

Volume VI

***Policies and Procedures
for Community Facilities
Operations***

Field Service

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

APR 10 1972

WASHINGTON, D.C. 20410

Book I



**HOUSING AND HOME FINANCE AGENCY
Community Facilities Administration**

FOREWORD

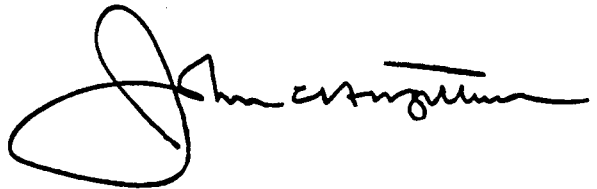
To My Friends and Co-Workers on CFA Programs

I present you herewith the 1960 Edition of the CFA Manual. The revisions incorporated in this Manual represent the combined efforts of members of the staffs of OA, CFA and Regional Offices, all working long and diligently together in a sincere effort to improve our operations. Errors and omissions will, of course, become evident and are to be expected in an endeavor of this magnitude. I urge on all of you a sympathetic approach and request your assistance in effecting the necessary corrections. Always remember that this is, in very fact, a loose-leaf volume and not a final edition.

The basic policies of CFA can be simply stated: the development of sound projects on a sound financial basis for the ultimate benefit of the applicant; a minimum of Federal interference; the proper protection of the interest of the Federal Government.

All of the revised instructions and procedures should be evaluated in light of the above. Within the broad basic limits of our statutes and the accepted practices of Government, inflexible and arbitrary requirements should always give way to the exercise of good judgment and common sense at all levels. We must continue to be proud of the fact that our intent and goal is to attempt to pattern each project to the individual need of the applicant. To accomplish this there must be a maximum of understanding and the highest degree of intercommunication among us all.

Fully realizing that flexible administration is frequently most difficult of achievement I offer every one of you all possible support. Together, certainly, we can continue to maintain and improve the fine degree of accomplishment which has accorded us well warranted confidence from all quarters.



John C. Hazeltine
Commissioner

INTRODUCTION

Volume VI of the Manual series is the medium by which policies and procedures relating to administration of Community Facilities Administration programs in the field are issued.

Each release in Volume VI will be approved by the Administrator or the Community Facilities Commissioner before issuance.

ORGANIZATION OF VOLUME VI

Volume VI consists of Book I and Book II. Book I describes the community facilities programs and for each program (1) prescribes program policies and procedures, (2) indicates the applicability of the general technical instructions contained in Book II, and (3) establishes specific instructions which are additional to, or modifications of, the technical instructions in Book II.

Volume VI is divided into Parts, Chapters and Sections. In some instances, the Section breakdown is omitted.

Chapters and Sections are numbered in relationship to the rest of the Volume. Where a three-digit number is used (e.g., 21-1-2), the first digit indicates the Part, the second the Chapter, and the third the Section. Where a two-digit number is used (e.g., 2-1), there is no Section breakdown, the first digit indicating the Part and the second indicating the Chapter.

The date through which material has been revised before issuance is shown at the bottom of each page.

MAINTENANCE

Revised pages are sent out under cover of a Transmittal Letter. When changes are made in accordance with the Transmittal Letter, the checklist at the back of Book II should be initialed. This serves automatically to call attention to missing releases.

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 Chapter 2. Preparatory Actions 23-2
 Chapter 3. Active Loan Management 23-3

CHAPTER 1. CFA PROGRAM POLICIES AND PROCEDURES

The CFA program policies and procedures issued in this Volume are mandatory, except as otherwise specifically indicated in the text.

When, because of the circumstances in a particular case, a Regional Office considers it desirable to deviate from the mandatory provisions of this Volume, the matter should be referred to CFA for concurrence. Regional Offices should also consult CFA whenever the application or interpretation of these policies and procedures is in doubt or the novelty and complexity of a particular case indicates the need for consultation.

Regional Offices should propose to CFA any changes in this Volume that appear desirable in the interest of more effective program administration.

CFA RELEASES

Revisions in CFA program policies and procedures will be issued as changes in this Volume.

In unusual circumstances, revisions may be issued through the Regional Circular series. Such revisions will be reflected in this Volume as soon as possible after their initial release.

REGIONAL RELEASES

The procedural instructions in this Volume may be supplemented by Regional Offices when necessary to meet purely local conditions. Regional supplements may not conflict with or supersede the instructions in this Volume without prior CFA approval, nor should they repeat the text of Manual material. Copies of all Regional supplements must be furnished the Central Office as provided in Section 1-5 of Volume V.

REGIONAL FORMS

The forms prescribed in this Volume are intended to meet the needs of Regional Offices for securing information from program participants and for the administration of programs in accordance with CFA requirements.

Additional or supplemental forms will be used only with prior CFA approval. Requests for approval should include a draft of the form and instructions for its use, and should be supported by evidence that:

- (1) The form is required to meet a general need not covered in these procedures, or
- (2) The form is required to meet a specific local need which is not common to all Regions.

CFA, if it concurs in the request, will either amend this Volume to prescribe the form for general use or will authorize by letter its use on a local basis. If the form is for other than internal use, CFA will also arrange for Bureau of the Budget clearance under the Federal Reports Act.

CFA forms authorized for general use in the field service are listed in Exhibit A to this Chapter.

EXHIBIT A

CFA FORMS

CFA Form Number	Title	Manual Reference Section (page)*
11	Fund Reservation Order	2-2-2 (5-9, Ex C); 2-2-3 (2, 12); 2-4 (3); 4-2-2 (16, 17); 4-4 (3); 7-2-4 (8, 13, 22); 7-4 (3); 8-2-2 (3); 8-2-3 (10, 12, Ex F); 8-3 (2); 8-4 (1, 6); 22-3 (1)
103-ARA	Regional Worksheet	6-2-3 (1, 2, 4, Ex A); 6-6 (2)
103-CH	“ “	2-2-2 (1)
103-PFL	“ “	4-2-2 (1)
103-SH	“ “	7-2-4 (1)
103-PWP	“ “	
104	Request for Comments from Public Health Service and Bureau of Public Roads	2-2-2 (2, Ex A); 3-2 (3, 4, Ex B); 4-2-2 (2, Ex A); 6-2-2 (2, Ex B); 7-2-4 (2); 8-2-3 (2)
105	Revised Project Summary	2-4 (2, Ex A); 4-4 (2, Ex A); 6-4 (2, 3, Ex A); 7-4 (3, Ex A); 8-4 (1); 21-2-2 (2); 21-3-4 (3); 22-3 (1)
105-AF	Project Summary Revision	9-4 (4, 5, Ex A)
105-SC	Revised Project Summary	5-2-2 (2)
106	Monthly Report on Construction Financing	21-2-1 (3)
110	Action Notice	6-2-3 (1); 6-6 (2)
111-AF	Project Control Card	9-2-3 (2, 8, Ex O)
111-CH	“ “ “	2-2-2 (2)
111-SH	“ “ “	7-2-4 (1)
111-ARA	“ “ “	
111-PFL	“ “ “	
111-PWP	“ “ “	
111-SCF	“ “ “	
111-SCN	“ “ “	
112-ARA	Project Statistics Card	6-2-2 (1); 6-2-3 (1)
112-CH	“ “ “	2-2-2 (1)
112-PFL	“ “ “	4-2-2 (1)
112-PWP	“ “ “	3-2 (1)
112-SC	“ “ “	5-3-1 (1)
112-SH	“ “ “	7-2-4 (1)
113	Weekly Summary of Program Status	

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 2)

CFA Form Number	Title	Manual Reference Section (page)*
114-AF 120	<i>(Punch cards—various titles)</i> Fall-Out Shelters	9-2-3 (1-12, Ex A-N) 2-2-1 (2); 3-2 (1); 4-2-1 (2); 5-2-1 (2); 7-2-3 (2)
150	Project Completion Report	9-2-3 (3); 22-1 (4, 5, 6, Ex D); 22-3 (1)
150-APW	Project Completion Report	8-2-2 (4, 6); 8-8-1 (1, Ex A)
150-ARA	Project Completion Report	6-2-3 (5); 6-8 (1, Ex A)
<i>ENGINEERING</i>		
200	Periodic Inspection Report	5-3-3 (2); 7-7-4 (3); 9-2-3 (8); 9-4 (2); 20-2-2 (1, 2, 4, 5, 6, Ex A); 22-1 (1, 2); 22-3 (2)
200A	Preconstruction Conference Report	20-2-1 (1, 2, Ex A)
201	Contract Change Order (Non-Federal)	20-2-3 (1, Ex A)
202	Contract Change Order (Federal)	5-3-3 (3, Ex A)
203	Contract Between the United States of America and the Architect/Engineer	5-3-2 (2, 8)
204	Architect/Engineer's Certificate	7-7-4 (1); 9-3 (1); 9-6 (2, 3, 5); 20-1-1 (1, Ex A); 20-1-2 (1)
205	Certificate as to Project Site, Rights-of- Way, Easements	7-7-4 (1); 9-3 (1); 9-6 (2, 3, 5); 20-1-1 (1, Ex B); 20-1-2 (1)
206	Architect/Engineer's Contract Release	5-3-3 (5, 6, Ex D)
207	Schedule of Amounts for Contract Pay- ments (Federal School Construction)	5-3-3 (1, 2)
207A	Schedule of Amounts for Contract Pay- ments	20-2-1 (2)
208	Periodic Estimate for Partial Payment	5-3-3 (2, 3, 6); 6-6 (2); 9-4 (6); 20-2-1 (4)
209	General Conditions for Federal Construc- tion Contracts	5-3-2 (6, 7, 11)

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 3)

CFA Form Number	Title	Manual Reference Section (page)*
209-1	General Conditions for Federal Construction Contracts	
210	Model "Notice to Proceed"	9-3 (1); 9-6 (2, 5); 20-1-1 (1)
211	Notice to Bidders (Construction Contracts)	5-3-2 (6, 7)
212	Contract Release (Federal Projects)	5-3-3 (5, 6)
213	Certificate of Completion and Payment (Non-Federal Project)	6-2-3 (4); 22-1 (3, Ex C)
213-SC	Certificate of Completion and Payment (Non-Federal School Project)	5-2-3 (2, 3, 4)
215	Bidding Document Control	5-3-2 (8, 9, Ex C)
216	Bidder's Qualification Questionnaire	5-3-2 (6)
216A	Bidder Ownership Information	
217	Contract Change Order Concurrence	7-4 (2); 20-2-3 (2, Ex B)
225	Project Equipment Inventory	5-2-3 (2, 3, 4); 5-2-4 (4); 5-3-3 (6); 5-3-4 (3); 9-4 (3, 5, 6); 22-1 (2)
225A	Project Equipment Inventory	
230A	Report of Wage Rate Classification	20-1-1 (7, Ex E)
232	Preconstruction Information for Owners, Academic Facilities Program	9-3 (1, 2); 9-6 (2, 4, 5, 6)
232A	Purchase of Equipment	9-3 (1)
232A-1	Purchase of Equipment, Supplement One	
234-APW	Preconstruction Information for Owners	20-1-1 (1)
235-CH	Preconstruction Information for Owners	7-3 (2); 20-1-1 (1)
236-PFL	Preconstruction Information for Owners	20-1-1 (1)
237	Preconstruction Information for Owners (Non-Federal School Construction Program)	5-2-4 (1); 20-1-1 (1)
237A	Movable Equipment Purchased with Federal Funds (Instructions to Applicants)	5-2-4 (1, 2); 20-1-1 (1)
238 (Series)	Contract Documents	2-5 (1); 9-3 (1); 20-1-1 (1, 9); 20-1-2 (1)
238-A	Advertisement for Bids	
238-B	Information for Bidders	
238-C	Bid for Lump Sum Contracts	

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 4)

CFA Form Number	Title	Manual Reference Section (page)*
238-CD-1	Certification by Bidder Regarding Compliance with Executive Orders Nos. 10925 and 11114	9-6 (2, 4, 5, 6)
238-CD-2	Certification by Proposed Subcontractor Regarding Compliance with Executive Order Nos. 10925 and 11114	
238-D	Bid for Unit Price Contracts	
238-E	Bid Bond	
238-F	Contract	
238-G	Performance-Payment Bond	6-5 (1); 7-5 (1)
238-H	Performance Bond	6-5 (1); 7-5 (1)
238-I	Payment Bond	6-5 (1); 7-5 (1)
238-J	Certificate of Owner's Attorney	
238-K (SC)	General Conditions	5-2-4 (3)
238-L (CH)	General Conditions	
238-M (PFL)	General Conditions	
238-N	Supplemental General Conditions	20-1-1 (10)
238-O (APW)	General Conditions	
238-P	Performance-Payment Bond, Dual Obligee (Non-Profit Applicant)	6-5 (1); 7-5 (1)
238-Q	Performance Bond, Dual Obligee (Non-Profit Applicant)	6-5 (1); 7-5 (1)
238-R	Payment Bond, Dual Obligee (Non-Profit Applicant)	6-5 (1); 7-5 (1)
238-T (AF)	General Conditions	9-3 (1); 9-6 (2, 4, 5, 7, 8)
238-AF	Contract Documents (<i>Face Sheet</i>)	9-3 (1)
238-APW	Contract Documents (<i>Face Sheet</i>)	
238-ARA	Contract Documents (<i>Face Sheet</i>)	6-5 (1)
238-PFL	Contract Documents (<i>Face Sheet</i>)	
238-SC	Contract Documents (<i>Face Sheet</i>)	
238-SH	Contract Documents (<i>Face Sheet</i>)	7-5 (1)
239	Construction	7-3 (2); 9-6 (2, 5); 20-2-1 (1)
239-1	Construction-Supplement No. 1	
239-APW	Construction-Supplement	8-2-2 (5, Ex E)
240	Review of Proposed Contract Documents	20-1-2 (1, Ex A)

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 5)

CFA Form Number	Title	Manual Reference Section (page)*
241	Concurrence in Award and Executed Contract	20-1-2 (3, 6, Ex B)
249	Monthly Construction Status Report	6-2-3 (3); 6-6 (2, Ex A); 9-2-3 (8); 9-4 (6)
250	Field Engineer's Final Report	1-3 (3); 7-7-4 (3); 8-2-2 (5); 9-2-3 (8); 9-4 (6); 22-1 (2, 3, Ex A); 22-3 (2)
255	Field Workload Report	1-3 (2, 3, Ex A)
260	Request for Payroll Information	20-2-4 (Ex A)
300	Requisition and Voucher for Bond Payment or Advance	7-7-4 (1 thru 3); 21-2-3 (1, 2, Ex A); 21-3-4 (1)
300-A	Requisition for Government Advance	6-7 (1); 21-2-3 (1, Ex F)
301	Calculation of Net Amount Due for Bond Purchase	4-7 (1); 6-7 (1 thru 3); 21-2-3 (1, 2, Ex B)
302	Borrower's Statement Regarding Its Financial Condition	6-7 (1); 7-7-4 (2); 21-2-3 (1, Ex C)
303	Attorney's Certificate Concerning Funds, Permits, and Litigation	6-7 (1); 21-2-3 (1, Ex D)
304	Depository Bank Acceptance and Confirmation Statement	6-7 (1); 7-7-4 (1); 21-2-3 (1, Ex E)
307	Notice of Intention to Submit Bond Bid	21-3-3 (1, 2, Ex A)
308	Guide for Preparation of Trust Indenture for Private Borrowers	21-3-1 (1)
309	Standard Trust Indenture for Loans to Private Borrowers, Part I	21-3-1 (1)
310	Standard Trust Indenture for Loans to Private Borrowers, Part II	21-3-1 (1)
311	Information for Bond Counsel Under the College Housing Loan Program and Public Facility Loans Program	21-3-1 (1); 21-3-2 (4)
311-1	Information for Bond Counsel, Supplement No. 1	
311-2	Information for Bond Counsel, Supplement No. 2	
312	Statement of Regional Counsel Concerning Approving Opinion of Bond Counsel	21-3-2 (4, Ex A)

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 6)

CFA Form Number	Title	Manual Reference Section (page)*
321	Bond Awards Subject to HHEFA Loan Commitment	21-3-4 (4, Ex D)
333-G(APW)	Suggested Format for Tax Statement for Grant Projects	6-8 (1, Ex B); 8-8-1 (1, Ex B)
<i>LOAN SERVICING</i>		
360	Loan Management Control Record	23-2 (1, Ex A); 23-3 (2)
360-SII	Loan Management Control Record	7-10 (1, 3, Ex A)
361-CH	Report of Initial Compliance	23-3 (1, 2, Ex A)
361-PIF	Report of Initial Compliance	23-3 (1, 2, Ex B)
361-SII	Report of Initial Compliance	7-10 (2, 3, Ex B)
370-A	Loan Management Report (Public Facility Loans—General Obligation Bonds)	23-3 (2, Ex D)
370-CH	Loan Management Report	23-3 (2, Ex C)
370-PFL-ARA	Loan Management Report (Revenue Bonds)	23-3 (2, Ex E)
380	Quarterly Loan Management Report	23-3 (4, Ex F)
<i>ADVANCE PLANNING</i>		
400	Information for Applicants	3-2 (1)
401	Application for Advance for Public Works Planning	3-2 (1, 6)
402	Instructions to Applicants—Preparation of Application	3-2 (1)
411	Regional Staff Recommendations	3-2 (5, 8, 10, Ex C)
412	Approval of Advance for Public Works Planning	
419	Project Summary and Approval	3-2 (9 thru 12, Ex D)
419-1	Press Release Supplement	3-2 (9, Ex E)
420	Agreement for Public Works Plan Preparation	3-2 (10, 11)
430	Request for Review and Approval of Planning Documents	3-3 (1, 3, 4); 3-5 (1)
431	Review of Completed Plans	3-3 (3, 4, Ex B)
432	Approval of Planning Report and Payment	3-2 (12); 3-3 (3, 4, Ex C)

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 7)

CFA Form Number	Title	Manual Reference Section (page)*
435	Report of Construction Status of Advance Planning Project	3-5 (1, 2, 4, Ex A)
436	Liability Determinations	
	<i>COLLEGE HOUSING</i>	
501	Application for Loan Assistance Under Title IV of the Housing Act of 1950, as amended	2-2-1 (1); 2-2-2 (1); 2-2-3 (1)
501-1	Supplement No. 1, Engineering Data	
501-2	Supplement No. 2, Financial Data	
501-2a	Attachment A, Estimated Operating Statement for Proposed Project	
501-2b	Attachment B, Comparative Operating Statement—Existing Facilities	
501-3	Supplement No. 3, Legal Data	
502 (a)	Instructions and Guides for Completing the Application Form for a College Housing Loan, Part I	2-2-1 (1)
502 (b)	Instructions and Guides for Completing the Application Form for a College Housing Loan, Part II	2-2-2 (7)
504	Insurance Guide	2-3 (2)
506	Request for Comments from Public Health Service Hospital Housing Act	
507	Determination of Insurable Value	5-3-3 (5); 20-2-2 (6)
512	Preliminary Application Report	2-2-2 (5, 6)
513	Engineering Review Report	2-2-3 (3, Ex A)
514a	Financial Review Report, Part I	2-2-3 (9, Ex B)
514b	Financial Review Report, Part II	2-2-3 (9, Ex B)
515	Special Conditions for Loan Agreements Under College Housing and Public Facility Loan Programs	2-2-1 (1, 2); 2-2-2 (7); 21-1-3 (1)
516	Legal Review Report	2-2-3 (10, Ex C)
519	Project Summary and Approval	2-2-2 (5); 2-2-3 (12, 14, 15, Ex D)
519-1	Press Release Supplement	2-2-3 (12, 14, Ex E)
520	Terms and Conditions	2-2-1 (1, 2); 2-2-2 (7); 2-3 (1); 2-4 (3); 21-2-2 (1)

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 8)

CFA Form Number	Title	Manual Reference Section (page)*
520-1	Terms and Conditions—Supplement One	
521	Loan Agreement	2-3 (1, Ex A); 2-4 (3)
525	Statement of Intent with Respect to a College Housing Loan Agreement	2-3 (2, Ex B); 21-2-1 (2)
<i>PUBLIC FACILITY LOANS</i>		
700	Information for Applicants	4-2-1 (1)
701	Application for a Public Facility Loan	4-2-1 (1); 8-2-1 (1)
701a	Resolution of Governing Body of Applicant	4-2-1 (1)
701-1	Supplement No. 1, Engineering Data	
701-2	Supplement No. 2, Financial Data	
701-2(a)	Financial Statement	
701-3	Supplement No. 3, Legal Data	
701-S	Sample Application Form for Public Facility Loan Program	4-2-1 (1)
702	Instructions and Guides for Completing the Application Form for a Public Facility Loan	4-2-1 (1); 8-2-1 (1)
712	Initial Review Report	4-2-2 (2, Ex B)
713	Engineering Review Report	4-2-2 (6, 7, Ex D)
714a	Financial Review Report, Part I	4-2-2 (14, 15, 18, Ex E)
714b	Financial Review Report, Part II	4-2-2 (14, 15, 18, Ex E)
716	Legal Review Report	4-2-2 (16, Ex F)
719	Project Summary and Approval	4-2-2 (17, 18, 19, Ex G)
719-1	Press Release Supplement	4-2-2 (18, 19, Ex H)
720	Terms and Conditions	4-3 (1, 2); 4-4 (3); 21-2-2 (1)
720-1	Terms and Conditions—Supplement One	
721	Offer	4-3 (1, Ex A); 4-4 (3);
722	Acceptance of the Offer	4-3 (2, Ex B)
725	Statement of Intent with Respect to a Public Facility Loan Agreement	4-3 (3, Ex C); 21-2-1 (2)

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 9)

CFA Form Number	Title	Manual Reference Section (page)*
<i>SCHOOL CONSTRUCTION</i>		
804	Status Report of Federal School Projects	5-3-1 (1, Ex A)
805	Record of Project Costs	5-3-3 (4, Ex B)
811	Prevalidation of Funds	5-3-2 (3, 10, Ex A); 5-3-3 (4)
812	Review Report of Application	5-2-1 (1, 2, 4, 5, 6 Ex A)
815	CFA Regional Monthly Reporting Form of Contractors	
816	CFA Regional Reporting Form of Contractors	
819	Project Summary	5-2-1 (5, Ex B)
821	Recommendation for Release of Federal Funds	5-2-2 (7, Ex A); 5-2-3 (2)
822	Instructions to Contractors and First-Tier Subcontractors with Respect to Non-Discrimination Contract Provisions	
840	Contract Completion and Final Project Report	5-2-3 (3, 4, Ex A)
841	Final Project Summary	5-2-3 (4, Ex B)
850	Contract and Project Completion Report	1-3 (3); 5-3-1 (1); 5-3-3 (5, 6)
<i>SENIOR CITIZENS HOUSING</i>		
900A	Articles of Incorporation	7-2-1 (1); 7-2-4 (3, Ex C)
900B	Guides for Project Design	7-2-1 (1); 7-2-4 (14)
901	Loan Application	7-2-1 (1); 7-10 (1)
901-1	Supplement No. 1, Applicant Officials, Sponsor and Community Interest	
901-1a	Statement and Certification by Applicant Official	7-2-4 (9)
901-2	Supplement No. 2, Applicant Statement of Housing Demand	7-2-2 (1); 7-2-3 (1)
901-3	Supplement No. 3, Project Characteristics	
901-4	Supplement No. 4, Engineering Data	
901-5	Supplement No. 5, Site Data	7-2-2 (1); 7-2-4 (10)
901-6	Supplement No. 6, Financial Data	7-2-3 (1)

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 10)

CFA Form Number	Title	Manual Reference Section (page)*
901-7	Supplement No. 7, Legal Data	
902	Instructions and Guides for Completing the Application	
904A	Information for Applicant's Attorney	7-2-3 (1)
904B	Information for Applicant's Architect/Engineer	7-2-3 (1)
904C	Information for Applicant's Financial Advisor	7-2-3 (1)
912	Preliminary Legal Review Report	7-2-4 (3, Ex B)
913	Engineering Review Report	7-2-4 (14, Ex E)
916	Final Legal Review Report	7-2-4 (22, Ex G)
919	Project Summary and Approval	7-2-4 (11, 23, 24, Ex H); 7-10 (1)
919-1	Press Release Supplement	7-2-4 (23, Ex I)
920	Terms and Conditions	7-2-3 (2); 7-3 (1)
921	Loan Agreement	7-3 (1)
922	Resolution Approving a Loan Agreement with the United States of America	7-3 (1, Ex A)
923	Opinion of Counsel Accompanying Loan Agreements	7-3 (1, Ex B)
925	Statement of Intent with Respect to a Senior Citizens Housing Loan Agreement	7-3 (2, Ex C)
929	Model Form of By-Laws	7-2-4 (4, Ex D)
930	Note	7-7-2 (1, Ex A)
932	Regulatory Agreement	7-7-2 (1, Ex B)
933	Resolution	7-7-2 (1, 3, Ex C)
934	Affidavit of Borrower	7-7-2 (1, 3, Ex D); 7-7-3 (2)
935	Opinion of Counsel	7-7-2 (1, 3, Ex E); 7-7-3 (2)
936	Certification Accompanying Requisition for Funds	7-7-3 (2); 7-7-4 (2, Ex A)
937	Certificate Relating to Prevailing Wages	7-7-4 (2, Ex B)
938	Architect's Certificate	7-7-4 (2, Ex C)
939	Opinion of Counsel	7-7-3 (2); 7-7-4 (2, Ex D)
940	Certificate of Final Payment	7-7-4 (4, Ex E)
945	Tentative Assessment of Potential Housing Demand	7-2-3 (1, Ex A)

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 11)

CFA Form Number	Title	Manual Reference Section (page)*
946	Request for Official Maximum Income Limit	7-1-4 (1); 7-2-4 (Ex A)
947	Opinion of Regional Counsel	7-7-3 (2, Ex A)
953	Program Guide, Use of Advisory Services	
954	Requisition and Voucher for Disbursement of Loan Funds	
<i>AREA REDEVELOPMENT</i>		
1001	Application	6-2-1 (1, 2)
1001a	Resolution of Governing Body of Applicant	6-2-1 (1)
1001-1	Supplement No. 1, Engineering Data	
1001-2	Supplement No. 2, Financial Data	
1001-2a	Financial Statement	
1001-3	Supplement No. 3, Legal Data	
1002	Instructions and Guides for Completing Application	6-2-1 (1)
1012	Initial Review Report	6-2-2 (3, Ex C)
1013	Engineering Review Report	6-2-2 (6, 8, Ex D)
1016	Legal Review Report	6-2-2 (8, Ex F)
1017	Application Approval Recommendation	6-2-2 (8, 9, Ex G)
1019	Project Summary	6-2-2 (8, 9, Ex H)
1020	Terms and Conditions	6-2-2 (8); 6-3 (1); 6-4 (4)
1021	Offer	6-2-3 (3); 6-3 (1, Ex A); 6-4 (4)
1022	Acceptance of the Offer	6-3 (2, Ex B)
1025	Statement of Intent with Respect to an Area Redevelopment Loan	6-3 (3, Ex C)
1026	Loan Management Report	6-9 (1, Ex A)
1030	Requisition for Voucher for Loan or Advance and/or Grant Payment	6-7 (1, 2)
<i>ACCELERATED PUBLIC WORKS</i>		
1101	Application for Grant	8-2-1 (1); 8-2-3 (7)
1101a	Resolution of Governing Body of Applicant	

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 12)

CFA Form Number	Title	Manual Reference Section (page)*
1101-1	Supplement No. 1, Engineering Data	8-1-2 (6)
1101-2	Supplement No. 2, Financial Data	
1101-2a	Resolution of Governing Body of Applicant	8-4 (2) ; 8-7 (5)
1101-3	Supplement No. 3, Legal Data	
1102	Instructions and Guides for Completing the Application	8-1-2 (3) ; 8-2-1 (1) ; 8-8-2 (3)
1105F	Weekly Application Regional Report	8-2-2 (1, 2, 3, 4, 6, Ex A)
1106F	Weekly Post-Approval Regional Report	8-2-2 (1, 2, 4, 6, Ex B)
1107	Notice of Key Action	8-2-2 (2, 5, Ex C)
1112	Initial Review Report	8-2-3 (2, Ex A)
1113	Engineering Review Report	8-2-3 (5, Ex B)
1114	Financial Review Report	8-2-3 (7, Ex C)
1116	Legal Review Report	8-2-3 (9, Ex D)
1117	Request for Press Release	8-2-2 (3) ; 8-2-3 (10, Ex E)
1119	Project Summary and Approval	8-2-3 (10, 11, Ex G)
1120	Terms and Conditions	4-3 (2) ; 8-3 (1) ; 8-4 (8) ; 8-7 (2, 3)
1120-1	Supplement One to Terms and Conditions	
1121	Grant Offer	8-2-2 (4) ; 8-3 (1, Ex A) ; 8-4 (8)
1122	Acceptance of Grant Offer	8-3 (2, Ex C)
1126	Architect/Engineer Certificate	
1129	Certification of Performance	8-7 (3, 4, 6, Ex D)
1129a	Instructions and Explanations Concerning Completion of "Certification of Performance—Accelerated Public Works"	
1130	Requisition and Voucher for Grant Payments	8-2-2 (5) ; 8-7 (1, 2, Ex A)
1131	Attorney's Certificate Concerning Funds, Permits and Litigation	8-7 (1, 2, Ex B)
1132	Depository Bank Acceptance and Confirmation Statement	8-7 (1, 2, Ex C)
1136	Audit Contract	8-8-2 (3, 4, Ex A)
1136a	Amendment No. 1 to Accelerated Public Works Audit Contract	

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

EXHIBIT A (Page 13)

CFA Form Number	Title	Manual Reference Section (page)*
1137	Instructions to Public Accountants	8-8-2 (3, Ex A)
1138	Sample Audit Report	8-8-2 (3, Ex A)
<i>ACADEMIC FACILITIES</i>		
1212	Application Review Report	9-2-2 (2, 5, 6, 7, Ex A); 9-2-3 (6)
1250	Project Completion Report	9-2-3 (12) 9-4 (6, Ex B)
1270	Transmittal Slip	9-3 (2)
<i>MISCELLANEOUS</i>		
1301	Application for Compromise or Release	
1301A	Instructions and Guides for Completing the Application for Compromise or Release	
1301-1	Certification	
1301-2	Resolution of Governing Body of Applicant	
<i>EQUAL OPPORTUNITY</i>		
1901	Assurance of Compliance with the HHFA Regulations Under Title VI of Civil Rights Act of 1964	
1902	Explanation of Form CFA-1901, "Assurance of Compliance with the HHFA Regulations Under Title VI of the Civil Rights Act of 1964."	

