

**Form FHA 021-4**

**UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT  
HARRISBURG, PENNSYLVANIA**

<b>TO:</b> <b>State Office</b> <b>Area Office</b> <b>Local Office</b>	<b>STATE PROCEDURE</b> <b>NOTICE</b>	<b>ISSUE NO. 294</b>  <b>DATE: 08/02/05</b>
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**RURAL DEVELOPMENT MANUAL CHANGE**

**PA Instruction 1901-A**

**GENERAL:** Delegations of Authority for Rural Development Programs in Pennsylvania.

This instruction is issued to delegate loan approval authorities to State Office officials. The instruction includes current delegations for Rural Housing direct and guaranteed loan and grant approval authorities in Pennsylvania.

**REMOVE:**  
**PA PN 279 (3/1/04)**

**INSERT:**  
**PA PN 294 (8/2/05)**

#### 1901.1 - Purpose

Pennsylvania Instruction 1901-A redelegates loan approval authority to State Office employees. This instruction supplements the cited paragraph of RD Instruction 1901-A, “Part 1901-Program Related Instructions, Subpart A – Loan and Grant Approval Authorities.”

#### 1901.2 – Policy

Loan and grant approval authorities are to be granted to the maximum extent possible, consistent with program requirements and available resources. Furthermore, Single Family Housing loan and grant approval authorities are granted by the State Director to individuals identified to be the “Loan Approval Official” as set forth in Handbook-1-3550, Chapter 8, Section 1, paragraph 8.2.

The Loan Approval Official is an individual who the State Director has determined to be knowledgeable of the requirement of program regulations, has processed a sufficient number of loans and grants, including underwriting analysis, and has good loan making judgment, to warrant the issuance of loan /grant approval authority.

#### 1901.4 - Authorities and Responsibilities

(c) Loan and grant approval authority is hereby redelegated to the State Office employees as reflected herein.

To the **Rural Housing Program Director**, the same limits that the State Director can approve as outlined in Exhibit D of RD Instruction 1901-A for all Rural Housing programs. *An employee acting on behalf of the Rural Housing Program Director will have all the authorities of the incumbent unless it is specifically noted otherwise on the designation document in accordance with RD Instruction 2006-G.*

To the **Direct Rural Housing Specialist (currently Jeremy Wilson)**, the same limits that the State Director can approve as outlined in Exhibit D of RD Instruction 1901-A for Direct Section 502 Rural Housing Loans and Section 504 Rural Housing Loans and Grants only. Should Jeremy Wilson vacate this position or there is a change in the incumbent, this authority is automatically revoked until otherwise notified by the State Director.

To the **Multi-Family Housing Coordinator (currently Martha Eberhart)**, the same limits that the State Director can approve as outlined in Exhibit D of RD Instruction 1901-A for Section 515, Rural Rental Housing (RRH) Loans and Section 514, Farm Labor Housing Loans only. Should Martha Eberhart vacate this position or there is a change in the incumbent, this authority is automatically revoked until otherwise notified by the State Director.

To the **Community Programs Director**, the same limits that the State Director can approve as outlined in Exhibit B of RD Instruction 1901-A. *An employee acting on behalf of the Community Programs Director will have all the authorities of the incumbent unless it is specifically noted otherwise on the designation document in accordance with RD Instruction 2006-G.*

To the **Business and Cooperative Services Program Director** – the same limits that the State Director can approve as outlined in Exhibits A and B of RD Instruction 1901-A. *An employee acting on behalf of the Business and Cooperative Services Program Director will not have all the authorities of the incumbent.*

1. The RBS Program Director's delegated authority includes Loan Note Guarantee issuance, Conditional Commitment expiration date extensions, routine servicing requests, subordinations of a routine nature that allow lenders to advance revolving lines of credit; waivers of loan covenants that do not impact the collateral securing the loan or the borrower's ability to service the debt for loans less than the state delegated approval authority; changes proposed by the lender and/or borrower which enhance the collateral position of the loan; or other loan covenants, which are more stringent than those concurred in by the National Office.
2. In no case may actions diminish the conditions of the loan. In every servicing instance, it must be determined that the borrower's cash flow is sufficient to continue to service all current debt and any proposed loan, and that collateral is adequate to secure the loan(s).

