



Rural Development

PA AN No. 1286 (1942-A)
April 25, 2014

State Office

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TO: Community Facilities/Multi-Family Housing Program Director, Team
Leaders, Area Specialists, Area Technicians
Rural Development, Pennsylvania

FROM: Thomas P. Williams /s/ *Trudy S. Moore, Acting*
State Director

SUBJECT: Application Processing Procedures
Community Facilities

PURPOSE/INTENDED OUTCOME:

This PA Administrative Notice (AN) is intended to clarify procedures for the processing of loan and grant applications for the Community Facilities (CF) Program. The intention is to clarify the requirements for submission of files to the State Office for the CF Program and to clarify the process for controlling the number of applications in the pipeline.

COMPARISON WITH PREVIOUS AN:

This AN replaces PA AN No. 1275 (1942-A) which was issued November 26, 2012 and expired November 30, 2013.

IMPLEMENTATION RESPONSIBILITIES:

***Throughout the lifecycle of a case (pre-application, full application, obligation, construction, closing, servicing and final pay-off), each Specialist is responsible for updating the tracking, running case record, and any additional data or items presently available in or added to the CF Portfolio on the PA SharePoint site.

All files will be assembled and tabbed in accordance with the most recently updated State Office position guides and application processing checklists available on PA SharePoint at that given point in time. Please ensure you stop utilizing aged processing and tab checklists and obtain current documents from the PA SharePoint site.

Historically applications for assistance have exceeded our program funding allocations especially for grant funds. For this reason, a mechanism is needed to control the amount of funds being pursued by active applications to keep consistent with our program fund allocations and initiatives.

In the Community Facilities program, the pre-application process and the issuance of AD-622's provides this mechanism in accordance with RD Instruction 1942-A, 1942.2. All applicants are required to submit a pre-application regardless of the project size and type of

EXPIRATION DATE:
April 30, 2015

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FILING INSTRUCTIONS:
Preceding RD Instruction 1942-A

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

project. If the funding pipeline is full at the time a pre-application is submitted to the State Office, the file will be reviewed and ranked according to priority point score; the State Office will authorize issuance of an AD-622 stating that the applicant is “eligible but does not have priority for funding at this time.” The State Office will then add that applicant to the waiting list. As funds become available, the State Office will issue another AD-622 authorizing submission of a full application.

Applicants must be advised that grant eligibility is on a graduated basis subject to population, median household income, financial need, total project cost and priority points. The amount of CF grant assistance must be the minimum amount sufficient for feasibility purposes after all sources of revenues for loan repayment have been determined.

After an AD-622 is issued for a complete application, if the applicant does not submit a complete application within six (6) months of the issuance date, a letter should be sent to the applicant notifying them to submit their complete application or their request will be withdrawn in thirty (30) days.

Submission of Complete Applications to the State Office for Obligation

Applications dockets that are complete, properly documented in CPAP and received in a timely manner will be funded promptly subject to the availability of funds.

Area Specialists underwrite CF loans and grants in CPAP. The underwriting in CPAP and financial data in the docket will be reviewed by the State Office. When the application is complete and authorization to issue the Letter of Conditions and loan/grant approval is being requested, the items listed in Attachment A will be required to be submitted to the State Office. The State Office will review submission of the requested items and CPAP and authorize issuance of the Letter of Conditions.

When the original signed 1940-1 Obligation Form along with the additional items shown under the heading “*Submission for obligation will include the following*”, the loan and/or grant will be obligated. ***Faxed or scanned 1940-1 Obligation Forms will only be accepted near pooling dates, near the end of the Fiscal Year, or near interest rate adjustment dates which negatively affect the customer;*** during these times you will be notified whether or not faxed forms are permissible. The State Office will notify LAPAS. On the official obligation date, the State Office will mail the applicant a congratulatory letter with a copy of the 1940-1; a copy of the same letter, the original 1940-1 and a copy of the LAPAS will be mailed to the Area Specialist on the same day.

Until such time as the 2033 Regulation is re-written, a hard copy of the docket is necessary. Complete application files for CF need to be submitted to the State Office when requesting authorization to issue the Letter of Conditions and loan/grant approval in order for the State Office to compile a basic borrower docket. Once the State Office authorizes and issues the Letter of Conditions, the original application file will be returned to the originating office.

