitate broadband deployment in rural areas. ReConnect loans and grants provide funds for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service to rural areas without sufficient broadband access, defined as 10 Mbps downstream and 1 Mbps upstream.

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

Answer: USDA will offer loans and grants to build infrastructure and install equipment that provides modern, reliable, high-speed Internet service in rural America. The ReConnect program offers three products: 100% Loans, 50% Loan-50% Grant combinations, and 100% Grants. More information about the three products can be found on the ReConnect website at reconnect.usda.gov.

Question: Is the Funding Opportunity Announcement published in 2019 different from the one published in 2018?

Answer: Yes, there were a number of changes in the Funding Opportunity Announcement (FOA) published on December 12, 2019. Here is a high-level summary of the changes, however, RUS encourages you to review the FOA closely as you prepare to apply. Those changes include, but are not limited to, the following:

- The application window for the three categories of funding will be from January 31, 2020 through midnight, based on the time zone the applicant is located in, on April 15, 2020.
- Definitions have been added for healthcare and educational facilities and the name for critical community facilities has been changed to essential community facilities.
- For 100 percent grants, 90 percent of the proposed funded service area cannot have sufficient access to broadband, as opposed to 100 percent under round one.

- The requirement for two years of unqualified, comparative, audited financial statements has been changed to unqualified, comparative, audited financial statements for the previous year from the date the application has been submitted.
- The requirement that applicants must submit certifications from the appropriate state or tribal broadband office has been changed to a voluntary request.
- Pre-application expenses that were incurred for round one, but benefit an application for round two, may be funded up to the 5 percent of the total award in round 2.
- Under certain conditions a subsidiary can use the unqualified, comparative, audited statements to meet certain eligibility requirements.
- The scoring criteria for farms has been changed. Applicants will receive 1 point for every 10 farms served up to a maximum of 20 points. Farms will be counted using 2017 Census of Agriculture data.
- Tribal leaders can submit documentation supporting scoring points for the number of healthcare, educational and essential community facilities.
- The time period incumbent service providers will be able to challenge if sufficient service is present in an applicant's proposed funded service area is being increased from 30 days to 45 days.

Question: How long will the online application system be live?

Answer: The RUS Online Application System opened on January 31, 2020 and closes at midnight, based on the time zone the applicant is located in, on April 15, 2020. Applicants can access the application system at <https://reconnect.usda.gov>.

Question: What types of IDs do we need to access the ReConnect Application System and to file an application?

Answer: To access the application system, Applicants will need a USDA verified (Level II) eAuthentication (eAuth) account, which can be obtained at www.eauth.usda.gov. All Online Application System users are required to have a verified eAuth.

Additionally, to file an application Applicants will need an Employer Identification Number (EIN), obtainable at tax-irs-ein.com; a Dun & Bradstreet Number (DUNS Number), obtainable

at fedgov.dnb.com/webform; a current active registration in the System for Award Management (SAM), obtainable at sam.gov/sam; and, a Commercial and Government Entity (CAGE) Code, obtainable in SAM.

Question: How does an applicant receive a verified (Level II) eAuthentication account?

Answer: Follow the instructions on the USDA eAuth website: <https://www.eauth.usda.gov/home> to create a verified (Level II) eAuthentication (eAuth) account or upgrade an existing account to “verified.” A Level II eAuth account qualifies as a verified account and can be used to access the Online Application System. Every person at the applicant’s organization who needs access to the Online Application System must have a verified (Level II) eAuth account.

Question: Can applicants begin working on the application before the ARR is approved?

Answer: No, applicants cannot begin working on an application until the ARR is approved. ARR approval takes approximately two business days.

Question: Can an applicant start an application if they do not have their SAM registration or DUNS number yet?

Answer: It can take up to three weeks to register in SAM, get a CAGE Code (at SAM.gov) and get a DUNS number so it is important to get these initial items started as soon as possible. While an applicant can start an application without a DUNS number, an applicant will not be able to submit the application without both the CAGE Code and the DUNS Number.

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

Answer: Yes, consultants may be granted access to the Online Application System by an applicant. Once assigned the role of “Consultant” within the system, an individual consultant can access multiple applications within the system. Please note, all individuals who log into the system must have a USDA verified (Level II) eAuth account. Additionally, Consultants must NOT enter the portal until they receive an email indicating that the applicant has assigned them a consultant role in the system. Otherwise, these individuals risk being locked out of the portal. If locked out of the portal, submit a Help Desk ticket through the ReConnect website at www.usda.gov/reconnect/contact-us.

