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U.S. Housing and Home Administration  
"OH manual series."

# Volume VI

## Policies and Procedures for Community Facilities Operations

### Field Service

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT  
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### Book II



HOUSING AND HOME FINANCE AGENCY  
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## CHAPTER 1. GENERAL

### DESCRIPTION OF THE PROGRAM

The Area Redevelopment Act, Public Law 87-27,<sup>1</sup> provides five broad types of assistance for designated redevelopment areas:

- (1) Loans for industrial and commercial projects
- (2) Loans and grants for public facilities
- (3) Technical assistance
- (4) Occupational training
- (5) Retraining subsistence payments

Public Law 87-27 also amends the Housing Act of 1949 with respect to urban renewal requirements and the Housing Act of 1954 with respect to the urban planning assistance requirements.

Administration of the Area Redevelopment Program is vested in the Secretary of Commerce who is authorized by Public Law 87-27 to utilize the facilities and services of other Federal agencies in carrying out this responsibility. Within the Department of Commerce, responsibility for the Program has been given to the Area Redevelopment Administration.

The Department of Commerce retains primary responsibility for the Program; however, various responsibilities under the Act have been delegated to other Federal agencies (26 F.R. 7975). The functions pertaining to loans and grants for public facilities under Sections 7 and 8 of the Act have been delegated to HHFA subject to the provision that it will make a loan or grant only after the express authorization thereof by the Secretary of Commerce.

The Housing and Home Finance Administrator has redelegated the HHFA program responsibilities to the Community Facilities Commissioner and to the Regional Administrators.<sup>2</sup>

A copy of all correspondence regarding the program or individual applications shall be sent to CFA.

### DESIGNATION OF REDEVELOPMENT AREAS

The Act provides that the Secretary of Commerce will designate the "redevelopment areas," which generally will be:

- (1) Areas (usually industrial or urban) with an unemployment rate of 6 per cent or more and an annual average rate of unemployment which has been at least:
  - (a) 50 per cent above the national average for three of the preceding four calendar years, or

<sup>1</sup> Appropriate parts of the text of P.L. 87-27 are given in Section 10-2.5 of Volume I.

<sup>2</sup> See Section 5-1-11, Volume II.

- (b) 75 per cent above the national average for two of the preceding three calendar years, or
  - (c) 100 per cent above the national average for one of the preceding two calendar years.
- (2) Areas (usually rural or non-urban) which do not meet the above criteria but which are among the highest in numbers and percentage of low-income families, and in which there exists a condition of substantial and persistent unemployment or under-employment.

Lists of designated redevelopment areas will be furnished to Regional Offices by CFA upon announcement by the Area Redevelopment Administration, Department of Commerce.

#### ELIGIBILITY

Grants and loans may be made to States, political subdivisions of States, Indian tribes, or private or public non-profit organizations or associations representing any redevelopment area or part thereof.

For either grant or loan, it must be shown that the project for which financial assistance is sought will tend to improve opportunities for successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment in such area. However, merely transferring jobs from one area of the United States to another does not satisfy the intent of the Act.

Neither a loan nor a grant may be made for a public work project under this Act regardless of the public need unless the public work will contribute directly or indirectly to employment. Thus, a water system or a sewage treatment and disposal plant may be needed for the over-all improvement of the area, but if it cannot be shown that such a facility will contribute more or less directly to increased employment it would not be eligible. Attention is called to the fact that such public works ineligible for a loan or grant under this program may prove to be eligible for a loan under the Public Facility Loans Program and the applicant should be so advised.

Grants and loans may be authorized for the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a redevelopment area.

#### COMPETITION WITH PRIVATELY OWNED PUBLIC UTILITIES

The Act provides that no assistance shall be extended with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulations by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there

is a need for an increase in such service, taking into consideration reasonably foreseeable future needs, which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

#### FINANCIAL PARTICIPATION BY APPLICANT AND OTHERS

Applicants are expected to participate in the cost of proposed projects to the extent possible. Total costs may be financed by a combination of gifts, applicant's contributions, grants from Federal, State or other governmental units, direct Federal loans or participations in cooperation with individual investors, banks or other lending institutions.

#### GRANT CHARACTERISTICS

The amount of any grant for any project cannot exceed the difference between the funds which can be practicably obtained from other sources, including financing by ways of loans, and the amount needed to complete the project.

Also, to obtain a grant, the applicant will be required to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute, to show that the project will fulfill a pressing need of the area, and to show there is little probability that the project can be undertaken without the assistance of a grant.

Upon approval of a grant only, the applicant and Government will enter into an agreement called the Grant Agreement, depending on the individual case and the laws of the State. However, certain standard terms and conditions must be a part of each Grant Agreement executed by the Government.

#### LOAN CHARACTERISTICS

The application for a loan must show that there is reasonable expectation of repayment of the loan requested, that the loan is not otherwise available on reasonable terms, and that the amount of the loan plus the amount of other available funds, including assistance by way of grant, are adequate to insure the completion of the project.

Loans may include the cost of interest during construction and during a reasonable period of development.

Loans will be made through Government purchase of bonds issued by the applicant to finance the proposed project. Bonds must be publicly advertised before sale, and the Government will purchase only those issues, or parts of issues, for which a bid is not received from another bidder on reasonable terms.

For a bond issue secured upon the same terms and conditions as the Government loan an interest rate is to be deemed "reasonable" if it does not exceed  $3\frac{3}{4}$  percent for loans approved on and after July 1, 1964.

**SECURITY**

Loans may be evidenced by general obligation bonds, revenue bonds, or other types of securities, depending on the individual situation. Any project revenues shall be pledged as part of the security.

The type of security will depend on the individual case and the laws of the State. However, certain standard terms and conditions must be a part of each Loan Agreement executed by the Government.

**MATURITY**

The maturity period of a loan shall not exceed 40 years or such shorter period as may be consistent with the applicant's ability to pay. The Act provides that the maturity of a loan may be extended not to exceed ten years. Requests for any extensions should be submitted to CFA for advice with the recommendations of the Regional Office.

**INTEREST RATE**

Interest rates for Section 7, ARA loans, are determined by the Secretary of Commerce each fiscal year. The rate for fiscal year 1965 has been established at 3¾ percent.

The rate of interest applicable to a specific loan shall be the rate in effect as of the date of loan approval, that is, the date of the letter of authorization from the Administrator, ARA.

When the loan amount is increased subsequent to the date of the loan approval, the original interest rate shall apply to the amount of the increase if:

- (1) The increase results from bids overrunning the estimate, and involves no change in the approved capacity or size of the project.
- (2) The increase results from a change in project design which increases the previously approved capacity by less than 10 percent.
- (3) The increase results from an increase in the project capacity of 10 percent or more, provided that the project square footage does not exceed the area previously approved.

In all other cases, the interest rate in effect on the date on which the increase is approved by ARA shall apply to the amount of the increase.

**INTERIM FINANCING**

Funds for financing the project during construction prior to the date when the bonds can be purchased will be provided by the applicant, either by use of its own funds, by temporary loans from non-Federal sources, or by Government advances against the bonds and/or grant.

**MOVABLE AND EXPENDABLE EQUIPMENT AND SUPPLIES**

Where the applicant cannot provide the equipment and supplies needed for project operations and lacks other funds to pay for such needs, loan proceeds may be used for the cost of (1) movable, non-expendable equipment and (2) initial stocks of essential expendable supplies, materials, and equipment.

Specific criteria by class of item follow :

- (1) Non-expendable equipment expected to last a year or more and having an item cost of \$10.00 or more :
  - (a) Laboratory Testing and Inspection Equipment.—Limited to that required to meet minimum State or local standards.
  - (b) Maintenance and Shop Equipment.—Limited to the minimum required to perform emergency repairs and routine maintenance of the facility built with project funds.
  - (c) Office Furnishings and Accounting Equipment.—Limited to the minimum required for initial operation of the project.
- (2) Supplies, Materials and Expendable Equipment

This may include office supplies, plant needs such as chemicals for water or sewage treatment, fuel, initial stocks of maintenance materials, and expendable equipment items. Such equipment, supplies and materials may be approved to meet the needs of the project until it becomes self-sustaining or for one year, whichever comes first.

**PROJECT DESIGN**

Each applicant will develop its own plans and specification for its project. However, construction must be undertaken in an economical manner, and the project should not be of elaborate or extravagant design or materials.

**PROJECT AUDITS**

The Audit Division is responsible for conducting audits of all Area Redevelopment projects (see Chapter 22-3). Normally the audit made at the time of project completion will be the only audit made of the project. An interim or special audit may be made, however, when requested by the Regional Office or the Community Facilities commissioner.

**TECHNICAL ASSISTANCE**

Section 11 of Public Law 87-27 authorizes the Secretary of Commerce to provide technical assistance through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such

purposes. Material on Section 11 will be distributed to the Regional Offices by CFA upon release by ARA.

In the event a request for technical assistance is received in the Regional Office, the Regional Director shall forward the details with his recommendation to CFA. In dealing with an applicant for a technical assistance project, the Regional Director should obtain all required information about the proposal. At the same time, he should caution the applicant that the final decision is made by ARA.

Upon receipt in CFA of the details from the Regional Director, CFA will forward the material to ARA.

## CHAPTER 2. APPLICATION PROCESSING

### Section 1. Inquiries and Applications

#### INQUIRIES

In response to inquiries, the Regional Director should discuss the program in general terms and the relationship between CFA and ARA. In particular, the Overall Economic Development Plan, the Project Proposal, and the Loan and/or Grant Application should be covered. Application forms marked "Sample" may be given to seemingly eligible organizations for information purposes.

#### Over-all Economic Development Plan

The Area Redevelopment Act specifies that no assistance will be extended unless there has been submitted to and approved by the Secretary of Commerce an over-all program for the economic development of the area. This approval will be subject to a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program. The Act bars financial assistance for any project prohibited by laws of any State or local political subdivision in which the project would be located.

#### Project Proposal

Upon approval of the Over-all Economic Development Plan, the applicant will submit to ARA information necessary to permit ARA to make an initial evaluation of a proposed specific project. Form ARA-1, *Project Proposal*, has been prescribed for this purpose (Exhibit A). Upon a favorable finding of the proposed project by ARA, it will notify the applicant and CFA. Forms CFA-1001, *Application*, CFA-1002, *Instructions and Guides for Completing the Application Form*, and CFA-1001(a), *Form of Resolution*, will be furnished to the applicant by ARA.

CFA will advise the Regional Office that an application may be accepted and will furnish the ARA project number. After ARA referral, additional copies of the application forms may be furnished to applicants by the Regional Office.

The Field Coordinator of ARA will be given copies of any correspondence to the applicant from the time the Project Proposal is referred to the Regional Office until final inspection of the project is made.

**APPLICATIONS**

Upon notification from CFA that the Area Redevelopment Administration has made a favorable finding with respect to a proposed project, the Regional Office shall so inform the applicant and request that Form CFA-1001, *Application*, be submitted in an original and one copy. The letter should state that HHFA considers a pre-application conference essential for new participants in the program, and should invite the chief executive officer or his representative, accompanied if possible by his legal, finance and engineering advisors, to attend a conference at the Regional Office with such information as may be available regarding the applicant's financial capabilities and the type of project proposed. The need for the Consulting Engineer's Report should be emphasized.

**PRE-APPLICATION CONFERENCE**

Arrangements for the pre-application conference are the responsibility of the Program Operations Officer.

The Regional Director or his Deputy should normally attend and open the conference. Representatives of the technical staffs should be called upon to discuss specific problems or questions in their fields.

The amount of detail covered at the conference will necessarily depend on the representatives present from the applicant and their previous experience with or knowledge of the program. While it is an important function of the pre-application conference to point out, in detail, the problems which experience has shown are most apt to arise, there is little value in presenting orally technical details which are not within the field of at least one representative present.

The applicant shall be informed of the CFA policy requirement for interim construction financing and the possibility explored of requiring the applicant to furnish such financing. If the applicant does not yet know whether interim construction financing can be arranged, it should be requested to investigate the matter further and to advise the Regional Director of the proposed arrangements.

Following the conference, a letter to the applicant shall be prepared confirming any understandings reached at the conference.

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Following the conference, a letter to the applicant shall be prepared confirming any understandings reached at the conference.

EXHIBIT A

<p style="font-size: small; margin: 0;">FORM ARA-1 (9-26-61)</p> <p style="text-align: center; margin: 10px 0;"><b>U. S. DEPARTMENT OF COMMERCE AREA REDEVELOPMENT ADMINISTRATION</b></p> <p style="text-align: center; margin: 10px 0;"><b>PROJECT PROPOSAL (Public Law 87 - 27)</b></p>	<p style="text-align: right; font-size: x-small; margin: 0;">Form Approved, Budget Bureau No. 41-R2072</p> <p style="text-align: center; font-weight: bold; font-size: small; margin: 0;">FOR GOVERNMENT USE ONLY</p> <p style="font-size: x-small; margin: 0;">Area designation - project number</p> <p style="font-size: x-small; margin: 0;">Date received</p>
<p style="text-align: center; font-weight: bold; font-size: small; margin: 0;">INSTRUCTIONS</p> <p style="font-size: x-small; margin: 5px 0;">This form is to be used to apply for both loans and grants. It provides ARA with the minimum information necessary to make an initial evaluation of the proposed project.</p> <p style="font-size: x-small; margin: 5px 0;">ARA with assistance from the Departments of Agriculture and Interior in appropriate cases will review the proposal to determine if it (1) is a necessary component of the approved economic development program and (2) is eligible for federal financial assistance under the Area Redevelopment Act. The Department of Agriculture will review proposals from rural redevelopment areas and the Department of Interior will review proposals from Indian areas prior to ARA's review.</p> <p style="font-size: x-small; margin: 5px 0;">If, after submission of Form ARA-1, the ARA determines that the proposal meets all necessary criteria, it will request the Small Business Administration (SBA) (for industrial or commercial loans under Section 6) or the Housing and Home Finance Agency (HHFA), Community Facilities Administration (for public facilities projects under Section 7 or 8) to prepare a complete report on the financial, engineering and legal aspects of the project. The field office of the appropriate Agency will require additional information to complete the processing of the application. The completed report will be resubmitted to ARA for final determination.</p> <p style="margin: 10px 0;"><b>A. ASSISTANCE AVAILABLE</b></p> <p style="font-size: x-small; margin: 5px 0;">1. <b>Purpose</b> - Assistance can be obtained to purchase or develop land, construct, rehabilitate, alter, expand and improve a commercial, industrial or public facility. The project must be directly related to the creation of employment opportunities. The maximum financing reasonably obtainable will be supplied by the applicant and/or from sources other than ARA.</p> <p style="font-size: x-small; margin: 5px 0;">2. <b>Types and Terms</b> - Terms will vary depending on the project and circumstances.</p> <p style="font-size: x-small; margin: 5px 0;">3. <b>Section 6 - Loans for Industrial or Commercial Projects</b></p> <p style="font-size: x-small; margin: 5px 0;">An ARA loan may not exceed 65% of the aggregate project cost. State and local sources must provide a minimum of 1% as equity financing or to be repaid after ARA financing is paid in full. ARA will encourage participation by banks or other lending institutions in its loans.</p> <p style="font-size: x-small; margin: 5px 0;">The minimum interest rate will be that charged ARA by the Secretary of the Treasury plus 1/2 of 1% per year. Maximum term is 25 years.</p> <p style="font-size: x-small; margin: 5px 0;">4. <b>Section 7 - Loans for Public Facilities</b></p> <p style="font-size: x-small; margin: 5px 0;">ARA may make a loan up to the full amount of the project cost.</p> <p style="font-size: x-small; margin: 5px 0;">The interest rate will be that paid by ARA on loans obtained from the Secretary of the Treasury plus 1/2 of 1% per year. Maximum term 40 years.</p> <p style="margin: 10px 0;"><b>B. HOW TO APPLY</b></p> <p style="font-size: x-small; margin: 5px 0;">1. <b>Assistance</b> - First call on the field office of ARA or other office listed below. The office you should visit will depend primarily on the type of project and the area in which it is to be located. ARA will generally provide assistance for applicants in urban areas, Agriculture in rural areas, and Interior in Indian areas.</p> <p style="font-size: x-small; margin: 5px 0;">2. A representative from the field office of SBA or HHFA will normally be consulted regardless of which office is contacted. These two agencies will provide guidance on the financial, engineering, and legal aspects of the project and will obtain information to facilitate later processing.</p> <p style="margin: 10px 0;"><b>C. WHERE TO OBTAIN ASSISTANCE</b></p> <p style="font-size: x-small; margin: 5px 0;">1. Department of Commerce (ARA or Field Office Service) Small Business Administration, Housing &amp; Home Finance Agency (Community Facilities) Department of Agriculture (Rural Electrification Administration or Farmers Home Administration) Department of Interior (Bureau of Indian Affairs) State Development Authorities.</p> <p style="font-size: x-small; margin: 5px 0;">2. <b>Forms available</b> - From ARA Washington and nearest field office of above agencies.</p> <p style="margin: 10px 0;"><b>D. WHEN TO FILE</b></p> <p style="font-size: x-small; margin: 5px 0;">1. After ascertaining that the ARA Administrator has approved an Overall Economic Development Program (OEDP) for your area.</p> <p style="font-size: x-small; margin: 5px 0;">2. After discussing your completed project proposal (Form ARA-1) with the nearest office of either ARA, SBA, HHFA or other office listed above.</p> <p style="font-size: x-small; margin: 5px 0;">3. After obtaining approval of State development authority.</p> <p style="margin: 10px 0;"><b>E. WHERE TO FILE</b> - Send the original and two (2) copies to:</p> <p style="font-size: x-small; margin: 5px 0;">U. S. Department of Commerce Area Redevelopment Administration Washington 25, D. C.</p> <p style="font-size: x-small; margin: 5px 0;">If additional space is needed to complete requested information, use blank sheet and reference answer to specific item number on Form ARA-1.</p> <p style="margin: 10px 0;"><b>F. NOTE CAREFULLY</b></p> <p style="font-size: x-small; margin: 5px 0;">A favorable finding with respect to a Project Proposal is not an approval or an assurance of federal financial assistance. This can be provided only after processing all supplementary data. If financial assistance is approved by ARA, it will be subject to such terms and conditions as the government may establish.</p> <p style="text-align: center; font-weight: bold; font-size: small; margin: 10px 0;">INFORMATION MUST BE AS DETAILED AND SPECIFIC AS POSSIBLE</p>	

USCOM-DC 2153-PA1

EXHIBIT A (Page 2)

Name and address of applicant (Street, City, Zone, County and State)	<b>FOR GOVERNMENT USE ONLY</b>		
	Project number		
<b>1. DESCRIPTION OF ECONOMIC DEVELOPMENT AGENCY, OR GOVERNMENTAL UNIT SPONSORING PROJECT</b>			
<b>2. PROPOSED PROJECT</b>			
a. Location			
b. Attach statement describing physical facilities to be provided, purpose for which they will be used and relationship to OEDP.			
<b>3. EXPLAIN EFFECT COMPLETED PROJECT IS EXPECTED TO HAVE ON ECONOMIC ACTIVITY AND EMPLOYMENT OPPORTUNITIES.</b>			
a. Industrial - Commercial Projects			
(1) Number of persons employed (exclude construction period)	Employed		Total payroll
	Male	Female	
At start of operation.....			\$
After 1 year of operation.....			\$
(2) Is this a relocation? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If "Yes," attach statement giving evidence that this project will not reduce employment in other areas.			
(3) Give details as to any indirect employment opportunities which may be generated by specific activities in connection with this project.			
b. Public Facility Projects			
(1) Employment directly generated		During Construction	Permanent
(a) Number of persons employed.....			
(b) Annual payroll.....		\$	
(2) Does the project compete with an existing privately-owned public utility? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If yes, can you meet requirements of section 7(d) of the act? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(3) Give details as to how this project will generate new employment opportunities in your area, including types of activities and estimates of employment (male and female separately) within one, three, and five years after completion.			
<b>4. PROPOSED METHOD OF FINANCING</b>			
a. Federal Funds requested under PL 87-27		Amount	Term
Loan for Industrial or Commercial Facilities.....		\$	
Loan for Public Facilities.....		\$	
Grant for Public Facilities.....		\$	
b. Applicant's funds (show sources)			
.....		\$	
.....		\$	
.....		\$	
c. Other funds - (show sources, rate and terms; Federal, State local, private participations)			

EXHIBIT A (Page 3)

_____	\$	
_____	\$	
_____	\$	
d. Estimated Aggregate Project Cost ..... \$		
e. Are funds on lines (b) and (c) now available ..... <input type="checkbox"/> Yes <input type="checkbox"/> No Available by: Date _____ Tentative commitment ..... <input type="checkbox"/> Yes <input type="checkbox"/> No		
5. COLLATERAL OFFERED TO SECURE LOAN AND NAMES OF ANY GUARANTORS.		
6. WHAT ARE THE RESULTS OF EFFORTS TO OBTAIN OTHER FINANCING?		
a. Industrial or Commercial Projects - Name banks or other institutions, give dates, amount and terms of loans applied for, and results, including any alternative financing terms offered.		
_____		
b. Loans and Grants for Public Facilities - Give information as in "a" above where applicable and in addition provide information on attempts to float bond issues, including amount, interest rate, terms offered, and results of negotiations with underwriters or others.		
_____		
7. HAVE FUNDS FOR ANY OTHER PROJECT SPONSORED BY THE APPLICANT BEEN OBTAINED FROM OR DENIED BY A FEDERAL OR STATE AGENCY IN THE PAST YEAR? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No (Give name of agency and brief statement of facts, including amount and status of any existing loans)		
_____		
8. ARE THERE ANY CONCESSIONS WHICH THE LOCAL GOVERNMENT WILL GIVE TO THE OWNER OR USERS OF THE SERVICES OF THIS PROJECT (TAX CONCESSIONS, CONTRIBUTIONS OF LAND OR FACILITIES, PREFERRED UTILITY RATES, ETC.)? .... <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach descriptive statement.		
9. FINANCIAL INFORMATION (Attach most current available applicable data or a pro forma balance sheet)		
a. Loan for Industrial - Commercial Projects - Attach applicant's or user's balance sheet and profit and loss statements and a projection of annual profit and loss statements for the first three years of operation. Also, when a proposed user is involved, attach any tentative agreement or proposal for lease or sale.		
b. Loan for Public Facilities		
(1) If general obligations bonds are to be issued:		
(a) Do you now have sufficient authorized debt capacity to cover issue? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No		
(b) Do you require further authorization for this specific project? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No		
(c) Has a bond issue for this project been disapproved by referendum or otherwise in the last three years? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No		
If "Yes," give date and circumstances.		
_____		
(2) If revenue bonds are to be issued give estimated revenues and relationship to debt service.		
_____		
c. Grant for Public Facilities - Show cause why this project cannot be fully financed by loans or bonds and meet the needs that the project is intended to fulfill.		
_____		

EXHIBIT A (Page 4)

<b>10. COMMENT ON ECONOMIC FEASIBILITY AND TIMING OF PROJECT</b>	
<b>11. LEGAL DATA</b> - Does the applicant's legal advisor believe that the applicant has sufficient legal authority to plan, construct, finance and operate the project as described herein? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No <small>(If "No," indicate briefly any problems)</small>	
<b>12. ENGINEERING</b> a. Has a "feasibility or Consulting Engineers'" report been prepared? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No <small>(If "Yes," attach copy)</small> b. Indicate status of site acquisition.	
<b>13. CERTIFICATION BY APPLICANT</b> - Applicant hereby certifies that all information contained above and in exhibits attached hereto are true to his best knowledge and belief and are submitted for the purpose of obtaining financial assistance under the Area Redevelopment Act. It is understood that the processing of this application will require the submission of additional data, statements, and other information to ARRA and other agencies of the Federal government to comply with administrative and statutory requirements, including documents to consummate any financial assistance approved by the Area Redevelopment Administration. (Whoever makes any statement knowing it to be false on an application for financial assistance is subject to a fine of \$10,000 and/or imprisonment of five years.)  Date _____ Applicant _____  <i>If applicant is a public body attach a certified copy of the resolution of the applicant's Governing Body authorizing (1) submission of this Request for Project Clearance and (2) the undersigned to act as Authorized Representative of the applicant with respect to this matter.</i>  By _____ Title _____  Phone No. _____	
<b>14. CERTIFICATE OF APPROVAL</b> - The undersigned certify that they are an agency or instrumentality of the state or political subdivision in which the project proposed in the foregoing request is to be located and are directly concerned with the problems of economic development in said state or subdivision; that they have considered the qualifications of the applicant in the foregoing request and do for the purpose of qualifying with the requirements of the Area Redevelopment Act approve said applicant; that they have carefully considered the project proposed and in accordance with the provisions of the Area Redevelopment Act do hereby find that said project is consistent with the approved overall program for the economic development of the area and that it is not prohibited by the laws of the state or local political subdivision in which it is to be located.  _____ Local Agency _____ State Agency  By _____ By _____  Title _____ Title _____  Date _____ Date _____	

## SECTION 2. APPLICATION REVIEW AND APPROVAL

### INITIAL REVIEW

The Chief, Public Facilities Operations Branch shall review the application and attachments to determine if the application is sufficiently complete to be accepted for detailed review. If there are deficiencies in the application or if required material is not furnished, the applicant shall be notified.

The application shall then be sent to the Reports and Control Assistant who will establish a project folder and a *Project Statistics Card*, Form CFA-112, using the project number assigned by ARA.

If the applicant's legal eligibility appears questionable, the Chief, Public Facilities Operations Branch, shall confer with the Legal Division.

The Chief, Public Facilities Operations Branch, also shall make a general review of the substance of the application, to determine that the project appears generally feasible and that there are no obvious major problems.

Should the review disclose a major problem, it is generally advisable for the Chief, Public Facilities Operations Branch, to consult with the technical staffs before preparing the letters to the applicant. The purpose of this procedure is to ascertain if any other major problems are evident to the technical staffs, yet avoid the time required for detailed technical reviews. In this way, the applicant can be notified at an early date of the problem which has arisen, yet avoid the possibility that a new major problem will be discovered by another technical staff after the first problem has been answered by the applicant.

If there are no major problems, or if those noted have been resolved, the application shall be accepted for review.

### Letter of Acceptance

When the application is accepted for review, it shall be acknowledged by a letter similar to the example in Exhibit A.

### Rejection or Disapproval

If at any time during a review a situation is disclosed which indicates that the application should be rejected or disapproved, the reasons therefor shall be fully documented and included in the Regional review reports sent to CFA at the conclusion of the technical reviews. However, such comments must be regarded as incidental to the over-all recommendations of the Region, and full review and processing of the

application shall not be discontinued or delayed. The Regional Director may request CFA advice if circumstances so indicate.

If the application is rejected or disapproved by ARA, the applicant will be notified by ARA. Two copies of the disapproval or rejection letter will be sent to CFA, which will forward one copy to the Region. Upon receipt of the letter, all duplicate material shall be returned to the applicant with a letter referring to the ARA decision. The original application, review papers, and correspondence shall be placed in the project file.

#### **Coordination With Other Programs**

When the application is ready for processing, the Chief, Public Facilities Operations Branch, shall determine whether it overlaps an application for a related type of assistance under any other program administered by HHFA, and whether the applicant is in default on any program. See Chapter 1-4, Volume IV.

#### **Notification to Public Health Service**

The Chief, Public Facilities Operations Branch, shall complete Form CFA-104 (as modified in Exhibit B), to notify the Regional Office of the U.S. Public Health Service of receipt of an application for a water or sanitary sewer project. The notice is for informational purposes only and will not require a reply unless the Public Health Service desires to comment. Comments by the Public Health Service are not to be construed as an approval or disapproval, but rather as additional evidence for application review.

#### **Notification to the Bureau of Public Roads**

If it is determined by the Chief, Public Facilities Operations Branch, that the project has a possible relationship to the Federal-aid Highway System or any known Federal-aid highway projects, he shall complete Form CFA-104 to notify the Regional Office of the Bureau of Public Roads. The notice is for information purposes only and will not require a reply. Comments by the Bureau of Public Roads are not to be construed as an approval or disapproval, but rather as additional evidence for application review.

#### **Airports**

The HHFA Regional Office must clear applications for airport projects with, and obtain comments from, the Federal Aviation Agency Regional Office.

#### **Notice to Other Federal Agencies**

If it appears that the project may require clearance with, or be of interest to, the Department of Defense, Office of the Chief of Engineers, the Department of Interior, Bureau of Reclamation, the Department

of Agriculture, Forest Service, or any other Federal agency which has field establishments, the Chief, Public Facilities Operations Branch, shall initiate action to notify the field establishment of the appropriate agency. If transportation facilities are involved, or if the Federal agency involved does not have field establishments, CFA shall be informed of the case and asked to take suitable action.

#### **Initial Review Report**

Upon completion of the above actions, the Chief, Public Facilities Operations Branch, shall prepare Form CFA-1012, *Initial Review Report* (Exhibit C), in duplicate, and route the file for technical reviews.

#### **Technical Reviews**

Technical reviews are normally made in the following order: Engineering, Finance and Legal. While each technical staff is free to confer with the others on any problems, the application should be so processed that the Chief, Public Facilities Operations Branch, will know when each staff has completed its review.

The Engineering Branch, Finance Branch, and Legal Division shall each review the application in terms of their respective responsibilities, consulting with the other technical staffs, the Chief, Public Facilities Operations Branch, and the Regional Director as necessary.

Should additional information be required, the matter must be cleared with the Regional Director before the applicant is contacted. Normally, all additional information should be requested in a single letter prepared by the Chief, Public Facilities Operations Branch. Should the complexity of problems encountered during review make a further conference with the applicant advisable, the Chief, Public Facilities Operations Branch, shall make the arrangements for the conference.

Upon completion of his review, each reviewer shall prepare a technical report, in duplicate, using the form specified in the procedures below.

Upon completion of each technical review, the Chief, Public Facilities Operations Branch, shall briefly examine the review report to ascertain that there are no unresolved conflicts. If conflicts exist which cannot be resolved by the Chief, Public Facilities Operations Branch, he shall prepare a report to the Regional Director which will include his administrative recommendations.

When he believes it necessary, the Regional Director shall arrange for a visit to the applicant by a Regional representative, to review the proposed project at the community level. Before a visit is made, the Chief, Public Facilities Operations Branch, shall obtain advice from each technical staff concerning any information needed.

**Retiring Inactive Applications**

When an applicant does not reply within 30 days to a request for further information, a follow-up letter shall be sent stating that if the data are not received by a specified date, the application may have to be considered as withdrawn. This letter shall be sent by certified mail with return receipt requested. If reply is not received by the date specified, the Region shall advise CFA. CFA will request a decision from ARA and so inform the Region. If the application is to be considered withdrawn, ARA will advise the applicant. Upon receipt of a copy of the ARA letter to the applicant, the Regional Office shall place the original application, review papers, and correspondence in the project folder and return any duplicates to the applicant. Copies of any subsequent Regional Office correspondence on such cases shall be sent to CFA.

**Withdrawals**

If, prior to execution of the Loan and/or Grant Agreement, an applicant advises that it wishes to withdraw its application, acknowledgement and return of all documents submitted shall be made by letter, with two copies to CFA. CFA will forward one copy of the letter to ARA.

**Reconsideration**

If an applicant wishes to reinstate an application after disapproval or withdrawal, it should submit Form ARA-1, *Project Proposal*, to ARA, with a justification for the re-submission.

**ENGINEERING REVIEW**

Engineering review shall be limited to the basic aspects below; more specific review will be made when final plans are submitted. Review shall be limited to the application data. The reviewer shall examine the general aspects of the project, exercising his experience and judgment in making the determinations shown below.

He shall concern himself with design details only to the extent that he is satisfied the project is neither under-designed in relation to potential revenue and stated need, nor over-designed to the point where the loan would be jeopardized by reason of excessive construction costs. If there are obvious deficiencies in design they should be called to the attention of the applicant.

The primary determination is whether the proposed project is practical and follows acceptable design practice, as indicated below for the separate types of projects:

(1) Water System

- (a) Layout of the distribution system when practicable consists of connected loops rather than stub ends.

- (b) Sufficient storage is available to assure uninterrupted supply during emergency pumping operations.
  - (c) If the system includes water for fire protection, the pressure and quantity are sufficient to meet fire demand.
  - (d) The layout provides for cut-off valves to sectionalize portions of the system in the event of line breaks.
- (2) Sewer System
- (a) The profile does not indicate excessive depths of sewer lines that could be avoided by installation of lift stations.
  - (b) If industrial wastes are involved, initial chemical treatment at the source could preclude overloading the treatment plant.
  - (c) The capacity of the treatment plant takes into account the additional quantity of water to be treated because of infiltration into the collection lines.
  - (d) The design of the treatment plant contains safety precautions against gas explosions.
  - (e) Manholes are provided at change in gradient or direction of flow.
- (3) Gas System
- (a) The gas piping system is protected against rust or corrosion to prevent leaks.
  - (b) Safety precautions have been included in the system to preclude explosion or flash-back.
  - (c) Cut-off valves have been provided in the distribution system to sectionalize areas in the event of emergency.

A similar review of design practice shall be made for projects other than water, sewer, and gas systems.

The reviewer shall also ascertain that the Consulting Engineer's Report covers the project described on Page 1 of the application. Any major discrepancy such as proposed construction of facilities into areas of little or no population or inclusion of any items and units for future expansion beyond that described in the application shall be discussed with the Program Operations Officer.

Where water or sewer facilities are involved and the source and supply of water are not firmly established, the reviewer should recommend a special condition making the loan conditional upon the establishment of supply.

If gas supply or effluent disposal depends on some entity other than applicant, evidence of firm contractual arrangements must be furnished with the application.

The reviewer shall determine whether the applicant's estimates of time for completion of planning and for construction appear realistic for the size and type of project. Such determination should take into

consideration the topography of the area and climatic conditions during construction.

Where interest during a development period is proposed in item 7 e-(2) of Form CFA-1013, he shall determine whether the timing shown for connections appears realistic.

#### Cost Estimates

The reviewer shall ascertain that the cost estimates appear reasonable. The cost estimates are to include all costs to be charged to the project, whether to be financed by the loan and/or grant or otherwise. Ordinary governmental operating expenses of the applicant body cannot be included. The applicant is instructed to round each item to the nearest \$100, and to round the project contingency so as to bring the total estimated cost to the next higher \$1,000. Any revisions should be similarly rounded.

Item 7 of Form CFA-1013, *Engineering Review Report* (Exhibit D), contains a check box to be used to indicate that the applicant's estimates are acceptable. If revisions are necessary, the reviewer shall complete columns (1) and (2) to show his revised amounts. If he recommends a substantial change in any item, it should be explained.

Instructions for review of line-items in the cost estimate appear below:

- (1) Preliminary Expense. This may include specific costs, except construction costs (incurred by the applicant prior to submission of the application, and which were directly related to and necessary for the development of the project. If any costs are included on this line, the applicant is required to attach an itemized list showing the nature of the cost and the amount.
- (2) Land and Rights-of-Way Expense may be included only if it is necessary to purchase a site or secure rights-of-way or easements for the project. Cost may not be included for land already owned by the applicant.
- (3) Construction: (See breakdown in IV of application.)
  - (a) Contract Costs. This is the estimated cost of construction work to be performed under contracts, including fixed or installed equipment to be furnished under those contracts.
  - (b) Construction Contingency. This estimate should show an allowance, about 5%, to cover necessary changes during progress of construction.
- (4) Architect/Engineer Services. This fee should conform to the prevailing rate in the locality for similar services. Payment above the prevailing rate must be fully justified, and may, as the Regional Office determines, be excluded from eligible costs. See Section 20-1-1 for detailed criteria or fees. Loan and grant

proceeds may not be used to pay architectural/engineering fees for the preparation of an application.

- (5) Capitalized Interest: (See breakdown in V of application.)
  - (a) During Construction: The reviewer shall ascertain that the construction period shown is realistic and that the estimate of interest for that period is sufficient. He shall enter his proposed revision as for any other item.
  - (b) During Development. The reviewer shall check only the reasonableness of the period allowed for connections. The applicant's estimate of the amount shall be shown in Column (2) pending the financial reviewer's appraisal of that figure on the basis of the engineer's finding with respect to the length of the period.
- (6) Legal and Administrative Costs. The cost of Builder's Risk Insurance shall be included under Administrative Costs.
- (7) Other Equipment and Expendable Items. If the applicant proposes inclusion of any essential movable equipment, or expendable supplies, materials or equipment needed for initial project operations, the attached list of items and supporting documents shall be reviewed to determine whether the items meet the criteria in Chapter 6-1, and that the quantities and costs appear to be reasonable estimates for initial operating needs.
- (8) Project Contingency. This is to cover unforeseen costs of the project other than construction. An allowance of 2 per cent of total estimated project cost is considered reasonable.
- (9) Total. Self-explanatory.

#### **Maintenance and Operation Costs**

Maintenance and operation cost estimates should be reviewed against project design and use volume to assure that the estimates appear acceptable. If any of the estimates appear too high or too low, the reviewer's comments should be shown on the Engineering Review Report.

#### **Clearances**

The reviewer shall ascertain that satisfactory evidence is supplied that none of the Federal, State, or local authorities having statutory power over the proposed project has objection to the project as proposed.

#### **Condition of Existing Facilities**

When the applicant offers to pledge revenues from an existing facility, the reviewer should determine from the Consulting Engineer's Report whether that facility has a useful life at least equal to the period of the pledge.

**Engineering Review Report**

Findings shall be recorded on Form CFA-1013, *Engineering Review Report*, in duplicate.

**FINANCE REVIEW**

Until finance review procedures are issued, public facility loan procedures should be followed as applicable.

**LEGAL REVIEW**

Legal review of the application shall be limited to that needed for determining whether :

- (1) The legal name of the applicant is correctly given.
- (2) The applicant and its project are eligible under program legislation.
- (3) The certification and resolution have been correctly executed and certification was signed by the person named in the resolution as the applicant's authorized representative.
- (4) The applicant has sufficient legal authorities to:
  - (a) Construct the project as proposed.
  - (b) Make the loan, issue the bonds and secure the bonds as proposed.
- (5) The information submitted indicates any legal obstacle which would adversely affect the proposed project or loan.
- (6) The special conditions proposed by other reviewers are legally sufficient. Additional special conditions shall be proposed as necessary, including amendment of Form CFA-1020, *Terms and Conditions*, to provide for non-profit organizations and associations.

Findings shall be reported on Form CFA-1016, *Legal Review Report* (Exhibit F), prepared in duplicate. Citations shall be used only when needed in a comment or to correct an erroneous citation on the application. The Notes and Comments Section shall be used for brief comments on items which have been negatively checked and as necessary for recording details which will be needed later in processing the loan.

**APPROVAL ACTION**

If the Regional Director determines that approval will be recommended, he will have Form CFA-1017, *Application Approval Recommendation*, (Exhibit G), prepared in duplicate. The original with copies of the review reports and three copies of the draft *Project Summary*, Form CFA-1019 (Exhibit H), shall be sent to the Regional

Administrator for recommendation of approval. If approved, CFA-1017 shall be transmitted to CFA along with one copy of the application, one copy of all technical review reports, two copies of CFA-1019, and any other pertinent data. The duplicate draft of Form CFA-1019 with counterpart papers shall be placed in the Regional Office project folder. The draft Form CFA-1019 submitted by the Regional Office shall be used by CFA in preparing the final *Project Summary*, CFA-1019, for submission to the Area Redevelopment Administration under cover of a memorandum of recommendation and authorization. Neither CFA nor the Regional Office shall advise the applicant of the recommendation.

**Draft Project Summary, Form CFA-1019**

The draft *Project Summary* shall be prepared by the Regional Office in such a manner that, if acceptable, it may be used by CFA for submission to the Area Redevelopment Administration with a minimum of change. In order to accomplish this, close adherence will be required in both form and content as contained in the sample form (Exhibit H). Where particular or unusual conditions would make it impractical, or where it is clearly indicated that an item is not applicable, an appropriate explanation shall be shown.

**CFA Action**

The CFA memorandum forwarding the project summary to ARA shall contain language constructed in such a way that if ARA concurs in CFA's recommendations, the Area Redevelopment Administrator can countersign the memorandum, retain the original and return the counterpart copy to CFA, authorizing CFA to proceed with processing necessary to result in a completed project. The memorandum shall then be duplicated and conformed and affixed to copies of the project summary, special conditions, bond specifications, offer and standard terms and conditions and forwarded to the Regional Director. The Regional Director shall then request the Regional Counsel to prepare the Agreement.

CFA may find it necessary to make changes in the material submitted by the Regional Office prior to transmitting its recommendations to ARA. The Regional Office shall be advised of substantial changes. Minor changes shall be made without advice to the Regional Office.

If the Area Redevelopment Administrator does not accept CFA's recommendation, ARA will notify CFA by letter of the unacceptable items and will propose changes. If the changes cannot be resolved by CFA immediately, the matter shall be referred to the Regional Office for review and preparation of a new draft *Project Summary* to be submitted to CFA for review, approval, and forwarding to ARA as described above. After receipt of authorization by ARA to proceed with completion of the project, any changes arising during post-agreement processing shall be handled as prescribed in Chapter 6-4.

**Subsequent Actions**

ARA will issue the press release and announce approval. Upon approval by ARA, CFA shall issue the project summary, including 6 copies for the Regional Office, to be distributed as follows:

Project File

Legal Division, with 18 copies of the special conditions for attachment to the loan agreement

Field Engineer

Administrative Division

2 copies for the applicant, as noted below, of pages 1 and 2

CFA shall send 10 copies of the press release to the Regional Office.

A letter shall be sent by the Regional Director to the applicant notifying him of approval. The letter shall include the amount of the loan and/or grant, advise that an Offer will be forwarded shortly, and enclose two copies of pages 1 and 2 of the approved project summary. Announcement of approval to the applicant and others must not precede the release date.

EXHIBIT A



HOUSING AND HOME FINANCE AGENCY  
OFFICE OF THE REGIONAL ADMINISTRATOR

Region X  
Room 206, Post Office Building  
St. Louis 10, Missouri

Name  
Title  
Location

Dear Sir:

Your application dated \_\_\_\_\_ requesting a loan of  
\$ \_\_\_\_\_ (and a grant of \$ \_\_\_\_\_) for con-  
struction of a (type of public work) has been received and is under  
review.

Your application has been assigned Project Number \_\_\_\_\_.  
Please use this number in any correspondence regarding your applica-  
tion.

Sincerely yours,

Regional Director of Community  
Facilities

EXHIBIT B



HOUSING AND HOME FINANCE AGENCY  
OFFICE OF THE REGIONAL ADMINISTRATOR

CFA-104  
(7-62)

Gentlemen:

Summarized below is an application which we are now reviewing preparatory to final action. We would appreciate any comments you may have to assist us in our consideration of this application.

HHFA PROGRAM:

APPLICANT:

LOCATION:

DESCRIPTION:

REMARKS:

Sincerely yours,

Regional Director of Community  
Facilities

Previous Editions Obsolete

FH 30-Washington, D. C.

11/13/63

EXHIBIT C

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION AREA REDEVELOPMENT PROGRAM <b>INITIAL REVIEW REPORT</b>		PROJECT NO.  TYPE OF PROJECT
NAME OF APPLICANT		
1. Community Need to be Met (for Project Summary)		
2. ARA Finding Notice of a favorable finding by ARA received _____		
3. Participation in Other Agency Program (a) Does the application overlap with a request for a related type of assistance under any other program administered by HHA? <input type="checkbox"/> Yes <input type="checkbox"/> No  (b) Is the applicant or the locality in which it is located in default under any Agency program? <input type="checkbox"/> Yes <input type="checkbox"/> No  (c) Is there any record of a planning advance outstanding for the proposed public work? <input type="checkbox"/> Yes <input type="checkbox"/> No		
4. Coordination With Other Federal Agencies Advice of the application has been sent to: <input type="checkbox"/> Public Health Service <input type="checkbox"/> CPA for referral to _____		
Comments:		
_____ Assistant to the Regional Director  _____ Date		

CFA-1012  
(1-62)

EXHIBIT D

CFA-1013  
(2-6-7)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION  Area Redevelopment Program  <b>ENGINEERING REVIEW REPORT</b>	PROJECT NO. _____																																																									
Name of Applicant _____																																																										
1. Brief Project Description (Show major facilities and whether a new project or an addition to an existing public work.) _____																																																										
2. Is the proposed public work practical and in accord with acceptable design practice? <input type="checkbox"/> Yes <input type="checkbox"/> No																																																										
3. Will design capacity meet the level of demand shown in the forecasts of project operation and revenue? <input type="checkbox"/> Yes <input type="checkbox"/> No																																																										
4. If project is for a water system: (a) Is water supply assured in amount and quality needed to meet design capacity? <input type="checkbox"/> Yes <input type="checkbox"/> No (b) Should Offer be conditional upon proof of supply? <input type="checkbox"/> Yes <input type="checkbox"/> No																																																										
5. If project is for a water, sewer, or gas utility system: Does water or gas supply or effluent disposal depend on arrangements with another agency? <input type="checkbox"/> Yes <input type="checkbox"/> No If "yes", is evidence of firm contract or arrangement satisfactory? <input type="checkbox"/> Yes <input type="checkbox"/> No																																																										
6. Construction Time Schedule (a) Are the applicant's forecasts acceptable? <input type="checkbox"/> Yes <input type="checkbox"/> No If "no", show reviewer's recommendations.  Final plan completion _____ days Start of construction _____ months Construction period _____ months. (b) Did applicant propose interest during development period? <input type="checkbox"/> Yes <input type="checkbox"/> No Development period: By applicant: _____ months. By reviewer: _____ months.																																																										
7. Is the project cost estimate acceptable? <input type="checkbox"/> Yes <input type="checkbox"/> No If "no", show revised estimate in column (2) and the applicant's estimate in column (1). If there is any substantial change it should be explained under Item 13																																																										
	<table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:80%;"></th> <th style="width:10%; text-align: center;">Per Applicant (1)</th> <th style="width:10%; text-align: center;">Per Reviewer (2)</th> </tr> </thead> <tbody> <tr> <td>(a) Preliminary .....</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>(b) Land and rights-of-way .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>(c) Construction:</td> <td></td> <td></td> </tr> <tr> <td>    (1) Contract costs (includes installed plant equipment) .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>    (2) Construction contingency (5% of c-1) .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>(d) Architect/engineer services</td> <td></td> <td></td> </tr> <tr> <td>    Fees..... \$ _____</td> <td></td> <td></td> </tr> <tr> <td>    Resident inspection .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>    Surveys .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>    Borings .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>    Total.....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>(e) Capitalized interest:</td> <td></td> <td></td> </tr> <tr> <td>    (1) During construction .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>    (2) During development .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>(f) Legal and administrative costs .....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>(g) Other equipment, material and supplies.....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>(h) Project contingency.....</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>(i) Total.....</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> </tbody> </table>		Per Applicant (1)	Per Reviewer (2)	(a) Preliminary .....	\$ _____	\$ _____	(b) Land and rights-of-way .....	_____	_____	(c) Construction:			(1) Contract costs (includes installed plant equipment) .....	_____	_____	(2) Construction contingency (5% of c-1) .....	_____	_____	(d) Architect/engineer services			Fees..... \$ _____			Resident inspection .....	_____	_____	Surveys .....	_____	_____	Borings .....	_____	_____	Total.....	_____	_____	(e) Capitalized interest:			(1) During construction .....	_____	_____	(2) During development .....	_____	_____	(f) Legal and administrative costs .....	_____	_____	(g) Other equipment, material and supplies.....	_____	_____	(h) Project contingency.....	_____	_____	(i) Total.....	\$ _____	\$ _____
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Previous Editions Obsolete

EXHIBIT D (Page 2)

<p>8. Do maintenance and operation cost estimates appear realistic?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p>9. Movable and Expendable Equipment and Supplies</p> <p>(a) Does the applicant propose inclusion of:</p> <p style="padding-left: 40px;">Movable operating equipment?    <input type="checkbox"/> Yes    <input type="checkbox"/> No    Expendable equipment &amp; supplies?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p> <p>(b) If "yes" for either, are the items needed for initial project operations up to one year?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p> <p>(c) If "yes" for (b), are the quantities and costs acceptable?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p> <p>(d) If "yes" for (c), is there any reason to believe that the applicant can supply these needs from other sources?  <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p>10. Has applicant supplied acceptable evidence of all clearances required at this point?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p> <p style="padding-left: 40px;">Is there evidence of any problems which would prevent or delay clearances or approvals which will be required later?  <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p>11. Will the project have a useful life at least equal to the period of the loan?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p>12. If revenues from any existing facilities are pledged, do those facilities have a remaining useful life at least equal to the period of the pledge?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p>13. Comments (Cover all items checked adversely.)</p>
<p>14. Special Conditions (Attach separate sheet as necessary.)</p>
<p><input type="checkbox"/> Approval is recommended subject to the above specifications, estimates, and conditions.</p> <p><input type="checkbox"/> Approval is not recommended.</p>
<p>Concur: _____ Date _____ Review Engineer _____ Date _____</p> <p style="text-align: center; font-size: small;"> <span style="margin-right: 100px;">Chief, Engineering Staff</span> <span style="margin-right: 100px;">Date</span> <span style="margin-right: 100px;">Review Engineer</span> <span>Date</span> </p>

EXHIBIT E

[Form CFA-1014, to follow]

EXHIBIT F

CFA-1016  
(1-62)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION AREA REDEVELOPMENT PROGRAM <b>LEGAL REVIEW REPORT</b>	PROJECT NO.
--	-------------

NAME OF APPLICANT

1. Is legal name of applicant correctly shown?  Yes  No

2. Are the applicant and its project eligible under the program legislation?  Yes  No

3. Were the certification and resolution correctly executed?  Yes  No  
 Was the certification signed by the person named in the resolution as the applicant's authorized representative?  Yes  No

4. Does the applicant have sufficient legal authority to:  
 (a) Construct the project as proposed?  Yes  No  
 (b) Make the loan, and issue and secure the bonds as proposed?  Yes  No

5. Does the data submitted indicate any legal obstacles that would delay or adversely affect the project or loan and/or grant?  Yes  No

6. Are the special conditions specified by the Engineering and Finance Staffs legally satisfactory?  Yes  No

The following additional special conditions should be included in the Agreement:

NOTES AND COMMENTS (Explain any adverse finding.)

RECOMMENDATIONS

Review reveals no legal objection to approval of the application and the loan and/or grant.

The following legal objections to approval exist:

\_\_\_\_\_  
 Reviewer

Concur: \_\_\_\_\_  
 Regional Counsel

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Date

FHBB-Washington, D. C.

EXHIBIT G

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Area Redevelopment Program  <b>APPLICATION APPROVAL RECOMMENDATION</b>	PROJECT NUMBER          <div style="text-align: right;">CFA-1017 (1-62)</div>
1. Applicant:	
2. Project Description:	
3. Recommendation to Regional Administrator:	
<p>The application and related documents submitted by the applicant identified above have been reviewed as evidenced by the attached reports on Forms CFA-1012, CFA-1013, CFA-1014, and CFA-1016. On the basis of the favorable finding in the reviews, I recommend that you concur in these favorable findings subject to any conditions which follow.</p>	
_____ <i>Regional Director of Community Facilities Activities</i> <i>Date</i>	
4. Action by Regional Administrator	
<p>I concur in the favorable review findings and, subject to any conditions given above, recommend that the Commissioner request and recommend approval by the Area Redevelopment Administration,</p>	
_____ <i>Regional Administrator</i> <i>Date</i>	

EPF:ERO--1-29 62 6M 9127

EXHIBIT H

Page 1

CFA-1019  
(4-64)

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

DEPARTMENT OF COMMERCE  
AREA REDEVELOPMENT ADMINISTRATION

PROJECT SUMMARY

(This form to be used (1) by HSHA Regional Office for submittal of draft project summary to CFA; (2) by CFA for submittal to ARA of project summary as approved by Community Facilities Commissioner.)

1. Project Number  (Self-explanatory)	2. Applicant  (Enter full legal name of applicant.)
3. Type of Project (e.g., Water and Sewer Facilities; R R spur line; Access Road)	4. Location  (Furnish name of City, County, and State.)

5. Project Description

This should include a brief description of all component parts of the proposed construction.

Example:

"The project will provide for construction of extensions and improvements to an existing water system and will include 2,400 feet of 8 inch main extensions, a 150,000 gallon standpipe, pump station, fire hydrants and appurtenances."

6. Community Need to be Met

Provide a statement of need and justification for the facilities to be provided. Include the type of redevelopment area (5a or 5b); unusual circumstances, such as loss of industries; type of new industry to be served by the proposed facilities; number of new job opportunities, if known; and such other available information considered necessary to show the community need for the project.

7. Financing Plan

Include the complete financing plan proposed for the project. This will include the amount of the Section 7 loan, Section 8 grant, applicant's contribution, and any other source. The loan maturity, interest rate, and type of security will be shown.

Example:

Public Law 87-27		Maturity	Interest	Security
Loan, Section 7	\$100,000	30 years	3-5/8	Revenue
Grant, Section 8	40,000			
Applicant's Cash	20,000			
FHS 660 Grant	50,000			
Total	\$210,000			

EXHIBIT H (Page 2)

Page 2

CFA-1019  
(4-64)

8. Estimated Project Cost

All components of project costs should be itemized. Total costs must agree with proposed financing. That portion attributable to industry must be itemized and totaled and must agree with the amount used in Item 10

	Total	Industrially Related Costs
a. Preliminary costs	_____	_____
b. Land and rights-of-way	_____	_____
c. Construction costs	_____	_____
d. Construction contingency	_____	_____
e. Architect/engineering services:		
Borings	_____	_____
Surveys	_____	_____
Fee	_____	_____
Resident inspection	_____	_____
Total	_____	_____
f. Capitalized interest:		
During construction	_____	_____
During development	_____	_____
Total interest	_____	_____
g. Legal and administrative costs	_____	_____
h. Other equipment, materials, supplies	_____	_____
i. Project contingency	_____	_____
 Total	_____	_____

9. Engineering Review

This will normally consist of three parts: time estimates, technical adequacy, and if considered desirable, comments. These should be shown as follows:

a. Time Estimates After ARA Approval

To complete final plans and specifications \_\_\_\_\_ months  
 To start construction \_\_\_\_\_ months  
 Construction period \_\_\_\_\_ months  
 Total to completion \_\_\_\_\_ months

A statement concerning the time estimates should be included.

Example:

"The time estimates, as shown for planning, starting, and completing construction, appear realistic for the type and size of project."

b. Technical Adequacy

A statement concerning technical adequacy should be given.

Example:

"Based upon the information available, this project is practical, follows acceptable design practices, and the estimated costs appear reasonable."

c. Comments

Not all projects will require use of this item. It will be used only when it is considered necessary in presenting any unusual features, problems or other information of an engineering nature.

EXHIBIT H (Page 3)

Page 3

CFA-1019  
(8-64)

10. Financial Review

This review will be presented in five parts. These are: ARA Industrial Evaluation, Applicant's Ability to Finance with Project Revenues, Community Fiscal Benchmark Evaluation, Debt Capacity and Comments. These items should adhere as closely as possible to the following examples:

- a. ARA Industrial Evaluation -- Estimated additional annual net fair user charge from the industry to be benefited by this project is \$ \_\_\_\_\_ which could service a loan of approximately \$ \_\_\_\_\_ over a \_\_\_\_\_ year period at \_\_\_\_\_ with a \_\_\_\_\_ coverage.

Portion of project attributable to industry . . . . .	\$ _____
Less:	
Maximum loan based on net fair user charge . . . . .	\$ _____
Applicant's cash on hand or other funds . . . . .	\$ _____
For grant consideration . . . . .	\$ _____
Plus:	
Loan funds required . . . . .	\$ _____
Total project cost . . . . .	\$ _____

- b. Applicant's Ability to Finance with Project Revenues  
Example:

Project revenues cannot be used for bond security since all revenues are currently pledged as security on outstanding first and second lien bonds.

or,

Estimated project revenues are sufficient to amortize a full loan for this project.

or,

Although revenues from this project are not sufficient to consider as bond security, surplus revenues from the entire system are sufficient to secure a \_\_\_\_\_ year bond issue in the amount of \$ \_\_\_\_\_.

(or such other comments needed to describe the existing conditions.)

- c. Community Fiscal Benchmark Evaluation -- Including proposed loan.  
Example:

1. Net direct and overlapping debt per capita	<u>Applicant</u>	<u>At Least</u>
2. Ratio of net and overlapping debt to full valuation	\$ 30	\$200
3. Direct and overlapping tax rate per \$1,000 full valuation	1.2%	2%
4. Ratio of net direct and overlapping debt per capita to personal income per capita	0.3%	10%

State one of the following

"This evaluation reflects the applicant's position only."

or,

"This evaluation reflects the position of the benefiting community

(City of \_\_\_\_\_)

(County of \_\_\_\_\_)

- d. Debt Capacity

Include a brief statement of applicant's debt capacity. Where applicable, include a statement of tax limitation (Statutory limitation on dedicated mil tax) with respect to the proposed loan. If a public body, ability to finance with general obligation bonds should be shown in tabular form.

Example:	Maximum G.O. debt limit	\$ _____
	Less: G. O. Bonds outstanding	\$ _____
	Balance of G.O. Bonding limit	\$ _____

- e. Comments

Other financial information considered necessary for proper understanding of applicant's fiscal position will be briefly stated. Examples:

"The applicant meets none of the fiscal benchmarks established for evaluation of grant needs. In addition, unused general obligation debt capacity is sufficient to cover the proposed project costs."

or,

"The applicant meets \_\_\_\_\_ of the fiscal benchmarks established for grant needs. In addition, the limited general obligation debt capacity is needed to provide other urgently needed capital requirements."

or such other information required to describe the financial conditions in support of recommendation.

EXHIBIT H (Page 4)

Page 4

CPA-1019  
(4-64)

11. Legal Review

Example:

"The applicant has the legal authority to plan, finance, and construct the facilities in the manner proposed."

12. Terms and Conditions

(Use applicable paragraph:)

a. The agreement will include terms applicable to public facility loans and special conditions necessary, and will be in accordance with the Area Redevelopment Act, State and local laws.

or,

b. The agreement will include terms applicable to public facility loans modified to provide for a grant and special conditions necessary, and will be in accordance with the Area Redevelopment Act, State and local laws.

or,

c. Such other special conditions considered necessary.

13. (This space reserved for use by the Central Office.)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Community Facilities Commissioner)

### Section 3. Reports

This Section provides for the reporting of ARA project data necessary for program management purposes and for furnishing project information to the Area Redevelopment Administration.

#### ACTION NOTICE

Upon completion of an indicated action, the appropriate technical or program operations branch shall prepare one copy of Form CFA-110, *Action Notice*, entering the project number, date of the action, and the applicable action. For key action items (identified by asterisks), the *Action Notice* shall be sent to the Reports and Control Assistant.

#### PROJECT STATISTICS CARD

When an *Action Notice* is received by the Reports and Control Assistant, an appropriate entry shall be made to the *Project Statistics Card*, Form CFA-112. The *Action Notice* shall be sent to the appropriate program branch chief after the posting has been completed. The reverse side of Form CFA-112 should be used to post percent-of-completion of construction entries.

#### REPORTS

One weekly report of ARA project activity is required to be furnished to CFA. The report shall be prepared on Form CFA-103-ARA (Exhibit A), as described below, by the Reports and Control Assistant, based on data obtained from Form CFA-112. The report shall cover the period from the close of business on Friday through the close of business on the following Friday. Where a month ends on a working day other than Friday, a separate report shall be prepared for the period ending with the close of business on that day for the portion of the week covered; in such cases, the balance of the week's activity shall be shown in a separate report ending with the close of business, Friday.

Separate reports shall be set up each Monday for each State in the Region; if no action occurs for posting in a given State, the report is to be so annotated and sent with the reports for other States at the end of that week.

Following preparation, the report shall be reviewed and signed by the Chief, Public Facilities Operations Branch.

At the close of business of each reporting period, Form CFA-103-ARA shall be sent to CFA. The report shall be mailed so as to assure

delivery on the following Monday, using 9½ x 12 inch envelopes marked for the attention of the Reports and Control Branch, CFA.

#### PREPARATION

The initial entries in columns (1) through (3) and part of columns (4) and (5) of Form CFA-103-ARA shall be made by the Reports and Control Assistant at the time the ARA notice is received. For all subsequent postings, including revisions, show only the project number and the additional information or revisions in the appropriate columns; except for these, do not repeat information previously submitted. For clarification of letter designations shown on Form CFA-103-ARA, see Exhibit B.

In the heading of the Form, insert "Region" and the Regional Office number before the words "Office Worksheet"; insert the name of the State under "ARA Program"; and show the appropriate date.

The items to be reported are explained below :

- (1) Show the location (county and city) of the project; the name of the applicant, the ARA project number; and the Congressional District in which the project is located. If a project is located in more than one Congressional District, each shall be listed.
- (2) *Population*—Insert the appropriate population code :
 

1—Under 500	5—5,000 to 10,000	9—100,000 to 250,000
2—500 to 1,000	6—10,000 to 25,000	10—250,000 to 500,000
3—1,000 to 2,500	7—25,000 to 50,000	11—500,000 to 1,000,000
4—2,500 to 5,000	8—50,000 to 100,000	12—1,000,000 or more
- (3) *Area*—Insert the appropriate area code, using *a* for a 5(a) area, and *b* for a 5(b) area.
- (4) *Type*—Insert code showing type of project; see Section 8-2-2, Exhibit D, for project type codes. Omit entry after "J", as the number of jobs will be entered by CFA.
- (5) *Receipt of Notice and Application*—Enter date Form ARA-1 received in Regional Office after "NRO". Enter date application received after "AP". Omit entry after "NCO", as the date Form ARA-1 is received in CFA will be inserted by CFA.
- (6) *Assistance Given Applicant*—Enter date preapplication conference requested and date preapplication conference held after "CR" and "CH", respectively. After "Days" show the amount of time staff spent in assisting applicant in preparing or expediting application. This would include the time spent at the preapplication conference or any time expended in other aid rendered to the applicant. If the amount of time expended is increased from one reporting period to another, enter the revised total time expended. Time is to be counted in days or multiples of half days. Where time amounts to four hours

or less, report as one-half day; where time amounts to more than four hours but less than eight, report as a full day.

- (7) *Review Status*—Omit, as CFA will insert the date the Regional Office recommendation is received in CFA after “RCO”, and the date referral is made to ARA after “RA”.
- (8) *ARA Authorization of Funds*—The date and amount of the original ARA authorization of funds will be inserted after “AA” by CFA. The Regional Office shall report all revised authorizations after “Rev #”, showing the revision number and the exact total amount of the revised loan and /or grant authorized to date.
- (9) *Offer*—Insert date offer made after “OM” (the date appearing in the upper right hand corner of Form CFA-1021); and date offer accepted after “OA” (date agreement accepted by the applicant). Do not report dates of amended offers and agreements; however, pertinent changes made by amendments such as changes in grant or loan amount shall be shown in the appropriate columns.
- (10) *Construction Status*—Insert after:
  - “CS”—date construction started. A construction start is defined as the date on which labor or equipment is first employed on the site, as obtained from Form CFA-249, *Monthly Construction Status Report*. Prior to actual construction start, but after concurrence in contract award, an estimated construction start date shall be furnished. The estimated date, shown by placing an “E” immediately following the date, should be derived from the applicant’s estimate of the time required to place the project under construction. The initial estimate should be obtained from the *Project Summary and Approval* and subsequent estimates from Form CFA-249.
  - “%”—percent construction completed as obtained from Form CFA-249.
  - “CC”—date construction completed. Construction completion is defined as that point when the project is usable for its intended purpose and shall be obtained from Form CFA-249. In the case of a multi-unit project, construction completion shall be reported only when the last unit is usable or in use. At the time the construction start date is first reported, an estimated construction completion date shall also be shown. Shown by placing an “E” immediately following the date, the estimated construction completion date should be derived by projecting the number of days stipulated for construction from the start date given

in the Notice to Proceed. The estimated date shall be revised as more current information becomes available.

“PA”—date project accepted by the owner; i.e., the date Form CFA-213, *Certificate of Completion and Payment*, is signed by the owner.

- (11) *Comments*—Enter the status code obtained from Form CFA-249 or, as appropriate, a code reflecting Regional Office activities. The codes are as follows:

(A) Construction Start Delayed:

(1) Legal problems:

(a) Applicant having problems regarding local legal approval.

(b) Condemnation difficulties.

(2) Financial problems:

(a) Bid overrun.

(b) Sale of bonds.

(3) Weather conditions.

(4) Material shortages.

(5) Equipment failure.

(6) Labor problems.

(7) Wage rates.

(8) Engineering:

(a) Regional Office awaiting contract documents.

(b) Other (explain on reverse of Form CFA-103-ARA).

(B) Construction Delayed After Start:

(1) Weather conditions.

(2) Material shortages.

(3) Equipment failure.

(4) Labor problems or labor shortages.

(5) Site condition problem.

(C) Administrative Delays:

(1) Additional information needed from applicant:

(a) To prepare initial data.

(b) Regarding financing.

(c) Regarding engineering.

(d) Regarding legal matters.

(e) To make disbursements.

(f) To prepare reports subsequent to audit request.

- (g) To clear audit exceptions.
- (h) To prepare final report.