If you have any questions, please call the Community Facilities/Multi-Family Housing Division directly at (717) 237-2199.

Attachment A (Project Submission to State Office for Letter of Conditions Authorization, and Obligation)
Attachment B (Cost Overrun Submission)

Community Facilities Programs
Project Submission to State Office for Letter of Conditions Authorization

The following item will be submitted when requesting the authorization of the Letter of Conditions:

- Complete application file.

The following items will need to be uploaded to notes and attachments section in CPAP:

- Draft Letter of Conditions;
- Proof of Publication for FONSI;
- Public Notice of Intent to File Application for Public Bodies;
- Preliminary Engineer/Architect review comments.

Before submitting the above items for review, be sure all fields in CPAP are completed, including but not limited to all discussion and comment sections, as well as all fields in the “1940-1” and “Loan” tabs under the Loan Grant Section in CPAP.

Submission for obligation will include the following

- One (1) original 1940-1 Obligation Form signed by the applicant;
- For Grant Only projects, one Original Grant Agreement signed by the Applicant for State Office approval.
 - For Loan/Grant combination projects, one Original Grant Agreement signed by the Applicant for State Office Approval will be submitted prior to closing the grant (in full or in part).
- One (1) copy of the Certification Regarding Eligibility Requirements And Funds Disbursement (found on PA SharePoint under folder “New Certs Required by National Office UL of 11-28-12” folder);
- *IF the obligation is for a GRANT ONLY*, one (1) copy of the Certification Regarding Insurances Prior To Closing And/Or Construction (found under same folder as stated above);
- One (1) copy of Form 1942-46, Letter of Intent to Meet Conditions, signed by the applicant;
- One (1) copy of the issued Letter of Conditions (issued on field letterhead);
- One (1) copy of the completed Form AD-3031 (in the case of non-profits);
- **Field Specialists must ensure the “Ready to Obligate” box is checked in CPAP and all validations have passed. If validation issues cannot be corrected by the Field Specialist, please contact a State Office Specialist for direction prior to submitting the obligation documents.**

Submission of Items for Cost Overrun Applications

For Cost Overrun Applications only: The entire docket does not need to be submitted, additionally a pre-application for a cost-overrun is not required. A cost-overrun application and supporting documentation can be filed in the original loan docket for the project. Please note that the standard forms required up to obligation (such as but not limited to Forms AD-3030 and -3031, CAIVRS check, Debarment check, etc. will need to be in the field docket for the subsequent application.)

- If the subsequent loan, loan/grant or grant will be approved and obligated in the same fiscal year as the original loan, the following will be submitted to the State Office:
 - An Amended Letter of Conditions will be prepared and submitted with substantiation for the cost-overrun.
- If the subsequent loan, loan/grant or grant will be approved and obligated in a different fiscal year than the original loan, the following will be submitted to the State Office:
 - Cover memorandum with an explanation for the reason(s) of the cost increase(s);
 - A new Draft Letter of Conditions (also uploaded to CPAP). The Sources of Funds will need to reflect the subsequent RD funds as a separate line item;
 - Copy of the new SF 424-1 Application for the cost-overrun;
 - Copy of the completed CF Credit Analysis fillable tool;
 - Copies of cost overrun documentation, including:
 - Approved Change Orders;
 - State Architect review comments; and
 - Any other data pertinent to the circumstances resulting in the cost overrun.
 - Copy of the current updated budget (Form 442-7) reflecting loan repayment ability; and
 - Copies of Forms 1942-8 and 1942-9 for the cost overrun application.

Submission of Items for Cost Overrun Obligations

- One (1) original 1940-1 Obligation Form signed by the applicant;
- For Grant Only projects, one Original Grant Agreement signed by the Applicant for State Office approval.
 - For Loan/Grant combination projects, one Original Grant Agreement signed by the Applicant for State Office Approval will be submitted prior to closing the grant (in full or in part).
- One (1) copy of the Certification Regarding Eligibility Requirements And Funds Disbursement (found on PA SharePoint under folder "New Certs Required by National Office UL of 11-28-12" folder);
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- **Field Specialists must ensure the "Ready to Obligate" box is checked in CPAP and all validations have passed. If validation issues cannot be corrected by the Field Specialist, please contact a State Office Specialist for direction prior to submitting the obligation documents.**