* Reference to Exhibits (as, Ex A) indicates that the form is reproduced in the Manual.

CHAPTER 2. PROGRAM ADMINISTRATION

Efficient management of CFA programs requires that program goals and schedules be expressed, that CFA and the Regions accomplish planned activity, and that actual accomplishment is measured against planned operations. These three elements are referred to as Program Development, Program Execution, and Program Review and Analysis. These elements are interrelated and mutually supporting since the accomplishment of one element tends to improve the accomplishment of subsequent elements. For example, a clear expression of program goals and schedules gives specific direction to program execution, while the review and analysis phase is also used to improve program execution and planning.

PROGRAM DEVELOPMENT

The program development phase consists of the development of economic and program assumptions underlying the budget, program objectives, policy statements, and Regional workload schedules. This phase is accomplished by CFA in coordination with the Office of the Administrator, and takes into consideration Regional estimates and capabilities.

PROGRAM EXECUTION

The program execution phase involves the accomplishment of planned program activity by CFA and the Regions. The workload schedules serve as a guide to operating personnel and indicate the Agency's planned operations.

PROGRAM REVIEW AND ANALYSIS

The program review and analysis phase involves the review and analysis by CFA of work performed by the Regions. This requires a reliable system of monthly reporting of program activity by Regional Offices, which is provided by the Monthly Regional Activity Reports prepared on Forms CFA-102. This data is used primarily to measure actual work performance in relation to workload schedules and provide the basic activity data used in formulating subsequent budget estimates. A summarization of Regional performance and program progress, the CFA Monthly Performance Report, is prepared by CFA for distribution within the Central and Regional Offices.

Properly administered and supported, the program system can accomplish the following:

- (1) Keep Regional workload in balance through planning in advance.
- (2) Assist Central and Regional Offices in correlating workload, budget estimates, staffing, and fund requirements to support planned operations.

- (3) Provide Regional and CFA staff with a work performance appraisal by periodic comparisons of actual and planned operations.

REGIONAL WORKLOAD SCHEDULES

Regional workload schedules for CFA program activity will be devised by CFA as soon as fiscal year appropriations are reasonably firm and will be revised as often as necessary during the year.

Schedules will be based on key workload items included in the budget and will be submitted to the Office of Administration for review and approval prior to issuance to the Regions. This action will precede development of Regional operating budgets to insure that scheduled Regional workload is considered in conjunction with other factors which determine the distribution of funds.

Regional Directors will use the workload schedules as a guide to program execution and to evaluate program progress through periodic comparisons of actual and planned operations.

REGIONAL ACTIVITY REPORTS

The Regional Director will submit to CFA, in duplicate, within five working days after the close of each month a monthly activity report for each program, using the following forms:

- CFA-102 (PWP)—Advances for Public Works Planning
- CFA-102 (CH)—College Housing
- CFA-102 (PFL)—Public Facility Loans
- CFA-102 (SC)—School Construction
- CFA-102 (SH)—Senior Citizens Housing
- CFA-102 (LS)—Loan Servicing
- CFA-102 (ARA)—Area Redevelopment

Air mail should be used by Regions IV, V and VI.

The data reported will be consolidated and used for program performance evaluation, budget data and information. Minor errors or omissions in reporting can be explained on the back of the affected form on the following month's report; major errors discovered after transmission must be reported at once to CFA. When a correction is made, the other items must be checked and all other necessary adjustments made so that the report will be self-balancing.

These reports reflect the inventory of cases at either the beginning or end of the report month and the particular actions which took place during the report month. All data are non-cumulative. The forms are generally self-explanatory.

MONTHLY NARRATIVE REPORT OF OPERATIONS

A monthly narrative report of Regional CFA operations shall be submitted to the Commissioner by each Regional Director. The Regional Administrator shall transmit the report to the Commissioner and should add any appropriate comments.

The report should include information concerning CFA program performance and any other developments which may affect CFA or its programs such as:

- (1) Policy and procedural problems and suggestions.
- (2) Developments affecting CFA programs such as construction cost trends, enrollment levels, strikes and private market investment activity.
- (3) Changes in local economic conditions.
- (4) Program demands.
- (5) Recommendations for adjusting Regional Workload Schedule.
- (6) Fund and staffing problems.
- (7) Suggestions for improving program administration and reporting systems.
- (8) Efforts, problems, and recommendations as to coordination with:
 - (a) Other Federal agencies.
 - (b) Other HHFA constituents.
 - (c) OA-administered programs.

The report is to cover the period of one calendar month and is to be on hand in CFA by the seventh working day following the end of the month. The report shall be submitted in an original and two copies.

LOAN SERVICING REPORT

This is an annual report on loan servicing activity. (See Chapter 23-1).

REPORT ON INTERIM CONSTRUCTION FINANCING

This is a monthly report on construction financing. (See Section 21-2-1.)

PFL APPLICATION REPORT

This is a semi-monthly report on PFL applications. (See Section 4-2-2.)

REPORT OF ACCOUNTS RECEIVABLE

This is a monthly report of accounts receivable under the Program of Advances for Public Works Planning. (See Chapter 3-5.)

CFA MONTHLY PERFORMANCE REPORT

The Monthly Performance Report is an internal document published by CFA. The report is designed to provide key personnel with a periodic appraisal of actual and planned CFA operations; to supplement and improve the review and analysis of program execution; and to meet the need for better communication between CFA and the Regions. Actual statistics included in the report are developed from the Regional Monthly Activity Report (CFA-102) and periodic financial reports prepared by the Division of Finance and Accounts.

The report covers performance for the current fiscal year through the report month. It includes the national trend of program activity compared with workload schedules and individual Regional performance for key workload items. A narrative analysis is also included in the report for both national and individual Regional performance. The content of the analysis is dependent to a great extent on the information included in Monthly Narrative Reports of Operations submitted by the Regions.

CHAPTER 3. CONSTRUCTION SUPERVISION

The Head, Construction Management Section, is responsible to the Chief, Engineering Staff, for the planning, supervision and accomplishment of field work in connection with construction projects under CFA programs (see Volume II). This section prescribes procedures and forms for these functions.

SUPERVISION OF FIELD ENGINEERS

The Head, Construction Management Section, is the supervisor of the Field Engineer Staff. Accordingly, he shall make all assignments of construction projects. Any other special assignment shall be made through him and will include any necessary instructions or information. All documents, including information copies, shall be sent to Field Engineers through him. He also shall serve as the representative of the Field Engineers within the Regional Office, obtaining action or information required by them for performance of their assignments.

Regional Field Contacts

As supervisor, the Head, Construction Management Section, should visit each Field Engineer station not less than once each quarter and accompany the Field Engineers on project inspections to evaluate their understanding and application of CFA policies and procedures, and to obtain first-hand acquaintance with conditions and problems in the area. However, visits by the Regional Director or CFA engineering staff will at times be made to evaluate the overall operations in the field.

PROGRAMMING OF FIELD WORK

The Head, Construction Management Section, shall plan and schedule the accomplishment of field work and shall advise the Chief, Engineering Staff, of important developments in the workload or staffing early enough to permit necessary action.

Project Assignment

Each project shall be assigned to a specific Field Engineer. In a field station having two or more Field Engineers, each shall be given his own projects as indicated below. However, this shall not apply during the training period of a new appointee but such period shall not exceed nine months.

Assignments shall be made by memorandum from the Head, Construction Management Section, to the Field Engineer at the earliest feasible date after application approval. Where construction has begun or will begin before such approval, the assignment shall be advanced accordingly.

In planning anticipated assignments, he shall determine which Field

Engineer will be most able to render necessary service at reasonable cost, taking into account such factors as distance, transportation, and type of projects and applicants in each State or area. Particular and continuing effort shall be made to assure efficient performance by avoiding excessive assignments to certain individuals.

While projects in one area are usually assigned to a Field Engineer located therein, this is not mandatory. A Field Engineer in an adjoining area may have a lesser workload and better access to the project than the man in the same area, or may be specially qualified to handle the technical aspects of a given project. While every effort should be made to minimize costs through careful scheduling and assignment, effectiveness of performance must be the primary consideration.

A Field Engineer's first action is normally the pre-construction conference; however, Field Engineers may be utilized as directed prior to that time, as well as after, on problems requiring personal contact with the owner.

Field Station Assignments

Where two or more Field Engineers are assigned to a given station and one serves as the senior and supervisor of the other(s), the Head, Construction Management Section, shall assign projects to the field station and permit the senior Field Engineer to assign a given project to a Field Engineer in that station. Assignments shall be reported promptly to the Head, Construction Management Section, who will be responsible for taking action to assure reasonably even distribution of project assignments among the Field Engineers at any given field station.

Workload Review

The Head, Project Planning and Review Section, shall inform the Head, Construction Management Section, of the establishment of a firm date for the opening of bids on construction contracts for each new project.

At the end of each month the Head, Construction Management Section, shall review the status of all projects under construction and those for which bid openings are scheduled during the next 90 days, to ascertain whether any Field Engineer or station has a disproportionate load, whether the total load is becoming disproportionate to the total available staff, and whether changes in field station locations should be considered. If problems are discovered, he shall ascertain whether these are expected to continue indefinitely.

Field Workload Report, Form CFA-255

To summarize his analyses and forecasts, the Head, Construction Management Section, shall prepare Form CFA-255, *Field Workload Report*, attaching his comments on any anticipated problem and his

recommendations for action. Exhibit A illustrates the *Field Workload Report* with sample entries.

The names of all field personnel, other than clerical employees, assigned to a field station shall be shown together with the reporting of projects assigned to each.

In the column headed "Correspondence Stage" there shall be shown the number of projects for which assignments have been made but which are not under construction.

In the column headed "Construction Stage" there shall be shown the number of projects for which construction has started but which are not substantially complete.

In the column headed "Substantially Complete Awaiting Final Report" there shall be shown the number of projects for which the substantial completion date has been reported, but excluding projects for which Form CFA-250 (or CFA-850) has been submitted by the Field Engineer.

The entries in each column shall be as of the end of the month.

The column headed "Anticipated Under Construction Next 90 Days" shall reflect the number of projects for which it is anticipated that construction will start or will be on the verge of starting during the 90 day period. This figure shall be derived from those shown under the preceding columns, plus assignments of projects for which bid openings are expected to be scheduled during the next 90 days (wage rates requested is an indicator for this figure), and minus those projects for which the Field Engineer is expected to submit Form CFA-250 (or CFA-850) during that period.

The report shall be prepared in duplicate. The original shall be sent to the Chief, Engineering Staff, and the Regional Director of CFA for review and concurrence. The copy shall be sent to the Community Facilities Administration.

CHANGES IN FIELD STATIONS

It is within the Regional Office's authority to temporarily assign or detail an engineer from the Regional Office or from a field station to serve at some other location to meet a special problem of limited duration.

It is generally best to keep an established field station in its existing location, since the Agency and the public are accustomed to it, and the Field Engineer's official and personal arrangements are already made. However, program developments, either local or national, may make it necessary to consider moving or closing an existing station or opening a new station. Where this appears necessary for reasons which can be reasonably anticipated to continue indefinitely, the Head, Construction Management Section, will prepare a memorandum, accompanied by Form CFA-255, clearly showing comparative workload and cost aspects

of the present situation as against that proposed, and recommending specific action.

The report will be reviewed by the Chief, Engineering Staff, and the Regional Director. If they concur, it shall be submitted to the Regional Administrator for his review, after which he shall transmit the report with his comments to CFA for review and concurrence.

EXHIBIT A

CFR-265
(8-62)

HOUSING AND HOME FINANCE AGENCY
COMMUNITY FACILITIES ADMINISTRATION

FIELD WORKLOAD REPORT

As of End of June, 1962 Region III

FIELD ENGINEER AND STATION	PROGRAM	PROJECTS ASSIGNED			ANTICIPATED INDEBTEDNESS (NEXT 90 DAYS)
		CONFERENCING STAGE	CONSTRUCTION STAGE	SUBSTANTIALLY COMPLETED AWAITING FINAL REPORT	
BLACK, William W. Raleigh, North Carolina	Federal School	0	3	3	3
	Non-Federal School	1	4	2	4
	College Housing	2	9	6	11
	PFL	2	2	0	6
	Senior Citizens	0	0	0	1
GARVIN, Cecil Jackson, Mississippi	Federal School	0	0	0	0
	Non-Federal School	1	12	7	4
	College Housing	0	15	1	9
	PFL	0	6	5	5
	APA	1	4	2	4

PHILIP WASHINGTON, D. C.



CHAPTER 1. GENERAL

Section 1. Purpose and Description of the Program

The College Housing Program was created by Title IV of the Housing Act of 1950 to assist educational institutions, through long-term Federal loans, in the construction, expansion or rehabilitation of dormitories and other housing for students and faculty.

The program has since been expanded to cover service facilities such as dining halls, student unions, and infirmaries and to cover housing for student nurses, interns and resident physicians at approved hospitals.¹

RELATIONSHIP WITH OTHER AGENCIES ²

Office of Education

In accordance with an agreement between the Administrator and the Commissioner of Education, CFA will secure the advice and recommendation of the Office of Education as to the status, character and other educational factors of applicant institutions, in connection with their eligibility under the program.

Public Health Service

The HHFA notifies the Public Health Service of each application received for nurse, intern, or resident physician housing, obtains the PHS comments and information, and if Hill-Burton funds are involved as well as college housing loan funds, works closely with the Public Health Service in connection with its requirements for plans and construction.

Federal Housing Administration

Determination of need for housing for married students or faculty requires a review of the available housing resources in the community. In such cases, the appropriate Insuring Office of the Federal Housing Administration is notified, and its comments on the local housing situation are obtained.

LOAN CHARACTERISTICS

Loans under the College Housing Program may be made only to the extent that the applicant institution is unable to obtain the necessary financing elsewhere on equally favorable terms and conditions.

¹ The complete text of Title IV, as amended, is given in Section 6-1.1 of Volume I.

² Also see Section 2-2-2, Volume VI, under "Notification to Public Health Service" and "Notice to Other Federal Agencies."

Loans are made through Government purchase of bonds issued by the college or hospital. The bonds are first offered for sale in the open market, by means of public advertisement, and are purchased by the Government only when there is no other equally favorable offer by private investors or bond houses. The Government may purchase all or only a part of the bond issue. Since it is the policy to maximize private participation a determination with respect to equally favorable terms shall be made as prescribed in Section 21-3-3, under "Determining Lowest Private Bidder."

Amount and Term of Loan

Loans may be made for up to 100 percent of the eligible costs of developing and constructing projects. However, financial participation by the applicant should be encouraged to the extent possible.

For both college and hospital projects, loans are administratively limited to \$4,000,000 for projects on a single campus during a single fiscal year. Where eligible costs exceed \$4,000,000, the applicant will participate to the extent of the amount over \$4,000,000. For example, where eligible costs are \$7,000,000, the Government could lend up to \$4,000,000 and the applicant participation would be at least \$3,000,000. However, where eligible costs exceed \$8,000,000 on a single campus during a single fiscal year, the Government will lend not to exceed 50 percent of the total eligible costs.

Where the Regional Director finds that the applicant is unable to participate in the required amount and there is justification for increasing the amount of the loan, a fully documented request for a waiver may be submitted to the Commissioner with the request for fund reservation.

In addition, for any project which includes an ineligible facility, such as a chapel or library in a dormitory, which is permitted because of special conditions, the applicant must provide for payment of at least the full cost of the ineligible facility from non-Federal funds.

Loans cannot include the cost of furnishings or movable equipment or operating costs.

The Act provides that the term of a loan will be determined by the Administrator, with a maximum of 50 years. It has been determined that a loan may be made for the maximum term.

Interest Rates

In accordance with the statutory provisions, the Administrator has established the following interest rate for fiscal year 1965, effective July 1, 1964: $3\frac{3}{4}$ percent.

The rate of interest shall be the rate in effect as of the date of loan approval, that is, the date on which the project summary evidencing loan approval is signed by the Regional Administrator. When the

amount of a loan is increased subsequent to the date of the loan approval, the original interest rate will apply to the amount of the increase when:

- (1) the increase results from bids overrunning the estimate, and involves no change in the approved capacity or size of the project; or
- (2) the increase results from a change in project design which increases the previously approved capacity by less than 10 percent; or
- (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 shall apply to the amount of the increase.

Preparation of Bonds

The program procedures require that the bonds be prepared, secured, and issued in such a manner that they will meet the standards of the private investment market. This is in conformance with one of the primary objectives of the program, to increase private financial participation in college housing projects.

Apportionment of Loan Funds

Not more than 12½ percent of the loan funds under the program may be expended in any one State.

FIXED FEES FOR GOVERNMENT FIELD EXPENSE

Each borrower is required to pay a fixed fee, which in the aggregate will be sufficient to cover the cost of the Government's field expense. The fixed fee shall be an amount equal to one-half of one percent of the estimated construction cost, with a minimum charge of \$2,600 and a maximum of \$7,500.

The fixed fee shall be computed on the estimated construction cost at the time the loan agreement is approved. After execution of the loan agreement, no adjustment shall be made in the specified fixed fee, except when the estimated construction cost is changed by 20 percent or more. In such cases, the fixed fee shall be redetermined by the formula above and specified in the related amendment to the loan agreement.

The fixed fee must be paid to the Government out of the first funds deposited into the Construction Account, regardless of source.

The loan agreement provides for a refund of all or part of the fixed fee if the entire bond issue is sold to buyers other than the Government. The amount of the refund is determined by the Government on the basis of the unclapsed construction period and whether inspections and audits have been made (see Chapter 22-2).

INTERIM FINANCING OF CONSTRUCTION

CFA policy requires that the applicant finance construction with its own funds, or by temporary loans from non-Federal sources, whenever possible, and that the bonds be purchased when the project is approximately 80 to 90 percent complete. Should the applicant be legally barred from obtaining such financing, however, or be unable to secure it upon reasonable terms, it may apply for a Government advance against the bonds. Only when the applicant is legally required to do so will the bonds be sold prior to the start of construction. Partial purchases of bonds are not desirable. (See Section 21-2-1.)

COLLEGE HOUSING AUDITS

The Audit Division is responsible for conducting audits of all college housing 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.

Section 2. Eligibility Requirements

There are two classes of eligibility requirements under the College Housing Program. These pertain to:

- (1) The eligibility of the applicant institution, and
- (2) The eligibility of the proposed project.

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. This requirement is automatically met by the public offering of the bonds, as specified in Part 21.

ELIGIBILITY OF APPLICANT INSTITUTIONS

Colleges

To be eligible under the program, an educational institution must offer at least a two-year program acceptable for full credit toward a bachelor's degree. This would include colleges, universities, and some junior colleges. In addition, the institution must be either a public educational institution or a nonprofit private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual.

The fact that an educational institution is affiliated with a religious organization has no effect on its eligibility; however, theological schools or seminaries are not eligible under the program.

In some cases, the housing and service facilities at a college may be owned and operated not by the college directly, but by a separate organization created for that purpose. Such organizations may also be eligible for loans, provided that they are either:

- (1) A nonprofit corporation established by the college for the sole purpose of providing housing and related facilities to students and faculty without regard to membership in any organization or fraternity, and the property will pass to the college if the corporation is dissolved, or
- (2) A State agency established to provide housing and related facilities to students and faculties of public educational institutions, or
- (3) A nonprofit student housing cooperative, and the property will pass to the college if the cooperative is dissolved.

In each of the above cases, the college involved must, of course, itself be eligible under the program. In the case of a loan to a nonprofit student housing cooperative or a non-profit corporation not established by the educational institution, the application and the security for the loan must be co-signed by the college. Where the law of any State in effect on the date of enactment of the Housing Act of 1964 prevents its institution or institutions, for whose students or students and faculty the housing is to be provided, from co-signing the obligation,

the Administrator shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such co-signing.

In such cases, however, the application shall be accompanied by a letter from the institution stating that in the judgment of the institution the applicant cooperative is well-established, competent, and a responsible organization with continuity of operation. The letter shall also state that the proposed student cooperative housing will supplement, not compete with, the long-range plans of the institution for the provision of student housing.

It is the general policy of CFA, however, to make loans to the college itself, rather than to any of the special types of organizations listed above.

Hospitals

To be eligible under the program, a hospital must be either a public hospital or a nonprofit private hospital no part of the net earnings of which inures to the benefit of any private shareholder or individual.

To be eligible for a loan for housing for student nurses, the hospital must be operating a school of nursing beyond the high school level approved by the appropriate State authority. To be eligible for a loan for housing for interns and resident physicians, the hospital must be approved for internships and residencies by recognized authority. "Recognized authority" has been administratively determined to be the American Medical Association or the American Osteopathic Association, as appropriate.

ELIGIBILITY OF PROPOSED PROJECTS

Certain eligibility requirements apply to all types of projects, as follows:

- (1) Construction must not be of elaborate or extravagant design or materials, and construction must be undertaken in an economical manner.
- (2) Construction of the project must not have been completed at the time the application is made.
- (3) College housing loans cannot be made solely for the purpose of refunding a long-term loan obtained by the applicant prior to filing application, regardless of whether actual construction has been completed.
- (4) When necessary, preference will be given to the various types of projects in the following order:
 - (a) Housing, with or without direct related service facilities.
 - (b) Housing which includes excess service facilities.¹

¹ *Excess service facilities*, as used in these procedures, means that portion of the service facilities in the project which will serve students or faculty in addition to those to be housed in the project; that is, facilities in excess of those needed solely to serve occupants of the project.

- (c) Service facilities which are needed to complete the housing arrangements of the institution.
 - (d) Other types of service facilities.
- (5) A project may consist of :
- (a) New construction, including purchase of land if necessary, and cost of site improvements ;
 - (b) Additions to existing structures ;
 - (c) Rehabilitation, alteration, conversion or improvement of existing structures not currently suitable for their intended housing or service use ; or
 - (d) Purchase of existing structures to be rehabilitated, altered, converted or improved for housing or service use if substantial economies can thus be achieved.
- (6) If site acquisition is to be included under project cost, the amount of land must be limited to that necessary for the structures plus a reasonable provision for driveways, walks, and for site improvements such as lawns, shrubbery, and parking facilities.
- (7) Projects are ineligible if the sole purpose of the loan is to provide air-conditioning for existing dormitories ; such projects also would be ineligible even if combined with a loan for an approvable project. However, if a building is unsuitable for housing use for reasons other than the lack of air-conditioning, a loan may be made for remodeling, and air-conditioning could be included.
- (8) Facilities for religious purposes, such as chapels, are ineligible for loans ; however, they may be included in the structure if they are paid for from other than loan proceeds.
- (9) College housing loans cannot be made unless the applicant agrees to retain title to the building or buildings during the life of the loan and this agreement is a part of the Terms and Conditions. Thus, the borrower cannot enter into any contract for the lease purchase or other disposal of the project during the life of the loan.

REQUIREMENTS AND CRITERIA FOR SPECIFIC TYPES OF PROJECTS

Basically, two types of projects are eligible for loan :

- (1) Housing with or without directly related service facilities.
- (2) Other service facilities essential to the institution's overall housing plan.

However, since projects for hospitals are recorded separately and have a specific limitation under the Act, they will be considered as a separate category.

Housing Projects for Colleges

Housing projects which provide housing for students, including married students, or faculty members, or both, are eligible. They may be dormitories, apartments, or single-family housing.

Small dormitories for the use of specific groups of students, such as cooperatives, fraternities, or sororities, are eligible only if: (a) such housing is a part of the overall plan of housing of the college, rather than an isolated instance of the college extending its credit to a single student group, and (b) the housing will be operated under the direct responsibility and control of the college. In addition, assignment of sections or wings of a dormitory to members of a specific group or fraternity is permissible as a matter for internal determination by the college. The above provisions refer only to housing built and owned by the college.

Essential service facilities designed solely for the occupants of the proposed housing project are considered to be part of the housing rather than as separate service facilities under the limitation in the Act. These would include dining halls, cafeterias, lounges, heating plants, and first-aid rooms. If any such facility serves other students or faculty, in addition to those housed in the proposed project, the excess cost above that estimated to provide the service solely for project occupants must be charged against the limitation on service facilities.

The general criterion governing types of facilities which may be included within a housing project is that they must be directly related to housing, rather than to the operation of the college as such. Thus classrooms, laboratories, gymnasiums, auditoriums and administrative offices of the college are ineligible. Administrative offices for the project, however, such as a dormitory supervisor's office, are eligible.

Service Facilities Projects

The basic criterion for a service facility is that it must provide an essential service in connection with the institution's housing plan. Cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities are stated by the Act to be essential service facilities.

A heating plant for several dormitories could be considered eligible if essential to the efficient operation of those dormitories; a heating plant for the entire campus, including classroom buildings, would not be eligible. Separate structures such as gymnasiums, auditoriums, or any sort of classroom, laboratory or administration buildings are of course ineligible and cannot be included in the project.

The question of the type of service facilities which may be included within a building which is itself eligible arises primarily in connection with student centers or student unions; the type of facility and use of space normally found in cafeterias, dining halls, or infirmaries is fairly obvious, and any variations can be noted and questioned. Student

unions and student centers, however, present a wide variety of facilities and space utilization.

Student Union Criteria

A student union is intended to provide for the students' recreational and social activities. Thus lounges, game rooms, reading rooms, and rooms for student meetings, dances and similar activities would be eligible, as would snack bars or similar facilities.

Revenue-producing facilities, such as bowling alleys, bookstores, and hotel-type rooms for occupancy by visitors to the college are eligible. However, special consideration should be given to the need for such facilities, the availability of alternate and competing facilities within the adjacent community, and the amount of space proposed to be devoted to such facilities.

Educational facilities or college administrative offices are not eligible for inclusion, but a small amount of office space for the student union staff and for student organizations would be eligible.

It is the general policy of CFA to require participation by the applicant in the financing of student unions. This participation is desirable, not only to make wider distribution of restricted service funds and to improve the viability of the loan, but also because participation on the part of the institution, its students, alumni, and other friends of the institution tends to develop a sense of pride in and ownership of the structure and enhance the continuing union program. Except for the limitation of Federal loan funds where eligible costs exceed \$4,000,000 as provided in Section 2-1-1, no fixed percentage of participation is required, and the amount should be determined by negotiation in which the desirability of participation is discussed with the applicant in terms of reducing amortization payments and improving the union program. In addition, if special circumstances warrant inclusion of an ineligible facility, such as a chapel or administrative facility, the full cost of the ineligible facility must be paid by the applicant. Such payment should not be considered applicant participation.

Hospital Housing Projects

A hospital housing project is subject to the same criteria as a college housing project, with one exception: faculty housing is not eligible. The project must provide housing solely for undergraduate or graduate student nurses, or for interns and resident physicians. However, a reasonable number of rooms—at most, one per floor for the largest projects—may be reserved for supervisory personnel. While such personnel may in fact be graduate nurses or faculty members, insofar as the housing is concerned they are acting as supervisors of the housing facility.

Projects Combining Eligible and Ineligible Features

It is the general policy of the Community Facilities Administration not to approve projects containing ineligible facilities if they constitute the major portion of the project. This is especially true of academic facilities or facilities such as gymnasiums and other athletic structures. Unusual cases can be considered on their merits; provided, of course, that the college agrees to finance the entire cost of the ineligible facility from its own funds.

FALL-OUT SHELTERS

The additional cost of providing shelters in college housing projects can be covered under the Federal loan. Not more than \$100 per occupant can be included in the loan for the provision of fall-out shelter and its equipment. If the capacity of the fall-out shelter is greater than the number of occupants of the project, the cost of the excess capacity must be defrayed from other than loan funds.

CHAPTER 2. APPLICATION PROCESSING

Section 1. Inquiries from Prospective Applicants and Pre-Application Conference

Inquiries concerning the College Housing Program shall be referred to the Regional Director. If the inquiry is from someone other than an official of a college or hospital such as an architect or engineer, the reply should specify that applications can only be received from, or discussed with, an authorized official of the institution. Replies to such inquiries and to inquiries of a general nature should explain the program in general terms and may include a copy of Form CFA-500, *Information for Applicants Under the College Housing Program*.