(2) Project changes being considered by applicant.

When the cause for delay is resolved, the entry shall be deleted by entering the code and drawing a line through it. The Chief, Public Facilities Operations Branch, shall be responsible for assuring that the report reflects current conditions.

- (12) *Disbursement and Project Cost*—Enter as appropriate, after “L” and/or “G”, the total disbursement to date of loan and/or grant funds. After “PC”, show the total project cost.
- (13) *CFA Audit*—Insert the date, as appropriate, following:
  - “AR”—audit requested by the Regional Office.
  - “REC”—audit report received by the Regional Office.
  - “CL”—audit closed.
  - “FIN”—project completed (i.e., date Form CFA-150 signed); also include in column (12) the final disbursements and project cost, which shall be designated by the letter “F” following grant, loan, and project cost totals.
- (14) *Status of project*—Two types of entries shall be included in column (14):
  - (a) Repeat the most current action code applicable to the project together with the date (month and year) of such action. For example, if the most recent action was acceptance of the offer by the applicant in June 1964, “6-64” would be inserted in column (9) after “OA” and “OA 6-64” in column (14).
  - (b) As appropriate, disposition of the project—
    - “D”—Disapproved—action taken by ARA not to approve the project because the applicant, project, or area is ineligible or where the application is unacceptable for one or more reasons. Such actions shall be reported as “Disapproved” only where they occur prior to the reservation of funds.
    - “W”—Withdrawal—positive action taken by applicant or Government to rescind its application, thereby precluding any further Government participation. Such action shall be reported as “Withdrawn” only where the applicant’s request is received prior to reservation of funds.

“C”—Cancelled—action taken by the applicant or Government to terminate Government participation. Such action shall be reported as “Cancelled” where the action occurs after the reservation of funds.

“U”—In Use—project is being used for its intended purposes.

“PD”—Processing Deferred—where processing has been deferred by ARA, CFA will enter “PD” in this column.

EXHIBIT A

CF-102-REA  
(11-64)

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

ARA WORKSHEET

REGION \_\_\_\_\_

Week ended \_\_\_\_\_

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
COUNTY, CITY, APPLICANT, PROJECT NUMBER AND CONGRESSIONAL DISTRICT	P O P	AREA	TYPE AND JOBS	RECEIPT OF NOTICE AND APPLICATION	ASSISTANCE GIVEN APPLICANT	REVIEW STATUS	ARA AUTHORIZATION OF FUNDS	OFFER TO APPL. CANT.	CONSTRUCTION STATUS	COM. MERITS	DISBURSEMENT PROJECT COST	CFR AUDIT	STATUS PROJECT
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	
				NCO	CR	RCO	AA	CS	CS	LS	LS	AR	
				NRO AP	CH Days	RA	Rev# LS	CS	CC	CC	PCS	REC CL	

PREVIOUS EDITIONS OBSOLETE

Chief, Public Facilities Operations Branch

## EXHIBIT B

## KEY TO LETTER DESIGNATIONS USED IN FORM CFA-103-ARA

Column	Code	Explanation
(4)	J	Jobs Estimated by ARA
(5)	NCO	Notice (Form ARA #1) Received in Central Office
	NRO	Notice (Form ARA #1) Received in Regional Office
	AP	Application Received in Regional Office
(6)	CR	Conference (Pre-Application) Requested by Regional Office
	CH	Conference (Pre-Application) Held by Regional Office
(7)	RCO	Review Received in Central Office
	RA	Review Forwarded to ARA
(8)	AA	Approved Authorization of Initial Funds
	L\$	Amount of Initial Authorization of Loan
	G\$	Amount of Initial Authorization of Grant
	Rev #	Number of Revision
	L\$	Amount of Total Loan to Date
	G\$	Amount of Total Grant to Date
(9)	OM	Offer Made to Applicant
	OA	Offer Accepted by Applicant
(10)	CS	Construction Started (if estimated, place E before date)
	%	Percent Completed
	CC	Construction Completed (if estimated, place E before date)
	PA	Project Acceptance after Completion (Form CFA-213 date)
(12)	L\$	Total Amount of Loan Disbursement to Date
	G\$	Total Amount of Grant Disbursement to Date
	PC\$	Total Project Cost
	F	Final loan or grant disbursement or final project cost
(13)	AR	Audit Requested
	REC	Audit Received
	CL	Audit Closed
	FIN	Final Project Completion Report (Form CFA-150 date)
(14)	U	Project in Use
	W	Withdrawn by Applicant
	D	Disapproved
	C	Cancelled after Approval
	PD	Processing Deferred

### CHAPTER 3. LOAN AND/OR GRANT AGREEMENTS

Upon approval of the project summary, the project file shall be forwarded to the Regional Office Legal Division for preparation of the offer. The offer shall be prepared on Form CFA-1021, *Offer* (Exhibit A), and shall be based upon the details and conditions of approval as set forth in the project summary and the review reports, and shall have the special conditions and the bond specifications prepared as attachments to be marked as Exhibit A and Exhibit B.

The contract number for the offer shall be obtained from the Administrative Division.

The specifications for the bonds shall be prepared as a separate sheet, duplicating the applicable portion of Item V of the *Financial Review Report, Part 1*, and shall be forwarded with and form part of the offer as Exhibit B thereto.

Upon completion of the draft copy of the offer, including the special conditions and the bond specification sheet, it shall be referred to the Engineering and Finance Branches for review and surnaming.

Sixteen copies of the offer and special conditions are required.

#### STANDARD TERMS AND CONDITIONS

A copy of Form CFA-1020, *Terms and Conditions*, shall be attached to the execution copies of the offer, and to the additional copies sent to the applicant, but not to other Regional or CFA copies. No change shall be made in Form CFA-1020 without CFA approval unless specifically authorized in this Manual. The reference to Form CFA-1020 in the *Offer* shall include the parenthetic date, to identify the version being used.

#### SPECIAL CONDITION

The following special condition shall be included in each loan and/or grant agreement, using the bracketed words as appropriate:

“The following Special Condition is made a part of the [Loan and/or Grant] Agreement for the above identified project.

1. The Government shall have the right to reduce the amount of the [grant first and secondly the loan amount] as set forth in the [loan and/or grant offer] upon giving the Applicant written notice, if the eligible project costs after award of the construction contracts are determined by the Government to be less than the estimated costs upon which the stipulated amount of the [loan and/or grant] was based.”

**ACCEPTANCE BY APPLICANT**

The Regional Director shall sign three execution copies. All of these copies with three conformed copies of the offer and three copies of Form CFA-1022, *Acceptance of the Offer* (Exhibit B), shall be forwarded to the applicant under a transmittal letter. The letter shall advise that the form of the applicant's acceptance of the offer, agreeing to all the terms and conditions of the offer, must conform to such local law as governs the entering into and the execution of contracts generally by the applicant, and that the procedural requirements respecting such agreements under the local law should also be observed in accepting the offer. The applicant shall also be advised that the suggested form of acceptance of the offer is provided as a convenience and should be used only if local law and practice permit.

The applicant shall be instructed to prepare, upon acceptance of the offer, three duly executed certified copies of the acceptance of the offer, represented by the resolution, ordinance, or other proceeding adopted by the applicant's governing body accepting the offer. The three execution copies shall be countersigned by an attorney at law, preferably the applicant's official counsel. The applicant shall also prepare three executed copies of the certificate of the recording officer.

Two executed sets of the offer and acceptance and certificate of recording officer shall then be returned to the Regional Office. When an approval or permit from a body other than the governing body of the applicant is necessary to complete the acceptance, certified evidence of such approval or permit must accompany the acceptance.

**REGIONAL OFFICE ACTION**

When the fully-executed offer and acceptance documents, constituting the loan and/or grant agreement, have been returned, they shall be routed to the Legal Division for examination of the acceptance. If satisfactory, the Regional Counsel shall so note on the documents and return them to the Chief, Public Facilities Operations Branch.

The Chief, Public Facilities Operations Branch, shall note the date of acceptance on the conformed copies of the offer and distribute as follows:

- One executed set of documents to the Regional Administrative Division fiscal project file.
- One executed set of documents to ARA via CFA.
- Four conformed copies of the offer to CFA.
- One conformed copy to the Audit Division.
- One conformed copy to the Division of Finance and Accounts.
- One conformed copy to the project file.
- Two conformed copies to the bond transcript file.
- One conformed copy to the Field Engineer.

## INSTRUCTIONS TO APPLICANTS

At the time of approval and agreement execution, the applicant must be advised of the next steps to be taken. This information may be included with the letter transmitting the offer or be sent separately, as the Regional Director determines. The information shall include:

- (1) The information on interim financing of construction specified in Section 21-2-1. This shall be accompanied by a signed original and one copy of Form CFA-1025, *Statement of Intent with Respect to an Area Redevelopment Loan and/or Grant Agreement* (Exhibit C), a copy of which shall be placed in the project file.
- (2) The information concerning the Construction Account specified in Section 21-2-2.
- (3) The information on preconstruction and construction activities specified in Section 20-1-1. This information may be forwarded immediately upon loan approval.
- (4) The information on selection of bond counsel, trustee, and paying agents specified in Section 21-3-1.

EXHIBIT A

CPA 1001  
(6-62)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION	DEPARTMENT OF COMMERCE AREA REDEVELOPMENT ADMINISTRATION	Project No. _____
<b>AREA REDEVELOPMENT PROGRAM</b>		Offer Date _____
		Contract No. _____

**OFFER**

Subject to the Terms and Conditions, dated \_\_\_\_\_, attached hereto and made a part hereof as Exhibit "A", the Special Conditions attached hereto and made a part hereof as Exhibit "B", and the Bond Specifications attached hereto and made a part hereof as Exhibit "C", the Department of Commerce, Area Redevelopment Administration, acting through the Housing and Home Finance Agency, hereinafter referred to as the Government, hereby offers to make a grant of not to exceed \$ \_\_\_\_\_ and a loan not to exceed \$ \_\_\_\_\_ to \_\_\_\_\_

(herein called the "Borrower"), in order to aid in financing the construction of essential public works or facilities presently estimated to cost \$ \_\_\_\_\_, consisting of \_\_\_\_\_

(herein called the "Project"): Provided, that in the event the actual cost of the Project as determined by the Government upon completion is less than \$ \_\_\_\_\_, the financial aid to the amount of \$ \_\_\_\_\_ shall be reduced by an amount equal to the difference between such estimated cost of the Project and the actual cost thereof; and Provided further, that in the case of such reduction of Federal financial aid, the amount of the Federal grant, if any, shall be reduced before the amount made available as a Federal loan is affected.

The loan herein provided for shall be made by purchase from the Borrower, at the principal amount thereof plus accrued interest thereon, of \_\_\_\_\_

By acceptance hereof the Borrower agrees to offer its aforesaid obligations for public sale. The Government will submit its bid for the Bonds and such bid will be for all of the Bonds at their par value, plus accrued interest, at the rate of \_\_\_\_\_ per centum per annum on all or any one or more of the above blocks of Bonds. In the event any other bidder or bidders offer to purchase all of the Bonds at an interest cost of not more than \_\_\_\_\_ per centum per annum, or any portion of the Bonds in blocks as specified at an interest cost of not more than \_\_\_\_\_ per centum per annum for maturities of twenty-six (26) years or more, \_\_\_\_\_ per centum per annum for maturities ranging between twenty-one (21) and twenty-five (25) years and not more than \_\_\_\_\_ per centum per annum for maturities of twenty (20) years or less, the Bonds or any such portion thereof will not be purchased by the Government. In the event of a sale of all the Bonds to a purchaser or purchasers other than the Government, this Agreement shall terminate except with respect to obligations hereunder between the Borrower and the Government as of the date of such sale of the Bonds. In the event any of the Bonds are awarded to the Government, it is agreed that the obligations hereunder shall continue in the same manner as if all the Bonds were sold to the Government. In the event no bid is received from a bidder or bidders other than the Government within the terms herein specified, all the Bonds will be purchased by the Government.

Upon acceptance, this Offer, together with the Terms and Conditions, the Special Conditions and the Bond Specifications referred to, shall become the "Loan and/or Grant Agreement."

This Offer must be accepted within 60 days from the above date.

Housing and Home Finance Agency  
 Community Facilities Administration

By \_\_\_\_\_  
 Regional Director of Community Facilities

Previous Editions Obsolete

FPI-1-A-6-19-62-68-008

EXHIBIT B

ACCEPTANCE OF THE OFFER

WHEREAS, there has been filed with the Government in behalf of

(Legal corporate name of applicant)
(herein called the Applicant) an application, Project Number \_\_\_\_\_, dated \_\_\_\_\_, for Federal assistance under the Area Redevelopment Act, Public Law 87-27, and the Housing and Home Finance Agency, Community Facilities Administration, acting by and through the Regional Director of Community Facilities, has transmitted to the Applicant for acceptance an Offer dated \_\_\_\_\_ of Federal assistance in connection with the Project referred to in said application and described in said Offer; and

WHEREAS, said Offer has been fully considered in accordance with all pertinent rules of procedure and legal requirements, and made a part of the Applicant's public records; and

WHEREAS, it is deemed advisable and in the public interest that said Offer be accepted;

NOW, THEREFORE, be it Resolved by \_\_\_\_\_ (Name of applicant's governing body) that the said Offer, a true and correct copy of which, including the Special Conditions, Bond Specifications and the Terms and Conditions, is hereto attached, be and the same hereby is accepted without reservation or qualification.

Passed by the aforementioned governing body of the Applicant on the \_\_\_\_\_ day of \_\_\_\_\_

Date \_\_\_\_\_ (Signature of Officer Required to Approve)

(Typed Name of Officer)

Approved as a Valid Acceptance of the above-mentioned Offer

(Title of Officer)

Attorney at Law

Address:

Housing and Home Finance Agency, Community Facilities Administration

CFA-1022 (8-52)

EXHIBIT C

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

DEPARTMENT OF COMMERCE  
AREA REDEVELOPMENT ADMINISTRATION

CFA-1025  
(10/62)

STATEMENT OF INTENT WITH RESPECT TO  
AN AREA REDEVELOPMENT LOAN

This STATEMENT is issued in connection with the Loan and/or Grant Agreement dated \_\_\_\_\_, Contract No. \_\_\_\_\_, Project No. \_\_\_\_\_, by and between the United States of America and \_\_\_\_\_ (hereinafter called the "Borrower"), which Loan and/or Grant Agreement evidences, subject to compliance by the Borrower with the provisions thereof, that:

1. The Government has agreed to buy the Bonds of the Borrower in an amount not to exceed \$ \_\_\_\_\_ and provide a grant of not to exceed \$ \_\_\_\_\_ in order to finance the construction of an Area Redevelopment Project pursuant to the provisions of the Area Redevelopment Act, Public Law 87-27.
2. The Borrower need not await the delivery of the Bonds before starting construction of its Project, if it is able upon reasonable terms to temporarily finance the construction costs in the interim.
3. In the interest of stimulating private financing of the construction costs of the Project prior to the time when the Bonds are ready for delivery, it is stipulated in section 7 of the Terms and Conditions constituting part of the Loan and/or Grant Agreement that the Borrower may apply to and receive from the Government an advance against the Bonds which the Government has contracted to purchase in an amount sufficient to liquidate any interim financing borrowings which may become due before the Bonds have been prepared in definitive form.

The Borrower is hereby authorized to deposit a copy of the Loan and/or Grant Agreement and this Statement with any private lending institution in connection with its application for a temporary loan to aid in the construction of the Project, as evidence of the Government's obligations under the Loan and/or Grant Agreement.

Executed on behalf of the United  
States of America

\_\_\_\_\_  
*Regional Director of Community Facilities Activities*

GPO 518309

## CHAPTER 4. CHANGES SUBSEQUENT TO LOAN AND/OR GRANT APPROVAL

### REVISED PROJECT SUMMARY

A revised project summary shall be prepared whenever:

- (1) A revision in the approval project will change:
  - (a) The scope or character of the project, or will effect a reduction in anticipated project revenues.
  - (b) The method of financing, including sale of all or part of the bonds to other bidders (see Chapter 22-2).
  - (c) A line item in, or the total of, the approved project cost estimate. (Construction cost, including construction contingency, is considered a single line item.)
  - (d) The loan conditions or the security pledged to a degree which requires an amendatory agreement.
- (2) The Loan and/or Grant Agreement is altered by amendment or waiver.
- (3) Cancellation or withdrawal occurs after issuance of the initial project summary (see below).

If, following loan approval, the prospective borrower does not accept the offer, or later requests release from an executed Loan and/or Grant Agreement, the Regional Office should endeavor to obtain the return of the Agreement, and will issue a revised project summary providing for cancellation of the loan approval or commitment and specifically requesting rescision of the fund reservation.<sup>1</sup> The revised project summary shall indicate the reasons for such action, and where private financing has been arranged, should include a summary of the terms of such financing, including name of lender, maturities, and net interest cost.

Where all bonds are awarded to other bidders and no grant is involved, the special completion procedures, including issuance of a revised project summary, in Chapter 22-2 shall be followed.

### Processing of Proposed Changes

Changes may be proposed by either the borrower or the Regional Director. Changes initiated by the Regional Director must have the written concurrence of the borrower before approval.

<sup>1</sup> When an application is withdrawn or canceled prior to the issuance of a project summary, the instructions in Section 6-2-2 will apply.

When a change initiated by the borrower will affect construction, the borrower will include the change order, prepared as prescribed in Section 20-2-3, and send the documents to the Field Engineer for transmittal to the Regional Office with his comments. If the change is approved, the change order shall be further processed and returned to the borrower for issuance as described in Section 20-2-3.

Each proposed change shall be given all technical reviews needed to appraise the technical aspects involved. Applicable CFA policies and criteria shall be observed in reviewing and approving proposed changes. The borrower should be required to submit such additional data as will be needed for the review.

#### **Preparation of Revised Project Summary**

Revised project summaries shall be prepared by CFA or the Regional Office, depending upon the type of change to be made.

When the following types of changes are made, the revised project summaries shall be prepared and distributed by CFA following the procedures in Section 6-2-2 for initial project summaries:

- (1) A change of scope or character of the project of such a nature as to change the factors upon which the Overall Economic Development Plan and/or the Project Proposal were approved by ARA.
- (2) The total Federal loan funds are increased.
- (3) The Federal grant funds are increased.

Such proposed changes shall be fully documented in a memorandum to the Commissioner with the recommendation of the Regional Office. Notification of ARA approval will be made by CFA by issuance of a revised project summary. The CFA notification shall also contain, as necessary, notice of revised fund reservation.

When other types of changes are made, Form CFA-105, *Revised Project Summary* (Exhibit A), shall be prepared by the Regional Office. Only the item or items to be revised and the reasons for the revision will be shown. Revised project summaries shall be numbered consecutively for each project.

Project summaries and revisions after approval, and agreements and amendments after acceptance, are to be distributed promptly.

The Regional Director shall sign the revised project summaries. However, if the change is substantive in nature and requires an amendment or waiver to the agreement, prior approval of the Regional Administrator must be obtained and documented by his signing the project file copy of the revised project summary.

Upon approval, copies of the revised project summary shall be distributed as follows:

Regional Office: Project File  
Legal Division  
Field Engineer  
Administrative Division

Applicant—2 copies  
Audit Division—1 copy  
Division of Finance and Accounts—1 copy  
CFA—6 copies

**CHANGES TO LOAN AND/OR GRANT AGREEMENTS**

A loan and/or grant agreement can be changed only by an amendment or a waiver. An amendment to the agreement shall be prepared whenever a revised project summary results in:

- (1) A significant change in project scope.
- (2) An increase in total project costs above the approved estimates which:
  - (a) The borrower proposes to finance by sale of additional parity bonds to purchasers other than the Government, or
  - (b) Will involve an increase in the Government loan and/or grant.

Where a substantial decrease in project costs occurs, and where a reduced project scope is not involved, a reduction in the approved Government loan and/or grant is required. The reduction shall be applied in the following order:

- (1) First, by reducing the Government grant, and
- (2) Second, where there is no grant involved, or where the reduction is greater than the grant amount, the reduction shall be made in the Government loan amount.

Reductions so made shall be accomplished in the following manner:

- (1) Where the loan and/or grant agreement does not contain the special condition set forth in Chapter 6-3, or a similar provision, the reduction shall be made by an amendment to the agreement.
- (2) Where the agreement contains the special condition provided in Chapter 6-3, or a similar provision, the following procedure shall be followed:
  - (a) Upon notice of such a decrease in project costs, the Chief, Public Facilities Operations Branch, shall prepare a revised project summary, and a letter (see Exhibit B) to the applicant notifying him that the grant and/or loan amount set forth in the offer is reduced. These documents together with

a copy of the original project summary or the most recent revision thereof shall be processed as follows.

- (b) The Regional Director shall initial the revised project summary and sign the letter.
- (c) The Regional Administrator shall initial the letter and sign the revised project summary.
- (d) The Chief, Public Facilities Operations Branch, shall send the letter with two copies of the revised project summary to the applicant by certified mail, return receipt requested. A copy of the letter shall be attached to each of the remaining copies of the revised project summary and distributed immediately after dispatch of the letter to the applicant.
- (e) The notice of the applicant's receipt of the letter shall be placed in the project folder.

Any other change in the executed loan and/or grant agreement, including the special conditions or the standard terms and conditions, shall require an amendment or waiver. Changes in the standard loan text, Form CFA-1021, or in the standard terms and conditions, Form CFA-1020, or any waiver thereof require prior CFA approval unless specifically authorized by Manual or Regional Circular.

#### **Waivers**

Legal review of a proposed change in the loan and/or grant agreement may disclose that it can be best accomplished after approval by issuance of a waiver. If the substance of the change is of a type for which the Regional Office is authorized elsewhere in this Volume to approve a waiver, no referral to CFA of the proposed waiver is needed. In any other case, prior approval of CFA for issuance of the waiver must be obtained.

#### **Preparation**

An amendment to or waiver of an executed loan and/or grant agreement shall be prepared after issuance of the revised project summary and shall be processed as specified for loan agreements in Chapter 6-3. Amendments and waivers shall each be numbered consecutively for each loan and/or grant agreement by inserting in the upper right-hand corner of the first page "Amendment No. \_\_\_\_\_" or "Waiver No. \_\_\_\_\_." Distribution of amendments and waivers shall be the same as for agreements.

#### **MODIFICATION OF BOND INDENTURE OR RESOLUTION**

When the bond indenture or resolution is in preparation, the borrower shall be instructed to advise the bond counsel of the approval of any change which requires modification of the indenture or resolution.

Copies of amendments or waivers to the loan and/or grant agreement shall be supplied to the bond counsel by the borrower.

Following delivery of the bonds, accompanied by the bond transcript, any proposed change that would require modification of the trust indenture or bond resolution shall be processed in accordance with the procedures in Section 21-3-5.

**CONSTRUCTION CHANGES**

Changes in construction which do not result in a change in the Construction Cost line item, or otherwise require a revised project summary or amended loan and/or grant agreement as specified above, shall be handled as specified in Section 20-2-3.

EXHIBIT A

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION <b>REVISED PROJECT SUMMARY</b>		CIA-165 (5-62)	
NAME AND ADDRESS OF APPLICANT		PROJECT NO. TYPE OF FACILITY	REVISION NO.
PURPOSE OF REVISION			
1. METHOD OF FINANCING <input type="checkbox"/> No Change Federal Funds:		PREVIOUS APPROVAL	THIS CHANGE (+) OR (-)
		AS REVISED	
\$ _____		\$ _____	\$ _____
Applicant Funds			
Total		\$ _____	\$ _____
2. CONSTRUCTION SUMMARY <input type="checkbox"/> No Change		PREVIOUS APPROVAL	THIS CHANGE (+) OR (-)
		AS REVISED	
Preliminary Expense		\$ _____	\$ _____
Land and Rights-of-way			
Construction			
Architect/Engineering Services:			
- Business			
- Surveys			
- Fees			
- Resident Inspection			
- Sub-total			
Legal Expenses			
- Administrative Expenses			
- Interest During Construction			
- Interest During Development			
- Miscellaneous Allowable Costs			
- Sub-total			
- Project Contingency			
- Sub-total			
- Government field expense			
Total Project Cost		\$ _____	\$ _____
Less Ineligible Costs:			
Adjusted Total Cost		\$ _____	\$ _____
3. FEDERAL FUNDS AMOUNT PER EXECUTED AGREEMENT..... \$ _____ (If there is no executed agreement enter "None." If an offer has been made but not accepted as of the date of the revised project summary, enter amount of offer and "acceptance pending.")			
4. COMMENTS/OTHER CHANGES (Continue on separate blank sheet, if necessary)			
RECOMMENDATION OF APPROVAL. Approval of the above revisions in the existing Project Summary, including the change, if any, in the loan and/or grant amount, is recommended. A fund reservation has been established to cover any proposed increase in loan and/or grant amount.			
_____ Date		_____ Chief, Program Operations Branch	
APPROVAL. I approve, subject to any stated conditions, the above revisions to the approved Project Summary, including the change, if any, in the loan and/or grant amount.			
_____ Date		_____ Regional Director of Community Facilities	

PREVIOUS EDITIONS OBSOLETE

GPO 581-038

## EXHIBIT B

PARAGRAPHS TO BE INCLUDED IN LETTER TO APPLICANT WITH  
RESPECT TO A REDUCTION IN GRANT AND/OR LOAN AMOUNT <sup>1</sup>

The [Loan and/or Grant] Agreement between the Government and the (Name of Applicant) provides that the Government shall have the right to reduce the amount of [grant and/or loan] set forth therein, upon giving the applicant written notice, if the eligible project costs after award of the construction contracts are determined by the Government to be less than the estimated costs upon which the stipulated amount of the [grant and/or loan] was based.

Inasmuch as the award of construction contracts for project (project number) was for a lesser amount than that estimated, you are hereby notified that the [grant and/or loan] for this project is reduced by \$(amount of reduction) to \$(new amount of grant and/or loan).

<sup>1</sup> Should project contain only grant funds, refer only to grant. Follow same procedure if loan only.

7/15/64

## CHAPTER 5. PRECONSTRUCTION

The instructions for preconstruction activities for the Area Redevelopment Program are provided in Sections 20-1-1 and 20-1-2, except as supplemented below.

### ENGINEERING REVIEW

While the authorizing statute does not contain a provision prohibiting extravagant design or material, it shall be the policy to discourage any such extravagance since the increased cost would add to the repayment burden or the amount of the Government grant funds required.

### OVERRUNS

Where the total amount of proposed awards would exceed the total estimated projects costs, review shall be made in accordance with Sections 20-1-2 and 21-2-2. Regional Offices may approve overruns which result from the following causes, except where the overrun exceeds \$25,000 or 10 percent of the project cost, whichever is the lesser:

- (1) Labor and/or materials cost increases since date of estimate.
- (2) Unforeseen site development problems.
- (3) Project items required but initially omitted.
- (4) Original costs underestimated.

Inasmuch as ARA requires that the loan amount, in the case of a combined ARA grant and loan project, be set at the maximum amount, grant funds shall be used to finance overruns on such a combined project, except where the Regional Office determines that changed conditions permit an increase in the loan amount not to exceed as appropriate the proportionate amount of the original loan and grant.

Overruns exceeding the above maximum or those resulting from any change in project scope shall be submitted to CFA for referral to ARA for approval.

A fund reservation shall be obtained, whether the Regional Office or ARA is to approve the increase.

### CONTRACT DOCUMENTS

Form CFA-238-ARA, *Contract Documents*, provides in Item 8, Performance and Payment Bonds, that (1) Form CFA-238-G, (2) Forms CFA-238-H and CFA-238-I, (3) Form CFA-238-P, or (4) Forms CFA-238-Q and CFA-238-R shall be included in the contract documents. In each case where the applicant is a nonprofit private organization and interim financing of construction is provided from Federal funds, Form CFA-238-P or Forms CFA-238-Q and CFA-238-R shall be used. When interim financing is provided from non-Federal sources or the applicant is a public body, Form CFA-238-G or Forms CFA-238-H and CFA-238-I shall be used.

## CHAPTER 6. CONSTRUCTION

The instructions for construction activities for the Area Redevelopment Program are provided in Section 20-2-1, 20-2-2, and 20-2-3, except as supplemented below.

### LABOR PROVISIONS

The following labor provisions are applicable to the Area Redevelopment Program:

#### Wages Rates

Wage rates paid for labor must not be less than the prevailing wage as determined by the Secretary of Labor and embodied in the construction contract. Department of Labor Form SOL-155, *Wage Rate Information*, with the Agency name and Regional Office address, and the Department of Labor wage determination affixed thereto, must be posted at the project site.

#### Contract Work Hours

The construction contract is subject to the Contract Work Hours Standards Act. Overtime at the rate of not less than one and one-half times the basic rate for all hours worked in excess of 8 in a day or 40 in a week must be paid. The contract is also subject to the regulations issued under the Act by the U.S. Department of Labor; these regulations provide, among other things, that construction contracts of \$2,000 or less are exempt from all provisions of the Act.

#### Anti-Kickback Statute

Contractors and subcontractors must conform to the Anti-Kickback Statute and must certify compliance on each payroll.

#### Non-discrimination Provision

A provision prohibiting discrimination in employment must be included in all construction contracts.

#### Non-discrimination Posters

The Regional Office shall furnish the owner with copies of the non-discrimination poster published by the President's Committee on Equal Employment Opportunity, with instructions that the posters must be posted at conspicuous places on the project site during construction of the project. Regional Offices should obtain the posters from the GSA Regional Stores.

Form HHFA-2 shall remain posted on projects not subject to the provisions of Executive Orders Nos. 10925 and 11114.

**PROJECT SIGNS**

A standard project sign will be furnished and delivered to the project site by the Area Redevelopment Administration. The Owner shall have the responsibility for the erection of a sign in a prominent location and maintenance of it in good condition until completion of the project.<sup>1</sup>

At the time a project sign is needed, the Regional Office shall advise the local ARA Field Coordinator who will be responsible for arranging for preparation and delivery of the sign to the project site. Coordination between the Regional Office and the ARA Field Coordinator is necessary to insure sign erection by the start of construction.

**MONTHLY CONSTRUCTION STATUS REPORT**

In order to permit monthly reporting of construction status information to the Area Redevelopment Administration, Regional Offices must include such data in the last Form CFA-103-ARA report submitted each month. Field Engineers, therefore, shall report construction status information to the Regional Office no later than the 20th of each month on Form CFA-249, *Monthly Construction Status Report* (Exhibit A). The report shall cover the monthly period ending the 15th of the reporting month and shall be prepared in duplicate and the original sent to the Regional Office. The copy shall be retained by the Field Engineer.

Form CFA-249 shall be prepared from information obtained from on-site inspections, review of Form CFA-208, *Periodic Estimate for Partial Payment*, and, where necessary, contacts with the applicant and its architect/engineer. The report shall be prepared in accordance with the instructions and definitions on the reverse side of Form CFA-249.

Upon review, the Engineering Branch shall furnish the start, percentage of completion, completion, and construction status code data on Form CFA-110, *Action Notice*, through the Reports and Control Assistant, to the Chief, Public Facilities Operations Branch.

<sup>1</sup> Pending issuance of a Form CFA-238, *General Conditions*, for ARA, Form CFA-238-L, CFA-238-M, or CFA-238-O, appropriately modified, shall be used for ARA projects. In addition, the language of Section 56, "Signs," shall be deleted and the following substituted therefor:

"The general contractor shall be required to erect a 4' x 8' project sign at the project site. The sign will be furnished by the Government and delivered to the project site."

EXHIBIT A

CFA-289  
(10-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION				PROGRAM	
<b>MONTHLY CONSTRUCTION STATUS REPORT</b>				PERIOD ENDING	
PROJECT NO.	CONSTRUCTION			STATUS CODE NO.	COMMENTS
	START <i>(Date)</i>	STATUS <i>(X)</i>	COMPLETION <i>(Date)</i>		
(1)	(2)	(3)	(4)	(5)	(6)

\_\_\_\_\_
\_\_\_\_\_

*Field Engineer*
*Date*

PREVIOUS EDITIONS OBSOLETE

11/17/64

## EXHIBIT A (Page 2)

- Column (1) Insert the project number.
- Column (2) Furnish the date of start of construction. A construction start is defined as the date on which labor or equipment is first employed on the site. Prior to actual construction start, but after concurrence in contract award, furnish an estimated construction start date. If estimated date is used, show an "E" immediately following the date.
- Column (3) Insert percentage of completion as obtained from an on-site inspection, review of Form CFA-208, Periodic Estimate For Partial Payment, or the applicant's architect/engineer.
- Column (4) Insert the date construction is completed. Construction completion is defined as that point when the project is usable for its intended purpose.
- Column (5) Enter the appropriate code number as listed below: for example "2(b)" would show that construction has been delayed because of material shortages. The code number will serve to explain the reason for construction delay.
- Column (6) Report any special condition not covered by a code.

## Codes:

## 1. Construction Start Delayed:

- (a) Legal problems
  - (1) Applicant having problems regarding local legal approval
  - (2) Condemnation difficulties.
- (b) Financial problems
  - (1) Bid overrun
  - (2) Sale of bonds
- (c) Weather conditions
- (d) Material shortages
- (e) Equipment failure
- (f) Labor problems

## 2. Construction Delayed After Start:

- (a) Weather conditions
- (b) Material shortages
- (c) Equipment failure
- (d) Labor problems or labor shortages
- (e) Site condition problem

Note: The Field Engineer shall report a 100% construction completion only once; construction status reports are then no longer necessary.

## CHAPTER 7. FINANCE PROCEDURES

The instructions in Part 21, Finance Procedures, shall be followed in connection with the Area Redevelopment Program, except as modified below.

### DISBURSEMENT PROCEDURES

#### Requisition of Funds

Requisitions for loan and/or grant payments or advances shall be made on Form CFA-1030, *Requisition and Voucher for Loan or Advance and/or Grant Payment*, supported by such documentation as the Regional Director may require, but each requisition shall, in any event, be supported by the following documents, modified as appropriate to the case involved:

Form CFA-303, *Attorney's Certificate Concerning Funds, Permits, and Litigation*, to be completed by the applicant's attorney, certifying that all legal matters concerning the project are in order.

Form CFA-304, *Depository Bank Acceptance and Confirmation Statement*, to be completed by the depository bank of the applicant and submitted with the first requisition only, signifying that the bank will accept for deposit into a Construction Account the funds made available for construction of the project and that the applicant's funds, if any, have been deposited into the Construction Account.

In addition, any requisition involving a bond purchase or loan advance shall be supported by Form CFA-302, *Borrower's Statement Regarding Its Financial Condition*. If only a loan advance is involved, Form CFA-300A, *Requisition for Government Advance*, shall also be submitted.

Each requisition which involves a loan closing shall be supported by Form CFA-301, *Calculation of Net Amount Due for Bond Purchase*. Form CFA-301 shall be prepared in the Regional Office prior to transmittal of the forms to the applicant.

The Chief, Public Facilities Operations Branch, shall fill in on the face of the requisition form, prior to sending it to the borrower, all of the information necessary to process such requisition. He shall enter "none" or "not applicable" in each blank space where such notation is appropriate. Request shall also be made for such additional information as may be necessary in support of a complete request for funds.

When the executed requisition is returned to the Regional Office, it shall be routed to the Chief, Public Facilities Operations Branch, who shall check to assure that all necessary signatures have been affixed and that the required documentation is attached. He shall then attach the requisition and documentation to the project file and route the complete file to the technical staffs for review and recommendation.

Upon completion of review and approval by the technical staffs, the Chief, Public Facilities Operations Branch, shall sign Form CFA-1030 and forward all documents to the Regional Director for approval. The documents then shall be forwarded to the Administrative Division for certification and processing for payment.

Form CFA-301 shall be submitted in triplicate, Form CFA-1030 in duplicate, and the other forms in original only. The duplicate and triplicate copies of Form CFA-301 are to be forwarded, after payment is made, to the Field Engineer and to the Audit Division. The duplicate copy of Form CFA-1030 shall be retained by the Administrative Division.

#### Grant Procedures

The Regional Director may require such documentation in support of a grant requisition as he deems advisable in the particular case, but he shall not process a requisition until he has determined that—

- (1) The conditions prerequisite to grant disbursement have been fulfilled.
- (2) The grantee has obtained or can obtain all land, rights-of-way, easements, permits, franchises, and other approvals required in connection with the construction and operation of the project.
- (3) The project can be constructed within the funds available, based on firm bids.
- (4) Such funds as are estimated to be required, together with the approved grant, to pay the costs of the project have been deposited into the Construction Account, or satisfactory evidence has been presented that the applicant has a firm and binding commitment to provide its share of the project costs.

A firm and binding commitment may be evidenced in the form of (a) an approved bank loan or an already-issued bond anticipation note, with the proceeds held in a bank deposit and available for deposit into the Construction Account; (b) a firm award of bonds to a qualified municipal bond underwriter, following a competitive or negotiated sale, supported by a preliminary bond counsel opinion and a certified copy of an ordinance or resolution awarding the bonds to the purchaser; or (c) an executed loan agreement with the Housing and Home Finance Agency for a loan supported by a preliminary bond counsel opinion. Funds arising from such borrowing must be deposited into the Construction Account as soon as they are received by the applicant.

- (5) Such payment is necessary to enable the applicant to meet obligations properly incurred in the carrying out of the approved project.

**Loan and Grant Procedures**

Where both loan and grant funds are involved, the grant portion of the funds may be paid prior to the closing of the loan, provided that—

- (1) All prerequisites to grant disbursements as prescribed above have been fulfilled.
- (2) A preliminary approving opinion of bond counsel on the validity of the proposed bonds has been issued.
- (3) Evidence satisfactory to the Regional Director that the general and special conditions prerequisite to disbursement of the loan portion have been fulfilled.

**Loan Procedures**

Loan procedures, including interim financing of construction, shall conform to those established under the Public Facility Loans Program (see Section 21-2-1).

**Withholding of Funds**

The Regional Director shall withhold 10 percent of the sum of the grant until the project audit is complete and the final eligible project cost determined.

**Variations**

In the event that a situation prevails which in the opinion of the Regional Director warrants departure from the foregoing procedure, the matter shall be referred to CFA for decision, with the recommendation of the Regional Director.

**DISBURSEMENTS TO INDIAN TRIBES**

Where the applicant is an Indian tribe and the Bureau of Indian Affairs provides accounting supervision and project audit services, the Chief, Public Facilities Operations Branch, following payment of a requisition, shall forward one copy of Form CFA-301, *Calculation of Net Amount Due for Bond Purchase*, to the

U.S. Department of the Interior  
Bureau of Indian Affairs  
Washington, D.C. 20240  
(Attention: Office of Audit)

The above copy will be in lieu of the copy normally furnished to the OA Audit Division.

## CHAPTER 8. PROJECT COMPLETION

The instructions for project completion activities for the Area Redevelopment Program are provided in Part 22, except that:

- (1) Form CFA-150-ARA, *Project Completion Report*, (Exhibit A), shall be used to report formal completion of the project.
- (2) Form CFA-150-ARA shall be prepared in quintuplicate with the following distribution made:
  - (a) Original placed in project folder.
  - (b) One copy to the Field Engineer.
  - (c) One copy to the Regional Director of Administration.<sup>1</sup>
  - (d) Two copies to CFA.

Where an ARA Loan is involved, a copy of CFA-150-ARA shall be furnished to the Chief, Loan Management Branch.

- (3) For a grant, Form CFA-333-G, *Suggested Format for Tax Statement for Grant Projects* (Exhibit B), shall be used in lieu of Form CFA-333, *Suggested Format for Tax Statement*.
- (4) The amount of any sales tax or other excise refunds shall be deposited into the Area Redevelopment Program funds. A revised Form CFA-150-ARA shall be issued upon receipt of such funds, as prescribed in Chapter 22-1, with the same distribution as for the original Form CFA-150-ARA.

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<sup>1</sup> Region VII shall send this copy to the OA Division of Finance and Accounts.

EXHIBIT A

CFA-150-ARA (5-6)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION AREA REDEVELOPMENT PROGRAM  <b>PROJECT COMPLETION REPORT</b>	PROJECT NUMBER _____	
1. Applicant _____		
2. Project Description _____		
3. Engineering Data		
a. Final Approved Cost		
Preliminary expense . . . . .	\$ _____	
Land and rights-of-way . . . . .	_____	
Construction . . . . .	_____	
Architectural-engineering services . . . . .	_____	
Interest during construction . . . . .	_____	
Interest during development . . . . .	_____	
Legal and administrative expenses . . . . .	_____	
b. Subtotal . . . . .	\$ _____	
c. Other equipment, materials, supplies . . . . .	_____	
d. Total audited project cost . . . . .	\$ _____	
e. Construction:		
Substantial completion date _____	Date of Initial Use _____	
Actual completion date _____	Interest cut-off date _____	
Capacity as completed _____		
Voluse of actual use _____		
_____	_____	
Chief, Engineering Branch	Date	
<b>FINANCIAL DATA</b>		
4. Source of Funds		
Project funds provided:		
a. Bonds purchased by HHFA . . . . .	\$ _____	
b. Owner's participation, including proceeds from private bond sales, cash, etc. . . . .	_____	
c. PHS assistance . . . . .	_____	
d. Other _____	_____	
e. Maximum ARA grant authorization . . . . .	_____	
f. Total project funds provided (items 4a through 4e) . . . . .	_____	
g. Less total audited project costs (line 3d) . . . . .	_____	
h. Balance of project funds available (line 4f less line 4g) . . . . .	_____	
5. Disposition of Balance by Grant Reduction		
a. Maximum authorized ARA grant (line 4e) . . . . .	\$ _____	
b. Less balance of funds available for grant reduction . . . . .	_____	
c. Subtotal - adjusted grant requirement (line 5a, less line 5b) . . . . .	_____	
d. Less: Total of grant payments to date . . . . .	_____	
e. Final grant payment due (line 5c, less line 5d) . . . . .	\$ _____	
6. Disposition of Balance by Other Methods		
a. Principal of bonds redeemed . . . . .	\$ _____	
b. Deposited in bond and interest sinking fund account . . . . .	_____	
c. Returned to owner (give justification below*) . . . . .	_____	
d. Other _____	_____	
e. Net Government Loan (line 4a, less line 6a) . . . . .	\$ _____	
7. Sales Tax Refunds		
	REDUCTION	NET GRANT OR LOAN
a. Used for grant reduction . . . . .	\$ _____	_____
b. Used for bond reduction . . . . .	_____	_____
c. Deposited in bond and interest sinking fund . . . . .	\$ _____	_____
_____	_____	_____
Chief, Finance Branch	Date	
8. I recommend that the project be found complete and closed.		
_____	_____	
Chief, Public Facilities Operations Branch	Date	
9. This project is closed.		
_____	_____	
Regional Director of Community Facilities	Date	

EXHIBIT B

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

CFA-333-G  
(6-64)

SUGGESTED FORMAT FOR  
TAX STATEMENT FOR GRANT PROJECTS

John Doe  
Regional Director of Community Facilities  
HHFA Regional Office  
(Street Address)  
(City, State)

( Date )

Project No. \_\_\_\_\_

Dear Sir:

This is to certify that \_\_\_\_\_ (Name of Owner) has deposited in the construction account all sales tax or other excise tax refunds on construction materials or other costs of the above project; and that any refunds representing such taxes received after the project costs have been ascertained and the Government's participation has been determined will be returned to the Government in the ratio that the Government's participation bears to the total eligible project costs. [except that the total eligible project costs shall be reduced by \$ \_\_\_\_\_ before the ratio is computed and that no part of the first \$ \_\_\_\_\_ shall be returned to the Government.]<sup>1/</sup>

Sincerely yours,

Authorized Representative of Owner

<sup>1</sup> As appropriate, the Regional Office shall add the bracketed clause to show the amount of eligible project cost the applicant paid which was in excess of the participated amount, on a percentage basis, as provided in the grant agreement. Where the amount is clearly in excess of any possible refund, a statement to that effect shall be included in the project file and Form CFA-333-G not sent.

## CHAPTER 9. LOAN MANAGEMENT

Instructions for loan management activities for the Area Redevelopment Program shall be the same as those for PFL projects in Part 23, with the following exceptions: <sup>1</sup>

- (1) Borrowers shall be required to supply the Regional Office with quarterly reports, in triplicate.
- (2) A member of the Regional Loan Management Branch shall visit each ARA project on a quarterly basis. The inspection normally will be concerned with a general evaluation of the operation and maintenance performance of the borrower. Advice and guidance should be given to the borrower on normal operational and loan problems.
- (3) Following the quarterly visit and receipt and review of the quarterly financial report, Form CFA-1026, *Loan Management Report* (Exhibit A), shall be prepared, in triplicate, by the person making the visit. Under item 6, there shall be included:
  - (a) Full explanation for any item marked "No" and corrective action taken or recommended.
  - (b) Any adverse trend or special problem which has developed with a summary of action taken or recommended.
  - (c) Summary of other guidance and recommendations made to Borrower.
  - (d) Comments on any major community problems or industrial activity which could affect the project.
  - (e) Any other pertinent data.

Two copies of Form CFA-1026 together with two copies of the quarterly financial report shall be submitted to CFA. One copy of each will be forwarded by CFA to ARA for the latter's use in evaluating the operation and performance of the Borrower. The third copy of each report shall be placed in the project file.

- (4) When an ARA project is placed in Group II or when an additional, material adverse change occurs in a loan in Group II, the Regional Director shall send a report, in duplicate, to CFA,

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<sup>1</sup> Where the borrower is a political subdivision and the loan is secured by general obligation bonds, (1) the borrower's financial reports, (2) visits to the project, and (3) preparation of Form CFA-1026 shall be on an annual basis. However, a quarterly basis shall be used where the loan is in Group II or an adverse trend has developed.

recommending any corrective action to be taken. One copy of this report will be forwarded by CFA to ARA.

If an ARA project is in default in excess of 60 days, CFA will notify ARA and representatives of CFA and ARA will then decide on the appropriate action to be taken. CFA will notify the Regional Office as to the action which will be taken. No legal action may be taken without the consent of ARA.

EXHIBIT A

CFA-1026  
(11-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION  AREA REDEVELOPMENT PROGRAM  <b>LOAN MANAGEMENT REPORT</b>	Project No. _____ Loan Management Group _____ Date of Visit _____ Date of Last Prior Visit _____ Security: <input type="checkbox"/> General Obligation <input type="checkbox"/> Other
1. PERSONS CONTACTED (Show name and title):  _____  _____	
2. PROJECT OPERATION a. Project is being operated effectively and operations are consistent with the terms and conditions of the Loan Agreement <input type="checkbox"/> Yes <input type="checkbox"/> No b. Project approval was based on use of (e.g., number of users or connections) _____ c. As of the date of visit, project use was _____ d. When 2c is less than 90 percent of 2b, state reason under item 6.	
3. FINANCIAL DATA a. Income and expense approximate that contemplated under project approval <input type="checkbox"/> Yes <input type="checkbox"/> No b. Reserve accounts have been established and deposits therein comply with the terms and conditions of the Loan Agreement <input type="checkbox"/> Yes <input type="checkbox"/> No	
4. INSURANCE Insurance and fidelity bonds as required by the Loan Agreement are in force <input type="checkbox"/> Yes <input type="checkbox"/> No	
5. INDUSTRY TO BE BENEFITED a. Name of industry to be benefited _____ b. Industry is presently in operation <input type="checkbox"/> Yes <input type="checkbox"/> No c. Reported number of people employed _____ d. Future expansion plans include _____ additional jobs. e. Data for this item obtained from (name and title) _____	
6. COMMENTS (Continue on reverse if more space needed).  _____  _____	
7. VISIT MADE AND REPORT PREPARED BY:  _____ Title _____ Signature _____  Report concurred in by:  _____ Date _____ Regional Director of Community Facilities	



## CHAPTER 1. GENERAL

### Section 1. Purpose and Description of the Program

Section 202 of the Housing Act of 1959, as amended by the Housing Act of 1961 and the Senior Citizens Housing Act of 1962, established a program of direct loans for the construction of housing for the elderly. Low-interest, long-term loans for rental housing and related facilities for elderly families and persons are made to private nonprofit corporations, consumer cooperatives, and those public bodies and agencies which are not receiving Federal financial assistance exclusively pursuant to the United States Housing Act of 1937.

Applicants must show that they are unable to secure a private loan on equally favorable terms, and that they have the legal powers and financial capacity to construct and operate the project and borrow money for such purpose, and secure repayment thereof by a first mortgage and pledge of revenues. Housing may be provided through new construction only. Loans may cover total development costs, including land and necessary site improvements directly and exclusively related to the development of the specific project.

This program is one of three housing programs administered by the HHFA which seek to meet the variety of needs and desires of older persons for adequate, safe housing and a living environment which promotes maximum independence. The direct loan program administered by the Community Facilities Administration is designed to supply these needs at a cost which can be met with moderate incomes. The other two HHFA programs for housing of elderly persons are:

(1) a special program of Federal Housing Administration insurance of loans for rental housing made by private lenders, and (2) the provision of specially designed units of low-rent housing administered by the Public Housing Administration. In addition, there is a program of FHA insurance of loans for nursing home construction.

The Senior Citizens Housing Loan Program permits assistance for development of nonprofit housing to serve those elderly people whose incomes are above the levels established for admission to public housing but below that needed to pay the rentals for adequate private housing otherwise available.

Project design, site selection and financial arrangements must be consistent with the ultimate purpose of achieving independent, self-reliant, and pleasant living arrangements for senior citizens at minimum rentals, compatible with sound loan practices. New design ideas, methods of construction, materials, and devices should be encouraged, but must be carefully evaluated to ascertain their basic soundness. There is a further requirement in the Act that the applicant must be unable

to secure the necessary financing elsewhere on equally favorable terms and conditions.

Project planning and design should take into account the desires and needs of older persons for privacy, participation in social and community activities, and access to community services. At the same time, provision should be made to accommodate the limitations that sometimes accompany advanced years, so that independent living can be sustained as long as possible.

Loans will not be made for isolated projects which deprive occupants of the access they need to the society of persons of all ages and to the activities essential to continued mental and physical well-being.

#### **MATURITY PERIOD**

Loans will be repayable during such period as the Government may determine not exceeding 50 years from the date of the note or date of the bonds, or such lesser period as may be consistent with the applicant's ability to repay, the desired rent level, and the estimated useful life of the proposed facilities.

#### **INTEREST RATES**

Interest rates are determined by the Housing and Home Finance Administrator for each fiscal year in accordance with the statutory formula prescribed in Section 202(a) (3) of the Housing Act of 1959, as amended. This formula provides that the interest rate will be not higher than (a) 2- $\frac{3}{4}$  percent per year or (b) the total of  $\frac{1}{4}$  of one percent added to the average annual interest on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made, adjusted to the nearest one-eighth of one percent. The Treasury Department advises the Administrator of that interest rate at the beginning of each fiscal year. For fiscal year 1965, the Administrator has established the interest rate at 3- $\frac{3}{4}$  percent, effective July 1, 1964.

This rate shall be applicable to all loan agreements executed between July 1, 1964, and June 30, 1965, except as hereinafter set forth. Loan approvals during the fiscal year 1965 for which loan contracts will be executed prior to July 1, 1965, shall be made at the 3- $\frac{3}{4}$  percent rate. Loan approvals during the fiscal year 1965 for which loan contracts are not executed as of June 30, 1965, shall be subject to subsequent determination of the applicable interest rate by the Administrator. Loan increases applicable to any loan agreements executed between July 1, 1964, and June 30, 1965, shall bear the same interest rate as the original loan if the amendatory loan agreement is executed prior to July 1, 1965. If the amendatory loan agreement is not executed as of June 30, 1965, the applicable rate also shall be subject to subsequent determination.

To avoid upsetting negotiations based on a contemplated interest rate and to facilitate administration of the Senior Citizens Housing Loan Program, an interest rate of  $3\frac{5}{8}$  percent shall be applicable during fiscal year 1965 with respect to Senior Citizens Housing loans in the following instances:

- (1) Loans where there was an approved project summary, but not a fully executed loan agreement prior to July 1, 1964;
- (2) Loans where there was not an approved project summary, but which has been recommended by a Regional Office to the Commissioner for approval prior to July 1, 1964;
- (3) Loan increases where there was an approved project summary, but not a fully executed loan agreement prior to July 1, 1964, and loan increases where there was not an approved revised project summary, but which had been recommended by a Regional Office to the Commissioner for approval prior to July 1, 1964, where such increases fall into one of the following categories:
  - (a) The increase results from bids overrunning the estimate, and involves no change in the approved capacity or size of the project;
  - (b) The increase results from a change in project design which increases the previously approved capacity by less than 10 percent;
  - (c) The increase results from an increase in the project capacity of 10 percent or more, provided that the project square footage does not exceed the area previously approved.

In all other cases involving an increased loan, the interest rate in effect on the date on which the amendatory loan agreement is executed shall apply to the amount of the increase.

#### CONSTRUCTION FINANCING

The applicant shall be encouraged to obtain interim financing to finance the project during construction, either by use of its own funds or by temporary bank loans. Applicants may obtain construction financing from the Government when such interim financing on reasonable terms is not available from private sources.

#### PROJECT AUDITS

Project audits shall be requested and action taken in accordance with Chapter 22-3. Project audits will be conducted by the Audit Division in accordance with Part 7 of Volume III.

## Section 2. Applicant Criteria

To be eligible for a loan, an applicant must show that it is (a) an incorporated private nonprofit institution or foundation, no part of the net earnings of which inures to the benefit of any private shareholder, contributor, or individual; (b) a consumer cooperative; or (c) a non-Federal public body or agency which is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.

An applicant must demonstrate its ability to construct and operate the proposed project in a manner consistent with program objectives for the term of the loan. The ability to meet these criteria may be demonstrated in a number of different ways. The applicant itself may have a record of successful achievement in other undertakings, strong community participation in its affairs, or substantial assets. In most instances, however, the applicant will be a new entity and, therefore, its demonstration of financial ability and operating effectiveness cannot be based upon its own prior operating experience.

The following may be submitted as indices of the requisite ability: (1) Sponsorship by one or more religious, charitable, fraternal, or civic organizations; (2) Endorsement by voluntary and governmental community organizations; (3) Participation as members of its governing board or otherwise, of individuals with organizational backing and special competence; (4) Substantial assets acquired through donations or other acceptable means.

In some cases, organizations may wish to participate in the project as an applicant for one project and as a sponsor for another project. Some organizations, also, may wish to act as sponsors for different applicants in various parts of the country. Such sponsorship is acceptable, and often desirable, provided the program criteria are met.

There is no limitation on the number of projects for which loans may be approved for a borrower. However, each application shall be reviewed upon its merits and the availability of program funds.

Even though an initial loan may prove satisfactory, each subsequent application must meet all program criteria as to financial responsibility, desirability of site, economical construction, satisfactory demand, and efficient management. In addition, consideration should be given to the possibility of economy of overall management expenses resulting from the increased scope of an applicant's operations.

### GOVERNING BOARD AND MEMBERS OF APPLICANT

The basic governing powers of an applicant nonprofit corporation or consumer cooperative are to be exercised by a board of directors or trustees consisting of not less than seven members. A larger board should be required where this is deemed desirable because of the project's size, location, or to assure widespread community representation and continuity of interest and support; where a larger board is required, the increase should be to an odd number (e.g. 9, 15, 19). Board

members should be elected annually by the members of the corporation for staggered three-year terms.

Board members should be broadly representative of community interests and professional experience. The board should function as a properly balanced group and should not be dominated by one or two individuals.

Typically, a board composed of seven members would include three people selected from among the directors, officers, or membership of the sponsoring organization, who would represent the continuing support of the sponsor of the project. The sponsoring group would be expected to provide replacements from among its members as vacancies among these three seats on the board occurred. If the board is composed of more than seven members, the sponsoring organization would be represented by additional members in a similar ratio.

The remaining members of the board should be selected from among substantial community organizations, especially from those with special knowledge in this field and from among the professions, to provide additional skills and judgments. These members might include representatives of such groups as community health and welfare council, men's and women's volunteer and service groups, the city planning official or other local public official, banker, lawyer, newspaper publisher, an officer of the chamber of commerce, labor union official, builder, apartment house manager, gerontologist, or physician.

The primary legal function of the membership of the applicant is to meet at least annually for the purpose of electing the governing body and, in many States, to approve the more important corporate actions.

The authorized representative of the applicant must be a member of the board of directors of the applicant corporation.

#### **SPONSORS**

Sponsorship of an applicant by fraternal, civic, religious, charitable or similar organizations with long-term social and financial responsibility is highly desirable. A sponsoring organization should be both willing and in a position to maintain a continuing interest in the applicant through participation in its affairs throughout the life of the loan.

Examples of sponsoring organizations which meet these criteria are church groups of all denominations; labor unions; civic organizations; fraternal groups; and charitable and general welfare groups.

The sponsoring organization should be able to meet such tests as successful prior existence, a history of support of other housing or related projects, financial stability, community acceptability, charitable motivation, permanent future prospects, and no history of questionable activity.

#### **Evidence of Sponsorship**

In support of a loan application indicating sponsorship by an organization, a formal resolution adopted by the governing body of the

sponsor, or other acceptable evidence of the sponsorship is required. This showing should state explicitly the support and assistance which will be provided by the sponsor. Although a formal loan agreement undertaking to provide financial support ordinarily will not be required unless the loan otherwise is not approvable; it is desirable for the sponsoring organization to be willing and able to provide financial or other assistance to the applicant or project residents, if necessary.

Sponsoring organizations are often willing to assume responsibility for residents who have financial difficulties, even though they may be unwilling to underwrite the success of the project as a whole. Sponsoring organizations may also assist by providing services needed either by the project itself or its residents, such as medical and legal services, bookkeeping, clerical assistance, transportation, recreation, counseling, or social activities. Sponsoring organizations should also assume responsibility for providing representatives to serve on the governing body. They should also advise the applicants' governing bodies on the selection of other board or committee members.

#### ENDORSEMENTS

Evidence of community support, in addition to sponsorship, is highly desirable. Community organizations which do not feel able to directly sponsor an applicant, but which approve the need and objectives and are willing to provide limited assistance and encouragement should submit endorsements indicating the extent of such assistance. Applicants should therefore be encouraged to obtain endorsements from local governmental officials, bodies or commissions. Such endorsements would be of considerable significance in establishing the degree of community support and participation which can be anticipated.

#### TAX EXEMPTION (INCOME)

As a prerequisite to obtaining a loan, each applicant must obtain a tentative ruling from the Internal Revenue Service indicating that the operating revenues of the proposed senior citizens project will be exempt from Federal income taxes. Except for consumer cooperatives engaged entirely in social welfare activities (see "Consumer Cooperatives" below), applications to establish this exemption will be expedited if made to the appropriate District Director of Internal Revenue.

#### Private Nonprofit Corporations

Most organizations which can qualify for a loan under the program probably will be eligible for tax exemption on one of the following bases:

- (1) As a charitable organization under Section 501(c)(3) of the Internal Revenue Code.
- (2) As a social welfare agency under Section 501(c)(4) of the Internal Revenue Code.

In both instances, operating revenues would be exempt from tax. However, in the case of a social welfare agency, gifts or donations to it

cannot be claimed as tax deductions by the donors, whereas in the case of a charitable organization such gifts or donations would be deductible.

It is conceivable that most eligible applicants could qualify for exemption as social welfare agencies without delay. However, to qualify as a tax exempt charitable organization requires review of the first year's actual operations before a ruling, tentative or otherwise, can be made. Consequently, all applicants should be urged to request rulings under Section 501(c)(4) of the Internal Revenue Code. Such requests can be acted upon promptly and without prejudicing subsequent rulings under Section 501(c)(3) of the Code.

The Internal Revenue Service recommends that tax exemption requests include the following:

- (1) A copy of the loan application.
- (2) Evidence that the project has community backing (acceptable evidence of this could be a large board membership or endorsement by local civic or governmental groups).
- (3) Evidence that the applicant has been in existence for a number of years, operating as a social welfare agency, or is backed by such an organization.
- (4) A copy of an operating plan and a statement of policy with respect to tenancy for the purpose of establishing that—
  - (a) Open occupancy is called for;
  - (b) Rental rates will be reasonable; and
  - (c) There are no admission or founder's fees, etc.

In addition, the Internal Revenue Service will probably request data on any special services to be furnished by the project for which there would be a charge.

#### **Consumer Cooperatives**

Full information regarding consumer-cooperative applicants shall be forwarded directly to CFA, for the purpose of discussions with the Internal Revenue Service to determine their eligibility for income tax exemption under Section 501(c)(4) of the Internal Revenue Code.

### Section 3. Project Criteria

Loans may be made to eligible applicants to provide rental housing suitable for the use of elderly families and persons. Other facilities essential to provide for the needs of project residents may be included to the extent approved by CFA (see Eligible Related Facilities below).

Housing constructed with a loan made under this program may not be used for transient or hotel purposes. Under the statute, any rental for a period of less than thirty days is considered use for "transient or hotel purposes."

Construction must not be of elaborate or extravagant design or materials, and must be undertaken in an economical manner.

Under the law, eligible housing and related facilities may be provided only through new construction. Loans cannot be approved for projects already placed under construction or for which other permanent financing has been arranged.

#### ADDITIONS TO EXISTING FACILITIES

Where the project building is to be physically joined to another structure, it is necessary that the parcel on which the project is to be located be sufficiently separated so that it can be independently mortgaged, unless the mortgage also covers the non-project structure. Such a legal separation for purposes of the mortgage would be generally possible if the structures are abutting, provided there is a vertical line of separation from the ground upward. Where additional floors are added to an existing building, eligibility would largely depend upon the extent to which the mortgaging of air space is recognized in the particular jurisdiction. In the case of the addition of floors to an existing structure, it would be necessary that the underlying structure remain for the life of the loan.

In addition to the requirement that the project be susceptible of being separately mortgaged, for the purpose of the mortgage remedies it is necessary that the project be susceptible of independent use and operation in the event of foreclosure. Thus, the project must have independent access to a public way which could be provided by means of easements of egress and ingress.

The project must also be assured of the necessary utilities and facilities for independent operation. If the particular utility or facility, such as a heating plant or kitchen, serving the project is located outside the project, the ability of the project to be operated independently could be protected by (1) covenants of the borrower to provide the particular service, or (2) provision in the design of the project for future installation of the facility or utility, should this become necessary.

Consideration must also be given to the effect upon the project of future demolition of the adjacent structure. Unless the adjacent structure will clearly remain for the life of the loan, it would appear necessary that the joinder be such that demolition of the adjacent structure would not damage the project.

#### ELIGIBLE RELATED FACILITIES

Costs of certain social and service facilities discussed in the following paragraphs may be eligible under the loan. However, to achieve the lowest possible rents, it is essential to hold project development costs and operating expenses to a minimum. It is important to make maximum use of facilities and services existing in the community through careful site selection and planning of project operations. At an early point, the applicant should be requested to make arrangements with the local government or other organizations to supply services and assistance free or at a minimum charge. For example, many community library systems provide "bookmobile" service. School systems can provide craft instructors. Visiting nurse service and other assistance also may be obtained. By such early contact, any special details or services can be better accommodated in the project design or in the selection of the site.

Where an applicant proposes to include in the project cost the expense of a service facility, approval will depend on a determination that the facility is essential and that the applicant has a satisfactory financial plan for its operation and maintenance.

The need for such facilities is related to the absence of satisfactory facilities within reasonable walking or public transportation distance from the project. Wherever possible, project design should include multi-use facilities, such as a dining area which can be used for social or other gatherings. The size and cost of related project facilities should bear a reasonable relationship to the size and cost of the total project.

Maximum independent living for project residents is to be encouraged. Experience indicates that residents normally desire flexibility as to where they eat. Accordingly, where common dining facilities are provided, residents will not be required to use such facilities for more than one meal a day, on the assumption that they may desire to prepare some of their own meals and use other public dining facilities. Where the project will have a common dining facility, only one meal each day for each resident may be included in the fixed charges to the resident for dwelling rental and meals. However, additional meals may be offered to the residents on an optional basis, with charges to be made in addition to the fixed monthly charges.

Examples of related facilities which may be eligible to be financed with Federal loan proceeds include:

- (1) Project management office space.
- (2) Project maintenance workshop and storage space.

- (3) Recreation and social center, including lounge, where a substantial number of residents may gather for meetings or group activities.
- (4) Snack bar.
- (5) Craft shop and art room.
- (6) Multi-service center (where social, educational counseling, employment services for tenants may be made available).
- (7) Laundry facilities.
- (8) Cafeteria or dining hall, if deemed essential.
- (9) Fallout shelter for the project residents and staff. Encouragement should be given and technical publications should be made available to applicants when desired, so that shelter is provided. Not more than \$100 per occupant and staff member can be included in the loan for the provision of fallout shelter and its equipment. If the capacity of the fallout shelter is greater than the number of occupants and staff members of the project, the cost of the excess capacity must be defrayed from other than loan funds.
- (10) Commercial facilities, such as beauty and barber shops. Limited space for essential commercial facilities to meet the personal needs of the occupants may be included in the project cost only where such facilities are not otherwise conveniently available to the residents. These facilities should be located out of public view with no outside advertising permitted. Loan funds cannot be used to provide commercial facilities for the primary purpose of developing additional income for the project. Hence, only the portion of a commercial facility administratively determined to be essential to serve the project occupants would be an eligible development cost.

