



United States Department of Agriculture
Rural Development
Pennsylvania State Office
www.rurdev.usda.gov/pa

**PA AN No. 1239 (1942-A and 1780)
May 18, 2009**

**SUBJECT: Application Processing Procedures
Community Facilities and Rural Development Utility Program**

**TO: Area Directors, Area Specialists, Area Technicians
Rural Development, Pennsylvania**

PURPOSE/INTENDED OUTCOME:

This PA AN is intended to clarify procedures for the processing of loan and grant applications for both the Community Facilities (CF) and Rural Development Utility Programs (RDUP). The intention is to clarify the requirements for submission of files to the State Office for both programs and to clarify the process for controlling the number of applications in the pipeline.

COMPARISON WITH PREVIOUS AN:

This AN replaces PA AN No. 1228 (1942-A and 1780) which was issued May 15, 2008, and expires May 31, 2009.

IMPLEMENTATION RESPONSIBILITIES:

Our applications for assistance are expected to exceed our program funding allocations for the foreseeable future, especially for grant funds. For this reason, we need a mechanism to control the amount of funds being pursued by active applications to keep it consistent with our program fund allocations.

Community Facilities

In the Community Facilities program, the preapplication process and the issuance of AD-622's can provide this mechanism, in accordance with RD Instruction 1942-A, 1942.2. When the pipeline is full, the State Office will authorize issuance of AD-622's that state the applicant is "eligible but does not have priority for funding at this time." We will then add that applicant to the waiting list and, as funds become available, we can issue another AD-622 authorizing submission of a full application.

Rural Development Utilities Program

The Rural Development Utilities Program regulations allow for a similar process, even though preapplications and AD-622's are not used in this program. Applicants for RDUP grants should complete

**EXPIRATION DATE:
May 31, 2010**

**FILING INSTRUCTIONS:
Preceding RD Instruction 1942-A
and RUS Instruction 1780**

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an eligibility request ONLY, per Section 1780.31(c), and they will be point ranked in accordance with 1780.17. If funds are not available, they will be placed on a waiting list and they will be notified that they have been determined eligible, but do not have priority for funding at this time. When funding becomes available, they will be notified to submit an initial application, which includes an Environmental Report and a Preliminary Engineering Report, in accordance with Section 1780.33. If the initial application is determined feasible, a complete application will be authorized per Section 1780.36.

Applicants for RDUP loans only (without grant) may submit initial applications without an eligibility request.

Submission of Files to the State Office for Obligation

Community Facilities - When Community Facilities applications are complete and ready for obligation, the application file will be assembled and tabbed in accordance with the appropriate file Position Guide and will be forwarded to the Area Director for their review and comments. Those comments should be added to the Project Summary in GLS. (The draft Letter of Conditions should also be sent to the State Office CF Specialist as an attachment to an e-mail when submitting the file, so that any needed changes can easily be made.) The entire application file will then be forwarded to the State Office for review and concurrence. The State Office will authorize issuance of the Letter of Conditions and return the application file to the originating field office. When the signed acceptance of conditions, a copy of the actual Letter of Conditions and the original Obligation of Funds forms are received in the State Office, the loan and/or grant will be obligated. The State Office will notify LAPAS and, after the official obligation date, the State Office will notify the applicant and the loan and/or grant may be closed.

Following this sequence will ensure that Area Directors are familiar with the CF projects in their area and the work of their Area Specialists. It will also enable the State Office to provide individual guidance to Area Specialists in the development of each application. Applications that are complete, properly assembled and received in a timely manner will be funded promptly.

Rural Development Utilities Program – RDUP loans and grants are now underwritten in CPAP, which can be accessed by the State Office to print forms. Also, RDUP projects are all very similar in revenue sources, expenses, project feasibility and debt repayment ability, unlike Community Facilities projects which vary widely. For these reasons, we will no longer require submission of a complete application file for RDUP projects when requesting authorization to issue the Letter of Conditions and loan/grant approval. Attachment A lists the items required to be submitted to the State Office at that time.

Since we are not requiring file submission, Area Directors may wish to establish a review process for their oversight of RDUP processing. If you have any questions, please call Gary Rothrock, Community Programs Director at (717) 237-2281.

/s/Trudy S. Moore

Trudy S. Moore
Acting PA State Director

**Rural Development Utilities Programs
Project Submission to State Office for Approval**

The following items should be submitted in lieu of a complete application file:

- o Copy of the Processing Checklist showing the date received for all applicable items included in the file
- o Form SF 424.2, "Application for Federal Assistance"
- o Draft RUS Bulletin 1780-12 "Water or Waste Grant Agreement", if applicable
- o Form 1940-1, "Request for Obligation of Funds"
- o Draft Letter of Conditions (also e-mail to S/O as an attachment)
- o Form 1942-46, "Letter of Intent to Meet Conditions"
- o Balance Sheet and most current audit
- o Proof of Publication for FONSI
- o Narrative and Recommendation from Area Specialist