A specific inquiry from a new applicant indicating a serious interest in constructing a project under the program will 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 *Information for Applicants; Preliminary Application*, Form CFA-501, *Sample Application*, Form CFA-501(S), and *Instructions and Guides for Completing the Application Form, Part 1*, Form CFA-502(a). The letter should state that HHFA considers a pre-application conference essential for new participants in the program, and should invite the college president to attend a conference at the Regional Office, accompanied if possible by his business manager, legal advisor, and architect.

Replies to inquiries from previous participants in the program will depend on the assessment of the institution's performance under the previous project or projects. If necessary, the Chief, College Housing Operations Branch, will review the files and the loan servicing records, and confer with other Regional Office staff, before preparing a reply. A pre-application conference will be requested if it is considered necessary; otherwise, the reply will enclose copies of *Information for Applicants, Instructions and Guides for Completing the Application Form, Parts 1 and 2, Application Form* complete with all supplements, standard *Terms and Conditions*, Form CFA-520, and *Special Conditions*, Form CFA-515.

If there is any question as to the institution's eligibility, it shall be resolved as indicated in Section 2-2-2 before replying. If the institution is ineligible, or if the proposed project is clearly and obviously ineligible, the reply should explain the reasons in detail.

PRE-APPLICATION CONFERENCE

The Regional Director should normally attend and open the pre-application conference. The Chief, College Housing Operations Branch, should also attend.

The amount of detail covered at the conference will necessarily depend on the representatives present from the institution, 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.

Representatives of the Regional Office technical staffs may be called upon to discuss specific problems or questions in their fields, if any arise. If their counterparts from the institution—architect, lawyer, business manager—are present, it will be helpful to have the technicians discuss details with them after the conclusion of the conference.

Following the conference, a letter to the institution shall be prepared confirming any understandings reached at the conference, advising the institution of the next step in the procedure, and enclosing, if not previously given, copies of the technical supplements to the Application, standard *Terms and Conditions*, Form CFA-520, *Special Conditions*, Form CFA-515, *Annual Rental Per Student for Self-Liquidating Loans*, Form CFA-505, *Fall-Out Shelters*, Form CFA-120.

Section 2. Preliminary Application Processing

The purpose of the *Preliminary Application*, Form CFA-501, is to establish the eligibility of the applicant and the eligibility and need for the project. In this way the time and expense required for preparation of a full application, and the Regional Office workload required for detailed review of a full application, can be avoided in those cases in which the applicant is ineligible or the proposed project is either ineligible or cannot be justified on a basis of need.

Preliminary applications are required of all applicants. However, should a previous participant in the program desire to submit the technical supplements at the same time, the Regional Director may authorize the institution to do so, making sure the applicant understands that completion of the technical supplements and supporting data will be of no value if the proposed project is found to be ineligible or if the need is not definitely established.

RECEIPT OF APPLICATION

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-CH, and establish a project folder. The project number consists of the program symbol (CH), the abbreviation of the State, the serial number of the project within the State, and the symbol for the type of project, which serves as a basis for the distribution of funds. This latter symbol is "D" for projects including only housing or housing and related service facilities, "DS" for housing projects with excess service facilities, "S" for service facilities alone, and "H" for hospital projects. As necessary, the Reports and Control Assistant shall consult with the Chief, College Housing Operations Branch, as to the correct symbol to be used. The application then shall be routed promptly to the Chief, College Housing Operations Branch.

The Chief, College 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, College 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 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 "RI" (Rejected-Ineligible).

An initial response from the Regional Office to the applicant must be made within seven calendar days of receipt of application. Therefore, if the acceptability of the application cannot be determined

promptly, a letter shall be sent to the applicant acknowledging its receipt and citing the project number.

The Chief, College Housing Operations Branch, then shall prepare a *Project Control Card*, Form CFA-111, and begin the application review as prescribed below.

COORDINATION WITH OTHER PROGRAMS

The Chief, College 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 on any program. (See Chapter 1-4 of Volume IV.)

NOTIFICATION TO PUBLIC HEALTH SERVICE

If the application is from a hospital, the Chief, College Housing Operations Branch, shall complete Form CFA-104 (Exhibit A), to notify the Regional Office of the Public Health Service of the application. Five copies of this form shall be made, one retained in the Regional Office file and four sent to the appropriate Public Health Service Office. The Public Health Service will in turn advise the State authority for hospital and medical facilities construction and obtain its comments.

NOTICE TO OTHER FEDERAL AGENCIES

If it is determined by the Chief, College 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, the Chief, College Housing Operations Branch, shall complete Form CFA-104 (Exhibit A) to advise the field office of the other agency of the nature of the project. The notice is for information only and will not require a reply.

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.

APPLICATION REVIEW

The Chief, College Housing Operations Branch, is responsible for the preliminary application review. In the review, due regard should be given the fact that the findings, and often the details of the proposed project, are of necessity tentative, and that favorable action means only that (a) a reservation of funds will be made for the applicant, and (b) it is in order for the applicant to proceed with the preparation of the full application.

The preliminary application shall be reviewed to determine that:

- (1) The applicant is eligible.
- (2) The proposed project is of an eligible type.
- (3) The need for the proposed project appears justified.

Only when the information submitted shows that the application will obviously have to be rejected or greatly revised in the full application stage should further review be made at this time.

Review for Eligibility of Applicant

If the applicant's eligibility has previously been determined, the Chief, College Housing Operations Branch, shall so note on the front of the application with the number of the project for which the determination was made.

If the applicant's eligibility has not previously been determined:

- (1) When the applicant is an educational institution, the Chief, College Housing Operations Branch, shall first check its eligibility in the "Education Directory, Part 3, Higher Education," issued by the U.S. Office of Education. If the applicant is not accredited by a regional accrediting association or there is other reason to doubt the applicant's eligibility, the Regional Director shall teletype CFA for information on the status of the institution. CFA will, as necessary, consult the Office of Education, and will advise the Regional Office.
- (2) When the applicant is a hospital, evidence of eligibility shall be attached to the application, as required by the form and instructions, in the form of copies of the licenses or certificates issued by the appropriate State authority for schools of nursing; by the American Medical Association or American Osteopathic Association for internships and residencies; or both.
- (3) If the institution is a private college or hospital, evidence of its nonprofit status should be attached to the application as required by the form and instructions. Normally this will be a copy of a current letter from the Internal Revenue Service.
- (4) If the applicant is a separate organization to provide housing for a college, as described in Section 2-1-2, the Chief, College Housing Operations Branch, must first determine that the college itself is an eligible institution, and then check with the Legal Division to determine that the organization is eligible.

Review for Project Eligibility

The description of the project should enable the Chief, College Housing Operations Branch, to place it in one of three categories, on the basis of the criteria in Section 2-1-2.

- (1) Clearly eligible.
- (2) Clearly ineligible.
- (3) Of an eligible type, but possibly containing ineligible facilities.

For projects in Category 3, there will not usually be sufficient details, or the details will be so tentative and subject to later change, that a final decision will be impossible. In such cases, the letter to the applicant upon completion of the review shall explain that while the type of

project is eligible, certain facilities often found in such structures are ineligible and specific decisions must await the receipt of the full application.

Review for Need

Approval normally will be based on and limited to the facilities needed for presently enrolled students. Only in those exceptional cases where enrollment cannot precede housing construction, as in a residential-type college requiring all students to be housed on campus and currently refusing enrollments, or a well-established institution creating a new school or department, can exceptions be made. In such cases, the estimated increase in enrollment must be thoroughly justified, and not accepted merely on the basis that educational facilities for it are to be provided.

Housing Need for Colleges

The need for additional housing for colleges ordinarily will be shown by the deficiencies indicated in the application, with allowance for any housing facilities under construction. If a significant part of the need is based on students presently living at home or elsewhere than in applicant's own housing, it should be clearly shown why these students can be expected to move into the proposed project.

Supporting facilities included in the project, such as a dining hall for residents only, usually will be justified on the basis of the housing itself.

The need for housing for married students or faculty requires additional review and justification, since such housing ordinarily resembles the type of housing available in the adjacent community. Thus justification of the need requires a review of housing available in the community itself. The file shall be referred to the Community Requirements Division, which shall obtain the comments and opinion of the FHA Insuring Office as to the need for the proposed housing. The letter to FHA should briefly describe the type of housing, location, capacity, and proposed rental rates, and ask for advice as to whether:

- (1) Existing housing of the type proposed is considered to be in short supply.
- (2) The proposed project would adversely and materially affect the demand for housing in the adjacent community, and particularly for existing housing insured or held for sale by FHA.

On receipt of the Insuring Office reply, the Regional Economist shall supply the Regional Director with a memorandum report commenting on the proposed project and the Insuring Office response.

Where the report shows that FHA-acquired multi-family housing property is available for purchase by a college—

- (1) The Regional Director shall initiate a thorough review of the suitability of the FHA property, including site, desirability of location with relation to the college, and an analysis of building modifications that may be required to convert the property for the use of married students or faculty; and shall determine if the FHA property would be eligible under the college housing statutory requirement that loans be made for the erection of new structures, or rehabilitation, alteration, conversion, or improvement of existing structures. (Property not requiring rehabilitation, conversion, or improvement would not be eligible for purchase under the College Housing Program.)
- (2) If at this point the Regional Office does not concur with the FHA Insuring Office view that the property is suitable, the Regional Administrator shall so advise the FHA Insuring Office by memorandum, with a copy to CFA. The memorandum shall indicate briefly the reasons for non-concurrence and shall state that unless additional justification is received within ten days (specifying date), the Regional Office will proceed with development of the loan for new construction proposed by the college.
- (3) Where the FHA property appears suitable for modification for use by the college, and is apparently eligible under the College Housing Program, the Regional Office shall consult with the college to determine the acceptability of the appropriately modified property in meeting all or part of the housing needs stated in its application for college housing loan. In so doing, the Agency's policy with respect to utilization of physical assets (see Volume II, Section 4-3-6) shall be brought to the attention of the college.
- (4) If the college indicates that the FHA property will be acceptable, the Regional Office shall proceed with development of a loan for modification and purchase of the property, and shall so advise the FHA Insuring Office. The *Fund Reservation Order*, Form CFA-11, and the *Project Summary and Approval*, Form CFA-519, shall show that the property is being acquired from FHA.
- (5) If the property appears suitable, but the college is unwilling to utilize it, the Regional Director shall prepare a complete report to CFA for the signature of the Regional Administrator, indicating the suitability of the appropriately modified property for use by the college, and describing the position of the college toward acquiring the property. The report shall include the recommendation of the Regional Administrator.
- (6) Where CFA, after consultation with FHA, concurs in a recommendation by the Regional Administrator to decline to approve

funds for new construction due to the availability of suitable FHA property, CFA will —

- (a) provide the Regional Administrator with advance notice of the CFA action being taken; and
 - (b) advise the college by letter of the Commissioner's decision to regard the loan application as withdrawn and the reasons for this action. In some cases, the Commissioner may provide that a visit to the college be made to deliver the letter and further explain the factors involved; as appropriate, a CFA or Regional Office staff member shall make the visit.
- (7) In other cases, CFA will determine the action to be taken, and will ordinarily advise the Regional Administrator to proceed with review of the loan for new construction proposed by the college.

It is not intended that the above procedures will be used to force upon any college a decision that it believes contrary to its best interest. It is important, however, that there be thorough exploration of the possibility of using available FHA properties.

Service Facilities Need

The criterion to be used by the Regional Office in advising applicants on the consideration to be given to service facilities applications is the essentiality of the service to the operation of the college's housing and related facilities.

Hospital Facilities Need

The review of need for nurses housing or intern and resident physician housing shall follow the same pattern as the review of housing need for colleges. Applicant hospitals are more likely to have no housing of their own than are colleges. In these cases, the current enrollment is of necessity living in private housing or at home, and the Chief, College Housing Operations Branch, must be assured that there is good reason to expect that these students will move into the proposed facility when it is completed.

REFERRAL TO TECHNICAL BRANCHES

No technical review shall be made on preliminary applications. However, the Chief, College Housing Operations Branch, should request that advice of the Legal Division, Finance Branch, or Engineering Branch whenever technical questions arise during consideration of an application, particularly where that application proposes the establishment of a system, a loan consolidation, or issuance of additional bonds.

APPLICATION REVIEW REPORT

Upon completion of the review, the Chief, College Housing Operations Branch, shall fill out the *Preliminary Application Report*, Form

CFA-512 (Exhibit B). Item 3(d) shall be checked only in those cases where an application, while demonstrating eligibility and need, plainly shows that the project as currently proposed could not be approved upon submission of a full application. Such cases will normally be discussed in detail with the Regional Director, prior to completion of the report, and may, at the Regional Director's discretion, be discussed further with the applicant.

ADVERSE FINDING

If disapproval is to be recommended, the Chief, College Housing Operations Branch, shall forward Form CFA-512 to the Regional Director. If the Regional Director concurs in an adverse finding, the applicant shall be notified by a letter signed by the Regional Administrator, explaining why the application cannot be approved. If the difficulty is one which can be overcome by the applicant—such as actual establishment of a proposed school of nursing—the letter shall so state, and advise the applicant that it may resubmit the application after the situation has been corrected.

APPROVAL

If approval is to be recommended, the Chief, College Housing Operations Branch, also shall prepare Form CFA-11, *Fund Reservation Order*, (Exhibit C) in original and five copies 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 and brief project description, including scope, type of facilities, and number of users. Also, show whether a public or private institution and whether a new or existing campus. Show name and address only on revisions, unless description changes.
- (d) *Fund Reservation Action.*: If this is an original order, enter "O" under "Outstanding Reservation," and amount requested in last column. If limitations apply as in the case of service and hospital facilities, the type of limitation and the amount shall be entered.
- (e) *Authorization.*: The Regional Director shall surname on this line as evidence of his concurrence.

- (f) *Reservation*: Self-explanatory.
- (g) *Remarks*: Insert dates of the preliminary application and filing in the Regional Office. This space shall also be used to explain the reason for any proposed change in, or cancellation of, an existing reservation, or to note any other fact which might be of use in connection with the reservation action (e.g., FHA-held property being utilized). If an increase is requested, show the interest rate applicable to the increase and to the original amount. Any change of intended use or number or type of occupants should be noted.

Form CFA-512 and Form CFA-11 shall then be forwarded to the Regional Director.

APPLICATION APPROVAL

If the Regional Director concurs in a recommendation of approval, he shall indicate his approval by signing the *Preliminary Application Report*, and surnaming the Form CFA -11.

The original and four copies of Form CFA-11 shall be sent to CFA and one copy each of Forms CFA-11 and CFA-512 retained in the project folder.

Pursuant to the request for a fund reservation, Form CFA-11 will be processed by CFA. Upon prevalidation by the Division of Finance and Accounts, the original Form CFA-11 will be returned to the Regional Director by CFA as notification of a project fund reservation; the Division of Finance and Accounts will send a prevalidated copy to the Regional Administrative Division. Since funds are controlled at the point of reservation, there is no authority in a Region to approve a project in the absence of a reservation or for an amount in excess of that of the reservation. Neither is there authority to offer a contract for an amount different from that in the project approval.

Upon receipt of the prevalidated Form CFA-11, the Chief, College Housing Operations Branch, shall prepare a letter, for the signature of the Regional Director, advising the applicant of preliminary approval and fund reservation, noting that the reservation will be good for 90 days (or 120 days for student unions), explaining the next step in the procedure, and enclosing copies of technical supplements to the application, *Instructions and Guides for Completing the Application, Part 2*, Form CFA-502(b), standard *Terms and Conditions*, Form CFA-520, *Special Conditions*, Form CFA-515, and any other information as appropriate. The letter shall explain clearly that final approval can be given only upon a review of the full application.

APPLICATIONS SUBMITTED AFTER COMPLETION OF PLANNING OR START OF CONSTRUCTION

In some instances an institution may submit an application for a project for which the final planning has been completed or construction already started. This situation shall not prejudice the application, unless:

- (1) Construction has been completed prior to application, or
- (2) Long-term financing arrangements have been formally completed.

The Chief, College Housing Operations Branch, shall first ascertain that none of the above two conditions exist, after which the application shall be processed in the usual way.

However :

- (1) If the institution has already prepared, or substantially prepared, the technical data required for a full application, the institution may be advised to submit the supplements at the same time as the Preliminary Application.
- (2) The applicant shall be warned that compliance with requirements of the Act is mandatory, and that plans or construction which do not meet these requirements cannot be approved. Where there has been substantial compliance with the intent of CFA requirements and regulations, however, the Regional Office shall exercise its judgment and issue waivers as necessary. Where any question exists with respect to compliance with requirements of the Act or other applicable statutes and regulations, CFA advice shall be requested. The request should give a full explanation of the item in question and recommended action.
- (3) The pre-application conference in such cases shall normally extend to all details of the prepared financial plan, engineering plans and specifications, and construction.
- (4) The Regional Director may have a field engineer visit the project under construction to (a) determine whether the type of construction and project conform to program requirements, and (b) make a regular construction inspection.

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 shall be considered to have been withdrawn. This letter will be sent by certified mail with return receipt requested. If reply is not received by the specified date, the original application, review papers, and correspondence shall be placed in the project folder and any duplicates shall be returned to the applicant with a letter stating that the application is considered withdrawn. (See Section 4-2-2, Exhibit D.) This letter shall be sent by certified mail with return receipt requested.

DISAPPROVALS

If at any time during review a situation is disclosed which will bar approval of the loan, the case shall be returned to the Chief, College Housing Operations Branch, and no further reviews will be made. The Chief, College Housing Operations Branch, shall discuss the matter with the Regional Director; if he concurs in the disapproval, a letter to the

applicant shall be prepared for signature of the Regional Administrator, explaining in detail the reasons for the disapproval. The original application, review papers, and correspondence shall be placed in the project file and the duplicates shall be returned to the applicant.

Withdrawals

If, at any time prior to submission of a full application, an applicant advises that it wishes to withdraw its application, acknowledgment and return of all documents submitted shall be made by letter.

CANCELLATION OF FUND RESERVATION ACTION

When an application is retired as inactive, withdrawn, or disapproved, the Chief, College Housing Operations Branch, shall ascertain whether a fund reservation was previously requested. If this was done, cancellation shall be obtained through submission of Form CFA-11 to CFA.

RECONSIDERATION

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

TIME LIMIT ON RESERVATION OF FUNDS

The Chief, College Housing Operation Branch, shall establish a followup file for each fund reservation, and if the full application has not been received by a suitable date not more than 80 days after the date of the fund reservation, shall advise the applicant that the reservation will be canceled at the end of the 90 day period unless the full application is received.

The Regional Director may grant an extension of time of no more than 90 additional days.

If an extension is granted, the Chief, College Housing Operations Branch, shall return the case to the followup file, to be pulled not less than ten days prior to expiration of the extension, and the applicant shall be advised as above.

If the full application has not be received within the time specified, the fund reservation must be canceled through issuance of Form CFA-11.

A reservation once canceled cannot be reinstated; if the institution decides to apply again for the project, a new reservation, based on a new preliminary application submission, must be secured.

EXHIBIT A



CFA-104
(7-62)

HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

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

FH12B-Washington, D. C.

7/15/64

EXHIBIT B

OFA-512
(2-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION College Housing Program PRELIMINARY APPLICATION REPORT	PROJECT NO.																								
Name of Applicant																									
1. PROJECT DESCRIPTION																									
2. PROJECT FINANCING																									
Complete in accordance with Section 2-2-3, Engineering Review.																									
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">Amount of Loan</th> <th style="width: 20%; text-align: center;">Applicant's Funds</th> <th style="width: 20%; text-align: center;">Total Estimated Cost</th> </tr> </thead> <tbody> <tr> <td>a. Housing facilities</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>b. Related service facilities</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>c. Subtotal, a. plus b.</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>d. Other service facilities</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>e. Totals</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> </tbody> </table>		Amount of Loan	Applicant's Funds	Total Estimated Cost	a. Housing facilities	\$ _____	\$ _____	\$ _____	b. Related service facilities	\$ _____	\$ _____	\$ _____	c. Subtotal, a. plus b.	\$ _____	\$ _____	\$ _____	d. Other service facilities	\$ _____	\$ _____	\$ _____	e. Totals	\$ _____	\$ _____	\$ _____
	Amount of Loan	Applicant's Funds	Total Estimated Cost																						
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c. Subtotal, a. plus b.	\$ _____	\$ _____	\$ _____																						
d. Other service facilities	\$ _____	\$ _____	\$ _____																						
e. Totals	\$ _____	\$ _____	\$ _____																						
3. NEED FOR THE FACILITY. State briefly all major factors, including comments of Public Health Service or FHA if applicable.																									
4. PRELIMINARY CONCLUSIONS AND RECOMMENDATIONS (check one)																									
a. <input type="checkbox"/> Preliminary review of this application indicates that the applicant and the proposed project appear to be eligible and that there is an apparent need for the proposed facilities. Preliminary information discloses nothing which would preclude final approval and construction. Preliminary approval and reservation of funds is recommended.																									
b. <input type="checkbox"/> The applicant is not eligible under the program, or the proposed project is clearly ineligible. (Explain as necessary.)																									
c. <input type="checkbox"/> Preliminary review does not disclose a demonstrated need for the facilities requested. (Explain as necessary.)																									
d. <input type="checkbox"/> For the reasons set forth in the attached memorandum, it appears improbable that a sound project of the nature described can be developed and financed under the program.																									
_____	_____																								
Date	Chief, College Housing Operations Branch																								
The Preliminary Application described above is approved, and reservation of funds in the amount stated above is authorized.																									
_____	_____																								
Date	Regional Director of Community Facilities																								

EXHIBIT C

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 <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">Outstanding Reservation \$</td> <td style="text-align: center;"><input type="checkbox"/> Net Increase (+)</td> <td style="text-align: center;"><input type="checkbox"/> Net Decrease or Cancellation (-)</td> <td style="text-align: center;">Total Reservation \$</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> </tr> </table> Special Limitation (Identify _____): \$ _____ \$ _____		Outstanding Reservation \$	<input type="checkbox"/> Net Increase (+)	<input type="checkbox"/> Net Decrease or Cancellation (-)	Total Reservation \$	\$	\$	\$	\$
Outstanding Reservation \$	<input type="checkbox"/> Net Increase (+)	<input type="checkbox"/> Net Decrease or Cancellation (-)	Total Reservation \$						
\$	\$	\$	\$						
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:									

Section 3. Full Application Processing

To complete the application, the applicant will submit the three technical supplements to Form CFA-501, Engineering, Finance, and Legal data, with supporting schedules and documents, which will be given to the Chief, College Housing Operations Branch.

ADMINISTRATIVE REVIEW

The Chief, College Housing Operations Branch will review the supplements to see that they are in substantial agreement with the preliminary application, and ready for detailed review. If there are deficiencies in the application, or required material is not furnished, the applicant will be notified.

If the full application reveals substantial changes from the project as approved on the preliminary application, the Regional Director may require the applicant to submit a revised preliminary application.

The Chief, College Housing Operations Branch, will also 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, College Housing Operations Branch, to refer the application to each of the technical staffs for a brief general review before writing the applicant. The purpose of this procedure is to ascertain whether any other major problems are obvious to the technical branches, yet to avoid the time required by 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 branch after the first problem has been answered by the applicant.

If there are no major problems or deficiencies in the application, or if those which have been noted have been resolved, the Chief, College Housing Operations Branch will then forward the application file for detailed technical reviews as prescribed below.

TECHNICAL REVIEWS

Technical reviews are normally made in the following order: Engineering, Finance, and Legal.

Each technical staff shall review the application and consult with other technical staffs and the Chief, College Housing Operations Branch, as necessary. Upon completion of his review, each reviewer shall prepare a technical review report, using the prescribed forms with such supplements or exhibits as the reviewer deems necessary to

present a clear and concise report and recommendation. In addition, the text of any special conditions recommended for inclusion in the loan agreement shall be furnished with the review report.

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, College 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, College Housing Operations Branch.

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

Upon completion of review, the technical staff 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 file to the Chief, College Housing Operations Branch. If such return is not necessary, the file shall be routed to the next technical staff and the releasing office shall be responsible for immediately advising the Chief, College Housing Operations Branch, of such release.

The Chief, College Housing Operations Branch, shall review any problems referred to him by a technical staff and obtain advice thereon to permit review to continue. Where differences of opinion arise among the technical staffs, the Chief, College Housing Operations Branch, shall endeavor to secure settlement.

When all technical reviews are completed, the Chief, College 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, advice may be obtained from CFA.

ENGINEERING REVIEW

Upon receipt, the application shall be checked to make sure that the data provided, including the sketch plans and outline specifications, are complete and in sufficient detail. If not, the Chief, College Housing Operations Branch, shall be notified at once and the necessary additional information obtained.

The engineering review of the application is concerned with the conformity of the preliminary plans with the project description contained in 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 on 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.

The Engineering Report shall be prepared on Form CFA-513, *Engineering Review Report* (Exhibit A). 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-513.

Item I. *Project Description*.—The Review Engineer shall prepare the project description, checking with the Finance Branch and the Legal Divisions to assure that the description will be appropriate for use in the Loan Agreement. The description should indicate the type of project, number of buildings, approximate capacity and major facilities of each, whether new construction, addition, or rehabilitation, and approximate number and type of occupants and users (i.e., number of single men, women, married students, and faculty).

Item II. *Method of Financing and Breakdown by Allocation*.—When a project involves service facilities as well as housing, subdivide the cost of service facilities as follows: (1) related service facilities—ratio of capacity of project housing to capacity of project service facilities; (2) other service facilities—remainder of service facility cost. Where applicant's funds are to finance part of the eligible project cost, regard all such participation as financing for the service facilities and subtract after making ratio calculation. The capacity of a dining facility is the number of students to be fed per meal—the method of serving and number of sittings are determined by the applicant.

Item III. *Construction Summary*

1. Project Cost Estimate. Each item shall be rounded to the nearest \$100, and the Project Contingency shall be rounded so as to place the Total Project Cost at the next-higher \$1,000. Any revisions shall 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. Travel expense is eligible only if the travel was requested by the Regional Office. Payments to "fiscal agents" are not normally considered eligible costs. 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.

Line b. Land and Rights-of-Way normally cover purchase of the site. No amount shall 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 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 shall 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. Loan proceeds may not be used to pay architectural/engineering fees for preparation of an application.

Lines e and f. Legal and Administrative Expense. These items must not, without prior Regional Office approval, include cost of any work to be performed by the applicant's own staff. The cost of Builder's Risk Insurance shall be included under Administrative Expenses.

Line g. Interest during Construction. If this item appears unrealistic, mark comment under Item V for attention of Finance Staff.

Line h. Government Field Expense will be a fixed fee pursuant to the criteria provided in Section 2-1-1.

Line i. 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 on any line item between the applicant's estimate and the Regional estimate should be explained in Item V, *Notes and Comments*.

3. *Cost Per Square Foot and Cost Per Student*.—If a project consists of more than one type of building, which makes unit costs for the combined project unrealistic or meaningless, the details by unit should be given as footnotes in Item V.

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

6. 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.
8. 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.

Item V. *Notes and Comments*.

Item VI. *Recommendations*.—Self-explanatory.

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, College Housing Operations Branch.

Review of Applicant's Financial Condition

The first phase of financial analysis involves an assessment of the financial condition of the applicant to determine whether its economic and financial resources are sufficient to support the proposed loan.

For some applicants, particularly the larger educational institutions, satisfactory financial resources will be evident on the basis of a brief review of the application documents. For other applicants, a thorough review covering all of the points mentioned below will be necessary before sound judgments can be made.

The review of the financial condition of the applicant should include an examination of the financial condition of existing revenue-producing facilities of the applicant. The review should cover such points as: general financial history of applicant, summary of comparative balance sheets, summary of comparative income and expense statements, other potential sources of revenue such as appropriations, gifts, bequests, or endowment funds, and the structure of existing long-term indebtedness, comparison of long-term debt to plant assets, debt history, and future debt service requirements.

When a loan is to be evidenced by general obligation bonds of a State, no attempt will be made to appraise the financial condition of the State. When a loan is to be evidenced by general obligation bonds of a county or other local governmental unit whose financial position cannot be readily ascertained, the analyst must make a determination as to the financial condition and prospects of the governmental unit involved. This determination should follow the general guidelines and criteria in Section 4-2-2, for Public Facility Loans.

An important aspect of the review is an appraisal of the applicant's past debt performance. Difficulties on previous debt repayment, such as defaults, refundings, or failure to make debt payments, should be analyzed to determine what effect, if any, they might have on repayment of the proposed loan. If the applicant has a previous college housing loan, or has participated in any other HHFA programs, loan performance data should be obtained. A poor record on a previous Government loan will normally require detailed justification before the proposed loan can be approved.

Review of Applicant's Planning

The analyst shall also review the applicant's debt planning, including capital expenditures budget and availability of financing for other needed facilities, as an indication of future debt burden and possible resulting difficulties.