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

Answer: Begin by reviewing the 2019 Funding Opportunity Announcement (FOA), published on December 12, 2019 for current program and eligibility requirements. The FOA and other resources, including program information, fact sheets, and technical assistance materials are available on the ReConnect website at reconnect.usda.gov. All applications must be submitted through the RUS Online Application System, which opened on January 31, 2020 and will close at midnight, based on the time zone the applicant is located in, on April 15, 2020.

After the application window has opened, applicants can create an account in the application system by submitting an Authorized Representative Request (ARR). Applicants cannot begin working on an application in the system until the ARR is approved. Keep in mind, ARR approval takes approximately two business days.

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: Internet Explorer and Safari are not recommended browsers for using the Application System. Applicants should use Google Chrome, Mozilla Firefox, or Microsoft Edge to successfully complete the application.

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

Answer: USDA recommends saving applications at every opportunity. Some sections have a save button on every page, but other sections can only be saved once the applicant completes the section. The system will time out after 15 minutes, and the applicant will receive a warning message at approximately 14 minutes and 30 seconds. If an application times out without being saved, the applicant will lose all information entered since the last save. USDA cannot recover any information lost from not saving the application.

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

Answer: Information about award announcements is not available at this time. More information about the award announcement schedule will be available after the application window is closed and all applications have been received. The deadline for all applications (100% loan, 50/50 loan-grant combination and 100% grant) is midnight, based on the time zone the applicant is located in, on April 15, 2020. 100% loan applications will be reviewed on a rolling basis. 50/50 loan-grant combinations will be

reviewed and evaluated competitively against other 50/50 applications. 100% grant applications will be reviewed and evaluated competitively against other 100% grant applications.

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

Answer: The ReConnect legal documents provide the definition of an affiliate. Applicants should use the definition to determine affiliate relationships. The definition is as follows: "Affiliate" or "Affiliated Company" of any specified person or entity means any other person or entity directly or indirectly controlling of, controlled by, under direct or indirect common control with, or related to, such specified person or entity, or which exists for the sole purpose of providing any service to one company or exclusively to companies which otherwise meet the definition of affiliate. This definition includes Variable Interest Entities as described in Financial Accounting Standards Board Interpretation (FIN) No. 46(R), Consolidation of Variable Interest Entities. For the purpose of this definition, "control" means the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement with one or more other companies, and whether such power is established through a majority or minority ownership voting of securities, common directors, officers, or stockholders, voting trust, holding trusts (other than money exchanged) for property or services.

Question: How will USDA know where there are broadband services at 10/1 Mbps speeds currently provided?

Answer: USDA will use several methods to verify whether a particular Proposed Funded Service Area (PFSA) currently has 10/1 broadband service available. The Agency will post a Public Notice Filing (PNF) of the proposed service area on the ReConnect webpage at <https://reconnect.usda.gov> and service providers in those areas can submit a Public Notice Response indicating if they are already providing 10/1 Mbps. Then, USDA will conduct Service Area Validations (SAVs) for all PFSAs in an application to verify the availability of 10/1 service and other aspects of the application. Service area validations include some desktop research using data currently available. Additionally, USDA will send subject matter experts (SMEs) to service area locations to conduct field tests to determine if the areas meet the eligibility requirements.

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

Answer: Yes, there are three options for an applicant regarding financial statements:

1. An applicant must submit audited financial statements for the previous year from the date the application has been submitted. For the FY2020 round, the applicant would be required to submit its 2019 audit.
2. If an applicant does not have completed audited financial statements from the previous year, then the applicant can submit the two previous unqualified audits that have been completed. For the FY2020 round, the applicant would be required to submit its 2018 audit and 2017 audit.
3. If an applicant does not have the previous two years available and an application is submitted before the end of April 2020, then the applicant can submit the most recent yearend audit as well as an engagement letter with the CPA to demonstrate that the 2019 audit has been started. For the FY2020 round, the applicant would submit the 2018 audit and letter of engagement for 2019.

Please note, an applicant can use the consolidated financials of the parent as long as the parent fully guarantees the loan, or in the case of a grant, guarantees that construction will be completed as approved in the application or will repay the grant to RUS.

Question: Can an applicant use Fiscal Year projections when completing the financials component of the application or must they use Calendar Year projections?

Answer: An applicant can submit their financial information using a calendar year or fiscal year basis for historical and forecasting, but the methodology must be consistent across all years.

Question: Does the April 15th application deadline extension affect the required financial statements?

Answer: Yes, originally RUS only allowed applicants to submit its two previous audits for 2017 and 2018 to satisfy the audit requirement if an application is submitted in the first quarter of the calendar year and the most recent yearend audit has not been completed. However, this has been extended to include any application submitted before April 30, 2020.