#### INELIGIBLE PROJECTS AND FACILITIES

Nursing homes, hospitals, or similar medical establishments are not eligible projects.

Projects which include life-care contracts or founders' fees, or require other direct or indirect payments or contributions over and above those for rents and collateral services as a condition of occupancy or occupancy preference, are not eligible projects.

Examples of facilities which are not eligible to be paid for from loan proceeds include the following:

- (1) Chapels or other facilities of a religious nature.
- (2) Nursing facilities (other than health center).
- (3) Commercial facilities serving the general public.
- (4) Inside parking garages unless required by local codes.
- (5) Any facility not essential to the needs of elderly residents of the project.

When it can be demonstrated that inclusion of an ineligible facility in the project is essential or desirable to serve primarily the needs, care, and service of the residents, consideration may be given to a request for a waiver, provided the applicant will finance the entire cost of the ineligible facility from non-Federal funds and agrees to have the facility included as part of the security for the mortgage held by CFA. When a project facility, such as a kitchen, also serves another installation of the applicant, both development cost and operating expenses must be prorated between the project and non-project uses.

#### ELIGIBLE COSTS

The Federal loan may not exceed the total eligible development cost as determined by the Community Facilities Commissioner. Eligible development costs include the following:

- (1) *Preliminary Development Expenses*: Expenses directly related to and necessary for the development of a project (such as market analysis, soil tests, appraisals, surveys, maps). Such expenses must be approved by CFA prior to payment from loan proceeds.
- (2) *Fees for Architectural, Engineering, Legal and Administrative Services*: Fees for necessary professional and administrative services, in amounts to be approved by CFA. Thus, for example, fees for legal and architectural services may be included in the development cost, but they must be within the range of those normally prevailing in the locality for comparable services. Reasonable organizational and developmental expenses may be eligible for payment from loan proceeds. Applicants may obtain advisory services for such purposes where analysis of the particular case indicates their necessity or desirability and the charges are reasonable. Although the cost of such services is allowable from loan proceeds, in each case where such service is used, it must be demonstrated that these services will better effectuate the purposes of the Act. (See "Conflict of Interest" below, regarding fees, salaries, commissions, and profits of officials of the Borrower.
- (3) *Land*: Cost of land required for the project site, including demolition of existing structures and cost of necessary grading and related compaction. Such cost must be approved by CFA prior to payment from loan proceeds.
- (4) *On-Site Improvements*: Cost of all on-site improvements approved by CFA such as landscaping, service drives, sidewalks, fencing, and utility distribution systems.
- (5) *Off-Site Improvements*: Cost of off-site improvements such as access roads, water and sewer line extensions, and sidewalks provided the land value of the site is increased by not less than the cost of the off-site improvements. Such cost must be approved by CFA prior to payment from loan proceeds.

- (6) *Construction Costs*: Cost of constructing and finishing dwelling structures and related facilities approved by CFA.
- (7) *Equipment and Furnishings*: Cost of equipment items permanently built into the structure and normally construed as realty, such as boilers, plumbing fixtures, or furniture. Wall-to-wall carpeting is eligible only when installed as a substitute for finished flooring. The cost of kitchen ranges and refrigerators and of clothes washing machines and dryers to be installed in project utility rooms for the common use of the tenants may be eligible development costs without regard to whether such items of equipment are physically attached to the structure.
- (8) *Capitalized Interest*: This includes interest during construction on funds provided by either the applicant or the Government. Such interest may not extend beyond the close of the month in which initial occupancy begins. Where a project consists of two or more buildings and occupancy begins at different times, the interest will be computed separately for each building.

Capitalized interest may also include funds equal to six months' interest on the loan for initial deposit into the debt service reserve. Inclusion of this item in the project cost, while not mandatory, should be encouraged where State law permits.
- (9) *Real Estate Taxes*: Real estate taxes applicable to the period from acquisition of the site by the Borrower to commencement of operation.
- (10) *Pre-Occupancy Costs*: The Act authorizes the making of loans "in an amount not exceeding the total development cost." The phrase "development cost" is defined as the "costs of construction of housing and of other related facilities, and of the land on which it is located, including necessary site improvement." Eligible development cost does not include operating costs in the pre-occupancy period.

There are, however, certain costs incurred during the pre-occupancy period, which, although related to operation, pertain primarily to project development rather than to operation. Such costs may be eligible where the Regional Director determines it is reasonable that they may be incurred as part of the development of the project and are incurred prior to project completion.

- (11) *Miscellaneous Costs*: Project development cost may also include such other necessary expenses pertaining to the planning and construction of the project as may be approved by the CFA.

#### INELIGIBLE COSTS

Federal loan proceeds cannot be used to pay for the following:

- (1) *Operating Expenses of Applicant*: Ordinary operational expenses of the applicant or sponsor.

- (2) *Movable Equipment and Furnishings*: Unless specifically listed above as eligible, costs of movable equipment, furniture or furnishings for dwellings, offices, lounge areas, etc.; also, movable kitchen equipment (other than ranges and refrigerators, washers and dryers) maintenance tools and equipment, operating supplies, etc.
- (3) *Initial Working Capital*: Initial working capital must be provided by the applicant. The required initial operating capital can be recovered once the debt service reserve is fully established.

**CONFLICT OF INTEREST**

None of the officers, directors, stockholders, or members of the Board of Trustees or Directors of the corporation may receive a fee, salary, commission, or profit or have any financial interest in any contract in connection with the development or management of the project including, but not limited to, the acquisition of the project site, architectural, legal or construction contracts, purchase of equipment, the management of the project, or provision of goods or supplies.

#### Section 4. Occupancy Criteria

The Act authorizes loans to assist in the provision of housing and related facilities for "elderly families" and "elderly persons." The Act also directs the Administrator of the Housing and Home Finance Agency to "prescribe such regulations as may be necessary to prevent abuses in determining . . . the eligibility of families and persons for admission to and occupancy of housing constructed with assistance under this Section." As noted in Section 7-1-3, dwelling accommodations may not be rented for periods of less than 30 days. In addition, leases may not be for a period exceeding three years.

Accordingly, the applicant shall be required to adopt and submit for CFA approval, eligibility criteria for project admission and occupancy which provide that:

- (1) Families or persons shall be admitted regardless of race, creed, color or national origin.
- (2) Occupants may include only:
  - (a) Persons who are 62 years of age or over;
  - (b) Families, the head of which (or his spouse) is 62 years of age or over;
  - (c) Two closely related persons (e.g.; sisters, brother and sister, aunt and niece) when both persons are 62 years of age or older;
  - (d) Two unrelated persons of the same sex when both persons are 62 years of age or older.
- (3) Family members under age 62, other than the head of family or spouse, shall be admitted as permanent residents only if it is established that the presence of such persons is essential for the physical care or economic support of the eligible older occupant or occupants.
- (4) Occupancy preference shall not be given or implied on the basis of direct or indirect contributions or donations to the applicant or sponsors.
- (5) Eligibility for occupancy shall be limited to elderly persons and families whose annual income at the time of admission does not exceed the maximum annual income established by the Administrator as applicable to the area in which the project is located.

#### INCOME LIMITS

Maximum income limits shall apply to the admission of all tenants who are otherwise eligible for occupancy. Officially prescribed limits for all places within the Standard Metropolitan Statistical Areas (SMSA's) and certain other cities are listed in Exhibit A. Maximum income limits for communities not currently listed shall be requested from CFA, using Form CFA-946.

The limits for communities listed in Exhibit A are predicated upon the assumption that, on a national basis, annual incomes of \$2,500 to \$4,800 for elderly families, and \$2,000 to \$4,000 for single elderly persons, reflect the lower-middle-income ranges intended to be served by Senior Citizens Housing loans. The limits listed in Exhibit A will be reviewed from time to time in the light of changing economic conditions.

The currently listed figures are to be applied as indicated below, for persons who are otherwise eligible for occupancy.

#### *Two-Person Family*

The income limits of Exhibit A apply to all two-person families (whether husband and wife or two closely related persons).

#### *Single Person*

The income limits of Exhibit A apply to single persons not sharing units, except for those localities where the limit is higher than \$4,000. In such localities, a single person not sharing a unit is eligible for occupancy *only* if his annual income is \$4,000 or less.

#### *Two Single Unrelated Persons*

The sum of the incomes of two single unrelated persons sharing a unit shall not exceed 150 percent of the income limit which would be effective for a single person (thus in no case more than \$6,000).



## EXHIBIT A (Page 2)

## REGION II

CITY AND STATE <sup>2</sup>	MAXIMUM INCOME LIMIT	CITY AND STATE <sup>2</sup>	MAXIMUM INCOME LIMIT
<b>Delaware</b>		Patterson-Clifton- Passaic SMSA	4,800
Wilmington	\$4,250	Trenton SMSA	4,550
<b>District of Columbia</b>		<b>Pennsylvania</b>	
Washington SMSA	\$4,800	Philadelphia SMSA	\$4,200
<b>Maryland</b>		Pittsburgh SMSA	4,400
Baltimore SMSA	\$4,050	State College	4,200
<b>New Jersey</b>		<b>Virginia</b>	
Atlantic City SMSA	\$4,150	Newport News- Hampton SMSA	\$3,950
Camden	4,050	Norfolk-Portsmouth SMSA	3,950
Jersey City SMSA	4,800	Richmond SMSA	4,000
Long Branch	4,450	<b>West Virginia</b>	
Metuchen	4,800	Charleston SMSA	\$4,500
Newark SMSA	4,800		
New Brunswick	4,800		

## REGION III

<b>Alabama</b>		<b>Georgia</b>	
Birmingham SMSA	\$3,950	Atlanta SMSA	\$4,500
Selma	2,850	<b>Kentucky</b>	
<b>Florida</b>		Frankfort	\$4,000
Brevard County	\$4,700	Louisville SMSA	4,350
Fort Walton Beach	4,000	Newport-Covington	4,650
Gainesville	3,700	<b>Mississippi</b>	
Jacksonville SMSA	4,050	Jackson SMSA	\$3,800
Miami SMSA	4,300	<b>North Carolina</b>	
Pensacola SMSA	4,050	Greensboro-High Point SMSA	\$3,700
Tampa-St. Petersburg SMSA	3,650	Salisbury	3,450
Volusia County	3,250		

<sup>2</sup> Idem.

## EXHIBIT A (Page 3)

CITY AND STATE <sup>2</sup>	MAXIMUM INCOME LIMIT	CITY AND STATE <sup>2</sup>	MAXIMUM INCOME LIMIT
<b>South Carolina</b>		Knoxville SMSA	3,850
Columbia SMSA	\$3,550	Memphis SMSA	3,750
		Nashville SMSA	4,300
<b>Tennessee</b>		<b>Virgin Islands</b>	
Chattanooga SMSA	\$3,950	St. Croix	\$4,550
Johnson City	3,450	St. Thomas	4,550

## REGION IV

<b>Illinois</b>		<b>Michigan</b>	
Champaign-Urbana SMSA	\$4,500	Ann Arbor SMSA	\$4,800
Chicago SMSA	4,800	Battle Creek	4,800
East St. Louis	4,800	Detroit SMSA	4,700
(In St. Louis, Mo. SMSA)		Grand Rapids SMSA	4,800
Peoria SMSA	4,800	Jackson SMSA	4,800
Rockford SMSA	4,800	Kalamazoo SMSA	4,500
Springfield SMSA	4,650	Lansing SMSA	4,800
		St. Joseph-Benton Harbor	4,400
<b>Indiana</b>		<b>Minnesota</b>	
Bremen	\$4,500	Duluth-Superior SMSA	\$4,200
Fort Wayne SMSA	4,800	Grand Rapids	4,550
Gary-Hammond-East Chicago SMSA	4,800	Mankato	4,550
Indianapolis SMSA	4,750	Minneapolis-St. Paul SMSA	4,800
La Porte	4,800	Rochester	4,800
		Winona	4,350
<b>Iowa</b>		<b>Nebraska</b>	
Davenport-Rock Island- Moline SMSA	\$4,800	Lincoln SMSA	\$4,450
Des Moines SMSA	4,750	Omaha SMSA	4,500

<sup>2</sup> *Idem.*

## EXHIBIT A (Page 4)

CITY AND STATE <sup>2</sup>	MAXIMUM INCOME LIMIT	CITY AND STATE <sup>2</sup>	MAXIMUM INCOME LIMIT
<b>North Dakota</b>		Columbus SMSA	4,800
Beach	\$3,400	Dayton SMSA	4,500
Bismarek	4,800	Lorain-Elyria SMSA	4,800
Fargo-Moorhead SMSA	4,550		
Garrison	3,500	<b>South Dakota</b>	
Glen Ullin	3,350	Sioux Falls SMSA	\$4,400
Wishek	4,650		
<b>Ohio</b>		<b>Wisconsin</b>	
Cincinnati SMSA	\$4,650	Madison SMSA	\$4,550
Cleveland SMSA	4,800	Milwaukee SMSA	4,800

## REGION V

<b>Arkansas</b>		<b>New Mexico</b>	
Little Rock-North Little Rock SMSA	\$3,950	Albuquerque SMSA	\$3,900
		Las Cruces	3,850
<b>Colorado</b>		<b>Oklahoma</b>	
Denver SMSA	\$4,350	Oklahoma City SMSA	\$4,000
		Tulsa SMSA	4,500
<b>Kansas</b>		<b>Texas</b>	
Hutchinson	\$4,350	Austin SMSA	\$3,900
Topeka SMSA	4,800	Beaumont-Port Arthur SMSA	4,300
Wichita SMSA	4,650	Crystal City	4,400
<b>Louisiana</b>		Dallas SMSA	4,650
Baton Rouge SMSA	\$4,550	Diboll	2,900
New Orleans SMSA	4,200	El Paso SMSA	3,900
Shreveport SMSA	3,950	Fort Worth SMSA	4,250
<b>Missouri</b>		Houston SMSA	4,450
Kansas City SMSA	\$4,550	Lubbock SMSA	3,600
St. Louis SMSA	4,800	Port Arthur SMSA	4,300
		San Antonio SMSA	3,750
		Waco SMSA	3,650

<sup>2</sup> Idem.

## EXHIBIT A (Page 5)

## REGION VI

CITY AND STATE <sup>2</sup>	MAXIMUM INCOME LIMIT	CITY AND STATE <sup>2</sup>	MAXIMUM INCOME LIMIT
<b>Alaska</b>		<b>Idaho</b>	
Anchorage	\$4,800	Boise	\$3,800
<b>Arizona</b>		<b>Montana</b>	
Phoenix SMSA	\$4,500	Bozeman	\$4,450
		Glendive	4,700
<b>California</b>		Great Falls SMSA	4,650
Fresno SMSA	\$4,550	<b>Nevada</b>	
Los Angeles-Long Beach SMSA	4,800	Las Vegas SMSA	\$4,800
Napa County	4,800	Reno SMSA	4,800
Sacramento SMSA	4,650	<b>Oregon</b>	
Salinas Area (Monterey- San Benito-Santa Cruz)	4,500	Arlington	\$4,100
San Bernardino-River- side-Ontario SMSA	4,700	Eugene SMSA	4,650
San Diego SMSA	4,800	Portland SMSA	4,800
San Francisco-Oakland SMSA	4,800	Salem	4,600
San Jose SMSA	4,800	<b>Utah</b>	
Santa Barbara SMSA	4,800	Salt Lake City SMSA	\$4,200
Stockton SMSA	4,550	<b>Washington</b>	
Ventura County	4,800	Seattle SMSA	\$4,800
		Spokane SMSA	4,700
<b>Hawaii</b>		Tacoma SMSA	4,700
Hilo	\$4,500	<b>Wyoming</b>	
Honolulu SMSA	4,800	Casper	\$4,050

## REGION VII

## Puerto Rico

Ponce	\$3,150
San Juan SMSA	3,150

<sup>2</sup> Idem.

## CHAPTER 2. APPLICATION PROCESSING

### Section 1. Inquiries

Inquiries concerning the Senior Citizens Housing Loan Program shall be referred to the Regional Director. If the inquiry is general in nature or from someone other than a possible applicant, the reply should explain the program in general terms and include a copy of the Fact Sheet entitled *Federal Programs for Housing the Elderly*, which describes the three HHFA-administered programs of assistance for housing the elderly, and the Fact Sheet entitled *Senior Citizens Housing Program—Direct Loans*, which describes the CFA program.

An inquiry from a prospective applicant shall be answered by a letter outlining the purpose and scope of the program, commenting specifically on the type of project indicated, and enclosing copies of the pamphlet *Information for Applicants*; Form CFA-900A, *Model Form of Articles of Incorporation*; Form CFA-900B, *Guides for Project Design*; and Form CFA-901, *Application*. The letter shall state that a preapplication conference will be essential, provide information on obtaining tax exemptions, and include the paragraphs listed in Exhibit A. The prospective applicant shall also be advised of the official maximum income limits (see Section 7-1-4, Exhibit A) which will be effective for initial admission of all tenants to each proposed project for which an application is received after *December 15, 1962*. In addition, each applicant shall be furnished guidelines for determining the rents for both efficiency units and one-bedroom dwelling units which can be supported by the official maximum incomes (see Exhibit B).

Wherever possible, notification of the effective maximum income limit shall be made upon initial inquiry from an applicant. If a maximum income limit is not available when the initial inquiry is made, the applicant shall be advised that it will be notified as soon as such data is received. In any event, notification of maximum incomes shall be made not later than the preapplication conference.

## EXHIBIT A

## LETTER TO PROSPECTIVE APPLICANT

Thank you for your recent indication of interest in the Senior Citizens Housing Loan Program administered by the Community Facilities Administration. Enclosures, which are indicated on the attached sheet, explain the general purposes and requirements of the Program, and describe the portions of the application which should be completed initially. We will be pleased to answer questions you may have or to discuss other aspects of the Program at any time.

Please note the income limit requirement which, among others, is set forth in the *Information for Applicants*. It is the policy of the Agency to establish official maximum income limits for admission to Senior Citizens Housing. It is probable that the income for admission to occupancy of the project you propose in the City (Town) of \_\_\_\_\_ would be approximately \$\_\_\_\_\_ a year for a two-person elderly family and \$\_\_\_\_\_ a year for a single person.<sup>1</sup> The imposition of maximum income limits is intended to assure that the Senior Citizens Housing Loan Program serves the needs of moderate income elderly persons and families.

It is essential that all prospective applicants consult with this Regional Office prior to undertaking any extensive planning of a senior citizens housing project. A pre-application conference can be arranged at your convenience.

The purpose of this conference will be to discuss your eligibility as an applicant; the general appropriateness of the proposed housing project in its broader aspects; and to explore the possibility of demand for a given number of housing units. Completion of the full application is not required at the time of the pre-application conference.

We look forward to hearing from you again in the near future.

Enclosures

<sup>1</sup> Delete this sentence where income limits have not been obtained.

## EXHIBIT A (Page 2)

## ENCLOSURES

*Information for Applicants.* This explains in simplified terms the legislative and administrative requirements of the Program.

*Model Form of Articles of Incorporation* (Form CFA-900A). This is a guide for nonprofit private groups in meeting program requirements. If incorporation is not already completed, we recommend that the model form be used with any modifications necessary to reflect State or local law. If the applicant body is already incorporated, please compare the articles of incorporation with the model form to determine whether or not the requirements are met. Particular attention is called to the third, fourth, and tenth articles.

*Guides for Project Design* (Form CFA-900B). This is a guide for development of plans for the physical project, and should be given to your architect as early as possible. Please note that it includes detailed advice as to eligibility of types of facilities to be included, costs, and other matters which will assist you in preparing your application.

*Instruction and Guides for Completing the Application* (Form CFA-902).

*Loan Application* (Forms CFA-901 through CFA-901-7). The *Statement of Housing Demand* is to provide both the Government and applicant with factual information upon which to determine the "effective demand" for the proposed housing units. The U. S. Census data required for the *Statement of Housing Demand*, can be secured from this office at the pre-application conference. It should be noted that completion of the full application is not required at the time of this conference. Since the location of a housing project usually has distinct effect on demand, we would appreciate the information required by Items II and VI on *Site Data*, Form CFA-901-5. The other portions of this latter form need not be completed until a full application is filed. It is suggested that you consult with this office prior to conducting any survey.

## EXHIBIT B

## Possible Rental Levels and Annual Incomes Which Would Support These Rents at Various Rent-to-Income Ratios

Monthly Rental	Ratio of Rent to Income	Annual Income Required to Meet Rentals
\$ 65.00	Forty percent	\$1,950
	One-third	2,340
	Thirty percent	2,600
	One-fourth	3,120
\$ 70.00	Forty percent	\$2,100
	One-third	2,520
	Thirty percent	2,800
	One-fourth	3,360
\$ 75.00	Forty percent	\$2,220
	One-third	2,700
	Thirty percent	3,000
	One-fourth	3,600
\$ 80.00	Forty percent	\$2,400
	One-third	2,880
	Thirty percent	3,200
	One-fourth	3,840
\$ 85.00	Forty percent	\$2,550
	One-third	3,060
	Thirty percent	3,400
	One-fourth	4,080
\$ 90.00	Forty percent	\$2,700
	One-third	3,240
	Thirty percent	3,600
	One-fourth	4,320
\$ 95.00	Forty percent	\$2,850
	One-third	3,420
	Thirty percent	3,800
	One-fourth	4,560
\$100.00	Thirty percent	\$4,000
\$110.00	Thirty percent	\$4,400
\$120.00	Thirty percent	\$4,800

## EXHIBIT B (Page 2)

## Annual Incomes Which Can Support Specific Rents

Annual Income Level	Ratio of Rent to Income	Resulting Monthly Rental
\$2,500	{ one-third (\$833)	\$ 69.40
	{ thirty percent (\$750)	62.50
	{ one-fourth (\$625)	52.10
	{ one-fifth (\$500)	41.70
\$3,000	{ one-third (\$1,000)	\$ 83.00
	{ thirty percent (\$900)	75.00
	{ one-fourth (\$750)	62.50
	{ one-fifth (\$600)	50.00
\$4,000	{ one-third (\$1,333)	\$111.00
	{ thirty percent (\$1,200)	100.00
	{ one-fourth (\$1,000)	83.00
	{ one-fifth (\$800)	66.70
\$5,000	{ one-third (\$1,667)	\$139.00
	{ thirty percent (\$1,500)	125.00
	{ one-fourth (\$1,250)	100.00
	{ one-fifth (\$1,000)	83.00
\$6,000	{ one-third (\$2,000)	\$166.70
	{ thirty percent (\$1,800)	150.00
	{ one-fourth (\$1,500)	125.00
	{ one-fifth (\$1,200)	100.00

## Section 2. Housing Market Demand

Prospective applicants under the Senior Citizens Housing Program shall be required to submit a *Statement of Housing Demand*, Form CFA-901-2, and the information required by Items II and VI of the Application, Supplement No. 5, *Site Data*, Form CFA-901-5, prior to submission of a full application.

The *Statement of Housing Demand* is designed to provide the applicant and CFA with a basis for appraising realistically the likelihood of full occupancy or use of the proposed senior citizens housing project. The statement summarizes the specific characteristics of the elderly group constituting the immediate demand for the proposed project. Other questions relate to the availability of alternative housing accommodations to meet this demand.

Responsibility for preparation of the *Statement of Housing Demand* rests primarily with the applicant. However, some applicants may require assistance in assembling and interpreting the data. The applicant should be invited to consult with the Regional Office concerning questions and problems encountered in preparing any portion of the statement. In particular, the applicant should be advised to consult with the Regional Office before undertaking any special surveys or studies.

### ADEQUACY OF ELDERLY HOUSING MARKET DEMAND

It shall be the responsibility of the Community Requirements Division to review and assess the housing market for each project for which an application is filed. This will include a review of the *Statement of Housing Demand* submitted by the applicant, supplemented by references to any market analyses that may have been prepared by HHFA, FHA, or PHA staff for the market area to be served by the project; other housing market reports; or municipal studies and evaluations that are at hand.

In many instances the information submitted, or available from Census data and from reports made in connection with other HHFA programs, will not provide the Community Requirements Division with all the factual data required to draw firm conclusions. In such instances, the Regional Economist will be expected to visit the community in which the project is to be located to make a first-hand assessment of the elderly housing market. In the course of this field work, the neighborhood in which the project is located should be examined to consider what effect the location of the proposed project might have upon successful occupancy. The first-hand examination of the housing market will generally involve field interviews. During these interviews, careful judgment should be exercised to avoid revealing confidential site information such as option or proposed purchase (to other than applicant's representative) if the land has not been actually acquired.

Where the project is intended to serve largely the needs of a particular fraternal, labor, or religious group which may be distributed over a large geographical area, the economist will be expected to take this factor into account. A church, union, fraternal, or other group-sponsored project which proposes to draw its tenants from outside of the immediate area will often fail to recognize the limits inherent in such sponsorship. While the program's open-occupancy provisions are intended to bar discrimination, occupancy will in all probability be affected to some extent by the nature of the organization sponsoring the project, thus restricting the potential market for the proposed project.

Therefore, in addition to consideration of the probabilities of migration of elderly persons from out of city or out of state, to reside in the project, the economist must also take into account the possible limitations which the nature of the sponsorship may have on the ability of the project to draw tenants from the local housing market area. In general, the economist should give consideration to the prospects for continuing full occupancy throughout the life of the loan. The findings from his analysis shall be recorded as outlined in Section 7-2-3.

### Section 3. Preapplication Conference

When a sponsor makes an appointment for a preapplication conference, the Regional Economist who will be responsible for review and analysis of the Statement of Housing Demand shall be notified.

At the request of the Regional Director, Form CFA-945, *Tentative Assessment of Potential Housing Demand* (Exhibit A), shall be completed by the Community Requirements Division for use at the preapplication conference, and for the information of the Regional Director.

The Regional Director should normally attend and open the preapplication conference. The Chief, Senior Citizens Housing Operations Branch, should also attend. Exhibit B provides a suggested agenda for such conferences. Whenever possible, a copy of this agenda shall be made available to the applicant in advance of the meeting, in order that the applicant will be better prepared to present necessary facts and figures.

The amount of detail covered at the conference will necessarily depend on the representatives present from the applicant organization, and their previous experience with, or knowledge of, the program. While it is an important function of the preapplication conference to point out, in detail, the problems which experience has shown are most apt to arise, there is little value in orally presenting technical details which are not within the field of experience of at least one representative present.

Representatives of the Regional Office technical staffs should be called upon to discuss specific problems or questions in their fields.

If their counterparts from the applicant organization—architect, lawyer, business manager—are present, it will be helpful to have the technicians discuss details with them after the conclusion of the conference.

Sponsors shall be advised to avail themselves of whatever information sources may be available to them which would keep their expenses at a minimum and reasonably assure responses that can be tabulated and summarized effectively and conclusively. When demand cannot be demonstrated during the preapplication conference, the applicant shall be informed that until the information required by Form CFA-901-2 has been submitted in a satisfactory form, processing of the application will be held in abeyance; however, preliminary program review may be made to determine if the application is otherwise complete and acceptable for further processing.

If a prospective applicant anticipates full or partial exemption from real and/or personal property taxes, the applicant shall nevertheless be instructed to furnish as an attachment to Form CFA-901-6, *Financial Data*, an estimate of the amount of full tax liability, should no such exemption be granted.

At the conclusion of the conference, copies of Forms CFA-904-A, -904-B, and -904-C shall be made available to the applicant and its technical advisors. The Chief, Senior Citizens Housing Operations Branch, shall advise the applicant that the forms are guidance material

only, and that, while the various items are required, the Agency is not attempting to specify what items are to be accomplished by each technical advisor.

Following the conference, a letter to the applicant shall be prepared confirming any understandings reached at the conference advising the applicant of the next step in the procedure, and enclosing, if not previously given, Form CFA-920, *Standard Terms and Conditions*, and Form CFA-120, *Fall-Out Shelters*. The letter shall include the paragraphs listed in Exhibit C.

EXHIBIT A

CFA-945  
(1-63)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION SENIOR CITIZENS HOUSING LOAN PROGRAM  TENTATIVE ASSESSMENT OF POTENTIAL HOUSING DEMAND	Project No.
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Prepared by: \_\_\_\_\_ Date prepared: \_\_\_\_\_

I. CHARACTERISTICS OF AREA

A. Identify the primary market area for which this analysis is being made, i.e. city, portion of a city, county or counties (if widespread market is to be served). If more than one county is identified, explain inclusion of each in the market area.

B. Age composition of population of market area to be served (ordinarily municipality or county in which project is to be located)

<u>(Years of Age)</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Under 45			
45 - 59			
60 - 64			
65 - 74			
75 and over			
<b>TOTAL</b>	_____	_____	_____

C. In general terms, describe the housing accommodations now available to the whole population of the municipality or county in terms of (1) type of housing (individual homes, rented apartments, widespread use of rooming or boarding houses), (2) frequency of housing move-ins and move-outs, (3) estimated vacancy rates, and (4) condition of housing.

EXHIBIT A (Page 2)

II. CHARACTERISTICS OF ELDERLY POPULATION IN AREA

A. Annual income of renter-households with members 60 years old and over by household size: 1/

Household Income in 1959	Two-Person Households			One- Person Households
	Male Head, Wife Present	Others with no Nonrelatives <u>2/</u>	Others with Nonrelatives	
Under \$2,000				
\$2,000 to 2,499				
2,500 to 2,999				
3,000 to 3,999				
4,000 to 4,999				
5,000 to 5,999				
6,000 and over				

TOTALS

1/ Table 10 of Vol. 7 of the Census contains these data. Income by household composition for owners and renters is also contained in Table 3 of Vol. 7.

2/ With head 60 years and over.

B. Living arrangements of population aged 60 and over, with family head 60 and over. (As shown in 1960 Housing Census, Vol. 7, Table 1.)

No. of Persons In:	In Owner-Occupied Units		In Renter-Occupied Units	
	No.	Percent	No.	Percent
One-person households				
Two-person households				
Three-person households				
Four-or-more person households				
Not in housing units				
TOTALS		(100.0)		(100.0)

C. For Standard Metropolitan Statistical Areas and cities over 100,000 indicate rents being paid by households with heads 60 years of age, and older. (The 1960 Census, Volume 7, Table 6, contains these data.)

Rents Paid by Households with Heads 60 Years Old and Over 1/

Gross Monthly Rent	Households	
	Number	Percent
Under \$50		
50 to 59		
60 to 79		
80 to 99		
100 to 149		
150 or more		
No cash rent		
TOTAL (Median Rent)		(100.0)

1/ Indicate whether for city only, Standard Metropolitan Statistical Area or other

## EXHIBIT A (Page 3)

D. In addition to foregoing, indicate characteristics of following types of housing available to the elderly. (Include here that which is presently under construction as well as planned. 1/)

<u>Type of Housing</u>	<u>Number of Units</u>	<u>Gross Rent Range 2/</u>	<u>Estimated Vacancies 3/</u>
Non-nursing homes for elderly (domiciliary)			
<u>Special elderly rental projects</u>			
1. Built under PHA-insurance			
Completed			
Under Construction			
2. Built under non-PHA financing (conventional)			
Completed			
Under Construction			
<u>Federally aided low-rent public housing</u>			
No. of units presently occupied by elderly			
No. of units being constructed for elderly			
No. of units being planned for elderly			
<u>Other public rental housing (state or locally aided)</u>			
No. of units presently occupied by elderly			
No. of units being constructed for elderly			
No. of units being planned for elderly			
<u>Other private rental housing (not designed specifically for elderly occupancy)</u>			
Completed			
Under Construction			

1/ It would be desirable to supply indications of quality wherever possible.

2/ Where applicable, indicate additional costs of admission (founder's fees, life care plans, and special services included in charges). Gross rent should include cost of basic utilities.

3/ If statistics are not available, secure educated opinions regarding vacancy experience, or make projections

E. To what extent does the elderly population of the area tend to remain in the area or migrate to other areas? Is there any evidence of immigration, or prospective immigration, of elderly persons from other parts of the county into the area to be served?

**EXHIBIT B****SUGGESTED AGENDA FOR PREAPPLICATION CONFERENCE  
SENIOR CITIZENS HOUSING LOAN PROGRAM**

(CFA policies and requirements should be fully explained  
to the applicant when the following are discussed.)

*THE APPLICANT*

1. Names of persons representing applicant and their official connection with the applicant organization.
2. Official name of applicant—is the group formally organized and incorporated? What is the composition of the Board? Is it broadly representative of the community interests?
3. Is the applicant apparently eligible to apply for a Senior Citizens Housing Loan?
4. Who is the sponsoring organization?
5. Is there any evidence of local support for the project? (i.e., have local community service organizations, churches, clubs, etc. offered to provide services to the residents of the project.)
6. Financial resources available to cover initial cash requirements.

*THE SITE*

1. Has a site been selected? Its cost? Its size?
2. Status of acquisition plans. If site is owned, when was it purchased? Is there a mortgage on the site? If so, how much?
3. Location of site? What facilities are nearby? Walking distance to shopping, churches, recreation or senior citizens center, physicians' offices?
4. Future development plans of area? (i.e., other contemplated related facilities?)

*THE PROJECT AND MARKET*

1. Size of project? (No. of units)
2. Special nondwelling facilities planned?
3. Type of accommodations proposed? (Housekeeping with kitchens, etc.?)
4. Size of dwelling units? (area)
5. Types of services to be offered residents? Services included in rent as a fixed charge? Optional services at cost to resident?
6. Rental levels expected?
7. Local demand for such a project?

**EXHIBIT B (Page 2)**

8. Rents in the area for comparable multihousing projects or small individual homes?
9. Demonstration of financial feasibility.
10. Operating or management plans?
11. Awareness of our current income limits for this area?

*THE LOAN APPLICATION*

1. Who will prepare? (i.e., a "loan advisor"?)
2. Costs of bringing an application to point of loan approval? (Who pays? What can loan cover?)
3. Selection of technical assistance? (i.e., loan advisor, attorney, architects, etc.)
4. Steps in loan processing and approximate time schedule.
5. Advice and assistance available from CFA regional office staff.

**EXHIBIT C****LETTER TO APPLICANT WHEN A DECISION IS MADE  
TO PROCEED WITH THE FULL APPLICATION**

“At such time as it becomes appropriate to enter into an agreement with an architect/engineer for the further development of the project, two copies of the agreement are to be submitted to the Regional Office for concurrence. The agreement must provide that the architect/engineer will:

- (1) Provide the plans, specifications, contract documents, and other data required for the project.
- (2) Attend bid openings and prepare and submit tabulations of bids.
- (3) Submit a report twice a month to you, with a copy for the HHFA Field Engineer, covering the general progress of the job and describing any problems or factors contributing to delay.
- (4) Provide adequate on-site inspection and supervision of the project.
- (5) Collect and submit copies of weekly payrolls from all contractors and subcontractors. A copy of each payroll will be furnished to the HHFA Field Engineer.
- (6) Prepare and submit proposed contract change orders.
- (7) Prepare a construction schedule and maintain it during construction.
- (8) Review and approve the contractor's schedule of amounts for contract payment.
- (9) Certify partial payments to contractors.
- (10) Check safety practices of contractors and subcontractors.

“The agreement between you and your architect/engineer should be limited to services in connection with the project facilities as approved by HHFA. Only reasonable costs will be allowed by HHFA and additional costs must be carried by the borrower. HHFA will not allow the following costs:

- (1) Any portion of the fee in excess of the prevailing rate for similar work in the area where the project is to be constructed.
- (2) Transportation and living costs incurred by the architect/engineer or his authorized representatives or assistants while traveling in discharge of their duties connected with the project, unless requested and approved by the borrower and approved by HHFA.
- (3) Additional fees for consultants, unless approved by the borrower and HHFA.
- (4) Additional fees for the coordination and direction of work.

EXHIBIT C (Page 2)

- (5) Any portion of the fees pertaining to features and equipment determined to be ineligible by HHFA.
- (6) Any additional fees for services customarily provided by the architect/engineer and covered in the base fee in the area where the project is to be constructed, unless approved by the borrower and HHFA."

#### Section 4. Application Review and Approval

Upon receipt, the application shall be sent to the Reports and Control Assistant, who shall assign the project number, prepare a *Project Statistics Card*, Form CFA-112, and establish the project folder. The project number consists of the program symbol (SH), State abbreviation, and the serial number of the project within the State. The application then shall be routed promptly to the Chief, Senior Citizens Housing Operations Branch.

The Chief, Senior Citizens Housing Operations Branch, shall review the application and attachments to determine if the application is sufficiently complete to be processed. Where the applicant or the proposed project is clearly ineligible, the Chief, Senior Citizens Housing Operations Branch, shall prepare, for the signature of the Regional Director, a letter to the applicant returning the application and advising of the reasons therefor. Copies of the letter shall be furnished to CFA and the Reports and Control Assistant. Upon receipt of the copy of the letter, the Reports and Control Assistant shall cancel the project; in such cases, the entry on Form CFA-112 and the report form CFA-103 shall be "R-I" (for Rejected-Ineligible).

In all other cases, the Chief, Senior Citizens Housing Operations Branch, shall prepare, for the signature of the Regional Director, a letter acknowledging receipt of the application.

#### PRELIMINARY REVIEW

The Chief, Senior Citizens Housing Operations Branch, then shall prepare a *Project Control Card*, Form CFA-111, and make an initial review of the application as prescribed below:

- (1) Consistency of the proposed project rents with the maximum income limits (see Section 7-1-4), and
- (2) Whether the size of the proposed project is properly related to the number of potential tenants whose income may fall within the maximum limits, based upon the tentative assessment of the market by the Community Requirements Division.

His review also should include consideration of such matters as (1) sponsorship, (2) site, (3) design, (4) cost, (5) rents, and other matters of basic importance. The Chief, Senior Citizens Housing Operations Branch, should arrange a conference with appropriate technical staff members to determine if problems prevent full processing.

When the proposed housing is to be developed in a community for which official maximum income limits have not been established, the Regional Office should request from CFA an official maximum income limit for the specific community (see Exhibit A). In order to avoid

any unnecessary delay in application processing, the request should be made as soon as possible following an initial inquiry from an applicant.

Prior to the receipt of an official income limit, the Regional Director may advise an applicant as to possible income ceilings, based upon the range of income limits already established for other communities in the Region, and rental levels and construction cost data for active senior citizens housing projects in the Region. Regional Offices will be expected to continue to work with prospective applicants in the formulation of project plans, while awaiting the issuance of an official income limit.

When Regional Director has been satisfied that initial review reveals that the project can be developed satisfactorily within the applicable income limits, the Chief, Senior Citizens Housing Operations Branch, shall:

- (1) Establish a priority for processing.
- (2) Initiate full review.
- (3) Maintain a follow-up to assure processing schedules are met.

Major problems which arise during review shall be brought to the attention of the Chief, Senior Citizens Housing Operations Branch, who should as necessary arrange a conference of appropriate staff members to discuss the problem and possible actions. Problems which have not been resolved during the review process shall be referred by the Branch Chief to the Regional Director for resolution prior to formal submission to CFA.

#### **Coordination With Other Programs**

The Senior Citizens Housing Operations Branch shall review the application to determine whether it overlaps an application for a related type of assistance under any of the other programs administered in the Regional Office, and whether the applicant is in default under any program. (See Chapter 1-4 of Volume IV.)

#### **Notice to Other Federal Agencies**

If it is determined by the Chief, Senior Citizens Housing Operations Branch, that the project has a possible relationship to a Federal-aid highway project or may be of interest to the Department of Defense, Department of Interior, or any other Federal agency which has field establishments, he shall complete Form CFA-104 (see Chapter 2-2-2, Exhibit A) to advise the field office of the other agency of the nature of the project.

When a Federal agency having a possible interest in the project does not have field establishments, CFA shall be requested to notify the central office of the agency concerned.

#### **PRELIMINARY LEGAL REVIEW**

Where applicant and project appear to be eligible, the project folder shall be sent to the Legal Division.

This is the basic legal review of the loan application and takes place prior to the other technical reviews and market analysis, so that ineligible applicants can be eliminated and applicants can be advised of any time-consuming charter changes or other necessary legal actions at an early stage.

The application and supporting documents, particularly *Supplement No. 7, Legal Data*, and its attachments, furnish the primary data upon which the review is based. Additional data and explanations or clarifications of data already submitted may be requested of the applicant through the Regional Director or directly from applicant's attorney, as may be appropriate.

The *Preliminary Legal Review Report*, Form CFA-912 (Exhibit B), outlines the items to be covered in the legal review, and shall be prepared in triplicate. Item I calls for the exact legal name of the applicant. Item II is intended to indicate whether the listed documents have been furnished, whether they are complete in form and have been properly executed and/or certified. The statement concerning tax exemption is to cover both Federal income tax and any State and local tax exemption. Inconsistencies should be noted, such as presence of a resolution authorizing a different loan amount from that stated in the application.

Item III of the review report calls for a determination as to (1) whether the applicant is properly organized under State law, and (2) whether its organization meets the requirements of Federal law. In the case of non-profit corporations and cooperatives, an affirmative determination is to be based on submission of a charter document properly certified by the appropriate State official which appears regular and meets the requirements of applicable State statutes, with supporting Opinion of Counsel. In the case of public bodies, an organization transcript shall be required. Citations to applicable state statutes should be provided.

A determination that the applicant's corporate organization meets the requirements of Federal law requires that its charter follow in all essential respects the model form of *Articles of Incorporation*, CFA-900A (Exhibit C), with such modifications as may be required by State law. The most important provisions in this regard are Articles Third, Fourth, Seventh, Eighth, and Tenth. In the event State authorities object to the wording of Article Third, such substitute language when read in conjunction with applicable statutes as affords adequate powers may be accepted. In a few States, the restriction of the power to amend Articles of Incorporation provided in Article Eighth is not permissible. There are occasional States where statutory provision is made for disposition of the assets of a nonprofit corporation, thus requiring modification of the language of Article Tenth. In the case of consumer cooperatives, State laws sometimes require provision for patronage dividends or dividends on shares.

An acceptable corporate organization also requires that an applicant adopt corporate by-laws following in all essential aspects the *Model*

*Form of By-Laws*, Form CFA-929 (see Exhibit D), with such modifications as are necessary under State law.

The presence of any objectionable charter or by-law provisions should be noted with a view to providing a basis for corrective action. Application of the constitutional requirement for separation of church and State, requires that corporate charters contain no religious functions or powers, and disposition of corporate income or assets on dissolution or otherwise to a religious organization or for religious purposes is not permissible. The applicant's by-laws or charter may not be made to include or be subject to the doctrine, articles of faith or discipline of any religious group. However, an applicant or project may bear a name indicating religious sponsorship, and selection of the members or directors of an applicant from or by a religious group is not objectionable. Provisions restricting occupancy or giving preference to a particular group, providing for occupancy by other than elderly persons, or providing for admission fees are prohibited.

Item IV covers the eligibility of the project and project facilities. A legally eligible project must consist essentially of rental or cooperative housing accommodations and may include reasonable provision for related facilities. The eligibility of related facilities must be based on an administrative determination that such facilities are essential for the residents of the project. Any ineligible features of the project should be noted.

Item V of the *Preliminary Legal Review Report* requires a determination that the applicant has the necessary powers (a) to construct and operate the project and (b) to borrow funds to finance construction of the project and to secure repayment thereof by a first mortgage and pledge of revenues. Any limitations on the exercise of these powers should be noted. The determination that construction and operation of the project at its proposed location will not violate local statutes or ordinances is preliminary in nature and may be based on the opinion of applicant's counsel. The corporate existence should extend for at least the period of the Federal loan if permitted by State law. If the State law permits only a lesser term, this should be noted as the basis for a covenant in the loan agreement to renew or extend its charter or retire the loan. Appropriate citations should be supplied.

Item VI of the *Preliminary Legal Review Report* deals with the corporate organization of the applicant. The corporate structure should follow that outlined in Form CFA-929 with such variations as are required by State law. Applicant nonprofit corporations generally have members whose primary function is to select directors. The membership should be selected in a manner which will assure continuity and breadth of representation. The provisions with respect to notice, membership meetings and quorum requirements should follow the *Model Form of By-Laws*. In States where mortgaging of the incorporating assets requires approval of the membership, consideration should be given to a membership which can hold special meetings without undue delay or difficulty.

The governing body of a nonprofit corporation or cooperative should be a Board of Directors, consisting of not less than seven persons elected by the membership in the manner set forth in the *Model Form of By-Laws*. The provisions with respect to notice of meetings, regular and special meetings, and quorum requirements should follow the *Model Form of By-Laws*.

The by-laws should state the exact number of Board members since this simplifies the problem of determining incumbency. Actions of the applicant's governing body may not be subject to veto by, or require approval of, an outside group or official. Directors may not be compensated for their services.

Provision should be made for the necessary officers, usually a president, one or more vice-presidents, secretary, and treasurer. The principal officers must be Board members and cannot be compensated for their services.

Appropriate citations to articles of incorporation, by-laws, and State law should be furnished.

Item VII calls for an explanation of the exceptions under the previously listed items. It is often helpful to note the corrective action, or special conditions needed to eliminate the exception for later reference.

The Legal Division shall return the folder to the Chief, Senior Citizens Housing Operations Branch, with advice of its findings and the original and one copy of its report.

Where necessary, the Legal Division shall supply a letter, in draft or final form, as appropriate, requesting additional data, giving instructions on matters requiring action by the applicant, or when necessary, notifying the applicant of ineligibility.

#### MARKET REVIEW

After completion of the preliminary legal review, the Chief, Senior Citizens Housing Operations Branch, shall transmit the project folder, including the application supplement on *Statement of Housing Demand* to the Community Requirements Division and request their review. The Community Requirements Division shall be requested to conduct the necessary market review and assessment described in Section 7-2-2 and to obtain advice from FHA and PHA field offices as to any existing or proposed FHA and PHA senior citizens projects in the area. The Community Requirements Division shall further, be requested to furnish its findings in a memorandum, in duplicate, addressed to the Regional Director. This memorandum should include specific findings as to the size of the market for senior citizens housing under the Direct Loan Program; advice as to whether an effective demand exists for the project at the proposed rentals; impact of any actual or proposed FHA and PHA senior citizens projects (where these occur, the rental data should note what utility costs and other major items in addition to shelter rents are included); and the likelihood of full project occupancy. The original of the memorandum shall

be filed in the project folder, and one copy subsequently shall be transmitted to CFA with the project summary.

Where the memorandum of the Community Requirements Division advises that an adequate effective demand apparently exists for the project at the proposed rentals, and the Regional Director concurs, the Regional Office shall proceed as prescribed below (or request from the applicant those technical supplements which have not been previously submitted).

When the memorandum of the Community Requirements Division advises that an effective demand for the proposed project does not exist, the Regional Director shall, if he concurs with the finding, recommend disapproval to CFA. If the Regime Director does not concur, he shall document his reasons and the application review shall be continued.

#### ORGANIZATIONAL AND DEVELOPMENTAL EXPENSES

Where a person or organization proposes to provide the applicants with some combination of organizational and developmental services such as those mentioned below, the person or organization should set forth its proposal, as approved by the applicant, either in the form of a contract or formal letter of agreement along with the proposed fee for such services. Such proposal must be submitted prior to the rendition of any services thereunder. The contract or letter should be supported wherever possible with evidence of successful services in the past of the type offered to the applicant. All proposals of this nature shall be examined by the Regional Director who, if he considers the proposal approvable, shall recommend to CFA the amount of the fee that should be allowable from loan proceeds. Fees for such services will not be allowed without prior approval of CFA.

Loan proceeds may not be used to duplicate payments from other sources to advisors for the same organizational and developmental services. This policy does not restrict the amount of the fee that may be paid from funds of the applicant or sponsor or funds obtained from other non-Federal or non-project sources. However, where the applicant elects to provide funds from other than loan proceeds for any amount of a fee, the amount of the fee found eligible to be paid from loan proceeds, shall be reduced by an amount equal to that paid from such other sources.

The following hypothetical situations are illustrative:

*Situation A:* The proposed contract calls for a fee of \$75,000. The fee normally eligible for payment out of project loan funds is determined to be \$25,000. If the sponsor paid \$25,000 or any larger amount out of non-project funds for services called for in the contract, no payment out of project loan funds could be authorized.

*Situation B:* The proposed contract calls for a fee of \$25,000. The fee normally eligible for payment out of project loan funds is determined to be \$20,000. If the sponsor

paid \$5,000 out of non-project funds for services specified in the contract, only \$15,000 could be authorized out of project loan funds. If the sponsor paid \$10,000 out of non-project funds, only \$10,000 could be authorized out of project loan funds; that is, any amount paid by the sponsor from non-loan funds must be applied first towards payment of the approved fee.

In the event a Federal loan is not made, settlement of any obligations for organizational and developmental expenses will be the sole responsibility of the applicant, and every contract or letter of agreement shall include a statement to this effect.

#### **Scope of Work**

To be eligible for reimbursement out of loan proceeds, organizational and developmental services must relate specifically to such aspects of project development as the organization, planning, financing, construction and prospective occupancy of the proposed project. Illustrations of the types of services eligible for reimbursement include, but are not necessarily restricted to:

- (1) Assistance to the sponsor in organizing an eligible nonprofit corporation;
- (2) Assistance in conducting a market analysis and evaluating the results thereof;
- (3) Assistance in selecting a suitable project site;
- (4) Assistance in planning the housing and related facilities;
- (5) Assistance in meeting local zoning and regulatory requirements;
- (6) Assistance in the preparation of the loan application and related supplements and exhibits, including the development of estimated project costs, preparation of realistic revenue and operating expense estimates, and other supporting data;
- (7) Assistance to applicant in satisfying requirements pertaining to loan closing;
- (8) Assistance in securing adequate and effective construction bids and, as appropriate, in other phases of project construction;
- (9) Assistance in establishment of managerial requirements and sound operating plans for the project.

#### **Conflict of Interest**

To avoid misunderstanding concerning the nature of services eligible for reimbursement from loan proceeds for organizational and developmental expenses, every contract or letter of agreement providing for such services shall contain the following statement:

“It is agreed and understood that the person or persons providing such services shall not seek to use influence in any manner in order to obtain financial assistance from the Federal Government.”

All such contracts or letter agreements must contain the following provision which requires a full disclosure of interest:

“It is agreed and understood that the person or persons providing services hereunder are not employees, officials or members of the governing body of the applicant or, except as outlined specifically herein, of the sponsoring organization, and have not had and will not have, except as outlined specifically herein, any financial interest in the development of the project (including but not limited to acquisition of the project site and construction, legal, or architectural contracts, and purchase of equipment).”

#### FUND RESERVATION

If initial review indicates that the project can be developed satisfactorily, the Chief, Senior Citizens Housing Operations Branch, shall prepare Form CFA-11, *Fund Reservation Order* (see Section 2-2-2, Exhibit C) in quintuplicate; one copy shall be retained in the project folder. Form CFA-11 shall be prepared as follows:

- (a) *Order No.*: This space may be used for internal control purposes or left blank, at the option of the Regional Office.

*Project No. and Region*: Self-explanatory.

*Original, Revision, Cancellation*: Check applicable box. If a revision or cancellation, show date last CFA-11 was prevalidated by Division of Finance and Accounts. Note that a CFA-11 is not required for cancellation actions which occur after loan approval.

- (b) *Applicant*: Self-explanatory.
- (c) *Project*: Show name and address or brief project description.
- (d) *Fund Reservation Action*: If this is an original order, enter “O” under “Outstanding Reservation” and the amount requested in the last column.
- (e) *Authorization*: The Regional Director and the Regional Administrator shall surname this line on all copies as evidence of their concurrence.
- (f) *Reservation*: Self-explanatory.
- (g) *Remarks*: This space shall be used to explain the reason for any proposed change in, or cancellation of, an existing reservation, or to note any other fact which may be of use in connection with the reservation action. If an increase is requested, show the interest rate applicable to the increase and to the original amount.

The original and three copies of Form CFA-11 shall then be sent to CFA; the other copy shall be retained in the project folder. Upon pre-validation by the Division of Finance and Accounts, the original Form CFA-11 is sent to the Regional Director as notification of a project fund

reservation. Regional correspondence with the applicant should not make reference to a reservation of funds.

If CFA advises that funds are not available, the applicant shall be advised by the Regional Director that the application is being deferred pending additional fund authorization.

#### APPLICATION INFORMATION

Upon receipt of notice that a fund reservation has been made, the Regional Director shall forward to the Commissioner a memorandum setting forth the names and addresses of the following:

- (1) Board members of the applicant;
- (2) Officers of the applicant;
- (3) Applicant's representative;
- (4) Sponsoring organization(s);
- (5) Any representatives of sponsoring organizations who have participated actively in negotiations for the loan;
- (6) The project architect;
- (7) Applicant's attorney; and
- (8) Loan consultant, if any.

There should be submitted with the memorandum, copies of the *Statement and Certification of Applicant Official*, CFA-901-1a, covering each applicant official, together with copies of any other data of similar character submitted with the loan application. The Regional Director should also include any other information he may have bearing upon the composition of the applicant's governing body, community interest, sponsoring organizations, and persons evidencing an interest in the development of the project.

The memorandum should also include names and addresses of the owners of the proposed project site, or of the vendors from whom the applicant purchased the project site, if presently owned by the applicant. If such owners or vendors are a corporation, the names and addresses of the directors and principal stockholders of the corporation should be included. The site should be described with sufficient particularity to enable tracing of the chain of title.

#### SITE INSPECTION AND APPRAISAL

The suitability of a site and the reasonableness of its cost are of prime importance in the consideration of a Senior Citizens Housing Loan application. Therefore, it is incumbent upon the Regional Director and his staff to exercise extreme care in the approval of a building site. It is equally important that qualified appraisers be selected to assure a fair market value of the property as related to the objectives of the program.

**Fair Market Value**

Fair market value is that price estimated in terms of money which the property will bring if exposed for sale in the open market by a seller who is willing but not obliged to sell, allowing a reasonable time to find a buyer who is willing but not obliged to buy, both parties having full knowledge of all the uses to which it is adapted and for which it is capable of being used.

**Site Inspection**

After an initial conference with a prospective applicant, and after reasonably determining the applicant group to be sincere and capable of developing a loan application, the Regional Office should offer prompt assistance in the selection of a suitable building site.

The applicant should be encouraged to submit a number of sites for consideration, furnishing for the use of the Regional Office, a map showing locations of properties to be considered and other pertinent data such as:

- (1) Appropriateness of and conformity with present zoning.
- (2) Type of surrounding neighborhood.
- (3) Distance from shopping.
- (4) Distance from health facilities or doctors.
- (5) Availability of cultural, religious, social and recreational facilities.
- (6) Topography.
- (7) Availability of utilities and municipal services.
- (8) Any general comments relating to the suitability of the site for a senior citizens housing project.
- (9) Adequacy, and frequency of transportation—bus, jitney, taxi, other.
- (10) Asking price of property, ownership, legal description, size of plot, etc.

A site inspection shall be made on each project. The above information, together with Form CFA-901-5, *Site Data*, if available, shall be given as a guideline, to the Regional Office staff member assigned to make the inspection. Such information shall be included in a report of the site(s) which shall be furnished through the Chief, Senior Citizens Housing Operations Branch, to the Regional Director, following the inspection.

When tentative site approval can be given following the site inspection, the applicant should be advised to secure options for a minimum period of six months with a provision to renew same for an additional six months to allow for processing up to and including the first disbursement against the loan agreement.

Generally, leased sites are unacceptable. Only under unusual circumstances shall such cases be considered and only on the following basis:

- (1) The lease is for a period of not less than 75 years.
- (2) The annual rental is nominal, considering for example, the relationship of rental to cost of loan funds to purchase a comparable site.

#### Appraisals

Prior to the approval of a loan application, subject to the concurrence of the Regional Director, the applicant shall select two independent fee appraisers for such purposes as appraising the building site and determining a fair market value as defined above.

When negotiating with the appraisers it should be clearly understood by all parties concerned that the appraiser's fee is to be paid by the applicant and not by the Federal Government. However, in the event a loan is approved, such fees are eligible costs, payable from the proceeds of the loan to the extent set forth in the approved *Project Summary and Approval*, Form CFA-919. A letter shall be sent by the applicant to each appraiser authorizing the appraisals.

The Regional Director, at his discretion, may order a third appraisal. The additional appraisal would usually be prompted by a substantial difference in appraised value, or in some cases where the appraisers arrive at practically the same value, indicating possible collusion. When a third appraisal is deemed necessary, the Regional Director should arrange through the Regional Administrator for the assignment of a qualified appraiser from one of the HHFA constituents.

Should an Agency appraiser not be readily available, and to prevent an unreasonable delay in reaching a decision, the Regional Director may order a third independent appraisal of the property. Should this be necessary, the same procedure in selecting appraisers initially shall be applicable.

Appraisers selected from the following would normally be acceptable:

- (1) Appraisers listed by the General Services Administration on their panel of approved appraisers.
- (2) Members of the American Institute of Real Estate Appraisers. (affiliate of the National Association of Real Estate Boards).
- (3) Members of the Society of Residential Appraisers (affiliate of the National Association of Real Estate Boards).
- (4) Members of the American Society of Appraisers (Note: In most areas, the local real estate board or the HHFA Regional Office will be able to provide an applicant with names of appraisers who are members of the above cited groups.)

**Approval of Costs Above Lowest Appraisal**

Normally, the Regional Director will approve a purchase price for a building site based upon the lowest appraised value. However, it is recognized that certain sites which appear ideally suited to a senior citizens project cannot be purchased for the low appraisal figure.

Accordingly the Regional Director is authorized, when the land cannot be purchased for the amount indicated by the lowest independent appraisal, and when it is deemed advisable not to select another site, to approve the purchase of land based on an amount not to exceed 10% above the lowest appraisal. In such cases, he shall document the files in a manner to show the basis upon which the decision was made.

**Conflict of Interest**

Each independent appraiser must certify that no conflict of interest is involved in performance of his services for the applicant. The appraiser shall not act as a negotiator or broker or board member for the applicant or the seller in the acquisition of land which he has appraised.

**Approvable Appraisal Fees**

In the event a loan is approved, site appraisal fees are eligible costs payable from the proceeds of the loan to the extent approved by CFA. Responsible Regional Office staff, by acquainting themselves with schedules of fees charged by appraisers for appraising similar properties in or around cities where property is located, will be in a position to properly advise the applicant as to whether or not a reasonable fee has been quoted. Such information also will materially assist in the approval of fees for appraisals in connection with senior citizens housing applications. Fees may be established either as a lump sum or an amount for each parcel based upon prevailing rates in the community for equivalent services. The fee shall include all services, supplies and related expenses. Should the loan application be rejected or withdrawn, the cost of the appraisals must be borne by the applicant.

**PRE-OCCUPANCY COSTS**

Pre-occupancy costs may be eligible for payment from loan proceeds, provided:

- (1) It is reasonable that such costs be incurred as part of the development of the project.
- (2) Such costs are incurred prior to project completion.

Examples of costs which may be found eligible include :

- (1) Salaries to project manager, office assistant, and maintenance superintendent for activities and services necessary to complete the project for efficient and effective operations, including the cost for such services when they are performed under contract.

- (2) Cost incident to purchase and installation of curtains and venetian blinds, including necessary hardware, when not included in the construction contract; minor exterior work such as limited landscaping and sidewalk installation where the cost is less than \$2,000; floor-waxing and other such activities necessary to permit occupancy (but not for maintenance equipment and supplies to be used later during operation of the project).
- (3) Accounting services and legal fees and costs pertaining to project completion and preparation for operation.

Each eligible pre-occupancy cost shall be included in the appropriate line item.

#### TECHNICAL REVIEWS

After the actions above, the Chief, Senior Citizens Housing Operations Branch, shall send the project file to the technical branches for review. The normal sequence will be Engineering, Finance, and Legal.

Each technical staff shall review the application and consult with other technical staffs and the Chief, Senior Citizens Housing Operations Branch as necessary. Each technical reviewer shall prepare a technical review report. The original and one copy are to be sent on with the project folder. Each technical staff shall submit with its review report the text of any special conditions recommended for inclusion in the Loan Agreement.

Should additional information be required, the matter must be cleared with the Regional Director before the applicant is contacted. Normally, all additional information shall be requested in a single letter prepared by the Chief, Senior Citizens Housing Operations Branch. Should the complexity of problems encountered during review make a further conference with the applicant advisable, arrangements for the conference shall be made by the Chief, Senior Citizens Housing Operations Branch.

If, at any stage in the review process, it is determined that the fund reservation should be increased or decreased, the increase or decrease shall be requested by a revised Form CFA-11 to CFA.

Upon completion of review, the technical branch head shall review and approve the technical review report. He also shall ascertain whether the review report discloses problems and questions of a nature warranting return of the folder to the Chief, Senior Citizens Housing Operations Branch. If such return is not necessary, the folder shall be routed to the next technical branch and the releasing office shall be responsible for immediately advising the Chief, Senior Citizens Housing Operations Branch, of such release, by means of a key-action notice.

The Chief, Senior Citizens Housing Operations Branch, shall review any problems referred to him by a technical branch and obtain advice thereon to permit review to continue. Where differences of opinion

arise among the technical branches, he shall endeavor to secure settlement.

When all technical reviews are completed, the Chief, Senior Citizens Housing Operations Branch, shall review the entire file to determine whether approval or disapproval shall be recommended. Where the case involves problems or special policy aspects, these shall be covered fully in a memorandum to CFA.

If, subsequent to review by the Community Requirements Division, the project is so changed as to affect the original demand substantially, comments shall be requested from the Community Requirements Division. Any findings shall be promptly reported by the Chief, Senior Citizens Housing Operations Branch, to any technical staff which has completed its review.

#### **ENGINEERING REVIEW**

The engineering review of the application is concerned with the conformity of the preliminary plans with the project description covered by the fund reservation, the eligibility of the specific facilities and features contained in the project, the conformity of the plans and specifications with the statutory prohibitions on elaborate or extravagant design or materials and/or uneconomical construction, and the acceptability of the cost and maintenance estimates. The report shall cover only the essentials needed for review by the other technical staffs and for approval action by the Regional Director.

Review and analysis should be conducted on the basis of the provisions of Form CFA-900B, *Policies and Guides for Project Design*, and the following.

#### **Project Size**

The number of units in any one project will be determined primarily by the location and effective local demand for such housing at the anticipated rental levels. Economic feasibility must be demonstrated and per unit costs for development and operation carefully examined.

#### **Type of Living Units**

The proposed distribution of units by type should be supported by data concerning the needs of the elderly population to be served. Living units may be the one-room "efficiency" type or may include one bedroom, depending on the occupancy needs established for the project. Kitchen facilities are mandatory in all living units.

#### **Engineering Review Report**

The Engineering Report shall be prepared on Form CFA-913, *Engineering Review Report* (Exhibit E). The following guides are furnished for items which are not self-explanatory; the item and line numbers refer to the corresponding numbers on Form CFA-913.

Item I. *Project Description*—The Review Engineer will prepare the project description, checking with the Finance Branch and the Legal Division to assure that the description will be appropriate for use in the Loan Agreement. The description should indicate the type of facilities, number of buildings, and number and type of units.

Item III. *Construction Summary*

- (1) Project Cost Estimate. Each item should be rounded to the nearest \$100, and the Project Contingency should be rounded so as to place the Total Project Cost at the next-higher \$1,000. Any revision should be similarly rounded.

Line a. Preliminary expense may include specific costs, except construction costs, incurred by the applicant prior to submission of the application and which were directly related to and necessary in the development of the project (such as market analysis, soil tests, appraisals, surveys, and maps). Travel expenses is eligible only if the travel was requested by the Regional Office. If any costs are included on this line, the applicant is required to attach an itemized list showing nature of the cost and the amount. Such costs must be approved by CFA prior to payment from loan proceeds.

Line b. Land and rights-of-way normally cover purchase of the site. No amount should be shown if the applicant already owns the site.

Line c. Construction. The estimate for this item should be developed from the breakdown in Item III 2, Construction Cost Analysis. Only the cost of fixed equipment, such as built-in room equipment or service equipment permanently installed and eligible kitchen and laundry equipment may be included in construction cost. The cost of movable equipment, furniture, or furnishings may not be paid from loan funds. Contingencies should show an allowance, about 5 percent, to cover necessary changes during progress of construction.

Line d. Architectural Engineering Services. This item should include the cost of supervision of construction. Fees should not exceed the prevailing rate in the locality for similar types of work; any excess above the prevailing rate may, at the discretion of the Regional Director, be excluded from approved project costs. (See Section 20-1-1.)

Line e. Legal and Administrative Expense. This item must not, without prior Regional Office approval, include cost of any work to be performed by the applicant's own staff. Payments of fees to consultants for organizational and developmental expenses, where eligible, also are included as administrative expenses.

Lines f, Interest during Construction, and h, Interest for Debt Service Reserve. If these items appear unrealistic, comment under Item V, for attention of the Finance Branch.

Line g. Project Contingency provides a fund for the entire project to cover unforeseen costs or overruns of estimates for items other than construction. A reasonable allowance is one or two percent, depending on the size of the project.

Any substantial deviation of any line item between the applicant's estimate and the Regional estimate shall be explained in Item V, *Notes and Comments*.

- (3) *Cost Per Square Foot and Cost Per Living Unit*. If a project consists of more than one type of building, which makes unit costs for the combined project unrealistic or meaningless, a breakdown of unit cost for each type of building should be shown under Item V. Item V shall also include a notation whether the project facilities will be heated by an integral heating plant, by heat furnished by a public utility company, or by heat from a central heating plant which also serves other buildings.