In some cases the project under review is the first stage of future planned construction such as the first stage of a dormitory and/or dining complex. The financial analyst should always confer with the Engineering Branch to determine if the project is being designed for future expansion. The analyst should then ascertain how the present financing will fit in with future financing needs and develop the security and loan conditions in a manner best suited to meet such future financing. The provisions for open-end financing under a system arrangement, or provisions for a limited issue of additional parity bonds to complete the complex, should be considered where appropriate.

Analysis of Proposed Revenues and Expenditures

If the financial and economic condition of the applicant is satisfactory, 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 nearby facilities or institutions.

Proposed Revenues

In its application, the applicant indicates the expected number of occupants or users of the project and other facilities the revenues of which are pledged, the rates or rentals to be charged for such use, and whether there will be any free occupancy. In determining whether the applicant's occupancy estimates are reasonable, the analyst should consider:

- (1) Whether the proposed occupants of the project are presently available.
- (2) To what extent occupancy will depend upon development or growth of existing demand.
- (3) Whether the growth trend of the applicant in terms of enrollment supports the expected number of occupants.
- (4) To what extent alternate sources of supply, such as off-campus housing facilities, will compete with project facilities.
- (5) What can be done to protect against such competition.

With respect to the proposed rate schedule, the analyst should consider:

- (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 nearby facilities or neighboring institutions.
- (3) Whether the proposed rates or rentals will price the project out of the market.
- (4) Whether the experience of the applicant with existing facilities of a like nature supports the estimates of project revenue.

Unless the applicant has already done so, estimated gross project revenues should be adjusted by an assumed non-use ratio, to allow for possible vacancies or other non-use, as follows: for faculty or married student apartments, at least 5 percent of estimated gross project revenues; for student dormitories, dining halls, student unions or other types of facilities, at least 10 percent of estimated gross project revenues.

Unless the applicant has conducted summer sessions regularly and expects to continue to do so, or will have other regular income from the project during the summer, the estimate of operating revenue available for debt service should be limited to that derived from the regular academic year. This does not apply to faculty or married student housing, since year-round income can reasonably be anticipated.

Where revenues from an existing facility are pledged, the financial analyst should include in his report the date or dates of construction, type of construction, and the estimated remaining usable life of the facility as determined by the Engineering Branch, and should determine that these data justify the assumption that the facility will remain usable 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 directly, in the case of a net revenue pledge, or indirectly, in the case of a gross revenue pledge, upon the sufficiency of revenues to cover maintenance and operating costs. Such M & O costs, or Current Expenses, include the cost of operating the project, maintaining it in good condition, and making routine repairs. The composition of M & O costs may vary in accordance with the accounting practices of an applicant; but they should not include depreciation, capital expenditures, or general administrative expenses of the institution, unless required by law.

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, and whether they are in line with average costs of other institutions. He should also check the comments of the Engineering Staff 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.

Allocation of Centralized Costs

In some instances an applicant will treat the cost of dormitory supervision as a charge against cost of operation of the project either by providing rent-free quarters for supervisory personnel with a consequent reduction in project revenues, or by including supervision as an operating cost. In other cases, the cost is considered a charge against the educational budget, as representing a part of the cost of student supervision. Similarly, expenses such as heat, light and water may be charged to project operation on a pro-rata basis, or may be charged against the institution's central budget.

The allocation of these costs is a matter for the applicant's determination initially—but it should be made clear to the applicant that the financial analysis of the proposed expenses is based on the method stated and that changes which would work to the detriment of project revenues cannot be allowed during the period of the loan. The method of allocation of centralized costs should be specifically stated in Part 2 of the Review Report. Such allocation should also be considered in any comparisons of total M & O costs.

Debt Service Coverage

The net revenues specifically pledged for repayment of a loan must be sufficient to cover the average annual debt service by at least 1.25 times. This margin, while providing for some latitude in estimated versus actual net revenues, will also permit an orderly build-up of the required one-year debt service reserve over a period of about four years. Thereafter, it permits the accumulation of a reserve for repair and replacement to meet extraordinary expenses for such purposes.

Where the borrower agrees to the establishment of a Debt Service Collateral Account, the net pledged revenue coverage of the average annual debt service may be less than 1.25 but in no case below 1.10, depending primarily on the overall financial strength of the borrower. This is further discussed under "Collateral Account" in Section 21-1-2.

Where the loan is to be secured by a general obligation pledge of a State or other public agency, estimated available tax receipts, plus any other pledged revenues, should be sufficient to cover project operating expenses, annual debt service, and provide such reserves for debt service, repairs and replacements, and other contingencies as may be deemed appropriate and are not prohibited by law.

Review of Interest During Construction

Interest during construction is eligible for inclusion in total project cost. The date on which interest ceases to be eligible for inclusion will normally be the date of substantial completion of the project, as determined by the Regional Director. Whether the project is actually placed in use on that date is immaterial. However, an exception may be made

if a project is completed too late for occupancy during the current school term, and the borrower lacks readily available funds to meet the next interest payment. In such cases, the Director may permit payment of interest out of the loan proceeds up to the date the project is actually placed in use, but in no event later than the start of the succeeding regular school term.

When units or areas of a project become revenue-producing at different times, interest cost will cease to be chargeable to project cost for each unit or area individually as it is completed, in line with the above procedures.

The analyst should 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 their 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 proposed by the applicant.

Loan Approval Criteria

In determining that a particular loan should be approved, the following policy criteria should be used:

- (1) The loan should be secured by a pledge of project revenues, augmented to the extent necessary by a pledge of revenues from existing facilities, or designated income such as fees, or a specific allocation from gross receipts.
- (2) The estimated net revenues from pledged sources should cover the average annual debt service by at least the prescribed minimums set forth under "Debt Service Coverage," above.
- (3) The proposed loan is of sound value and is so secured as reasonably to assure repayment within the scheduled period.

Financial Review Report

The Financial Review Report, Form CFA-514 (a) and (b) (Exhibit B), 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 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 in Chapter 21-1.

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 1, accordingly, summarizing the important factors under "Comments."

LEGAL REVIEW

Legal review of the application will be limited to review necessary to make the following determinations:

- (1) Exact legal name of applicant is correctly stated.
- (2) The applicant and the project are eligible under the Act.
- (3) The applicant has sufficient constitutional, statutory or other authorities to:
 - (a) Construct the project as proposed.
 - (b) Make the loan, issue the bonds, and secure the bonds as proposed.
- (4) Based on the information submitted, there are no apparent legal obstacles which would prevent or delay the project or prevent obtaining the loan security.
- (5) The special conditions specified by the Finance Staff are legally sufficient.
- (6) Based on the above, that legal review discloses nothing which would preclude approval of the application and the loan.

The legal review shall be reported on Form CFA-516, *Legal Review Report* (Exhibit C). The "Notes and Comments" section will 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.

REFERRAL TO CFA FOR ADVICE OR DECISION

The Regional Director may request the advice or decision of CFA on any application whenever he deems it necessary. In addition, certain matters must be referred to CFA, as listed below. In all cases, all the material and documents pertaining to the question or problem involved, including as appropriate the application and technical review reports, shall be forwarded to CFA. The application file shall be held

in the Regional Office, and shall be processed to completion upon receipt of advice or decision of CFA. In all such cases, the Regional Director shall furnish his recommendation together with appropriate technical staff comments and any necessary material to permit CFA to make a determination.

Referral to CFA is required in the following cases :

- (1) When an application includes a type of structure, or a type of facility within a structure, for which no eligibility criteria are stated in these procedures.
- (2) When the proportions of a proposed project are out of line with the criteria in these procedures or when a substantial portion of a project or structure will consist of ineligible items for which the applicant proposes to pay the full cost.

RETIRING INACTIVE APPLICATIONS

When an applicant does not reply within 30 days to a request for further information, a followup 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 original application, review papers, and correspondence shall be placed in the project folder and any duplicates will be returned to the applicant with a letter stating that the application is considered withdrawn. (See Exhibit D, Section 4-2-2.) This letter shall be sent by certified mail with return receipt requested.

WITHDRAWALS

If, at any time prior to execution of a loan agreement, an applicant advises that it wishes to withdraw its application, acknowledgment and return of all documents submitted shall be made by letter.

Disapprovals

If, at any time during review a situation is disclosed which will bar approval of the loan, the case shall be returned to the Chief, College Housing Operations Branch, and no further reviews will be made. The Chief, College Housing Operations Branch, shall discuss the matter with the Regional Director; if he concurs in the disapproval, a letter to the applicant shall be prepared for signature of the Regional Administrator, explaining in detail the reasons for the disapproval. The original application, review papers, and correspondence shall be placed in the project file.

Cancellation of Fund Reservation Action

When an applicant is retired as inactive, withdrawn, or disapproved, the Chief, College Housing Operations Branch, shall ascertain whether

a fund reservation was previously established. If this was done, a revised Form CFA-11 shall be prepared and furnished to CFA.

RECONSIDERATION

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

FINAL REVIEW

Upon completion of the technical reviews and reports, the Chief, College Housing Operations Branch, shall check the file and the reports to assure that there are no unresolved conflicts. If there are any conflicts, he shall refer the case to the Regional Director.

Disapproval

If the technical review reports recommend against approval, or indicate that the case is marginal, the Chief, College Housing Operations Branch, shall prepare a memorandum to the Regional Director, setting forth the problem and his own recommendation.

If it appears that the application cannot be approved, it is usually best for the Regional Director to discuss the matter with the applicant and, if possible, have the application withdrawn.

When the Regional Director decides that disapproval is necessary, he shall have a letter to the applicant prepared for the signature of the Regional Administrator, stating the reasons for disapproval. A copy of the letter shall be sent to CFA. A copy of the letter shall also be sent to the Office of General Counsel, Attention: Congressional Liaison Officer.

The original application shall be retained in the project folder together with all workpapers and review documents. The date of the letter shall be used in posting the records.

Approval

The Chief, College Housing Operations Branch, shall prepare:

- (1) The *Press Release Supplement* on Form CFA-519-1 (Exhibit E), in duplicate; and
- (2) The *Project Summary* on Form CFA-519 (Exhibit D) in an original and eight copies, directly from the review reports and the application data as shown below.

<u>Project Summary Items</u>	<u>Source</u>
Project Number	Application, Page 1

If the applicant has had prior loans under the program, show the project number for each loan.

Project Summary ItemsSource

If the project is to be financed by the issuance of additional parity bonds under an (HHFA) open-end system, the project number under which the system was established shall also be shown,— e.g., “Additional loan under system established by Project No. —.” Where a loan consolidation and/or refunding is involved, or where an open-end system not HHFA is being established, this must be so specified.

In addition, appropriate language, similar to that set forth below, shall be included in the box entitled “Brief Project Description”:

“For purposes of engineering, supervision of construction audit and inspection fees, the program statistics and related matters, the projects (give project numbers) shall be regarded as separate. However, for purposes of the trust indenture, portfolio management, shipment of bonds, and related legal and financial matters, this project shall be regarded as an addition to the established system and identified as Project Number —.”

Name and Address of Applicant	Legal Review Report and Application, Page 1
Brief Project Description	Engineering Review Report, Item I; the number of buildings and stories must be included.
Method of Financing	Engineering Review Report, Item II, and Finance Review Report, Item II.
Construction Summary	Engineering Review Report, Item III

<u>Project Summary Items</u>	<u>Source</u>
Except:	
Space Distribution	Supplement 1, Engineering Data, Item I.B.
Status of Site Acquisition	Legal Review Report, Item II.B.
Time Requirements	Supplement 1, Engineering Data, Item III
Loan Security	Financial Review Report, Part 1, Item 1.A.
Estimate of Annual Revenues	Financial Review Report, Part 1, Item 1.B.
Special Conditions (Requires only dates of Review Reports)	Financial Review Report, Part 1, Item II.B. and Legal Review Report, Item V

The Chief, College Housing Operations Branch, shall sign the Project Summary and submit it to the Regional Director. The Regional Director shall recommend approval to the Regional Administrator by signing the Project Summary. He shall then forward the complete file with the Project Summary, Application, and review forms assembled together, to the Regional Administrator. The Regional Administrator shall indicate his approval by signing the Project Summary.

Following approval, the Chief, College Housing Operations Branch, shall forward one copy of Form CFA-519 and the original of Form CFA-519-1, and one copy of Form CFA-514 to CFA. The remaining copies of Form CFA-519 shall be held pending notification of the release date; the other copy of Form CFA-519-1 shall be attached to the Regional file copy of Form CFA-519.

CFA ACTION

Upon receipt of Forms CFA-519 and CFA-519-1, CFA will:

- (1) Arrange with the Office of Public Affairs for preparation of the press release and establishment of a release date.
- (2) Arrange for notification of interested members of the Congress by the Congressional Liaison Officer, Office of General Counsel.

When these actions have been completed, CFA will advise the Regional Office by teletype of the release date and furnish copies of the press release.

COMPLETION OF PROCESSING

When notice of the release date is received, the Chief, College Housing Operations Branch, shall:

- (1) Enter the release date on Form CFA-519.

- (2) In accordance with the release date, prepare for the signature of the Regional Director, a letter notifying the applicant of 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 Form CFA-519.
- (3) Arrange for announcements of approval to local newspapers and other interested parties; however, no announcement of approval shall be made prior to the release date.
- (4) Distribute the copies of Form CFA-519:
 - (a) One copy to the Project file.
 - (b) One copy to the Regional Administrative Division.
 - (c) One copy to the Division of Finance and Accounts.
 - (d) One copy to the Audit Division.
 - (e) One copy to the Legal Division, together with the complete Project file, with a request to prepare the Loan Agreement.
 - (f) One copy to the Field Engineer.

EXHIBIT A

CFA-513
(7-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION College Housing Program ENGINEERING REVIEW REPORT	PROJECT NO. _____																																																																																																
NAME OF APPLICANT _____																																																																																																	
I. BRIEF PROJECT DESCRIPTION _____ _____																																																																																																	
II. METHOD OF FINANCING AND BREAKDOWN BY ALLOCATION																																																																																																	
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IV. REVIEW CHECKLIST																																																																																																	
1. The plans agree with the project description on the Preliminary Application and Fund Reservation. <input type="checkbox"/> Yes <input type="checkbox"/> No 2. All facilities are eligible. <input type="checkbox"/> Yes <input type="checkbox"/> No If ineligible facilities are included, cost is roughly estimated at \$ _____																																																																																																	

PREVIOUS EDITIONS OBSOLETE

EXHIBIT A (Page 2)

IV. REVIEW CHECKLIST (continued)

- 3. The proposed project conforms with the statutory prohibition against elaborate or extravagant design or materials. Yes No
- 4. The plans and specifications indicate an estimated life commensurate with the period of the loan. Yes No
- 5. The estimated life for each existing structure, the revenues from which are to be pledged, is 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 furnishing and movable equipment is reasonable. Yes No
- 9. The applicant's estimated cost for repairs and maintenance appears reasonable. (Shown on Attachment A to Financial Application.) Yes No
- 10. The estimated time from loan approval to start of construction, the estimated period of construction, and the estimated date of occupancy, are reasonable. Yes No
- 11. The plans and specifications provide for future expansion of the facility(ies) 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: _____ Review Engineer
Chief, Engineering Branch

_____ Date _____ Date

EXHIBIT B

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION College Housing Program FINANCIAL REVIEW REPORT - Part 1	PROJECT NO. _____ _____ _____																					
NAME OF APPLICANT _____																						
I. DATA FOR PROJECT SUMMARY																						
A. Loan Security																						
B. 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:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Students at \$ _____</td> <td style="width: 10%; text-align: right;">\$ _____</td> <td style="width: 60%;"></td> </tr> <tr> <td>Units at \$ _____</td> <td style="text-align: right;">\$ _____</td> <td></td> </tr> <tr> <td>_____ at \$ _____</td> <td style="text-align: right;">\$ _____</td> <td></td> </tr> <tr> <td>_____ at \$ _____</td> <td style="text-align: right;">\$ _____</td> <td></td> </tr> <tr> <td>Total Project Revenues</td> <td style="text-align: right;">\$ _____</td> <td></td> </tr> <tr> <td>Less Vacancy Allowance _____ %</td> <td style="text-align: right;">\$ _____</td> <td></td> </tr> <tr> <td>Net</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> </table>	Students at \$ _____	\$ _____		Units at \$ _____	\$ _____		_____ at \$ _____	\$ _____		_____ at \$ _____	\$ _____		Total Project Revenues	\$ _____		Less Vacancy Allowance _____ %	\$ _____		Net	\$ _____	\$ _____
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_____ at \$ _____	\$ _____																					
Total Project Revenues	\$ _____																					
Less Vacancy Allowance _____ %	\$ _____																					
Net	\$ _____	\$ _____																				
M & O Expense: \$ _____ per unit, student	\$ _____																					
\$ _____ per unit, student	\$ _____																					
Total M & O Expense	\$ _____																					
Estimated Net Revenues of Project	\$ _____																					
Other Pledged Revenues	\$ _____																					
Estimated Total Revenues Pledged	\$ _____																					

EXHIBIT B (Page 2)

II. DATA FOR LOAN AGREEMENT

A. Loan Specifications

1. Bond Detail

Designation: _____ Date _____

Amount of Loan \$ _____ Denomination: _____

Type: _____ Interest Rate: _____

2. Bond Retirement Schedule: Maturities as of _____

Year(s)	Principal Payment	Year(s)	Principal Payment	Year(s)	Principal Payment

3. Bond numbers: _____

4. Place of Payment: At the principal office of _____ or at the option of the holder, at a bank or trust company in the Borough of Manhattan, City and State of New York.

5. Registration Privileges: _____

6. Redemption Features: Bonds numbered _____ through _____ inclusive, maturing _____ through _____ inclusive, to be non-callable. Bonds numbered _____ through _____ inclusive, maturing _____ through _____ inclusive, to be callable at the option of the Borrower prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date after _____ upon at least thirty (30) days' prior notice at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each bond as follows:

3% if redeemed	_____	through	_____	inclusive	*
2½% "	_____	"	_____	"	"
2% "	_____	"	_____	"	"
1½% "	_____	"	_____	"	"
1% "	_____	after	_____		*

Bonds _____ through _____ inclusive, maturing _____ through _____ inclusive, to be callable at the option of the Borrower in whole or in part and in inverse numerical order on any interest payment date during the entire life of the loan, upon at least thirty (30) days' prior notice, at par plus accrued interest to the date of redemption.

Priority as to call shall extend to bonds numbered _____ through _____ inclusive over bonds numbered _____ through _____ inclusive.

The Loan Agreement will provide that if the Government purchases any of the bonds, and so long as any of such bonds remain in its possession, it will waive the non-callable provisions, publication notice and premiums for call applicable thereto.

7. Blocks of bonds for which bids will be accepted: _____

EXHIBIT B (Page 4)

OF-212(b)
(7-60)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION College Housing Program FINANCIAL REVIEW REPORT - Part 2	PROJECT NO. _____																														
NAME OF APPLICANT _____																															
A. APPLICANT'S FINANCIAL RESOURCES																															
1 Historical development <input type="checkbox"/> Evidence steady growth <input type="checkbox"/> Has been static or irregular Full-time enrollment, current year as percent of 1960 _____ Comment: _____																															
2 Balance Sheet Analysis <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">19 _____</td> <td style="text-align: center;">19 _____</td> <td style="text-align: center;">19 _____</td> </tr> <tr> <td>Total Assets less Total Liabilities</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Notes Payable (due under 1 year)</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Endowment Fund</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>Ratio of Current Funds to Current Liabilities</td> <td style="text-align: right;">_____ %</td> <td style="text-align: right;">_____ %</td> <td style="text-align: right;">_____ %</td> </tr> </table> Comment: _____			19 _____	19 _____	19 _____	Total Assets less Total Liabilities	\$ _____	\$ _____	\$ _____	Notes Payable (due under 1 year)	\$ _____	\$ _____	\$ _____	Endowment Fund	\$ _____	\$ _____	\$ _____	Ratio of Current Funds to Current Liabilities	_____ %	_____ %	_____ %										
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B. DEBT RECORD																															
1. Long-term indebtedness (outstanding bonds, mortgages, notes due over 1 year)																															
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Date</th> <th style="text-align: left; border-bottom: 1px solid black;">Purpose</th> <th style="text-align: center; border-bottom: 1px solid black;">Original Amount (000)</th> <th style="text-align: center; border-bottom: 1px solid black;">Interest Rate</th> <th style="text-align: center; border-bottom: 1px solid black;">Maturities (years)</th> <th style="text-align: center; border-bottom: 1px solid black;">Outstanding (000)</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td>_____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>_____</td> <td>_____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>_____</td> <td>_____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td colspan="5"></td> <td style="text-align: right;">Total \$ _____</td> </tr> </tbody> </table> Total Plant Assets \$ _____ Ratio long-term debt/plant assets _____ % Comment: _____		Date	Purpose	Original Amount (000)	Interest Rate	Maturities (years)	Outstanding (000)	_____	_____	\$ _____	_____ %	_____	\$ _____	_____	_____	\$ _____	_____ %	_____	\$ _____	_____	_____	\$ _____	_____ %	_____	\$ _____						Total \$ _____
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_____	_____	\$ _____	_____ %	_____	\$ _____																										
					Total \$ _____																										

EXHIBIT B (Page 5)

2. Debt History

(a) Long-term payment record.

No defaults of principal or interest during past 10 years.

Principal default _____ Date _____ Interest default _____ Date _____

(b) Debt administration.

No maturity refundings. Maturities refunded _____ Date _____

Amount \$ _____

Comment:

3. Future debt service requirements, including proposed bonds, for next five years involve:

level annual payments irregular annual payments balloon payments

Comment:

C. CHARACTERISTICS OF EXISTING FACILITIES

1. Existing housing facilities as of _____

	Single		Married	Faculty
	Men	Women	Students	
Total full-time enrollment	_____	_____	_____	_____
Total capacity of existing housing*	_____	_____	_____	_____
Total present occupancy	_____	_____	_____	_____
Ratio total capacity/total enrollment	_____ %	_____ %	_____ %	_____ %

*Delete substandard facilities.

2. Existing service facilities

(a) Ratio of capacity to full-time enrollment _____ %

(b) Indicate usage by part-time students _____ %

3. To what extent are off-campus facilities competitive with housing and/or service facilities provided by applicant?

Comment:

D. CONSTRUCTION PLANNING

1. Capital expenditures budget: Yes No

2. Level of future spending:

Well planned with adequate means of financing.

May create high debt service burden.

Comment:

EXHIBIT B (Page 6)

E ANALYSIS OF REVENUES AND EXPENSES

1 Proposed rentals or charges are:

comparable to rentals or charges of neighboring or competitive institutions;

relatively high as compared to rates or charges of neighboring institutions;

in line with rentals or charges at off-campus facilities; or

higher than rentals or charges at off-campus facilities.

Comment:

2 Information submitted indicates that the facility will be fully occupied (at least 90%) or used, upon construction completion. Yes No

Explain if "no"

3 Previous experience of the applicant with respect to existing facilities of a similar nature support the estimated project revenues Yes No

Comment:

4 Anticipated maintenance and operations costs appear realistic inasmuch as they are:

comparable to the cost experiences of neighboring or competitive institutions; or

in line with previous operating experiences of applicant.

Comment if neither box is checked.

5 Estimated pledged annual net revenues (from project, existing facilities, fees, endowment income or tuition) cover average annual debt service by _____ times.

Comment if less than 1.35 times:

6. The proposed Reserve for Repair and Replacement is adequate in view of the financial situation and type of buildings. Yes No If "no", comment.

EXHIBIT C

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION College Housing Program LEGAL REVIEW REPORT	PROJECT NO. _____ _____ _____
Name of Applicant _____	
I STATUS OF APPLICANT	
A. The legal name of the applicant as shown on Supplement 3 is correct. <input type="checkbox"/> Yes <input type="checkbox"/> No B. The citations concerning organization of the applicant, and the copies of documents attached, are sufficient and complete. <input type="checkbox"/> Yes <input type="checkbox"/> No C. The applicant is an eligible institution under the Act. <input type="checkbox"/> Yes <input type="checkbox"/> No D. The applicant's governing body has properly approved the submission of the application. <input type="checkbox"/> Yes <input type="checkbox"/> No	
III LEGAL AUTHORITIES	
A. The applicant has the authority to construct and operate the proposed project, and to incur and secure the indebtedness in the manner proposed by the Financial Review Report. <input type="checkbox"/> Yes <input type="checkbox"/> No B. Does the applicant own fee simple title to the project site? <input type="checkbox"/> Yes <input type="checkbox"/> No	
III OTHER LEGAL MATTERS	
A. Is there indication of any legal obstacle to prevent or unduly delay completion of the project? <input type="checkbox"/> Yes <input type="checkbox"/> No B. Is all of the proposed project eligible for a loan? <input type="checkbox"/> Yes <input type="checkbox"/> No	
IV OPINION OF COUNSEL	
The opinion of the applicant's counsel is favorable and covers all the required matters. <input type="checkbox"/> Yes <input type="checkbox"/> No	
V. SPECIAL CONDITIONS	
The special conditions specified by the Finance Staff have been reviewed and are legally satisfactory. <input type="checkbox"/> Yes <input type="checkbox"/> No	
The following additional special conditions should be included in the Loan Agreement: _____ _____ _____	
VI NOTES AND COMMENTS. (Explain any items negatively checked.) _____ _____ _____ _____	
RECOMMENDATIONS	
<input type="checkbox"/> Review reveals no legal objection to approval. <input type="checkbox"/> The following legal objections to approval exist: _____ _____	
Concurred: _____ <div style="text-align: center; font-size: small; margin-top: 5px;">Regional Counsel</div> _____ <div style="text-align: center; font-size: small; margin-top: 5px;">Date</div>	Reviewed: _____ <div style="text-align: center; font-size: small; margin-top: 5px;">Reviewer</div> _____ <div style="text-align: center; font-size: small; margin-top: 5px;">Date</div>

EXHIBIT D

CFA-819
(7-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION College Housing Program PROJECT SUMMARY AND APPROVAL	PROJECT NO. RELEASE DATE																																	
Applicant: Name _____ Address _____ (Street) _____ (City) _____ (County) _____ (State)																																		
BRIEF PROJECT DESCRIPTION (Include type of construction, and whether new, addition, or rehabilitation.)																																		
METHOD OF FINANCING																																		
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%;">Amount of Loan</th> <th style="width: 20%;">Applicant's Funds</th> <th style="width: 20%;">Total Estimated Cost</th> </tr> </thead> <tbody> <tr> <td>a. Housing facilities</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>b. Related service facilities</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>c. Subtotal - a plus b</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>d. Other service facilities</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td>e. Total project cost</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> <td style="text-align: right;">\$ _____</td> </tr> </tbody> </table> Term of Federal loan _____ years at _____ percent interest. Estimated cost of furnishings and movable equipment \$ _____		Amount of Loan	Applicant's Funds	Total Estimated Cost	a. Housing facilities	\$ _____	\$ _____	\$ _____	b. Related service facilities	\$ _____	\$ _____	\$ _____	c. Subtotal - a plus b	\$ _____	\$ _____	\$ _____	d. Other service facilities	\$ _____	\$ _____	\$ _____	e. Total project cost	\$ _____	\$ _____	\$ _____									
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CONSTRUCTION SUMMARY																																		
Project Cost Estimate:																																		
Preliminary expense	\$ _____																																	
Land and rights-of-way	_____																																	
Construction	_____																																	
Architectural engineering services	_____																																	
Legal expenses	_____																																	
Administrative expenses	_____																																	
Interest during construction	_____																																	
Government field expense	_____																																	
Project contingency	_____																																	
Total Project Cost	\$ _____																																	
Construction Cost Analysis:																																		
Building	\$ _____																																	
Site improvements	_____																																	
Utility connections	_____																																	
Fixed equipment	_____																																	
Contingencies	_____																																	
Total Construction Cost	\$ _____																																	
Cost Statistics:																																		
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Total - all other space	_____	%																																
Grand Total	_____	%																																
Status of site acquisition:																																		
Estimated period from approval to start of construction: _____ months.																																		
Estimated construction period _____ months.																																		

EXHIBIT D (Page 2)

<p>LOAN SECURITY:</p>	
<p>ESTIMATE OF ANNUAL REVENUES PLEDGED AS SECURITY:</p> <p>Average Annual Debt Service: Last _____ years - \$ _____</p> <p>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.</p> <p>Project Revenues: _____ Students at \$ _____ \$ _____ _____ Units at \$ _____ \$ _____ _____ at \$ _____ \$ _____ _____ at \$ _____ \$ _____</p> <p style="text-align: right;">Total Revenues \$ _____</p> <p>Less Vacancy Allowance _____ % \$ _____ Net \$ _____ \$ _____</p> <p>M & O Expense: \$ _____ per unit, student \$ _____ \$ _____ per unit, student \$ _____</p> <p style="text-align: right;">Total M & O Expense \$ _____</p> <p style="text-align: right;">Estimated Net Revenues of Project \$ _____ Other Pledged Revenues \$ _____ Estimated Total Revenues Pledged \$ _____</p>	
<p>SPECIAL CONDITIONS FOR LOAN AGREEMENT: To be as specified in Item II B of the Financial Review Report dated _____ and Item V of the Legal Review Report dated _____</p>	
<p>RECOMMENDATION OF APPROVAL</p> <p>Based upon review of the application, approval of the project and the loan is recommended. A fund reservation is outstanding covering the amount recommended.</p> <p>_____ _____ <i>Chief, College Housing Operations Branch</i> <i>Regional Director of Community Facilities</i></p> <p>_____ _____ <i>Date</i> <i>Date</i></p>	
<p>APPROVAL</p> <p>I approve, subject to the stated conditions, the project described above and the making of a loan in the amount stated above.</p> <p>_____ _____ <i>Date</i> <i>Regional Administrator</i></p>	

CPD 877-437

CHAPTER 3. LOAN AGREEMENTS

Upon approval of the *Project Summary and Approval*, the Chief, College Housing Operations Branch, shall forward the project file to the Legal Division for preparation of the loan agreement.

