



Rural Development

PA AN No. 1288 (1902-A)
June 4, 2014

State Office

One Credit Union
Place, Suite 330
Harrisburg, PA
17110-2996

Voice 717.237.2199
Fax 855.813.2864

TO: All Employees
Rural Development, Pennsylvania

FROM: Thomas P. Williams /s/ *Thomas P. Williams*
State Director

SUBJECT: Dates of Documents Used in "Pre-Closing"
ACH/EFT Transactions

PURPOSE/INTENDED OUTCOME:

The purpose of this AN is to clarify the issues of dating and execution of loan closing documents for loans utilizing ACH/EFT fund transfers as described in PA Instruction 1902-A (PN No. 252).

COMPARISON WITH PREVIOUS AN:

This AN replaces PA AN 1279 (1902-A) dated April 15, 2013. This AN also clarifies that loan funds should not be requested until after the execution of closing documents.

IMPLEMENTATION RESPONSIBILITIES:

The "Pre-Closing" described in PA Instruction 1902-A (PN No. 252) requires the execution of debt instruments prior to funds being deposited in the borrower's bank account through ACH/EFT transaction. "Execution" means properly signed, dated and notarized (or acknowledged).

All dates on the document must match, including the date of the document, date of the signature and the date of the notary seal. The "Pre-closing" documents must be dated and notarized the date they are actually signed, but could be recorded at a later date. Security instruments must be recorded on or before the date that the funds are deposited in the borrower's bank account. The date of the documents can be anytime on or before the recording date, but the Agency will not accept documents dated after the signature date.

The exception to this policy is closing loans where municipal bonds are being taken as security, such as Water and Waste Disposal or Community Facilities loans to municipalities. Tax law requires that the bond issuance date occur when funds are delivered to the borrower by ACH/EFT transfer. Since the bond must be executed prior to ordering funds, the issuance date will therefore always be later than the date of execution of the closing documents. Due to this requirement, we will permit the bonds and other closing documents to be post-dated to the issuance date, if requested by the Bond Counsel.

EXPIRATION DATE: June 30, 2015

**FILING INSTRUCTIONS:
Preceding RD Instruction 1902-A**

USDA is an equal opportunity provider and employer.

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.

The important thing to remember is that you must NEVER request an advance of funds through ACH/EFT unless all the closing documents have been signed and dated in accordance with the preceding paragraphs. Adverse actions may result if a person authorizes fund disbursement without proper security in accordance with the closing instructions. Be sure that you verify the closing documents have been signed and closing instructions have been followed before you order any funds.

If you have any questions, please call either the Water and Waste Programs at (717) 237-2188 or the Community Facilities/Multi-Family Housing Programs at (717) 237-2199.