Item IV. *Review Checklist*. Self-explanatory except for:

- (7) *Space Distribution*. Unless a rapid comparison of the plans with the percentage table on the application discloses gross error, the applicant's percentage calculations will be accepted.
- (9) *Repair and Maintenance Expense*. Applicant's estimate is shown under *Expenses: Repair and Maintenance* on Attachment A to the Financial Application Form. Comment should include any design features or equipment specifications which might cause unduly high operating costs.

For each checklist item marked "No." explain and comment under Item V.

#### FINANCIAL REVIEW

The application form and attachments provide the basic data needed to make the financial review. Since it is the responsibility of the applicant to furnish such data as is needed to permit adequate financial review of the proposed loan, supplementary data and explanations or clarifications of data already submitted should, when needed, be requested of the applicant through the Chief, Senior Citizens Housing Operations Branch.

#### Financial Review Report

The *Financial Review Report*, Forms CFA-914a and -914b (Exhibit F), consists of two parts. Part 1 contains material for inclusion in the project summary and the loan agreement; Part 2 contains relevant supporting background data and comments not included in Part 1.

Part 2 should normally be prepared first, to serve as a basis for the statements and determinations shown in Part 1.

**Loan Approval Criteria**

It is the policy of CFA that each loan is of sound value and is so secured as reasonably to assure repayment within the scheduled period. Therefore the following policy criteria should be used in determining whether a particular loan should be approved.

- (1) The loan should be secured by a pledge of gross project revenues, augmented to the extent necessary by a pledge of revenues from existing facilities, or other designated income.
- (2) The estimated net revenues from pledged sources should cover the average annual debt service by at least the prescribed minimums set forth under "Dept Service Coverage," below.

**Debt Service Coverage**

The estimated net revenues (after providing for maintenance and operation expenses, including deposits into the tax and insurance escrow account and the repair and replacement reserve, for the project and other facilities, the revenues of which are pledged) must be sufficient to cover the average annual debt service by at least 1.1 times. This margin will provide some latitude between estimated versus actual net revenues, and thereby will provide a cushion for unanticipated maintenance and operation expenses. The margin also will provide for the build-up of the required debt service reserve.

A firm or binding agreement by either applicant or sponsor to underwrite operating deficits is not required as a condition of loan approval unless deemed essential to loan repayment and the applicant and/or sponsor has indicated its willingness and ability to fulfill this requirement.

For the debt service reserve, the borrower shall be encouraged to capitalize out of loan proceeds interest for the first six months of project development (in addition to interest during construction), and is expected to accumulate the balance of the requisite debt service reserve out of pledged revenues. The repair and replacement reserve will be accumulated from pledged revenues as an item of maintenance and operation expenses.

**Review of Applicant's Financial Condition and Appropriate Operating Experience**

The first phase of financial analysis involves an assessment of the extent to which the applicant can provide economic and financial resources to support the proposed loan. The extent and firmness of the sponsor's or other continued support of the project or its residents shall be evaluated.

The review shall assess the experience and ability of the applicant and/or sponsor in the management and operation of housing or related facilities.

The review shall include an examination of the financial condition and operating experience of existing revenue-producing facilities of the

applicant and sponsor. The review shall cover such points as: general financial history, summary of comparative balance sheets, summary of comparative income and expense statements and other potential sources of revenue such as appropriations, gifts, bequests, or endowment funds.

An important aspect of the review is an appraisal of past debt performance. Difficulties on previous debt repayment shall be analyzed to determine what effect, if any, they might have on repayment of the proposed loan. If the applicant or sponsor has participated in any other HHFA programs, loan performance data shall be obtained. A poor record on a previous loan will normally require detailed justification before the proposed loan can be approved.

#### **Analysis of Proposed Revenues and Expenditures**

The analyst must next consider whether the estimated revenues pledged for repayment of the loan will actually materialize. This involves judgments regarding proposed rates and fees, the expected number of occupants or users, the reality and adequacy of operating expense estimates, and the effects of competition from other available facilities.

Fees and charges for optional services should be sufficient to cover the total cost of these services so that they are not subsidized by rental income from housing or from mandatory dining charges.

Where a dining operation is to be conducted by a concessionaire, the concession must be operated at no cost to the applicant under an agreement acceptable to the Government.

#### **Estimated Revenues**

The application indicates the expected number of occupants or users of the project and other facilities the revenues of which are pledged and the rates or rentals to be charged for such use.

After reviewing the report of the Community Requirements Division, the analyst should consider, as appropriate, in order to determine that adequate revenues will be realized:

- (1) Whether the rates or rentals are in line with other rates and rentals charged by the applicant.
- (2) Whether they are comparable to the rates or rentals of similar facilities in the area.
- (3) Whether the proposed rates or rentals will price the project out of the market.
- (4) Whether the rates are compatible with the income limits imposed in the project area.
- (5) Whether the experience of the applicant with existing facilities of a like nature supports the estimates of project revenue.

To allow for possible vacancies or non-use, the estimated gross project revenues used to determine loan approval shall be adjusted by an assumed occupancy or use rate of 95 percent.

Where revenues from an existing facility are pledged, the financial analyst shall include in his report the date or dates of construction, type of construction, and the estimated remaining useable life of the facility as determined by the Engineering Branch, and shall determine whether these data justify the assumption that the facility will remain useable and revenue-producing for the life of the loan, or such lesser period for which the revenues are pledged.

#### **Estimated Expenses**

Availability of pledged revenues for payment of annual debt service is dependent upon the sufficiency of revenues to cover maintenance and operating costs, debt service and reserves. Such M & O costs, or Current Expenses, include the cost of operating the project, maintaining it in good condition, making routine repairs and providing the deposits for the Repair and Replacement Reserve and the Tax and Insurance Escrow Account. The M & O costs may not include depreciation.

In determining that the estimated M & O costs are adequate and realistic, the analyst should note whether they conform to the previous experience of the applicant with similar facilities, whether they are in line with average costs of other senior citizens projects or comparable projects in the area, and the extent to which they are supported by statements from outside technical authorities. He should also check the comments of the Engineering Branch as to the maintenance and repair portion of M & O cost estimates and as to design features and equipment which might affect maintenance costs, as shown in the *Engineering Review Report*.

If the applicant proposes to prorate certain expenses between the project and any other facility that it or the sponsor may operate, the analyst shall determine (a) the basis for each proration, (b) the reasonableness thereof and the ability of the other facility to make payment of its share of the expenses.

If the analyst disagrees with any of the applicant's estimates, appropriate adjustments should be reflected and evidence of applicant agreement obtained. Any differences and explanations thereof shall be shown in Part II of the *Financial Review Report*.

#### **Real Estate and Personal Property Taxes**

If anticipated exemption from or abatement of real and/or personal property taxes and assessments is reflected in the applicant's estimates of operating expenses, the full amount of such taxes and assessments, without giving consideration to any tax relief, shall nevertheless be determined.

The effect on the marketability of the project facilities, in the event tax relief is denied, shall be evaluated.

The analyst shall assess the likelihood of tax exemption or abatement on the basis of prior rulings of taxing authorities on similar projects in

the area, statements from such authorities with respect to the specific project on opinion of legal counsel.

#### **Interest During Construction**

Interest during construction is eligible for inclusion in total project cost. The date on which interest during construction ceases to be eligible for inclusion in project cost will normally be the first day of the month immediately following the month in which the project becomes suitable for occupancy.

When units or areas of a project become suitable for occupancy at different times, interest cost will cease to be chargeable to project cost for each unit or area individually in line with the above procedures.

The analyst shall review the applicant's estimate of interest during construction, keeping in mind the following considerations:

- (1) The time periods involved should be checked with the Engineering Review Report to determine its acceptance.
- (2) The specific date upon which interest during construction will terminate will be determined by the Regional Director at some time prior to final project closure. However, any estimated amount not used will thus be excluded from final project cost, and the estimate should therefore be sufficient to allow for a reasonable period, including contingencies.
- (3) Interest rates, and thus estimated cost, will vary depending on the type of construction financing that may be available to the applicant.

#### **Capitalized Interest for Debt Service Reserve**

Capitalization of six months' interest is not mandatory and may be prohibited in some states. If included in the project cost, the special financial conditions shall provide for the deposit of loan funds in the required amount into the Debt Service Reserve.

#### **Conclusions and Recommendations**

Following completion of the review and preparation of the *Financial Review Report*, the analyst should be in a position to determine that the proposed loan is either (a) reasonably assured of repayment, or (b) not assured of repayment. He shall mark the last section of the *Financial Review Report, Part I* accordingly. If the analyst is recommending approval of a loan which he expects to be repaid within the prescribed period but which contains certain potentialities for adverse changes, he should briefly summarize the important factors under "Comments," so that the approving officials will be aware of the situation in making their determinations.

**Loan Development**

When the financial application review has been completed, and the analyst has determined that a sound loan can be made, the next step is the development of the loan specifications and conditions. Instructions on loan development are given below and in Chapter 21-1.

The basic security for each loan, in addition to a lien on the property shall be a pledge of gross project revenues, augmented to the extent necessary by a pledge of specified revenues from identifiable sources. In addition, where available, as in the case of all private borrowers, the loan shall be secured by the full faith and credit pledge of the borrower.

The establishment of certain cash accounts is required by the loan agreement. The borrower shall be required to establish a revenue fund account into which the initial operating capital furnished by the borrower and all rentals and other pledged revenues will be deposited, and from which the debt service, maintenance and operation expenses (including repair and replacement reserve and tax and insurance escrow deposits) and transfers to the debt service reserve fund will be made.

The Administrator or his designee shall establish the following escrow and reserve accounts to receive the deposits made by the borrower:

- (a) Tax and Insurance Escrow Account, into which the borrower is to make monthly deposits in order to provide for the timely payment of insurance premiums and taxes or assessments.
- (b) Repair and Replacement Reserve, into which the borrower is to make a monthly deposit of not less than  $\frac{1}{16}$  of one percent of the project's estimated construction cost and the estimated cost of initial moveable equipment and furnishings, for the purpose of paying for extraordinary repairs and replacements.
- (c) Debt Service Reserve Fund, into which will be deposited the funds remaining in the Revenue Fund Account at the end of each fiscal year in excess of estimated operating expenses for the next ensuing 90 days until the balance in the reserve is at least the amount of the average annual debt service.

The borrower will also be required to file an annual operating budget, detailing expected revenue and maintenance and operating expenses and disbursements from the repair and replacement reserve during the ensuing year. It must also furnish the Administrator with a report of annual audits made by an independent public accountant.

So long as the loan is outstanding, the borrower will be required to establish and maintain such occupancy criteria, rental rates and charges for the use of the project facilities (and such other facilities the revenues of which are pledged) as may be necessary to (1) assure maximum occupancy and use of such facilities and (2) provide for (a) the operating and maintenance expenses (including repair and replacement reserve and tax and insurance escrow deposits) and (b) the debt service on the loan and the requisite reserve therefor.

**FINAL LEGAL REVIEW**

The purpose of the final legal review is to afford legal review of the proposed loan in its entirety, including the material developed in the engineering and finance review reports. The *Final Legal Review Report*, Form CFA-916 (Exhibit G), outlines the items to be covered in the final legal review, and shall be prepared in triplicate.

Item II calls for a determination as to whether (1) applicant's submission is legally adequate, and (2) the loan is legally eligible for approval. Item III calls for (1) a determination as to whether the special conditions specified in the engineering and finance review reports are legally satisfactory and (2) a listing of any additional special conditions considered necessary or desirable. Exceptions noted in the *Preliminary Legal Review Report* which have not been eliminated may be carried into the *Final Legal Review Report* in the form of special conditions. Thus, exceptions to the articles of incorporation may lead to a special condition requiring amendments of the articles of incorporation satisfactory to the Administrator.

**RETIRING INACTIVE APPLICATIONS**

When an applicant does not reply within 30 days to a request for further information, a follow-up letter shall be sent stating that if the data is not received by a specified date, the application will be considered to have been withdrawn. This letter shall be sent by certified mail with return receipt requested. If reply is not received by the specified date, the applicant shall be advised by letter that the application is considered as withdrawn but that a new application may be submitted; a copy of the letter shall be furnished to CFA. The original application, review papers, and correspondence shall be placed in the project folder and any duplicates shall be disposed of according to instructions contained in applicable HHFA Records Control Schedules. Copies of any subsequent Regional Office correspondence on such cases shall also be sent to CFA.

**WITHDRAWALS**

If, at any time prior to execution of the loan agreement, an applicant advises that it wishes to withdraw its application, acknowledgment of the withdrawal shall be made by letter, a copy of which shall be provided CFA. All documents shall be disposed of according to instructions contained in applicable HHFA Records Control Schedules.

**CANCELLATION OF FUND RESERVATION ACTION**

When an application is retired as inactive or is withdrawn, the Chief, Senior Citizens Housing Operations Branch, shall ascertain whether a fund reservation was previously established. If a reservation exists, the original and three copies of Form CFA-11, shall be furnished to CFA as notice to release any funds reserved.

**RECONSIDERATION**

If an applicant wishes to reinstate an application after disapproval or withdrawal, the case, if acceptable, shall be accepted as a new application and given a new project number.

**APPROVAL OR DISAPPROVAL**

Upon completion of Regional review and resolution of any unresolved matters, the Chief, Senior Citizens Housing Operations Branch, shall prepare:

- (1) Original and four copies of the *Project Summary and Approval*, Form CFA-919 (Exhibit H), directly from the review reports and the application data as shown below:

Project Summary Items	Source
Project Number	Application
Name and Address of Applicant	Application, except that the exact legal name must be used.
Project Description	Engineering Review Report
Method of Financing	Finance Review Report
Construction Summary	Engineering Review Report
Loan Security	Finance Review Report
Financial Condition of the Applicant	Finance Review Report
Estimate of Annual Revenues Pledged as Security	Finance Review Report
Special Conditions	Enter dates of Review Reports Containing Special Conditions

- (2) Original and two copies of the *Press Release Supplement*, Form CFA-919-1 (Exhibit I). Under "Type of Sponsor," show the labor, church, fraternal, or other type of organization sponsoring the project.
- (3) A memorandum to CFA, for the signature of the Regional Administrator, recommending approval or disapproval of the project. The memorandum also shall transmit the following:
- (a) A copy of the application.
  - (b) Original and three copies of the *Project Summary and Approval*.
  - (c) Original and three copies of any special conditions.
  - (d) Original and one copy of the *Press Release Supplement*.
  - (e) One copy of each technical review report, including the latest preliminary drawings, with plot plan and outline specifications.
  - (f) One copy of the articles of incorporation, by-laws, and other documents required under Application Supplement No. 7.

The Chief, Senior Citizens Housing Operations Branch, shall surname the memorandum and transmit it, together with the enclosures, to the Regional Director. If the Regional Director concurs with the recommended action, he shall surname the memorandum and forward the complete file to the Regional Administrator. The Regional Administrator shall indicate his concurrence by signing the memorandum. Following signature by the Regional Administrator, the memorandum with the enclosures shall be sent to CFA. A copy of the *Project Summary and Approval* and the *Press Release Supplement* shall be placed in the project file.

#### CFA ACTION

If CFA concurs in a recommended disapproval, the original of the application and all attachments thereto that were submitted by the applicant will be returned to the applicant through the Regional Office with a letter stating the reasons for disapproval. The letter will be signed by the Commissioner. Copies of the application and other material submitted by the applicant shall be retained in the Regional Office project file.

Where approval is recommended and concurred in by the Commissioner, CFA will:

- (1) Prepare additional copies of the *Project Summary and Approval* to provide for the following distribution:
  - 6 copies to the Regional Office:
    - Project file
    - Legal Division
    - Field Engineer
    - Administrative Division
    - 2 copies of the applicant
  - 1 copy for the Audit Division
  - 1 copy for the Division of Finance and Accounts
- (2) Arrange with the Office of Public Affairs for preparation of a press release and establishment of a release date.
- (3) Arrange for notification of interested members of the Congress by the Congressional Liaison Officer, Office of General Counsel.

When actions (2) and (3) have been completed, CFA will advise the Regional Office, by teletype, of the release date and will mail copies of the press release.

#### COMPLETION OF PROCESSING

When the notice of release is received, the Chief, Senior Citizens Housing Operations Branch, shall insert the release date in the space provided on Form CFA-919 and initiate action to announce approval to the applicant, local newspapers, and other interested parties. He shall also:

- (1) Prepare a letter, for the signature of the Regional Director, to

the applicant notifying it of the approval, including the amount of the loan, advising that a loan agreement is being prepared and will be forwarded shortly, and forwarding two copies of page 1 only of the *Project Summary and Approval*.

- (2) Forward the complete file to the Legal Division with a request that the loan agreement be prepared.

EXHIBIT A

H-96 (9-62)

CFA-946  
(12-62)

UNITED STATES GOVERNMENT

HOUSING AND HOME FINANCE AGENCY

*Memorandum*

TO : Community Facilities Commissioner

DATE:

FROM : Regional Director of Community Facilities, Region \_\_\_\_\_

SUBJECT: Senior Citizens Housing Loan Program  
Request for Official Maximum Income Limit

We have received an inquiry from an applicant indicating a desire to seek a Senior Citizens Housing Loan for a project to be located in the community(ies) of \_\_\_\_\_.

Official maximum income limits have not been included on the list on file in this Regional Office for this (these) community (communities). Please advise what maximum income limit would be applicable.

Regional Director of  
Community Facilities

9/11/64

EXHIBIT B

CFA-912  
19-611

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION  Senior Citizens Housing Loan Program  <b>PRELIMINARY LEGAL REVIEW REPORT</b>	PROJECT NO.
--	-------------

I. Exact Legal Name of Applicant

II. The documents listed below are satisfactory:

- 1. Loan Application.  Yes  No
- 2. Resolution authorizing Loan Application  Yes  No
- 3. Supplement No. 4, Legal Data.  Yes  No
- 4. Articles of Incorporation and amendments.  Yes  No
- 5. By-Laws and amendments.  Yes  No
- 6. Statutory citations.  Yes  No
- 7. Statement concerning litigation.  Yes  No
- 8. Statement concerning tax exemption  Yes  No
- 9. Opinion of Counsel  Yes  No

III. The applicant is properly organized under applicable State law as a (non-profit corporation) (consumer cooperative) (an appropriate public body or agency) and meets the requirements of Federal law with respect to its corporate organization.

Yes  No

Citations:

IV. The project as described in the Application appears eligible.  Yes  No

V. The applicant has the power to:

- 1. Construct and operate the project.  Yes  No

Construction and operation of the project at its proposed location will not violate any statutes or ordinances of the city, county, or State.  Yes  No

Citations:

- 2. Borrow \$\_\_\_\_\_ to finance construction of the project and to secure repayment of the loan by mortgage and pledge.  Yes  No

Applicant's duration is \_\_\_\_\_

Citations:

VI. Organization of Applicant.

- 1. Applicant was organized on \_\_\_\_\_ pursuant to \_\_\_\_\_

- 2. Membership (Qualifications, meetings, quorum):



EXHIBIT C

Housing and Home Finance Agency  
COMMUNITY FACILITIES ADMINISTRATION  
Senior Citizens Housing Loan Program

Form CFA-900A  
(3-64)

ARTICLES OF INCORPORATION  
(Model Form)

FIRST: This is to certify that we,

<u>Name</u>	<u>Address</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

all being of full legal age, do, under and by virtue of the Laws of the State of \_\_\_\_\_  
\_\_\_\_\_ associate ourselves with the intention of forming a Non-Profit  
corporation to provide rental housing and related facilities and services for use and  
occupancy by elderly families and elderly persons under the conditions hereinafter set  
forth.

SECOND: The name of the corporation is \_\_\_\_\_  
\_\_\_\_\_

The corporation shall commence business with the filing of these articles.  
The principal office of the corporation shall be located at \_\_\_\_\_  
\_\_\_\_\_. The resident agent of the corporation is \_\_\_\_\_  
whose post office address is \_\_\_\_\_.

THIRD: The purpose for which the corporation is formed, and the business and the  
objects to be carried on and promoted by it, are as follows:

- (a) To provide for elderly families and elderly persons on a non-profit basis rental housing and related facilities and services specially designed to meet the physical, social, and psychological needs of the aged, and contribute to their health, security, happiness and usefulness in longer living.
- (b) To plan, construct, operate, maintain, and improve rental housing and related facilities and services for elderly families and elderly persons.
- (c) To acquire by gift or purchase, hold, sell, convey, assign, mortgage, or lease any property, real or personal, necessary or incident to the provision of rental housing and related facilities and services for elderly families and elderly persons.

EXHIBIT C (Page 2)

(d) To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; and to secure loans by mortgage, deed of trust, pledge or other lien.

(e) To apply for, obtain and contract with any Federal agency for a direct loan or loans or other financial aid in the form of mortgage insurance or otherwise for the provision of rental housing and related facilities and services for elderly families and elderly persons.

(f) To engage in any kind of activity, and to enter into, perform, and carry out contracts of any kind, necessary or in connection with, or incidental to the accomplishment of any one or more of the nonprofit purposes of the corporation.

FOURTH: The corporation formed hereby is also authorized to enter into a Regulatory Agreement with the Housing and Home Finance Administrator to carry out the provisions of Section 202 of the Housing Act of 1959 and any amendments thereto. Upon execution, the Regulatory Agreement shall be binding upon the corporation, its successors and assigns so long as any loan under Section 202 of the Housing Act of 1959, as amended, is outstanding and for such further period of time as may be agreed to by the corporation.

FIFTH: The affairs of the corporation shall be managed by a board of directors, consisting of not less than seven directors, elected by the members of the corporation, in the manner provided by the Bylaws. The qualifications of the directors together with their terms of office, manner of election, removal, change of number, filling of vacancies and of newly created directorships, powers, duties and liabilities shall, except as otherwise provided in these Articles or by the laws of the State of \_\_\_\_\_, be as prescribed by the Bylaws.

The names and post office addresses of the persons who shall serve as directors until their successors are duly qualified are as follows:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

The directors shall elect the regular officers of the corporation in the manner provided in the Bylaws. The directors and officers shall serve without compensation.

EXHIBIT C (Page 3)

SIXTH: Provision for membership in the corporation shall be governed by the Bylaws. The members shall be subject to such dues and assessments as may be provided by the Bylaws.

SEVENTH: Bylaws of the corporation shall be adopted by the directors and may be amended only as provided therein, provided that such Bylaws and amendments thereto shall not conflict with the provisions of these Articles of Incorporation or of the Regulatory Agreement.

EIGHTH: These Articles of Incorporation, except Articles Fourth, Seventh, and Tenth, hereof, may be amended by a vote of two-thirds of the directors of the corporation at any annual meeting, or at a special meeting called for that purpose.

NINTH: The duration of this corporation shall be \_\_\_\_\_

TENTH: No part of the net earnings of this corporation shall be distributed to, or inure to the benefit of, any member, director or officer of this corporation, contributor or private individual. In the event of dissolution, winding up, or other liquidation of the assets of this corporation, its assets shall be distributed to nonprofit and charitable corporations or institutions as may be designated by the directors to be used for purposes similar to those of this corporation.

THE INCORPORATORS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTE:

This model form of Articles of Incorporation for the Senior Citizens Housing Loan Program should be changed, where necessary, to conform to the applicable statutes of the jurisdiction in which the corporation is to be formed. The Articles must be signed, acknowledged and recorded in compliance with the laws of the state of incorporation. An attorney's opinion and title insurance will be required prior to closing.

EXHIBIT D

Housing and Home Finance Agency  
COMMUNITY FACILITIES ADMINISTRATION  
Senior Citizens Housing Loan Program

CF4-928  
(8-64)

MODEL FORM OF BY-LAWS

Article I. NAME AND LOCATION OF CORPORATION

Article II. PURPOSE

Article III. MEMBERSHIP

Section 1. Qualifications

Section 2. Resignation or Removal

Article IV. MEETINGS OF MEMBERS

Section 1. Place of Meetings

Section 2. Annual Meetings

Section 3. Special Meetings

Section 4. Notice of Meetings

Section 5. Quorum

Section 6. Adjourned Meetings

Section 7. Voting

Section 8. Proxies

Section 9. Order of Business

Article V. BOARD OF DIRECTORS

Section 1. Number and Qualifications

Section 2. Governing Powers

Section 3. Election and Term of Office

Section 4. Vacancies

Section 5. Removal of Directors

Section 6. Compensation

Section 7. Annual Meetings

Section 8. Regular Meetings

Section 9. Special Meetings

Section 10. Waiver of Notice

Section 11. Quorum

Article VI. EXECUTIVE COMMITTEE

Section 1. Designation

Section 2. Powers

Section 3. Meetings

Section 4. Quorum

**EXHIBIT D (Page 2)**

Article VII. OFFICERS

- Section 1. Designation
- Section 2. Election of Officers
- Section 3. Removal
- Section 4. President
- Section 5. Vice-President
- Section 6. Secretary
- Section 7. Treasurer

Article VIII. AMENDMENTS

Article IX. CORPORATE SEAL

Article X. FISCAL MANAGEMENT

- Section 1. Fiscal Year
- Section 2. Books and Accounts
- Section 3. Auditing
- Section 4. Execution of Corporate Documents
- Section 5. Fidelity Bonds
- Section 6. Indemnity

EXHIBIT D (Page 3)

ARTICLE I

NAME AND LOCATION OF CORPORATION

Section 1. The name of this Corporation is \_\_\_\_\_  
\_\_\_\_\_. Its principal office  
is located at \_\_\_\_\_.

ARTICLE II

PURPOSE

Section 1. The purpose of this Corporation is to provide for elderly families and elderly persons on a nonprofit basis rental housing and related facilities and services especially designed to meet the physical, social, and psychological needs of the aged, and contribute to their health, security, happiness, and usefulness in longer living.

ARTICLE III

MEMBERSHIP

Section 1. Eligibility. The membership in this Corporation shall consist of its Board of Directors and other persons interested in the purposes of the Corporation. Membership in the Corporation is personal and is not transferable.

Section 2. Resignation or Removal. Any member may resign by submitting a written resignation either at a meeting of the membership or of the Board of Directors or by mailing to the corporation at its principal office, and thereupon such resignation shall become effective forthwith without need of any acceptance, unless otherwise specified therein. Except as otherwise required by law, any member may be removed from membership by a majority vote of the members cast at any annual meeting or at any special meeting of the members called for that purpose or by a majority vote of the Board of Directors at any regular or special meeting, for conduct deemed prejudicial to the Corporation, including any violations of the Regulatory Agreement between the Government and the Corporation.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the Corporation shall be held on \_\_\_\_\_. Thereafter, the annual meetings of the

## EXHIBIT D (Page 4)

Corporation shall be held on the \_\_\_\_\_ (1st, 2nd, 3rd, 4th)(Monday, Tuesday, etc) of \_\_\_\_\_ (Month) of each succeeding year, except that if such day is a legal holiday, the meeting shall be held on the first following business day. At such annual meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Section \_\_\_\_\_ of Article \_\_\_\_\_ of these By-Laws. The members may also transact such other business of the Corporation as may properly come before them.

Section 3. Special Meetings. Special meetings may be called by the President or shall be called by him as directed by a resolution adopted by the Board of Directors, or upon a written request signed by at least 25% of the members, or at the request of the Government. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the members present, either in person or by proxy.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at his address as it appears on the membership book of the corporation, or if no such address appears, at his last known place of address, at least \_\_\_\_\_ but not more than \_\_\_\_\_ days prior to such meeting (the number of days notice to comply with state statute). The mailing of a notice in the manner provided in this Section shall be considered notice served. Notices of all meetings shall be mailed to the Community Facilities Director at the Regional Office of the Housing and Home Finance Agency.

Section 5. Quorum. Except as otherwise provided by statute, the Articles of Incorporation, or these By-Laws, the presence at any meeting of the members, in person or by proxy, of a majority\* of the members entitled to vote shall constitute a quorum.

Section 6. Adjourned Meetings. If any meeting of the membership cannot be organized because a quorum is not present, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the membership, each member present, either in person or by proxy, shall have the right to cast one vote on each question and never more than one vote. The vote of the majority of those present, either in person or by proxy, shall decide any question brought before such meeting, unless

\*In the event the total membership exceeds sixty persons, this figure may be changed to one-third.

## EXHIBIT D (Page 5)

the question is one upon which, by law, the Articles of Incorporation, or these By-Laws a different vote is required, in which case such express provision shall govern and control.

Section 8. Proxies. Voting by proxy shall be permitted at membership meetings. Every proxy shall be in writing, signed by the member and dated, and shall specifically state the particular membership meeting to which it is applicable, but need not be sealed, witnessed, or acknowledged. Any proxy must be filed with the Secretary before the appointed time of each meeting.

Section 9. Order of Business. The order of business at all meetings of the membership shall be as follows (items inapplicable to the particular meeting may be omitted):

- (a) Roll Call
- (b) Proof of notice of meeting or Waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Reports of officers
- (e) Report of Government representative, if present
- (f) Report of committees
- (g) Election of inspectors of election
- (h) Election of directors
- (i) Unfinished business
- (j) New business

## ARTICLE V

## BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the Corporation shall be governed by a Board of Directors composed of \_\_\_\_\_ persons\* except as otherwise required by law, the directors need not be elected from among the membership of the corporation and need not be residents of the State of \_\_\_\_\_. The directors shall be broadly representative of community interest and professional experience.

Section 2. Governing Powers. The Board of Directors shall have all the powers and duties necessary or appropriate for the administration of the affairs of this Corporation and may do all such acts and things as are not by law or by the Articles of Incorporation or by these By-Laws directed to be exercised and done by the members.

Section 3. Election and Term of Office. The term of the Directors named in the Articles of Incorporation shall expire when their successors have been elected and have been duly qualified. At the first election, the term of office of \_\_\_\_\_

\*The number shall be a specific number, and not a range, and shall be an odd number, not less than seven.

## EXHIBIT D (Page 6)

directors shall be fixed for three (3) years; the term of \_\_\_\_\_ directors shall be fixed for two (2) years; and the term of \_\_\_\_\_ directors shall be for one (1) year\* . At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three (3) years. The directors shall hold office until their successors have been elected and qualified.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership or at the request of the Government shall be filled by a vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting.

Section 5. Removal of Directors. At any annual or special meeting duly called, any one or more of the Directors may be removed with or without cause by a vote of the majority of the entire membership of record, and shall be removed at the request of the Government. A successor director may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at this meeting.

Section 6. Compensation. No compensation shall be paid to directors for their services or for their services in any other capacity, or pursuant to any other contractual arrangement whatever. Directors may be reimbursed for actual expenses incurred by them in the performance of their duties.

Section 7. Annual Meeting. Except as otherwise provided by law, a meeting of the Board of Directors for the purpose of election of officers and the consideration of any other business that may be properly brought before it shall be held immediately after the annual meeting of the members, at such place as the Board may from time to time determine, and no notice of such meeting shall be necessary.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least \_\_\_\_\_ such meetings shall be held during the fiscal year.\*\* Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone, or telegraph, at least three (3) days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days notice to each director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose

\*The terms should be established so that approximately one-third of the Board members will be elected each year.

\*\*Monthly meetings are considered preferable. However, if because of problems of distance, size of Board or other factors a lesser number of meetings, not less than four, may be acceptable.

## EXHIBIT D (Page 7)

of the meetings. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three directors.

Section 10. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. To the extent permitted by law, any lawful action of the Board of Directors may be taken without a meeting if written consent to such action is signed by all the directors and filed with the minutes of the Board.

Section 11. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors, except where a larger number is required by law, Articles of Incorporation, or these By-Laws. If, at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

## ARTICLE VI

## EXECUTIVE COMMITTEE

Section 1. Designation. The Board of Directors, by resolution adopted by a majority of the entire Board of Directors may designate three directors to constitute an Executive Committee. The designation of such Executive Committee, and the delegation of authority herein granted shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed on it or him by law. No member of the Executive Committee shall continue to be a member thereof after he ceases to be a director of the corporation. The Board of Directors shall have the power at any time to change the number of members of the Executive Committee (which shall never be less than three) to fill vacancies thereon, to change any member thereof, to change the functions, or terminate the existence thereof.

Section 2. Powers. During the intervals between meetings of the Board of Directors, and subject to such limitations as may be provided by law, these By-Laws, or by resolution of the Board of Directors, the Executive Committee shall have and may exercise all the authority of the Board of Directors in the management of the

EXHIBIT D (Page 8)

Corporation. The Executive Committee shall make a full report of all actions to the next meeting of the Board of Directors.

Section 3. Meetings. Meetings of the Executive Committee may be held at such time and place as may be from time to time determined by the Executive Committee upon the giving of notice personally, or by mail, telephone, or telegraph at least two (2) days prior to the date of the meeting.

Section 4. Quorum. A majority of the entire Executive Committee shall be necessary to constitute a quorum for the transaction of business, and the act of the majority of the members present at such meeting at which a quorum is present shall be the act of the Executive Committee.

ARTICLE VII

OFFICERS

Section 1. Designation. The principal officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors, from among its members. No two offices, except those of secretary and treasurer, may be held by the same person. The directors may appoint an assistant secretary, an assistant treasurer, and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at its annual meeting and, unless sooner removed by the Board, the officers shall serve for a term of one year and until their successors are elected and shall qualify. Any vacancies occurring in offices shall be filled by the Board of Directors, from time to time. The Board of Directors shall appoint such temporary or acting officers as may be necessary during the temporary absence or disability of the regular officers.

Section 3. Removal. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting called for such purpose.

Section 4. President. The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the membership and of the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of president of a corporation, including the power to appoint committees from time to time as in his discretion he may deem appropriate to assist in the conduct of the affairs of the Corporation.

Section 5. Vice-Presidents. There shall be one or more vice-presidents, as the Board of Directors shall from time to time determine. In the absence or disability

## EXHIBIT D (Page 9)

of the President, any one of the Vice-Presidents, designated by the President, shall perform the duties and exercise the powers of the President. The Vice-Presidents shall also perform such other duties as shall be prescribed by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors, of the membership, and of the Executive Committee. He shall have custody of the seal of the Corporation, and of such other books and records of the Corporation as the Board of Directors may provide. He shall perform the duties and functions customarily performed by the secretary of a corporation together with such other duties as the Board of Directors may prescribe.

Section 7. Treasurer. The Treasurer shall have custody of the corporate funds and securities, and shall keep full and accurate account of all receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name of and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render an account of all his transactions as Treasurer and of the financial condition of the Corporation whenever called upon to do so.

ARTICLE VIII  
AMENDMENTS

Section 1. Except as otherwise required by law, these By-Laws may be amended at any regular meeting of the Board of Directors or at any special meeting called for that purpose, provided that written notice of the proposed amendment shall have been given at least ten (10) days prior to such meeting. Such amendment shall require an affirmative vote of two-thirds of the members of the Board of Directors present at a duly constituted meeting and shall further require the prior written approval of the Government.

ARTICLE IX  
CORPORATE SEAL

Section 1. The Board of Directors shall provide a suitable corporate seal containing the name of the Corporation, which seal shall be in charge of the Secretary. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

## EXHIBIT D (Page 10)

## ARTICLE X

## FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the \_\_\_\_\_ day of \_\_\_\_\_ of every year, except that the first fiscal year of the Corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors, with the prior written approval of the Government.

Section 2. Books and Accounts. Books and accounts of the Corporation shall be kept under the direction of the Treasurer of the Corporation in accordance with the requirements of the Loan Agreement and Regulatory Agreement entered into with the Government.

Section 3. Auditing and Reports. At the close of each fiscal year, the books and records of the Corporation shall be audited in accordance with the requirements of the Government under the Loan Agreement and Regulatory Agreement. The President of the Corporation shall cause to be prepared annually a full and correct statement of the affairs of the Corporation, including a balance sheet and financial statement of operations for the preceding fiscal year, which shall be submitted at the annual meeting of the members and filed with the Secretary of the Corporation.

Section 4. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Corporation by either the President or a Vice-President and attested by the Secretary or Treasurer, and all checks executed on behalf of the Corporation by (1) the President or a Vice-President, of the Project Manager and countersigned (2) by either the Secretary or Treasurer.

Section 5. Fidelity Bonds. The Board of Directors shall require that all officers and employers of the Corporation having custody or control of corporate funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

Section 6. Indemnity. Each officer, director, or employee of the Corporation shall be indemnified by the Corporation against expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being, or having been an officer, a director, or employee of the Corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit, or proceeding to have been derelict in the performance of his duty as officer, or director or employee.

EXHIBIT E

CFA-913  
(8-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION SENIOR CITIZENS HOUSING LOAN PROGRAM  <b>ENGINEERING REVIEW REPORT</b>	PROJECT NO. _____																																																			
NAME OF APPLICANT _____																																																				
I. BRIEF PROJECT DESCRIPTION  _____																																																				
II. METHOD OF FINANCING																																																				
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1. Project Cost Estimate: a. Preliminary expense b. Land and rights-of-way (including existing structures) c. Construction (details in 2) d. Architectural/engineering services: (Sub-surface) Surveys Fee Resident inspection Subtotal e. Legal and administrative expenses: Legal services Administrative costs Subtotal f. Interest during construction g. Interest for debt service reserve h. Project contingency Total Project Cost	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Applicant's Estimate</th> <th style="width: 25%; text-align: center;">Regional Estimate</th> </tr> </thead> <tbody> <tr> <td>a.</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>b.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>c.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>d.</td> <td style="text-align: center;">( _____ )</td> <td style="text-align: center;">( _____ )</td> </tr> <tr> <td>    Surveys</td> <td style="text-align: center;">( _____ )</td> <td style="text-align: center;">( _____ )</td> </tr> <tr> <td>    Fee</td> <td style="text-align: center;">( _____ )</td> <td style="text-align: center;">( _____ )</td> </tr> <tr> <td>    Resident inspection</td> <td style="text-align: center;">( _____ )</td> <td style="text-align: center;">( _____ )</td> </tr> <tr> <td>    Subtotal</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>e.</td> <td style="text-align: center;">( _____ )</td> <td style="text-align: center;">( _____ )</td> </tr> <tr> <td>    Legal services</td> <td style="text-align: center;">( _____ )</td> <td style="text-align: center;">( _____ )</td> </tr> <tr> <td>    Administrative costs</td> <td style="text-align: center;">( _____ )</td> <td style="text-align: center;">( _____ )</td> </tr> <tr> <td>    Subtotal</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>f.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>g.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>h.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>    Total Project Cost</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> </tbody> </table>		Applicant's Estimate	Regional Estimate	a.	\$ _____	\$ _____	b.	_____	_____	c.	_____	_____	d.	( _____ )	( _____ )	Surveys	( _____ )	( _____ )	Fee	( _____ )	( _____ )	Resident inspection	( _____ )	( _____ )	Subtotal	_____	_____	e.	( _____ )	( _____ )	Legal services	( _____ )	( _____ )	Administrative costs	( _____ )	( _____ )	Subtotal	_____	_____	f.	_____	_____	g.	_____	_____	h.	_____	_____	Total Project Cost	\$ _____	\$ _____
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2. Construction Cost Analysis (If more than one building, show cost breakdown on separate sheet for each. Show total for entire project in 1c above.): a. Building (_____ sq. ft.) b. Equipment (Eligible) c. Utility connections d. Site improvements e. Contingencies Total Construction Cost	<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>a.</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>b.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>c.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>d.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>e.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>    Total Construction Cost</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> </tbody> </table>	a.	\$ _____	\$ _____	b.	_____	_____	c.	_____	_____	d.	_____	_____	e.	_____	_____	Total Construction Cost	\$ _____	\$ _____																																	
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Total Construction Cost	\$ _____	\$ _____																																																		
3. Cost Statistics: a. Cost per square foot: (1) Building only (2) All construction (3) Total project b. Cost per living unit (No. of units _____): (1) Building only (2) All construction (3) Total project	<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>a.</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>    (1) Building only</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>    (2) All construction</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>    (3) Total project</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>b.</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>    (1) Building only</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>    (2) All construction</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>    (3) Total project</td> <td style="text-align: center;">\$ _____</td> </tr> </tbody> </table>	a.	\$ _____	(1) Building only	\$ _____	(2) All construction	\$ _____	(3) Total project	\$ _____	b.	\$ _____	(1) Building only	\$ _____	(2) All construction	\$ _____	(3) Total project	\$ _____																																			
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(3) Total project	\$ _____																																																			
4. Ratio of revenue to non-revenue space _____%																																																				
IV. REVIEW CHECKLIST																																																				
1. The proposed site is considered appropriate for the proposed project. <input type="checkbox"/> Yes <input type="checkbox"/> No 2. The plans agree with the project description on the Application. <input type="checkbox"/> Yes <input type="checkbox"/> No 3. All facilities are eligible. <input type="checkbox"/> Yes <input type="checkbox"/> No																																																				
If ineligible facilities are included, cost is roughly estimated at \$ _____																																																				

EXHIBIT E (Page 2)

IV. REVIEW CHECKLIST (Continued)

- 4. The proposed project conforms with the statutory prohibition against elaborate or extravagant design or materials and the program standards.  Yes  No
- 5. The preliminary plans and outline specifications indicate an estimated life commensurate with the period of the loan.  Yes  No
- 6. The general layout as to stairways, exits, and boiler rooms conforms to accepted safety standards.  Yes  No
- 7. The ratio of revenue-producing space to total space is equal to or above the average for similar facilities.  Yes  No
- 8. The applicant's estimated cost for furnishings and movable equipment is reasonable.  Yes  No
- 9. The applicant's estimated cost for repairs and maintenance appears reasonable.  Yes  No
- 10. The estimated time from loan approval to start of construction, and the estimated period of construction, are reasonable.  Yes  No

V. NOTES AND COMMENTS (Explain any major variations from applicant's cost estimates, and any items in IV above checked "No".)

VI. RECOMMENDATIONS

- Approval of the application is recommended.
- Approval is not recommended. (Summarize reasons briefly.)

Concur: \_\_\_\_\_  
                    Chief, Engineering Branch

\_\_\_\_\_ Review Engineer

\_\_\_\_\_ Date

**EXHIBIT F**

**FINANCIAL REVIEW REPORT—PARTS 1 AND 2**

**Forms CFA-914a  
and  
CFA-914b**

**(Pending issuance of these Forms, Regional Offices shall follow  
the format used in Forms CFA-514a and CFA-514b.)**



EXHIBIT H

CFA-919  
(8-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION SENIOR CITIZENS HOUSING LOAN PROGRAM  <b>PROJECT SUMMARY AND APPROVAL</b>	PROJECT NO.   PRESS RELEASE DATE				
NAME AND ADDRESS OF APPLICANT					
BRIEF PROJECT DESCRIPTION (Include type of construction, and whether new, addition, or rehabilitation.)					
METHOD OF FINANCING					
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center; border-bottom: 1px solid black;">AMOUNT OF LOAN</td> <td style="width: 33%; text-align: center; border-bottom: 1px solid black;">APPLICANT'S FUNDS</td> <td style="width: 33%; text-align: center; border-bottom: 1px solid black;">TOTAL ESTIMATED COST</td> </tr> </table>		AMOUNT OF LOAN	APPLICANT'S FUNDS	TOTAL ESTIMATED COST
	AMOUNT OF LOAN	APPLICANT'S FUNDS	TOTAL ESTIMATED COST		
a. Total project cost	\$ _____	\$ _____	\$ _____		
b. Estimated cost of movable furnishings and equipment	\$ _____ (To be paid by applicant)				
CONSTRUCTION SUMMARY					
A. Project Cost Estimate:					
Preliminary expense			\$ _____		
Land and rights-of-way (including existing structures)			_____		
Construction (See B below)			_____		
Architect/engineer services:			_____		
(Sub-surface) Site Investigation (Borings, Compression Tests, Ground Water Determination, etc.)	\$ _____		_____		
Surveys	_____		_____		
Fee	_____		_____		
Resident Inspection	_____		_____		
Subtotal			\$ _____		
Legal and administrative expenses:			_____		
Legal services	\$ _____		_____		
Administrative	_____		_____		
Subtotal			\$ _____		
Interest during construction			_____		
Interest for Debt Service Reserve			_____		
Project contingency			_____		
Total Project Cost			\$ _____		
B. Construction Cost Analysis:					
Building			\$ _____		
Equipment (fixed only)			_____		
Utility Connections			_____		
Site Improvements			_____		
Construction Contingencies			_____		
Total Construction Cost			\$ _____		
C. Cost Statistics:					
	COST PER	COST PER			
	SQUARE FOOT	LIVING UNIT			
Building only	\$ _____	\$ _____			
All construction	\$ _____	\$ _____			
Total Project	\$ _____	\$ _____			
D. Space Distribution:					
1. Revenue-producing space:	SQUARE FEET	PERCENTAGE			
Living units (No. of units: _____)	_____	%			
Dining (central facility if any)	_____	%			
Other revenue-producing space	_____	%			
Total revenue-producing space	_____	%			
2. All other space:					
Improved space	_____	%			
Unimproved space	_____	%			
Total - all other space	_____	%			
Grand Total	_____	%			
E. Status of site acquisition:					
F. Estimated period from approval to start of construction: _____ months.					
G. Estimated construction period: _____ months.					

EXHIBIT H (Page 2)

LOAN SECURITY:

FINANCIAL CONDITION OF APPLICANT:

ESTIMATE OF ANNUAL REVENUES PLEDGED AS SECURITY:

Average Annual Debt Service: Last \_\_\_\_\_ years - \$ \_\_\_\_\_.

Coverage: Estimated pledged annual revenues cover debt service by about \_\_\_\_\_ times.  
 Estimated net project revenues alone cover debt service by about \_\_\_\_\_ times.  
 If gross revenues are pledged, estimated net revenues cover debt service by about \_\_\_\_\_ times.

Project Revenues:	Efficiency units at \$ _____	\$ _____	
	1 Bed-room units at \$ _____	\$ _____	
	_____ at \$ _____	\$ _____	
	_____ at \$ _____	\$ _____	
	<b>Total Revenues</b>	\$ _____	
Less Vacancy Allowance _____ %		\$ _____	
	<b>Net</b>	\$ _____	\$ _____
M & O Expenses:	\$ _____ per efficiency unit	\$ _____	
	\$ _____ per 1 bed-room unit	\$ _____	
	\$ _____	\$ _____	
	<b>Total M &amp; O Expense</b>	\$ _____	
	Estimated Net Revenues of Project	\$ _____	
	Other Pledged Revenues	\$ _____	
	<b>Estimated Total Revenues Pledged</b>	\$ _____	

SPECIAL CONDITIONS FOR LOAN AGREEMENT:

(  See attachment)

RECOMMENDATION OF APPROVAL:

Based upon review of the application, approval of the project and the loan is recommended. A fund reservation is outstanding covering the amount recommended.

\_\_\_\_\_  
*Assistant Commissioner for Operations and Standards* Date \_\_\_\_\_

APPROVAL:

I, approve, subject to the stated conditions, the project described above and the making of a loan in the amount stated above.

\_\_\_\_\_  
*Community Facilities Commissioner* Date \_\_\_\_\_

EXHIBIT I

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION		CFA-919-1 (2-65)
PRESS RELEASE SUPPLEMENT	FEDERAL LOAN \$	PROJECT NO.
	TOTAL PROJECT COST \$	CONGRESSIONAL DISTRICT
	NAME OF CONGRESSMAN	
APPLICANT		
SPONSOR (Name and Type)		
PROJECT:		
Location _____		
Units:		
	NO.	LOWEST RENTAL
Efficiency _____	\$ _____	
1-Bedroom _____	\$ _____	
2-Bedroom _____	\$ _____	
Project is first under program in state <input type="checkbox"/> Yes <input type="checkbox"/> No		
ARCHITECT/ENGINEER (Name and address)		
APPLICANT'S AUTHORIZED REPRESENTATIVE (Name, title, and address)		
SPECIAL REMARKS:		

PHCDB-Washington, D. C.

3/29/65

### CHAPTER 3. LOAN AGREEMENTS

Upon receipt of the project file, the Legal Division shall prepare the loan agreement, using Form CFA-921 as the model text, and Form CFA-920 as the general terms and conditions.

The loan agreement shall be based upon the details and conditions of approval as set forth in the project summary and the technical review reports. The contract number shall be obtained from the Administrative Division.

A draft copy of the loan agreement shall be referred to the Finance and Engineering Branches for review and surnaming prior to reproduction.

#### PREPARATION AND APPROVAL

Thirteen copies of the loan agreement shall be prepared to provide for the distribution listed below. A copy of *Part II—Terms and Conditions*, Form CFA-920, must be attached to all executed copies and all conformed copies for Central Office distribution. No changes may be made in the general terms and conditions or in the text of Form CFA-921 without prior CFA approval except as indicated by the approved project summary or authorized elsewhere by Manual or Regional Circular. The citation in the loan agreement to Form CFA-920 shall include the parenthetic date thereof to identify the version of that form which is being used.

Upon receipt of the duplicated copies, the Legal Division shall prepare a letter to the applicant for the signature of the Regional Director, transmitting five copies of (1) the loan agreement; (2) Form CFA-922, *Resolution Approving Loan Agreement* (Exhibit A), and (3) Form CFA-923, *Opinion of Counsel Accompanying Loan Agreement* (Exhibit B), together with appropriate instructions. The applicant should be instructed to execute and return to the Regional Office four copies of the loan agreement, together with the same number of copies of the certified resolution and signed opinion of counsel, in such form as will entitle the loan agreement to recordation as part of the mortgage. On return, the executed copies shall be sent to the Legal Division for review of sufficiency of authorization and execution. Thereafter, all four copies shall be executed by the Regional Director and stamped to show the date of such execution. After execution, the Legal Division shall (1) prepare and distribute the conformed copies; (2) forward one executed copy to the borrower with instructions; (3) forward one executed copy to be held in custody by the Administrative Division; (4) hold the remaining two executed copies to be physically attached to and recorded as part of the mortgage.

Conformed copies shall be sent to—

OA Audit Division  
OA Division of Finance and Accounts  
Project folder  
Field Engineer  
CFA  
Finance Branch  
Legal Division (2)

#### INSTRUCTIONS TO APPLICANTS

At the time of loan approval and loan agreement execution, the applicant must be advised of the next steps to be taken. This information may be included with the letter transmitting the loan agreement or sent separately, as the Regional Director determines. The information shall include:

- (1) The information on interim financing of construction specified in Chapter 7-7-1. This should be accompanied by a signed original and one copy of a *Statement of Intent*, Form CFA-925 (Exhibit C), a copy of which will be placed in the project folder.
- (2) The information concerning the construction account specified in Sections 7-7-1 and 21-2-2.
- (3) The information on preconstruction and construction activities specified in Section 20-1-1. This information may be forwarded immediately upon loan approval and Forms CFA-235 and CFA-239 may be used.
- (4) If appropriate, the information on selection of bond counsel, trustee, and paying agents specified in Section 21-3-1.
- (5) Instructions as to necessary actions to be taken and conditions to be satisfied prior to loan closing and disbursement of funds.
- (6) The information on loan closing and disbursement of loan funds specified in Sections 7-7-2 and 7-7-4.

EXHIBIT A

Housing and Home Finance Agency  
COMMUNITY FACILITIES ADMINISTRATION  
Senior Citizens Housing Loan Program

Form CFA-922  
(6-61)

RESOLUTION APPROVING A LOAN AGREEMENT  
WITH UNITED STATES OF AMERICA

Project No. \_\_\_\_\_  
Applicant \_\_\_\_\_  
Address \_\_\_\_\_

Whereas, there has been filed with the Housing and Home Finance Administrator in behalf of \_\_\_\_\_ (herein called the "Borrower") an application for aid in financing a rental housing project for elderly families and persons under the provisions of Section 202 of the Housing Act of 1959, and the United States of America acting by and through the Housing and Home Finance Administrator, has transmitted to the Borrower for consideration a Loan Agreement tendering such aid, dated \_\_\_\_\_ in connection with the Project referred to in said application and generally described in said Agreement; and

Whereas, said Agreement has been duly read in open meeting, fully considered in accordance with all pertinent rules of procedure and legal requirements, and made a part of Borrower's records; and

Whereas, it is deemed advisable that said Agreement be accepted;

Now, therefore, be it resolved by \_\_\_\_\_  
Governing Body

of the Borrower that the said Agreement, a true and correct copy of which if hereto attached, be and the same hereby is accepted without reservation or qualification, and the proper officials of the Borrower are authorized to execute documents evidencing such acceptance and take such further action as is necessary to provide the Project.

Adopted and Approved by \_\_\_\_\_ of the Borrower  
Governing Body  
on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
(SEAL)

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

EXHIBIT A (Page 2)

(Page 2)  
CFA-922  
(6-61)

CERTIFICATE OF RECORDING OFFICER

I, the undersigned, the duly qualified and acting Secretary of \_\_\_\_\_ (herein called the "Borrower"), and the keeper of the records of the Borrower, including the journal of proceedings of the \_\_\_\_\_ (herein called the "Board"), do hereby certify:

1. That the attached resolution is a true and correct copy of the resolution as finally adopted at a meeting of the Board held on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and duly recorded in my office:
2. That said meeting was duly convened and held in all respects in accordance with law and to the extent required by law due and proper notice of such meeting was given; and a legal quorum was present throughout the meeting, and a legally sufficient number of members of the Board voted in the proper manner and for the adoption of said resolution; and that all other requirements and proceedings under the law incident to the proper passage or adoption of said resolution, including publication, if required, have been duly fulfilled, carried out, and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Secretary

EXHIBIT B

CFA-923 (8-61)	
HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Senior Citizens Housing Loan Program  <b>OPINION OF COUNSEL ACCOMPANYING LOAN AGREEMENT</b>	PROJECT NUMBER
NAME OF APPLICANT	
<p>We, the undersigned, counsel for _____, have examined the records of all corporate proceedings, including particularly that certain resolution adopted by the applicant on the _____ day of _____, 196____, relative to the authorized approval and execution of the loan agreement referred to therein by and between the applicant and the United States of America. We have also examined the loan agreement as executed by the applicant.</p> <p style="margin-left: 40px;">It is our opinion that:</p> <ul style="list-style-type: none"> <li>(a) The aforesaid proceedings have been undertaken, said resolution adopted, and the loan agreement executed on behalf of the applicant by its proper officers, all in the manner, form, and otherwise as authorized by law.</li> <li>(b) When the loan agreement has been delivered to and duly executed by the United States of America, acting by and through the Housing and Home Finance Administrator, it will constitute a valid and binding legal agreement between the parties thereto in accordance with its terms.</li> </ul> <p>We do hereby certify that:</p> <ul style="list-style-type: none"> <li>(a) No litigation of any nature is now pending involving the corporation or its officers in their corporate capacity.</li> <li>(b) There have been no amendments to the articles of incorporation since _____ <small>(Date of last amendment)</small></li> <li>(c) There have been no amendments to the by-laws since _____ <small>(Date of last amendment)</small></li> </ul> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%; text-align: center;">                 _____ <small>(Date)</small> </div> <div style="width: 45%; text-align: center;">                 _____ <small>(Name of Law Firm)</small> </div> </div> <div style="text-align: center; margin-top: 10px;">                 _____ <small>(By)</small> </div>	

EXHIBIT C

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

CFA-928  
(9-62)

STATEMENT OF INTENT WITH RESPECT TO A LOAN AGREEMENT  
UNDER SECTION 202 OF THE HOUSING ACT OF 1959, AS AMENDED

THIS STATEMENT is issued in connection with the Loan Agreement dated,  
\_\_\_\_\_, Contract No. \_\_\_\_\_, Project No. \_\_\_\_\_ by and  
between the United States of America, Housing and Home Finance Administrator  
(hereinafter called the "Government") and \_\_\_\_\_  
(hereinafter called the "Borrower"), which Loan Agreement evidences, subject to  
compliance by the Borrower with the provisions thereof, that:

1. The Government has agreed to make a loan to the Borrower in an amount  
not to exceed \$ \_\_\_\_\_ to finance the construction of a rental housing project  
for elderly families and elderly persons under Section 202 of the Housing Act of  
1959, as amended.

2. The Borrower need not await the closing of the Government's loan before  
commencing construction of the Project, if it is able upon reasonable terms to  
finance the construction of the Project from non-Federal sources.

3. In the interest of stimulating non-Federal financing of construction of  
the Project up to the time of completion of the Project, provision is made in the  
Loan Agreement, Part II for disbursement of the loan proceeds upon completion of  
the Project.

The Borrower is authorized to deposit a copy of the Loan Agreement and this  
Statement with any private lending institution in connection with its application  
for construction financing, as evidence of the Government's obligations under the  
Loan Agreement.

UNITED STATES OF AMERICA, HOUSING AND HOME  
FINANCE ADMINISTRATOR

By \_\_\_\_\_

Date \_\_\_\_\_

FHBA-Washington, D. C.

**CHAPTER 4. CHANGES SUBSEQUENT TO LOAN APPROVAL**

After approval of the loan, proposed changes shall be processed as prescribed below, except that the Commissioner's prior approval is required for any proposed change that would:

- (1) Alter the scope or character of the project;
- (2) Alter the method of financing;
- (3) Increase the Federal loan amount by more than 10 percent; or
- (4) Amend and/or waive requirements of a loan agreement except where such amendment and/or waiver (a) has been otherwise authorized in an approved project summary, or (b) is necessary to effectuate a loan increase of not to exceed 10 percent of the approved loan amount.

Recommendation to the Commissioner may be made by memorandum, by a draft of a revised project summary, or in any other appropriate manner. All material necessary to support the recommendation must be furnished. Upon receipt of the Commissioner's decision, the Regional Director is authorized to take appropriate action.

**REVISED PROJECT SUMMARY**

A revised project summary shall be prepared whenever:

- (1) A revision in the approved project will change:
  - (a) The scope or character of the project, or will effect a reduction in anticipated project revenues.
  - (b) The method of financing, including sale of all or part of the bonds to other bidders (see Section 22-2).
  - (c) A line item in, or the total of, the approved project cost estimate. (Construction cost, including construction contingency, is considered a single line item.)
  - (d) The loan conditions or the security pledged to a degree which requires an amendatory loan agreement.
- (2) The loan agreement is altered by amendment or waiver.
- (3) Cancellation or withdrawal occurs after issuance of the initial project summary (see below).

**Withdrawal or Cancellation<sup>1</sup>**

If, following loan approval, the prospective Borrower does not execute the loan agreement, or later requests release from an executed loan agreement, the Regional Office should endeavor to obtain the return of

<sup>1</sup> When an application is withdrawn or canceled prior to the issuance of a project summary, the instructions in Section 7-2-4 will apply.

the agreement, and shall issue a revised project summary providing for cancellation of the loan approval or commitment and specifically requesting rescission of the fund reservation. The revised project summary should indicate the reasons for such withdrawal or cancellation and where private financing has been arranged, include a summary of the terms of such financing.

Where a bond issue is involved and all bonds are awarded to other bidders, the special completion procedures as appropriate, including issuance of a revised project summary, in Section 22-2 shall be followed.

If after execution of a loan agreement, it appears unlikely that the borrower can proceed with construction of the project through such circumstances as large bid overruns, loss of project site, or failure to proceed within a reasonable time, the Regional Director may request the Legal Division to take steps to cancel the loan agreement. Upon such referral, the Legal Division shall prepare a notice to the Borrower stating that it is proposed to cancel the loan agreement within sixty days from the date of receipt of the notice for the reasons stated therein unless the borrower demonstrates its ability to satisfy the objections within a specified reasonable time. The letter shall be sent by certified mail with return receipt requested and a copy shall be provided for CFA. If the borrower fails to respond or, in the opinion of the Regional Director, the response indicates that cancellation is warranted, cancellation action shall be recommended to CFA by the Regional Administrator; the memorandum to CFA shall contain the basis for the proposed cancellation and shall show that the Regional Counsel and the Regional Director recommend such action. Upon approval of the cancellation action by the Commissioner, the Regional Office shall prepare a revised project summary. In addition, the Legal Division shall prepare, for execution by the Regional Director, a notice of cancellation which shall be distributed the same as a loan agreement.

#### **Processing of Proposed Changes**

Changes may be proposed by either the borrower or the Regional Director. Changes initiated by the Regional Director must have the written concurrence of the borrower before approval.

When a change initiated by the borrower will affect construction, the borrower will include a *Change Order*, prepared as prescribed in Section 20-2-3, and send the documents to the Field Engineer for transmittal to the Regional Office with his comments. If the change is approved, Form CFA-217 shall be issued as described in Section 20-2-3.

Each proposed change shall be given all technical reviews needed to appraise the technical aspects involved. Applicable CFA policies and criteria shall be observed in reviewing and approving proposed changes. The borrower should be required to submit such additional data as will be needed for the review.

**Preparation of Revised Project Summary**

Revisions in approved project summaries shall be prepared on Form CFA-105, *Revised Project Summary* (Exhibit A). Only the item or items to be revised and the reasons for the revision shall be shown. Revised project summaries shall be numbered consecutively for each project.

Revised project summaries shall be processed in the Regional Office under the procedures in Section 7-2-4 for initial project summaries, and the same distribution made. A revised fund reservation shall be requested by means of Form CFA-11, *Fund Reservation Order*, if there is to be an increase in the loan amount. Otherwise, notice to CFA need be made only by copies of the revised project summary.

The Regional Director shall sign the *Revised Project Summary*. However, if the change is substantive in nature and requires an amendment or waiver to the loan agreement, prior approval of the Regional Administrator must be obtained and documented by his signing of the project file copy of the *Revised Project Summary*.

**CHANGES TO LOAN AGREEMENTS**

The provisions of an executed loan agreement, including the terms and conditions attached thereto, can be modified only by an amendment or a waiver. All such changes require prior approval of the Community Facilities Commissioner either through approval of a revised project summary or otherwise, unless specifically authorized in this Manual or made to correct an error in the loan agreement to bring it into conformity with the approved project summary. Where the amendatory action requires a change in the approved project summary, such revision of the project summary shall normally precede modification of the loan agreement.

Where feasible, Regional Offices are urged to incorporate in each amendatory loan agreement, general revisions made to the standard terms and conditions since the original or previous amendatory agreement was executed.

An amendment to the loan agreement shall be executed by both the borrower and the Government with such formalities as will entitle the amendment to recordation as part of the mortgage or of a supplemental mortgage. A waiver, which will be executed only by the Government, should be utilized only where in the opinion of Regional Counsel a waiver is appropriate and no need for recordation exists.

An amendment to or waiver of the provisions of an executed loan agreement shall normally be prepared after issuance of the revised project summary and will be processed in the same manner as is provided for loan agreements in Chapter 7-3. Amendments and waivers shall each be numbered consecutively for each loan agreement by inserting in the upper right-hand corner of the first page "Amendment No. — or

Waiver No. —." Distribution of amendments and waivers shall be the same as for loan agreements.

**MODIFICATION OF BOND INDENTURE OR RESOLUTION**

Where a bond indenture or resolution is in preparation, the borrower shall be instructed to advise the bond counsel of the approval of any change which requires modification of the indenture or resolution. Copies of amendments or waivers to the loan agreement shall be supplied to the bond counsel by the borrower.

Following delivery of the bonds, accompanied by the bond transcript, any proposed change that would require modification of the trust indenture or bond resolution shall be processed in accordance with the procedures in Section 21-3-5.

**MODIFICATION OF MORTGAGE, REGULATORY AGREEMENT, OR RESOLUTION**

Any proposed change that would require modification of the mortgage, regulatory agreement, or resolution shall be processed in accordance with the procedures in Section 7-7-2.

**CONSTRUCTION CHANGES**

Changes in construction which do not result in a change in the Construction Cost line item, or otherwise require a revised project summary or amended loan agreement as specified above, shall be handled as specified in Section 20-2-3.



**CHAPTER 5. PRECONSTRUCTION**

The instructions for preconstruction activities for the Senior Citizens Housing Loan Program are provided in Sections 20-1-1 and 20-1-2, except as supplemented below.

**BIDDING BY INVITATION**

It should be noted that few applicants will have an established practice of inviting bids on a selective basis; if any such request is received, it should be evaluated carefully in accordance with the criteria contained in Chapter 2-5.

**CONTRACT DOCUMENTS**

Form CFA-238-SH, *Contract Documents*, provides in Item 7, *Performance and Payment Bonds*, that (1) Form CFA-238-G, (2) Forms CFA-238-H and CFA-238-I, (3) Form CFA-238-P, or (4) Forms CFA-238-Q and CFA-238-R shall be included in the contract documents. In each case where the applicant is a non-profit organization or a consumer cooperative and interim financing of construction is provided from Federal funds, Form CFA-238-P or Forms CFA-238-Q and CFA-238-R shall be used. Where interim financing is provided from non-Federal sources or the applicant is a public body, Form CFA-238-G or Forms CFA-238-H and CFA-238-I shall be used.

## CHAPTER 6. CONSTRUCTION

The instructions for construction activities for the Senior Citizens Housing Loan Program are provided in Sections 20-2-1, 20-2-2, and 20-2-3, except as supplemented below.

### LABOR REQUIREMENTS

The following labor provisions are applicable to the Senior Citizens Housing Loan Program:

#### Wage Rates

Wage rates paid for labor must not be less than the prevailing wage as determined by the Secretary of Labor and embodied in the construction contract. Department of Labor Form SOL-155, *Wage Rate Information*, with the Agency name and Regional Office address, and the Department of Labor wage determination affixed thereto, must be posted at the project site.