The loan agreement will be prepared on Form CFA-521 (Exhibit A) adjusted as necessary to conform to individual situations. The loan agreement shall be based upon the details and conditions of approval as set forth in the *Project Summary* and the *Financial Review Report*. The contract number shall be obtained from the Administrative Division.

Upon completion of the draft copy, the loan agreement shall be referred to the Finance Branch for review and surnaming prior to reproduction.

PREPARATION

A minimum of 12 copies of the agreement are required. Additional copies may be prepared as necessary, but this should be strictly controlled. The Regional Office may prepare the loan agreement by any suitable process, but is responsible for the production of agreements presenting a good appearance on durable paper.

It should be noted that two groups of copies are required: the two copies actually executed, and the larger number needed as working or reference copies. Paper used for the execution copies should have at least 25 percent rag content (substance 40). Working or reference copies may be prepared on any paper suitable to the reproduction process, but care should be taken to secure the best possible appearance.

STANDARD TERMS AND CONDITIONS

A copy of Form CFA-520, *Terms and Conditions*, must be attached to both execution copies of the agreement, and to the additional copies sent to the applicant. It will not be attached to other Regional or CFA copies. No changes shall be made in the *Terms and Conditions* without CFA approval, unless specifically authorized in this Manual.

The citation in the loan agreement to Form CFA-520 shall include the parenthetic date thereof to identify the version of that form which is being used.

EXECUTION

The two execution copies of the loan agreement shall be sent to the applicant for signing, with instructions to return both copies to the Regional Office with evidence of the authority of the applicant's officials to execute the agreement in its behalf.

Following examination by the Legal Division for legal sufficiency of the execution by the applicant, the two execution copies shall be signed by the Regional Director in the following form:

UNITED STATES OF AMERICA
Housing and Home Finance Administrator
Community Facilities Commissioner

By: _____

Date	Regional Director of Community Facilities
------	--

After execution, all copies shall be returned to the Chief, College Housing Operations Branch, who shall have the additional copies conformed to the execution copies as necessary.

DISTRIBUTION

One executed and three conformed copies shall be sent to the applicant.

One conformed copy each shall be sent to:

CFA
Audit Division
Division of Finance and Accounts

One executed and four conformed copies shall be distributed in the Regional Office as follows:

Executed copy to Administrative Division, for Regional Office fiscal project file ¹
Project folder
Field Engineer
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 letters transmitting the loan agreement 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-525, *Statement of Intent with Respect to a College Housing Loan Agreement* (Exhibit B), 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.
- (5) A copy of Form CFA-504, *Insurance Guide*.

¹ In the case of Region VII, this copy shall be sent to the Division of Finance and Accounts.

EXHIBIT A

Form Approved
 Budget Bureau No. 63-11001
 CFA-521
 (2-64)

Project No.
 Name of Borrower
 Address
 Contract No.

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of _____, by and between

(herein called the "Borrower") and the United States of America (herein called the "Government"), WITNESSETH:

Section 1. Amount, Purchase Price, and Purpose. Subject to the Terms and Conditions) Form CFA-520 dated _____) attached hereto and made a part hereof as Exhibit A, and the provisions of this Agreement, the Borrower will sell and the Government, acting by and through the Housing and Home Finance Administrator (herein called the "Administrator"), will purchase \$ _____ aggregate principal amount of the obligations of the Borrower described below (herein called the "Bonds"), or such lesser amount thereof as the Administrator estimates will be required, together with the Borrower's funds provided from other sources, to pay the development cost of the Project (estimated to be \$ _____), hereinafter described, at a price equal to the principal amount thereof plus accrued interest, the proceeds of the sale of such Bonds to be used solely for the development of the said Project.

Section 2. Description of Bonds. The Bonds which the Borrower agrees to sell and the Government agrees to purchase are described as follows:

- (a) Designation:
- (b) Date:
- (c) Principal Amount:
- (d) Denomination: \$1,000 or \$5,000; however, until such time as the purchasers of the Bonds request(s) the preparation of the definitive Bonds, a single Bond or Bonds shall be issued in an amount equal to the Bonds contracted for by said purchaser or purchasers.

EXHIBIT A (Page 2)

(e) Type: Negotiable, serial, coupon bond

(f) Interest Rate: $\frac{7}{8}$ per annum, payable semi-annually on
and interest payable in each year, first

(g) Maturities: , in years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
-------------	---------------	-------------	---------------

(h) Numbers: 1 to inclusive, in order of maturity.

(i) Security:

EXHIBIT A (Page 3)

- (j) Place and Medium of Payment: Payable as to both principal and interest at the principal office of the Trustee to be designated in the Bond Indenture, or, at the option of the holder, at a bank or trust company in the Borough of Manhattan, City and State of New York, in any coin or currency which, on the respective dates of payment of such principal and interest, is legal tender for payment of debts due the United States of America.
- (k) Registerability: Registrable, at the option of the holder, as to principal only.
- (l) Redemption Provisions:

Bonds numbered 1 through inclusive,
 maturing through inclusive,
 to be uncalleable.

Bonds numbered through inclusive,
 maturing through inclusive,
 to be callable at the option of the Borrower prior to the stated
 maturities thereof, in whole or in part and in inverse numerical
 order on any interest payment date after
 upon at least thirty days' prior notice, at the principal amount
 thereof, plus accrued interest to the date of redemption and a
 premium for each bond as follows:

Bonds numbered through inclusive,
 maturing through inclusive,
 to be callable at the option of the Borrower in whole or in part
 and in inverse numerical order on any interest payment date during
 the entire life of the loan, upon at least thirty days' prior
 notice, at par plus accrued interest to the date of redemption.

Priority as to call shall extend to bonds numbered through
 inclusive over bonds numbered through inclusive.

EXHIBIT A (Page 4)

Section 3. Sale of Bonds. The Bonds will be sold by the Borrower at public sale, the call for bids specifying that bids will be received and considered on the following basis:

In the event any of the Bonds are awarded to the Government, the Borrower shall, when they are ready, deliver all such Bonds to the Government at such time as the Government shall designate.

The Government will submit its bid for the Bonds and such bid will be for all 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, or any portion of the Bonds in blocks as specified at an interest cost of not more than _____ per centum per annum, the Bonds or any such portion thereof shall be sold to such bidder or bidders. 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 shall be sold to the Government.

In the event the Government is awarded all or part of the Bonds, the Borrower, at the option of the purchaser(s) shall issue single bonds with face values in the amount of the respective purchases in lieu of individual denomination Bonds. Such single Bonds shall be registered as to principal and interest and payable as directed by the purchasers, but otherwise complying with the description set forth in Section 2 hereof. The Borrower shall covenant that, upon request of the holder of a single Bond, it shall issue, at its own expense and within 90 days from the date of such request, negotiable bearer coupon bonds in denominations of \$1,000, or multiples thereof, as described in Section 2 hereof, in aggregate amount equal to the amount of the single Bond still outstanding. The printing of text of single Bonds shall be of type composition on paper of sufficient weight and strength to prevent deterioration throughout the life of the loan. The Bonds shall conform in size to standard practice and contain the approved maturity schedule for payment of principal.

Section 4. Description of the Project: The Project shall consist of

(herein called the "Project").

EXHIBIT A (Page 5)

Section 5. Government Field Expense. The amount of the fixed fee for Government field expense referred to in Section 30 of the attached Terms and Conditions shall be \$

Section 6. Special Conditions. The Government's obligation to purchase the Bonds of the Borrower is also subject to the Special Conditions attached hereto and made a part hereof as Exhibit B.

IN WITNESS WHEREOF, this Agreement has been executed in the name of

by the undersigned official, and under its official seal, attested by its _____, and in the name and on behalf of the United States of America, Housing and Home Finance Administrator, Community Facilities Commissioner, by the undersigned official.

(SEAL)

By _____
(Signature)

(Type Name and Title)

ATTEST:

(Signature)

(Type Name and Title)

UNITED STATES OF AMERICA
Housing and Home Finance Administrator
Community Facilities Commissioner

(Date)

By _____
Title _____

EXHIBIT B

CFA-525
(7-60)

HOUSING AND HOME FINANCE AGENCY
COMMUNITY FACILITIES ADMINISTRATION

STATEMENT OF INTENT WITH RESPECT TO A
COLLEGE HOUSING LOAN AGREEMENT

This STATEMENT is issued in connection with the Loan Agreement dated _____, Contract No. _____, Project No. _____, by and between the United States of America 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 buy the Bonds of the Borrower in an amount not to exceed \$ _____ in order to finance the construction of a College Housing Project pursuant to the provisions of Title IV of the Housing Act of 1950 (P.L. 475, 81st Congress), as amended.
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 10 of the Terms and Conditions constituting part of the Loan 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 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 Agreement.

Executed on behalf of the United States of America

Regional Director of Community Facilities

Date

EXHIBIT A

Form Approved
 Budget Bureau No. 63-R1001
 CFA-521
 (12-62)

Project No.

Name of Borrower

Address

Contract No.

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of _____, by and between

(herein called the "Borrower") and the United States of America (herein called the "Government"), WITNESSETH:

Section 1. Amount, Purchase Price, and Purpose. Subject to the Terms and Conditions (Form CFA-520 dated _____), attached hereto and made a part hereof as Exhibit A, and the provisions of this Agreement, the Borrower will sell and the Government, acting by and through the Housing and Home Finance Administrator (herein called the "Administrator"), will purchase \$ _____ aggregate principal amount of the obligations of the Borrower described below (herein called the "Bonds"), or such lesser amount thereof as the Administrator estimates will be required, together with the Borrower's funds provided from other sources, to pay the development cost of the Project (estimated to be \$ _____), hereinafter described, at a price equal to the principal amount thereof plus accrued interest, the proceeds of the sale of such Bonds to be used solely for the development of the said Project.

Section 2. Description of Bonds. The Bonds which the Borrower agrees to sell and the Government agrees to purchase are described as follows:

- (a) Designation:
- (b) Date:
- (c) Principal Amount:
- (d) Denomination: \$1,000; however, until such time as the purchasers of the Bonds request(s) the preparation of the definitive Bonds, a single Bond or Bonds shall be issued in an amount equal to the Bonds contracted for by said purchaser or purchasers.

EXHIBIT A (Page 3)

(j) Place and Medium of Payment: Payable as to both principal and interest at the principal office of the Trustee to be designated in the Bond Indenture, or, at the option of the holder, at a bank or trust company in the Borough of Manhattan, City and State of New York, in any coin or currency which, on the respective dates of payment of such principal and interest, is legal tender for payment of debts due the United States of America.

(k) Registerability: Registrable, at the option of the holder, as to principal only.

(l) Redemption Provisions:

Bonds numbered 1 through inclusive, through inclusive, maturing through inclusive, to be uncallable.

Bonds numbered through inclusive, through inclusive, to be callable at the option of the Borrower prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date after , upon at least thirty days' prior notice, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each bond as follows:

Bonds numbered through inclusive, through inclusive, maturing through inclusive, to be callable at the option of the Borrower in whole or in part and in inverse numerical order on any interest payment date during the entire life of the loan, upon at least thirty days' prior notice, at par plus accrued interest to the date of redemption.

Priority as to call shall extend to bonds numbered through inclusive over bonds numbered through inclusive.

EXHIBIT A (Page 4)

Section 3. Sale of Bonds. The Bonds will be sold by the Borrower at public sale, the call for bids specifying that bids will be received and considered on the following basis:

In the event any of the Bonds are awarded to the Government, the Borrower shall, when they are ready, deliver all such Bonds to the Government at such time as the Government shall designate.

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, or any portion of the Bonds in blocks as specified at an interest cost of not more than _____ per centum per annum, the Bonds or any such portion thereof shall be sold to such bidder or bidders. 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 shall be sold to the Government.

In the event the Government is awarded all or part of the Bonds, the Borrower, at the option of the purchaser(s) shall issue single Bonds with face values in the amount of the respective purchases in lieu of individual denomination Bonds. Such single Bonds shall be registered as to principal and interest and payable as directed by the purchasers, but otherwise complying with the description set forth in Section 2 hereof. The Borrower shall covenant that, upon request of the holder of a single Bond, it shall issue, at its own expense and within 90 days from the date of such request, negotiable bearer coupon bonds in denominations of \$1,000, as described in Section 2 hereof, in aggregate amount equal to the amount of the single Bond still outstanding. The printing of text of single Bonds shall be of type composition on paper of sufficient weight and strength to prevent deterioration throughout the life of the loan. The Bonds shall conform in size to standard practice and contain the approved maturity schedule for payment of principal.

Section 4. Description of the Project. The Project shall consist of

(herein called the "Project").

EXHIBIT A (Page 5)

Section 5. Government Field Expense. The amount of the fixed fee for Government field expense referred to in Section 30 of the attached Terms and Conditions shall be \$

Section 6. Special Conditions. The Government's obligation to purchase the Bonds of the Borrower is also subject to the Special Conditions attached hereto and made a part hereof as Exhibit B.

IN WITNESS WHEREOF, this Agreement has been executed in the name of

by the undersigned official, and under its official seal, attested by its , and in the name and on behalf of the United States of America, Housing and Home Finance Administrator, Community Facilities Commissioner, by the undersigned official.

By _____
(Signature)

(SEAL)

(Type Name and Title)

ATTEST:

(Signature)

(Type Name and Title)

UNITED STATES OF AMERICA
Housing and Home Finance Administrator
Community Facilities Commissioner

(Date)

By _____

Title _____

EXHIBIT B

CFA-525
(7-60)

HOUSING AND HOME FINANCE AGENCY
COMMUNITY FACILITIES ADMINISTRATION

STATEMENT OF INTENT WITH RESPECT TO A
COLLEGE HOUSING LOAN AGREEMENT

This STATEMENT is issued in connection with the Loan Agreement dated _____, Contract No. _____, Project No. _____, by and between the United States of America 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 buy the Bonds of the Borrower in an amount not to exceed \$ _____ in order to finance the construction of a College Housing Project pursuant to the provisions of Title IV of the Housing Act of 1950 (P.L. 475, 81st Congress), as amended.
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 10 of the Terms and Conditions constituting part of the Loan 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 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 Agreement.

Executed on behalf of the United States of America

Regional Director of Community Facilities

Date

CHAPTER 4. CHANGES SUBSEQUENT TO LOAN 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, 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 Loan Agreement.
 - (e) The allocation of Federal loan funds between housing facilities and other (or excess) service facilities.
- (2) A project development cost underrun occurs after printing of a single bond but prior to bond closing. (See Section 21-3-4, page 3—"Decrease in Amount of Bonds Purchased.")
- (3) The loan agreement is altered by amendment or waiver.
- (4) Cancellation or withdrawal occurs after issuance of the initial project summary (see below).

Withdrawal or Cancellation ¹

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 shall endeavor to obtain the return of 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 shall indicate the reasons for such withdrawal or cancellation.

Bonds Awarded To Other Bidders

Where any bonds are awarded to other bidders, the special completion procedures, including issuance of a revised project summary, in Chapter 22-2 shall be followed. Where private financing has been arranged, include a summary of the terms of such financing, including name of lender, maturities, and net interest cost.

Processing of Proposed Changes

Changes may be proposed by either the borrower or the Regional Director. Except for adjustments in the fixed fee for Government field

¹ When an application is withdrawn or canceled prior to the issuance of a project summary, the instructions in Section 2-2-2 or 2-2-3 will apply.

expense (see Section 2-1-1), 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 shall 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 shall 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). All items, including those 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 2-2-3 for initial project summaries, and the same distribution made. A revised fund reservation must be prepared and processed prior to preparation of the revised project summary if there is to be an increase in the loan amount or a reallocation of loan funds between housing and other service facilities. 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 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.

Decrease in Fund Reservation

Once the project summary has been approved, Form CFA-11, *Fund Reservation Order*, shall be used only when there is a requested increase in the reservation. After approval of a project summary, if the fund reservation is to be decreased, such revised project summary shall show the decrease and will be the basis for decreasing the reservation or, if an agreement has been executed, the decrease shall be shown on the revised project summary and the reduction to the reservation will be made on the basis of the executed amendment to the agreement. However, it should be noted that a revised project summary only will be used where a reduction results from bond sales or imminent bond purchase with a refund, since amendments to loan agreements are not required.

CHANGES TO LOAN AGREEMENTS

A loan agreement can be changed only by an amendment or a waiver. An amendment to the loan 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.
- (3) Any substantial decrease in project cost; such a decrease will require a reduction in the loan amount and a corresponding amendment to the loan agreement. When an underrun in construction costs substantially increases the project contingency item, the excess should be recovered by an amendment to the loan agreement.

Any change in the executed loan agreement, including the special conditions or the standard terms and conditions, also will require an amendment or waiver. Changes in the standard loan text, Form CFA-520, or in the standard terms and conditions, Form CFA-521, or any waiver thereof require prior CFA approval unless specifically authorized in this Manual.

Waivers

Legal review of a proposed change in the loan 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 agreement shall be prepared after issuance of the revised project summary and will be processed as specified for loan agreements in Chapter 2-3. 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.

Changes in Type of Occupancy

Upon request by an applicant to change the type of occupancy of

the project, subsequent to loan agreement execution but prior to bond purchase, the Regional Office shall determine:

- (1) That the need for the change in occupancy is amply demonstrated.
- (2) That the security for the loan will not be reduced.

If the Regional Office concurs with the request, the revised project summary and the necessary waiver or amendment of the loan agreement shall be prepared. The type of occupancy may be omitted from the bond indenture or resolution.

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 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 agreement as specified above, shall be handled as specified in Section 20-2-3.

CHAPTER 5. PRECONSTRUCTION

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

BIDDING BY INVITATION

Some private colleges have an established policy of issuing invitations to selected contractors. The Regional Director may in such cases approve a request for permission to extend bid invitations only to selected contractors, provided the owner agrees to permit any bona fide contractor not on the selected list to obtain contract documents and submit a bid.

The list of contractors to be invited to bid must be adequate in number, and the location of their places of business should be such as to insure equitable competition.

The term "adequate in number" should be construed flexibly. In heavily populated areas, an institution should be able to select at least eight or ten qualified contractors. In some sections, it is quite possible that this number of bidders would not be obtained even through public advertisement for bids, and therefore a lesser number, at least 3, may be adequate.

The following procedure is to be followed by the owner if a selected list of bidders is used:

- (1) The owner must request approval of the Regional Office. The request should outline its policy and experience in this procedure, list the selected bidders, and include specific reference to other projects for which bids were similarly solicited.
- (2) The owner must agree to furnish copies of contract documents to any bona fide contractor who requests them and must accept for consideration any bid filed by an uninvited contractor. A list of contractors who request contract documents must be furnished the Regional Office.
- (3) The list of selected bidders must be accompanied by the following information:
 - (a) A statement from each bidder of his intent to bid.
 - (b) Bidder's recent financial statement.
 - (c) Typical examples of past performance and current workload.
 - (d) Availability of necessary key personnel and equipment available to perform the work.
- (4) The owner must use the documents specified in Form CFA-238, *Specimen Contract Documents*, to assure competitive bidding.

If one of the above pre-qualified contractors is low bidder, the contract will be awarded to him. If the low bidder is not one of the pre-qualified contractors, the owner will determine his qualifications, and if qualified, the award must be made on the basis of the low bid.

CHAPTER 6. CONSTRUCTION

The instructions for construction activities for the College Housing Program are provided in Sections 20-2-1, 20-2-2, and 20-2-3, except as supplemented below.

LABOR PROVISION

The following labor provisions are applicable to the College Housing 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.

Anti-Kickback Statute

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

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 and 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.

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

CHAPTER 7. FINANCE PROCEDURES

The instructions in Part 21 will be followed in connection with the College Housing Program. In addition, the following instructions apply.

FURNISHINGS AND MOVABLE EQUIPMENT

Pursuant to Section 11, *Prerequisites to Loan Disbursements*, of the Terms and Conditions of the Loan Agreement, the borrower is required to present satisfactory evidence of its ability to provide the furnishings and movable equipment prior to any request for disbursement.

The Regional Director will determine that this requirement has been met on the basis of one of the following :

- (1) Funds equal to the estimated cost of the furnishings and movable equipment have been deposited in a bank, or
- (2) Marketable securities equal in value to the estimated cost have been deposited in escrow, to be liquidated when the funds are needed, or
- (3) The borrower has entered into or arranged for a sales contract covering purchase of the furnishings and movable equipment, or
- (4) The borrower has a firm bank commitment to loan the required funds, or
- (5) The financial condition of the borrower is such that no doubt whatever exists as to its ability to furnish and equip the project upon completion of construction.

If the furnishings and movable equipment are to be financed by a sales contract or a loan under (3) or (4), the Finance Staff will make such analysis as is necessary to determine that the financing arrangements will not jeopardize the ability of the borrower to repay the Government loan.

CHAPTER 8. PROJECT COMPLETION

The instructions for project completion activities for the College Housing Program are provided in Part 22.

CHAPTER 1. GENERAL

This Part prescribes policies and procedures for the Program of Advances for Public Works Planning under Public Law 560.¹ Requirements in connection with the liquidation of the earlier advance planning programs are also covered in Chapters 3-5 and 3-6.²

Public Law 560 provides for advances to States, municipalities, and other public agencies to aid in financing the engineering and architectural work preliminary to the construction of public works. The basic purpose of the law is to encourage public agencies to maintain at all times a current and adequate reserve of planned public works which can be placed under construction with minimum delay whenever circumstances, whether national or local, warrant such action.

Advances are repayable without interest when the project is undertaken. If construction of only a portion of the planned public work is undertaken, repayment of a proportionate amount of the advance is required. If repayment is not made promptly, the unpaid sum will bear interest at the rate of 4 percent per annum from the date of the Government's demand for repayment.

Advances outstanding in any one State or territory cannot exceed $12\frac{1}{2}$ percent of the aggregate authorized to be appropriated. However, this limitation has been administratively set at $12\frac{1}{2}$ percent of the amount actually appropriated. The administrative limitation may be waived by CFA.

POLICIES AND CRITERIA

Eligibility

Any non-Federal public agency is eligible for an advance for plan preparation for any public work that it has the authority to plan, finance, and construct.

Fall-out Shelters

Public works projects which include fall-out shelters are eligible for Federal planning advances. A community shelter itself is an eligible project provided the applicant is a public body having authority for this type of construction and meets all other program criteria. An applicant may obtain advances for the purpose of planning a separate fall-out shelter provided financial and construction criteria are met. It should be noted that since shelters will not usually be revenue-producing, the applicant would have to have the authority and ability to issue general obligation bonds for financing.

¹ Public Law 560, 83rd Congress, as amended by the Housing Amendments of 1955, Public Law 345, 84th Congress, and the Housing Act of 1961, Public Law 87-70. See Sections 10-1.3 and 10-2.3 of Volume I.

² Public Law 458, 78th Congress; Public Law 352, 81st Congress. See Sections 10-1.1 and 10-1.2 of Volume I.

Use of Federal Advance

Advances will not be made:

- (1) For planning of public housing.
- (2) To reimburse a public agency for plans already developed or under preparation.
- (3) For planning to be performed under an architectural/engineering contract previously executed if the contract provides for unconditional payment by the applicant from funds other than the Federal advance.
- (4) For planning a public work for which planning funds have been approved under other Federal programs.
- (5) For feasibility studies.
- (6) For planning a public work which is part of an urban renewal project for which an application has been filed under the Housing Act of 1949. However, if the public work is to be provided as a non-cash local grant-in-aid for an urban renewal project, an advance may be approved. (See Chapter 3-2.)

An advance may be made to revise plans prepared under previous planning programs which have become obsolete due to no fault of the applicant. Repayment of the previous advance, as well as the new advance, will be required whenever the public work is undertaken.

Generally, planning advances will not be approved for a public work for which an application has been filed under the Public Facility Loan or College Housing Programs. However, if it is impossible for the applicant to prepare an acceptable application for a Public Facility Loan because of lack of planning, the Regional Office may suggest applying for a planning advance.

Similarly, if construction of a public work in a redevelopment area is being delayed for lack of planning, an application for a planning advance can be accepted as soon as the Regional Director is notified by CFA that ARA has acted favorably on the *Project Proposal* (Form ARA-1) pertaining to the project.

If the applicant already has taken all of the procedural steps necessary to obtain construction funds by bond issuance or other means, an advance will be approved only where emergency conditions require immediate action and the advance will prevent or reduce delay in planning or construction.

The public work to be planned must conform to any general plan which has been approved by a State, local, or regional agency. When such a plan does not exist, a statement to that effect signed by the chief executive officer of the public agency having jurisdiction over the proposed public work will be obtained.

Types of Planning

Advances may be requested to finance preliminary, final, or both types of planning. Final planning will be considered when it is the

reasonable approach to a specific project or community need, where obsolescence in relation to the type of project or anticipated initiation of construction will not be a deterrent factor, and where the applicant has title to the project site, has an option on same, or has initiated condemnation proceedings. Approval of an advance for preliminary planning will not commit the Government to subsequently approve an advance for final planning.

Preliminary planning may include the investigations, surveys, and cost estimates necessary to establish the complete scope, character, and cost of the proposed public work. Foundation exploration, test pits, core-drilling, surface and sub-surface water source investigation, topographic surveys, and other specific data necessary may be included. Provision may be made for fall-out shelter incidental to the project. Preliminary plans should be sufficiently comprehensive to permit selection and acquisition of necessary sites and to obtain cost estimates that are accurate enough to permit the completion of financing arrangements and the prompt completion of final detailed plans and specifications.

Final planning is based on preliminary planning and includes preparation of all detailed plans and specifications required to award construction contracts and complete the project for its intended use.

Construction Prospects

Advances for projects having no real prospect of going under construction within five years will not be approved, except as provided below.

Long-Range Planning

An advance may be made for an "individual project," including a regional or metropolitan or other area-wide project, to be constructed within or over a reasonable period of time considering the nature of the project.

Approval of such projects need not be based on a showing that construction of such a large-scale project, or the first facility included therein, will be started within five years. For example, a regional water-supply system might include dams, reservoirs, aqueducts, treatment plant, etc., for which complete planning depends upon prolonged surveys, investigations, clearances, and financial negotiations which may be expected to require more than five years.

In reviewing such applications, it must be determined that the planning work will result in plans for one or more specific public works, and that no legal problem exists with respect to the applicant body being the one which will undertake construction and thus be liable for repayment. Also, it should be determined that special benefits will result from the proposed approach to the public problem since provision of advances for such planning is not without added risk.

Many communities have found it advantageous to select architects through design competition under the "Code of Architectural Competition" of the American Institute of Architects.

CFA has no objection to this procedure's use under the PWP Program, although additional time may be required to accommodate the competitive period.

CFA's policy is to assist financially in payment for services in planning a specific public work, and the selection of an architect, by whatever method, is the responsibility of the applicant. Therefore, no Federal funds are to be expended in payment of awards, as such.

Payment to the successful architect for all services rendered in planning the public work will not be considered as payment of an award.

Disbursement of Advance

Payment of the advance should not be made until after approval of the completed plans by the Regional Director. However, to prevent undue hardship, when the advance is a large amount (\$50,000 or more) and the planning period unusually long, the Regional Director may **approve interim payments** if the applicant's agreement with the architect/engineer so provides. Only in rare instances would preliminary planning qualify for interim payments; in such cases, prior CFA approval is required. CFA approval can be accomplished by inserting provision for interim payment in the project summary. So that CFA will not have to check every project summary for interim payment provisions, the memorandum requesting fund reservation should call attention to their presence. Subsequent notification of fund reservation will then constitute approval of the interim payment provision. Not more than 3 interim payments will be made in any case and the total of such payments will not exceed 75 percent of the approved advance or the cost of the planning work performed, whichever is less.

PROJECT CLOSURE

When an application is disapproved or is withdrawn by the applicant, or the offer is withdrawn, or when an executed agreement is cancelled by the Government for breach of the agreement or at the applicant's request before any portion of the advance has been paid or when full repayment is received of all amounts due, the project will be considered closed. Cancellation or repayment action will be posted to the accounts in accordance with the accounting instructions. The project folder will be disposed of in accordance with the Records Control Schedule.

The plans and other construction documents removed from the folder may be returned to the applicant if the applicant so requests.

LIABILITY FOR REPAYMENT

Generally, the obligation to repay an advance ensues when :

- (1) The planned public work is placed under construction.

- (2) The public work placed under construction is essentially that planned with the Federal advance.
- (3) The public work placed under construction represents a part of the planned public work or is substantially the same as a part of the planned public work.