**(g) Restrictions on new Rural Development Specialists**

- (1) Newly appointed Rural Development Specialists will not approve loans until they receive adequate training and written authority from the State Director.
- (2) The Rural Development Manager must recommend, and the Area Director must certify, that the training requirements for a Rural Development Specialist requesting approval authority have been completed.

**SINGLE FAMILY HOUSING  
GUARANTEED AND DIRECT LOAN AND GRANT APPROVAL AUTHORITIES**

Type of Assistance	State Director	Rural Housing Program Director	State Office Direct Housing Specialist	Area Director	Area Specialist	Rural Development Manager	Rural Development Specialist
Direct 502 Rural Housing Loans	<u>1/</u>	<u>2/ 4/</u> <u>*See below</u>	<u>2/ 4/</u> <u>*See below</u>	<u>2/ 4/</u> <u>*See below</u>	<u>2/ 4/</u> <u>*See below</u>	<u>2/ 4/</u> <u>*See below</u>	<u>2/ 4/</u> <u>*See below</u>
Section 504 Rural Housing Loans	<u>1/</u>	<u>2/ 4/</u> <u>\$20,000 5/</u>	<u>2/ 4/</u> <u>\$20,000 5/</u>	<u>2/ 4/</u> <u>\$20,000 5/</u>	<u>2/ 4/</u> <u>\$20,000 5/</u>	<u>2/ 4/</u> <u>\$20,000 5/</u>	<u>2/ 4/</u> <u>\$20,000 5/</u>
Section 504 Rural Housing Grants	<u>1/</u>	<u>2/ 4/</u> <u>\$7,500 5</u>	<u>2/ 4/</u> <u>\$7,500 5</u>	<u>2/ 4/</u> <u>\$7,500 5</u>	<u>2/ 4/</u> <u>\$7,500 5</u>	<u>2/ 4/</u> <u>\$7,500 5/</u>	<u>2/ 4/</u> <u>\$7,500 5/</u>
Guaranteed Rural Housing Loans	<u>1/ 6/</u>	<u>6/</u>	<u>6/</u>	<u>6/</u>	<u>6/</u>	<u>6/</u>	<u>6/</u>

**\*Effective March 24, 2003, the Agency established “Modest Housing Limits” for the Section 502 Direct Program. Those limits, including subsequent amended limits, establish the maximum Section 502 loan approval limits.**

1/ State Directors may delegate approval authority to the amounts indicated in this exhibit in accordance with §1901.4 of this Instruction. Approval authority of this type will be delegated in writing.

2/ Approval officials may approve a Direct Section 502 RH loan request for an amount up to the maximum loan limit as described in 7 CFR 3550.63 upon receipt of loan approval authority from the State Director. Employees with new loan approval authority may approve a Section 502 RH loan for an amount up to 75 percent of the maximum loan limit. State Directors may increase approval authority to the full amount when the employee has demonstrated sufficient experience and training as determined by the State Director. Exceptions to this authority may be delegated in writing by the Administrator under the conditions outlined in 7 CFR Part 3550.

3/ Reserved

4/ The loan approval limitation specified for the respective approval official will not be exceeded by the loan being approved, plus the outstanding principal and interest balance and undisbursed balance of previously authorized loans of the same type.

5/ Maximum amount of grant assistance or loan outstanding.

6/ State Directors may establish authority limitations for loan guarantee approval officials according to the policies set forth in §1901.2 of this Instruction. Authority is limited to State Office Guaranteed Rural Housing Specialists and is delegated in writing.