#### Contract Work Hours

The construction contract is subject to the Contract Work Hours Standards Act. Overtime at the rate of not less than one and one-half times the basic rate for all hours worked in excess of 8 in a day or 40 in a week must be paid. The contract is also subject to the regulations issued under the Act by the U. S. Department of Labor; these regulations provide, among other things, that construction contracts of \$2,000 or less are exempt from all provisions of the Act.

#### Anti-Kickback Statute

Contractors and subcontractors must conform to the Anti-Kickback Statute and must certify compliance on each payroll.

#### Nondiscrimination Provision

A provision prohibiting discrimination in employment must be included in all construction contracts.

#### Nondiscrimination Posters

The Regional Office shall furnish the owner with copies of the non-discrimination poster published by the President's Committee on Equal Employment Opportunity, with instructions that the posters must be posted at conspicuous places on the project site during construction of the project. Regional Offices should obtain the posters from the GSA Regional Stores.

Form HIFFA-2 shall remain posted on projects not subject to the provisions of Executive Orders Nos. 10925 and 11114.

### PROJECT INSPECTION

Project inspection stages for senior citizens housing projects should approximate those given in Section 20-2-2 for college housing projects.

## Section 2. Mortgage Loan Closing Procedures

Since the mortgage loan closing must take place prior to disbursement of loan funds, preparation should be made for closing promptly after execution of the loan agreement and approval of the award of contract. The Legal Division is responsible for the mortgage loan closing and related proceedings. On matters pertaining to the mortgage loan closing and related proceedings, the Legal Division may communicate directly with the borrower, its authorized representative, or its attorney. The Chief, Senior Citizens Housing Operations Branch, shall be advised of such communications either through being furnished copies of correspondence or otherwise. Copies of correspondence between the Legal Division and the borrower's attorney shall be furnished to the Borrower.

### LOAN DOCUMENTS

Loans to non-profit corporations and consumer cooperatives shall be evidenced by a note and secured by a mortgage or deed of trust covering the project and any other real estate security for the loan. In addition, each borrower shall be required to enter into a *Regulatory Agreement*, Form CFA-932 (Exhibit B), covering such matters as rent levels, and occupancy criteria affecting program objectives and protection of the mortgage security. The text of the model *Note* and *Regulatory Agreement* forms shall be followed except to the extent that changes are required by applicable State law, or by the provisions of the approved loan agreement, or have received prior approval of the Community Facilities Commissioner.

### LOAN CLOSING PROCEDURES

In addition to the documents referred to above, the closing documents shall include: (1) Form CFA-933 (Exhibit C), a resolution of the governing body of the borrower approving the *Note*, *Mortgage* (or deed of trust) and *Regulatory Agreement*; (2) excerpts from the minutes of the meeting of the governing body of the Borrower, and of the membership if required by State laws at which the resolution is adopted; (3) an *Affidavit of Borrower*, Form CFA-934 (Exhibit D), covering incumbency, litigation, signatures of officers, adverse change, current certification of articles of incorporation and by-laws, and existence of liens; and (4) *Opinion of Counsel*, Form CFA-935 (Exhibit E). The borrower shall also be required to furnish a mortgagee's title guaranty policy on standard American Title Association form, in the full amount of the loan, issued by a company acceptable to the Regional Director, and a certified survey of recent date.

The Legal Division shall prepare Form CFA-930, *Note* (Exhibit A), in two copies. One copy shall be placed in the project file and one copy shall be sent to the borrower for use as a guide in preparation of the note, along with instructions for completing it and having it printed. The instructions shall specify that the note be printed on homespun safety paper, 24 pound weight, or paper of comparable quality, and instruct the borrower to furnish an executed copy and four conformed copies thereof to the Regional Office.

The Legal Division shall prepare the mortgage (or deed of trust) and the regulatory agreement in seven copies; six copies shall be furnished to the borrower with instructions for completing the document, authorizing action of the governing body, and execution. Five copies of the mortgage (or deed of trust) and the regulatory agreement shall be executed. The remaining documents shall be executed in quadruplicate. The mortgage (or deed of trust) shall be executed and acknowledged in such manner as will entitle it to recordation both as a real estate mortgage and as a chattel mortgage. The regulatory agreement shall be executed in such manner as will entitle it to recordation as a part of the mortgage.

Upon return of the above documents from the borrower, the Legal Division shall review them for sufficiency of authorization and execution and legal sufficiency together with a preliminary title report showing that upon recordation the mortgage will be a first and prior lien and that there are no defects in the borrower's title. When the Legal Division is satisfied that the above documents are in proper order and that all other requirements have been satisfied, it shall authorize the recordation of the mortgage (or deed of trust) and forward the regulatory agreement for execution by the Regional Director. The two executed copies of the loan agreement which have been retained for this purpose and two of the executed copies of the regulatory agreement shall be physically attached to the mortgage or deed of trust. One fully executed copy of the regulatory agreement shall be returned to the borrower. Upon recordation of the mortgage (or deed of trust), the borrower shall furnish the title insurance policy.

It is important that the security interest of the Government in fixtures and chattel security be perfected to the greatest extent possible. In those States which have adopted the Uniform Commercial Code, the filing of a financial statement would appear to provide the necessary protection. In a good many other jurisdictions, provision is made for cross-indexing of the real estate mortgage as a chattel mortgage in the chattel mortgage indices. Where there is no such provision for cross-indexing, consideration should be given either to execution of a separate chattel mortgage or to separate recordation of the real estate mortgage as a chattel mortgage.

When all of the closing requirements have been satisfied, the Legal Division shall promptly notify the Chief, Senior Citizens Housing Operations Branch, so that processing of the initial request for disbursement of loan funds can proceed. Where loan funds are required for

purchase of the project site, it may be necessary to arrange a simultaneous closing and disbursement or to utilize an escrow arrangement. In those instances where only permanent Federal financing is to be provided, loan closing shall normally not take place until after completion and acceptance of the project.

Distribution of the documents shall be made by the Chief, Senior Citizens Housing Operations Branch, as follows:

- (1) Administrative Division: The executed copy of the *Note*, together with executed copies of the *Mortgage* (or deed of trust), *Regulatory Agreement*, and *Loan Agreement*; this set subsequently shall be transmitted to the Division of Finance and Accounts in accordance with Volume V, Section 7-17-5.
- (2) Borrower: Conformed copy of the *Note*, together with executed copies of the *Mortgage* (or deed of trust), *Regulatory Agreement*, *Loan Agreement*, Excerpts of Minutes, and Forms CFA-933, -934, and -935.
- (3) Legal Division: Same as for (2), except omit *Loan Agreement*.
- (4) Project File: Same as for (2), except omit *Loan Agreement*.
- (5) CFA: Same as for (2), except omit *Loan Agreement*.

#### CHANGES TO REGULATORY AGREEMENT

The provisions of an executed regulatory agreement may be modified only by an amendment or waiver. All such changes require prior approval of the Community Facilities Commissioner unless expressly authorized in this Manual. An amendment to the regulatory agreement shall be executed by both the borrower and the Government with such formalities as will entitle the amendment to recordation as part of the mortgage or of a supplemental mortgage. A waiver, which will be executed only by the Government, should be utilized only where in the opinion of the Regional Counsel a waiver is appropriate and will not require recordation.

#### SUPPLEMENTAL MORTGAGE

A supplemental mortgage shall be required in the event of such changes as an increase in the loan amount, modification of the legal description or any other changes in the mortgage or in the note secured thereby, except for reductions in the amount of the loan and payments thereunder. A supplemental mortgage shall also be necessary to incorporate all amendments to the loan agreement or regulatory agreement executed subsequent to the initial loan closing into the mortgage documents. An extension or endorsement of the title guaranty policy to cover the supplemental mortgage is required. Processing of a supplemental mortgage shall generally follow the procedures applicable to the original mortgage instrument.

EXHIBIT A

HOUSING AND HOME FINANCE AGENCY  
Community Facilities Administration  
Senior Citizens Housing Loan Program

CFA-930  
(5-65)  
Previous editions  
obsolete

NOTE

Place: \_\_\_\_\_

Date: \_\_\_\_\_

\$ \_\_\_\_\_ (Maximum)

FOR VALUE RECEIVED, the undersigned promises to pay to the order of the United States of America, acting by and through the Housing and Home Finance Administrator, at the office of the Housing and Home Finance Agency, Washington, D.C., or, at Payee's option, at such other place as may be designated from time to time, the maximum principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_) or such lesser amount as shall be endorsed on this instrument by the Payee, with interest on the unpaid balance computed from the date of each advance to the undersigned at the rate of \_\_\_\_\_ percent per annum, payment of principal and interest to be made as follows:

Interest only payable semiannually commencing on the first day of the sixth month from the date hereof and monthly commencing on the first day of the \_\_\_\_\_ month from the date hereof, and commencing on the first day of the \_\_\_\_\_ month after the date hereof and, thereafter, on the first day of each month the maximum sum of \$ \_\_\_\_\_, or such lesser amount as shall be endorsed on this instrument by the Payee, to be applied first to interest and the balance to principal in accordance with standard amortization table with final payment on \_\_\_\_\_.

This Note is secured by a \_\_\_\_\_ herewith upon real estate in \_\_\_\_\_, and is to be construed according to the laws of the State of \_\_\_\_\_.

If default be made in the payment of any installment under this note and if such default is not made good prior to the due date of the next such installment, the entire principal sum and accrued interest shall at once become due and payable

EXHIBIT A (Page 2)

CFA-990  
Page 2

without notice at the option of the holder of this note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

No default shall exist by reason of nonpayment of any required installment of principal so long as the amount of optional prepayments of principal already made pursuant to the privilege of prepayment set forth in the Mortgage securing this Note equals or exceeds the amount of such required installment of principal.

All parties to this note, whether principal, surety, guarantor, or endorser, hereby waive presentment for payment, demand, protest, notice of protest, and notice of dishonor.

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed in its name and behalf and under its corporate seal by its \_\_\_\_\_ President and \_\_\_\_\_ Secretary and its corporate seal to be hereunto affixed and attested by its \_\_\_\_\_ Secretary, both thereunto duly authorized the day and year first above written.

ATTEST:

By \_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

By \_\_\_\_\_  
Secretary

I hereby certify that this is the Note described in, and secured by mortgage of even date herewith and in the same principal amount as herein stated, on real estate in the County of \_\_\_\_\_, State of \_\_\_\_\_, Dated the \_\_\_\_\_ day of \_\_\_\_\_, 196\_\_.

\_\_\_\_\_  
Notary Public

EXHIBIT A (Page 3)

CFA-950  
Page 3

ADVANCES AGAINST PRINCIPAL OF WITHIN NOTE

	<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>CERTIFYING OFFICER</u>
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Final	_____	_____	_____
Total	_____	_____	_____

The face amount of the within note is hereby reduced to the principal sum of \$ \_\_\_\_\_ and the monthly payments commencing \_\_\_\_\_ months after the date thereof are hereby reduced to the sum of \$ \_\_\_\_\_.

HOUSING AND HOME FINANCE ADMINISTRATOR

By \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Certifying Officer

EXHIBIT B

HOUSING AND HOME FINANCE AGENCY  
Community Facilities Administration  
Senior Citizens Housing Loan Program

CFA-932  
(7-64)

REGULATORY AGREEMENT

Name of Borrower:

Project No.:

Address:

Loan Amount:

This agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, between \_\_\_\_\_, a \_\_\_\_\_ organized and existing by virtue of the laws of the State of \_\_\_\_\_, (hereinafter called "Borrower") and the UNITED STATES OF AMERICA, acting by and through the Housing and Home Finance Administrator (hereinafter called "Government").

WHEREAS, Borrower and Government have heretofore executed a Loan Agreement dated \_\_\_\_\_ pursuant to which the Government agreed to make to Borrower a loan in the amount of not to exceed \$ \_\_\_\_\_ to finance construction of a housing project (herein called "Project") located at \_\_\_\_\_ pursuant to Section 202 of the Housing Act of 1959, as amended;

WHEREAS, the foregoing loan is evidenced by Borrower's Note dated \_\_\_\_\_, and Mortgage (or Deed of Trust) dated \_\_\_\_\_ recorded in Book \_\_\_\_\_, page \_\_\_\_\_ of the records of \_\_\_\_\_.

NOW, THEREFORE, in consideration of the foregoing loan and the disbursement of any portion thereof, Borrower covenants and agrees:

1. Borrower will not: (a) make any advance directly or indirectly, by way of loan, gift, bonus, gratuity, drawing account, commission or otherwise (except for reasonable advances for travel expenses) to any company directly or indirectly controlling or affiliated with or controlled by Borrower, or to any officer, director, member, stockholder or employee of Borrower, or of any such company; (b) guarantee a loan to or obligation of any person, firm or corporation; (c) pay any

## EXHIBIT B (Page 2)

Page 2

compensation to its officers, directors, members, or stockholders for services rendered as such.

2. Borrower will not: (a) rent the Project or any part thereof to any person for the purpose of subleasing; (b) rent the Project as an entirety; (c) rent any dwelling unit in the Project for any rental period less than one month or in excess of three years; (d) rent the Project or any part thereof or permit its use for hotel or transient purposes.

3. (a) Borrower will limit public occupancy of the Project to elderly persons and elderly families as defined in the Housing Act of 1959 and any amendments thereto. Borrower will adopt and submit for approval by the Government eligibility criteria for Project occupancy prior to the initial renting, and will submit for prior approval of the Government any proposed changes in such criteria.

(b) This agreement is subject to the provisions of Executive Order No. 11063 dated November 20, 1962. The Borrower covenants and agrees that it will not discriminate nor permit discrimination by its agents, lessees or any others operating housing and related facilities, in the use or occupancy of said facilities because of race, color, creed or national origin.

4. Borrower will make the dwelling accommodations, utilities, and services of the Project available to eligible occupants at charges established in accordance with a schedule to be approved in writing by the Government. Commercial facilities, if any, shall be rented only in accordance with a schedule of charges approved by the Government.

5. No life-lease contracts, founder's fees or other payments or deposits over and above those for rents, utilities and collateral services plus a security deposit in an amount not to exceed one month's rent shall be required of any tenant as a condition of occupancy or leasing of any unit, nor shall the Borrower accept any contribution or gratuity as a basis for occupancy or occupancy preference.

7/9/64

## EXHIBIT B (Page 3)

Page 3

6. Borrower shall not, without prior written approval of the Government:
- a. Transfer, dispose of or encumber any of the Mortgaged Property. Any such transfer shall be only to a person, persons, or corporation approved by the Government who shall, by legal and valid instrument in writing to be recorded or filed in the same recording office in which conveyances of the property covered by the Mortgage are required to be filed or recorded, duly assume all obligations under this Agreement and under the Note and Mortgage.
  - b. Assign, transfer, dispose of, or encumber any personal property of the Project, including rents or charges collected or to be collected; and shall not disburse or pay out any of the pledged revenues or other pledged funds except as provided in the Loan Agreement.
  - c. Remodel, reconstruct, add to, or demolish any part of the Mortgaged Property or subtract from any real or personal property of the Project.
  - d. Prepay the loan except as provided in the Loan Agreement.
  - e. Amend its articles of incorporation or by-laws other than as permitted under the terms of the articles of incorporation and by-laws approved by the Government.
  - f. Enter into any contract or contracts for supervisory or management services. The terms of any management contract entered into by the Borrower shall be acceptable to the Government and shall provide for termination upon thirty days written notice by the Government.
7. Borrower shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition or make any assignment for the benefit of creditors or to a trustee for creditors. Borrower will immediately satisfy or release any mechanics lien, attachment, judgment lien, or other lien which attaches to the Mortgaged property or to any personal property used in the operation of the Project, and shall dismiss or have dismissed or vacated any

**EXHIBIT B (Page 4)**

Page 4

receivership or petition in bankruptcy or assignment for benefit of creditors, creditors' bill, or insolvency proceeding involving the Borrower, the Project or the Mortgaged Property.

8. If the Borrower engages in any business or activity other than the Project and operation of the Mortgaged Property, it shall maintain all assets, income, and other funds of the Project segregated from other funds of the Borrower and segregated from any funds of any other corporation or person.

9. No officer, director, trustee, member stockholder nor the authorized representative of Borrower shall have any financial interest in any contractual arrangement entered into by the Borrower in connection with rendition of services, the provision of goods or supplies, management of the Project, procurement of furnishings and equipment, construction of the Project, procurement of the site or other matters whatever.

10. As prescribed in Part I of the Loan Agreement, the Borrower shall, prior to the beginning of each of its fiscal years, prepare and submit to the Government an annual plan of operation and supporting budget in form and substance acceptable to the Government.

11. Basic management powers shall be vested in a Board of Trustees or Directors of no less than seven persons, acceptable to the Government, fully independent and broadly representative of public interest groups, with reasonable assurance that there will be a continuity of a qualified Board of Directors over the life of the loan. The Borrower shall file with the Government an incumbency report showing changes in its Board of Directors and officers, promptly upon the making of any such changes, and annually in any event, together with such other information concerning its Board and officers as the Government shall require.

12. Borrower shall make no payment for services, supplies, or materials unless such services have actually been rendered to the Project, or such supplies or

## EXHIBIT B (Page 5)

Page 5

materials have been delivered to the Project and are reasonably necessary for its operation. Payments for such services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies or materials in the area where the services are rendered or the supplies or materials furnished.

13. The Project including the Mortgaged Property, equipment, buildings plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall be subject to examination and inspection at any reasonable time by the Government; the Borrower shall keep copies of all written contracts or other instruments which affect the Mortgaged Property or the Project, all of which shall be subject to inspection and examination by the Government.

14. The Borrower will keep accurate financial records and proper books in form and substance acceptable to the Government relating to the Project, other facilities the revenues of which are pledged to secure the Mortgage and other pledged revenues and sources, and such books and records shall be open to inspection by the Government. The Borrower further covenants that not later than 90 days after the close of each fiscal year it will furnish to the Government copies of audit reports prepared by an independent public accountant reflecting in reasonable detail the financial condition and record of operation of the Borrower, the Project, other pledged facilities, and other pledged revenue sources including particularly the occupancy of, use of services provided, rates charged for the use of, insurance on, the Project and other pledged facilities, and the status of the several accounts and funds required by the Loan Agreement. At the request of the Government the Borrower shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation and condition of the Project and status of the Mortgage and any other information with respect to the Borrower, or the Project.

## EXHIBIT B (Page 6)

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15. Upon a violation of any of the above provisions of this Agreement by the Borrower, the Government may give written notice thereof to the Borrower, by registered or certified mail, addressed to the address stated in this Agreement. If such violation is not corrected to the satisfaction of the Government within 15 days after the date such notice is mailed, without further notice the Government may declare a default under this Agreement and upon such default the Government may:

- (1) Declare the whole of the indebtedness immediately due and payable and proceed with the foreclosure of the Mortgage.
- (2) Collect all rents and charges in connection with the operation of the Project and use such collections to pay the Borrower's obligations under this Agreement and under the Note and Mortgage and the necessary expenses of preserving the Property and operating the Project.
- (3) Take possession of the Mortgaged Property and operate the Project in accordance with the terms of this Agreement until such time as the Government in its discretion determines that the Borrower is again in a position to operate the Project in accordance with the terms of this Agreement and in compliance with the terms of the Note and Mortgage.
- (4) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, for a receiver to take over and operate the property in accordance with the terms of the Agreement, or for such other relief as may be appropriate since the injury to the Government arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

16. As security for the performance of Borrower's obligations under this Agreement and under the Loan Agreement, the Borrower assigns to the Government

EXHIBIT B (Page 7)

Page 7

its right to the rents, profits, income and charges of whatever sort which it may receive or be entitled to receive from the operation of the Mortgaged Property. Until a default is declared under this Agreement, however, permission is granted to the Borrower to collect such rents, profits, income and charges, but upon default this permission is terminated.

17. As used in this Agreement the term "Government" shall include the Housing and Home Finance Administrator his successors, officials, employees, and agents; "Mortgage" shall include "Deed of Trust"; "Mortgaged Property" includes all property, real or personal, covered by the Mortgage, and all personal property belonging to the Project and used in connection with the furnishing of a project constructed under Section 202 of the Housing Act of 1959, as amended; and "Borrower" shall include the Mortgagor, its successors and assigns.

18. The Government shall not be liable for any of its acts hereunder except for flagrant misfeasance.

19. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portions thereof.

IN WITNESS WHEREOF, the United States of America, acting by and through the Housing and Home Finance Administrator, has caused this Agreement to be executed in its name and on its behalf, by \_\_\_\_\_,

EXHIBIT B (Page 8)

Page 8

and the Borrower has caused this instrument to be executed in its name and on its behalf by its \_\_\_\_\_ and attested by its \_\_\_\_\_, all as of the day and year first above written.

UNITED STATES OF AMERICA acting by and through the HOUSING AND HOME FINANCE ADMINISTRATOR

(SEAL)

By \_\_\_\_\_

ATTEST:

\_\_\_\_\_

\_\_\_\_\_  
Secretary

By \_\_\_\_\_  
President

EXHIBIT C

HOUSING AND HOME FINANCE AGENCY  
Community Facilities Administration  
Senior Citizens Housing Loan Program

CFA - 933  
(9-61)

RESOLUTION OF THE \_\_\_\_\_  
OF \_\_\_\_\_

WHEREAS, there has been filed with the Housing and Home Finance Administrator (hereinafter called "Administrator") on behalf of \_\_\_\_\_ (hereinafter called "Borrower") an application for a loan for the purpose of financing a rental housing project for elderly families and elderly persons under the provisions of Section 202 of the Housing Act of 1959, as amended;

WHEREAS, there has previously been executed by and between the Borrower and the Administrator a certain Loan Agreement dated \_\_\_\_\_;

WHEREAS, there is before this meeting a Note, Mortgage (or Deed of Trust), and Regulatory Agreement transmitted to the Borrower by the Administrator for the purpose of effectuating the loan;

WHEREAS, said Note, Mortgage (or Deed of Trust) and Regulatory Agreement have been duly read in open meeting, fully considered in accordance with all pertinent rules of procedure and legal requirements, and made a part of Borrower's records; and

WHEREAS, it is deemed desirable and for the best interest of the Borrower that the Note, Mortgage (or Deed of Trust) and Regulatory Agreement be accepted;

NOW, THEREFORE, BE IT RESOLVED by the \_\_\_\_\_ of \_\_\_\_\_;

1. That the form of Note, a true and correct copy of which is attached hereto, be, and it hereby is approved without reservation or qualification and the appropriate officers of the Borrower are hereby authorized, and empowered to execute and deliver to the Administrator the aforesaid Note;

EXHIBIT C (Page 2)

2.

2. That the form of Mortgage (or Deed of Trust) a true and correct copy of which is attached hereto, be, and it hereby is, approved without reservation or qualification and the appropriate officers of the Borrower are hereby authorized and empowered to execute and deliver to the Administrator the aforesaid Mortgage (or Deed of Trust);

3. That the form of Regulatory Agreement, a true and correct copy of which is attached hereto, be, and it hereby is, approved without reservation or qualification, and the appropriate officers of the Borrower are hereby authorized and empowered to execute and deliver to the Administrator the aforesaid Regulatory Agreement;

4. That after said Mortgage (or Deed of Trust) shall have been executed and delivered the proper officers of the Borrower are hereby authorized and directed to cause said Mortgage (or Deed of Trust) to be recorded among the land records of \_\_\_\_\_, \_\_\_\_\_ and are further authorized to pay all Federal stamp taxes, recording taxes and all other fees that may be necessary, and thereafter to take such action as may be necessary to continue the lien of the Mortgage (or Deed of Trust) in effect;

EXHIBIT C (Page 3)

5. That the officers of the Borrower are authorized and directed to take all steps, and to do and perform all things at all times, to execute and deliver such documents and to make such payments as may be necessary or by them deemed desirable for the purpose of rendering the Note the valid and binding obligation of the Borrower, and the Mortgage a first and prior lien on the project real estate.

Adopted and Approved by \_\_\_\_\_  
(Governing Body)

of the Borrower on the \_\_\_\_\_ day of \_\_\_\_\_, 196\_\_.

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
President

EXHIBIT D

HOUSING AND HOME FINANCE AGENCY  
Community Facilities Administration  
Senior Citizens Housing Loan Program

CFA-934  
(9-61)

AFFIDAVIT OF BORROWER

\_\_\_\_\_) )  
\_\_\_\_\_) ) ss.  
\_\_\_\_\_) )

\_\_\_\_\_, being first duly sworn, on oath,  
deposes and says:

1. That he is the \_\_\_\_\_ of \_\_\_\_\_,  
(Title) (Name of Borrower)

a \_\_\_\_\_, organized under the laws  
(non-profit corporation), (consumer cooperative), (public body)  
of the State of \_\_\_\_\_, (hereinafter called "Borrower").

2. That he is familiar with the books, records, and business of the Borrower, and makes this affidavit to induce the Housing and Home Finance Administrator to loan and disburse the sum of \$ \_\_\_\_\_ or any part thereof to the Borrower.

3. That the following persons constituted the governing body of the Borrower on the \_\_\_\_\_ day of \_\_\_\_\_, 196\_\_\_\_, the date upon which the resolutions authorizing the execution of Borrower's Note dated \_\_\_\_\_, (hereinafter called "Note") and Mortgage (or Deed of Trust) (hereinafter called "Mortgage") dated \_\_\_\_\_ were adopted:

<u>Name</u>	<u>Term Beginning</u>	<u>Term Ending</u>
-------------	-----------------------	--------------------

EXHIBIT D (Page 2)

- 2 -

4. That the following persons are the officers of the Borrower, and that the signatures set forth opposite their names are their true signatures:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
-------------	---------------	------------------

5. That no proceedings of any character whatsoever have been commenced or threatened to be commenced against Borrower by any governmental body or official, State or Federal, nor have any receivership, bankruptcy or other proceedings, having for their purpose the liquidation and/or dissolution of Borrower, been instituted or threatened to be instituted against the Borrower.

6. That no litigation of any nature is now pending or threatened to be commenced against Borrower or its officers, directors, or trustees in their corporate capacity, or questioning the title of its officers to their present offices, except as follows:

7. All taxes, whether State or Federal, and including, but not limited to real estate, personal property, old age compensation, unemployment compensation, income, sales, franchise, corporation and processing taxes, levied or assessed against Borrower and/or any of its property have been paid in full, except as follows:

EXHIBIT D (Page 3)

- 3 -

8. There are no unsatisfied judgments or decrees of record against Borrower, and no decrees, orders or other mandates of any court or administrative body in any jurisdiction are now in force requiring Borrower to do or refrain from doing any acts, except as follows:

9. That all representations made by the Borrower in its Loan Application, or in any supplement thereto, or in any document submitted to the Administrator in connection therewith are correct and complete in all material respects, and are, at the date hereof, substantially the same as when made.

10. That there has been no adverse change in the financial condition of the Borrower since the date of its Loan Application, except as follows:

11. That the Articles of Incorporation of the Borrower, including any amendments thereto, as certified by the appropriate state official, are correct and complete and no action has been taken to further amend or revise such Articles of Incorporation since \_\_\_\_\_, 19\_\_\_\_, the date of the last certification thereof.

12. That the By-Laws of the Borrower are correct and complete in all respects and have not been amended since \_\_\_\_\_, 19\_\_\_\_, the date of the last certification thereof.

13. The resolutions of the governing body of the Borrower authorizing execution of the Note and Mortgage adopted on \_\_\_\_\_, 19\_\_\_\_, are in full

EXHIBIT D (Page 4)

- 4 -

force and effect and have not been revised, amended, rescinded or repealed since the date of the adoption thereof.

14. No work or labor has been performed upon the property covered by the Mortgage, and no materials, machinery, fixtures or other apparatus have been delivered to or installed on said real estate which has not been paid for or which would entitle any person, firm, association or corporation to a mechanics' lien or other lien upon the property included in the Mortgage, except as follows:

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 196\_\_.

\_\_\_\_\_  
\_\_\_\_\_ of Borrower

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 196\_\_.

EXHIBIT E

HOUSING AND HOME FINANCE AGENCY  
Community Facilities Administration  
Senior Citizens Housing Loan Program

CFA - 935  
(9-61)

OPINION OF COUNSEL

Housing and Home Finance Administrator  
1626 K Street, N. W.  
Washington, D. C.

Re: \_\_\_\_\_

Project No. \_\_\_\_\_

Dear Sir:

I hereby certify that I have examined certified copies of the Articles of Incorporation of \_\_\_\_\_ (hereinafter referred to as the "Borrower") and all amendments thereto, certified copies of the By-Laws of the Borrower, certified copies of the proceedings of the governing body of the Borrower with respect to the authorization, execution and security for Borrower's Note (hereinafter called "Note") dated \_\_\_\_\_, in the principal amount of \$ \_\_\_\_\_, bearing interest at the rate of \_\_\_\_\_% per annum, and have also examined Borrower's Loan Application together with the documents submitted in connection therewith, the Loan Agreement dated \_\_\_\_\_ and any amendments thereto (hereinafter referred to as "Loan Agreement"), the Note, and Mortgage (or Deed of Trust) dated \_\_\_\_\_, and such other and further documents as are deemed necessary or appropriate in this connection.

Based on the examination above referred to, I am of the opinion that:

- 1. Borrower is duly organized under the laws of the State of \_\_\_\_\_, as a \_\_\_\_\_,

EXHIBIT E (Page 2)

2.

and is authorized (1) to construct and operate a housing project under Section 202 of the Housing Act of 1959, as amended; (2) to incur indebtedness in the amount and in the manner specified in the Loan Agreement; and (3) to secure the indebtedness in the manner required by the Loan Agreement;

2. All proceedings for financing the construction and development of the housing, project located on the premises described in the granting clause of the Mortgage (or Deed of Trust) have been adopted in due time, manner, and form as required by law.

3. Borrower's Note is a valid and binding obligation in accordance with its terms and is entitled to the benefit of a Mortgage Note Sinking Fund, a Mortgage Note Debt Service Reserve Fund, and a Repair and Replacement Reserve Account, all as provided in the Loan Agreement;

4. Borrower's Note is entitled to the benefit and security of the Mortgage (or Deed of Trust) which constitutes a first and prior lien upon the premises described in the granting clause thereof to which Borrower holds indefeasible fee simple title subject only to the foregoing Mortgage and \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. \_\_\_\_\_, the title insurance company which has issued a title policy with respect to the premises described in the granting clause of the Mortgage (or Deed of Trust) is duly qualified to insure real estate titles in the State of \_\_\_\_\_ where such premises are situated and in the jurisdiction where the contract has been entered into. The interest of the Administrator in such premises is fully insured by such title insurance policy

## EXHIBIT E (Page 3)

2.

against loss or damage resulting from contingencies and risks substantially the same as those referred to in the American Title Association Standard Mortgage's Loan Policy. The Administrator has the right to sue in his own name under such title policy for damages resulting to him from any loss insured against under such policy, and any exceptions or conditions which there may be in such policy do not substantially affect adversely the interests of the Administrator under such policy or with respect to such real estate. This opinion with respect to the validity and priority of the lien of Borrowers Mortgage (or Deed of Trust) is based upon such policy.

6. All conditions deemed desirable to assure the legal enforceability of the Note and Mortgage (or Deed of Trust) and all agreements, documents, and undertakings executed in connection therewith have been satisfied.

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 196 \_\_\_\_.

\_\_\_\_\_  
Counsel for Borrower

7/9/64

### Section 3. Mortgage Transcripts

#### MORTGAGE TRANSCRIPT DOCUMENTS

Preparation and submission of the mortgage transcript documents is the responsibility of the borrower acting in conjunction with its legal counsel. Although three sets of the mortgage transcript documents are required, the Regional Office should request the borrower to furnish only those documents not readily available in the Regional Office. Ordinarily the initial mortgage transcript shall include the following documents, together with such other documents as may be appropriate under the particular circumstances:

- (1) Complete charter or articles of incorporation and all amendments thereto, certified by the appropriate public official as of recent date.
- (2) Certificate of Good Standing of recent date executed by the appropriate State official, if the corporation is more than one year old.
- (3) Complete by-laws and all amendments thereto, certified by the secretary of the borrower as of a recent date.
- (4) Proceedings of the borrower authorizing execution of the *Note*, *Mortgage* (or deed of trust) and *Regulatory Agreement*, including physical attachment to the resolutions of such documents in the form approved. There should be included authorizing action of both the board and the membership where required under applicable State law. Certified excerpts from the minutes of the meetings at which the action was taken should include the date and time of the meeting, whether it was a regular meeting properly called or a special meeting with proper notice and acceptance, the names of the individuals present or absent, and the vote on the authorizing resolutions.
- (5) Conformed copy of the *Note*.
- (6) Executed duplicate of the *Mortgage* (or deed of trust) including attachments, showing recordation in both the real property and chattel mortgage indices.
- (7) Mortgagee's title guaranty policy. A duplicate original or photocopy shall be included in all sets of the transcript.
- (8) A current survey map certified by a licensed surveyor or engineer setting forth a legal description of the property to be mortgaged, accurately drawn to scale, showing lot lines (including all dimensions and angles, markers or monuments), any improvements on the property surveyed, any easements or other matters involving use by others of the premises, and the location of any easements proposed to be acquired over the lands.

- (9) Site certificate setting forth the legal description as contained in the approved survey map, and certifying that the project facilities are (or will be) located wholly within the boundaries of such site.
- (10) Closing documents, including *Affidavit of Borrower*, Form CFA-934, and *Opinion of Counsel*, Form CFA-935.
- (11) Certificates or duplicate policies evidencing fidelity bond and builder's risk coverage.
- (12) Certificates showing the making of required deposits and availability of funds.
- (13) Certificates as to Internal Revenue tax exemption, and as to State and local tax exemption where appropriate.

Where Federal construction financing is provided, there should be included in the transcript, the *Opinion of Counsel*, Form CFA-939.

Section 7-7-4 prescribes the additional transcript documents required prior to the final disbursement or where disbursement of the full loan proceeds where non-Federal construction finance has been used.

#### REVIEW OF MORTGAGE TRANSCRIPT DOCUMENTS

The Legal Division shall have primary responsibility for review of the transcript documents, which shall also be submitted to the Finance Branch for review of those portions of the transcript involving financial matters. The initial transcript shall be complete and satisfactory in all essential respects prior to disbursement of loan funds.

When the Regional Counsel is satisfied as to the legal sufficiency and adequacy of the initial transcript documents, he shall complete and execute the *Opinion of Regional Counsel*, Form CFA-947 (Exhibit A), based upon his review of the transcript documents and the opinion of the borrower's counsel. One set of the mortgage transcript documents shall be placed in the project file and one set retained by the Legal Division.

#### SUBMISSION TO CFA

A complete set of the initial mortgage transcript documents, appropriately bound and indexed, together with a copy of the *Opinion of Regional Counsel*, Form CFA-947, shall be forwarded to CFA within 60 days after the date of loan closing. A copy of the additional transcript documents shall be forwarded to CFA promptly upon receipt thereof.

EXHIBIT A

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

CFA-947  
(6-64)

OPINION OF REGIONAL COUNSEL

TO: Regional Administrator

I have examined the transcript of proceedings of \_\_\_\_\_  
\_\_\_\_\_, Project No. \_\_\_\_\_, a (non-profit Corporation)  
(cooperative) organized under the laws of the State of \_\_\_\_\_  
relating to the authorization and execution of its Mortgage Note dated  
\_\_\_\_\_, in the amount of \$ \_\_\_\_\_,  
and relating to the authorization and execution of its (Mortgage) (Deed of Trust)  
securing the said Note, the Constitution and applicable laws of the State of  
\_\_\_\_\_ relating to (non-profit corporations) (cooperatives)  
and the Articles of Incorporation and By-Laws of such corporation.

Based on the above-mentioned examination of the data contained in the  
attached Mortgage Note Transcript, I am of the opinion that said Mortgage Note  
constitutes a legal, valid, and binding general obligation of \_\_\_\_\_  
\_\_\_\_\_, and that said Mortgage Note complies with the  
provisions therefor contained in the Loan Agreement between the Borrower and  
this Agency, dated as of \_\_\_\_\_. Borrower has filed in  
support of the transcript of Mortgage Note proceedings a legal opinion of  
\_\_\_\_\_, dated \_\_\_\_\_, and a title  
guaranty policy issued by \_\_\_\_\_, dated  
\_\_\_\_\_. Based upon the foregoing, I am of the  
opinion that the Mortgage Note is secured in the manner specified in the  
Loan Agreement.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Regional Counsel

**Section 4. Disbursement Procedures****REQUISITIONS FOR FUNDS**

Prior to disbursement of any loan funds by the Government for purposes of site purchase or construction financing, the Borrower shall be required to execute a note, mortgage or deed of trust, regulatory agreement and supporting documents.

All disbursements, when made, must constitute a first and prior lien on the project site and any other property covered by the mortgage or deed of trust. In order to assure the priority of such lien, the mortgage or deed of trust shall be executed and recorded prior to commencement of construction.

Prior to the initial disbursement, the borrower must submit in original only to the Regional Office the following (items marked "Transcript Document" require three copies) :

- (1) Mortgagee's title guaranty policy on standard A.T.A. Form, or Torren's Certificate (Transcript Document) ;
- (2) Certified survey of recent date (Transcript Document) ;
- (3) Evidence that the officer or officers of the borrower having custody over the funds in the Construction Account are covered by acceptable fidelity bond (Transcript Document) ;
- (4) Form CFA-204, *Architect/Engineer's Certificate* ;
- (5) Form CFA-205, *Certificate as to Project Site* ;
- (6) Form CFA-304, *Depository Bank Acceptance and Confirmation Statement*, concerning establishment of the Construction Account and the making of required deposits therein ;
- (7) Evidence that borrower has obtained firm bids establishing that the project can be constructed within the proposed estimated cost thereof ;
- (8) Evidence that the insurance coverage required for this stage has been obtained (Transcript Document) ;
- (9) All documents, certifications, reports and other data required in satisfaction of, or as evidence of satisfaction of special loan agreement conditions precedent to the disbursement of funds.

The amount and purpose of the initial and subsequent disbursements must be in accord with the related line items of the project summary and follow the pertinent provisions of the loan agreement.

In support of the initial and subsequent requests for disbursement, the borrower shall submit to the Regional Office, the following :

- (1) Form CFA-954, *Requisition and Voucher for Disbursement of Loan Funds* (Exhibit A) ;

- (2) Extension of title guaranty policy to cover all disbursements made as of the date thereof;
- (3) Form CFA-937, *Certificate Relating to Prevailing Wages* (Exhibit B);
- (4) Form CFA-938, *Architect's Certificate* (Exhibit C);
- (5) Form CFA-939, *Opinion of Counsel* (Exhibit D); and
- (6) Form CFA-302, *Borrower's Statement Regarding its Financial Condition*.

Form CFA-954 shall be submitted in triplicate; all other forms shall be submitted in original only.

An amount not less than ten percent of the loan amount shall be held back for final disbursement. However, the holdback may be reduced to not less than 5 percent, pending completion of the project audit, provided the borrower submits, in addition to the documents required to support subsequent disbursements, lien waivers from all contractors and from all subcontractors and materialmen dealing directly with the principal contractors, and the Regional Director determines that the total loan amount then disbursed will not exceed the total eligible project costs.

#### PROCESSING OF REQUISITIONS FOR FUNDS

The Chief, Senior Citizens Housing Operations Branch, is responsible for coordinating Regional Office actions with respect to disbursement of funds. When a borrower indicates that it plans to requisition funds, the Chief, Senior Citizens Housing Operations Branch, shall arrange for transmission of appropriate forms, with instructions regarding their completion and other documents required.

Upon receipt of the submission, the Chief, Senior Citizens Housing Operations Branch, shall ascertain that all necessary documents have been received, and shall then route the documents for review and recommendation by the technical staffs.

When the documents have been reviewed and approved by the technical staffs, the Chief, Senior Citizens Housing Operations Branch, shall sign Form CFA-954 and forward the documents to the Regional Director for approval. Forms CFA-954, -302, and -939 then shall be forwarded to the Administrative Division for certification and processing for payment. Other documents shall be placed in the project file and, in the case of transcript documents, furnished to the Legal Division and CFA.

#### FINAL DISBURSEMENT

The conditions to be satisfied precedent to final disbursement when the Government has provided construction financing, and to disbursement of the loan proceeds where non-Federal construction financing has been provided, are essentially the same. Final disbursement shall not be

made until 30 days after completion of and acceptance of the project by the Regional Office and compliance with the requirements for final payment, as set forth below.

When construction is about 75 percent complete, the borrower shall be reminded of the requirement in Section 8 of the *Loan Agreement*:

“Provided, however, that this contract shall not be considered complete for purposes of final payment unless and until all the work requiring inspection by municipal or other governmental authorities having jurisdiction has been duly inspected and approved by such authorities and by the applicable Board of Fire Underwriters, if any, and all requisite certificates of occupancy and other approvals have been issued . . .”

After final inspection has been made and recorded on Form CFA-200, Form CFA-250 has been received from the Field Engineer, the audit has been completed, and all audit exceptions cleared, the Regional Director shall advise the applicant of the final approved cost and the amount of the net Federal loan. The letter also shall notify the borrower that the project has been satisfactorily completed as required by the loan agreement and that final disbursement of loan funds will be made subject to receipt by the Regional Director of three copies of each of the following:

- (1) Form CFA-954, *Requisition and Voucher for Disbursement of Loan Funds*, and supporting documents as described under “Requisition for Funds” above. (When an initial deposit is required to the Debt Service Reserve Account, the borrower shall be instructed to issue a check payable, as appropriate, to the Government or its designee in the amount required by the loan agreement.)
- (2) Final survey map certified by a licensed surveyor or engineer showing the location of improvements of the project site, including setbacks and location of utility lines and easements;
- (3) Lien waivers from all contractors and from all subcontractors and materialmen dealing directly with the principal contractors;
- (4) Borrower’s certification that the project has been constructed and completed to borrower’s satisfaction and in accordance with provisions of the loan agreement and that prevailing wages have been paid;
- (5) Final title guaranty policy, if needed, showing removal of exceptions as to survey and unrecorded liens and with such coverage and endorsements as are customary in the area;
- (6) Certificates or duplicate policies evidencing the insurance and fidelity coverage required upon acceptance of the project from the contractor;
- (7) Certified copy of rates resolution;

- (8) Statement of occupancy criteria certified by an officer of the borrower;
- (9) Any other documents, certifications, reports and other data required under the terms of the loan agreement or regulatory agreement.

The final payment shall not be made until after the expiration of any period for filing of mechanic liens unless the Regional Director considers this protection unnecessary under the particular circumstances. There shall be completed in connection with final closing, any filings, recordings or other actions required under local lien laws for the maximum protection of the mortgage security. In the event that portions of the work not essential to use and occupancy, such as landscaping, cannot be completed at the time the project is otherwise complete, funds may be escrowed by the borrower for such purpose in order not to delay final closing and disbursement.

After final disbursement has been made and all required payments made out of the Construction Account, including payment of interest during construction, the Construction Account shall be closed out and any balance remaining out of loan funds or borrower's firm participation transferred to the Debt Service Reserve Fund. Thereafter Form CFA-940, *Certificate of Final Payment* (Exhibit E), shall be submitted by the borrower to the Regional Director.

If it is determined at the time of final closing that the amount of the approved loan is less than the Note executed by the borrower, the loan amount should be fixed at the next multiple of \$1,000 above the allowable amount and cash in the amount of the difference between the total loan proceeds and the total project costs payable therefrom shall be promptly deposited into the Debt Service Reserve Fund. The monthly payments should be recomputed on the basis of the reduced loan amount and the note should be appropriately endorsed to show the reduction in principal and the new monthly payments.

Upon determination of the final loan amount, CFA should be requested to furnish the Standard Amortization Table referred to in the Note. The Regional Office shall advise CFA of the principal amount of loan, the interest rate, the term during which the level monthly payments will be made and the amount of the monthly payment and the date on which the first payment becomes due. After the Note has been transferred to the Division of Finance and Accounts in accordance with Volume V, Section 7-17-5, that Division will furnish the Regional Office with two copies of the amortization schedule. The Chief, Loan Management Branch, shall arrange for distribution of one copy to the Borrower and one to the project file.

EXHIBIT A

CFA-958 (4-65)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION SENIOR CITIZENS HOUSING LOAN PROGRAM  <b>REQUISITION AND VOUCHER FOR DISBURSEMENT OF                  LOAN FUNDS</b>	<p style="text-align: center;"><i>FOR GOVERNMENT USE ONLY</i></p> D.O. Voucher No. _____ TBFA Voucher No. _____ Contract No. _____  <div style="border: 1px solid black; padding: 5px; text-align: center; margin: 10px auto; width: 80%;">                     PAID BY                      (For Use of Paying Office)                 </div> Project No. _____ Requisition No. _____ Date of Requisition _____ Amount of Requisition _____																																
<b>VOUCHER</b> THE UNITED STATES, DR. To _____ <small>(Name of Borrower as it appears in the Loan Agreement)</small> P.O. Address of Borrower _____																																	
<p>In support of this Requisition for funds, Borrower certifies that it is in all respects entitled to the disbursement requested herein, that no defaults exist under its Loan Agreement dated _____ including any amendments thereto or under the Note and Mortgage or Deed of Trust dated _____, executed by the Borrower to the Administrator, and that there is in full force and effect insurance coverage as required pursuant to the Loan Agreement.</p> <p>Borrower further certifies that there has been no adverse change in its financial condition since the date of the Loan Agreement, and that there are no monies due or owing by the Borrower to any person or persons except Housing and Home Finance Administrator for any labor, services, materials, grading, or other types of services furnished to or in connection with the Project described in the Loan Agreement, or for which any lien may arise thereon under the laws of the State of _____, except as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;"><u>Person</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;">\$ _____</td> </tr> </table> <p>Borrower further certifies that it proposes to expend the proceeds of the disbursement under this Requisition for the following purposes:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;"><u>Item</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;">\$ _____</td> </tr> </table> <p>Of the amount to be received pursuant to this requisition: \$ _____ will be deposited into a Construction Account in the _____ (Depository) and will be used in accordance with the said Agreement only to pay the eligible costs of the project totaling \$ _____ as reflected on the latest approved Project Summary dated _____ and \$ _____ will be deposited into a Debt Service Reserve Account with the Government or its designee.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 15%; text-align: center;"><u>Loan</u></th> <th style="width: 15%; text-align: center;"><u>Borrower's Participation</u></th> <th style="width: 20%; text-align: center;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>1. Estimated Total Project Cost</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>2. Funds Previously Advanced or Paid</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>3. Funds Withheld Pending Audit</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>4. Funds Available (Line 1 minus lines 2 and 3)</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> </tbody> </table> <p>Attached hereto is documentary evidence that Borrower's funds in the aggregate amount of \$ _____ have been deposited into the Construction Account with the Depository.</p> <p>The check for this payment should be payable to the order of _____</p> <p>_____</p> <p>Date _____, 19____. _____ (Signature of Authorized Officer of Borrower)</p> <p>_____ (Type or print name of signing Officer) _____ (Title)</p>		<u>Person</u>	<u>Amount</u>		\$ _____	<b>Total</b>	\$ _____	<u>Item</u>	<u>Amount</u>		\$ _____	<b>Total</b>	\$ _____		<u>Loan</u>	<u>Borrower's Participation</u>	<u>Total</u>	1. Estimated Total Project Cost	\$ _____	\$ _____	\$ _____	2. Funds Previously Advanced or Paid	_____	_____	_____	3. Funds Withheld Pending Audit	_____	_____	_____	4. Funds Available (Line 1 minus lines 2 and 3)	\$ _____	\$ _____	\$ _____
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2. Funds Previously Advanced or Paid	_____	_____	_____																														
3. Funds Withheld Pending Audit	_____	_____	_____																														
4. Funds Available (Line 1 minus lines 2 and 3)	\$ _____	\$ _____	\$ _____																														

EXHIBIT A (Page 2)

REQUISITION AND VOUCHER FOR DISBURSEMENT OF LOAN FUNDS		
Regional Office Recommendations and Authorization		
<p>I have reviewed and find satisfactory the contract documents and related reports and records required of the Borrower by the Loan Agreement. In my opinion the Borrower has evidenced that the Project can be constructed within the approved estimated cost thereof. I therefore recommend approval of the requisition.</p>		
Date _____	By _____	(Chief, Engineering Branch)
<p>I have reviewed the financial statements of the Borrower and am of the opinion that there has been no substantial adverse change from that heretofore represented to the Government. The Borrower has satisfactorily evidenced the deposit of \$_____ into the Construction Account and its ability to provide funds to cover the cost of movable equipment, working capital, and ineligible estimated preliminary development expenses. I therefore recommend approval of the requisition.</p>		
Date _____	By _____	(Chief, Finance Branch)
<p>I certify that this requisition and the documentary evidence required under the aforesaid Loan Agreement have been examined, found satisfactory, and filed in the records of the Housing and Home Finance Agency. In my opinion, the Borrower has fulfilled all conditions precedent to paying the amount requisitioned. I therefore recommend approval of the requisition.</p>		
Date _____	By _____	(Regional Counsel)
<p>On the basis of the foregoing reviews and recommendations, I recommend approval of the requisition in the sum of \$_____</p>		
Date _____	By _____	(Chief, Senior Citizens Housing Operations Branch)
<p>Requisition in the sum of \$_____ approved.</p>		
Date _____	By _____	(Regional Director)
ACCOUNTING CLASSIFICATION		
APPROPRIATION SYMBOL	APPROPRIATION TITLE	AMOUNT
86 x 4115	Housing for the Elderly, Revolving Fund, Office of the Administrator, Housing and Home Finance Agency . . . . .	
<p>Paid by Check No. _____ dated _____, 19____, on the Treasurer of the United States for \$ _____, in favor of _____.</p>		

EXHIBIT B

CFA-937 (9-62)					
<p style="text-align: center;">                     HOUSING AND HOME FINANCE AGENCY                      COMMUNITY FACILITIES ADMINISTRATION                      SENIOR CITIZENS HOUSING LOAN PROGRAM                        CERTIFICATE RELATING TO PREVAILING WAGES                 </p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">DATE</td> </tr> <tr> <td style="padding: 2px;">REQUISITION NO.</td> </tr> <tr> <td style="padding: 2px;">BORROWER'S NAME</td> </tr> <tr> <td style="padding: 2px;">PROJECT NO.</td> </tr> </table>	DATE	REQUISITION NO.	BORROWER'S NAME	PROJECT NO.
DATE					
REQUISITION NO.					
BORROWER'S NAME					
PROJECT NO.					
<p>TO: HOUSING AND HOME FINANCE ADMINISTRATOR</p> <p>The undersigned as _____ of the above Borrower, certifies that all laborers and mechanics employed in the construction of the project have been, to the date thereof, paid for such employment not less than the prevailing wages as determined by the Secretary of Labor and not less than one and one-half times the regular rate of pay for employment in excess of (a) 8 hours in any one day and <input checked="" type="checkbox"/> (b) forty hours in any one week with respect to this project, and that no deductions have been made, either directly or indirectly, from the full wages earned by any person other than permissible deductions as defined in the Regulations of the Secretary of Labor under the Anti-Kickback Act.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;"><i>Officer of Borrower</i></p> <p><input checked="" type="checkbox"/> Class (a) should be struck if the 8-hour day is not provided for in the contract; the deletion should be initialed by the Officer of Borrower.</p>					

7/9/64

EXHIBIT C

CFA-990  
(9-62)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION  SENIOR CITIZENS HOUSING LOAN PROGRAM  <b>ARCHITECT'S CERTIFICATE</b>	DATE
	REQUISITION NO.
	BORROWER'S NAME
	PROJECT NO.

I certify that I (or my authorized representative) have visited the above project, within \_\_\_\_\_ days prior to the date of this Certificate, and certify that the funds requested by the Borrower under the above Requisition are necessary and proper in order to enable it to proceed with construction and completion of the Project in accordance with the approved Drawings and Specifications. I further certify that the work, labor, and materials paid, or to be paid for as indicated in attached Forms CPA-208, Periodic Estimate for Partial Payment, from funds disbursed under prior Requisitions are satisfactory and in accordance with the approved Contract Drawings and Specifications.

\_\_\_\_\_  
*Architect for Borrower*

By \_\_\_\_\_

Date \_\_\_\_\_

FHLSB-Washington, D. C.

EXHIBIT D

CFA-999  
(9-57)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION  SENIOR CITIZENS HOUSING LOAN PROGRAM  <b>OPINION OF COUNSEL</b>	DATE
	REQUISITION NO.
	BORROWER'S NAME
	PROJECT NO.

TO: HOUSING AND HOME FINANCE ADMINISTRATOR

I have examined certified copies of the Articles of Incorporation of \_\_\_\_\_ (hereinafter referred to as the "Borrower") and all amendments thereto, the By-Laws of the Borrower, Borrower's Note dated \_\_\_\_\_, in the principal amount of \$ \_\_\_\_\_ and Mortgage or Deed of Trust, and have also examined the Loan Agreement and any amendments thereto and all documents submitted in connection therewith, and am of the opinion that the disbursement of \$ \_\_\_\_\_ requested by Borrower and its Requisition for Funds dated \_\_\_\_\_ will, upon the making thereof be evidenced by the above Note and secured by the Mortgage, or Deed of Trust and, when made, shall constitute a first and prior lien on the premises described in the Mortgage or Deed of Trust.

In connection with the Requisition for Funds, I have examined Extension of Title Guarantee Policy dated \_\_\_\_\_, Certificate relating to prevailing wages dated \_\_\_\_\_, Architect's Certificate dated \_\_\_\_\_, and Borrower's Certificate accompanying Requisition for Funds dated \_\_\_\_\_, and am of the opinion that the Borrower is in all respects entitled to the disbursement.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Very truly yours,

Counsel for Borrower

FHLSB-Washington, D. C.

EXHIBIT E

CFA-980  
(9-62)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION  SENIOR CITIZENS HOUSING LOAN PROGRAM  CERTIFICATE OF FINAL PAYMENT	DATE
	REQUISITION NO.
	BORROWER'S NAME
	PROJECT NO.

TO: HOUSING AND HOME FINANCE ADMINISTRATOR

The undersigned as \_\_\_\_\_ of the above Borrower, certifies that the Borrower has completed payment of all obligations in connection with project construction and the special construction account has been closed by the following payments:

<u>Paid to</u>	<u>Amount</u>
	\$

TOTAL	\$ _____ _____
-------	-------------------

\_\_\_\_\_ Date

\_\_\_\_\_ Authorized Representative of Owner

FHLMH-Washington, D. C.

**CHAPTER 8. PROJECT COMPLETION**

The instructions for project completion activities in Part 22 shall be followed for the Senior Citizens Housing Loan Program.

## CHAPTER 10. LOAN MANAGEMENT

In view of the many variations between the Senior Citizens Housing Loan Program and other programs administered by CFA, loan management for the Senior Citizens Housing Loan Program is treated separately in this Chapter.

The importance and specialized requirements of project management under this program also require the Chief, Loan Management Branch, to work in close relation with the Chief, Senior Citizens Housing Operations Branch. While it is recognized that the Chief, Loan Management Branch, continues to be responsible to see that the payments on the mortgage are made promptly and that the borrower is adhering to all of the terms and conditions of the loan agreement and/or the mortgage, it is also recognized that the primary responsibility for the over-all supervision of the management of the project itself shall be with the Chief, Senior Citizens Housing Operations Branch. The basic purpose of the loan management function is, as in other programs, the protection of the Federal investment and this protection will depend primarily on borrower performance in observing and understanding the terms and conditions of the loan, in meeting the debt service requirements, in making mortgage payments when due and in successfully operating and managing the project. Any formal loan management actions taken must be based on the terms and conditions of the Loan Agreement, the Regulatory Agreement, and/or the Mortgage.

### **Supervisory Groups**

Classification of loans shall be done in the same manner as for other programs, as described in Chapter 23-1.

### **Appraisal of Policies and Procedures**

Appraisal of policies and procedures shall be handled in the same manner as described in Chapter 23-1.

### **Preparations by Loan Management Branch**

When a project is substantially complete, the Loan Management Branch shall:

- (1) Prepare a *Loan Management Control Record*, Form CFA-360-SH, (Exhibit A) as a record of actions due, pending or taken. Such data may be secured from Form CFA-919, *Project Summary*, and from CFA-901, *Loan Application*, the Note and Mortgage, and the Regulatory Agreement.
- (2) Enter a summary of the terms and conditions of each loan on Form CFA-360-SH as a reference check to minimize referrals to the loan agreement, regulatory agreement, or mortgage loan note.

- (3) Establish a file folder for the reports and correspondence reflecting work on each loan until the final payment has been made. These files shall be kept in accordance with the applicable Records Control Schedule.

#### **Initial Loan Management Conference**

A borrower's observance of loan conditions, reporting requirements and other matters involved in loan management depends on an understanding of the requirements of the loan agreement, regulatory agreement, and the note and mortgage. In particular, the business managers or comparable officials or employees who will be responsible for handling the funds and accounts required by the terms of the loan, should be familiar with the loan conditions and should understand their meaning.

A loan management conference shall be held prior to and as close as possible to the start of project use. This conference may be held at either the Regional Office or at the borrower's office. The Regional Director shall determine where such a conference is to be held. The agenda shall be proposed by the Chief, Loan Management Branch, and the Chief, Senior Citizens Housing Operations Branch, and submitted for the Director's approval. In general, the agenda should cover those matters that will be of concern to the borrower and the Agency until the loan is repaid. In particular, the following should be explained in considerable detail: (1) the various accounts to be established and the flow of funds; (2) the general duties and responsibilities of the borrower under the loan agreement, regulatory agreement, and/or the mortgage; (3) the required reports; (4) and other matters that, in the opinion of the Regional Office should be brought to the attention of the borrower.

#### **Report of Initial Compliance**

The Chief, Loan Management Branch, shall supply to the borrower three copies of the *Report of Initial Compliance*, Form CFA-361-SH (Exhibit B), thirty days before the estimated date of initial occupancy, with instructions that two copies be returned to the Regional Office the day the project becomes revenue-producing or as soon thereafter as may be determined reasonable, but in no event in excess of thirty days.

For the purpose of this report, the date a project becomes initially revenue-producing is defined as the date on which any portion of the project becomes revenue-producing.

Upon receipt from the borrower of the *Report of Initial Compliance*, the Chief, Loan Management Branch, in consultation with the Chief, Senior Citizens Housing Operations Branch, shall determine whether compliance has been effected, and both shall evidence approval in Block A or attach such findings as are necessary.

Where the *Report of Initial Compliance* indicates deficiencies, the Regional Director shall determine whether a visit should be made to discuss and remedy such deficiencies.

When it has been determined that the borrower has fully complied with applicable loan requirements, the necessary data shall be recorded on Form CFA-360-SH, the duplicate *Report of Initial Compliance*, Form CFA-361-SH, shall be forwarded to CFA and the original placed in the Project Loan Management Folder.

Insurance policies or certificates of insurance coverage received pursuant to the loan agreement shall be forwarded to the OA Division of Finance and Accounts.

Within 90 days after close of the borrower's fiscal year, the borrower is required to provide CFA with an audit report in duplicate, prepared by an independent public accountant. Ordinarily, the first report to be obtained from the borrower will cover the borrower's fiscal year in which the project was first placed in use. If there is to be an unavoidable delay in submitting the audit report, the borrower should be required to submit an unaudited financial statement subject to subsequent audit.

The audit report shall be examined by the Chief, Loan Management Branch, who shall thoroughly review and discuss it with the Chief, Senior Citizens Housing Operations Branch. When it has been determined whether or not the project is progressing satisfactorily and whether or not the borrower is adhering to the terms and conditions of the loan agreement, the regulatory agreement, and/or the mortgage loan note, the necessary operational data shall then be placed on the *Loan Management Control Record*, Form CFA-360-SH, which may be supplemented by any pertinent working papers deemed necessary. One copy of the audit report shall be placed in the project loan management folder and one copy forwarded to CFA with any comments resulting from the review thereof or other pertinent remarks concerning the operations during the year.

Should the Chief, Loan Management Branch, and the Chief, Senior Citizens Housing Operations Branch, determine that no additional or corrective action is necessary by the borrower, the project may then be placed in Group I and no additional action is necessary. However, should an adverse trend be detected in the operation of any project or if the loan should go into default, the Chief, Loan Management Branch, shall recommend to the Director that the project be placed in Group II. Upon concurrence of the Chief, Senior Citizens Housing Operations Branch, and the Regional Director in the action, CFA shall be advised of the reason for this action. The borrower shall then be instructed to submit a quarterly financial statement and any other reports deemed necessary by the Chief, Loan Management Branch. In all such cases, the Chief, Loan Management Branch, and the Chief, Senior Citizens Housing Operations Branch, should offer to the borrower any assistance possible to cure the adverse trend and should be

constantly informed as to the progress that the borrower is making. CFA shall be advised of any material developments affecting the loan.

When the Chief, Loan Management Branch, with the concurrence of the Chief, Senior Citizens Housing Operations Branch, has determined that the borrower has corrected the adverse conditions or default, he shall recommend to the Regional Director that the loan be reclassified into Group I. Upon concurrence by the Regional Director, the loan shall be reclassified and the borrower shall then be advised that the financial reports need be forwarded only on the regular annual basis. CFA shall be notified of this reclassification and the reason for the action.

#### **Loan Payments**

Upon transfer of loan accountability to the Central Office in accordance with Volume V, Section 7-17-5, the borrower shall be instructed to remit payments due under the note and mortgage to the Director, Division of Finance and Accounts, OA, Housing and Home Finance Agency, 1626 K Street, N.W., Washington, D. C., 20410. Checks and drafts should be made payable to "Housing and Home Finance Agency, O.A.". The Director, Division of Finance and Accounts, will furnish monthly to CFA a list of all projects delinquent in payment of either interest, principal, or both. CFA will promptly advise the Regional Director of any default in loan repayment.

EXHIBIT A

FHA-200-SR  
(9-63)

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION  
SENIOR CITIZENS HOUSING PROGRAM

**LOAN MANAGEMENT CONTROL RECORD**

Project No. \_\_\_\_\_

Borrower	Original Loan \$ _____ Date _____ \$ _____		Date _____ \$ _____		POTENTIAL INCOME EXCLUDING Y.L.			
Address	Closing \$ _____		Date _____		TYPE	UNITS	RATE	AMOUNT
Contact	PAID	DUK	PAID	DUK	PAID	DUK	PAID	DUK
Sponsor	Interest payments		Monthly \$ _____ 1st					
Address	Debt Service: Annual \$ _____		Monthly \$ _____					
Contact	Max. D. S. Reserve \$ _____		Established _____					
Other Designation	R. & R. Reserve Annual \$ _____		Maximum \$ _____					
Initial Operations	Loan Transferred to Central Office _____		GROUP		OFFICE		INITIALS	
Fiscal Year Ends	Taxes \$ _____		I		II		TOTAL	
	Insurance \$ _____		Biting Room		Other			

	FISCAL YEAR ENDED					
	19__	19__	19__	19__	19__	19__
Gross Revenue	Estimate	Actual				
M & O Expense	Estimate	Actual				
Interest & Debt Service	Estimate	Actual				
Provision for R & R	Estimate	Actual				
Provision for D. S. R.	Estimate	Actual				
Debt Service Reserve	Balance	Add - (Deduct)				
R & R Reserve	Balance	Add - (Deduct)				

EXHIBIT A (Page 2)

SPECIAL CONDITIONS OF LOAN AGREEMENT:

COMMENTS, CORRECTIONS, ETC.