The current program permits partial repayment if the applicant undertakes only a portion of the planned work. In such cases, the amount of the partial repayment will be the amount determined by HHFA to be equitable. (See Chapter 3-5.)

Under the first and second advance planning programs, an applicant who undertakes construction of only a portion of the project is liable for full repayment. However, under the second advance planning program, if the agreement separates the approved project into two or more public works, the applicant is liable for repayment for each public work when it is placed under construction.

When the applicant denies liability for repayment, it is necessary to establish the extent to which the applicant used or could have used the plans and documents in the construction of the facility. Each case must be reviewed and determined separately. In those cases requiring repayment in full, this Agency has no authority to compromise a claim for payment of only that portion of the advance represented by the part of the plans actually used. If an applicant is found liable, it must be billed for repayment of the full advance. If the applicant refuses to make full repayment, the case must finally be referred to the General Accounting Office for collection.

If construction of the public work is undertaken by another public agency or a private organization, the applicant's contractual obligation to repay the advance is not cancelled.

If the applicant's life has been extinguished, the entity succeeding it or which assumes the applicant's obligations will be required to repay the advance when it undertakes construction.

The failure of an election to permit the financing or construction of the public work, or the applicant's determination not to construct that public work, does not terminate the liability to repay the advance.

If the plans submitted by the applicant show that the advance was expended on planning a substantially different public work from that described in the approved application, this constitutes a breach of contract and any funds advanced will be immediately repayable.

Cancellation of Advances

If the applicant fails to file completed plans by the specified date, the Government may declare the contract breached. In case this is done, the applicant is liable for immediate refund of any funds advanced.

However, in those instances when the Government concurs in the abandonment of plan preparation, the advance will be made in an

amount not to exceed the cost of planning actually done prior to abandonment.

MISREPRESENTATION OR FRAUD

If it is discovered that the application contains false or misleading statements of a material nature, that fact will be reported immediately to CFA for review. No further action will be taken by the Regional Office pending specific instructions. Premature effort to collect repayment may enable the parties to the fraud to prevent the Government from obtaining necessary evidence.

CHAPTER 2. APPLICATIONS AND AGREEMENTS

Inquiries from public agencies relating to the Program of Advances for Public Works Planning shall be answered by letter transmitting:

- (1) Two copies of Form CFA-400, *Information for Applicants*.
- (2) Five copies of Form CFA-401, *Application for Advance for Public Works Planning*.
- (3) Two copies of Form CFA-402, *Instructions to Applicants*.
- (4) One copy of Form CFA-120, *Fall-Out Shelters*, if applicable.

If it is obvious that the applicant or its project is ineligible, the reply shall explain the reason. A copy of Form CFA-400 only shall be enclosed.

Inquiries from other than public agencies shall be answered by letters transmitting a copy of the Fact Sheet, *Advances for Public Works Planning*.

PREAPPLICATION CONFERENCE

If it seems probable that an application will be submitted, the Regional Director should consider requesting the applicant to attend a preapplication conference. The use of preapplication conferences will depend on the size of the project and any unusual features which indicate this approach to: (1) determine the ability of the applicant to carry out the public work, (2) determine the intent and possibility of the applicant's completing the public work, and (3) inform the applicant of the Agency's policies and procedures.

RECEIPT OF APPLICATION

Upon receipt, the application shall be referred to the Reports and Control Assistant, who shall complete the block in the upper right-hand corner marked "For Government Use Only" on all copies.¹ The application number shall consist of the letter "P" to identify the program, State abbreviation, and a serial number assigned to each application in numerical sequence, with a separate series for each State, continuing with the 3000 series now being used.

The Reports and Control Assistant shall forward the original application to the Chief, Public Facilities Operations Branch, and a copy to CFA, and set up Form CFA-112-PWP, *Project Statistics Card*, and a project folder.

¹ Where the applicant is a non-public body and therefore ineligible or where the application has had no more than token preparation, the Regional Director may authorize the return of the documents without numbering or entry in the program records.

Each application shall be reviewed briefly by the Chief, Public Facilities Operations Branch, to ascertain that:

- (1) It is complete.
- (2) The project appears eligible under P.L. 560 and Agency policy.
- (3) The application shows that the public work will conform to a general plan approved by a State, local, or regional agency or that it is stated that no general plan exists.

If the application is unacceptable, it should be returned to the applicant with a letter stating the reason. Receipt of acceptable applications shall be acknowledged.

REQUEST FOR ADDITIONAL DATA

Additional information shall not be requested unless it is essential to the review of the application. Except in unusual cases, all additional information shall be requested in a single letter prepared by the Chief, Public Facilities Operations Branch and signed by the Regional Director. The letter should specify that a reply is required within 30 days.

Initial Application Response—An initial response from the Regional Office to the applicant must be made within seven calendar days of receipt of application. Therefore, if the acceptability of the application cannot be determined promptly, a letter should be sent to the applicant acknowledging its receipt and citing the project number.

RETIRING INACTIVE APPLICATIONS

When an applicant does not reply within 30 days to a request for information, a followup letter shall be sent stating that if the data is not received by a specified date, about 30 days later, the application will be considered to have been withdrawn. This letter shall be sent by certified mail with return receipt requested.

If a reply is not received by the specified date, the original application, review papers, and correspondence shall be placed in the project folder and the other papers shall be returned to the applicant with a letter stating that the application is considered withdrawn. (See Exhibit A.) This letter shall be sent by certified mail with return receipt requested. A copy shall be sent to CFA.

VISITS BY REGIONAL REPRESENTATIVES

When deemed necessary by the Regional Director, an on-site inspection shall be made to review the proposed project at the community level and to appraise local opinion regarding need, financing, and construction. Before an on-site inspection is made, the Chief, Public Facilities Operations Branch shall contact the technical staffs to ascertain if they need any information.

PARTICIPATION IN OTHER PROGRAMS

The application shall be reviewed by the Chief, Public Facilities Operations Branch to determine whether it overlaps with an application for a related type of assistance under any of the other programs administered in the Regional Office or whether the applicant or the locality in which the project is located is in default under any of the other programs. (See Sections 1-4-1 and 1-4-2 of Volume IV.)

If a previous advance to the applicant remains unpaid, the reasons for non-repayment shall be evaluated.

If the public work to be planned is to be provided as a non-cash local grant-in-aid for an urban renewal project, the Regional Director shall consult with the Regional Director of Urban Renewal to determine whether the facility will be eligible as a non-cash local grant-in-aid.

Transportation Projects

Planning applications involving transportation facilities require coordination with the OA Office of Transportation. Consequently, following initial program review but prior to technical review, a memorandum containing information similar to that in Form CFA-104 (see Exhibit B) together with a copy of the application, shall be sent to CFA. CFA will then consult with the Office of Transportation and advise the Regional Office of action to be taken.

CONSULTATION WITH OTHER FEDERAL AGENCIES**Water, Sanitary Sewage, Hospital, and Related Health Facilities**

Notice of applications received for planning water, sanitary sewage, hospital, and related health facilities shall be sent to the regional office of the U. S. Public Health Service on Form CFA-104 (see Exhibit B). The letter is for information 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, but rather as additional evidence for application review.

Schools

Planning applications involving schools and other educational facilities are of interest to the Office of Education. However, clearance by that office is not required since it relies primarily on controls exercised by State educational authorities.

Street and Highway Improvements

Notice of applications received for street and highway improvements shall be sent on Form CFA-104 to the regional office of the Bureau of Public Roads for comments as to any relationship to the Federal-Aid Highway System and any known Federal-aid projects in the planning stage.

The notice is for information purposes only and will not require a reply unless the Bureau of Public Roads desires to comment. Comments by the Bureau of Public Roads are not to be construed as an approval, but rather as additional evidence for application review.

Airports

Applications for airport planning are to be cleared by the Regional Office with the Federal Aviation Agency and comments from that Agency obtained.

Water Resource Facilities

Planning applications involving water resource projects are to be coordinated, as appropriate, with the Department of Defense, Office of the Chief of Engineers, the Department of Interior, Bureau of Reclamation, and the Department of Agriculture, Forest Service, since these agencies have an interest in flood control, flood prevention, hydroelectric, and water conservation projects. The local office of the agency should be advised of the application by letter. Form CFA-104 may be used for this purpose, where appropriate.

Facilities On Flood Plains

If a facility being considered would be located on a flood plain, the Corps of Engineers District should be consulted for information as to the degree of hazard involved. If the problem is serious, the applicant shall be advised that the Corps of Engineers has authority, under Public Law 86-645, Section 206, to make flood plain information studies.

Coastal and Beach Erosion Projects

Applications involving coastal and beach erosion projects are to be coordinated with the Corps of Engineers District. Under the River and Harbor Act of 1930 and other Federal legislation, the Corps of Engineers participates in solving shore erosion problems by cooperating in studies of such problems and by recommending Congressional appropriations for Federal participation in approved programs to protect the shores from erosion.

Other

When the Regional Office feels that comment from any other Federal agency may be required on other types of planning, it shall request comment from agencies with field establishments or request CFA to secure comments from agencies without field establishments.

TECHNICAL REVIEWS

Responsibility for approving an advance rests with the Regional Administrator. In exercising this authority, he will be guided by the

recommendation of the Regional Director, which will be based on the comments and advice of the technical staff.

Review of the application shall be initiated by the Chief, Public Facilities Operations Branch who shall complete the identification spaces of Form CFA-411, *Regional Staff Recommendations* (Exhibit C). At this time, a determination will be made as to whether the application will be circulated to the technical staffs for review or a staff review conference held. A review conference is recommended when it appears that the application can be approved or disapproved without more extensive technical reviews.

If the application is for final planning, and assistance has been given previously for preliminary planning, the Chief, Public Facilities Operations Branch, shall enter the preliminary planning project number on Form CFA-411.

The typical application for a planning advance will not be supported by detailed data of the types obtained in other programs. Only a general review of the proposal will be possible. This review shall be directed mainly toward the need for the facility and the consequent likelihood that construction will actually be undertaken within the required period.

Technical review necessary to make a judgment of an application for a planning advance shall be governed by the following:

- (1) Evaluation shall be made on the basis of the data in the application and the technician's experience with similar projects.
- (2) Exact detailed engineering and financial data are not available or necessary in reviewing an application. Only in an unusual case shall an applicant be requested to furnish detailed or additional information not required by the application.
- (3) Since the proposed project is to be built in some future year, data on the applicant's population, need, and financial stability will change and, consequently, must be considered in the terms of general reasonableness. Questions on the potential growth of the community shall be discussed with the Community Requirements Division.
- (4) Opinions of the technical staffs shall be indicated on Form CFA-411. Supplemental review reports shall be prepared only in unusual circumstances.

Legal Review

Legal Review shall be limited to determining:

- (1) The exact legal name of the applicant.
- (2) That the applicant is a non-Federal public agency which has the legal authority to plan, finance, and construct the proposed public work.

- (3) That the proposed public work is eligible for a planning advance under P.L. 560.
- (4) That the certification and resolution have been correctly executed and the certification was signed by the person named in the resolution as the authorized representative of the applicant.

Engineering Review

Application Review

The engineering review of the application shall be based on the information in the application and the judgment of the review engineer in relationship to similar projects. Study of details will be avoided on the basis that the applicant and its architect/engineer will clarify or adjust such matters in the course of planning and that State and local approving bodies will effectively review the prepared plans.

The engineering review will be limited to determining that:

- (1) Construction of the proposed public work probably will be required within 5 years (unless long-range planning is being requested) and is realistic in terms of the needs of the community.
- (2) A public work of the scope and type proposed can reasonably be expected to be built at about the estimated cost and within the maximum cost set by the applicant in Items 4(e) and (f) of the application.
- (3) The type and scope of planning work proposed is consistent with the proposed public work and the requested advance seems reasonable for such work.
- (4) The application contains comments by the required Federal, State and local agencies that there are no objections to the proposed project.

Architect/Engineer Contract Review

Form CFA-401 requires submission of a copy of the applicant's architect/engineer contract if one has been executed. If the copy is not supplied with the application, a tickler file should be established so that the letter transmitting the agreement will request a copy immediately after execution of such a contract. Upon receipt, the contract shall be reviewed by the Engineering Branch to determine that:

- (1) The advance would not reimburse the applicant for plans already developed or under preparation prior to the date of the Government's offer, or for any services that are outside the scope of the agreement.
- (2) The advance would not pay for services under a contract which provides for unconditional payment by the applicant from funds other than the Federal advance.
- (3) The cost of the planning work under the agreement will not exceed the advance, plus any participation by the applicant.

- (4) The contract contemplates the planning work described in the application or stipulated in the agreement and identifies the scope and extent of the services to be rendered.
- (5) The contract, or attachment thereto, gives the name, address State in which licensed, and license number of the architect/engineer.
- (6) The time for completion of planning coincides with the time specified in the application or agreement.
- (7) The architect/engineer's fee is reasonable for the work to be performed.

If the determination regarding item (1) or (2) is unfavorable, the advance cannot be paid (see Section 3-1). If the contract is found unsatisfactory with respect to items (3), (4), (6), or (7), the applicant shall be advised by letter that if the contract is not amended, payment of the Federal advance may be affected.

Financial Review

The application requires the applicant to provide a general picture of its financial condition and plans. Since firm project scope and cost estimates will be developed by the proposed planning, detailed analysis of the data furnished is obviously impractical. The applicant's general credit rating and financial record shall be given more weight than specific existing factors, since construction and financing will occur in some future year. The financial review, therefore, shall be limited to consideration of whether the proposed financing of construction, in general terms of the total amount and the method, appears to be a reasonable venture for the community.

Based on information in the application, available economic data, and the reviewer's experience, the financial review shall conclude with a judgment as to whether the:

- (1) Applicant is expected to be reasonably able to finance the project both within the estimated cost and the maximum cost set by the applicant in Items 4(e) and (f) of the application.
- (2) Method of financing appears feasible.

Evidence of Need and Financial Capacity

P.L. 560 requires that the proposed project conform to any existing overall plan for the applicant's locale. This not only acts to assure approval by State and local bodies but reflects the fact that the need for the project has been considered in the light of the future development of the community as a whole.

The best evidence that the applicant intends to construct the public work usually will be a capital improvements budget approved by the governing body of the applicant. The capital improvements budget, where such a budget exists, will indicate the relative need for the project

by showing the priority given for construction and will provide a general picture of overall public works needs of the locality.

To provide this information, the application requires the submission of any existing capital improvements budget or similar device. When a public works plan and capital improvements budget has been furnished as a part of a request for certification or recertification of a current Workable Program for Community Improvement, the applicant will not be required to resubmit them with the application for a planning advance.

When a capital improvements budget shows that the proposed project is scheduled for construction within the 5-year period or the period provided under long-range planning and the cost of the public work is within the applicant's borrowing capacity, no further financial review shall be made unless the work will be financed from revenue bonds. In that case, a general review shall be made of the reasonableness of the project revenue and expense estimates furnished with the application.

When the applicant has reached its borrowing capacity, the review should take into consideration the growth potential of the locality, and the reviewer should be generally satisfied that the needed borrowing capacity will exist at the proper time.

If a capital improvements budget is not available, the applicant's statement of intention to build should be considered in relationship to the need for the project. A town without a sewer system may be forced to construct such a facility even at an inordinate cost. Public works not directly related to health protection range from schools which must be built to meet population increases, to parks and recreational facilities which can be delayed indefinitely. The less basic the public work, the more important it becomes to obtain assurances of intention to construct from the applicant.

Technical Review Reports

Form CFA-411 shall be used to record the technical reviews, whether obtained at a review committee meeting or by routing to the technical staffs. An original only of Form CFA-411 shall be completed, by checking the applicable boxes and entering any comments or conditions. Except in unusual circumstances, no other technical reports shall be prepared.

If a reviewer encounters circumstances which apparently will prevent approval, he should confer with the Chief, Public Facilities Operations Branch. Normal review should always be terminated upon discovery of a factor preventing approval. In such case, further action should be aimed at determining whether approval actually is precluded. If the case is not to be approved, the Form CFA-411 need not be completed. Instead, the Chief, Public Facilities Operations Branch, shall prepare a letter for the signature of the Regional Director to the applicant explaining the reason for nonapproval. A copy of the letter shall be placed in the project file.

Reference to CFA

In any case where review indicates that circumstances appear to justify approval of the application even though it does not meet fully the policy and criteria established in this Part, the questions involved shall be presented, with a recommendation, to CFA for advice. All supporting material pertinent to the question raised, including, as appropriate, the application and technical review report, shall be submitted with the memorandum.

PROJECT APPROVAL (ORIGINAL SUBMITTAL)**Regional Office Action**

After completion of reviews, and if approval is to be recommended, the Chief, Public Facilities Operations Branch, shall prepare Form CFA-419, *Project Summary and Approval* (see Exhibit D), in an original and six copies, and Form CFA-419-1, *Press Release Supplement* (see Exhibit E), in an original and one copy.

Following signature of the original Form CFA-419 by the Branch Chief, Regional Director, and Regional Administrator, one copy of each form shall be retained in the Public Facilities Operations Branch suspense file and the originals and all other copies shall be forwarded to CFA.

CFA Action

Upon receipt of the above documents, CFA will, in the sequence indicated:

- (1) Obtain validation by the Division of Finance and Accounts of the funding action involved.¹
- (2) Arrange with the Office of Public Affairs for preparation of a press release and establishment of a release schedule.
- (3) Arrange for notification of interested members of the Congress by the Congressional Liaison Officer, Office of General Counsel.

When these actions have been completed, and pursuant to the release schedule, CFA will:

- (4) Advise the Regional Office by teletype of the release date.
- (5) Mail the original and three copies of Form CFA-419, each with a copy of the dated press release attached, to the Community Facilities Division (attention: Chief, Public Facilities Operations Branch), and retain one copy for the CFA file.

¹ Division of Finance and Accounts will validate all six copies of Form CFA-419, retain one copy, and return the original and four copies to CFA.

Completion of Regional Processing

Upon official notification¹ of the release date, the Chief, Public Facilities Operations Branch, shall:

- (1) Request the Regional Counsel, by memorandum,² to prepare Form CFA-420, *Agreement for Public Works Plan Preparation*, in quadruplicate. One copy of the completed Form CFA-419 and press release shall also be sent to the Regional Counsel as soon as available.
- (2) Prepare, for the signature of the Regional Director, a letter to the applicant announcing approval of the advance and transmitting the Agreement (see EXECUTION OF AGREEMENT below).
- (3) Arrange for any necessary announcements of approval to local newspapers and other interested parties. However, no announcement of approval shall be made to the applicant or any other party prior to the release date established by the Central Office.
- (4) Distribute the following documents:
 - (a) Form CFA-411 to the project file.
 - (b) Form CFA-419 (original) and press release to the project file.
 - (c) Form CFA-419 and press release to the Administrative Division
 - (d) Form CFA-419 and press release to the Field Engineer.
 - (e) Copies of the announcement of approval letter shall be sent to the Regional Director of PHA and the Director of FHA Insuring Office if the project involves sewer or water facilities.

PROJECT APPROVAL (REVISED SUBMITTAL)

With three exceptions, Form CFA-419, *Project Summary and Approval*, shall also be used to effect subsequent changes in approval, regardless of whether a funding action is involved. The three exceptions, each of which is covered separately in this Section are: (a) pre-agreement withdrawals by the applicant; (b) cancellation of an executed agreement; and (c) post-agreement decrease in the amount to be advanced.³

¹ This may be either receipt of the teletype message or of the Forms CFA-419 with press releases, whichever occurs first.

² Exhibit F is a suggested form memorandum for this request.

³ For (a) and (b), see heading "Cancellations and Withdrawals." For (c), see "Amendments of Agreements."

Regional Office Action

Where Form CFA-419 is to be used as a revised project summary, Regional Office procedure will follow one of two courses:

- (1) If the revision involves an increase in fund requirements, a significant change in project scope, or such change as the Regional Administrator decides warrants Congressional notification and press release action, the Regional Office shall prepare and submit Form CFA-419 in accordance with the procedure outlined for original submissions.
- (2) If the revision does not involve an increase in fund requirements, a significant change in project scope, or need for Congressional and public notice, the Regional Office shall prepare the Form CFA-419, in original and five copies, and distribute the original to the project file, two copies to CFA,¹ and one copy each to the Administrative Division, the Field Engineer, and the Regional Counsel.

EXECUTION OF AGREEMENT

The original and one copy of Form CFA-420 shall be signed. The two signed copies and one conformed copy shall then be sent to the applicant with a letter (Exhibit G), instructing it to sign and return the original, retain one copy for its own records, and furnish one copy to its architect/engineer.

If both preliminary and final planning are being done, the agreement shall contain a special condition to the effect that preliminary plans will not be submitted for HHFA review unless the estimated total cost has changed by fifteen (15) percent or more or the project scope has changed.

The Legal Division shall review the executed original returned by the applicant for legal sufficiency. If execution is correct, the Regional Director shall forward one conformed copy to CFA and shall forward the executed original to the Administrative Division. The second conformed copy shall be placed in the project file. The Regional Director shall also send a letter to the applicant (see Exhibit H).

If the agreement is not signed and returned by the specified date, a letter shall be sent by certified mail, return receipt requested, to the applicant, citing the specified date, advising that the Government's offer has now expired, and requesting that all copies be returned. Copies of the letter shall be provided for the Administrative Division and the Field Engineer.

AMENDMENTS OF AGREEMENTS

A revised project summary shall not be issued when the total amount to be paid to the applicant for the completed plans is less than the amount set forth in the agreement. The accounting action required

¹ CFA will forward one copy to the Division of Finance and Accounts and retain the other for the CFA file.

to reflect the reduction in validation shall be taken on the basis of Form CFA-432, *Approval of Planning Report and Payment*. (See Chapter 3-3).

A request for amendment of an agreement shall be reviewed in the light of the approval criteria within this Chapter and if approved a revised Form CFA-419, *Project Summary and Approval*, shall be signed by the Regional Administrator.

After a revised project summary is signed, an amendment to the agreement shall be prepared and processed following the procedure prescribed above. Each amendment shall be numbered in the upper right-hand corner of the first page.

APPROVAL OF FORCE ACCOUNT WORK

The applicant is required to secure prior approval for any force account work not shown in the application. Requests shall be approved by the Regional Director after review discloses that the estimated cost appears reasonable for the work to be done. The notice of approval should remind the applicant that it should maintain accurate cost records and that a certified statement as to the cost of the work performed is required.

CANCELLATIONS AND WITHDRAWALS

If an applicant wishes to withdraw its application prior to execution of an agreement, the Regional Director should concur by letter. If the agreement has been signed by the Regional Director and sent to the applicant, the applicant shall be required to return it. A copy of the letter to the applicant shall be furnished to CFA. If a fund validation was previously requested, copies of the letter also shall be given to the Administrative Division and the OA Division of Finance and Accounts for use in releasing any funds validated.

When the applicant requests termination of an executed agreement, the Regional Director may agree if no payment has been made to the applicant. If any payment has been made, he may agree to termination upon refund of the payment, or he may place the case under review with respect to concurrence in plan abandonment as prescribed in Section 3-4. The Regional Director's letter agreeing to termination shall refer, by quotation from Section 15 of the Terms and Conditions, to the fact that the termination relieves the Federal Government of any and all responsibility. Copies of the letter shall be furnished to CFA, the OA Division of Finance and Accounts, the Administrative Division, and the Field Engineer. The signed original of the applicant's letter and a signed copy of the Regional Director's letter constitute an amendment to the agreement and shall be forwarded to the Administrative Division.

RECONSIDERATION

If an applicant re-files an application previously withdrawn, cancelled, or disapproved, it shall be treated as a new application and assigned a new project number.

EXHIBIT A



HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

January 5, 1962

CERTIFIED MAIL
RETURN RECEIPT
REQUESTED

Mr. John Doe
Chairman of the Board of Selectmen
of the Town of Richmond
Town Hall
Richmond, Missouri

Dear Mr. Doe:

Re: Project No. P-Mo-3000
Sewer System

This refers to our letter of December 5, 1961, advising that if the requested additional information in connection with your application for an advance for public works planning was not furnished by January 4, 1962, your application would be considered withdrawn.

Since this information has not been received, your application is being classed in our records as withdrawn.

The documents submitted with your application are (returned herewith) (being returned under separate cover). We are retaining the original copy of your application for our records.

This action is without prejudice to your filing a complete application at a later date.

Sincerely yours,

Regional Director of
Community Facilities

7/16/62

EXHIBIT B



CFA-104
(7-62)

HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

January 12, 1962

Public Health Service
U. S. Department of Health,
Education and Welfare
Regional Office
Chicago, Illinois

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: Public Works Planning Advance

APPLICANT: Town of Richmond

LOCATION: Richmond, Jones County, Missouri

DESCRIPTION: Preliminary planning for the construction of a sanitary sewage collection system including laterals, trunk sewers, and treatment plant.

REMARKS: Richmond is located about 10 miles west of St. Louis, Missouri. Present population is estimated at 6,500 compared to the 3,900 shown in 1950 census.

The State Department of Health states that this project is in conformity with the objectives of the Health Department's stream pollution program.

Construction cost is estimated at \$1,030,000.

Sincerely yours,

Regional Director of
Community Facilities

Previous Editions Obsolete

7/16/62

EXHIBIT D

<small>(Previous Editions Obsolete) CFA-919 (12-64)</small>	
HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION PROGRAM OF ADVANCES FOR PUBLIC WORKS PLANNING PROJECT SUMMARY AND APPROVAL	
Check one: <input checked="" type="checkbox"/> Original <input type="checkbox"/> Revised (prior to offer) <input type="checkbox"/> Revised (\$ _____ offer outstanding) <input type="checkbox"/> Revised (\$ _____ agreement executed)	PROJECT NO. P-Mo-3074 RELATED PROJECT NOS. P-Mo-3036 FUNDING ACTION (Enter amount or zeros, as appropriate): Prior Approval..... \$ - 0 - Increase.....(+) 55,990 Decrease.....(-) - 0 - Net Total Approval.... \$ 55,990
APPLICANT Legal Name <u>Town of Richmond</u> Address <u>Town Hall</u> <u>Richmond</u> <small>Street City</small> <u>(Henry)</u> <u>Missouri</u> <small>County State</small>	PROJECT TYPE: <input type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Other (Specify): TYPE OF PLANNING: <input type="checkbox"/> Preliminary <input checked="" type="checkbox"/> Final <input type="checkbox"/> Complete APPLICANT'S POPULATION: 11,000 POPULATION SERVED BY PROJECT: 3,000
PROJECT DESCRIPTION (Include total project cost): Construction of approximately 5 miles of sanitary main, lateral, and outfall sewers as an extension to the existing town system, to serve an eventual area of approximately 0.8 square miles and 3,000 population. Total Project Cost: \$2,135,000 (of which \$2,000,000 was previously reported under P-Mo-3036).	
SPECIAL CONDITIONS: Notwithstanding any other provisions of the proposed agreement, the Government shall be under no obligation to make any advances for final plan preparation unless the applicant has submitted evidence satisfactory to the Government that it has acquired title or has obtained easements for the sites and rights-of-way, has obtained an option to the date of construction for their acquisition, or has initiated irrevocable legal proceedings to acquire the same.	
RECOMMENDATION I recommend approval of an advance for public works planning for the project described and in the amount stated above. _____ Date _____ Chief, Public Facilities Operations Branch _____ Date _____ Regional Director of Community Facilities	
APPROVAL I hereby approve an advance for the project described above and in the amount stated above, subject to availability of funds. ¹ _____ Date _____ Regional Administrator	
Forwarded to Division of Finance and Accounts, _____ Date _____ Community Facilities Commissioner (or designee)	<input type="checkbox"/> Amount of Net Total Approval in Funding Action block validated. <input type="checkbox"/> Revised summary noted. No change in approved dollar amount. _____ Date _____ For Director, Division of Finance and Accounts

¹ In cases in which this form is used (a) to decrease an existing fund validation, or (b) solely to revise the project description or special conditions, the words "subject to availability of funds" shall be deleted prior to signature.

EXHIBIT E

CFA-419-1 (7-64)					
HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION PRESS RELEASE SUPPLEMENT	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">CONGRESSIONAL DISTRICT</td> <td style="width: 50%;">PROJECT NUMBER</td> </tr> <tr> <td>ADVANCE \$</td> <td>ESTIMATED PROJECT COST \$</td> </tr> </table>	CONGRESSIONAL DISTRICT	PROJECT NUMBER	ADVANCE \$	ESTIMATED PROJECT COST \$
CONGRESSIONAL DISTRICT	PROJECT NUMBER				
ADVANCE \$	ESTIMATED PROJECT COST \$				
APPLICANT					
DISTANCE TO NEAREST METROPOLITAN CENTER () _____ MILES, OR IF MORE THAN 100 MILES, SECTION OF STATE					
AUTHORIZED REPRESENTATIVE (Name and Address)					
APPLICANT'S CHIEF EXECUTIVE					
PREVIOUS PROGRAM PARTICIPATION: <input type="checkbox"/> NO <input type="checkbox"/> YES. IF YES, PROJECT NUMBERS AND CURRENT STATUS.					
PROJECT NEED (Significance to locality in terms of abating health problems, stream pollution, fire hazard, etc.)					
PRESENT FACILITIES AND/OR CONDITIONS (Describe)					
CONSTRUCTION					
ESTIMATED DATE OF CONSTRUCTION _____ CONSTRUCTION PERIOD _____ MONTHS					
SPECIAL REMARKS					

GPO 877-439

12/30/64

EXHIBIT F

OFFICE MEMORANDUM

DATE:

TO : Regional Counsel

SUBJECT: Project No. _____
_____ (Type of Facility)
_____ (Location)

Please prepare and process to completion in accordance with regular procedures the legal document checked below, embodying the terms included in the authorization as indicated:

- Agreement
- Amendatory Agreement
- Waiver

Authorization

- Attached Project Summary, approved _____
- Attached Revised Project Summary, approved _____
- Other, as follows:

Program Operations Officer

EXHIBIT G



HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

Dear _____:

Re: Project No. _____

Your application for an advance of funds for _____ plan preparation for _____ has been approved.