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, each company must independently have the unqualified, comparative audited financial statement for the previous calendar year from the date the application is submitted and meet all other eligibility requirements.

Question: Can a subsidiary use a parent company's financials?

Answer: A subsidiary may use consolidated financials of the parent company if the parent fully guarantees the loan, or in the case of a grant, guarantees construction will be completed. The consolidated schedules (Balance Sheets, Income Statements, and Statement of Cash Flow) must contain enough detail, including notes to the financial statements regarding subsidiary activities, to enable USDA to determine the creditworthiness of the subsidiary.

Question: What needs to be included for the real property question (i.e., 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, applicants should upload a copy of the company's real estate deeds and Real Property Schedule. If, however, the real estate deeds are voluminous in size, a Real Property Schedule that lists all of the applicant's real property is satisfactory at the time of application submission. Please note, applicants for the 100% grant product should 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: Yes, for areas within the boundaries of a CAF II Census Block Group, only the CAF II Winner is eligible to apply but the CAF II Winner may only request a 100% loan. The exception to this requirement is if the CAF II Auction 903 area overlaps with a Protected Broadband Borrower's service area. In this case, the Protected Broadband Borrower is the only entity allowed to apply in that area. The CAF II

Auction 903 and Protected Broadband Borrower service areas can be found on the RUS Mapping Tool at <https://reconnect.usda.gov>.

Question: Will ReConnect fund middle-mile only projects?

Answer: Stand-alone middle-mile projects are not eligible under the ReConnect Program. However, middle-mile facilities are eligible if they are needed to bring sufficient broadband service to all premises in the PFSA.

Question: Can an applicant apply for Community Connect and ReConnect funds for different areas?

Answer: Yes, an applicant may apply for funds from both programs if the project serves different broadband service areas. The PFSA's included in the application for the ReConnect Program must meet eligibility requirements on a standalone basis.

Question: Please explain the 10/1 Mbps versus 25/3 Mbps service requirements.

Answer: To be eligible for ReConnect funding, 90% of the households within a PFSA must lack sufficient access to broadband service. "Sufficient access" is defined as fixed, terrestrial broadband service delivering at least 10 Mbps downstream and 1 Mbps upstream. If a proposed service area has 10/1 Mbps or greater service available, the area is not eligible for ReConnect funding. Availability of 25/3 Mbps service to all premises in a PFSA is the construction requirement for a ReConnect project. The project must be capable of providing fixed, terrestrial broadband service at a speed of 25/3 Mbps to every premise within the PFSA.

Question: Can one applicant request funding from all three funding categories?

Answer: One applicant may not request funding from all three funding categories. An applicant must choose one type of funding (100% loan, 50/50 loan-grant combination and 100% grant) to apply for and may only submit one application.

Question: If an applicant applies for but does not receive a 100% grant, may they then be considered for the 50/50 combination loan-grant category?

Answer: No, an applicant is only able to submit one application.

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: The ARR instructions and sample board resolution language are available on the ReConnect website at <https://reconnect.usda.gov> under Forms and Resources. The instructions provide two sample resolutions, including a corporation and LLC. If the applicant is an entity other than a corporation or LLC, then 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 Authorized Representative Request.

Question: Can an applicant use their RD Apply or eAuth login for access to ReConnect?

Answer: The ReConnect program does not use the RD Apply system. The RUS ReConnect Online Application System can be found on the ReConnect website at <https://reconnect.usda.gov>. A verified (Level II) eAuthentication (eAuth) account is required to access the system.

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

Answer: There are no application fees required to submit an application to USDA. Certain pre-application expenses are eligible if an award is approved; however, applicants are at risk for pre-application expenses if an award is not approved.

Question: Do applicants need to submit a legal opinion? What should be included?

Response: All applicants must submit a Legal Opinion. This document should address the applicant's ability to enter into the award documents, describe all material pending litigation matters, address the applicant's ability to pledge security as required by the award documents, and address the applicant's ability to provide broadband service under state law. The legal opinion should be prepared according to the sample format available on the ReConnect website under Forms and

Resources: <https://www.usda.gov/reconnect/forms-and-resources>. This sample can be modified to meet the applicant's needs.

Question: Why isn't my Local Network Service Revenue table calculating?

Answer: If the Local Network Service Revenue table is not generating, it may be because there are missing data on the Subscriber Projections table or Other Revenue table. Make sure to review each table carefully and update any cells with missing data. Every cell must have a value. Once you have completed the updates and saved the tables, the Local Network Services Revenue table will generate automatically in the system.