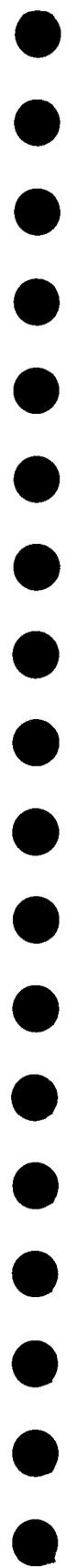
FISCAL YEAR ENDED

	19	19	19	19	19	19
Gross Revenue	Estimate	Actual	Estimate	Actual	Estimate	Actual
M & O Expense	Estimate	Actual	Estimate	Actual	Estimate	Actual
Debt Service	Actual		Actual		Actual	
Provision for R & R	Actual		Actual		Actual	
Provision for D. S. P.	Actual		Actual		Actual	
Debt Service Reserve	Balance		Balance		Balance	
R & R Reserve	Balance		Balance		Balance	

EXHIBIT B

Form approved Budget Bureau No. 63-R1072		CFA-361-SH (7-63)			
HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION		TO BE COMPLETED BY HHFA			
SENIOR CITIZENS HOUSING LOAN PROGRAM REPORT OF INITIAL COMPLIANCE		A.			
1. Borrower's Name		2. Project Number			
3. Date on which project became revenue-producing		4. Fiscal year ends			
5. Required Funds and Accounts					
	Established	Name and location of Depository			
— Construction Fund	_____	_____			
— Revenue Fund	_____	_____			
— Debt Service Fund	_____	_____			
— Debt Service Reserve Fund	_____	_____			
— Repair and Replacement Reserve	_____	_____			
— _____	_____	_____			
6. Require Insurance Coverage:					
	Insurable Value	Co- Insurance	Policy Amount	Effective Date	Expiration Date
— Fire and Extended Coverage. <i>(Identify Buildings)</i>	\$	%	\$		
_____					
_____					
— Boiler					
— Public Liability - One person					
More than one person					
Property Damage					
— Vehicle Liability					
— Use and Occupancy <i>(Identify Buildings)</i>					
_____					
_____					
— Fidelity Bonds-Blanket _____ or Position _____					
— Workmen's Compensation _____					
(a) Is mortgage clause attached to policy? <input type="checkbox"/> YES <input type="checkbox"/> NO					
(b) Does mortgage clause make less payable to Mortgagee? <input type="checkbox"/> YES <input type="checkbox"/> NO					
(c) Have original policies, copies, or certificates been furnished to the Mortgagee? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ATTACHED					
7. Other actions required in accordance with the Loan or Regulatory Agreement.					
(a) Have current rent schedules been approved by HHFA? <input type="checkbox"/> YES <input type="checkbox"/> NO					
(b) Have current fees for utilities or collateral services been approved by HHFA? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> NOT APPLICABLE					
(c) Has eligibility criteria for project residents been approved? <input type="checkbox"/> YES <input type="checkbox"/> NO					
(d) Has current plan of operations and supporting budget been submitted to HHFA? <input type="checkbox"/> YES <input type="checkbox"/> NO. If "YES" when _____					
Signature _____		Title _____		Date _____	





**CHAPTER 1. GENERAL****Section 1. Purpose and Description of the Program**

The delegated authorities and the duties and responsibilities assigned to Regional staff in these instructions are to be exercised, first, with due regard to and observance of the policies and instructions herein; and, second, with due recognition of the general lack of experience in this program, to the end that the advice and guidance of the Community Facilities Commissioner will be obtained before taking action in doubtful cases.

This is a program of "immediate" aid and has strict limits on the period in which aid may be provided. Therefore, it is imperative that all staff make every effort to expedite the accomplishment of this program.

**ELIGIBLE APPLICANTS**

Public bodies eligible for assistance under that segment of the Accelerated Public Works Program administered by this Agency are defined as:

Municipalities and other political subdivisions and instrumentalities of States, including public agencies and instrumentalities of one or more municipalities or other political subdivisions in the same State, and Indian tribes.

**ELIGIBLE PUBLIC WORKS**

Grants may be made for any type of public work which the applicant has legal authority to plan, finance and construct except educational facilities, urban mass transit facilities, and housing projects other than employee housing which is incidental and necessary to an eligible project. However, adult centers and similar facilities, such as libraries, will be eligible only if their primary use is by the general public and use by the school system is relatively secondary.

**Recreational Facilities**

Recreational facilities and recreational centers of varied use are eligible only if they are open to use without charge. Revenue-producing facilities such as the usual golf course or ski lift are ineligible.

Exceptions may be made for certain charges which are necessary for services not intrinsic to the development and maintenance of the project

itself but which are normally attendant to such a project. For example, moderate charges may be made for locker or basket use at a swimming pool, sports equipment rental, or park tourist fees for utilities at camp sites. These charges must be nominal, directly related to incidental services, and cannot be such as to constitute a general revenue source.

**Refinancing or Purchase of Existing Facilities**

Since the primary purpose of the Public Works Acceleration Act is the creation of employment through construction of public works in designated areas, and the refinancing or purchase of already constructed facilities expends program funds without commensurate creation of employment, such refinancing or purchase has been determined to be an ineligible project cost for purposes of grant computation.

This policy has no effect on present PFL instructions concerning refinancing or purchases under that program. Such instructions remain in effect and are applicable to a Public Facility Loan accompanying an APW Grant application.

**LOCATION OF PROJECTS**

Assistance is limited to projects located in areas designated by the Secretary of Labor as having been areas of substantial unemployment for at least 9 of the 12 immediately preceding months, and in areas designated by the Secretary of Commerce under Sections 5(a) and (b) of the Area Redevelopment Act as "redevelopment areas." It is required that the project, as distinct from the applicant body, be located in such an area.

Some projects may be physically located in two or more adjacent areas where eligible grant percentages differ, where one or more of the areas is ineligible, or where State boundaries are involved. Where these circumstances occur the following criteria shall apply.

**Areas with Varying Maximum Grant Percentages**

When a project is located in two or more adjacent areas where the maximum grant percentage is not uniform, the project shall be segregated into separate portions for each area and the grant determined on the basis of the relative costs of that portion of the project located in each of the respective areas.

**Ineligible Areas**

When a project is physically located in two or more adjacent areas, one or more of which is not an eligible area, the grant shall be limited to only that part of the project physically located within the eligible area and the project must be segregated.

**State Boundaries**

In any event, if State boundaries are involved, segregation into separate projects is required.

**PROJECT DESIGN**

Each applicant will develop, through its consulting engineer or architect, the plans and specifications for its project. The requirement that construction be undertaken in an economical manner, and not be of elaborate or extravagant design or materials, has been established on a policy basis to secure maximum construction with available funds.

**ASSISTANCE UNDER OTHER FEDERAL GRANT PROGRAMS**

Section 3 of the Public Works Acceleration Act authorizes financial assistance for non-Federal public works projects under existing Federal grant-in-aid programs with grants up to 50 percent and up to 75 percent under certain conditions. Section 5 expands and amends the public facility loan statute to authorize grants by this Agency. It has been determined, however, that such grants will not be made for projects eligible under other Federal grant programs.

Accordingly, a grant will not be made by this Agency under this program for a public work which is eligible under the statute establishing another Federal grant program, regardless of whether the other Agency has disapproved the project for policy or technical reasons, whether the applicant has even applied for a grant under the other program, or whether funds are available under that other program.

The determinations regarding eligibility in any given case must be based on careful review of the exact nature of the proposed project, rather than on its general type. Section 8-2-1 provides for checking doubtful cases with the other Federal agency concerned.

**GRANTS IN EXCESS OF 50 PERCENT**

Approval of a grant in excess of 50 percent and up to 75 percent will be limited to projects in those areas designated by the Secretary of Commerce as eligible for a higher grant.

Department of Commerce lists of Maximum Grants-in-Aid for Eligible Areas will be furnished, as they are revised, to the Regional Offices.

**FINANCING OF BALANCE OF PROJECT COST**

Approval of a grant will depend in part upon the applicant's showing that it will be able to provide the other funds required. In most cases, it is anticipated that the applicant will be able to raise the balance by private borrowing since the grant should enable the applicant to obtain a loan in the capital market. (See Chapter 8-7.)

However, the Act authorizes this Agency to make a loan for the balance of the cost for a project being given a grant by this Agency or by any other Federal agency pursuant to the Act. Accordingly, an applicant may file a loan application at the same time it files its grant application or at any subsequent time.

If both the grant and loan are requested from this Agency, the loan request will be subject to the policies and criteria which govern public

facility loan approvals, and approval of the grant request will be dependent on loan approval.

If a grant is being sought under another Federal program, the related loan application filed with this Agency will be subject to public facility loan policies and criteria; disbursement of loan funds will be contingent on the other Federal agency's approval of the grant.

**DISBURSEMENTS**

The grant agreement will provide for payment to the applicant of 90 percent of the grant in installments as shown below. However, such payments will be made only upon receipt of satisfactory evidence of firm and binding arrangements for financing of the balance of the project cost. (See Chapter 8-7.)

- (1) 25 percent upon approval of award of the construction contract(s).
- (2) 50 percent when construction is approximately 50 percent complete.
- (3) 15 percent after final inspection.

The final 10 percent will be paid after project completion and audit, subject to adjustment to reflect the total cost as determined by the Agency.

Where a CFA loan will finance any portion of the project costs, the bonds will be delivered in time to assure uninterrupted availability of funds.

A separate Construction Account for the project must be established into which both the Federal grant and the balance of the funds required must be deposited as they are obtained.

**FIXED FEES**

No fixed fees shall be charged for audits and inspections made under the Accelerated Public Works Program. Where the project is to be financed jointly by an APW grant and a PFL loan, fixed fees shall be charged in accordance with the instructions of Chapter 4-1.

## Section 2. Restrictions and Limitations

### SIGNIFICANT REDUCTION IN UNEMPLOYMENT

One purpose of this program is to provide immediate aid to areas of substantial unemployment or underemployment. Financial assistance is permitted only for public works which will contribute significantly to the reduction of unemployment in the labor market area in which the public work will be constructed.

Approval of grant assistance shall be limited to those projects where estimated on-site labor costs exceed 20 percent of the total direct construction cost.

Insofar as practicable local unemployed labor will be given preference for on-site employment.

No project shall be of such size as to require on-site man-years of employment disproportionate to the size of the work force or to the unemployment problem in the eligible area.

### CONSTRUCTION START AND COMPLETION

Funds are available only for projects "which can be initiated or accelerated within a reasonably short period of time," and "a substantial portion of which can be completed within 12 months after initiation or acceleration."

In recognition of the limits on construction time and to achieve the full intended impact of an immediate public works program, this Agency will give preference initially to those projects for which the first on-site labor can be employed within 120 days following approval of the application. Subsequently, preference will be given to applications on the basis of the rapidity with which construction can begin.

There must be a reasonable basis for expecting that a substantial portion of the work can be completed within 12 months after on-site employment begins. A "substantial portion" means more than 50 percent of the project.

### RELATIVE NEED

Projects should be given special consideration and attention in processing if they are located in an area that has had more than twice the national rate of unemployment for two of the last four years, or,

in cases where unemployment data are not available, has a median family income less than one-third the national average.

#### ALLOWABLE COSTS

All costs normally incurred in planning and constructing a public work are generally eligible except as discussed below:

- (1) In computing the grant, the following may not be included:
  - (a) Cost of land and rights-of-way.
  - (b) Costs of planning which were financed by a planning advance from CFA's Program of Advances for Public Works Planning under Section 702 of the Housing Act of 1954.
- (2) Grant funds may not be used for:
  - (a) Ordinary governmental or non-project operational expenses.
  - (b) Costs of planning and construction performed by force account. (See "Force Account Work on Indian Tribe Projects," below.)

Costs may include interest during construction and during a reasonable period for development. The specific date upon which interest during construction and development will terminate shall be determined by the Regional Director prior to project closing.

Grant funds provided for a project may be used for construction costs of fallout shelter facilities being included in the project.

#### NET INCREASE IN PUBLIC WORKS EXPENDITURES

Under the Act, grant funds may be made available to the applicant only if the applicant will increase its planned or proposed level of expenditures for public improvement by approximately the amount of the non-grant funds required for the project. This increase in the applicant's expenditures must be achieved during the applicant's fiscal year or years in which the assisted project is to be constructed. (See Chapter 8-7.)

This requirement makes necessary the inclusion in the application filing of a formal pledge by the applicant body conditional upon the Federal grant being approved, to so increase its public work expenditures, with appropriate supporting material.

The documents supporting the pledge to increase expenditures will vary widely. Some public bodies have a formally adopted expenditure program for capital improvements covering one or more years, which is generally identified as a "capital budget" or a "public works budget." Where the applicant has a capital budget, little difficulty should arise.

Other local public bodies may have informal programs of capital improvement expenditures which, while not formally adopted by the governing body, nevertheless represent a plan of capital improvement

expenditures for a period of one or more years. This is generally identified as a "capital improvement program" or a "capital improvement plan." When the applicant has a capital improvement program, it may be necessary to require some further documentation to support the existing "proposed or planned total expenditures" for capital improvement projects.

There are still other local public governments that do not have a capital improvement program, adopted formally or informally. In such instances, the local public body may make expenditures for capital improvements as the need arises. It is recognized that many of the smaller communities fall into this category. In such situations, provision is made for submission of other financial documents, as listed in Form CFA-1102, *Instructions and Guides for Completing the Application for Grants*. It is expected that these documents will permit the Regional Office to make a determination that the applicant will increase its total expenditures for capital improvement projects by the requisite amount, even though the applicant does not submit a preferred document showing what the capital improvement expenditures were to be, and what they will be in the event a grant is approved. This alternative method of determination usually will involve a comparison of the applicant's current year approved operating budget with the audited expenditures for the preceding year in order to show an average or base level of capital improvement expenditures and thereby provide a basis for determining whether the requested Federal grant is expected to produce an increase in the applicant's total expenditures for capital improvement projects.

In some instances there may be reason to believe that an applicant has not supported the requested resolution either with a capital budget or with a capital improvement plan, even though these documents could have been submitted. In such cases, the Regional Office might find it appropriate to request the applicant to submit, along with alternative documents, a certification to the effect that it does not have either a capital budget or a capital improvement plan.

#### RELATION TO COMPREHENSIVE PLANS

To be eligible for grant assistance, a public works project must not be inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist. Whenever there has been developed comprehensive plans, including master plans for land use, transportation, urban renewal, overall economic development, or other plans for the orderly growth of an area in which an eligible applicant proposes to locate a public works project, evidence will be required that the public works project proposed is not inconsistent with existing approved plans or programs.

#### PUBLIC NEED

To be eligible for assistance, a public works project must meet an essential public need. A project will be deemed to meet an essential

public need if it will provide a needed service to the general public and will be usable upon completion.

Assistance will not be given to a project, the usefulness of which is dependent upon the construction of future public works. Plans may include allowance for demonstrable future need, but the project may not be overdesigned.

Facilities specifically identified with service to a commercial or industrial enterprise relocating from one area to another will not be considered. In no case should a grant be permitted to benefit primarily certain individuals such as the developers of a subdivision. This will require special attention whenever the balance of the funds is to be provided through special assessment bonds since projects may be designed to provide facilities for new subdivisions or undeveloped land still in the promotional stage which would ultimately increase property values so as to provide unreasonable profits to developers.

#### **FORCE ACCOUNT WORK ON INDIAN TRIBE PROJECTS**

Indian tribes eligible for assistance under the Accelerated Public Works Program generally reflect significantly higher unemployment rates and lower family incomes than applicants in other eligible areas. Normally, very few Indians are employed on construction projects on tribal lands unless the tribe is responsible for construction; in these cases, employment may range as high as 90 percent of the construction force. Consequently, it has been determined that force account work to be undertaken on projects by Indian tribes is acceptable under the Accelerated Public Works Program.

Regional Directors must insure that (1) significant reduction in project costs or marked unemployment relief on tribal lands compared to that which could be anticipated by normal construction by contract will result from the use of such force account, (2) the use of force account will not cause an unreasonable extension of the construction period.

Accounting during construction will be supervised by staff of the Bureau of Indian Affairs. The Bureau has instructed its staff to establish and maintain accounting systems in accordance with its own accounting procedures.

Although the Bureau of Indian Affairs will provide construction supervision of force account projects, HHFA Field Engineers shall make project inspections in the same manner as for other APW projects.

Project audits will be made by the staff of the Bureau of Indian Affairs. Samples of the type of project audit report needed by HHFA will be furnished to the Bureau auditors by the Audit Division, OA.

The Bureau of Indian Affairs will make a pre-completion audit on most projects in order to facilitate meeting of project payrolls. When

such audits are made and there are no pertinent unresolved exceptions and the grant conditions have otherwise been met, that portion of the final 10 percent of the grant necessary to meet project payrolls may be released.

Any assistance by staff of the Bureau of Indian Affairs on force account projects will be on a non-reimbursable basis.

#### ELIGIBLE REPAIRS AND IMPROVEMENTS

Additions and improvements which are eligible costs under the Public Works Acceleration Act shall be limited to capital improvements which result in substantial betterment or additions to an existing facility. Such additions and improvements are distinguished from repairs and maintenance in that they have a substantial effect in extending the useful life of a fixed asset, increasing its utility, or enlarging its capacity; whereas repairs and maintenance have the effect merely of keeping the asset in its customary state of operating efficiency. For example, resurfacing of a road, replacement of sidewalks that are beyond repair, replacement of rolled curb with regular curb and gutter, conversion of warehouse to offices, increasing the size of a building or other facility, all are additions or improvements which are eligible. However, road patching and repairs, repainting and similar work are repairs and maintenance items which are not eligible.

Other examples of additions or improvements which are eligible include:

- (1) Major changes to interiors of buildings or structures, so that they may be more suitably used for their existing functional purposes or for other functional purposes. Such work includes but is not limited to: structural changes; relocation of partitions and fixed mechanical systems for water, heat, air conditioning, and ventilation; the replacement of mechanical systems with up-to-date or more efficient types of systems, or increasing the size of a building or other facility.
- (2) Rebuilding of a deteriorated road including a new pavement wearing surface with or without new base courses. Such work is to be distinguished from pavement "seal coats" and road patching which are considered to be repair and maintenance work.
- (3) Construction of a pavement wearing surface on an existing unimproved road or street having only a base course wearing surface.
- (4) Replacement of sidewalks that are beyond repair and replacement of rolled curb with regular curb and gutter.
- (5) Replacement of entire component parts of a building which are beyond economic repair such as entire fixed systems for heat, water, sewage, ventilation, air conditioning, and electricity.
- (6) Replacement of water and sewer lines and water treatment plants which are inadequate or which are no longer usable without excessive maintenance costs.

In determining eligibility, the project also must be compared to the overall basic facility. For example, the replacement of a furnace in a municipal building would not be eligible since such a piece of equipment is generally only a component part of an overall heating system. However, if the project involved the replacement of each component part of the entire heating system including the furnace, the project would be eligible.

**OPERATING SUPPLIES, MOVABLE EQUIPMENT AND FURNISHINGS**

Costs of operating supplies, movable equipment and furnishings require special comment since these are not eligible for inclusion in the total cost on which the Federal grant is computed.

Such costs are ineligible by reason of the wording of the program statute which authorizes grants only for "the cost of construction." Accordingly, such costs are to be shown in Form CFA-1101-1, Item 12 of the project cost estimate; and that the procurement and payment for such items are to be handled separately from the project itself.

This should not be construed as a prohibition against financing these costs by the same method to be used for the balance of the project costs not covered by the grant, as in the case of a project to be financed by (a) the Federal grant and (b) a bond issue sold to private investors to provide all other funds required for the project in addition to the grant.

However, some operating supplies and equipment are initially provided in limited quantity by the construction contractor as part of the project construction job. For example, light bulbs often are supplied and the testing of an oil furnace often results in a minor supply of fuel being left in the tank. Where such items are so furnished, the cost is an unidentifiable part of the construction contract cost, and need not be shown separately.

## CHAPTER 2. APPLICATION PROCESSING

### Section 1. Preliminary Processing

#### INQUIRIES

Care must be given in responding to inquiries because the variety of types of assistance available may make it necessary to refer correspondents to another Federal agency.

If the inquiry is received from an apparently eligible applicant, the Regional Office shall furnish copies of:

- (1) Information for Applicants
- (2) *Application*, Form CFA-1101
- (3) *Instructions and Guides for Completing the Application*, Form CFA-1102

Where the inquiry expresses interest in a public facility loan, Forms CFA-701 and CFA-702 also shall be included.

Where the applicant wishes to apply only for a loan to supplement a grant from another agency, only the PFL Forms CFA-701 and CFA-702 will be furnished.

If the inquiry is received from other than an apparently eligible applicant, the Fact Sheet shall be furnished.

If an initial inquiry concerns a project of a type apparently eligible under another Federal grant program, the inquirer should be so informed. All information available on the other program should be given, and the inquirer advised to contact the appropriate agency to ascertain whether the type of project proposed is eligible under that agency's program.

If any inquiry is so worded as to raise doubt concerning project eligibility under another Federal program, the CFA application forms should be furnished, but the inquirer should be cautioned that much time may be lost unless he makes inquiry to the other agency before submitting an application to CFA.

If an inquiry is received from an apparently eligible applicant for a revenue-producing project eligible for a grant in excess of 50 percent, the applicant should be advised of the applicable special instructions.

#### RECEIPT AND RECORDING

Upon receipt of an application, it will be sent to the Reports and Control Assistant for recording in accordance with the following examples:

- (1) Grant application only:  
APW-(State)-(Number)G; e.g., APW-ALA-1G

- (2) Combined CFA Grant and loan application, whether submitted simultaneously, or loan application is added later:  
APW-(State)-(Number)GL (PFL-(State)-(Number); e.g., APW-ALA-2GL (PFL-ALA-350)
- (3) Loan only for project involving a grant from another agency:  
PFL-(State)-(Number)-APW-(Project number of agency making grant); e.g., PFL-ALA-3-APW(FAA-43)<sup>1</sup>

All applications received shall be recorded to assure reporting of full workload and dollar volume, and will be stamped with the receipt date. A project folder and project control record will be established for each application. (See Section 8-2-2)

#### Rejection

When a grant cannot be made because of the ineligibility of the applicant or project, the Regional Office may reject the filing in a letter setting forth the reasons which prevent acceptance. A copy of the letter shall be sent to CFA.

#### Letter of Acknowledgment

All other applications shall be acknowledged within 7 calendar days from date of receipt by a letter similar to the example in Exhibit A.

#### INQUIRIES CONCERNING APPLICATION STATUS

Except for Congressional inquiries, each inquiry concerning the status of an application filed under the Accelerated Public Works Program shall be answered by a letter as prescribed in Exhibit B. Congressional inquiries shall continue to be referred to the Congressional Liaison Officer in accordance with existing instructions.

#### ELIGIBILITY UNDER OTHER FEDERAL GRANT PROGRAMS

Since a grant is not to be made for a project of a type eligible under another Federal grant program, each grant application shall be checked at this point with respect to such eligibility.

Applications will fall into three categories to be processed as given below:

- (1) Obviously ineligible under other programs. These applications shall be routed to the Regional Director for presentation to the Regional Administrator.
- (2) Obviously eligible under another grant program. Receipt of these applications shall be recorded, with the reason for their ineligibility under CFA's program noted. The application shall then immediately be returned to the applicant under a letter of

<sup>1</sup> When the other agency's project number for the grant is obtained, it shall be entered in all documents. If obtained after the fund reservation request, CFA shall be advised by memorandum with copies to the Regional Administrative Division and the Division of Finance and Accounts.

explanation and information as to the agency administering the grant program under which the project is eligible. A copy of this letter shall be sent to the agency administering the other grant program.

- (3) Applications for projects whose eligibility is doubtful or cannot be determined under the standards given. First, an attempt should be made by telephone with subsequent confirmation in writing, to get a firm commitment as to the project's eligibility from the appropriate agency's regional office. If this cannot be done quickly, inquiry shall be made to CFA as soon as possible; a copy of the application shall be sent to CFA with the memorandum. CFA will contact the Washington Office of the other agency and will inform the HHFA Regional Office of the advice obtained. In the meantime, processing of the application may continue if it seems reasonable to assume that it will be eligible under CFA's program.

Where another agency advises that the type of project is eligible under its program, the application shall be returned with sufficient information in a covering letter to enable the applicant to proceed promptly under the other program involved.

#### **EVALUATION OF LABOR YIELD**

In selecting applications for full processing, preference should be given to those where a high proportion of the project cost will be for on-site labor. However, such preference must be exercised in conjunction with other criteria and considerations.

In considering an application with respect to preference and processing, it should be judged in part on the basis of other applications on hand or in process from the same applicant, the same area or the same State. Where one applicant files several applications, that one offering the best response to the purposes of this program shall be selected for immediate full processing. The others shall be considered in conjunction with subsequent filings so that one community will not receive an undue share of available funds in the early program stage with consequent denial of assistance in other areas in the same State.

If one or more applications already have been selected for processing from one area, an application from another area would normally deserve more consideration than additional applications from the area already having cases in process. The first filing from an area may be given such consideration even though it may offer a lower employment yield, but only if the employment yield is reasonably comparable to that offered by other cases on hand. However, an applicant may have divided a large project into several separate jobs, e.g., sewage or water facilities, in several areas, to minimize community disturbance or to permit simultaneous construction of the components. In such case, action on the several applications for the several units must be taken with due regard for the fact that the units are in some degree components of one facility.

**REVIEW**

The project folder next shall be routed to the Chief, Public Facilities Operations Branch, who shall present the case to the Regional Director and the Review Committee with advice as to the probability of subsequent approval.

The Review Committee shall consist of the Regional Administrator,<sup>1</sup> Regional Director, the Regional Counsel, and such other key staff as the Regional Administrator or Regional Director may designate. The Committee shall consider the application with respect to:

- (1) Identifying any policy problem involved.
- (2) Determining whether the application should be given a fund reservation and immediately placed in full processing, and establishing due-dates for completion of processing.
- (3) Determining whether any subsequent processing steps can be omitted.

Upon completion of the preliminary review of an application, the Regional Director shall determine whether approval action seems likely or that disapproval action should be recommended to CFA. Where approval seems likely, full processing of the application shall be initiated in accordance with Section 8-2-3.

**ADVANCES UNDER THE PUBLIC WORKS PLANNING PROGRAM**

The Act provides that no advances made for the planning of a public works project under the Program of Advances for Public Works Planning (Section 702, Housing Act of 1954, as amended) shall be required to be repaid if construction of such project is initiated as a result of a grant under the Public Works Acceleration Act whether made by this or another Federal agency.

This provision does not apply to advances made under the First and Second Advance Planning Programs.

Arrangements have been made for notice to CFA by another Federal agency of approval of a grant for a project planned in whole or in part with a planning advance from this Agency.

If the project is but one segment of a public work for which a planning advance was made, the applicant's liability for repayment will be reduced by that part of the planning costs attributable to that segment for which a grant is made. The amount of the planning advance attributable to the work being assisted by a grant shall be established by the Regional Director in the same manner as prescribed for "Partial Repayments" in Chapter 3-5, Volume VI.

Upon notice of a grant approval by this or another agency which will result in removal or reduction in repayment liability, such notice shall be sent to the Chief, Public Facilities Operations Branch.

<sup>1</sup> Participation by the Regional Administrator is not mandatory.

**HEW REFERRALS OF APPLICATIONS FOR GRANTS IN EXCESS OF 50 PERCENT**

Under an agreement between the Housing and Home Finance Agency and the Department of Health, Education and Welfare, the Public Health Service will refer to CFA applications for Federal grants under the Water Pollution Control Act (P.L. 660) for projects located in areas eligible for grants in excess of 50 percent under the Public Works Acceleration Act. CFA will furnish the Public Health Service with recommendations as to the revenues which the project may reasonably be expected to yield and the loan which such revenues could reasonably be expected to support.

Such recommendations will be furnished whether the applicant is seeking assistance from both agencies or only from the Public Health Service.

After initial review by the Regional PHS Office of an application for a grant in excess of 50 percent, PHS will request the HHFA Regional Office's recommendations. If the application solely relates to a PHS project, PHS will also furnish with the request a copy of the PHS Form, *Application for Grant in Excess of 50 Percent*.

The Regional Director shall have the request reviewed in terms of Section 8-2-3. If a combined project is involved, the derived grant percentage will be applicable to both portions of the project. The review and development of recommendations shall be conducted as expeditiously as possible in order not to delay PHS processing.

When the recommendations have been developed, a letter to the Regional Health Director, PHS, shall be prepared for the signature of the Regional Administrator. The letter shall set forth the recommendations and transmit the supporting documents. A copy of the letter (less the attachments) shall be forwarded to CFA.

**JOINT-PARTICIPATION PROJECTS**

Where the Accelerated Public Works Program participates with another Federal Program in a joint project, such as a complete sewer system with Public Health Service assistance, or a multi-purpose project, such as a reservoir constructed in participation with the Soil Conservation Service, the Regional Office should work with the participating agency and reach agreement on the proper distribution of project costs. However, where administrative and other miscellaneous costs are not allocable to a single participating program or where they are clearly of direct benefit to both programs, such as legal and administrative, such costs should be pro-rated between the participating programs in the same ratio as the construction costs of each program bear to the total construction costs. Nevertheless, every effort should be made to identify and allocate costs before resorting to the pro-ration method.

## EXHIBIT A

## ACKNOWLEDGMENT OF APPLICATION

Honorable John Doe  
Mayor, City of Byron  
Byron, Oklahoma

Dear Mayor Doe:

Receipt is acknowledged of the application filed by the City of Byron, Oklahoma, for a Federal grant of \$\_\_\_\_\_ to aid in financing water facility improvements in Byron estimated to cost \$\_\_\_\_\_. This application has been assigned project number APW-Okla-29G. Any future reference to this project should identify it by this project number.

Under the Accelerated Public Works Program, the Community Facilities Administration has been assigned certain authorities, under which review and approval is given to specified types of grants for public works. At the present time, authorizations have been exhausted by grants already made and by approvable applications now in process. It is not likely, therefore, that action will be taken on this application at this time. It will be held on file in this office without examination. If any change in its priority status occurs, we shall notify you.

Sincerely,

Regional Director of  
Community Facilities

6/15/64

## EXHIBIT B

## RESPONSE TO INQUIRY CONCERNING APPLICATION

This is in response to your recent letter requesting information on the status of [your application for a grant]<sup>1</sup> [the application filed by \_\_\_\_\_],<sup>2</sup> under the Accelerated Public Works Program.

This application (Project No. APW-\_\_\_\_<sup>3</sup>) is now being considered under the procedures outlined in the enclosed sheet. I regret that I cannot give you more specific information pending completion of our review. We are happy, however, to have received your comments on this proposed project.

Please be assured that we are proceeding with consideration of all applications as expeditiously as possible, having in mind the purpose of the program to achieve an acceleration of public works construction. We realize [you]<sup>1</sup> [local officials]<sup>2</sup> are most anxious to be informed promptly of the action taken on [your]<sup>1</sup> [their]<sup>2</sup> application[s]<sup>2</sup>, and we shall make every effort to inform you as soon as possible if this project is approved.

Sincerely,

Regional Director of  
Community Facilities

Enclosure

<sup>1</sup> These words shall be used when the inquiry is from the applicant.

<sup>2</sup> These words shall be used when the inquiry is from someone other than the applicant.

<sup>3</sup> Insert the project number.

## EXHIBIT B (Page 2)

## HOUSING AND HOME FINANCE AGENCY

Office of the Administrator  
Washington, D. C. 20410

## PROCESSING OF APPLICATIONS UNDER APW PROGRAM

The processing of applications to the Housing and Home Finance Agency for assistance under the Accelerated Public Works Program is a responsibility of the Community Facilities Administration.

Applications are submitted through the Regional Offices of the Housing and Home Finance Agency, and the Regional Offices assist applicants in developing the information necessary for consideration of the proposed project, transmitting this to the CFA in Washington on a current basis.

The CFA Central and Regional Offices jointly review each application—

- (a) to establish whether the project is eligible under the law and conforms to the technical standards of the program;
- (b) to ascertain whether approval of the project would be consistent with the purpose of the program to produce the maximum amount of local labor in relation to the Federal expenditure;
- (c) to determine whether a grant for the project would be consistent with a fair distribution of available funds among the areas of the country suffering from chronic unemployment. This determination is made subject to limitations set by the Area Redevelopment Administration, in the Department of Commerce, which has responsibility for overall coordination of the APW program.

Of the \$900 million authorized for this program, \$400 million was appropriated by the Congress in September, 1962, and of this amount \$193.7 million was allocated by the President for CFA projects. Before the end of January 1963, applications received were more than enough to use up not only the amount appropriated but the total funds authorized for the program. Accordingly, it was determined that thereafter first attention would be given to applications filed before January 24. The Congress in May 1963, made a supplemental appropriation of \$450 million for the program, and of this amount the President has allocated \$250 million for CFA projects.

Pending applications will be processed on the following basis:

- (1) Applications received on or before January 24, 1963, the date on which these agencies discontinued processing of further applications, will receive first consideration.

**EXHIBIT B (Page 3)**

- (2) Applications filed after January 24 will receive consideration if:
- (a) They are from areas which are eligible for grants-in-aid over 50 percent.
  - (b) They are from areas which have received no projects from the original \$400 million appropriation.
  - (c) The applications are from areas newly designated as eligible.
  - (d) They are from areas where applications filed before January 24 are not sufficient to balance the program both geographically and functionally.
  - (e) They will meet an essential public need of the area better than those filed earlier.

## Section 2. Registers and Reports

Such factors as the need for rapid processing and for Central Office knowledge of developing patterns of demand make it essential that all Regions maintain a system of accurate and timely control on the receipt and processing of applications. Moreover, to facilitate both the regular reports required and the various special tables that will be needed, it is necessary that the Regional reporting records and systems be uniform so that national reporting requirements can be developed.

### WEEKLY REPORTS

Two weekly reports are required :

- (1) Form CFA-1105F, *Weekly Application Regional Report* (Exhibit A).
- (2) Form CFA-1106F, *Weekly Post-Approval Regional Report* (Exhibit B).

The Reports and Control Assistant shall prepare these reports in duplicate, by use of ball-point pen, as described below. Separate reports shall be set up each Monday for each State in the Region; if no action occurs for posting in a given State, the report is to be so annotated and sent with the reports for the other States at the end of that week. The report shall cover the period from the close of business, Friday through the close of business on the following Friday.

The originals shall be signed by either the Deputy Regional Director or the Assistant to the Regional Director.

At the close of business each Friday, the originals shall be sent to CFA. These must be mailed so as to assure delivery on the following Monday morning. Airmail and special delivery should be used as appropriate. Reports shall be mailed in  $9\frac{1}{2} \times 12$  inch envelopes marked "APW REPORT—ATTENTION: REPORTS AND CONTROL BRANCH, CFA" in lower left corner.

### POSTING OF KEY ACTIONS

This reporting system is designed to obtain, as simply as possible, the basic data showing progress on individual cases and the volume of actions taken in a given week. The system depends on prompt and accurate advice to the Reports and Control Assistant of each key action

taken. "Key actions" are those listed on Forms CFA-1105F and CFA-1106F. The Chief, Public Facilities Operations Branch, is responsible for reporting completion of these actions by means of Form CFA-1107, *Notice of Key Action* (Exhibit C).<sup>1</sup>

The Reports and Control Assistant shall post such notices upon receipt to the worksheet reports (Forms CFA-1105F and CFA-1106F), as prescribed below.

#### WEEKLY APPLICATION REGIONAL REPORT (CFA-1105F)

The initial entries in columns 1 through 10 of Form CFA-1105F shall be made by the Reports and Control Assistant at the time he receives the application and assigns the project number. For all subsequent postings, including revisions, show only the project number and the additional information or revisions in the appropriate columns; except for these, do not repeat information previously submitted.

The items to be reported are explained below:

- (1) *Project No.*—Self-explanatory.
- (2) *Applicant Name*—Self-explanatory.
- (3) *Location (Town and County)*—Show project location only. In column 3 to the right of the dotted line, insert code showing type of project. Use appropriate code number shown in Exhibit D. As an example, an addition to a fire station is included in Exhibit D under "Administrative Buildings" in the category "Protective Buildings," code 291.
- (4) *Congressional District*—The District in which the project is located.
- (4a) *Population*—Use population code shown on Form CFA-1105F.
- (5) *Area*—Use area code shown on Form CFA-1105F to designate type of depressed area in which project is located.
- (6) *Application Received*—Insert month, day, and year on which application was received.
- (7) *Grant*—Show exact amount of grant funds to nearest cent; do not round off to nearest "\$000" as shown on Form CFA-1105F.
- (8) *Loans*—Where an associated PFL application was received, show exact amount of Public Facility loan to nearest cent; do not round off to nearest "\$000" as shown on Form CFA-1105F. Show only that amount of the PFL loan applicable to the CFA portion of the project. (Where the total loan amount previously had been reported, the corrected amount shall be shown on the Form CFA-1105F next submitted to CFA.)

<sup>1</sup> Pending revision of Form CFA-1107, Item 14 ("Acceptance Received") shall show date agreement accepted by applicant and not date agreement received in Regional Office.

- (9) *Estimated Construction Cost*—Show estimated total eligible and ineligible project cost including the construction portion to the nearest cent; do not round off to nearest “(\$000)” as shown on Form CFA-1105F. In the case of a tandem project, the other Federal agency’s portion of the total project cost shall not be included.
- (10) *On-Site Labor in Man-Months*—Show estimated man-months of on-site employment provided by applicant. For definition of on-site employment, see Section 8-2-3. Upon completion of engineering review, furnish any revised estimate of on-site employment. In addition, furnish any revised on-site employment estimates upon concurrence in award of construction contracts, upon 50% construction completion, and when construction is 100% completed.
- (11) *Grant Reservation Requested*—Date Form CFA-11 forwarded to CFA.
- (12) *Reviews Completed*—Enter dates program, engineering, finance and legal reviews completed. Note: Enter “T” with date engineering review completed where project is tandem. “Tandem Projects” are those involving two dependently related projects financed under programs of two independent agencies, such as a sewage collection system under the CFA-APW Program and a sewage treatment plant under the HEW Program.
- (13) *Disposition*—Use disposition code shown on CFA-1105F and enter date after letter designation. Employ following definitions for letter designations:

*A-Approval*—date Form CFA-1117 is submitted to CFA requesting issuance of a press release.

*D-Disapproved*—action taken by the Regional Office not to approve the project because the applicant, project, or area is ineligible or where the application is unacceptable for one or more reasons. Such actions will be reported as “Disapproved” only where they occur prior to the reservation of funds.

*W-Withdrawal*—positive action taken by the applicant to rescind its application thereby precluding any further Government participation. Such action will be reported as “Withdrawn” only where the applicant’s request is received prior to reservation of funds.

*C-Cancelled*—action taken by applicant or Government to terminate Government participation. Such action will be reported as “Cancelled” where the action occurs after the reservation of funds.

*S-Suspended*—action taken to defer further processing because the area is designated as being ineligible.

## (14) Agreement:

*Offer Sent*—Show date appearing in upper right-hand corner of Form CFA-1121.

*Acceptance*—Show date agreement accepted by applicant. Do not report dates of amended offers and agreements; however, pertinent changes made by amendments such as change in grant amount shall be shown in the appropriate columns.

## REVISIONS OF DOLLAR AMOUNTS

All changes in dollar amounts are to be reported in columns (7), (8), and (9) on Form CFA-1105F, and, where appropriate, Form CFA-1105F shall be submitted with Form CFA-1106F. Changes in dollar amounts are most likely to occur at the time of fund reservation, project approval, concurrence in construction contract award, and upon final project completion. Particular attention shall be given to the reporting of the final project costs, including grant and loan amounts, at the time Form CFA-150 is submitted to CFA.

## WEEKLY POST-APPROVAL REGIONAL REPORT (CFA-1106F)

A project shall first be reported on Form CFA-1106F when the proposed construction contract documents are received. The items to be reported are explained below:

- (1) *CFA Project No.*—Self-explanatory.
- (2) *ARA Project No.*—Omit; this item will be completed by CFA.
- (3) *Acceptance Received*—Omit.
- (4) Construction Contracts:

*Proposed Contracts Received*—Show date documents received by Regional Office.

*Proposed Contracts Approved*—Show date documents approved by Regional Office.

*Concur in Award*—Show date Regional Office concurred in award of construction contract.

*First Contract Executed*—Show date first construction contract executed by applicant and contractor.

- (5) *Actual Start*—Show date construction started. For reporting purposes, construction shall be considered started on the day when either manpower or equipment is first employed on the site.
- (6) *Percent Completed*—Report data only once a month on the last Friday of each month. The percentages reported should be rounded to the nearest whole number. At the time 50 percent completion is reported, enter date; other than at the 50 percent

point, show only percentages completed. The information for this item, except for the 50 percent completion report, shall be obtained from the applicant in accordance with the instructions in Form CFA-239-APW (Exhibit E).<sup>1</sup> Information for the 50 percent completion report shall be obtained from Form CFA-1107, based on the Field Engineer's inspection report.

- (7) *Scheduled Completion*—Enter latest estimated construction completion date. After the initial report, this item need be reported only when the date is revised; otherwise leave blank.
- (8) *Months to Complete*—Enter, to the nearest whole number, the total number of months the project will be under construction, not the number of months remaining until construction is completed. After the initial report, this item need be reported only when the estimated total number of months for construction is revised; otherwise leave blank.
- (9) *Man-Months Expended This Month*—Report data only once a month on the last Friday of each month. The entry should show the number of persons employed on the project site on the last regular working day of the week nearest the 15th of that month. Reports of man-months expended must be shown for each project from the time construction starts until and including the month in which construction is completed. For the month following completion of construction and for each month where no man-months were expended, insert "0." Construction of the project shall be considered complete when no further on-site labor is required under the construction contracts. The information for this item shall be obtained from the applicant in accordance with the instructions contained in Form CFA-239-APW. Man-months expended is considered a key item in the evaluation of the employment impact of the program; accordingly, in instances where such information is not received on time, the Regional Office must immediately take appropriate action to contact the applicant to obtain the data and forward it immediately to CFA. Where the Regional Director determines such action necessary, grant disbursements may be withheld pending receipt of man-months data. In each case that a disbursement will be withheld, the applicant must be notified and the reasons therefor stated.<sup>1</sup>
- (10) *Final Inspection Held*—Report date of final inspection as shown in Item 2, Form CFA-250.
- (11) *50% Grant Disbursement*—Enter date Form CFA-1130 is approved by the Regional Director and sent to the Administrative Division (see Chapter 8-7) covering the 50% grant disbursement.

**Project Audit Dates :**

<sup>1</sup> Exhibit F contains suggested language for a letter to the applicant's architect/engineer to transmit Form CFA-239-APW and to provide for the use of Government postal cards (see Exhibit G). Such postal cards should be ordered locally by each Regional Office.

- (12) *Requested*—Report date of notification to accountant to proceed with audit (or date of memorandum to OA Audit Division, or date arrangements made with Bureau of Indian Affairs).
- (13) *Report Received*—Enter date audit report received by Regional Office.
- (14) *Form CFA-150 to CFA*—Report date Form CFA-150 approved by Regional Director and dispatched to CFA. At the time this report is made, final project costs also must be reported on Form CFA-1105F. Amounts should be the same as for line 3(e) of Form CFA-150.

**PROJECT CARDS**

The Chief, Public Facilities Operations Branch, shall maintain a record for each application in process and for each approved application through the completion phase. These should be set up so as to serve as a reference source when the project folder is out and, particularly, to aid him in taking the follow-up actions for which he is responsible.

**APW-2 REPORT**

An APW-2 Report will be furnished in the form of an IBM listing to each Regional Office monthly for the purpose of obtaining a verification of the accuracy and completeness of the data. Each report should be checked and corrected wherever necessary and the revised data and information omitted shall be furnished on the next Form CFA-1106F Feeder Sheet.

This report is used by the Area Redevelopment Administration for publication of its directory which is circulated to Members of Congress.





EXHIBIT C

CFA-1107  
(4-62)

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

NOTICE OF KEY ACTION

TO: Reports and Control Desk  
FROM: APW Program Operations Officer

Project No. \_\_\_\_\_

Date of action checked below \_\_\_\_\_

Grant amount \$ \_\_\_\_\_

PFL loan amount \$ \_\_\_\_\_

CFA-1105-F

CFA-1106-F

Column:

- 11 Grant reservation requested
- 12 Program Review completed
- 12 Engineering Review completed
- 12 Financial Review completed
- 12 Legal Review completed
- 13 Disposition:
  - Approved (A)
  - Cancelled (C)
  - Withdrawn (W)
  - Disapproved (D)
  - Suspended (S)
- 14 Offer sent to applicant
- 14 Agreement accepted

Column:

- 4 Proposed construction contract documents received
- 4 Proposed construction contract documents approved and sent to applicant
- 4 Concurrence in award - letter sent to applicant
- 4 Executed construction contract received. (Use the first contract executed for project.)
- 5 Construction start. (Note: When this is checked, fill in next line as well.)
- 6 Construction \_\_\_\_\_ % complete
- 7 Scheduled completion date (per contract): \_\_\_\_\_
- 11 Bond closing date (Code  P  F  S)
- 12 Project audit requested
- 13 Project audit report received
- 14 Form CFA-150 sent to CFA

Prepared by:

Posted by:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

## EXHIBIT D

PROJECT TYPE CODES  
FOR  
ACCELERATED PUBLIC WORKS, PUBLIC FACILITY LOANS, AND  
ADVANCES FOR PUBLIC WORKS PLANNING PROGRAMS

CODE	TYPE	CATEGORY	DESCRIPTION
WATER RESOURCES			
<i>Water Resources</i>			
100	New		Dams, Reservoirs
101	Additions		
102	Improvements		
FISH AND WILDLIFE FACILITIES			
<i>Fish and Wildlife</i>			
110	New		Fish, Wildlife
111	Additions		
112	Improvements		
<i>Harbor Facilities</i>			
120			Docks, Piers,
121			Harbors
122			
HEALTH FACILITIES			
<i>Clinics</i>			
130	New		Clinics, Outpatient
131	Additions		Health Centers,
132	Repairs/Im- provements		Outpatient Medi- cal Centers
<i>Convalescent Homes</i>			
140	New		Convalescent Homes,
141	Additions		Convalescent Hos- pitals
142	Repairs/Im- provements		

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## EXHIBIT D (Page 2)

CODE	TYPE	CATEGORY	DESCRIPTION
		<i>Hospitals</i>	
150	New		Hospitals, Hospital
151	Additions		Centers, Medical
152	Repairs/Im- provements		Centers
		<i>Laboratories</i>	
160	New		
161	Additions		
162	Repairs/Im- provements		
		<i>Nurses' Homes</i>	
170	New		
171	Additions		
172	Repairs/Im- provements		
ADMINISTRATIVE BUILDINGS			
		<i>Municipal Buildings</i>	
230	New		City Halls, Town
231	Additions		Halls, Village
232	Repairs/Im- provements		Halls, Municipal Centers
		<i>Community Buildings</i>	
240	New		Civic Centers, Com- munity Centers,
241	Additions		Convention Cen- ters, Rehabilita- tion Centers, Fall- out Shelters, Ar- mories, Municipal Chapels
242	Repairs/Im- provements		
		<i>Correctional Institutions</i>	
250	New		Prisons, Jails, Deten- tion Homes, Re- form Schools,
251	Additions		Workhouses
252	Repairs/Im- provements		
		<i>Other Institutions</i>	
260	New		Orphanages, Homes for Aged, Homes for Blind
261	Additions		
262	Repairs/Im- provements		

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## EXHIBIT D (Page 3)

CODE	TYPE	CATEGORY	DESCRIPTION
		<i>Courthouses</i>	
270	New		Chancery, Court-
271	Additions		houses, Sheriff's
272	Repairs/Im-		Quarters, War-
	provements		den's Quarters
		<i>Office Buildings</i>	
280	New		Administrative
281	Additions		Buildings, Office
282	Repairs/Im-		Buildings, Opera-
	provements		tions Centers
		<i>Protective Buildings</i>	
290	New		Police Stations, Po-
291	Additions		lice Substations,
292	Repairs/Im-		Fire Stations, Fire
	provements		Substations
		CONSERVATION MEASURES	
		<i>Conservation Measures</i>	
300			Erosion Control
301			
302			
		RESEARCH FACILITIES (330-339)	
		OTHER BUILDINGS	
		<i>Auditoriums</i>	
400	New		
401	Additions		
402	Repairs/Im-		
	provements		
		<i>Garage</i>	
410	New		Garage, Equipment
411	Additions		Buildings, Main-
412	Repairs/Im-		tenance Barns, Re-
	provements		pair Shops, Serv-
			ice Stations
		<i>Industrial Buildings</i>	
420	New		City Markets, Munic-
421	Additions		ipal Slaughter
422	Improvements		Houses, Ice Plants,
			Salt Processing
			Plants

## EXHIBIT D (Page 4)

CODE	TYPE	CATEGORY	DESCRIPTION
		<i>Libraries</i>	
430	New		
431	Additions		
432	Improvements		
		<i>Exhibition Buildings</i>	
440	New		Museums, Display
441	Additions		Buildings, Exhibit
442	Improvements		Buildings
		<i>Warehouses</i>	
450	New		Storehouses, Storage
451	Additions		Facilities, Ware-
452	Improvements		houses
		HIGHWAYS	
		<i>Highways</i>	
500	New		Expressways, Free-
501	Additions		ways, Highways,
502	Improvements		Parkways
		<i>Roads</i>	
510	New		County Roads, Sec-
511	Additions		ondary Roads,
512	Improvements		Rural Roads
		<i>Streets (City)</i>	
520	New		Alleys, Avenues,
521	Additions		Boulevards,
522	Improvements		Courts, Lanes, Places, Roads, Street, Terraces, Ways, Sidewalks, Curb and Gutters
		<i>Drainage</i>	
530	New		Storm Sewers, Storm
531	Additions		Drainage, Creek
532	Improvements		Enclosure, Culvert Inlet
		<i>Lighting</i>	
540	New		Street Lights, Bridge
541	Additions		Lights, Traffic
542	Improvements		Control Facilities

## EXHIBIT D (Page 5)

CODE	TYPE	CATEGORY	DESCRIPTION
		<i>Parking Lots</i>	
550	New		Fringe Parking Lots,
551	Additions		Parking Lots
552	Improvements		
		<i>Bridges</i>	
560	New		Bridges, Guard Rails
561	Additions		
562	Improvements		
		AIRPORTS AND OTHER TRANSPORTATION	
		<i>Airports</i>	
600	New		Airports
601	Additions		
602	Improvements		
		<i>Air Terminals</i>	
610	New		Air Terminals
611	Additions		
612	Improvements		
		<i>Hangars</i>	
620	New		
621	Additions		
622	Improvements		
		<i>Site Developments</i>	
630	New		Apron, Other Site
631	Additions		Developments
632	Improvements		
		<i>Subway Stations</i>	
640	New		
641	Additions		
642	Improvements		
		<i>Bus Terminals</i>	
650	New		
651	Additions		
652	Improvements		
		<i>Railway Systems</i>	
660	New		
661	Additions		
662	Improvements		

## EXHIBIT D (Page 6)

CODE	TYPE	CATEGORY	DESCRIPTION
<i>Railway Terminals</i>			
670	New		
671	Additions		
672	Improvements		
WATER SUPPLY			
<i>Water System</i>			
700	New		Water System, Dis- tribution System, Transmission Fa- cilities, Treatment Facilities
701	Additions		
702	Improvements		
<i>Water Storage</i>			
710	New		
711	Additions		
712	Improvements		
<i>Water Supply</i>			
720	New		Filter Plant, Pump- ing Station, Puri- fication Plant, Water Booster
721	Additions		
722	Improvements		
<i>Other Water</i>			
730	New		Wells
731	Additions		
732	Improvements		
<i>Gas System</i>			
740	New		Gas Distribution, New Gas
741	Additions		
742	Improvements		
<i>Gas Storage</i>			
750	New		
751	Additions		
752	Improvements		
<i>Telephone System</i>			
760	New		
761	Additions		
762	Improvements		

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## EXHIBIT D (Page 7)

CODE	TYPE	CATEGORY	DESCRIPTION
		<i>Electric System</i>	
770	New		
771	Additions		
772	Improvements		
		<i>Heating System</i>	
780	New		
781	Additions		
782	Improvements		
		<i>Sanitation</i>	
790	New		Sanitary Sewers,
791	Additions		Sanitary Drainage,
792	Improvements		Lateral Sewers
WASTE TREATMENT FACILITIES			
		<i>Waste Treatment Plants</i>	
800	New		Sewer Lagoon
801	Additions		
802	Improvements		
		<i>Disposal Facilities</i>	
810	New		
811	Additions		
812	Improvements		
RECREATIONAL FACILITIES			
		<i>Parks</i>	
900	New		City Parks, Recrea-
901	Additions		tion Parks, Trailer
902	Improvements		Parks
		<i>Playground</i>	
910	New		Fairgrounds, Play-
911	Additions		grounds, Addition-
912	Improvements		Tennis Court, Baseball Field, Skating Rink
		<i>Lake, Swimming Pool</i>	
920	New		Lake, Swimming
921	Additions		Pool, Addition-
922	Improvements		Boardwalk, Beach House

## EXHIBIT D (Page 8)

CODE	TYPE	CATEGORY	DESCRIPTION
		<i>Camp</i>	
930	New		Camp, Youth Camp
931	Additions		
932	Improvements		
		<i>Athletic Buildings</i>	
940	New		Athletic Building,
941	Additions		Field House, Sta-
942	Improvements		dium
		<i>Cultural Buildings</i>	
950	New		Arena, Concert Hall,
951	Additions		Culture Center
952	Improvements		
		<i>Biological Gardens</i>	
960	New		Aquariums, Botani-
961	Additions		cal Gardens, Zoo-
962	Improvements		logical Gardens
		<i>Other Recreational Facilities</i>	
970	New		
971	Additions		
972	Improvements		

## CEMETERIES

*Cemeteries*

980	New		Cemeteries, Burial
981	Additions		Parks
982	Improvements		

## ALL OTHER CONSTRUCTION

*All Other Construction*

990	New		
991	Additions		
992	Improvements		

EXHIBIT E

CFA-239-APW  
(6-64)

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION  
ACCELERATED PUBLIC WORKS PROGRAM

CONSTRUCTION - SUPPLEMENT

ITEM 8. SUPERVISION OF CONSTRUCTION

This Item is hereby modified to add the following requirement to those which your architect/engineer is expected to furnish:

- (4) Furnish a monthly report as to the percentage of construction completed as of the end of the month. For purposes of this report, construction of the project shall be considered complete when work performed has reached a point where any uncompleted or corrective work required will not prevent use of the project for its intended purpose. This report must be submitted to the HHFA Regional Office, attention: Reports and Control Assistant, at the same time as the information is reported for Item 12 below. It is suggested that the data for both Items be submitted on one postal card; the HHFA project number must be shown.

ITEM 12. MONTHLY REPORT OF LABOR EXPENDED

Each month until no further on-site labor is required under the construction contracts, you are required to furnish a report of labor expended on the project during the month. The report must be submitted to the HHFA Regional Office, attention: Reports and Control Assistant, and may be included with the data required under Item 8 above. It should be noted, however, that reports of labor expended normally need to be made after the last report on percentage of completion in order to cover labor necessary for final completion and correction work. The report shall show the number of persons employed on the project site during a typical working day, in accordance with the following:

- (1) Working day covered by report - the last regular working day of the week which is nearest to the 15th of the month; that is,

<u>Where the 15th is on</u>	<u>The day reported will be in the week ending</u>	<u>The day report must be sent to Regional Office</u>
Sunday . . . . .	14th . . . . .	16th
Monday . . . . .	13th . . . . .	15th
Tuesday . . . . .	12th . . . . .	14th
Wednesday . . . . .	18th . . . . .	20th
Thursday . . . . .	17th . . . . .	19th
Friday . . . . .	16th . . . . .	18th
Saturday . . . . .	15th . . . . .	17th

- (2) Last regular or typical working day - the specific day to be covered in the indicated week shall be that nearest the end of the week and which reflects a typical construction day. A non-typical working day would be one where construction is adversely affected by weather, phasing of different types of construction work, or other factors.

(Over)

EXHIBIT E (Page 2)

- (3) *Report due* - The report shall be mailed to the Regional Office on the Monday following the day reported.
- (4) *Example* - September 15, 1964, falls on Tuesday, so the working day covered by the report will be in the week ending Saturday, September 12, 1964. If Friday was the last typical working day of the week ending September 12, Friday, September 11, 1964, would be used for the report for September.

## EXHIBIT F

SUGGESTED LANGUAGE FOR LETTER  
TO APPLICANT'S ARCHITECT/ENGINEERHOUSING AND HOME FINANCE AGENCY  
OFFICE OF THE REGIONAL ADMINISTRATOR

You have previously been required to furnish this office with a report, prepared monthly, of (1) the percentage of construction completed and (2) man-months of labor expended. Instructions for the preparation of the report were contained in Form CFA-239-APW, Construction-Supplement.

We have recently received instructions which do not change the reporting requirements of the percentage of construction completed, but which do change the report of man-months of labor expended. Instead of reporting the man-months of labor expended, the new and simplified report of employment will cover the number of persons actually employed at the project site on a specified day. This substitute requirement is contained under Item 12 of the enclosed revised Form CFA-239-APW, Construction-Supplement.

We are enclosing a supply of self-addressed cards which provide for reporting of the number of persons actually employed on the project site on the appropriate date.

The percentage of completion report will continue to relate to the end of the month. However, to minimize reporting, this report may be included on the above self-addressed card; it should reflect the percent complete as of the end of the preceding month.

If we have not included in this letter a sufficient supply of cards for timely transmittal of the required reports, we suggest that you request an additional supply from our Field Engineer on his next inspection trip.

We must emphasize the importance of the need for the information you are requested to furnish us. Only with your assistance can we provide meaningful data to other units of government and the public that is timely and accurate, and which will demonstrate the effect the Accelerated Public Works Program has had in relieving unemployment.

Your continued cooperation is appreciated.

Sincerely yours,

Regional Director of  
Community Facilities

Enclosures



EXHIBIT G (page 2)

Housing & Home Finance Agency  
Office of the Regional Administrator  
Official Business

Postage & Fees  
Paid-Housing &  
Home Finance  
Agency

Re: Project No.: APW- \_\_\_\_\_

1. On \_\_\_\_\_, there were \_\_\_\_\_ employees working on the site of the subject project.
2. It is estimated that the project was \_\_\_\_\_ percent complete at the end of the preceding month.
3. Based on actual experience to date, the estimate of total man months of labor to be expended on the complete project is hereby revised to:

\_\_\_\_\_  
(Enter only if estimate shown on application should be changed.)

\_\_\_\_\_  
Authorized Representative

## **CHAPTER 2. APPLICATION PROCESSING**

### **Section 3. Application Review and Approval**

This Section prescribes the procedures for complete review and processing of a grant application. In addition, instructions are included relative to applications which involve loan aspects.

Reviews must be made expeditiously; problems which cannot be resolved by the technical staff shall be referred immediately to the Chief, Public Facilities Operations Branch. Problems which cannot be resolved at the Regional level or cases which involve unusual aspects shall be referred promptly to CFA for advice; Regional recommendations shall be included with such referrals. Full use shall be made of airmail, teletype, and long-distance telephone whenever these services will expedite processing.

#### **INITIAL REVIEW**

The Chief, Public Facilities Operations Branch, shall review the application and attachments as a basis for the following actions.

#### **Coordination With Other Programs**

A determination shall be made as to whether the application is related to another application for assistance under any other program administered by HHFA and whether the applicant is in default on any program. See Chapter 1-4, Volume IV.

#### **Notification to Federal Agencies**

Section 8-2-1 provides for referral of inquiries to another Federal agency if the project is of a type apparently eligible under a grant program of the other agency. It is also necessary to notify certain Federal agencies when an application is being processed by HHFA for a project which, though not eligible under another Federal grant program, is of a type of interest to the other agency. As appropriate, such notifications shall be made as set forth below. Such notices are for informational purposes and do not require a reply. Comments by the other agency are not to be construed as approval or disapproval, but rather as additional information to be taken into account in application review.

**Notice to Public Health Service**

Form CFA-104 shall be completed to notify the Regional Office of the U. S. Public Health Service of receipt of an application for a water or sanitary sewer project.

**Notice to Bureau of Public Roads**

If it is determined by the Chief, Public Facilities Operations Branch, that the project has a possible relationship to the Federal-aid highway system or any known Federal-aid highway projects, he shall complete Form CFA-104 to notify the Regional Office of the Bureau of Public Roads.

**Notice to Other Federal Agencies**

If it appears that the project may require clearance with, or be of interest to, the Department of Defense, Office of the Chief of Engineers; the Department of Interior, Bureau of Reclamation or Bureau of Indian Affairs; the Department of Agriculture, Farmers Home Administration or Forest Service; or any other Federal agency which has field establishments, the Chief, Public Facilities Operations Branch, shall initiate action to notify the field establishment of the appropriate agency. If the Federal agency involved does not have field establishments, CFA shall be informed of the case and asked to take suitable action.

**Initial Review Report**

Upon completion of the above actions, the Chief, Public Facilities Operations Branch, shall manually prepare Form CFA-1112, *Initial Review Report* (Exhibit A), and route the file for technical reviews.

**REQUEST FOR ADDITIONAL INFORMATION**

Should the complexity of problems encountered during review make a further conference with the applicant advisable, the Chief, Public Facilities Operations Branch, shall make the arrangements for the conference. Telephone calls or visits by staff should be used if it will speed processing.

Should additional information be required, the matter must be cleared with the Regional Director before the applicant is contacted. Normally, all additional information should be requested in a single letter prepared by the Chief, Public Facilities Operations Branch.

Such a letter shall be sent by certified mail with return receipt requested, and shall include advice that the data must be supplied by a specified date or the application will be removed from processing. The date specified shall be set with due regard for both the need for action and the complexity of the data requested, but shall not provide more than 30 days for reply.

Where the data are not received, the applicant shall be advised by certified mail citing the previous advice and confirming that the application has been taken out of processing. The letter shall advise that if the missing data are supplied, the application will be re-activated, but will be given a new number and will be considered as a new filing received as of the date on which the data is received and will have to await its turn for processing on that basis. A copy of this letter shall be sent to CFA.

The application documents shall be held by the Regional Office unless return is requested by the applicant.

#### **EFFECT ON PROCESSING OF AREA REMOVAL FROM ELIGIBILITY**

CFA sends out revisions to Area Eligibility Lists by teletype immediately upon receipt from ARA to minimize the time lag between their effective dates and receipt in the Regional Offices.

Processing of applications in Regional Offices shall cease immediately upon notification of the project area's removal from eligibility. The application shall be placed in suspense.

If the Regional Office has previously requested a release date, it shall immediately advise CFA of this fact by teletype, further stating that the project is no longer in an eligible area. This will result in one of two courses of action:

- (1) If funds have been reserved for the project and the Commissioner has approved the press release announcing approval, the Regional Office will be so advised and shall process the project summary and grant agreement.
- (2) If the Commissioner has not approved the press release, processing in CFA will be suspended and the Regional Office advised.

Where processing is suspended, the Regional Office shall notify the applicant and advise that processing will be resumed in the event of subsequent area redesignation only upon specific request made to the Regional Office by the applicant after redesignation. Where appropriate, the Regional Office shall then request CFA to resume processing.

A grant commitment announced prior to removal remains unaffected by an area's removal from eligibility.

#### **DISAPPROVAL DURING TECHNICAL REVIEW**

If at any time during review a situation is disclosed which will bar approval of a grant, the case shall be returned to the Chief, Public Facilities Operations Branch, and no further reviews shall be made. The Chief, Public Facilities Operations Branch, shall discuss the matter with the Regional Director; if he concurs, the case and the Regional recommendations shall be submitted to CFA through the Regional Administrator. The applicant shall not be advised of such action until the CFA reply is received.

**TECHNICAL REVIEWS**

Technical reviews are normally made in the following order: Engineering, Finance, and Legal. The Chief, Public Facilities Operations Branch, shall be advised after each staff has completed its review. Each reviewer shall prepare a technical report manually on the prescribed forms.

**Scope of Review**

The necessity of achieving rapid processing does not relieve the reviewer of the responsibility of using sound judgment. Where the reviewer believes the case to be sound, he should reduce his review accordingly. However, if he finds indication of a matter that would make approval unwise or improper, the matter should be examined in appropriate detail.

The depth and nature of review will depend to a considerable extent on the degree of firmness of arrangements for providing the non-grant funds. On that basis, the various types of filings and related review instructions are given below.

- I. Grant only, with either funds available or private financing assured for the balance of the project cost.

Technical review shall be limited in accordance with the technical review procedures which follow. Unless information on hand indicates special problems, there will be no need to check the applicant's authority to issue bonds, its ability to repay, or other basic points that would be essential for approval of a loan.

- II. Grant only, with no firm arrangement for financing of the balance.

Where the applicant plans to obtain a private loan for the balance of the project cost, financial and legal reviewers will consider the likelihood of whether the applicant will be able to finance the balance as described in the application. This would involve consideration of the applicant's general credit rating, performance on previous bond issues, and, in brief, the prospects for repayment. This review must be limited to basic points and details should not be developed in any case where it seems reasonable to believe that the applicant can obtain the balance elsewhere.

Where review indicates that the anticipated private financing is not apt to be obtained and that a subsequent public facility loan request therefore seems likely, available information shall be reviewed to determine if it appears reasonable to expect that a public facility loan could be made. At this point, consultation should be held with the applicant as to the further action to be taken.

- III. Grant with accompanying Public Facility Loan application for balance of project cost.

The grant and loan applications shall be processed jointly. The loan application shall be reviewed in accordance with Volume VI, Part 4.

IV. Public Facility loan application to supplement a grant request made to another Federal agency.

The loan application shall be processed in accordance with Volume VI, Part 4. It should be assumed during processing that grant approval will be made by the other agency. The loan agreement may be executed prior to approval of the grant, but it will contain a special condition requiring, as a prerequisite to any disbursement of loan funds, the formal grant approval, and will also provide that the loan agreement may be terminated if grant approval is not obtained within 60 days following acceptance of the loan offer.

Under types III and IV, the grant factor should simplify and reduce the depth of the financial review required of a loan application.

**Subsequent Loan Applications**

Where only a grant application was filed and the applicant advises subsequently that a loan application also will be filed, the Chief, Public Facilities Operations Branch, shall have a record of the notification entered on the control records and a note to this effect shall be attached to the grant application. Further action shall be taken as set forth below.

- (1) If processing has not reached the financial review stage, processing should be continued until the file reaches the Finance Branch, which will defer review until the loan application is received.
- (2) If the grant application is under financial review, such review shall be suspended until receipt of the loan application, when review will be resumed.
- (3) If financial review has been completed, further processing shall be suspended until the loan application is received. A complete financial review for loan and grant will be made and a complete set of financial conditions for the loan and grant agreements drawn up before submittal for legal review.