Enclosed are three counterparts of an Agreement for Public Works Plan Preparation whereby the Government offers to make an advance of not to exceed \$ _____ to aid in financing the cost of the planning described therein. Before accepting the Agreement, please study carefully all of its provisions.

If the Agreement is acceptable, an appropriate official of the _____ should be authorized and directed to accept it. The officer authorized to perform this function should be the person who normally executes contracts. Immediately following acceptance of the Agreement, the original should be returned to this office; one copy is for your files and one is for your architect or engineer.

Please note that the proceedings authorizing acceptance must take place after the receipt of the offer and on or before the date of its execution. The advance cannot be used to pay for (a) any planning work completed or under preparation prior to the date of the offer or (b) for planning to be performed under an architectural/engineering contract previously executed if the contract provides for unconditional payment by the applicant from funds other than the Federal advance.

The Agreement must be accepted, if at all, by _____. The plans must be completed and filed with this Agency within _____ calendar days after the acceptance of the offer.

If the _____ does not intend to accept the offer, both counterparts of the Agreement must be returned to this office.

Please acknowledge the receipt of this letter and enclosures.

Sincerely yours,

Regional Director of
Community Facilities

Enclosures--3

EXHIBIT H



HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

Dear

Re: Project No.

We have received the original Agreement for Public Works Plan Preparation relating to the referenced project. You should now proceed with plan preparation.

In accordance with the provisions of the Agreement, you are required to complete and file planning documents, pertinent State and local approvals, and Form CFA-430 with this office on or before . We will send you copies of Form CFA-430 about one month prior to the filing date.

Please send us a copy of your letter instructing the architect/engineer to proceed with the planning. It is suggested that your letter to the architect/engineer call his attention to Section 2 and 3 of the Terms and Conditions of the Agreement for Public Works Plan Preparation, relating to the project scope and cost estimate.

Sincerely yours

Regional Director of
Community Facilities

12/30/64

CHAPTER 3. PLAN REVIEW

If both preliminary and final planning are being done, the preliminary plans shall be reviewed only when the estimated cost has changed by fifteen (15) percent or more or the project scope has changed. If review is necessary, these procedures shall be followed before the applicant proceeds with final planning. However, the applicant will not submit Form CFA-430 until the final plans are completed.

PLAN SUBMISSION

Form CFA-430, *Request for Review and Approval of Planning Documents*, is prescribed for use by applicants in submitting completed plans for Agency review and approval.

Four copies of Form CFA-430 shall be sent to the applicant about 30 days before the date set for filing (see Exhibit A). The forms should be sent with instructions for their preparation and for return of an original and two copies. The letter shall also cite the due date for submission of plans and state that failure to file by that date will constitute a breach of contract.

Filing Conference

The Regional Director may request the applicant to attend a conference at the time of filing Form CFA-430 if in his judgment such a conference will avoid probable delay. The Director should include in his decision such factors as the complexity of the project and the need of the applicant for CFA technical guidance in furnishing the required data.

EXTENSION OF DUE-DATE

If the applicant requests extension of the filing date, the Regional Director may approve an extension by letter if he finds it justified. Each extension will be for a specified period of time not to exceed 60 days. Not more than two extensions may be granted, unless CFA approval is obtained. A copy of each letter shall be sent to CFA.

RECEIPT OF PLANNING REPORT

Upon receipt, the planning report and Form CFA-430 shall be reviewed by the Chief, Public Facilities Operations Branch, for completeness. If they are not complete, the needed material shall be obtained.

Acceptable reports shall be posted to the project control card and routed for review with the project folders.

Force Account Work

When any costs incurred by the applicant's own forces are to be charged to the advance, a certified statement as to the cost of the work should be submitted with the planning report.

The statement shall be reviewed by the Chief, Public Facilities Operations Branch, and if the Regional Director determines that there is a specific need for further review, appropriate staff may be used.

REVIEW OF PLANNING REPORT

Technical review of the planning report shall be limited to an engineering review, unless the Regional Director determines in a particular case that a legal or a financial review of some feature of the report is required.

Engineering review shall be limited to the six points listed below. While these apply to all types of plans, the degree of applicability will depend on whether the plans are preliminary or final.

Preliminary planning reports should contain the basic data necessary for final planning of the public work. The review should not be concerned with detailed plans or specifications, but rather with the basic data which will be required for subsequent preparation of the final plans and specifications. Even though detailed plans or specifications are included in the planning report, review should be limited to the general points listed below.

Final plans should be complete enough to serve as the basis for bidding. However, the details of design are the responsibility of the applicant.

The engineering review shall ascertain that:

- (1) Plans are technically adequate with reference to preparation, quality of data, and completeness of presentation.
- (2) All necessary clearances and approvals have been obtained.
- (3) Plans are complete and are for the project described in the Agreement.
- (4) The cost estimates are acceptably realistic and the project can apparently be built within the approximate cost limit set by the applicant. If there is a 15 percent increase or decrease in the estimated cost of the project, the review shall determine whether the increase or decrease results from over-design or a revision in the scope of the project, and if the events which caused the increase or decrease were foreseeable.
- (5) There is no evidence that the planning work was performed prior to the date of the Government's offer.
- (6) The costs shown in the architectural contract have been correctly computed.

Engineering Review Report

The review engineer shall prepare his report on Form CFA-431, *Review of Completed Plans* (Exhibit B), in an original only. The Chief, Engineering Staff, shall also sign the plans and specifications under a statement that they are "approved as to conformity with the requirements of the Program of Advances for Public Works Planning." After concurrence by the Chief, Engineering Staff, the report and file shall be given to the Program Operations Officer.

Action by the Program Operations Officer

The Program Operations Officer shall review the file and the engineering report with particular attention to the terms of the Planning Agreement. If there is a substantial change (15 percent) in the cost of the project which does not result from over-design or a change in the scope of the project, and the causes for the increase or decrease were not foreseeable, he shall determine, from the data presented, whether it is likely that the applicant will go ahead with construction and can finance any increase in costs. If the Program Operations Officer believes construction will not be undertaken, the applicant shall be contacted to determine whether the project can be redesigned so as to be financially feasible. If the Program Operations Officer is of the opinion that construction will be undertaken, the Regional Director shall request the Legal Branch to prepare a waiver to the Agreement (see Exhibit F, Chapter 3-2, for suggested format for request). If the cost of planning reported by the applicant is less than the approved advance, payment may not exceed that cost. If the cost exceeds the approved advance, payment cannot be more than the amount approved.

When the Program Operations Officer has taken these actions and concludes that no further questions exist, he shall initiate Form CFA-432, *Approval of Planning Report and Payment* (Exhibit C), in quadruplicate, as his recommendation of approval, and S.F. 1034, *Public Voucher for Purchases and Services Other Than Travel*, in triplicate, in accordance with Exhibit D.

APPROVAL

The Regional Director shall formally approve the plans and payment of the advance by signing Form CFA-432 and S.F. 1034. Any waiver to the Agreement necessitated by an increase or decrease in project cost or scope shall be signed by the Regional Administrator. In cases where both preliminary and final planning are being done and review of the preliminary plans is required, the Program Operations Officer shall prepare a letter for the signature of the Regional Director to notify the applicant of approval and authorize the preparation of final plans. The letter shall mention the filing date.

PAYMENT OF ADVANCE

When approved, the originals of Forms CFA-430 and CFA-432, together with the approved original and two memorandum copies of

S.F. 1034, shall be given to the Administrative Branch for payment. Form CFA-432 shall be used to authorize adjustment of the fund reservation and obligation to reflect underruns (see Footnote 1 to Exhibit B).

After disbursement, the original of Forms CFA-431 and a copy each of Form CFA-430, Form CFA-432, and S.F. 1034 shall be put in the project folder. A copy of Forms CFA-430 and CFA-432, showing date of disbursement, shall be sent to CFA. A copy of Form CFA-432 shall be sent directly to the Division of Finance and Accounts.

EXHIBIT A



HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

Dear

Re: Project No.

Your Agreement with the Government relating to the referenced project requires the filing of preliminary/final planning documents with this Agency not later than

If you are unable to meet this deadline, please write us a letter prior to the filing date and justify an extension of time. Failure to file the planning documents with this Agency within the time provided for in the Agreement or within the limits of any extension of time approved by the Government, will constitute a breach of contract under the Terms and Conditions of the Agreement.

Enclosed are four (4) copies of Form CFA-430, "Request for Review and Approval of Planning Documents". Correct and complete preparation of the form will facilitate our review and processing of payment of the advance. Please note that if the project cost estimate given in Form CFA-430 exceeds that specified in your application you must state the reasons for the increase and explain how the increase will be financed by the applicant.

The original and two copies of Form CFA-430, one set of planning documents, and the required State and local approvals must be submitted together and be received in this office not later than the date specified for filing.

Sincerely yours,

Regional Director of
Community Facilities

Enclosures

11/13/63

EXHIBIT B

CFA-833
(2-63)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Program of Advances for Public Works Planning REVIEW OF COMPLETED PLANS	PROJECT NO. _____ <input type="checkbox"/> PRELIMINARY <input type="checkbox"/> FINAL <input type="checkbox"/> PRELIMINARY AND FINAL PLANNING	
1. APPLICANT AND LOCATION		
2. PROJECT COST ESTIMATES		
a. Architectural/Engineering Services Fee	Per Application	Per Submitted Plans
Preparation of preliminary plans \$ _____		\$ _____
Preparation of final plans \$ _____		\$ _____
Supervision of construction \$ _____		\$ _____
Sub-Total \$ _____		\$ _____
Borings \$ _____		\$ _____
Surveys \$ _____		\$ _____
Total Architectural/Engineering Services \$ _____		\$ _____
b. Construction costs \$ _____		\$ _____
c. All other \$ _____		\$ _____
d. Total \$ _____		\$ _____
e. Percent of planning cost to construction costs % _____		% _____
3. FINDINGS - The findings and any comments which appear below are based on examination of the plans submitted by the applicant and, as necessary, on comparison thereof with the details of the Agreement.		
a. Report is technically adequate with reference to preparation, quality of data and completeness of presentation. • (Preliminary Planning) <input type="checkbox"/> Yes <input type="checkbox"/> No		
b. Plans and specifications are complete (Final Planning) <input type="checkbox"/> Yes <input type="checkbox"/> No		
c. All necessary clearances and approvals have been obtained. <input type="checkbox"/> Yes <input type="checkbox"/> No		
d. The project contemplated in the plans agrees generally with that set forth in the Agreement. <input type="checkbox"/> Yes <input type="checkbox"/> No		
e. The cost estimates appear realistic, and the project can apparently be built within the approximate cost limit set by the applicant. <input type="checkbox"/> Yes <input type="checkbox"/> No		
f. The architect/engineer service charges are in accordance with the Agreement. <input type="checkbox"/> Yes <input type="checkbox"/> No		
g. Comments and recommendations		
4.		
_____ Review Engineer	_____ Date	_____ Chief, Engineering Staff
		_____ Date

Previous Editions Obsolete

GPO 939583

EXHIBIT C

CFA-832 (7-62)	
HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Program of Advances for Public Works Planning APPROVAL OF PLANNING REPORT AND PAYMENT	PROJECT NO. _____ <input type="checkbox"/> PRELIMINARY PLANNING <input type="checkbox"/> FINAL PLANNING
1. Applicant _____	
2. Review of the planning agreement and the completed planning report for the project identified above discloses that:	
(a) The planning report is complete and acceptable and should be approved, (b) The applicant has fully satisfied all applicable provisions of the planning agreement, and (c) The applicant should now be paid \$ _____ . (d) Accounting Adjustments Presently-approved advance is \$ _____ Total due applicant (payment on line 3 plus prior payments) is \$ _____ Total planning cost underruns approved advance by \$ _____ <input type="checkbox"/> Amount reserved and obligated should be reduced by amount of underrun shown. <input type="checkbox"/> No adjustment in reservation and obligation is needed.	
3. I recommend approval of the planning report and such payment.	
<input type="checkbox"/> The amount reserved and obligated should be reduced by the amount of \$ _____ _____ Date _____ Chief, Public Facilities Operations Staff	
4. I hereby approve the completed planning report and payment of the amount therefor due the applicant named above.	
<input type="checkbox"/> Reduction in the amount reserved and obligated by \$ _____ is approved. _____ Date _____ Regional Director of Community Facilities	

Previous Editions Obsolete

EXHIBIT D

Standard Form No. 1014
 7-64-0 5010
 5010-104

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

O. C. VOL. NO. _____
 THE VOU. NO. _____

U. S. Housing and Home Finance Agency, Office of the Administrator
(Department, Bureau, or establishment)

Voucher prepared at (Township of Regional Office)
(Give place and date)

Payer's Account No. _____ Discount Terms _____

TO (Legal name of Applicant)
(Payee)

(Full address of Applicant)
(Address)

PAID BY

Contract No.	Date	Req. No.	Date	Invoice Rec'd.		
Shipped from	to	Weight	Govt. B/L No.			
No. and Date of Order	Date of Delivery or Service	REFUEL OR SERVICES <small>(Enter description, item number of contract or Federal supply schedule, and other information if essential)</small>	Quantity	UNIT PRICE		AMOUNT
				Cost	Per	
Mail or deliver check to (address)	Project No. _____					
	Payment of advance for preliminary planning of non-Federal public works in accordance with fully executed Agreement for Public Works Plan Preparation, dated _____, 19__.					\$15,800.00
TOTAL						\$15,800.00

(PAYEE MUST FILL OUT THIS SPACE)

PAYMENTS: COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE <input type="checkbox"/>	DIFFERENCES _____ _____ Amount verified; correct for _____ (Signature or initials) _____
---	---

† Approved for _____ = \$15,800.00
 By _____ (Signature)
 Title Regional Director of Community Facilities

Exchange rate _____ = \$1.00

Person to authority vested in me, I certify that this voucher is correct and proper for payment.
 _____ (Authorized Certifying Officer) (Date) _____

THE LETTERS OF THIS FORM MUST BE DESTROYED WHEN PURCHASES ARE MADE OR SERVICES RENDERED WITHOUT WRITTEN AGREEMENT TO ANY OTHER EFFECT.

ACCOUNTING CLASSIFICATION (Appropriation Symbol must be shown; other classification optional)

Paid by _____ Check No. _____ on Treasurer of the United States
 Check No. _____ on _____ (Name of Bank)
 Cash, \$ _____, on _____, 19__ Payee _____
 Per _____
 Title _____

* Where used in foreign countries, insert name of currency of country in which used.
 † If the officer is certified and authority is approved and contained in and person, one signature only is necessary otherwise the approving officer will sign on the line below "Approved for" and over his official title.

CHAPTER 4. CANCELLATION OF AGREEMENTS

If completed plans, including all required approvals, are not filed by the submission date specified in the Agreement or in an extension approved by the Regional Director, the contract will be considered in default. A letter formally declaring the contract breached will be sent immediately to the applicant by certified mail, return receipt requested. A copy of the letter will be furnished to the Administrative Branch and to CFA.

BILLING

If any funds have been advanced, the letter will advise the applicant that its failure to comply with the Agreement makes it liable for immediate refund of all outstanding amounts, that a bill is attached, and that failure to make refund within 60 days will require the Regional Office to make formal demand for such refund and to assess interest. (See Chapter 3-5.)

FORMAL DEMAND LETTER

If a reply is not received within 60 days, the Regional Director will issue a formal demand letter which will refer to the notification and will specifically assess interest. If neither a refund nor a reply is received within 60 days after issuance of the formal demand letter, the case will be transferred immediately to CFA, as uncollectible. (See Chapter 3-5.)

CONCURRENCE IN PLAN ABANDONMENT

Under the terms of the Planning Agreement, the applicant must bear all costs incurred if it abandons plan preparation without Government concurrence. The Agreement also requires the applicant to advise the Government if during plan preparation it becomes evident that unforeseen conditions will substantially increase the cost of the public work beyond the original estimate.

In such cases, when the applicant will be unable to finance the project, it is to the Government's interest to halt plan preparation as soon as possible to minimize loss.

A request for plan abandonment will be reviewed by the Regional Director and referred for review to the Legal Branch and such other technical staff offices as the Regional Director feels necessary. Upon receipt of review comments, the Regional Director will prepare a memorandum to the Regional Administrator recommending concurrence or nonconcurrence in the abandonment. If abandonment is recommended, the recommendation will also provide for the approval of costs incurred to the date of abandonment.

Upon approval of abandonment by the Regional Administrator, the Regional Director will advise the applicant and provide it with the necessary forms to request payment for the approved costs.

The approval of abandonment does not relieve the applicant of the obligation to repay the advance if the project is subsequently undertaken. However, consideration should be given to declaring the project obsolete. (See Chapter 3-6.)

If it is decided not to concur, the applicant will be advised by letter of the reasons and of its responsibilities under the Agreement.

Copies of letters to applicants will be given to the Administrative Branch and to CFA.

CHAPTER 5. COLLECTION OF ADVANCES AND INTEREST

The control unit will maintain a record on Form CFA-410, *Project Control Record*, for each advance paid to the applicant to assure that Form CFA-435, *Report of Construction Status of Advance Planning Project* (Exhibit A), bills, reviews, replies, and other documents are issued or received, or action taken within prescribed periods. This record will be maintained until the advance is repaid or the case transferred to CFA.

Each document issued to or received from the applicant, and each referral or other action taken by the Regional Office will be posted. Postings of applicant records on Form CFA-410 will indicate briefly the construction status as reported by the applicant. The next action required and the date thereof should be posted, preferably in pencil, and the record placed in the tickler file for call-up on that date.

The record will show the date on which construction is expected to begin, as reported by the applicant on Form CFA-430, *Request for Review and Approval of Planning Documents*. If that date is lacking or indefinite, the control unit will determine a date on the basis of the data on Form CFA-430 but not later than one year after date of final payment. Subsequent changes in the date will be posted.

REPORTS OF CONSTRUCTION STATUS, FORM CFA-435

On the date indicated on the control card or on the anniversary date of payment of the advance, the Regional Director will issue Form CFA-435 to each applicant which received but has not repaid its advance. Issuance is not required for any project found obsolete (see Chapter 3-6), or transferred to CFA.

Form CFA-435 will be prepared in triplicate by typing in the necessary data at the top of the form. When signed and posted to the control, the original and one copy will be sent to the applicant and the other copy used as a tickler for followups.

Reports from Applicants

When Form CFA-435 is returned by the applicant, it will be posted and the tickler copy destroyed. The original report will be reviewed and action taken as discussed below; thereafter, it will be filed in the project folder.

Subsequent Action

If a reply to Question I shows a recoverable balance, the applicant will be billed for refund immediately.

Replies to Question II should be accepted as a basis for billing either immediately or approximately a week before the starting date. The Regional Director will instruct the Administrative Branch to issue bills

when construction has begun or will shortly begin. The billing should refer to the applicant's report.

Replies to Question III may indicate reasonable prospects for construction during the succeeding 12 months, in which case a letter of inquiry should be sent the applicant at a suitable time.

If the reply to Question IV indicates that the project may be obsolete, procedures in Chapter 3-6 will be followed.

Followup Requests

The Assistant to the Regional Director will followup by form letter when the applicants do not return Form CFA-435 within 30 days. The followup period may be varied depending on the case and his knowledge of related conditions. Thereafter, followup efforts should be made by telephone, certified mail, or by visits of the Field Engineer.

Information that construction has begun which is obtained by means other than Form CFA-435 will be substantiated by inquiry to the applicant before a bill is presented.

CONSTRUCTION PROJECTS UNDER OTHER PROGRAMS

Each application received for construction funds under other programs will have been checked against the list of uncollected advances to determine whether an advance was made to the applicant or other local body for planning of a public work similar to that described in the new application. If full review shows that repayment of an advance will be due if the construction described in the new application is undertaken, the applicant should be advised that it will be billed for repayment following the start of construction.

If repayment is not received on a project under the School Construction Program, the Regional Office recommendation for the release of funds by the Office of Education will include a full statement of the matter. CFA will advise the Office of Education and secure its cooperation in obtaining repayment. When repayment is received, the Regional Office will notify CFA.

Under the regulations of the U. S. Public Health Service, Federal grant funds provided under P. L. 660 for sanitary sewer facilities cannot be used to cover the costs of work performed or contracted for prior to July 31, 1956, even though repayable after that date. However, the grant never covers the entire project cost, and any other funds provided for construction, including a public facility loan, can normally be used to repay the planning advance.

BILLING

At the Regional Director's request, the Administrative Branch will prepare bills on S.F. 1114, *Bill for Collection*.

For those first program accounts where interest will be collectible under local law in the event of non-repayment and for all second and current program accounts, the letter transmitting the bill will include the following:

In the event that payment is not made within sixty days of the date of this letter, this office will be required to make formal demand for repayment and to assess interest on the unpaid amount at the rate of _____ per centum per annum beginning on _____ (date) _____.

The date to be inserted will be the sixty-first day following the date of the billing if this date falls on a regular work day; if not, the date of the first regular work day following the sixty-first day will be inserted.

The interest rate will be that allowed by local law for first program accounts, 6 percent for all second program accounts as provided in Paragraph 11 of the Terms and Conditions of the second program loan agreement, and 4 percent for all accounts under P.L. 560 as provided in the Agreement.

DETERMINATION OF LIABILITY

Any statement received from the applicant in response to a bill or formal demand which sets forth reasons for refusing to make repayment will be reviewed by the Regional Director. After such technical reviews, as he deems necessary, the Regional Director will prepare a report to the Regional Administrator recommending that the applicant be found liable or not liable for repayment of the advance. Any evidence of fraud or misrepresentation will be promptly presented to the Regional Administrator. (See Chapter 3-1.)

Legal Review

Upon referral, the Legal Branch will review the applicant's statement to determine whether the applicant is liable for repayment.

Engineering Review

Upon referral, the Engineering Staff will determine whether the project under construction is substantially the same as that contemplated by the plans prepared with the advance. When a second set of plans has been prepared, a comparison will be made of the as-built plans with the original plans prepared with the advance.

If the applicant has not done so, it will be requested to submit copies of plans used in construction or other data needed for the review.

Determination

After review of the Regional Director's report, the Regional Administrator may find the applicant liable or not liable for repayment. In doubtful cases, he may refer the case to CFA for advice in connection with his findings. Both sets of plans and other pertinent documents will be attached to the request for advice. CFA will return the plans and documents with a memorandum confirming or modifying the Regional Administrator's finding.

Reply to Applicant's Statement

If the applicant is found liable, a letter advising the applicant of such finding and the reasons will be prepared by the Legal Branch for the signature of the Regional Director. The letter should request repayment on or before the date set in the billing letter. If a formal demand has already been issued, the letter should refer to the demand and request prompt repayment of the advance and of interest to the date of payment.

The letter should be sent by certified mail, return receipt requested, and a copy supplied the Administrative Branch. After dispatch, collection procedures will be resumed.

If it is determined that the applicant is not presently liable for repayment, the applicant will be advised that immediate repayment is not requested and that the bill, and any formal demand already issued, has been cancelled, but that such action does not relieve the applicant of liability for repayment if construction occurs at any future time. A copy will be furnished to the Administrative Branch. Issuance of Form CFA-435 will be resumed.

If the review shows that the project plans are probably obsolete, the case should be processed in accordance with Chapter 3-6.

SPECIAL REPAYMENT ARRANGEMENTS

If lack of funds prevents immediate repayment, the Regional Administrator may approve arrangements for repayment in a lump sum at a future date or in installments over a reasonable period. The applicant should be requested to submit its proposal and advised that interest must be paid from the date set in the billing letter or formal demand. If an acceptable arrangement can be developed, the Regional Director will request the Legal Branch to prepare a detailed statement of the arrangement which will be sent to the applicant with a request for evidence of its formal acceptance. Thereafter the applicant will be billed at the time specified in the Agreement.

Partial Repayments

If an applicant under P. L. 560 advises that it has undertaken construction of only a portion of the planned work and will repay the portion of the planning costs assignable thereto, the Regional Director will have the case reviewed to ascertain what portion of the construction is involved. The Regional Director will submit a memorandum to the Regional Administrator setting forth the facts and recommending a determination that partial payment is acceptable and that a stated amount will be equitable for both parties, or that collection of the full amount be made.

Upon approval by the Regional Administrator of partial repayment, the billing will be made or adjusted to the amount set by the Regional Administrator.

If the Regional Administrator directs the collection of the full

amount, the Regional Director will prepare a letter requesting full repayment and stating the reasons for not permitting partial repayment. The letter will refer to the previous bill or transmit a bill.

FORMAL DEMAND FOR REPAYMENT

If repayment is not made or arranged by the date stipulated in the billing letter, the Regional Director will request the Legal Branch to prepare a formal demand for repayment.

When the equities appear to be strongly in the applicant's favor, the Regional Director may recommend to the Regional Administrator that issuance of the formal demand and the assessment of interest should be postponed. The applicant should be advised of this action, but should not be given any information which might later prove prejudicial to the Government.

The formal demand letter will be similar to Exhibit B. Unless action was postponed as provided above, the demand will assess interest at the rate shown and beginning on the date specified in the billing letter. It is necessary that the formal demand letter bear the date specified in the billing and that the letter be mailed if possible on that date. Where issuance of the formal demand is postponed, the date set for interest assessment in the billing letter will be adjusted accordingly.

All formal demands will be sent by certified mail, return receipt requested. Copies will be furnished the Administrative Branch and CFA.

TRANSFER OF UNCOLLECTIBLE ACCOUNTS

If repayment is not made or arranged within 60 days after issuance of the formal demand and no statement of reasons for non-payment is received from the applicant, the project will be transferred to CFA. If review of an applicant's statement is necessary, transfer may be delayed until 60 days after the Regional Office reply to the applicant's statement.

The Regional Director will prepare a memorandum to CFA stating that the account has been found uncollectible, describing efforts made to secure repayment, and recommending further action. The project folder will be sent with the memorandum. Project plans, specifications, and other planning documents will be retained by the Regional Office.

CFA will review the project folder and either return the case to the Regional Office with special instructions or refer it to the General Accounting Office for collection. When advised of such referral, the Regional Office will transfer the project account to the Central Office as prescribed in Volume V.

After the project has been transferred to CFA, the Regional Office will take no further action with respect to the project without special instructions. Communications from the applicant will be sent to CFA with any relevant information or comment. Payment received after transfer will be sent immediately to the Division of Finance and Accounts by certified mail.

MONTHLY REPORT OF ACCOUNTS RECEIVABLE

At the close of each month the Administrative Branch will prepare a report of accounts receivable showing by Program each account outstanding at the beginning of the report month and each account established during that month. The report will show for each account the project number, the applicant's name and location, the bill number, date and amount, the date of the formal demand, and the final action; that is, date and amount of collection, date of referral to CFA, or date of bill cancellation. In a remarks column there will be briefly noted for each account any other action which occurred during the month.

Reports will be mailed in duplicate before the 10th of the following month to CFA which will send the copy to the Division of Finance and Accounts. A copy of the report will be given to the Regional Director.

EXHIBIT A

Form approved
Budget Bureau No. 63-2628.8

CFA-525
(2-65)

HOUSING AND HOME FINANCE AGENCY
COMMUNITY FACILITIES ADMINISTRATION

Project No. _____
Type of Facility _____
Type of Planning: _____
 Preliminary
 Final
 Preliminary & Final
Amount Advanced \$ _____

Gentlemen:

Under the Agreement for planning the project cited above, funds were advanced for the preparation of engineering architectural plans and specifications. These funds are due and repayable when construction of the planned project is undertaken. Accordingly, this office is required to obtain information about the current status of the planned project.

Please complete the form that appears on the reverse side of this letter by inserting the information requested in the spaces provided. The form should be filled out in detail; if more space is needed for a particular item, continue on a separate sheet, identifying the continuation by project and item number.

Return the original to this office in the enclosed self-addressed envelope within two weeks of the date this inquiry is received, if possible.