**ENGINEERING REVIEW**

Engineering review shall be primarily concerned with the general acceptability of the project in relation to such factors as the community need to be met and the nature and the size of the applicant. The reviewer must consider whether the project meets the grant program requirements as set forth in Form CFA-1113, *Engineering Review Report* (Exhibit B). Acceptability of cost estimates and the appropriate exclusion of any costs deemed ineligible or which are not to be included in computing the grant also must be checked.

The applicant and its architect/engineer must be responsible for the details of the project. Effort to secure minor improvements or to make a detailed review of plans or specifications is, therefore, not required.

#### **Materials, Equipment and Fabricated Units**

Since a major aim of the program is the increasing of local employment, the preference criteria call for on-site employment costs equal to at least 20 percent of the construction cost. In computing these costs and ratios, problems may arise in connection with materials, equipment and fabricated items for the project.

In general, purchase of materials from local suppliers will not have an important impact on local employment. Even if local procurement will be required, such costs should not be considered in computing the employment ratios.

With respect to larger equipment items specially ordered for the project (e.g., electric generators), State and local laws requiring procurement by contracts awarded through competitive bidding usually will make it uncertain that the applicant can successfully require local procurement of such items.

Certain types of projects may entail the problem of large components being fabricated outside the project area with relatively minor local employment being required to erect or control such items. For example, certain basic types of airfield buildings can be purchased from prefabricators whose price may also include erection.

Such an item would tend to seriously reduce the applicant's ability to show on-site labor costs at the required level. However, where the on-site labor yield meets the 20 percent requirement, inclusion of such a prefabricated item would not be objectionable in itself.

#### **Review of Employment Data**

In reviewing employment data, the following definitions shall be used:

*On-site labor:* All labor at construction site related to construction of the project and paid from project funds. Thus, architect/engineer and other personnel performing inspection, supervision, utilities installation, clerical work, etc., are to be included as on-site employment. Excluded would be work performed by applicant's employees in connection with normal community services not paid from project funds. Off-site fabrication labor is excluded by definition.

*Off-site labor:* Includes employment in the off-site (e.g., office and warehousing) activities of the construction contractors; in building materials and equipment manufacture and distribution; and finally, employment in all the other industries which are affected directly or indirectly by the production and distribution of building materials from the raw materials to the final manufacturing stage.

*Man-month:* 168 man-hours per month.

*Man-year of employment:* One-twelfth of the estimated total man-months as found in the application, Form CFA-1101.

*Labor-market area:* The total area included under labor area definition in the current ARA publication of areas eligible to participate under the Public Works Acceleration Act.

#### FINANCIAL REVIEW

As noted above, the financial review must be governed by the nature of the financial aid requested. The basic points to be checked are set forth in the *Financial Review Report*, Form CFA-1114 (Exhibit C); as necessary, the reviewer may supplement this with an attachment discussing any special aspect.

#### Grants in Excess of 50 Percent

Grants up to 75 percent of the cost of construction are authorized for projects under the Accelerated Public Works Program that are located in certain areas in which the State or local government does not have economic and financial capacity to assume all of the additional obligations required to complete the project.

The ARA publication, "Maximum Grants-in-Aid for Eligible Areas,"<sup>1</sup> sets forth the maximum percentages authorized for grants over 50 percent for these eligible areas. The publication also sets forth the criteria by which these maximum percentages were determined.

An application for a grant of more than 50 percent may be processed only when the project is located in an area designated as eligible for such increased aid and when the grant request does not exceed the maximum allowable percentage. Processing priority shall be given to any application for a project in an area eligible for a grant in excess of 50 percent.

APW regulations established by the Department of Commerce (44 CFR 802.32) include the following:

"(c) In determining the exact percentage of the grant in excess of 50 percent to be made available for each particular project, the head of the participating Federal agency shall consider the net revenues which should be available to the borrower from fair user charges generated by the project and reduce the grant per centum accordingly."

Attributable fair user charges will depend upon a Regional Office estimate of (a) the amount of the public service that might reasonably be expected to be consumed and (b) the fair user charges that could be attributed to the users for such consumption. In most instances, the Regional finance analyst can estimate the expected consumption for prospective users (residential, commercial, or industrial) on the basis

<sup>1</sup> First issue dated October 1962.

of the data furnished by the applicant, by its consulting engineer, or by the prospective users.

On the other hand, the "fair user charges" that are to be attributed to such consumption shall reflect what the Regional finance analyst regards as fair user charges. These charges are not necessarily those contemplated by the applicant, its consulting engineer, or by the prospective users, but instead are to be based on an appraisal of utility charges for similar type facilities in the surrounding area. This independent calculation of attributable fair user charges is designed to assure that the grant will not be used to subsidize utility rates lower than "fair user charges." The independent calculation also permits a determination of the grant-amount for projects where the intended means of financing for the remainder of the project is through issuance of general obligation bonds.

Accordingly, where the project is of such a nature that it could yield revenues, the review reports should set forth the findings and recommendations regarding the revenues which could be reasonably anticipated on the basis of fair user charges and the loan which such revenues could reasonably be expected to support. The recommended grant amount will then be computed as shown below.

In such computations, the revenue-supportable loan would be first charged with the total of any cost-items not eligible for inclusion in the grant, e.g., land costs. Any balance would then be used to cover in part the total eligible costs. The table below shows these computations for a hypothetical project:

- (a) To be located in an area eligible for 75 percent grants;
- (b) With estimated revenues sufficient to cover a \$40,000 loan;
- (c) With "ineligible" costs of \$5,000; and
- (d) With "eligible" costs of \$95,000.

#### A. Computation of Grant at 75 Percent of Eligible Costs

	Local Funds (loan)	Federal Funds (grant)	Total Project Cost
Land ("ineligible") ...	\$ 5,000	\$ —	\$ 5,000
All Other ("eligible")	23,750	71,250	95,000
Totals	\$28,750	\$71,250	\$100,000

#### B. Adjustment to Reflect Revenue-Supported Loan

	Ineligible Costs	Eligible Costs	Total Project Costs
Federal Grant .....	\$ —	\$60,000	\$ 60,000
Revenue-Supported Loan	5,000	35,000	40,000
Totals	\$5,000	\$95,000	\$100,000

As shown, \$5,000 of the loan will be used to cover the "ineligible" costs, and the balance used to finance in part the "eligible" costs. The net effect would be to reduce the Federal grant to \$60,000, or about 63 percent of the total eligible costs.

Reductions for estimated revenues would similarly be made from the 58 percent or 66 percent maximum grants for which localities would otherwise be eligible under the ARA listing.

In no case will a grant to any community be reduced below 50 percent to take account of estimated revenues.

In each case that the recommended grant percentage will be less than 75 percent, the Regional Office shall advise the applicant of the applicable grant percentage at the time a fund reservation is requested.

#### LEGAL REVIEW

The remarks above regarding financial review generally apply to the legal review. Here again, review may be appreciably reduced with respect to such matters as legal authority to issue bonds which may and should be left to the private lender so long as the legal reviewer is satisfied that general authority exists.

Findings shall be reported on Form CFA-1116, *Legal Review Report* (Exhibit D).

Citations shall be used only when needed in a comment or to correct an erroneous citation on the application. The Notes and Comments section shall be used for brief comments on items which have been negatively checked and, as necessary, for recording details to be used in subsequent processing.

#### WITHDRAWALS

If, prior to execution of an agreement, the applicant wishes to withdraw its application, acknowledgment shall be made by letter, with copies to CFA and the Division of Finance and Accounts. Plans and other documents may be returned if requested.

#### REFILINGS

If an applicant refiles an application after disapproval or withdrawal, it may be accepted as a new application and given a new project number. However, the previous fund reservation will remain cancelled and the case must await its turn among the other new filings for presentation to the Regional Administrator.

#### APPROVAL ACTION

After completion of technical reviews, the Chief, Public Facilities Operations Branch, shall check the file to identify any further action necessary, and shall endeavor to resolve any differences shown in the review reports. Where necessary, such differences shall be referred to the Regional Director.

**Request for Fund Reservation and Press Release**

If the Regional Director determines that approval of the project can be recommended to the Regional Administrator, he shall then request a release date and reservation of funds by submitting to CFA the original of Form CFA-1117, *Request for Press Release* (Exhibit E), and the original and five copies of Form CFA-11 (Exhibit F). One copy of each form shall be placed in the regional project folder. Preparation of Form CFA-11 shall observe the following modifications:

- (a) *Order No.*: This space may be used for internal control purposes or left blank, at the option of the Regional Office.
- (b) *Project No.*: Include both APW and PFL project numbers.
- (c) *Original*: Opposite word "Original" indicate the type of area (5(a), 5(b), or SU).
- (d) *Applicant*: Give name and address of applicant and show project location, including city and county.
- (e) *Project*: Include brief project description and total project cost.

A separate Form CFA-11 shall be prepared for APW and companion PFL loan fund reservations. Validated copies of Form CFA-11 will be furnished to the Regional Director and the Regional Administrative Division.

CFA will notify the Regional Office by teletype of the release date set for the announcement of approval, and will forward copies of the press release as soon as possible.

**ADJUSTMENT OF REQUESTED FUND RESERVATION**

It is imperative that CFA be advised promptly of any action that permits cancellation or reduction of a requested fund reservation so that the funds can be reassigned. Regional Offices also should not assume that additional funds can be provided for subsequent increases in costs, and should consult CFA as early as possible when the need for such an increase arises.

**Project Summary**

As soon as the release date has been requested, the Chief, Public Facilities Operations Branch, shall arrange for preparation of the *Project Summary and Approval*, Form CFA-1119 (Exhibit G). The summary shall be typed directly from the review reports and the application data as shown below.

<i>Project Summary Item</i>	<i>Source of Entry</i>
Project Number	Application—Page 1
Project Area Classification	Application—Page 1
Name of Applicant and location of project	Application—Page 1
Project Description	Engineering Review Report Item I-1
Community Need to be Met	Initial Review Report Item I
Method of Financing <sup>1</sup>	Financial Review Report Item I
Project Cost Estimate	Engineering Review Report Item II
Construction Cost Breakdown	Engineering Review Report Item III
Employment and Labor Costs	Engineering Review Report Item IV
Construction Schedule	Engineering Review Report Item V
Special Conditions (only dates of Review Reports required)	Engineering Review Report Item VII, Finance Review Report—Item IV, and Legal Review Report Item VI

On all applications for a Public Facility Loan to complete financing of a project partially financed by an APW Grant, the entire amount of the fixed fee shall be included in the loan amount and excluded from the adjusted project cost used to compute the grant. Form CFA-1119 shall have the following additional entry:

“7a. PFL fixed fee .....

“9c. Other (Fixed fee, line 7a) .....”

#### **Presentation and Approval**

Upon receipt of the CFA notice of the release date, the Chief, Public Facilities Operations Branch, shall sign the project summary and route it to the Regional Director with the review reports and application. If a Public Facility Loan is involved, the two project summaries and related documents shall be sent together.

The Regional Director shall sign the project summary and route the file to the Regional Administrator. To approve the project and grant and/or loan, the Regional Administrator shall sign the project summary (or summaries), after which the file shall be returned to the Chief, Public Facilities Operations Branch, for the subsequent actions required.

<sup>1</sup> If the approved grant exceeds 50 percent, citation must be made to the Department of Commerce issuance “MAXIMUM GRANTS-IN-AID FOR ELIGIBLE AREAS,” including date.

The Regional Administrator shall approve a Project Summary only if it is in the amount of a prevalidated Form CFA-11. If there is any doubt whether the amount of the project summary is within the amount of a validated fund reservation order, it shall be verified with the regional Accounting Branch before approval.

Immediately upon receipt of an approved project summary, the Regional Accounting Branch shall verify that it has received a validated Form CFA-11 for the project in the amount of the project summary and, if it has not, notify the Regional Director and the Director, OA Division of Finance and Accounts, so that action can be taken to assure that funds are available for the project or that the project summary approval is withdrawn.

#### Subsequent Actions

Upon return of the approved case, the Chief, Public Facilities Operations Branch, shall have the project summary duplicated in nine copies, including:

4 copies for the Regional Office: Project File  
 Legal Division  
 Field Engineer  
 Administrative Division

1 copy for CFA  
 1 copy for the Supervisory Auditor  
 1 copy for the Division of Finance and Accounts  
 2 copies for the applicant

A letter shall be prepared notifying the applicant of approval, including the amount of the grant and/or loan, advising that an offer will be forwarded shortly, and enclosing two copies of the approved project summary. The letter shall advise the applicant that the offer will include a 15-day deadline for formal acceptance by the applicant's governing body. Where the applicant has not submitted evidence of firm arrangements for financing the balance, the letter shall advise that the offer will require that this be done within 60 days after the date of the offer, and that the grant agreement will lapse if the deadline is not met. Announcement of approval to the applicant and others must not precede the release date.

The complete file shall then be forwarded to the Legal Division for preparation of the offer and the letter of instructions.

EXHIBIT A

CFA-1112  
(10-62)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION ACCELERATED PUBLIC WORKS PROGRAM  <b>INITIAL REVIEW REPORT</b>	PROJECT NO. <hr/> TYPE OF PROJECT
NAME OF APPLICANT  	
I. Community Need to be Met (For Project Summary)  The project will meet an essential public need. <input type="checkbox"/> Yes <input type="checkbox"/> No	
II. The applicant and the proposed public work are eligible under Agency policy.  <input type="checkbox"/> Yes <input type="checkbox"/> No	
III. Conformance to Area Plans 1. A locally approved comprehensive plan exists. <input type="checkbox"/> Yes <input type="checkbox"/> No  (a) If yes, there is sufficient evidence that the proposed public work is not inconsistent with such plan. <input type="checkbox"/> Yes <input type="checkbox"/> No  (b) If no, is there an acceptable statement with the application? <input type="checkbox"/> Yes <input type="checkbox"/> No  2. Necessary non-Federal agency clearances or comments have been obtained. <input type="checkbox"/> Yes <input type="checkbox"/> No; If no, list clearances not yet obtained.	
IV. Coordination with other Federal Agencies 1. Does the application have a direct relationship to a request for another type of assistance under any other program administered by HHPA? <input type="checkbox"/> Yes <input type="checkbox"/> No  2. Advice of the application has been sent to: <input type="checkbox"/> Public Health Service	
V. Participation in other Agency Program 1. Does the application overlap with a request for a related type of assistance under any other program administered by HHPA? <input type="checkbox"/> Yes <input type="checkbox"/> No  2. Is the applicant or the locality in which it is located in default under any Agency program? <input type="checkbox"/> Yes <input type="checkbox"/> No  3. Is there any record of a planning advance outstanding for the proposed public work? <input type="checkbox"/> Yes <input type="checkbox"/> No; If yes: (a) Plans are being used for the project for which the grant is requested. <input type="checkbox"/> Yes <input type="checkbox"/> No (b) PWP Project No. _____ amount of advances \$ _____ (c) Show amount of advance that is non-repayable under Public Works Acceleration Act \$ _____	
VI. Comment:   	
_____ (Program Operations Officer)	
_____ (Date)	

EXHIBIT B

CFA-1113  
(5/65)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION  Accelerated Public Works Program  <b>ENGINEERING REVIEW REPORT</b>	PROJECT NO. _____
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NAME OF APPLICANT \_\_\_\_\_

- I. 1. Brief Project Description (Show major facilities and whether a new project, an addition to an existing facility, or a capital improvement.)
2. Does the proposed public work appear practical and in accord with acceptable design practices?  Yes  No
3. Is there satisfactory evidence that there are no factors which would prevent or delay use of the project upon construction completion?  Yes  No
4. Acceptable evidence that source of supply (water or gas) or service facilities (for buildings or roads) will be available upon construction completion?  Yes  No

II. Are the project cost estimates acceptable?  Yes  No  
 If "no," show revised estimate in column (2) and the applicant's estimate in column (1). Any substantial change should be explained under "Comments" below. If "yes," complete column (1) only.

	Per Applicant (1)	Per Reviewer (2)
1. Preliminary Expense .....	\$ _____	\$ _____
2. Land and Rights-of-way .....	_____	_____
3. Construction (Use A or B as applicable):		
A. <u>Architectural Projects</u>		
(1) Building including fixed equipment .....	_____	_____
(2) Site Improvements .....	_____	_____
(3) Utility Connections .....	_____	_____
(4) Construction Contingencies .....	_____	_____
(5) Subtotal for 3A .....	_____	_____
B. <u>Engineering Projects</u>		
(1) General Construction inc. fixed eqpt. ...	_____	_____
(2) Construction Contingencies .....	_____	_____
(3) Subtotal for 3B .....	_____	_____
4. Architectural/Engineering Services:		
Fees .....	_____	_____
Resident Inspection .....	_____	_____
Surveys .....	_____	_____
Berings .....	_____	_____
Subtotal for Item 4 .....	_____	_____
5. Legal and Administrative Expenses .....	_____	_____
6. Capitalized Interest:		
Interest during construction .....	_____	_____
Interest during development period .....	_____	_____
Subtotal for Item 6 .....	_____	_____
7. Project Contingency .....	_____	_____
8. Estimated Total Project Cost .....	_____	_____

Previous Editions Obsolete

EXHIBIT B (Page 2)

	Per Applicant (1)	Per Reviewer (2)
9. Less Costs Ineligible for Grant Financing:		
a. Land and rights-of-way (Item 2) .....	\$ _____	\$ _____
b. Planning costs covered by a planning advance made under CFA's Program of Advances for Public Works Planning .....	_____	_____
c. Other .....	_____	_____
d. Total ineligible cost .....	_____	_____
10. ADJUSTED TOTAL COSTS (Item 8 minus 9d) .....	_____	_____
11. Estimated grant (percentage of Item 10) .....	_____ %	_____ %
Amount .....	_____	_____
12. Estimated cost of furnishings and movable equipment .....	_____	_____
III. Construction Cost Breakdown		
1. Construction Contract Costs		
(a) Labor .....	\$ _____	_____
(b) Materials and all other .....	_____	_____
(c) Total (Per Item II - 3A or 3B) .....	_____	_____
2. (When Applicable)		
(a) Total sq. ft. area .....	_____	_____
(b) Construction Cost per sq. ft. ....	_____	_____
(c) Total Project Cost per sq. ft. ....	_____	_____
IV. Employment and Labor Costs (Item VI of CFA-1101 and Item III above)		
1. Anticipated on-site employment (Man-months)		
a. Total .....	_____	_____
b. Recruited locally .....	_____	_____
2. Percentage of on-site labor to construction cost (Item II-3A or 3B)		
a. Total .....	_____ %	_____ %
b. Recruited locally .....	_____ %	_____ %
V. Construction Schedule		
1. Days from approval of application to		
(a) Final plan completion .....	_____	_____
(b) Award of construction contract .....	_____	_____
(c) First on-site labor employment .....	_____	_____
2. Estimated period (months) from first on-site labor employment to 50 percent construction completion .....		
_____	_____	_____
3. Estimated construction period (months) .....		
_____	_____	_____
VI. Acceptable evidence has been submitted that all Federal, State and local approvals and clearances will be obtained. <input type="checkbox"/> Yes <input type="checkbox"/> No		
VII. Comments (Cover all items checked adversely.)		
VIII. Special Conditions <input type="checkbox"/> None recommended <input type="checkbox"/> See attachment		
IX. Recommendation <input type="checkbox"/> Approval is recommended. <input type="checkbox"/> Approval is not recommended for the following reasons:		
Review Engineer _____	_____	Date _____
Concur _____	_____	Date _____
Chief, Engineering Staff		Date _____

EXHIBIT C

CF-1112  
(1-63)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION ACCELERATED PUBLIC WORKS PROGRAM <b>FINANCIAL REVIEW REPORT</b>	PROJECT NO.
--	-------------

APPLICANT:

I. METHOD OF FINANCING

	Per Applicant	Per Reviewer
1. Federal grant	\$ _____	\$ _____
2. Federal loan		
(a) General obligation bonds	\$ _____	\$ _____
(b) Revenue bonds	_____	_____
(c) Assessment bonds	_____	_____
(d) Total Federal loan	\$ _____	\$ _____
3. Other Borrowings		
(a) General obligation bonds	\$ _____	\$ _____
(b) Revenue bonds	_____	_____
(c) Assessment bonds	_____	_____
(d) Total Other Borrowings	\$ _____	\$ _____
4. Budgetary Appropriation	\$ _____	\$ _____
5. Other Sources	\$ _____	\$ _____
6. Total (equals Estimated Project Cost)	\$ _____	\$ _____

II. NET INCREASE IN CAPITAL IMPROVEMENTS EXPENDITURE LEVEL

Does the Applicant's submission appear to justify acceptance of its resolution as evidence of intention to increase its anticipated or planned level of capital improvement expenditures in a sufficient amount?  Yes  No. See attached comments.

III. FINANCING OF BALANCE (NON-GRANT)

1. Briefly describe proposed method and source, and firmness of any existing arrangement with lenders or others.
  
2. If budgetary appropriations are to be used, has applicant evidenced that the required funds have been or will be provided?  Yes  No  
(See comments in III, 5.)
  
3. Indicate opinion as to prospects for any proposed borrowings:
  - (a)  Financing is already assured.
  - (b)  Proposed private financing will be achieved.
  - (c)  The related PFL application now on hand appears likely to obtain approval.
  - (d)  Proposed private financing seems unlikely and a subsequent PFL loan request may be expected.

If (a), (b), or (c) is checked, the rest of Item III need not be completed.  
If (d) is checked, Item III - 4 is to be completed.

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EXHIBIT C (Page 2)

4. Data on Prospective Bond Issues

(a) If general obligation bonds will be issued;

(1) Legal debt limit \_\_\_\_\_ ( \_\_\_\_\_ % of Assessed Valuation).  
Unused borrowing capacity \$ \_\_\_\_\_.

(2) Tax limitation (describe)

Unused Tax Limit Margin \_\_\_\_\_ mills per \$100.

(3) Are proposed general obligation bonds within the debt and tax limits?  Yes  No

(b) If revenue bonds will be issued;

(1) Can applicant meet the earnings test governing issuance of additional parity bonds? (Where such bonds are contemplated.)  Yes  No

(2) Are there any other contractual limitations on issuance of revenue bonds?  Yes  No

(3) If revenue bonds are for new facility, will net revenue support amount of bonds proposed?  Yes  No

(4) Debt coverage for proposed issue \_\_\_\_\_.

(c) If special assessment or improvement bonds are contemplated, indicate under III - 5 any adverse factors.

5. Comments.

IV. SPECIAL CONDITIONS

None recommended  See attachment

V. RECOMMENDATION

Approval is recommended.  
 Approval is not recommended for the following reasons:

Signed: \_\_\_\_\_ Date \_\_\_\_\_ Concur: \_\_\_\_\_ Date \_\_\_\_\_  
*Reviewer* *Finance Officer*

EXHIBIT D

CFA-1116  
(10-62)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION ACCELERATED PUBLIC WORKS PROGRAM  <b>LEGAL REVIEW REPORT</b>	PROJECT NO.
LEGAL NAME OF APPLICANT	
<p>I. Is legal name of applicant correctly shown? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>II. Are the applicant and its project eligible under the program legislation?  <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>III. Were the certifications and resolutions correctly executed? <input type="checkbox"/> Yes <input type="checkbox"/> No          Was the application signed by the person named in the resolution as the applicant's authorized officer? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>IV. Does the applicant have sufficient legal authority to construct and finance the project as proposed? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>V. Does the data submitted indicate any legal obstacles that would delay or adversely affect the project? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>VI. Are the special conditions specified by the Engineering and Finance Staffs legally satisfactory? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The following additional special conditions should be included in the Grant Agreement:</p>	
NOTES AND COMMENTS (Explain any adverse finding.)	
RECOMMENDATIONS  <input type="checkbox"/> Review reveals no legal objection to approval of the application and the grant. <input type="checkbox"/> The following legal objections to approval exist:	
_____ (Reviewer)	_____ (Date)
CONCUR: _____ (Regional Counsel)	_____ (Date)

EXHIBIT E

CFA-1117  
(11-63)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION ACCELERATED PUBLIC WORKS PROGRAM  <b>REQUEST FOR PRESS RELEASE</b>		PROJECT NO.
NAME OF APPLICANT		
LOCATION OF PROJECT (Include Town and County).		
		<input type="checkbox"/> Substantial Unemployment <input type="checkbox"/> 5(a) <input type="checkbox"/> 5(b) <input type="checkbox"/>
1. POPULATION ( <input type="checkbox"/> Applicant or <input type="checkbox"/> Area to be served)		
2. APPLICANT'S CHIEF EXECUTIVE (For municipality co-extensive with applicant authority or public agency, include name of Mayor.)		
3. BRIEF DESCRIPTION OF FACILITIES TO BE CONSTRUCTED		
4. NEED TO BE MET BY PROJECT (Mention any point of special interest.)		
5. PROJECT FINANCING		
	CFA Participation	Total Project
Federal Grants . . . . .	\$ _____	\$ _____
Federal Loans . . . . .	\$ _____	\$ _____
(Type of bonds _____)		
(CFA Loan under _____ Program)		
Other borrowings . . . . .	_____	\$ _____
(Type: _____)		
Budgetary appropriation . . . . .	_____	\$ _____
Other sources . . . . .	_____	\$ _____
(Sources: _____)		
Total	\$ _____	\$ _____
6. ESTIMATED DATE FOR FIRST ON-SITE EMPLOYMENT		7. NUMBER OF MAN-MONTHS OF EMPLOYMENT TO BE PROVIDED
8. UNUSUAL OR SPECIAL FACTORS USEFUL IN PREPARING PRESS RELEASE		
_____ (Date)		_____ (Regional Director of Community Facilities)

FILIP WALTON, D. C.

EXHIBIT F

CFA-11  
(3/63)

Housing and Home Finance Agency COMMUNITY FACILITIES ADMINISTRATION  FUND RESERVATION ORDER	Order No.
	Project No.
	Region
<input type="checkbox"/> Original <input type="checkbox"/> Revision No. _____ of Order No. _____ dated _____ <input type="checkbox"/> Cancellation of Order No. _____ dated _____	
1. Applicant (Name and Address)	
2. Project	
3. Fund Reservation Action	
Outstanding <input type="checkbox"/> Net Increase (+) Reservation <input type="checkbox"/> Net Decrease or <input type="checkbox"/> Cancellation (-)	Total Reservation
\$ _____	\$ _____
Special Limitation (Identify _____):	\$ _____
\$ _____	\$ _____
4. The above fund reservation action is hereby authorized:	
_____ Assistant Commissioner (Operations and Standards)	_____ Date
5. The above fund reservation action has been made:	
_____ For Director, Division of Finance and Accounts	_____ Effective Date
6. Remarks:	

EXHIBIT G

CFA-1119  
(10-62)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION ACCELERATED PUBLIC WORKS PROGRAM  <b>PROJECT SUMMARY AND APPROVAL</b>	PROJECT NO.  <hr/> PROJECT AREA CLASSIFIED AS																														
NAME OF APPLICANT																															
LOCATION OF PROJECT																															
BRIEF PROJECT DESCRIPTION																															
COMMUNITY NEED TO BE MET																															
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EMPLOYMENT AND LABOR COSTS 1. Anticipated on-site employment (man-months) _____ 2. Percentage of on-site labor cost to construction cost _____ %																															
CONSTRUCTION SCHEDULE 1. Days from approval of application to: (a) Final plan completion _____ (b) Award of construction contract _____ (c) First on-site employment _____ 2. Estimated period from first on-site labor employment to 50 percent construction completion (_____ months) 3. Estimated construction period (_____ months)																															
SPECIAL CONDITIONS FOR AGREEMENT To be as specified in Item VIII of the Engineering Review Report dated _____, Item IV of the Financial Review Report dated _____, and Item VI of the Legal Review Report dated _____.																															
RECOMMENDATION OF APPROVAL Approval of the project and the grant is recommended. Funds have been reserved for the amount recommended.																															
_____ (Chief, Program Operations Branch)	_____ (Regional Director of Community Facilities)																														
_____ Date	_____ Date																														
APPROVAL I approve, subject to the stated conditions, the project described above, the cost estimates on page 2 hereof, and the making of a grant in the amount stated above.																															
_____ (Regional Administrator)	_____ (Date)																														

EXHIBIT G (Page 2)

PROJECT COST ESTIMATE	
1. Preliminary Expense . . . . .	\$ _____
2. Land and Rights-of-Way . . . . .	\$ _____
3. Construction (Use A or B as applicable):	
A. Architectural Projects	
(1) Building including fixed equipment . . . . .	\$ _____
(2) Site Improvements . . . . .	\$ _____
(3) Utility Connections . . . . .	\$ _____
(4) Construction Contingencies . . . . .	\$ _____
(5) Subtotal for 3A. . . . .	\$ _____
B. Engineering Projects	
(1) General Construction inc. fixed eqpt . . . . .	\$ _____
(2) Construction Contingencies . . . . .	\$ _____
(3) Subtotal for 3B. . . . .	\$ _____
4. Architectural/Engineering Services:	
Fees . . . . .	\$ _____
Resident Inspection . . . . .	\$ _____
Surveys . . . . .	\$ _____
Borings . . . . .	\$ _____
Subtotal for Item 4. . . . .	\$ _____
5. Legal and Administrative Expenses . . . . .	\$ _____
6. Capitalized Interest:	
Interest during construction . . . . .	\$ _____
Interest during development period . . . . .	\$ _____
Subtotal for Item 6. . . . .	\$ _____
7. Project Contingency . . . . .	\$ _____
8. Estimated Total Project Cost. . . . .	\$ _____
9. Less Costs Ineligible for Grant Financing:	
a. Land and rights-of-way (Item 2). . . . .	\$ _____
b. Planning costs covered by a planning advance made under CFA's Program of Advances for Public Works Planning. . . . .	\$ _____
c. Other . . . . .	\$ _____
d. Total Ineligible Cost. . . . .	\$ _____
10. ADJUSTED TOTAL COST (Item 8 minus 9d) . . . . .	\$ _____
11. Estimated grant (_____ % of Item 10). . . . .	\$ _____
12. Estimated cost of furnishings and movable equipment . . . . .	\$ _____
CONSTRUCTION COST BREAKDOWN	
1. Construction Contract Costs	
(a) Labor . . . . .	\$ _____
(b) Materials and all other . . . . .	\$ _____
(c) Total (Per Item 3A or 3B above). . . . .	\$ _____
2. (When applicable)	
(a) Total sq. ft. area . . . (_____)	
(b) Construction cost per sq. ft. . . . .	\$ _____
(c) Total project cost per sq. ft. . . . .	\$ _____

GPO 888-183

### CHAPTER 3. GRANT AGREEMENTS

Upon approval of the project summary, the project file shall be forwarded to the Legal Division for preparation of the grant offer. The offer shall be prepared on Form CFA-1121, *Grant Offer* (Exhibit A), and shall be based upon the details and conditions of approval as set forth in the project summary and the review reports, and shall have the special conditions, if any, appended as Exhibit A.

The contract number for the offer shall be obtained from the Regional Office Administrative Division.

Upon completion of the draft copy of the offer, including the special conditions, it shall be referred to the Engineering and Finance Branches for review and surnaming.

Eight copies of the offer and special conditions are required.

#### STANDARD TERMS AND CONDITIONS

A copy of Form CFA-1120, *Terms and Conditions*, shall be attached to both execution copies of the offer, and to the additional copies sent to the applicant. It shall not be attached to other Regional or CFA copies. No change shall be made in Form CFA-1120 without CFA approval. The reference to Form CFA-1120 in the offer shall include the parenthetic date, to identify the version being used.

#### SPECIAL CONDITIONS

The standard *Special Conditions* (Exhibit B) shall be used with all grant offers made.

Standard special condition 1 has been designed to cover the applicant's share of project cost and to provide for employment of on-site labor in construction of the project within 120 days from date of receipt of the grant offer. Standard special condition 2 provides for the recovery of construction cost underruns.

The following special condition is to be inserted in each grant agreement for a recreational facility:

"The applicant represents that the facilities to be constructed pursuant to the Grant Agreement will be open to use without charge, except for nominal charges for services normally attendant to such type project."

When a project will be segregated into separate portions, no percentage shall be entered on line 5 of the *Grant Offer*, Form CFA-1121, and the following special condition shall be included in the Grant Agreement:

"The grant of \$ \_\_\_\_\_ hereinbefore shown in the Grant Offer is predicated upon \_\_\_\_\_ percent of eligible project costs for the

portion of the project to be completed in \_\_\_\_\_ (name of area) \_\_\_\_\_ and \_\_\_\_\_ percent of eligible project costs for the portion of the project to be completed in \_\_\_\_\_ (name of area) \_\_\_\_\_ and is subject to the determination by the Government at the time of final project audit as to the actual eligible project costs incurred in the respective areas and the application of the respective grant percentages thereto.”

#### ACCEPTANCE BY APPLICANT

The Regional Director shall sign project grant offers only if the offer has first been prevalidated by the Regional Accounting Branch for availability of funds. The word “Prevalidated” followed by the date and signature of the head of the Accounting Section or his designee will be placed on the project file copy immediately below the space provided for signature of the Regional Director.

The Regional Accounting Branch shall prevalidate a Contract Grant Offer only if it has received (1) an approved project summary in the amount of the contract grant offer, and (2) a validated Form CFA-11, *Fund Reservation Order*, in the amount of the approved project summary.

Region VII, Puerto Rico, shall obtain prevalidation of grant offers from the Division of Finance and Accounts by teletype.

The Northwest Operations, Seattle, Washington Office shall obtain prevalidation of grant offers from the San Francisco Regional Office by teletype.

The Regional Director shall sign both of the execution copies. Both of these copies, with two conformed copies of the Offer and three copies of the suggested form of *Acceptance of the Grant Offer*, CFA-1122 (Exhibit C), shall be forwarded to the applicant under a transmittal letter. The letter shall advise that the form of the applicant's acceptance of the offer, agreeing to all the terms and conditions of the offer, must conform to such local law as governs the entering into and the execution of contracts generally by the applicant, and that the procedural requirements respecting such agreements under the local law should also be observed in accepting the offer. The applicant should also be advised that the suggested form of acceptance of the grant offer is provided as a convenience and should be followed to the extent that local law and practice permit. In addition, the letter shall include the paragraphs given in Exhibit D hereto and shall be sent by certified mail with return receipt requested.

The applicant shall be instructed to prepare, upon acceptance of the *Grant Offer*, two duly executed certified copies of the *Acceptance of the Grant Offer*, represented by the resolution, ordinance, or other proceeding adopted by the applicant's governing body accepting the Offer. The two execution copies shall be countersigned by an attorney-at-law, preferably the applicant's official counsel. The applicant shall also prepare two executed copies of the certificate of the recording officer.

One executed set of the offer and acceptance and certificate of recording officer should then be returned to the Regional Office. When an approval or permit from a body other than the governing body of the applicant is necessary to complete the acceptance, certified evidence of such approval or permit must accompany the acceptance.

If acceptance of the offer has not been received in the Regional Office by the tenth day after receipt by the applicant, the Regional Office shall notify the applicant by wire that only five days remain for acceptance and that an extension of up to 15 days will be considered only if sufficient justification is received in the Regional Office prior to expiration of the original 15-day period.

The Accounting Branch shall be provided immediately with evidence of rejections of grant offers, so that accounting records can be promptly adjusted. In addition CFA shall be advised by teletype of any offer outstanding for more than 15 days and any acceptance, and the reasons therefor.

#### REGIONAL OFFICE ACTION

When the fully executed Offer and Acceptance documents, constituting the Grant Agreement, have been returned, they shall be routed through the Accounting Section, for recording in the accounting records, to the Legal Division for examination of the Acceptance. If satisfactory, the Regional Counsel will so note on the documents and return them to the Chief, Public Facilities Operations Branch.

The Chief, Public Facilities Operations Branch, shall note the date of acceptance on the conformed copies of the Offer and immediately distribute as follows:

The executed set of documents to the Regional Administrative Division Fiscal Project File.

One conformed copy to the Supervisory Auditor.

One conformed copy to the Division of Finance and Accounts.

One conformed copy to the project file.

One conformed copy to the Field Engineer.

#### INSTRUCTIONS TO APPLICANTS

At the time of approval and grant agreement execution, the applicant must be advised of the next steps to be taken. This information may be included with the letter transmitting the offer or be sent separately, as the Regional Director determines. The information shall include:

- (1) Advice to the applicant that it will be required to provide the non-grant share of the cost of the project in order to meet payments due in connection with project costs. These funds may be provided either through interim financing or permanent financing.

The applicant's attention should also be called to the schedule under which grant payments will be made.

- (2) The pertinent information on preconstruction and construction activities specified in Section 20-1-1, if not previously sent. This information may be forwarded when appropriate.
- (3) The information concerning the Construction Account specified in Section 21-2-2, modified as necessary for this program.

EXHIBIT A

CFA-1121  
(2-63)

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION  
  
ACCELERATED PUBLIC WORKS PROGRAM

Project No. \_\_\_\_\_  
Offer Date \_\_\_\_\_  
Contract No. \_\_\_\_\_

GRANT OFFER

Subject to the Terms and Conditions, dated \_\_\_\_\_, attached hereto and made a part hereof as Exhibit "A," and the Special Conditions attached hereto and made a part hereof as Exhibit "B," the Housing and Home Finance Agency, hereinafter referred to as the Government, hereby offers to make a grant of \$ \_\_\_\_\_ or \_\_\_\_\_ percent of the eligible project cost, whichever is the lesser, to

(herein called the "Applicant"), in order to aid in financing the construction of essential public works or facilities presently estimated to cost \$ \_\_\_\_\_, consisting of \_\_\_\_\_

(herein called the "Project"): Provided, that in the event the actual eligible project cost as determined by the Government upon completion is less than \$ \_\_\_\_\_, the amount of the grant shall be reduced so that the grant amount shall not exceed the above percentage of the actual eligible project cost.

Upon acceptance, this Offer, together with the Terms and Conditions and the Special Conditions referred to, shall become the "Grant Agreement."

Prior to disbursement of any Government grant monies hereunder, the Applicant shall have the right to terminate this Grant Agreement effective fifteen days after giving notice of termination to the Government. The Government shall have the right to terminate this Grant Agreement, effective upon fifteen days notice thereof to the Applicant, whenever it determines that the Applicant has failed to proceed promptly with the construction and financing of the project.

This Offer must be accepted within fifteen days from the date of receipt.

Housing and Home Finance Agency  
Community Facilities Administration

By \_\_\_\_\_  
*Regional Director of Community Facilities*

Previous Editions Obsolete

## EXHIBIT B

EXHIBIT B  
SPECIAL CONDITIONS

Project No. \_\_\_\_\_

The following Special Conditions are made a part of the Grant Agreement for the above-numbered project.

## 1. The Applicant agrees that:

- (a) Within sixty (60) days from the date of receipt of the Grant Offer, it will furnish the Government satisfactory evidence that its share of the project cost is available or that firm and binding arrangements have been entered into to provide such funds as they are needed to meet project costs.
- (b) Within 120 days from the date of receipt of the Grant Offer, it will cause on-site labor to be employed in the construction of the project.

Failure of the Applicant to comply with the foregoing shall give the Government the right to terminate the Grant Agreement.

2. The Government shall have the right to reduce the amount of grant set forth in the Grant Offer, upon giving the applicant written notice, if the eligible project costs after award of the construction contracts are determined by the Government to be less than the estimated costs upon which the stipulated amount of the grant was based.

EXHIBIT C

ACCEPTANCE OF THE GRANT OFFER

WHEREAS, there has been filed with the Government in behalf of

(herein called the Applicant) an application, Project Number \_\_\_\_\_

dated \_\_\_\_\_, for Federal assistance under the Public Works Acceleration Act, Public Law 87-658, and the UNITED STATES OF AMERICA, acting by and through the Regional Director of Community Facilities, has transmitted to the Applicant for acceptance a Grant Offer dated \_\_\_\_\_ of Federal assistance in connection with the Project referred to in said application and described in said Offer; and

WHEREAS, said Grant Offer has been fully considered in accordance with all pertinent rules of procedure and legal requirements, and made a part of the Applicant's public records; and

WHEREAS, it is deemed advisable and in the public interest that said Grant Offer be accepted;

NOW, THEREFORE, be it Resolved by \_\_\_\_\_ (Name of Applicant)

that the said Grant Offer, a true and correct copy of which, including the Special Conditions and the Terms and Conditions, is hereto attached, be and the same hereby is accepted without reservation or qualification, and the Applicant agrees to comply with the provisions thereof.

Passed by the aforementioned governing body of the Applicant on the \_\_\_\_\_ day of \_\_\_\_\_.

Date \_\_\_\_\_ (Signed) \_\_\_\_\_ (Name of Officer Required to Approve)

Title \_\_\_\_\_

Approved as a Valid Acceptance of the above-mentioned Grant Offer

\_\_\_\_\_  
(Applicant's Attorney)

Address:  
\_\_\_\_\_

Housing and Home Finance Agency  
Community Facilities Administration

CFA-1122  
(2-65)

Previous Editions Obsolete

**EXHIBIT D**

“Enclosed are three copies of the suggested form of Acceptance of the Grant Offer, CFA-1122. This form is provided as a convenience and should be followed to the extent that local law and practice permit. The acceptance, agreeing to all the terms and conditions of the Offer, must conform to local law governing the entering into and the execution of contracts generally by the applicant, and the procedural requirement respecting such agreements under local law also should be observed in accepting the Offer.

“It should be noted that the Grant Agreement requires that:

“(1) Within 60 days from the date of receipt of the Grant Offer, the Government will be furnished satisfactory evidence that the non-grant funds are available or that firm and binding arrangements have been entered into to provide such funds as they are needed to meet project costs, and

“(2) Within 120 days from the date of receipt of the Grant Offer, on-site labor will be employed in construction of the project.

“In addition, it should be noted that the Offer must be accepted within 15 days following its receipt or the application will be considered as withdrawn.

“These time-limits are required to assure accomplishment of the basic purposes of the program legislation. The limits, therefore, must be observed by applicants.

“It is requested that the Grant Agreement be returned by certified mail.”

**CHAPTER 4. CHANGES SUBSEQUENT TO GRANT APPROVAL****REVISED PROJECT SUMMARY**

A revised project summary shall be prepared whenever:

- (1) A revision in the approved project will change:
  - (a) The scope or character of the project.
  - (b) The method of financing.
  - (c) A line item or the total of the approved project cost estimate. (Construction cost, including construction contingency, is considered a single line item.)
- (2) The grant agreement is altered by amendment or waiver.
- (3) Cancellation or withdrawal occurs after issuance of the initial project summary (see below).

**Withdrawal or Cancellation**

If, following grant approval, the applicant does not accept the offer, or later requests release from an executed grant agreement, the Regional Office should in such case endeavor to obtain the return of the agreement. A revised project summary shall be issued providing for cancellation of the grant approval or commitment and specifically requesting rescission of fund reservation. In addition, CFA shall be advised by teletype of the withdrawal or abandonment and the reasons therefor. If the project is to be cancelled, the Regional Director shall request, by teletype, CFA's concurrence. The teletype shall include the project number and a justification for such action.

**Processing of Proposed Changes**

Changes may be proposed by either the Applicant or the Regional Director. Changes initiated by the Regional Director must have the written concurrence of the applicant before approval.

Each proposed change shall be given all technical reviews needed to appraise the technical aspects involved. Applicable CFA policies and criteria shall be observed in reviewing and approving proposed changes. The applicant shall be required to submit such additional data as will be needed for the review.

When a change initiated by the applicant will affect construction, the applicant shall include a change order request prepared as prescribed in Section 20-2-3, and send the documents to the Field Engineer for processing as described in Section 20-2-3.

**Preparation of Revised Project Summary**

Revisions in approved project summaries shall be prepared on Form CFA-105, *Revised Project Summary*. Only the item or items to be

revised and the reasons for the revisions shall be shown. Revised project summaries shall be numbered consecutively for each project.

Revised project summaries shall be processed in the Regional Office under the procedures in Section 8-2-3 for initial project summaries, and the same distribution made. A revised fund reservation shall be requested by Form CFA-11 if there is to be a change in the grant amount (See "Overruns and Underruns" below). Otherwise, notice to CFA need be made only by copies of the revised project summary.

Regional Directors shall sign the revised project summaries. However, if the change is substantive in nature and requires an amendment or waiver to the grant agreement, prior approval of the Regional Administrator must be obtained and documented by his signing of the revised project summary.

#### **OVERRUNS AND UNDERRUNS**

CFA shall be advised by teletype immediately following a bid opening as to the amount of any overrun or underrun.

#### **OVERRUNS**

If the construction contract bids exceed the approved estimate of construction costs, the increase shall be reviewed on the basis of the same criteria under which the original request was approved.

Regional Offices shall require the applicant to provide non-grant funds where the grant increase would be less than \$100 and shall make every effort to persuade the applicant to absorb the entire amount of a larger overrun. Where the latter cannot be accomplished successfully and the applicant requests an increase in the grant amount because of an overrun, the Regional Office shall proceed as follows:

- (1) Advise the applicant to reduce the project scope so that it can be constructed within the original grant amount, provided that the revised project is feasible on an engineering, legal, and financial basis, and is complete and usable. Where the project scope is reduced and the reduced scope is not covered by deductive alternates, all bids must be rejected and new bids obtained.
- (2) In cases where the applicant proposes to finance the overrun, subject to the condition that such financing will not prejudice a request for grant increase, the applicant shall be advised specifically that such a condition is not acceptable. The applicant shall be further advised that its proposal must be regarded as a showing that it can finance the increase and that no grant increase can be recommended.

If neither of these approaches is feasible, the Regional Director shall process a fund reservation request for the increase as prescribed below. Requests for fund reservations for overruns shall show the amounts to the nearest dollar. Where such increases in the grant are to be made, an appropriately revised Form CFA-1101-2a, *Resolution of Governing*

*Body of Applicant*, shall be obtained from the applicant. Evidence also shall be obtained from the applicant that it can provide the balance of the cost of the overrun. If the overrun exceeds 5 percent, the Regional Director shall submit a report with the fund reservation request. The Regional report shall include the Regional Director's recommended action and a justification for such action, together with:

- (1) A statement from the Chief, Engineering Branch, showing:
  - (a) Listing of three lowest bidders giving name, location of bidder, base bid, and alternates.
  - (b) Reason(s) for overrun.
  - (c) Whether or not in his opinion a rebidding might produce lower bids.
  - (d) His recommendation to the Regional Director as to acceptability of the low bid.
- (2) A copy of the final estimate of cost supplied by the applicant.

If the overrun exceeds 15 percent, a fund reservation request may be submitted, even though release of grant funds is extremely doubtful. Such requests, therefore, shall show the special circumstances on which the Regional Office recommendations are based.

Following review, CFA will advise the Regional Office of the final determination.

If the project must be cancelled because funds cannot be provided for an overrun, the Regional Director shall request, by teletype, CFA's concurrence in project cancellation. The teletype shall include the project number and a justification for such action.

#### **Effect on Overruns of Area Removal From Eligibility**

In cases where an increase is requested for a project in an area no longer eligible, the Regional Office should advise the applicant that ARA has determined that requests for increases in grants to provide for overruns in such cases will not be approved, and require advice within 30 days as to whether:

- (1) The increase will be absorbed by the applicant; or
- (2) The project scope will be reduced so that the project can be constructed within the original grant amount, provided that the revised project is feasible on an engineering, legal, and financial basis, and is complete and usable. Where the project scope is reduced and the reduced scope is not covered by deductive alternatives, all bids must be rejected and new bids obtained.

Where the applicant fails to act within 30 days, the Regional Administrator shall advise the applicant by certified mail that the grant will be terminated fifteen days from date of receipt of the letter unless the Regional Office is advised that the action has been taken. After expiration of the 15-day period, the applicant shall be notified by

letter that the grant has been terminated. CFA shall be advised by teletype at the time the latter letter is transmitted.

#### 50 Percent Grant

If there is an overrun for a project which is eligible for a 50 percent grant, the Regional Office may increase the amount of the previously approved grant by an amount not to exceed 50 percent of the overrun.

#### Grant in Excess of 50 Percent—No Attributable Revenues

Where there is an overrun for a project which is eligible for a grant in excess of 50 percent, but where there are no attributable revenues, the Regional Office may increase the amount of the previously approved grant by an amount arrived at by applying to the overrun the percentage figure used to compute the approved grant.

#### Grant in Excess of 50 Percent—Attributable Revenues

If there is an overrun for a project which is eligible for a grant in excess of 50 percent and where the applicant's share of project costs as originally contemplated in the grant offer is to be obtained through issuance of revenue bonds payable from revenues attributable to the project, or where revenues attributable to the project will be used to pay debt service on other bonds issued to pay the applicant's share of project costs, the grant may be revised by the Regional Office to an amount not to exceed the *lesser* of:

- (1) The eligible project cost plus the entire amount of the overrun, less the amount of applicable attributable revenue<sup>1</sup>; or
- (2) An amount arrived at by applying to the entire amount of the overrun plus the original eligible project cost, the basic percentage figure applicable for the grant.

In a hypothetical project with an initial eligible project cost of \$100,000, an applicable basic grant percentage of 75 percent, attributable revenues sufficient to support a loan of \$35,000, "ineligible" costs of \$5,000, a grant of \$70,000, and an overrun of \$40,000, the increased grant would be determined as follows:

#### *Method (1)*

- (1) Initial eligible project cost plus amount of overrun = \$100,000 plus \$40,000 = \$140,000
- (2) Applicable attributable revenues = attributable revenues less amount to cover "ineligible" costs = \$35,000 less \$5,000 = \$30,000
- (3) Total revised grant = \$140,000 less \$30,000 = \$110,000

<sup>1</sup> Applicable attributable revenues equal the attributable revenues less that portion used to cover "ineligible" costs.

*Method (2)*

- (1) Initial eligible project cost plus amount of overrun=\$100,000 plus \$40,000=\$140,000
- (2) 75% of \$140,000=\$105,000

Inasmuch as \$105,000 is less than \$110,000, \$105,000 would be the maximum allowable total revised grant.

If the overrun for the above project had been \$10,000 instead of \$40,000, the increased grant would be determined as follows:

*Method (1)*

- (1) Initial eligible project cost plus amount of overrun=\$100,000 plus \$10,000=\$110,000
- (2) Applicable attributable revenues=\$30,000
- (3) Total revised grant=\$110,000 less \$30,000=\$80,000

*Method (2)*

- (1) Initial eligible project cost plus amount of overrun=\$100,000 plus \$10,000=\$110,000
- (2) 75% of \$110,000=\$82,500

The maximum total revised grant in this instance, therefore would be \$80,000.

Following review, CFA will advise the Regional Office of the final determination.

Requests for fund reservations for overruns shall show the amounts to the nearest dollar.

**Overruns on PFL Projects**

Ordinarily, if an applicant under the Public Facility Loans Program encounters a cost overrun in the construction bids, it will arrange to finance the construction overrun either by use of its own funds or by seeking a larger Federal loan. If a larger Federal loan is not financially feasible, such applicant may, provided it is otherwise eligible, file an application for grant assistance under the Public Works Acceleration Act to cover the difference between the construction bid and the sum of the amount of the loan that is financially feasible plus such other costs as are being financed from the applicant's resources.

The Regional Office will provide expeditious handling of these cost overrun cases where the APW grant request is designed solely to cover the construction overrun. The Regional Office is authorized to approve APW grants for these cost overrun cases, provided:

- (1) That the applicant is located in an eligible area and is otherwise eligible for grant assistance;

- (2) That the amount of the grant does not exceed 15 percent of the eligible project cost, according to the construction bid; and
- (3) That APW funds have been reserved for the project.

#### Underruns

The limited program funds available make it essential to release immediately funds in excess of project needs after construction contract awards. When the amount underruns the estimate by:

- (1) \$1,000 or more, the project cost estimate and grant amount shall be reduced as follows:<sup>1</sup>
  - (a) Upon notice of such an underrun, the Chief, Public Facilities Operations Branch, shall prepare a revised project summary, and a letter (see Exhibit A) to the applicant notifying him that the grant amount set forth in the Grant Offer is reduced. These documents together with a copy of the original project summary or the most recent revision thereof shall be processed as follows.
  - (b) The Regional Director shall initial the revised project summary and sign the letter.
  - (c) The Regional Administrator shall initial the letter and sign the revised project summary.
  - (d) The Chief, Public Facilities Operations Branch, shall send the letter with two copies of the revised project summary to the applicant by certified mail, return receipt requested. A copy of the letter shall be attached to each of the remaining copies of the revised project summary and distributed immediately after dispatch of the letter to the applicant.
  - (e) The notice of the applicant's receipt of the letter shall be placed in the project folder.
- (2) Less than \$1,000, (no revised project summary or amendment to the grant agreement shall be made at this time) the excess funds shall be retained in the construction line item under the construction contingency even though this would increase the contingency over 5 percent. Such underruns may not be used to increase the scope of the project, nor to exceed the properly applicable grant percentage.

#### Decrease in Fund Reservations

Once the project summary has been approved, Form CFA-11, *Fund Reservation Order*, will be used only when there is a requested increase in the reservation. After approval of the project summary, a decrease in reservation will be made on the basis of a revised project summary or,

<sup>1</sup> Where grant offers were made prior to May 16, 1963, the following procedure shall be used in lieu of that presented under (1) above:

"(1) \$1,000 or more, the project cost estimate and grant amount shall be reduced through the issuance of a revised project summary and an amendment to the grant agreement."

if an agreement has been executed, on the basis of an executed amendment to the agreement.

#### EXTENSIONS OF TIME REQUIREMENTS

The standard special conditions of the grant agreement provide that:

- (1) Within 60 days from the date of receipt of the grant offer, the applicant will furnish satisfactory evidence with respect to its share of project costs, and
- (2) Within 120 days from the date of receipt of the grant offer, on-site labor will be employed in the construction of the project.
- (3) If either of the above conditions are not met, the Government may terminate the grant agreement.

If satisfactory evidence of private financing is not received within 30 days of the date of receipt of the offer, the Regional Office shall write to the applicant, reminding it of the 60-day limitation and requesting advice on any problems in completing financial arrangements. The letter should also point out that if the applicant anticipates applying for a loan under the Public Facility Loans Program, such an application must be submitted expeditiously as it will not constitute justification for extension of either the 60-day financing requirement or the 120-day construction start requirement.

Regional Directors may approve extensions of time as follows:

- (1) An extension of not to exceed 60 days with respect to the provision concerning the applicant's share of project costs.
- (2) An extension of not to exceed 60 days with respect to the provision concerning on-site employment.

An extension may be considered only if sufficient justification is received in the Regional Office prior to the expiration of the original period.

Requests for extensions which exceed the above limits and which the Regional Director considers justified, shall be submitted to CFA for approval.

In those cases where the conditions have not been met and extensions are not considered justified, the Regional Director shall request, by teletype, CFA's concurrence in cancellation action. The teletype shall give the project number and a justification for the proposed action. Upon receipt of CFA's concurrence, the Regional Administrator shall immediately cancel his approval, as evidenced on the project summary, by exercising the Agency's right to cancel the agreement as set forth in the relevant section. Advice of such action shall be sent to the applicant by certified mail with return receipt requested. (See Exhibit B.) After expiration of the 15-day period provided for in Exhibit B, the applicant shall be notified by letter that the grant has been terminated; the letter shall be sent by certified mail with return receipt requested. The letter shall include the specific amount of the grant terminated and

the project number; CFA shall be advised by teletype at the time this letter is transmitted.

The same distribution shall be made of copies of the letters as provided in Section 8-2-3 for project summaries.

#### CHANGES TO GRANT AGREEMENTS

A grant agreement can be changed only by an amendment or a waiver. An amendment to the grant agreement shall be prepared whenever a revised project summary results in:

- (1) A significant change in project scope.
- (2) An increase in total project costs above the approved estimates.

Changes in the form of the *Grant Offer*, CFA-1121, or in the standard *Terms and Conditions*, Form CFA-1120, or any waiver thereof require prior CFA approval.

#### Waivers

Legal review of a proposed change in the grant agreement may disclose that it can be best accomplished by issuance of a waiver. If the substance of the change is of a type for which the Regional Office is authorized to approve a waiver, no referral to CFA of the waiver is needed. In any other case, prior approval of CFA for issuance of the waiver must be obtained.

#### Preparation

An amendment to or waiver of grant agreement shall be prepared after issuance of the revised project summary and shall be processed as specified for grant agreements in Chapter 8-3. Amendments and waivers shall each be numbered consecutively for each grant agreement by inserting in the upper right-hand corner of the first page "Amendment No. \_\_\_\_\_" or "Waiver No. \_\_\_\_\_." Distribution of amendments and waivers shall be the same as for agreements.

## EXHIBIT A

PARAGRAPHS TO BE INCLUDED IN LETTER TO APPLICANT  
WITH RESPECT TO A REDUCTION IN GRANT AMOUNT

The Grant Agreement between the Government and the           (name  
          of applicant)           provides that the Government shall have the  
right to reduce the amount of grant set forth therein, upon giving the  
applicant written notice, if the eligible project costs after award of  
the construction contracts are determined by the Government to be less  
than the estimated costs upon which the stipulated amount of the grant  
was based.

Inasmuch as the award of construction contracts for project  
          (project number)           was for a lesser amount than that estimated,  
you are hereby notified that the grant for this project is reduced by  
\$           (amount of reduction)           to \$           (new amount of grant)           .

## EXHIBIT B

The Grant Agreement between the Government and the            (name of applicant) provides that the Government shall have the right to terminate said Agreement effective upon fifteen days' notice thereof to the Applicant, whenever it determines that the Applicant has failed to proceed promptly with the construction and financing of the project.

The Grant Agreement further provides that: [Within sixty (60) days from the date of receipt of the Grant Offer, the Applicant will furnish the Government satisfactory evidence that its share of the project cost is available or that firm and binding arrangements have been entered into to provide such funds as they are needed to meet project costs.]<sup>1</sup> [Within 120 days from the date of receipt of the Grant Offer, the Applicant will cause on-site labor to be employed in the construction of the project.]<sup>1</sup> Our efforts to secure satisfactory evidence of such action from you have not resulted in a meeting of this condition.

Consequently, you are hereby notified that the grant \$                      for project            (project No.) shall be terminated fifteen days from the date you receive this letter unless you furnish within that period satisfactory evidence that the above condition has been met.

---

<sup>1</sup> Use pertinent sentence or include such other sentence to cover any other situation which would serve as a basis for termination.

6/15/64

**CHAPTER 5. PRECONSTRUCTION**

The instructions for preconstruction activities for the Accelerated Public Works Program are provided in Sections 20-1-1 and 20-1-2.

## CHAPTER 6. CONSTRUCTION

The instructions for construction activities for the Accelerated Public Works Program are provided in Sections 20-2-1, 20-2-2, and 20-2-3, except as supplemented below.

### LABOR REQUIREMENTS

The following labor provisions are applicable to the Accelerated Public Works Program:

#### Wage Rates

Wage rates paid for labor must not be less than the prevailing wages as determined by the Secretary of Labor and embodied in the construction contract, pursuant to the provisions of the Davis-Bacon Act, as amended.

The Program is subject to the Department of Labor regulations under the Davis-Bacon Act; accordingly, the Field Engineer's copies of payrolls shall be sent to the Regional Offices after project completion and retained for three years under the applicable Records Control Schedule. The regulations will have no other effect on regular operations and cases.

Wage rate determinations shall be requested in the same manner as for college housing and other construction projects (except PFL) as provided in Volume VI, Section 20-1-1. In addition, there shall be shown on each Form DB-11, a complete project description, with an indication that the project is being constructed with funds under the Public Works Acceleration Act.

#### Contract Workhours

The Construction contract is subject to the Contract Workhours Standards Act. Overtime at the rate of not less than one and one-half times the basic rate for all hours worked in excess of 8 in a day or 40 in a week must be paid. The contract is also subject to the regulations issued under the Act by the U.S. Department of Labor; these regulations provide, among other things, that construction contracts of \$2,000 or less are exempt from all provisions of the Act.

#### Anti-Kickback Statute

Contractors and subcontractors must conform to the Anti-Kickback Statute (P.L. 324, 73rd Congress) and must certify compliance on each payroll.

#### Non-discrimination Provision

The standard provision prohibiting discrimination in employment must be included in all construction contracts.

**Non-Discrimination Posters**

The Regional Office shall furnish the owner with copies of the non-discrimination poster published by the President's Committee on Equal Employment Opportunity, with instructions that the posters must be posted at conspicuous places on the project site during construction of the project. Regional Offices should obtain the posters from the GSA Regional Stores.

Form HHFA-2 shall remain posted on projects not subject to the provisions of Executive Orders Nos. 10925 and 11114.

**PROJECT INSPECTION**

An initial schedule of project inspections shall be developed immediately after the pre-construction conference (see Section 20-2-2). An inspection by the Field Engineer to ascertain that construction is at least 50% complete will be needed as a basis for payment of the second installment of the grant.

Inspections should not be scheduled at equal intervals or on any other arbitrary basis since visits made on a routine basis can be anticipated and therefore lose some of their value. Instead, inspections for a given project shall be scheduled and made in a manner and frequency that reflects the circumstances and problems of that project. The size, scope and technical complexity of construction are, of course, basic factors. However, in this program, particular regard must be given to the Field Engineer's appraisal of the degree and quality of the construction, supervision and inspection to be provided, or as actually provided, by the applicant's architect/engineer and of the reputation and performance of the contractor and his subcontractors.

It also must be noted that the schedule so developed should be modified during project construction by the Field Engineer and the Head, Construction Management Section, as often as construction developments or performance of the parties concerned in construction make such modification necessary to insure the most effective coverage. In brief, the staff members closest to the project will be expected to exercise their judgment and to take suitable action.

The frequency and skill with which inspections are made will do much to assure this Agency that the program operations for which it is responsible are properly conducted by all the parties involved. The fact that financial assistance takes the form of a grant rather than a repayable loan does not reduce this Agency's obligation to obtain correct and effective use of the Federal funds provided; indeed, in a grant program, it often is desirable to intensify inspections and to more closely appraise the performance of all parties.

## CHAPTER 7. FINANCE PROCEDURES

The instructions in Part 21, Finance Procedures, shall be followed to the extent applicable in connection with the Accelerated Public Works Program. In addition, the following instructions apply.

### DISBURSEMENT PROCEDURE

The applicant may requisition disbursements against the grant as follows:

- (1) 25 percent upon approval of the award of the construction contract(s).
- (2) 50 percent when construction is 50 percent complete.  
The amount that may be approved for payment at this stage may not, when added to the previous amount paid, exceed 75 percent of the latest estimate of the ultimate amount of the Federal grant to be paid. The determination of the amount that may be approved for payment shall be based on the latest information available to the Regional Office, even though a revised project summary reducing the grant amount has not been processed and/or an amendatory grant agreement has not been executed.
- (3) 15 percent upon final inspection.  
The amount that may be approved for payment at this stage may not, when added to the previous amounts paid, exceed 90 percent of the latest estimate of the ultimate amount of the Federal grant to be paid. The determination of the amount that may be approved for payment shall be based on the latest information available to the Regional Office even though a revised project summary reducing the grant amount has not been processed and/or an amendatory grant agreement has not been executed.
- (4) 10 percent after project completion and audit, subject to adjustment to reflect the actual cost (see Chapters 8-8 and 22-1).

### Requisition of Funds

Requisitions for payment of funds for grants shall be made on Form CFA-1130, *Requisition and Voucher for Grant Payment*, Exhibit A. This is to be submitted by the applicant together with the following documents:

Form CFA-1131, *Attorney's Certificate Concerning Funds, Permits and Litigation*, Exhibit B, to be completed by the applicant's attorney, certifying that all legal matters concerning the project are in order; and

Form CFA-1132, *Depository Bank Acceptance and Confirmation Statement*, Exhibit C, to be completed by the depository bank

of the applicant and submitted with the first requisition only, signifying that the bank will accept for deposit monies of the applicant for defraying the costs of the project, and that such monies will be kept in a Construction Account.

Form CFA-1130 shall be submitted in quadruplicate; Forms CFA-1131 and CFA-1132 shall be submitted in original only.

#### Review of Requisitions

The Chief, Public Facilities Operations Branch, shall review each requisition to make certain that it is complete and that all supporting documents have been included. When he considers the requisition documents to be complete and accurate, he shall forward them with his recommendation, for appropriate technical review. The technical staffs shall signify their approvals by completion of the reverse side of Form CFA-1130. Upon approval by the Regional Director, the original and one copy of Form CFA-1130 shall be routed to the Administrative Division for certification and processing for payment. One copy of Form CFA-1130 shall be sent to the Field Engineer and one copy to the Supervisory Auditor.<sup>1</sup> The originals of Forms CFA-1131 and CFA-1132 shall be placed in the project file.

#### COLLECTION OF FIRST AND SECOND PLANNING PROGRAM ADVANCES

Where planning has been done under the First or Second Planning Program and construction of the project is initiated under the Accelerated Public Works Program, it is unnecessary to delay disbursement of the first grant installment until the advance is repaid. Since the first grant installment is paid upon execution of the construction contract, the advance becomes payable at that time. Therefore, such repayment is to be made immediately after the first grant disbursement, and subsequent grant disbursements shall be delayed until the advance is repaid.

#### APPLICANT'S SHARE OF PROJECT COSTS

Section 5(b) of the *Terms and Conditions of the Grant Agreement*, Form CFA-1120, requires as a prerequisite to any disbursement of grant funds under the Accelerated Public Works Program that the applicant present satisfactory evidence that it has the funds or a firm and binding commitment to provide its share of the project costs.

Funds at hand may represent tax receipts or other funds hitherto received and held in the form of a bank deposit or invested in short-term United States Treasury obligations. The applicant should be required to confirm in writing the existence of such funds. The funds

<sup>1</sup> Where the applicant is an Indian tribe, the Chief, Public Facilities Operations Branch, shall forward, in lieu of the copy normally provided for the OA Audit Division, one copy of Form CFA-1130, *Requisition and Voucher for Grant Payment*, to the

U.S. Department of the Interior  
Bureau of Indian Affairs (Attention: Office of Audit)  
Washington, D.C. 20240

must be available for deposit into the Construction Account as soon as construction begins so that all payments in connection with the project can be made as the same become due.

A firm and binding commitment may be evidenced in the form of (a) an approved bank loan or an already issued bond anticipation note, with the proceeds held in a bank deposit and available for deposit into the Construction Account; (b) a firm award of bonds to a qualified municipal bond underwriter, following a competitive or negotiated sale, supported by a preliminary bond counsel opinion and a certified copy of an ordinance or resolution awarding the bonds to the purchaser; or (c) an executed loan agreement with the Housing and Home Finance Agency for a loan under the Public Facility Loans Program, supported by a preliminary bond counsel opinion. Funds arising from such borrowing must be deposited into the Construction Account as soon as they are received by the applicant.

#### NET INCREASE IN PUBLIC WORKS EXPENDITURES

An applicant for a grant under the Accelerated Public Works Program is required to submit with its application a formal resolution pursuant to which it represents that it will increase its proposed or planned total expenditures for capital improvement projects (exclusive of Federal funds) by an amount approximately equal to the non-Federal funds required to complete the project for which the grant is requested.

Section 5(e) of the Terms and Conditions of the Grant Agreement (Form CFA-1120) requires as a prerequisite to any disbursement of grant funds that the applicant present satisfactory evidence that "The Applicant (1) has formally amended its capital improvement plan, budget or other schedule, or is in the process of so amending it, to incorporate the increase in its planned net expenditures for capital improvements pursuant to the resolution furnished with the grant application; (2) has secured, or is in the process of securing, approval of the amendments by any State or other public body having authority in such matters; and (3) has arranged for, or is proceeding expeditiously to obtain, the funds needed for such increase in expenditures."

The following paragraphs describe the manner in which the applicant shall be required to evidence fulfillment of its representations as set forth in its resolution and amended capital improvements budget regarding the increase in capital improvement expenditures.

#### Applicant Submission

Prior to disbursement of the third grant installment (representing 15 percent of the total grant), the applicant shall be furnished two copies of Form CFA-1129, *Certification of Performance, Accelerated Public Works Act*, and a set of instructions (CFA-1129a) for its completion, and required to submit one signed copy to the Regional Office to evidence

fulfillment of its representations regarding increases in capital improvement expenditures (Exhibits D and E). First and second grant installments may be disbursed on the basis of net increase assurances provided in the original application.

#### Review of Submission

Upon receipt of Form CFA-1129, the Regional Office shall promptly review the document to determine (a) that the applicant has already increased its total expenditures for capital improvement projects by the requisite amount, as evidenced by its certification and supported by its audited statement of expenditures, or (b) that the applicant has scheduled expenditures during the balance of its current fiscal year (or the fiscal year or years during which the project will be completed) which will increase its total expenditures for capital improvement projects by an amount which, when added to the capital improvement expenditure already achieved, will be approximately equal to the non-Federal funds required to complete the project.

Where the applicant has certified that it has already increased its total capital improvement expenditures by the requisite amount, and in the event the applicant is unable to submit an audited statement of expenditures, the Regional Office shall make such review as it deems necessary to verify the certification. Where the applicant certifies that it will increase its capital improvement expenditures during the balance of its current fiscal year (or the following fiscal year, if the project will be completed after the applicant has entered its next fiscal year) the Regional Office shall evaluate the likelihood of performance, taking into account: (a) the amount of capital improvement expenditures so far made during the applicant's current fiscal year, (b) the amount of capital improvement expenditures scheduled to be made during the balance of the current fiscal year or, in applicable cases, the following fiscal year or years, (c) the period of time remaining in the fiscal year in which the project will be completed, as well as (d) the designation of purposes and amounts as set forth in the certification.

Where the certification does not indicate that the requisite increase in capital improvement expenditures will be scheduled prior to the end of the fiscal year in which the project will be completed, the Regional Director shall report the case through the Regional Administrator to CFA, including all data and a specific recommendation as to further action.

Where the applicant has already increased its capital improvement expenditures by the requisite amount, and the Regional Office finds the supporting documentation satisfactory, the Regional Office shall process the third and fourth installment grant disbursements in accordance with Section 6 of the Terms and Conditions of the Grant Agreement. Where the *Certification of Performance Regarding Increase in Total Expenditure for Capital Improvements* indicates that the requisite increase in capital improvement expenditures will be scheduled prior

to the end of the fiscal year in which the project will be completed, the Regional Office may process the third installment grant disbursement in accordance with Section 6. Disbursement of the final grant installment (representing 10 percent of the total grant) shall be withheld until the applicant presents satisfactory evidence that it has scheduled proposed or planned capital improvement expenditures in the amount necessary to comply with the *Resolution of Governing Body of Applicant* (CFA-1101-2a).

#### Updating of Net Increase

To assure that each approved application will meet the necessary requirement with respect to a net increase in the capital expenditures, the following actions, as appropriate, are prescribed:

(1) With respect to those cases where a grant agreement has been entered into and the Regional Office has not otherwise determined that an updating in the proposed or planned net increase has been reflected in other actions taken by the applicant, the Regional Director shall forward to the applicant duplicate copies of the enclosed Exhibit F, *Special Notice to Applicants*, at the earliest possible time. The acknowledgment shall be deemed to be an agreement on behalf of the applicant to update the increase in capital improvement expenditures from that previously set forth in its resolution accompanying the application.

(2) In connection with grant offers which have not yet resulted in grant agreements, the enclosed Exhibit G, *Special Notice to Applicants*, shall be transmitted to the applicant, along with the grant offer, or, if a grant offer has not yet been accepted, shall be forwarded immediately to the applicant, in duplicate. The executed copy shall form a part of the grant agreement.

With respect to grant applications which have been approved and prior to issuance of any grant offer, the following procedure shall supersede that in (2), above, in order that reasonable assurance may first be obtained that a grant will actually materialize. This action need not be taken if the Regional Office has determined that an undating in the proposed or planned net increase has been reflected in other actions taken by the applicant. Notification of approval to the applicant should contain a statement as follows:

“This approval of your project does not relieve you of the requirements of Section 4(a) of the Accelerated Public Works Act, which provides that you must increase your proposed or planned total expenditures for capital improvements during the fiscal year or years in which construction of the project will occur.

“In view of the lapse of time since your application was filed, it now appears that such expenditures must occur during the year [or years] \_\_\_\_\_ rather than during the year [or years] specified in your application. Accordingly, the issuance of a formal grant offer will be deferred pending receipt from you of an official statement indicating your understanding of, and agreement to

comply with, this requirement. This official statement will form part of your application, and must be submitted to this office within 15 days from the date of this letter.

“In this connection, please note the attached *Certification of Performance Regarding Increase in Total Expenditures for Capital Improvements* (Form CFA-1129), which you will be required to submit subsequently with your requisition for funds under the terms of the Grant Agreement.”

Notwithstanding the acknowledgment by applicants of these special notices, responsibility attaches to each applicant to fully implement its obligation to increase its net expenditures for capital improvements projects, as required by the Accelerated Public Works Act.

Regional Offices should reproduce such quantity of these special notices as are deemed necessary to meet their requirements.

EXHIBIT A

CFA-1130  
(10/62)

<p style="text-align: center;">HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION</p> <p style="text-align: center;">Accelerated Public Works Program</p> <p style="text-align: center;"><b>REQUISITION AND VOUCHER FOR GRANT PAYMENT</b></p>	<p style="text-align: center;"><b>FOR GOVERNMENT USE ONLY</b></p> <p>D. O. Voucher No. _____</p> <p>HIFA Voucher No. _____</p> <p>Contract No. _____</p> <div style="border: 1px solid black; padding: 5px; text-align: center; margin: 10px 0;"> <p>PAID BY</p> <p><i>(For Use of Paying Office)</i></p> </div> <p>Project No. _____</p> <p>Requisition No. _____</p> <p>Date of Requisition _____</p> <p>Amount of Requisition _____</p>																				
<p style="text-align: center;"><b>VOUCHER</b></p> <p>THE UNITED STATES, DR.</p> <p>To _____ <i>(Name of Applicant as it appears in the Grant Agreement)</i></p> <p>P.O. Address of Applicant _____</p>	<p>To provide funds for the project identified by the above project number and described in the Grant Agreement between the Applicant and the United States of America appertaining thereto, the amount of \$ _____ is requested under such agreement for and in behalf of the Applicant.</p> <p>The amount received pursuant to this requisition will be placed in a Construction Account in the _____ and will be used only for said project in accordance with the provisions of said Grant Agreement. <i>(depository)</i></p> <p>This requisition is made on the basis of the status of the project as follows:</p> <ol style="list-style-type: none"> <li>1. Total grant authorized by Grant Agreement \$ _____.</li> <li>2. Grant payment (Not to exceed following percentage of authorized grant)</li> </ol> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;"></th> <th style="width: 30%; text-align: center;">Status of Project</th> <th style="width: 20%; text-align: center;">This Requisition</th> <th style="width: 20%; text-align: center;">Previously Paid</th> </tr> </thead> <tbody> <tr> <td>a. 25%</td> <td>Construction contract awarded</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>b. 50%</td> <td>Construction 50% completed</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>c. 15%</td> <td>Construction completed and inspected by Government</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>d. Final</td> <td>Project cost audited by Government</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p>The check for this payment shall be drawn payable to the order of _____</p> <p>Date _____, 19 _____ <span style="float: right;">_____ <i>(Signature of Authorized Officer of Applicant)</i></span></p> <p style="text-align: center;">_____ <i>(Type or print name of signing Officer)</i></p> <p style="text-align: center;">_____ <i>(Title)</i></p>		Status of Project	This Requisition	Previously Paid	a. 25%	Construction contract awarded	\$ _____	\$ _____	b. 50%	Construction 50% completed	_____	_____	c. 15%	Construction completed and inspected by Government	_____	_____	d. Final	Project cost audited by Government	_____	_____
	Status of Project	This Requisition	Previously Paid																		
a. 25%	Construction contract awarded	\$ _____	\$ _____																		
b. 50%	Construction 50% completed	_____	_____																		
c. 15%	Construction completed and inspected by Government	_____	_____																		
d. Final	Project cost audited by Government	_____	_____																		

EXHIBIT A (Page 2)

REQUISITION AND VOUCHER FOR GRANT PAYMENT <small>Regional Office Recommendations and Authorization</small>		
<p>I have reviewed and find satisfactory the contract documents and related reports and records required of the Applicant by the Grant Agreement. In my opinion, the Applicant has evidenced that the Project can be constructed within the approved estimated cost thereof, and the actual project progress satisfactorily supports the requested payment. I therefore recommend approval of the requisition.</p>		
<p>Date _____ By _____ <small>(Chief, Engineering Staff)</small></p>		
<p>The Applicant has satisfactorily complied with the requirements for the provision of the balance of project costs and for the increase in its net expenditures for capital improvements. I therefore recommend approval of the requisition.</p>		
<p>Date _____ By _____ <small>(Chief, Finance Staff)</small></p>		
<p>I have reviewed and find satisfactory this requisition and the documentary evidence required under the Grant Agreement. In my opinion, the Applicant has fulfilled the legal conditions precedent to paying the amount requisitioned. I therefore recommend approval of the requisition.</p>		
<p>Date _____ By _____ <small>(Regional Council)</small></p>		
<p>On the basis of the foregoing reviews and recommendations, I recommend approval of the requisition in the sum of \$ _____.</p>		
<p>Date _____ By _____ <small>(Program Operations Officer)</small></p>		
<p>Requisition in the sum of \$ _____ approved.</p>		
<p>Date _____ By _____ <small>(Regional Director)</small></p>		
ACCOUNTING CLASSIFICATION		
D. O. SYMBOL	DESCRIPTION	AMOUNT
<p>Paid by Check No. _____ dated _____, 19 ____, on the Treasurer of the United States for \$ _____, in favor of _____</p>		

GPO 681-407

EXHIBIT B

CFA-1131  
(10-62)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION ACCELERATED PUBLIC WORKS PROGRAM  <b>ATTORNEY'S CERTIFICATE CONCERNING FUNDS,          PERMITS, AND LITIGATION</b>	Project No. _____  Related Requisition: No. _____ Date _____
--	--

NAME OF APPLICANT

I hereby certify that I am the duly appointed and acting Attorney for the Applicant named above; that all necessary authorizations, permits, licenses, certificates, and other approvals of Federal, State, county, and municipal authorities for the construction, equipment, operation and maintenance of the project identified above and described in the agreement appertaining thereto between the Applicant and the United States of America have been obtained; that the Applicant has commenced or completed proceedings appropriate to obtain funds which may be used lawfully to pay in full the cost of said project, including the acquisition of necessary lands, easements, franchises, and rights-of-way necessary for the construction, operation, and maintenance of said project; and that no litigation of any nature is now pending or threatened, either in State or Federal courts, to restrain or enjoin in any way said project, its construction, equipment, maintenance, operation, or financing, or in any manner questioning the authority of the Applicant to finance, construct, equip, maintain and operate said project.

\_\_\_\_\_ (Date)

\_\_\_\_\_ (Attorney at Law)

\_\_\_\_\_ (Type Name of Attorney)

EXHIBIT C

CFA-1132  
(5/63)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION ACCELERATED PUBLIC WORKS PROGRAM  <b>DEPOSITORY BANK ACCEPTANCE AND CONFIRMATION          STATEMENT</b>	Project No. _____  Related Requisition: No. _____ Date _____
---	--

NAME OF APPLICANT \_\_\_\_\_

I. We will accept from time to time, for deposit, monies of the Applicant named above for defraying the cost of the project identified above, and will at all times keep such monies in a separate construction account or accounts designated

" \_\_\_\_\_ "

Monies in such account(s) will be secured in the manner prescribed by statutes relating to the securing of public funds.

II. We wish to advise that as of the date of this Statement the Applicant named above has deposited \$ \_\_\_\_\_ into the above-named account or accounts.

This bank is a member of the Federal Deposit Insurance Corporation.

\_\_\_\_\_

*(Corporate Name of Bank)*

By \_\_\_\_\_

*(Signature of Authorized Officer)*

\_\_\_\_\_

*(Title of Officer)*

\_\_\_\_\_

*(Date)*

CERTIFICATE OF APPLICANT

This is to certify that \$ \_\_\_\_\_ of the amount shown above represents the Applicant's participation in the project in accordance with the terms of the Grant Agreement.

\_\_\_\_\_

*(Officer of Applicant)*

\_\_\_\_\_

*(Title)*

Previous Editions Obsolete

EXHIBIT D

CERTIFICATION OF PERFORMANCE  
ACCELERATED PUBLIC WORKS ACT

CFA-1129  
(5-65)

1. Pursuant to the resolution, adopted by \_\_\_\_\_ on \_\_\_\_\_  
*(governing body of applicant) (date)*  
which was furnished to the Housing and Home Finance Agency in connection with an application for  
grant assistance under Public Law 87-656, the \_\_\_\_\_  
*(exact legal corporate name of applicant)*  
(hereinafter called "applicant") represented that, in the event a Federal grant were approved by the  
United States of America to aid in financing the construction of \_\_\_\_\_  
*(brief project description)*  
it would increase its total expenditure for capital improvements (exclusive of Federal funds) for  
the fiscal year or years during which construction of the proposed project was expected to occur.  
  
The applicant further represented that its total expenditure for capital improvements (exclusive of  
Federal funds) would be increased by \$ \_\_\_\_\_ for the fiscal year ending \_\_\_\_\_ and  
\$ \_\_\_\_\_ for the fiscal year ending \_\_\_\_\_ for a total increase of \$ \_\_\_\_\_,  
which sum was approximately equal to the non-Federal funds required to complete the public works  
project for which the application was submitted.

2. As evidence of fulfillment of this requirement, the applicant hereby certifies:

a. That the period of construction of the Accelerated Public Works Project number APW- \_\_\_\_\_  
is estimated to be from \_\_\_\_\_ to \_\_\_\_\_  
*(date of construction start) (estimated date of completion)*

b. That the expenditures for capital improvements, exclusive of any Federal Grant Funds for the  
Accelerated Public Works Project, have been or will be carried out as follows:

(a)	(b)	(c)	(d)	(e)
FISCAL YEAR(S)	BRIEF DESCRIPTION OF CAPITAL IMPROVEMENT PROJECTS	BUDGETED OR PLANNED EXPENDITURES	ACTUAL EXPENDITURES	ESTIMATED AMOUNT TO BE EXPENDED DURING BAL. OF FISCAL YEAR(S)
		\$	\$	
TOTAL \$				

(Attach additional sheets if more space is needed.)

EXHIBIT D (Page 2)

3. Reconciliation:	Total from Column D	\$ _____
	Total from Column E	\$ _____
	Sub Total (Columns D and E)	\$ _____
	Less: Total Column C	\$ _____
	Net Increase in budgeted or planned expenditures	\$ _____

Note: If the net increase in budgeted or planned expenditures is less than the total increase shown in Item 1, explain in detail and indicate the method by which the remaining amount is to be provided.

5...

IN WITNESS WHEREOF, the applicant has caused this certification to be duly executed in its name by its undersigned duly authorized officer, its official seal (if one has been adopted) to be hereunto affixed, and attested by its proper officer on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

(SEAL)

\_\_\_\_\_

Exact Legal (Corporate) Name of Applicant

ATTEST:

By \_\_\_\_\_

Signature of Authorized Officer

\_\_\_\_\_  
Signature of Attesting Officer

\_\_\_\_\_  
Title of Attesting Officer

\_\_\_\_\_  
Title of Authorized Officer

\_\_\_\_\_  
Typewritten Name

\_\_\_\_\_  
Typewritten Name

NOTE: Section 1001 of Title 18 of the United States Code (Criminal Code and Criminal Procedure) shall apply to such statements -- 72 Stat. 967. (18 U.S.C. 1001, among other things, provides that whoever knowingly and willfully makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the U.S. shall be fined not more than \$10,000 or imprisoned for not more than five years, or both).

## EXHIBIT E

CFA-1129a  
(5-65)INSTRUCTIONS AND EXPLANATIONS CONCERNING COMPLETION OF  
"CERTIFICATION OF PERFORMANCE - ACCELERATED PUBLIC WORKS ACT"

As part of your application, you furnished a Resolution (Form CFA-1101-2a) showing your budgeted or planned expenditures for capital improvement projects for the fiscal year or years in which your APW project would be constructed and your proposed increase of such expenditures. As evidence of fulfillment of the representations contained in such Resolution, you are requested to fully complete and return one signed copy of the enclosed "Certification of Performance, Accelerated Public Works Act."

Item 1 of this Certification (CFA-1129) is a restatement of the applicant's commitment to increase capital improvement expenditures and specifies the fiscal year or years in which the increase was to be effected.

Item 2a of the Certification establishes the construction period and identifies the fiscal year or years in which construction started and the estimated completion date.

Item 2b of the Certification documents the applicant's commitment contained in the original Resolution as updated in Item 2a above.

*Explanation of Columnar Data*

## (A) FISCAL YEAR(S):

The fiscal year or years to be shown should be related to the construction period indicated in Item 2a of CFA-1129.

## (B) BRIEF DESCRIPTION OF CAPITAL IMPROVEMENT PROJECTS:

List all budgeted or planned capital improvement projects to be constructed during the fiscal year or years shown in column (a). Include any APW projects (by showing project number) for which Grant has been requested. It should be noted that Federal Grant funds are excluded from subsequent columns. Usually, planned or budgeted expenditures will be for specific projects and may be briefly described as "4th Avenue Sewer Extension," "Remodel Courthouse," "Replace Wilson Avenue Bridge," "Park Improvements," etc. Only "public works" type projects involving construction should be listed. Budgeted expenditures for the purchase of equipment and machinery, as well as routine maintenance should be excluded. Include any projects added by amendment or supplement to the original plan or budget, as adopted by the local governing body.

Any budget items that are not true planned capital expenditures and included in the budget for budgetary convenience, should be listed. However, these items should be fully explained by footnotes. In some instances, continuing cumulative reserve funds for capital improvements are established for a budget period.

EXHIBIT E (Page 2)

but the actual expenditures from such funds is contingent upon possible needs that may arise. Such reserve funds are commonly budgeted for capital projects such as sewer and water replacement and extensions. It is highly important that this type of capital expenditure item be identified and fully explained by footnote, as it is not always possible to determine this from our examination of your budget.

To support the data listed, please submit a copy of your full budget, with amendments or supplements thereto, if any.

(C) PLANNED OR BUDGETED EXPENDITURES:

Report in Column (C) the estimated cost of each project listed in Column (B), as shown in your approved budget or capital improvements plan for the fiscal year or years during which the APW project is under construction. The estimated cost to the applicant for the APW project should not be included in this Column.

(D) ACTUAL EXPENDITURES TO THE END OF THE FISCAL YEAR:

Report for each project listed in Column (D) the actual expenditures made to the end of the fiscal year and/or, if applicable, to date during the current fiscal year. Include amounts expended by applicant for its portion of the APW project.

(E) ESTIMATED AMOUNT TO BE EXPENDED DURING BALANCE OF FISCAL YEAR:

Report in this column the estimated amount scheduled to be expended for the balance of the current fiscal year. Where more than one fiscal year is indicated in Item 2a of this report, and where an unexpended balance in a given project remains at the end of the first year, repeat the project listing as a separate line item in order to identify the amount rescheduled. In such instances, show the subsequent fiscal year in Column (A), insert the word "DITTO" in Column (B), omit Columns (C) and (D), and show the balance brought forward from the first fiscal year in Column (E). For example:

<u>COL. (A)</u>	<u>COL. (B)</u>	<u>COL. (C)</u>	<u>COL. (D)</u>	<u>COL. (E)</u>
1962-63	Main St. Widening	\$100,000	\$50,000	\$30,000
1963-64	DITTO	-	-	20,000

Item 3 provides a recapitulation of totals under Item 2b. Expenditures in Column (D), plus estimated expenditures in Column (E), less the budgeted or planned expenditures in Column (C), should produce the amount of expenditures over the budgeted or planned amount. If the resulting amount is less than the increase anticipated in Item 1, an explanation is required.

EXHIBIT F

HOUSING AND HOME FINANCE AGENCY  
OFFICE OF THE REGIONAL ADMINISTRATOR

\_\_\_\_\_, 1965

*SPECIAL NOTICE TO APPLICANTS*

Accelerated Public Works Program

Attention is directed to the resolution which accompanied your application and in which you certified you would increase during the fiscal year or years during which the proposed project would be constructed your proposed or planned total expenditures for capital improvement projects (exclusive of Federal funds) by an amount approximately equal to the non-Federal funds required to complete the project for which the grant was requested.

If the date of the grant agreement was such that construction of the proposed project cannot now take place within the period contemplated in the formal resolution submitted with the application, the required increase in the proposed or planned total expenditures for capital improvement projects must be accomplished within the appropriate fiscal year or years during which construction of the project will take place.

Please acknowledge receipt of this notice on the attached duplicate and return to the Regional Office immediately.

Regional Director of  
Community Facilities

*RECEIPT OF DUPLICATE ACKNOWLEDGED*

\_\_\_\_\_  
Name of Applicant

\_\_\_\_\_  
Project Number

\_\_\_\_\_  
Authorized Official

\_\_\_\_\_  
Type Name and Title

\_\_\_\_\_, 1965  
Dated

EXHIBIT G

HOUSING AND HOME FINANCE AGENCY  
OFFICE OF THE REGIONAL ADMINISTRATOR

\_\_\_\_\_, 1965

*SPECIAL NOTICE TO APPLICANTS*

Accelerated Public Works Program

Attention is directed to the resolution which accompanied your application and in which you certified you would increase during the fiscal year or years during which the proposed project would be constructed your proposed or planned total expenditures for capital improvement projects (exclusive of Federal funds) by an amount approximately equal to the non-Federal funds required to complete the project for which the grant was requested.

If the date of the grant agreement was such that construction of the proposed project cannot now take place within the period contemplated in the formal resolution submitted with the application, the required increase in the proposed or planned total expenditures for capital improvement projects must be accomplished within the appropriate fiscal year or years during which construction of the project will take place. This requirement forms a part of the grant agreement.

This notice must be acknowledged on the attached duplicate and returned to the Regional Office with your Acceptance of the Offer.

Regional Director of  
Community Facilities

*RECEIPT OF DUPLICATE ACKNOWLEDGED*

\_\_\_\_\_  
Name of Applicant

\_\_\_\_\_  
Project Number

\_\_\_\_\_  
Authorized Official

\_\_\_\_\_  
Type Name and Title

\_\_\_\_\_, 1965  
Dated

**CHAPTER 8. PROJECT COMPLETION****Section 1. Completion Procedures**

The instructions for project completion activities for the Accelerated Public Works Program are provided in Part 22, except that:

- (1) Form CFA-150-APW, *Project Completion Report* (Exhibit A), shall be used to report formal completion of the project.
- (2) Form CFA-150-APW shall be prepared in quintuplicate and the following distribution made:
  - (a) Original placed in project folder.
  - (b) One copy to Field Engineer.
  - (c) One copy to the Regional Director of Administration.<sup>1</sup>
  - (d) Two copies to CFA.
- (3) Form CFA-333-G, *Suggested Format for Tax Statement for Grant Projects* (Exhibit B), shall be used in lieu of Form CFA-333, *Suggested Format for Tax Statement*.
- (4) The amount of any sales tax or other excise tax refunds shall be deposited into the Public Works Acceleration Act funds. A revised Form CFA-150-APW shall be issued upon receipt of such funds as prescribed in Chapter 22-1, with the same distribution as for the original Form CFA-150-APW.

---

<sup>1</sup> Region VII shall send this copy to the OA Division of Finance and Accounts.

EXHIBIT A

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION ACCELERATED PUBLIC WORKS PROGRAM  <b>PROJECT COMPLETION REPORT</b>	PROJECT NUMBER   																
1. Applicant																	
2. Project Description																	
3. Engineering Data																	
a. Final Approved Cost <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Preliminary expense . . . . .</td> <td style="width: 20%;">\$ _____</td> </tr> <tr> <td>Land and rights-of-way . . . . .</td> <td>_____</td> </tr> <tr> <td>Construction . . . . .</td> <td>_____</td> </tr> <tr> <td>Architectural/engineering services . . . . .</td> <td>_____</td> </tr> <tr> <td>Legal and administrative services . . . . .</td> <td>_____</td> </tr> <tr> <td>Interest during construction . . . . .</td> <td>_____</td> </tr> <tr> <td>Interest during development . . . . .</td> <td>_____</td> </tr> <tr> <td>b. Subtotal . . . . .</td> <td>\$ _____</td> </tr> </table>		Preliminary expense . . . . .	\$ _____	Land and rights-of-way . . . . .	_____	Construction . . . . .	_____	Architectural/engineering services . . . . .	_____	Legal and administrative services . . . . .	_____	Interest during construction . . . . .	_____	Interest during development . . . . .	_____	b. Subtotal . . . . .	\$ _____
Preliminary expense . . . . .	\$ _____																
Land and rights-of-way . . . . .	_____																
Construction . . . . .	_____																
Architectural/engineering services . . . . .	_____																
Legal and administrative services . . . . .	_____																
Interest during construction . . . . .	_____																
Interest during development . . . . .	_____																
b. Subtotal . . . . .	\$ _____																
c. Government field expense (PEL projects only) . . . . . _____																	
d. Other equipment (PEL projects only) . . . . . _____																	
e. Total audited project cost . . . . . \$ _____																	
f. Less costs ineligible for grant computation																	
Land and rights-of-way . . . . .	\$ _____																
Planning advances . . . . .	_____																
Other _____	_____																
Subtotal . . . . .	\$ _____																
g. Adjusted total approved project cost for grant purposes . . . . . \$ _____																	
Maximum amount of grant offer (____%) . . . . . _____																	
Adjusted grant per audit (____%) . . . . . _____																	
h. Eligible grant amount . . . . . \$ _____																	
i. Less previous payments . . . . . _____																	
j. Balance of grant not paid . . . . . \$ _____																	
k. Less cost of audit . . . . . _____																	
l. Final payment due . . . . . \$ _____																	

CFA-150-APW  
(6-64)

\_\_\_\_\_  
Chief, Engineering Branch

\_\_\_\_\_  
Date

6/15/64

EXHIBIT A (Page 2)

4. Financial data

- a. Bonds purchased by HIFPA (PFL projects only) . . . . . \$ \_\_\_\_\_
- b. Amount of owner's participation, including proceeds from private sale of bonds, cash, etc. . . . . \_\_\_\_\_
- c. Proceeds from grants:
  - Previous payments (3i) . . . . . \$ \_\_\_\_\_
  - Balance of grant not paid (3j) . . . . . \_\_\_\_\_
  - PHS . . . . . \_\_\_\_\_
  - Other . . . . . \_\_\_\_\_
  - Total . . . . . \$ \_\_\_\_\_
- d. Less total audited project cost (3e) . . . . . \_\_\_\_\_
- e. Balance of funds available for disposition . . . . . \$ \_\_\_\_\_

Disposition of balance (4f)

Federal loan involved:

- f. Principal of bonds redeemed (refund) . . . \$ \_\_\_\_\_
- g. Deposited in Bond and Interest
  - Sinking Fund . . . . . \_\_\_\_\_
- h. Returned to owner. . . . . \_\_\_\_\_
- i. Net Federal loan (4a less 4f). . . . . \$ \_\_\_\_\_

No Federal loan involved

- j. Returned to owner. . . . . \$ \_\_\_\_\_
- k. Sales Tax refunds
  - Amount refunded \$ \_\_\_\_\_ Net grant \$ \_\_\_\_\_

\_\_\_\_\_  
Chief, Finance Branch

\_\_\_\_\_  
Date

5. I recommend that the project be found complete and closed.

\_\_\_\_\_  
Chief, Public Facilities Operations Branch

\_\_\_\_\_  
Date

6. This project is closed.

\_\_\_\_\_  
Regional Director of Community Facilities

\_\_\_\_\_  
Date

EXHIBIT B

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

CFA-333-G  
(6-547)

SUGGESTED FORMAT FOR  
TAX STATEMENT FOR GRANT PROJECTS

John Doe  
Regional Director of Community Facilities  
HIFA Regional Office  
(Street Address)  
(City, State)

( Date )

Project No. \_\_\_\_\_

Dear Sir:

This is to certify that \_\_\_\_\_ (Name of Owner) has deposited in the construction account all sales tax or other excise tax refunds on construction materials or other costs of the above project; and that any refunds representing such taxes received after the project costs have been ascertained and the Government's participation has been determined will be returned to the Government in the ratio that the Government's participation bears to the total eligible project costs. except that the total eligible project costs shall be reduced by \$ \_\_\_\_\_ before the ratio is computed and that no part of the first \$ \_\_\_\_\_ shall be returned to the Government. <sup>1</sup>

Sincerely yours,

Authorized Representative of Owner

<sup>1</sup> As appropriate, the Regional Office shall add the bracketed clause to show the amount of eligible project cost the applicant paid which was in excess of the participated amount, on a percentage basis, as provided in the grant agreement. Where the amount is clearly in excess of any possible refund, a statement to that effect shall be included in the project file and Form CFA-333-G not sent.

6/15/64

## CHAPTER 8. PROJECT COMPLETION

### Section 2. Project Audits

Project audits under the Accelerated Public Works Program shall be made as prescribed in this Section.

#### POLICY

##### **Grant-Only Projects**

Audits of APW projects where a grant only has been made shall be performed by an independent public accountant under contract to the Government.

The cost of such audits is an allowable cost in computing the grant. Such cost shall be included in Legal and Administrative Expenses. Where necessary, the approved estimate for Project Contingency may be reduced, and the estimate for Legal and Administrative Expenses increased, to cover the payment; such action shall be formalized in a revised project summary. Consequently, the Government will bear the same proportion of the cost of the audit as the grant bears to the eligible project costs.

##### **Joint APW Grant-PFL Loan**

Where there is an APW grant and a PFL loan for the same project, the audit shall be made by the OA Audit Division in accordance with Part 7 of Volume III and Chapter 22-3 of Volume VI.

#### Exceptions

##### **Audits by OA Audit Division**

Audits of "grant-only" projects by the OA Audit Division shall be made only in those cases where the applicant is unable to provide funds for its share of the cost of the project audit or where the cost of the audit would be unreasonable in relation to total project costs. When they are required, such audits shall be made by the OA Audit Division in accordance with Part 7 of Volume III and Chapter 22-3 of Volume VI.

As soon as the Regional Office determines that such an exception to the project audit policy is necessary, the OA Audit Division shall be notified by memorandum and information copies sent to CFA and to the Supervisory Auditor for the region. Such notice shall include advice as to the status of project construction and the anticipated final

inspection date. If the timing makes it appropriate, the notice shall also include a request for the audit; if the audit cannot be requested at this time, the formal request shall be made as prescribed in Volume VI, Chapter 22-3. The cost of an OA audit is not to be reflected in the project summary.

#### **Audits by Bureau of Indian Affairs**

In cases where the applicant is an Indian tribe and force account is used, the audit will be performed by the Bureau of Indian Affairs.

#### **Audits by State Auditing Officials**

Audits may be performed by State auditing officials, where such an arrangement is requested by an applicant and the requirements set forth below are satisfied.

In approving such a request, the Regional Director must determine that:

- (1) The State Auditor or other State official normally performs audits of (a) projects similar to the particular APW project that is involved, and (b) operations of the applicant;
- (2) The auditing official is not under the direction or control of the applicant;
- (3) It is reasonably anticipated that the audit will be performed at the scheduled time and will be prepared in conformity with the applicable CFA procedures and requirements;
- (4) There will be no charge to the Federal Government or to the applicant for the performance of the audit, except where State law requires payment for such services, in which event the charges shall be allowed as eligible project costs.

#### **PUBLIC ACCOUNTANT DEFINED**

A public accountant (or simply "accountant"), as the term is used herein, is an independent certified public accountant or independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the United States, and having no business relationship with the applicant except the performance of audits. The accountant shall operate in or have an office in the redevelopment area in which the project is located, unless (1) it can be demonstrated that there are no acceptable accountants in the area; or (2) the applicant has selected an acceptable accountant located outside the redevelopment area who has performed the applicant's audits regularly.

#### **PROCEDURE**

##### **Selection of Accountant**

When construction of the project is 50 percent complete and 75 percent of the grant funds have been disbursed, the Regional Director, or

his designee, shall request the applicant to select an accountant (see Exhibit A, page 1).

#### Preparation and Review of Contract

If the Regional Director determines (1) that the accountant is responsible, independent, and duly licensed or certified; (2) that the accountant will provide professional services; (3) that the cost is consistent with fees for comparable work in the applicant's area; (4) that the proposed contract will be to the best advantage of Government; and (5) that it is reasonably anticipated that performance of the audit will be required at the scheduled time, he shall request preparation of a contract for the audit, using Form CFA-1136, *Accelerated Public Works Audit Contract* (Exhibit A, pages 2-3) and Form CFA-1137, *Instructions to Public Accountants Engaged by the Government to Audit Accelerated Public Works Projects* (Exhibit A, pages 4 and 5). An original and three copies of the contract are required. If the Regional Director finds that one or more of the conditions (1) through (5) above are not met he shall refer the matter to the applicant for reconsideration and submittal of a revised proposal.

The time required to complete the audit should be as realistic as possible, taking into account unusual seasonal workload factors such as those associated with tax filing dates and the ends of fiscal years. However, where the completion time as stated in the contract cannot be met, requests for reasonable extensions of time may be approved by the Regional Director. Where a request is for more than fifteen days, the Regional Director shall ascertain the effect of the delay on the applicant. Considering this and other applicable factors, the Regional Director shall determine whether the extension shall be granted or the contract canceled and a new auditor selected capable of completing an audit on a timely basis.

Extensions of time for more than thirty days shall not be granted except under circumstances which in the judgment of the Regional Director are exceptional, and in no event shall extensions, in aggregate, exceed forty-five days without CFA approval.

Before transmittal to the accountant, each contract shall be reviewed by the Legal Division, modified where necessary to meet requirements of State and local law, and approved by the Regional Counsel or his designee.

The Regional Director shall sign the original and one copy of the audit contract which together with one conformed copy shall be transmitted to the accountant under a transmittal letter (see Exhibit B). This letter also shall enclose two copies each of Form CFA-1137; Form CFA-1138, *Sample Audit Report* (Exhibit A, pages 6-16); *CFA Program Guide No. 1* (APW Program); and Form CFA-1102, *Instructions and Guides for Completing the Application for Grant*.

**Receipt of Contract**

Upon receipt of the executed contract, it shall be routed to the Legal Division to determine that it is properly executed. If satisfactory, the Regional Counsel shall so note on the document and return it to the Chief, Public Facilities Operations Branch.

The Chief, Public Facilities Operations Branch, shall see that the date of acceptance is placed on the conformed copy which shall be filed in the project file. The executed copy shall be routed to the Regional Administrative Division for the fiscal project file.

**Increase in Accountant's Maximum Compensation**

When a contract is to be amended under the provision of "Article II. Compensation" in Form CFA-1136, Form CFA-1136(a) (see Exhibit C) shall be used. Such amendments shall be prepared, executed, and distributed in accordance with procedure used for the original contract.

The amount of any increase in the maximum compensation shall not exceed the amount which would currently be paid for comparable work in the applicant's area, and shall not be unreasonable in relation to total project costs.

**Notification to Accountant**

After final inspection of the project and concurrently with the 15 percent disbursement of grant funds authorized at that time, the Regional Director, or his designee, shall request the accountant to proceed with the audit (see Exhibit C). This letter shall enclose a copy of the grant agreement and each amendment, together with the project summary and each revision. A copy of the letter shall be furnished to the applicant and a copy placed in the project file.

**Assistance to Accountants**

The audit shall be based upon the documents and data in the project files of the applicant. The Regional Office shall assist the auditors, upon request, by supplying information on program requirements or information not available in the applicant's records, to the extent necessary to protect the interests of the Government.

**Copies of Audit Report**

The contract requires the accountant to send three manually signed copies of the audit report, with his invoice, to the Regional Director, and to send a fourth copy of the report, with a copy of his invoice, directly to the applicant.

**Acceptance of Audit Report**

Upon receipt of the audit report, the Chief, Public Facilities Operations Branch, shall review the report and ascertain whether it is

complete and conforms to instructions. If a report is incomplete, it shall be returned to the accountant with a request to supply the missing data.

The Regional Director may request the advice of the Supervisory Auditor for the region concerning the adequacy of the audit or audit report.

#### **Payment to Accountant**

When the audit report is found acceptable by the Regional Director, he shall indicate over his signature on the accountant's invoice that the audit report is acceptable and send the invoice to the Administrative Division. The Administrative Division shall pay the public accountant.

At the same time, the Chief, Public Facilities Operations Branch, shall forward one copy of the report to CFA and one to the Supervisory Auditor for the region, for his reference file.

#### **Follow-up on Audit Reports**

The Chief, Public Facilities Operations Branch, is responsible for action to clear suspensions, exceptions, and other follow-up matters covered in the audit report, and, when he has obtained final action on all such matters, shall prepare a memorandum to this effect to CFA, for the signature of the Regional Administrator,<sup>1</sup> with a copy to the Supervisory Auditor. The Audit Division will review the performance of the Community Facilities Division in carrying out this phase of the APW Program only as part of its regularly scheduled internal audits.

#### **Final Grant Payment**

Upon resolution of all matters raised in the audit report and any other pertinent matters that are pending, and upon determination of final costs, including the audit fee, the Regional Director shall obtain from the applicant a final requisition, and route the completed requisition to the Administrative Division for payment processing. (See Chapters 8-7 and 22-1.)

The Administrative Division shall deduct the cost of the audit by the independent public accountant from the final grant disbursement.

<sup>1</sup> At the option of the Regional Administrator, this memorandum may be signed by the Regional Director.

## EXHIBIT A

HOUSING AND HOME FINANCE AGENCY  
OFFICE OF THE REGIONAL ADMINISTRATOR

Name and Address  
of Applicant

Dear Mr. \_\_\_\_\_:

Subject: Selection of public accountant  
to audit Project No. \_\_\_\_\_

In accordance with the Grant Agreement for the subject project, the final grant disbursement is withheld by the Government pending an audit of the project. The cost of the audit is an eligible project cost and will be deducted from the final grant disbursement. Therefore, you are requested to recommend a public accountant to make the audit and to furnish the Regional Director of Community Facilities the following information:

1. Name and address of public accountant who will contract to perform the audit in accordance with generally accepted auditing standards.
2. Evidence that the public accountant—
  - (a) Is an independent certified public accountant or independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the United States;
  - (b) Has no business relationship with the Applicant except the performance of audits;
  - (c) Operates in or has an office in the redevelopment area in which the project is located, or is being recommended in accordance with evidence submitted by you to show either that there are no acceptable public accountants in the redevelopment area or that the recommended public accountant has regularly performed audits for the Applicant; and
  - (d) Can begin the audit on or about (*estimated date of project completion*).
3. Letter from the accountant which sets forth the proposed method for billing, rates, and maximum cost for the audit and the estimated number of calendar days which will be required to make the audit.

In order that you may discuss the nature and scope of the audit required by the Government, we are enclosing two copies of the basic contract (Form CFA-1136) and its attachment (Form CFA-1137) and two copies of a sample audit report (Form CFA-1138).

Sincerely yours,  
Regional Director of Community Facilities

Enclosures \_\_\_\_\_

6/15/64

## EXHIBIT A (Page 2)

CFR-1136  
(5-64)HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATIONACCELERATED PUBLIC WORKS AUDIT CONTRACT  
(Contract for Nonpersonal Professional Services)

THIS NEGOTIATED CONTRACT, entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between the UNITED STATES OF AMERICA, Housing and Home Finance Administrator, (hereinafter called the "Government"), acting by and through \_\_\_\_\_, (hereinafter called the "Contracting Official") and \_\_\_\_\_, having its principal office located at \_\_\_\_\_ (hereinafter called the "Contractor"), WITNESSETH THAT:

WHEREAS, the Government under date of \_\_\_\_\_, entered into a Grant Agreement with \_\_\_\_\_ of \_\_\_\_\_ (hereinafter called the "Applicant") covering a grant of Government funds to finance a portion of the development cost of certain essential public works or facilities, known as Accelerated Public Works Project No. \_\_\_\_\_, (hereinafter called the "Project") under authority of Section 202(e) of the Housing Amendments of 1955, as amended by Section 5(b) of the Public Works Acceleration Act (42 U.S.C. 1492(e)); and

WHEREAS, construction of the Project now being completed, the Government desires the Contractor to make an independent final audit examination of the books and records pertaining to such Project, and the Contractor is willing to undertake the work, as hereinafter specified; and

WHEREAS, this contract is negotiated without advertising under authority of Section 302(c)(3) of the Federal Property and Administrative Services Act of 1949, as amended (41 U.S.C. 252(c)(3)) as delegated by the Administrator of General Services (27 F.R. 5972, 3/26/62), and is chargeable to the grant appropriations of the Accelerated Public Works Program.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I. STATEMENT OF WORK. The Contractor shall perform the audit examination of the books and records pertaining to the Project and prepare the audit report in accordance with the procedures described in Attachment One which is attached hereto and made a part hereof.

The Contractor shall furnish the Government three (3) manually signed copies of the audit report, addressed to the Contracting Official at \_\_\_\_\_, and shall also furnish the Applicant with a copy of the report. The audit report shall disclose whether the Contractor is the regular auditor of the Applicant.

The Contractor shall complete performance within \_\_\_\_\_ days after receipt of notification on behalf of the Government to proceed with the audit.

ARTICLE II. COMPENSATION. The Contractor shall bill the Government and the Government shall pay the Contractor for the performance of his services under this contract on the basis of the Contractor's normal and customary hourly rates for staff actually engaged upon performance of the work hereunder, plus ordinary and necessary out-of-pocket expenses customarily stated separately by the Contractor in his general practice, the same to be separately stated and itemized, but in no event in the aggregate to exceed a total of \$ \_\_\_\_\_; Provided, however, that the Government by amendment of this contract may increase the maximum limitation of \$ \_\_\_\_\_ upon a showing by the Contractor, agreed to by the Government, that the Contractor has discovered conditions in the accounts of the Applicant which require investigation consuming substantially more time than would generally be required to perform the prescribed audit.

Payment to the Contractor will be made upon receipt by the Government of Voucher S.F. 1034, or commercial invoice accompanied by a certified statement showing the class of accountant(s) performing the work, the number of hours devoted to the work, applicable per diem rates, and receipt and acceptance by the Government of the audit report.

EXHIBIT A (Page 3)

ARTICLE III. GOVERNMENT INSPECTION OF WORKING PAPERS. The Contractor agrees that duly authorized representatives of the Government shall, until the expiration of three years after final payment under this contract, have access to and the right to examine the working papers prepared in connection with the audit performed under this contract.

ARTICLE IV. MISCELLANEOUS PROVISIONS.

SEC. 401. Nondisclosure of Information - The Contractor shall not disclose any information obtained in the performance of this contract, or make or supply any reports relative to the work called for hereunder, except to the Administrator or persons designated by the Administrator.

SEC. 402. Subcontract - The Contractor shall not subcontract any portion of the work under this contract.

SEC. 403. Assignment of Contract - Neither this contract nor any interest therein shall be assigned, nor shall any moneys due hereunder be assigned except as permitted by the Assignment of Claims Act of 1940, as amended (31 U.S.C. 203, 41 U.S.C. 15).

SEC. 404. Nondiscrimination - In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

SEC. 405. Brokerage or Contingent Fee - The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employee or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

SEC. 406. Officials Not to Benefit - No member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year above written.

UNITED STATES OF AMERICA  
Housing and Home Finance Administrator

By \_\_\_\_\_

\_\_\_\_\_

By \_\_\_\_\_

## EXHIBIT A (Page 4)

CFA-1137  
(7-63)HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION*Attachment One:* INSTRUCTIONS TO PUBLIC ACCOUNTANTS  
ENGAGED BY THE GOVERNMENT TO AUDIT  
ACCELERATED PUBLIC WORKS PROJECTS

Constituting Part of the Contract Providing for  
the Audit of Accelerated Public Works Projects  
under Section 202(e) of the Housing Amendments  
of 1955, as Amended by Section 5(b) of the  
Public Works Acceleration Act (42 U.S.C. 1492(e))

1. To facilitate the audit, the accountant should review the Grant Agreement between the Applicant and the Government, including the Terms and Conditions and any Special Conditions therein.

Under the agreement, the applicant will receive, as a Federal grant, a stated percentage of the total eligible project cost as determined by the Government. The balance is provided by the applicant from non-Federal sources. Some types of costs, although directly related to the project, are defined by the Grant Agreement as ineligible, i.e., may not be included in the total project cost figure used to compute the amount of the Federal grant.

The Government establishes for each project an approved schedule of project cost estimates for both the total and each of several appropriate cost categories (e.g., Legal and Administrative Expenses). The currently approved estimates are those set forth in the Government's "Project Summary," as most recently amended.

The accountant, therefore, must review each cost-item charged to the project in the applicant's official accounts and determine whether in his opinion --

- a. The cost-item is directly related to the planning and construction of the project, and is consequently a "project cost";
- b. The cost-item appears to be an "eligible project cost" under the Terms and Conditions; and
- c. The total of the project cost-items by category and in total are within the currently approved estimates.

The accountant will be supplied by the Government with a sample audit report showing the manner in which these findings are to be reported. The Schedule of Exceptions (item 2(g) below) should be used to list

## EXHIBIT A (Page 5)

those items regarded as not being "Project costs," or not being "eligible project costs." If the accountant has any doubt about a certain item, he should take an exception rather than make any administrative decision as to whether it is an eligible cost or not.

The Applicant is required to maintain intact for the purpose of audit all accounting records, including bank deposit slips, cancelled checks, and other supporting documents.

2. The audit report shall include, as a minimum, the exhibits and schedules listed below:
  - a. Statement of Source and Status of Funds.
  - b. Comparison of Recorded, Audited, and Estimated Costs.
  - c. Schedule of Construction Costs.
  - d. Schedule of Architectural and Engineering Services.
  - e. Schedule of Legal and Administrative Expenses, including the accountant's fee for conducting the project audit.
  - f. Schedule of Capitalized Interest.
  - g. Schedule of Exceptions, together with other matters which the public accountant believes appropriate to be brought to the attention of the Government. In all instances of noncompliance, this schedule should specifically identify the applicable portion of the Grant Agreement. Where the dollar amount of the exception can be determined, the accountant should state such amount. If no exceptions exist, the accountant should so state.
  - h. Project Accounts Payable, by object of expenditure, including the accountant's fee for conducting the project audit.
3. Audit Opinion

To be acceptable to the Government, the examination must be independent and must be made in accordance with generally accepted auditing standards. The scope of the audit must be comprehensive enough to permit the expression in the audit report of an opinion as to whether:

- a. All costs attributed to the Project, except as specifically noted in the report, appear to be eligible costs as defined in the Terms and Conditions of the Grant Agreement;
- b. The exhibits and schedules present fairly the cost incurred in connection with the construction of the Project and the status of all funds provided in connection therewith; and
- c. The applicant has complied with those Terms and Conditions of the Grant Agreement relevant to the receipt and disbursement of, and accounting for, all funds for the project.

EXHIBIT A (Page 6)

CFA-1128  
(7-63)

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION  
ACCELERATED PUBLIC WORKS PROGRAM

SAMPLE AUDIT REPORT

REPORT  
COST OF PROJECT NO.  
APW-ILL-1G  
A B C COUNTY  
DOE, ILLINOIS  
May 15, 1963

## EXHIBIT A (Page 7)

Letter Head of Public Accountant

May 30, 1963

John Doe, Regional Director  
Community Facilities Branch  
HMFA Regional Office  
(Street Address)  
(City, State)

Dear Sir:

In accordance with terms of a contract dated May 15, 1963, duly executed by you and containing instructions regarding procedure, I have made an examination of the records as at May 15, 1963, for the purpose of determining the eligible cost of construction of:

Project No. APW-ILL-1G  
Municipal Building

and obtaining other information specified in the contract in connection with this project. The examination was made in accordance with generally accepted auditing standards and included all procedures which I considered necessary.

In my opinion, the accompanying exhibits and schedules indexed below, present fairly the cost of Project No. APW-ILL-1G at May 15, 1963, in conformity with generally accepted accounting principles, and all costs attributed to the project, except as specifically noted in the report, appear to be eligible costs, and the exhibits and schedules present fairly the cost incurred in connection with the construction of the project and the status of funds provided in connection therewith.

Sincerely yours,

(Signature)

EXHIBIT A - STATEMENT OF SOURCE AND STATUS OF FUNDS  
EXHIBIT B - COMPARISON OF RECORDED, AUDITED AND ESTIMATED COSTS  
SCHEDULE B-1 - CONSTRUCTION COSTS  
SCHEDULE B-2 - ARCHITECTURAL AND ENGINEERING SERVICES  
SCHEDULE B-3 - LEGAL AND ADMINISTRATIVE EXPENSES  
SCHEDULE B-4 - CAPITALIZED INTEREST  
EXHIBIT C - EXCEPTIONS - ITEMS OF COST NOT INCLUDED IN AUDITED COSTS  
EXHIBIT D - ACCOUNTS PAYABLE

## EXHIBIT A (Page 8)

A B C COUNTY

Doe, Illinois

EXHIBIT "A"

STATEMENT OF SOURCE AND STATUS OF FUNDS  
As of May 15, 1963

Project No. APW-ILL-1G

Contract No. H-300-980

<u>Source of Funds</u>	<u>Estimated</u>	<u>Furnished</u>
U. S. Government HHFA	\$327,100.00	\$294,390.00
Other	<u>337,100.00</u>	<u>337,100.00</u>
	<u>\$664,200.00</u>	\$631,490.00
Disbursed for project costs		<u>591,581.00</u>
Balance in Construction Account		<u>\$ 39,909.00</u>

All funds furnished for the construction of the project were deposited in the Construction Account established in the National Bank, Doe, Illinois, and the balance of \$39,909.00 was confirmed by the depository on May 15, 1963.

6/15/64

EXHIBIT A (Page 9)

A B C COUNTY  
 Doe, Illinois  
 EXHIBIT "B" (left-hand sheet)

COMPARISON OF RECORDED, AUDITED, AND ESTIMATED COSTS  
 As at May 15, 1963

Project No. AFW-ILL-1G

Contract No. H-330-980

Classification of Expenditures	Recorded Costs	Adjustments	Accounts Payable (See EXH. "D")
Preliminary Expense	\$ 980.00	\$	\$
Land & Rights-of-Way	4,975.00		
Construction Costs	538,200.00		59,800.00
Architectural/Engineering Services	34,080.00	6,000.00	
Legal & Administrative Expense	3,566.00		384.00
Capitalized Interest			
Interest During Construction	9,780.00	( 280.00)	
Interest During Development			6,520.00
Project Contingency			
Total Project Cost	<u>\$591,581.00</u>	<u>\$5,720.00</u>	<u>\$66,704.00</u>
Less Costs Ineligible for Grant Financing:			
Land & Rights-of-Way	\$ 4,975.00		
Planning Advance Under Program of Advances for Public Works Planning		6,000.00	
Other (Itemize)			
Preliminary Expense	980.00		
General Construction			
Contract Change Order #5	4,000.00		
Total Ineligible Costs	<u>\$ 9,955.00</u>	<u>\$6,000.00</u>	
Eligible Project Costs	<u>\$581,626.00</u>	<u>( \$ 280.00)</u>	<u>\$66,704.00</u>

NOTE: The exhibit need only include those captions for which amounts appear on the last approved Project Summary.

EXHIBIT A (Page 10)

EXHIBIT "B" (right-hand sheet)

Exceptions (See EXH. "C")	Audited Costs	Latest Approved Estimate	(Overruns) Underruns
\$	\$ 980.00	\$ 1,000.00	\$ 20.00
	4,975.00	5,000.00	25.00
( 4,000.00)	594,000.00	600,000.00	6,000.00
( 480.00)	39,600.00	40,200.00	600.00
( 50.00)	3,900.00	4,000.00	100.00
	9,500.00	9,780.00	280.00
	6,520.00	6,520.00	
		3,700.00	3,700.00
(\$4,530.00)	659,475.00	\$670,200.00	\$10,725.00
	4,975.00	5,000.00	25.00
	6,000.00	6,000.00	
	980.00	1,000.00	20.00
	4,000.00	4,000.00	
	\$ 15,955.00	\$ 16,000.00	\$ 45.00
(\$4,530.00)	\$643,520.00	\$654,200.00	\$10,680.00

EXHIBIT A (Page 11)

A B C COUNTY

Doe, Illinois

SCHEDULE "B-1"

CONSTRUCTION COSTS  
As at May 15, 1963

Project No. APW-ILL-1G

Contract No. H-300-980

Payee	Description	Amount
A B C Construction Co.	General Construction	
	Contract Amount	\$540,000.00
	Change Orders: 1-5	<u>8,000.00</u>
		548,000.00
	Less Change Order #4 not approved	<u>4,000.00</u>
		\$544,000.00*
A B C Heating Co.	Heating	
	Contract Amount	\$ 18,000.00
		18,000.00
A B C Plumbing Co.	Plumbing	
	Contract Amount	18,000.00
	Change Order #1	<u>2,000.00</u>
		20,000.00
A B C Electrical Co.	Electrical	
	Contract Amount	14,000.00
	Change Order #1	<u>2,000.00</u>
		12,000.00
	Total	<u>\$594,000.00</u>

\*Change Order #5 approved in amount of \$4,000.00; however, Applicant required to pay entire amount.

The contractors have furnished evidence to the Applicant that all lawful claims have been paid.

The contractors furnished the Applicant with satisfactory proof of carriage of the insurance required.

## EXHIBIT A (Page 12)

A B C County

Doe, Illinois

SCHEDULE "B-2"

ARCHITECTURAL AND ENGINEERING SERVICES

As at May 15, 1963

Project No. AFW-ILL-1G

Contract No. H-300-980

Payee	Description of Services	Amount
A B C Architects	Architect - Engineer	
	Total eligible construction costs \$590,000.00	
	Fee: 6 percent of eligible construction costs	\$35,400.00*
John Smith	Clerk-of-the-Works Inspection Services, July 1, 1962 to March 1, 1963	
	8 months at \$350.00	2,800.00
A B C Engineering Co.	Soil Test Borings	500.00
A B C Surveyors	Field Survey	175.00
John Doe	Topographic Survey	350.00
John Abel	Aerial Survey	<u>375.00</u>
		<u>\$39,600.00</u>

\*Includes \$6,000.00 payment made under program of Advances for Public Works Planning on December 15, 1959.

NOTE: Delete or add items as required.

EXHIBIT A (Page 13)

A B C County

Doe, Illinois

SCHEDULE "B-3"

LEGAL AND ADMINISTRATIVE EXPENSES

As at May 15, 1963

Project No. APW-ILL-1G

Contract No. H-300-980

Payee	Description	Amount	Amount
A, B, C, & D	Bond Counsel Fee Expense	\$1,700.00 <u>4.94</u>	\$1,704.94
E, F, & G	Legal Services		923.00
The Bond Buyer	Advertising Bond Sale	72.00	
Star Publishing Co.	Advertising for Construction Bids	<u>43.00</u>	115.00
Ace Insurance Co.	Builder's Risk Insurance Premium		823.00
John A. Doe & Co.	Accountant's Auditing Fee		<u>384.00</u>
	Total		<u>\$2,950.00</u>

All costs were approved by HHFA personnel.

NOTE: Legal and Administrative Expenses may include: advertising, legal services, bond counsel fee, travel, accountant's fee, and builder's risk insurance premium.

A footnote on this schedule should indicate that all of the costs were or were not approved by appropriate personnel of the Government (HHFA).

EXHIBIT A (Page 14)

A B C County  
 Doe, Illinois.  
 SCHEDULE B-4  
 CAPITALIZED INTEREST  
 As at May 15, 1963

Project No. AFW-ILL-1G Contract No. H-300-980

Lender	Amount of Principal	Period Covered From To	No. of Days	Interest Rate	Amount
Bankers Guaranty	\$326,000.00	6-1-62 3-1-63	9 Months	4%	\$ 9,780.00

Interest During Construction

Less: Interest income earned on construction account funds invested

\$ 9,780.00

280.00

\$ 9,500.00

Interest during development pursuant to contract -- 6 months interest

6,520.00

\$16,020.00

Interest during construction computed on 360-day basis and charged up to March 1, 1963; interest termination date pursuant to Regional Director's letter of April 15, 1963 to Applicant.

NOTE: The schedule should be footnoted to indicate basis on which interest was computed (360 or 365-day basis) and should indicate that HRF's Regional Director of Community Facilities advised applicant that interest during construction can be charged up to and including a specific date.

## EXHIBIT A (Page 15)

A B C County

Doe, Illinois

EXHIBIT "C"

EXCEPTIONS -- ITEMS OF COST NOT INCLUDED IN AUDITED COSTS  
As at May 15, 1963

Project No. APW-ILL-10

Contract No. H-300-980

Explanation	Amount
Change Order #4 to general construction contract disapproved by HHFA	\$4,000.00
Architect's fee on Change Orders #4 and #5 \$8,000 @ 6%	480.00
Advertising fee paid for construction bids on a school	50.00
	<u>\$4,530.00</u>

6/15/64

## EXHIBIT A (Page 16)

A B C County

Doe, Illinois

EXHIBIT "D"

ACCOUNTS PAYABLE  
As at May 15, 1963

Project No. APW-ILL-1G

Contract No. H-300-980

Payee	Description	Amount
A B C Construction Co.	General Construction 10% Retention	\$54,800.00
A B C Heating Co.	Heating 10% Retention	1,800.00
A B C Plumbing Co.	Plumbing 10% Retention	2,000.00
A B C Electric Co.	Electrical 10% Retention	1,200.00
John A. Doe & Co.	Accountant's Auditing Fee	384.00
National Bank, Trustee	Development Interest	<u>6,520.00</u>
	Total	<u>\$66,704.00</u>

6/15/64

## EXHIBIT B

HOUSING AND HOME FINANCE AGENCY  
OFFICE OF THE REGIONAL ADMINISTRATOR

Name and address of  
Public Accountant

Dear Mr. \_\_\_\_\_:

Subject: Accelerated Public Works Audit  
Contract for Project No. \_\_\_\_\_

This Agency concurs in the recommendation of (Name of Applicant) that you be awarded a contract to make an audit of its project for which the Government has made a grant-in-aid under the Public Works Acceleration Act.

Accordingly, there are enclosed an original and one copy signed by the Regional Director of Community Facilities and one conformed copy of the subject contract (each copy consisting of Forms CFA-1136 and -1137). Also enclosed are two copies of each of the following Community Facilities Administration publications:

Instructions to Public Accountants Engaged by the Government to Audit Accelerated Public Works Projects (Form CFA-1137)

Sample Audit Report (Form CFA-1138)

Instruction and Guides for Completing the Application for Grant (Form CFA-1102)

Accelerated Public Works Program—CFA Program Guide No. 1

If this contract meets with your approval, please execute the two signed copies and conform the third copy. The original copy of the contract must be returned to this office within ten days. Please forward the conformed copy to

---

(Name and address of Applicant's authorized representative)

Please note that this contract calls for the submission of three manually signed copies of the audit report to the Regional Director of Community Facilities at the above address, and a fourth copy to the Applicant. Notice of authority to proceed with the audit will be forwarded to your office upon completion of the project.

Sincerely yours,  
Regional Director of  
Community Facilities

Enclosures

6/15/64

EXHIBIT C

CFA-1136(a)  
(4-65)

Project No. \_\_\_\_\_

\_\_\_\_\_  
(Name of Applicant)

HOUSING AND HOME FINANCE AGENCY  
COMMUNITY FACILITIES ADMINISTRATION

AMENDMENT NO. 1 TO ACCELERATED PUBLIC WORKS AUDIT CONTRACT  
(Contract for Nonpersonal Professional Services)

Date of this Amendment: \_\_\_\_\_

WHEREAS, the UNITED STATES OF AMERICA, Housing and Home Finance Administrator (hereinafter called the "Government"), acting by and through the Regional Director of Community Facilities, entered into a negotiated contract dated as of \_\_\_\_\_ (hereinafter called the "Contract") with \_\_\_\_\_, a \_\_\_\_\_ having its principal office located at \_\_\_\_\_ (hereinafter called the "Contractor"), WITNESSETH THAT:

WHEREAS, pursuant to Article II of the Contract, the Contractor has furnished sufficient showings that conditions in the accounts of the Applicant require investigation consuming substantially more time than would generally be required to perform the prescribed audit, and,

WHEREAS, it is the intention of the parties to increase the maximum limitation of compensation provided under the terms of the Contract so as to assure that the Contractor will be reasonably compensated, and,

WHEREAS, it is in the interest of the Government and the Contractor to amend said Contract to reflect such change;

NOW, THEREFORE, for and in consideration of the mutual benefits flowing to the Government and the Contractor, the Contract is hereby amended by deleting the amount "\$ \_\_\_\_\_" in the eighth and ninth lines of ARTICLE II, entitled COMPENSATION, and substituting the amount "\$ \_\_\_\_\_" in lieu thereof.

All other terms and provisions set forth in said Contract shall remain in full force and effect.

UNITED STATES OF AMERICA

Housing and Home Finance Administrator

BY \_\_\_\_\_

\_\_\_\_\_

BY \_\_\_\_\_

EXHIBIT D

HOUSING AND HOME FINANCE AGENCY  
OFFICE OF THE REGIONAL ADMINISTRATOR

Name and Address of  
Public Accountant

Dear Mr. \_\_\_\_\_ :

Subject: Authority to proceed with audit  
on Project No. \_\_\_\_\_ for  
Contract No. \_\_\_\_\_

In accordance with subject contract and our letter of \_\_\_\_\_,  
you are hereby authorized to proceed with the audit of the subject  
project.

Enclosed are copies of the Grant Agreement and the Project Sum-  
mary which is our approval document for the subject project.

Under the terms of your contract, you are required to complete this  
audit and furnish four copies of the audit report within \_\_\_\_\_ days  
of the receipt of this letter. Three manually signed copies of the audit  
report are to be sent, with your invoice, to the Regional Director of  
Community Facilities. A fourth copy of the report is to be sent, with  
a copy of your invoice, to

\_\_\_\_\_  
(Name and address of Applicant's authorized representative).

\_\_\_\_\_  
Regional Director of Community Facilities

Enclosure

**DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT**

APR 23 1965

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