Sincerely yours,

Regional Director of Community Facilities

GPO 886-140

4/22/65

EXHIBIT A (Page 2)

REPORT OF CONSTRUCTION STATUS OF ADVANCE PLANNING PROJECT	
A. ADVANCE OF FUNDS	
1. If there is any balance of the advance made by the Federal Government that has not been paid to the Architect/Engineer, show amount: \$ _____	
B. STATUS OF CONSTRUCTION - Answer the questions in this block if construction has been started or scheduled; otherwise, skip to block "C", below.	
2. If construction has started or is scheduled to start, enter date on appropriate line: (a) Construction started on. _____ (b) Contract was or will be signed about _____ (c) Bids have been invited; construction scheduled to start about. _____ (d) Bids not yet invited; construction scheduled to start about. _____	
3. Has construction taken place or been scheduled on any segment or portion of the project for which planning assistance was given? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, be sure that you have answered "B2" above, and describe in the space below the segment or portion referred to: <i>(If more space is needed, continue on an attachment.)</i>	
4. Has construction taken place or been scheduled of a substitute facility for the same general purpose as the planned facility? <input type="checkbox"/> Yes <input type="checkbox"/> No If "yes", give date: _____	
C. CONSTRUCTION NOT STARTED OR SCHEDULED - Answer the questions in this block only if construction has not yet been started or scheduled.	
5. If the advance was for financing preliminary planning only, has the preparation of final plans been undertaken? <input type="checkbox"/> Yes <input type="checkbox"/> No If "yes", give dates: (a) Preparation of the final plans was started on _____ (b) Completion of the final plans was or is expected on _____ If "no", have the preliminary plans been revised? <input type="checkbox"/> Yes <input type="checkbox"/> No	
6. If the advance was for financing final planning, the final plans for scheduling construction (check appropriate box): <input type="checkbox"/> Are adequate without revision <input type="checkbox"/> Need to be revised	
7. If construction is not anticipated to be undertaken in a reasonable period of time, please give the major reasons. If financing is the primary reason for construction delay, please describe previous or current efforts to secure financing and the results thereof, noting the difficulties which prevent financing in the manner described in your application for planning funds. <i>(If more space is needed, continue on an attachment.)</i>	
SIGNATURE AND TITLE OF AUTHORIZED REPRESENTATIVE	DATE

EXHIBIT B



HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

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

January 4, 1960

CERTIFIED MAIL
RETURN RECEIPT
REQUESTED

Mr. John Doe
Chairman of the Board of Selectmen
of the Town of Richmond
Town Hall
Richmond, Missouri
and
Town of Richmond

DEMAND FOR REPAYMENT OF ADVANCE
Dated January 4, 1960

Dear Mr. Doe:

Re: Project No. P-Mo-3000
Sewer System

Pursuant to Public Law 560, 83rd Congress, as amended, the United States of America (hereinafter called the "Government") made an advance to the Town of Richmond (hereinafter called the "Town") of the sum of \$15,800 for the purpose of plan preparation of the public work described in the planning agreement made between the Town and the Government as "A sewer system." By the use of this money, the Town caused to be prepared plans and specifications for the construction of a sewer system.

Both the said Act of Congress and the said planning agreement entered into between the Town and the Government provide that the advance shall be repaid when the construction of the public work so planned is undertaken.

On or about October 29, 1959, the Town undertook the construction of the public work so planned, and, thereupon became obligated to repay the full amount of said sum of \$15,800 to the Government but no part of the same has been repaid.

Upon learning of the start of construction and in accordance with the aforementioned planning agreement, this office presented the Government's bill for repayment under a letter dated November 2, 1959, in

EXHIBIT B (Page 2)

Mr. John Doe--2

which we notified you that, if payment was not made on or before January 4, 1960, interest would be assessed 1/ in accordance with Section 9 of the Agreement. 2/

To date we have received no reply to our letter.

Therefore, formal demand is hereby made that the Town repay to the Government the said advance in the amount of \$15,800 together with interest thereon computed from the date of this letter at the rate of four per centum 3/ per annum, to the date of payment as damages for wrongful retention of the money.

Unless the said advance and interest thereon is repaid on or before the 4th day of March, 1960, it will be necessary to transmit the files to our Central Office in Washington with the recommendation that the matter be referred to the Comptroller General of the United States for collection in accordance with Federal law.

The check should be made payable to the Housing and Home Finance Agency, Office of the Administrator, and forwarded to this office.

United States of America
Housing and Home Finance Administrator
Community Facilities Administration

By: _____
Regional Administrator

Duplicate original to: Mr. John Jones, Town Clerk, Town Hall, Richmond Missouri (by certified mail, return receipt requested)

Carbon copy to: Mr. Robert Roe, Chairman of the Richmond Sewage Authority, Town Hall, Richmond, Missouri (not certified)

1/ For the first program accounts, where local law does not permit assessment of interest, the letter would omit all reference thereto. If assessment of interest is permitted, cite "in accordance with State law."

2/ For second program accounts, cite paragraph 11 of the Terms and Conditions.

3/ For first program accounts, use the rate permitted by local law. For second program accounts, use the 6% rate provided in paragraph 11.

CHAPTER 6. OBSOLETE PROJECTS

With the passage of time, the probability of construction for many projects is reduced or eliminated by such factors as technological change, construction of substitute facilities, changes in population, and developments in the community. For administrative economy, it is necessary to identify such projects whenever circumstances permit. After approval by the Regional Administrator, a project found obsolete will be removed from active status, and Form CFA-435 will not be issued thereafter.

POLICY

A finding of obsolescence does not cancel a project. It remains a prospective account receivable pending the start of construction and will remain on the Central Office accounts. Whenever a Regional Office finds reason to believe that construction will begin or has begun on a project previously found obsolete, it will institute an appropriate inquiry and, if it finds the reports to be true, bill the applicant.

Findings of obsolescence should be based on positive reasons for believing that the project will not be built, rather than merely on lack of evidence indicating that it will be built. A statement by the applicant on Form CFA-435, *Report of Construction Status of Advance Planning Project*, that it has given up the idea of building would not in itself justify a finding of obsolescence but would indicate that the project should be reviewed. If a review of community needs and other related factors convinces the Regional Office that the project probably will not be built, a finding of obsolescence should then be made.

CRITERIA FOR FINDINGS OF OBSOLESCENCE

The variety of project types and local circumstances prevent the establishment of specific criteria, but the following factors should be part of the basis for any finding.

- (1) Elimination of construction probability by substitute facilities will depend on local circumstances and on the type of project.
- (2) Needs within a community may change and thereby obviate all prospects for the planned project. Changes in need will usually be related to community development, whether greater or less than anticipated.
- (3) Findings of obsolescence will not be made on the basis that the community has exhausted its bonding authority or otherwise reached the limits of its financial ability.

PROJECT REVIEW

If Form CFA-435 specifically indicates that the project will not be built, or if the Regional Director decides that the project warrants a

full study, a letter will be sent to the applicant requesting specific advice to clarify the project's status. No comment will be made regarding the possible finding of obsolescence.

If a reply is not forthcoming within 30 days, a followup request should be sent by certified mail. If a reply is not received thereafter, the Field Engineer should be supplied with copies of the correspondence and directed to visit the applicant when convenient to obtain the needed information. Such visits should be made during official travel for other program purposes in the area.

When the necessary data are obtained, they will be reviewed and a report prepared finding the project obsolete and stating the reasons therefor, or finding that available information does not justify such action.

The Regional Director will arrange for any necessary on-site inspection by the Field Engineer or other staff member.

The Assistant to the Regional Director, on the basis of reports made, will prepare a memorandum from the Regional Director to the Regional Administrator, recommending that the project be found obsolete or be retained in active status.

If the Regional Administrator approves the finding of obsolescence, the Regional Office will transfer the project account as prescribed in Volume V. Copies of the reports and of the approval will be placed in the project folder which shall be set aside from the active projects. One set of copies will be sent to CFA.

The Audit Division will not issue confirmation requests on projects found obsolete.

CHAPTER 1. GENERAL INFORMATION

The purpose of the Public Facility Loans Program is to provide loans to non-Federal public agencies to finance construction of certain basic public works for which funds cannot be obtained from other sources on reasonable terms.¹

ELIGIBILITY OF APPLICANTS

Loans may be made to 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. The applicant must have legal authority to plan, finance, construct, maintain, and operate the proposed public work.

Population Limitation

The population of an applicant must be under 50,000 except in the case of a Section 5(a) redevelopment area or a NASA-affected area.

In areas designated by the Secretary of Commerce as redevelopment areas under Section 5(a) of the Area Redevelopment Act, or for communities in or near which is located a research or development installation of the National Aeronautics and Space Administration, the population of the applicant must be under 150,000.

When an applicant is a State instrumentality, the population criterion to be applied shall be the same as that which would be used if the applicant were a municipality or other political subdivision, i.e., the population of the municipality or political subdivision in which the proposed project is to be constructed. Thus, if a project is to be located in a municipality having a population of 50,000 or more (or in a NASA-affected area or an area designated under Section 5(a) of the Area Redevelopment Act and having a population of 150,000 or more), the project is not eligible under the law. If, however, a State instrumentality is set up to construct a project designed to serve an area with a population less than the population of the municipality or political subdivision in which the project is to be located, the population of the area to be served shall be used in determining eligibility of the applicant.

Similarly, if the proposed project falls within two or more municipalities, each of which has a population of under 50,000 (or under 150,000 in Section 5(a) distressed areas or a NASA-affected area) and serves each of them, and if the *total* population of these affected areas is more than 50,000 (or more than 150,000 in a Section 5(a) distressed area or a NASA-affected area), the project is not eligible. Based on the foregoing, each application will need to be reviewed carefully because

¹The text of P.L. 845, 84th Congress (as amended) is given in Section 10-2.3 of Volume I.

it does not follow that a particular State instrumentality will always be eligible or ineligible.

Processing Preference

The Housing Act of 1961 provided that priority shall be given to applications of smaller municipalities for assistance in the construction of basic public works for which there is an urgent and vital public need. A smaller municipality is defined by the Act as "an incorporated or unincorporated town, or other political subdivision of a State, which had a population of less than ten thousand inhabitants at the time of the last Federal census, or an Indian tribe."

ELIGIBILITY OF PROJECTS

According to the statute, it is the purpose of the Public Facility Loan Program to extend credit to assist in the provision of certain essential public works or facilities. Accordingly, as a general rule, loans for public facilities will be limited to those types of facilities, except schools, where the public purpose is clearly established. Loans will not be made to finance commercial facilities such as industrial buildings or industrial parks that would be used by private businesses in the conduct of manufacturing, trade or business for profit. However, loans may be made for public facilities such as water or sewer systems to service an industrial park, where the applicant ordinarily provides such services to the public generally.

Public works projects which include fall-out shelters are eligible for loans. A community shelter itself is an eligible project, provided the applicant is a public body having authority for this type of construction and meets all other program criteria. An applicant may obtain a loan for the purpose of constructing a separate fall-out shelter, provided the financial and construction criteria are met. It should be noted that since shelters will not usually be revenue-producing, the applicant would have to have the authority and ability to issue general obligation bonds for financing.

REFUNDING OF EXISTING LOANS

Public Facility loans shall be limited to those cases where the proceeds are to be used for new, additional, or the rehabilitation of existing public works or facilities. As a general rule, loans will not be made to refund outstanding bonds held by private or other non-Government investors. However, in some instances, (for example, where a small water or sewer facility is in need of substantial alteration and extension) part of the Government loan proceeds may be used to finance the refunding of outstanding bonds.

Ordinarily, where a municipality has awarded bonds or has negotiated a private sale of bonds, but has not as yet made delivery, the Regional Office should not knowingly act on an application for a loan to finance the facility involved. However, where the municipality has effected a

cancellation of its contract with the prospective purchaser or underwriter of the bonds, the Regional Office may accept an application for a Federal loan and process it on its merits.

LOAN CHARACTERISTICS

Each loan must be of sound value, and so secured as to reasonably assure repayment.

Loans are made through Government purchase of bonds issued by the applicant. The bonds are first offered for sale in the open market, by means of public advertisement and are purchased by the Government only when financial assistance from private investors or bond houses is not otherwise available on reasonable terms and conditions. The Government may purchase all or only a part of the bond issue.

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 4 percent for loans approved on and after July 1, 1964. If the borrower is located in an area designated as a redevelopment area, an interest rate is to be deemed "reasonable" if it does not exceed $3\frac{3}{4}$ percent.

Amount and Term of Loan

A loan may be made for up to 100 percent of the cost of the project. However, it is the policy of CFA to obtain financial participation by the applicant to the extent possible, to permit wider distribution of loan funds.

Federal loan funds cannot be used for ordinary governmental operating expense.

The Act provides that the period of loans will be determined by the Administrator, with a maximum of 40 years. The term of a loan may be for a period shorter than the maximum and shall be governed by the applicant's ability to pay, the estimated useful life of the proposed facilities, and applicable State laws.

Interest Rates

Interest rates are determined by the Administrator for each fiscal year in accordance with the statutory formula prescribed by the Housing Act of 1961. At the beginning of each fiscal year, the Treasury Department advises the Administrator of "the average annual interest rate 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," adjusted to the nearest one-eighth of one percent. To this figure, the Administrator may add an interest rate differential to cover the costs of program administration and to provide a reserve for possible losses.

Effective July 1, 1964, the Administrator established the following interest rates for fiscal year 1965, for general obligation and revenue bonds for all maturity periods:

- (1) For applicants located in areas designated under Sections 5(a) and 5(b) of the Area Redevelopment Act— $3\frac{3}{4}$ percent.
- (2) For applicants located in all other areas, including areas of substantial unemployment as designated by the Secretary of Labor—4 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 on which the project summary evidencing loan approval is signed.

When the loan amount is increased subsequent to the date of the loan approval, the original interest rate will 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 will apply to the amount of the increase.

Effective rates and the dates therefor are as follows:

<i>Date of Rate Change</i>	<i>General Obligation Bonds</i>	<i>Revenue Bonds</i>	<i>ARA Areas</i>
Basic rate established	3.75 %	4.25 %	
September 4, 1956	3.875	4.375	
November 17, 1956	4.00	4.50	
June 21, 1957	4.25	4.75	
November 4, 1957	4.50	5.00	
January 20, 1958	4.125	4.625	
May 28, 1958	4.00	4.375	
September 24, 1958	4.50	4.875	
February 23, 1960	4.75	5.00	
May 18, 1960	4.625	4.875	
July 18, 1960	4.50	4.75	
November 21, 1960	4.375	4.625	
February 2, 1961	4.125	4.375	
July 1, 1961	3.625	3.625	3.375%
July 1, 1962	3.75	3.75	3.50
July 1, 1963	3.875	3.875	3.625
July 1, 1964	4.00	4.00	3.75

Loan Security

The basic security for each loan should be a pledge of project revenues, augmented to the extent necessary by a pledge of specified revenues from identifiable sources such as revenues from other facilities, special taxes or assessments, or a specific allocation of general tax receipts. When available, additional loan security should be obtained by a full faith and credit pledge of the borrower, and by mortgages on the project and on other facilities the revenues of which are pledged.

In all cases, loan security must be sufficient to reasonably assure repayment, but once that objective is reached, it should not be carried to the point where the borrower will be unduly handicapped in financing future expansion.

For a very small loan, where a bond issue would be disproportionately expensive, the case should be referred to CFA for advice as to whether a note may be accepted in lieu of a bond issue.

INTERIM FINANCING OF CONSTRUCTION

CFA policy requires that the applicant finance construction with its own funds, or by temporary loans from non-Federal sources, whenever possible, and that the bonds be purchased when the project is approximately 80 to 90 percent complete. Should the applicant be legally barred from obtaining such financing, however, or be unable to secure it upon reasonable terms, it may apply for a Government advance against the bonds. Only when the applicant is legally required to do so will the bonds be sold prior to the start of construction. Partial purchases of bonds are not desirable.

Government Advances

The loan agreement authorizes Government advances to finance construction, provided certain conditions are met. In approving advances, the Regional Office should keep in mind the difficulty of recovering an advance, particularly one against revenue bonds, should future developments result in abandonment of the project.

When the applicant has secured a temporary loan for project construction, and the loan becomes due and cannot be renewed before the bonds are ready for delivery, a Government advance may be made to permit repayment of the temporary loan.

Advances are limited to three payments and a total of not more than 75 percent of the approved loan.

INTEREST DURING CONSTRUCTION

Project costs may include interest during construction, including a reasonable period for obtaining individual connections to permit the project to develop its full initial revenues. Interest during construction is an eligible project cost, regardless of the source of funds. The specific date upon which interest during construction will terminate shall be determined by the Regional Director prior to project closing.

LAND COST

Land and rights-of-way expense may be included as an eligible project cost provided:

- (1) The purchase of the land or rights-of-way is essential to the project.
- (2) The land or rights-of-way are not already owned by the applicant.
- (3) Such costs are reasonable and reflect a fair market value. Where the Regional Director has any question as to the proposed costs, the Regional Administrator should be requested to arrange for an appraisal by a staff FHA or URA appraiser.

If the cost of land or rights-of-way exceeds 50 percent of a requested loan found acceptable by the Regional Director, the findings related to such costs shall be submitted to CFA for review and approval prior to Regional Office approval of the application. The submission shall include a full statement of the circumstances involved and, where pertinent, shall be accompanied by a copy of the application, technical review reports, or other documents.

MISCELLANEOUS ALLOWABLE COSTS

Where the applicant cannot provide funds for the items listed below, and there is no statutory prohibition, loan proceeds may be used to pay for (1) movable, non-expendable equipment, (2) initial stocks of essential expendable supplies, materials and equipment, and (3) installation of an accounting system, provided that such items are included as line-items in the original cost of the project.

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.

(3) Installation of Accounting System :

The cost of devising and installing an original system of books, records, and accounts by a qualified public accountant, up to a total of \$500, may be approved for projects financed by revenue bonds. Subject to the maximum specified, costs for such services may be approved on the basis of charges for comparable services in the general area in which the project is located.

FIXED FEES FOR GOVERNMENT FIELD EXPENSE

Each borrower is required to pay a fixed fee, which, in the aggregate, will be sufficient to cover the cost of the Government's field expense. The fixed fee shall be calculated on the following basis and rounded off to the nearest hundred dollars :

<i>Total Estimated Project Cost, Exclusive of the Fixed Fee</i>	<i>Fixed Fee</i>
Not over \$20,000	\$500
Between \$20,000 and \$65,000	\$500 plus 1.5% of excess over \$20,000
Between \$65,000 and \$110,000	\$1,175 plus 1.0% of excess over \$65,000
Between \$110,000 and \$250,000	\$1,625 plus 0.8% of excess over \$110,000
In excess of \$250,000	\$2,745 plus 0.6% of excess over \$250,000, with a maximum fee of \$10,000.

The fixed fee must be paid to the Government out of the first funds deposited in the Construction Account, regardless of source.

After execution of the loan agreement, no adjustment shall be made in the specified fixed fee, except when the estimated total project cost is increased by 20 percent or more. In such cases, the fixed fee shall be redetermined by the formula and specified in the related amendment to the loan agreement.

The loan agreement provides for a refund of all or part of the fixed fee if the entire bond issue is sold to buyers other than the Government. The amount of the refund is determined by the Government on the basis of the unelapsed construction period and whether inspections and audits have been made (see Chapter 22-2).

On all applications for a PFL loan to complete financing of a project partially financed by an APW grant, the entire amount of the fee shall be included in the loan amount and excluded from the adjusted project cost used to compute the grant.

PROJECT AUDITS

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

POSTPONEMENT OF INTEREST PAYMENT

The Housing Act of 1961 amended the Housing Amendments of 1955 to provide, subject to the maximum maturity, for the postponement of the payment of interest on not more than 50 per cent of any financial assistance extended to an applicant for a period up to ten years where: (1) such assistance does not exceed 50 per cent of the development cost of the project involved, and (2) it is determined by the Administrator that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency. Any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance.

Upon receipt of a request for postponement of interest payment, the request and Regional recommendations shall be submitted to CFA for advice.

JOINT-PARTICIPATION PROJECTS

Where the Public Facilities Loan 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.

CHAPTER 2. APPLICATION PROCESSING

Section 1. Inquiries and Applications

Inquiries concerning the program will be referred to the Regional Director. If the inquiry is from someone other than an official of a public agency, the reply should specify that applications can only be received from, or discussed with, an authorized official of the public agency. Replies to such inquiries and to inquiries of a general nature should explain the program in general terms and may include a copy of Form CFA-700, *Information for Applicants Under the Public Facility Loans Program*. If the inquiry is from an ineligible agency, if the proposed project is clearly ineligible, or if the agency or its project would not meet the preference criteria, the reply should so advise and explain the reasons.

A specific inquiry from an apparently eligible public agency indicating a serious interest in constructing a project under the program will 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 *Application*, Form CFA-701; form of Resolution, Form CFA-701a; *Information for Applicants*, Form CFA-700; *Instructions and Guides for Completing the Application Form*, Form CFA-702; and the *Sample Application*, Form CFA-701S. 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 and engineering advisors, to attend a conference at the Regional Office with such information as may be available regarding the public need, the applicant's financial capabilities, and the type of project proposed. The need for the Consulting Engineer's Report should be emphasized.

The letter should indicate the current basic interest rates and instruct the prospective applicant to use the applicable rate, adjusted to the proposed maturity period, in computing its estimates.

Replies to inquiries from a previous participant in the program will depend on the assessment of the applicant's performance under the previous project or projects. If necessary, the Chief, Public Facilities Operations Branch, will review the files and confer with other Regional Office staff, before preparing a reply. A pre-application conference will be requested if it is considered necessary. Otherwise, the reply will enclose the forms listed above and specify the applicable interest rate.

PRE-APPLICATION CONFERENCE

Arrangements for the pre-application conference are the responsibility of the Chief, Public Facilities Operations Branch.

The Regional Director should normally attend and open the conference. The Chief, Public Facilities Operations Branch, shall also attend. 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 will 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 Office of the proposed arrangements.

The cost of a fall-out shelter incident to the project is eligible for inclusion in the approved project cost. Inclusion of a fall-out shelter will be discussed during the pre-filing conference if the type of project makes it feasible to include such a shelter. It should be made clear to the applicant that it is entirely free to make its own decision on a shelter. The applicant may be furnished one copy of Form CFA-120, as appropriate.

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

Section 2. Application Review and Approval

APPLICATION REGISTRATION

Upon receipt, the application shall be sent to the Reports and Control Assistant, who shall assign the project number (PFL-state abbreviation-state serial number); prepare a *Project Statistics Card*, Form CFA-112-PFL; establish the project folder; and route the application to the Chief, Public Facilities Operations Branch.

INITIAL REVIEW

The Chief, Public Facilities Operations Branch, shall make an initial review of the application to determine whether it appears to be generally acceptable in terms of eligibility, completeness, feasibility, and other requirements. If the applicant or the project is clearly ineligible, he shall prepare, for the signature of the Regional Director, a letter to the applicant returning the application and explaining the reasons for its rejection. A copy of the letter shall be routed to the Reports and Control Assistant who, upon receipt of this notification, shall enter "RI" (Rejected-Ineligible) on Form CFA-112, and on Form CFA-103.

If the application is incomplete, of questionable feasibility, or involves other major problems, the Chief, Public Facilities Operations Branch, shall prepare, for the signature of the Regional Director, a letter to the applicant requesting supplementary information or, as appropriate, a conference with the applicant. Prior to preparation of this letter, it is generally advisable to refer the application to each of the technical staffs for a brief general review. The purpose of this coordination is to determine whether there are additional readily identifiable problems which should be presented in the letter, for simultaneous consideration by the applicant.

In the event preference eligibility (see Section 4-1, Vol. VI) will affect the timing of further processing of the application, the preliminary review shall include determination of whether the application is eligible for preference. If it is found that the application is ineligible for preference, and that such ineligibility will require deferral of further processing, the applicant shall be informed of this fact by letter, including any available information on the probable duration of the deferment. The letter also shall state that the application will be retained by the Regional Office unless the applicant asks for its return.

If the preliminary review finds the application acceptable for immediate further processing, the Chief, Public Facilities Operations Branch, shall prepare, for the signature of the Regional Director, a letter to the applicant informing it that the application has been accepted for review; this letter shall include the project number assigned to the application.

Initial Application Response—An initial response from the Regional Office to the applicant must be made within seven calendar days of receipt of application. Therefore, if the acceptability of the application cannot be determined promptly, a letter should be sent to the applicant acknowledging its receipt and citing the project number.

Relationship to Other HHFA Programs

When the application is accepted for review, the Chief, Public Facilities Operations Branch, shall determine whether the applicant has applied for related assistance under any other HHFA programs, and whether the applicant is in default on any HHFA program (Section 1-4, Vol. IV).

Notice to Other Federal Agencies

The Regional Office of the U. S. Public Health Service shall be sent a completed Form CFA-104 (Exhibit A) for each application involving water supply, water distribution, or sanitary sewage facilities. The notification is for informational purposes only. If comments are received from the Public Health Service, these are not to be construed as an approval or disapproval, but rather an additional evidence for application review.

The Regional Office of the Federal Aviation Agency shall be sent, for review and comment, a completed Form CFA-104 for each application involving airport facilities. Questions or objections by the Federal Aviation Agency must be resolved prior to approval of the application.

If it appears that the application may require clearance with, or be of interest to, any other Federal agency which has field establishments (e.g., Corps of Engineers, Bureau of Reclamation, Forest Service), the affected field establishment shall be notified of the application, using Form CFA-104 where appropriate.

If the application involves transportation facilities or affects a Federal agency which does not have field establishments, CFA shall be notified and asked to initiate appropriate action.

Initial Review Report

Upon completion of the foregoing actions, the Chief, Public Facilities Operations Branch, shall complete Form CFA-712, *Initial Review Report* (Exhibit B), and route the file for technical reviews.

Technical Reviews

Technical reviews are normally made in the following sequence: Engineering, Finance, and Legal. Each technical staff shall review the application in terms of its responsibilities, consulting with the other technical staffs and the Chief, Public Facilities Operations Branch, as necessary. Each reviewer shall prepare a technical review report, including the text of any special conditions recommended for incorporation in the Loan Agreement.

Upon completion of the technical review report, the reviewer shall submit it, with the project folder, to the technical staff head for review and approval. The staff head shall determine whether the report discloses problems warranting return of the folder to the Chief, Public Facilities Operations Branch, before routing it to the next technical

staff. Any problems referred to the Chief, Public Facilities Operations Branch, during the course of the technical reviews shall be resolved by him, or he shall arrange for their resolution by referral of the matter to the Regional Director. If the folder need not be returned to the Chief, Public Facilities Operations Branch, it shall be routed to the next technical staff and the releasing office shall immediately notify the Chief, Public Facilities Operations Branch, of such release. When all reviews have been completed in their designated sequence, the folder shall be returned to the Chief, Public Facilities Operations Branch for review of the entire file to determine whether approval or disapproval shall be recommended. The reasons underlying a recommendation for disapproval shall be fully documented. Where significant or novel policy problems are involved, the Chief, Public Facilities Operations Branch, shall prepare, for the signature of the Regional Director, a memorandum to CFA presenting all pertinent facts, including the recommendations of the Regional Office.

In the event the technical reviews disclose the need for additional information from the applicant, clearance with the Chief, Public Facilities Operations Branch, and the Regional Director, must be obtained before the applicant is contacted. Normally, such contact shall be deferred until all technical reviews have been completed in order to assure comprehensive treatment of all questions developed in the course of the reviews in a single letter. The letter shall be prepared by the Chief, Public Facilities Operations Branch, for the signature of the Regional Director. If the complexity of the questions necessitates a conference with the applicant, arrangements for the conference shall be made by the Chief, Public Facilities Operations Branch.

Retirement of Inactive Applications

When an applicant does not reply within 30 days to a request for additional information, a follow-up letter shall be sent stating that if the information is not received by a specified date (normally within two weeks following the date of the follow-up letter), the application shall be considered to have been withdrawn. This letter shall be sent by certified mail with return receipt requested. If a reply is not received by the specified date, any duplicates of the application shall be returned to the applicant with a letter stating that the application is considered withdrawn (Exhibit C). This letter shall be sent by certified mail with return receipt requested. The original of the application and related review papers and correspondence shall be retained in the Regional Office in the project folder.

Disapprovals

If at any time during review a situation is disclosed which will bar approval of the loan, the case shall be returned to the Chief, Public Facilities Operations Branch, and no further reviews will be made. The Chief, Public Facilities Operations Branch, shall discuss the matter with the Regional Director; if he concurs in the disapproval, a letter to the

applicant shall be prepared for signature of the Regional Administrator, explaining in detail the reasons for the disapproval. The original application, review papers, and correspondence shall be placed in the project file and the duplicates shall be returned to the applicant. A copy of the letter shall be sent to CFA.

Withdrawals

If, prior to execution of the loan agreement, an applicant advises that it wishes to withdraw its application, acknowledgement and return to all documents submitted shall be made by letter.

Reconsideration

If an applicant wishes to reinstate an application after disapproval or withdrawal, the case may be accepted as a new application and given a new project number. The refile shall be given the interest rate in effect at the time the refile is accepted for review.

ENGINEERING REVIEW

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

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

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 Chief, Public Facilities Operations Branch.

Where water or sewer facilities are involved and the source and supply of water are not firmly established, the reviewer shall 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 e-(2) of the Project Cost Estimate, 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 public facility loan 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 are to be similarly rounded.

Item 7 of Form CFA-713, *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 shall 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. Loan proceeds may not be used to pay architectural/engineering fees for the preparation of an application. See Section 20-1-1 for detailed criteria on fees.
- (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 will 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 4-1, 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 percent of total estimated project cost is considered reasonable.
 - (9) *Subtotal.* Self-explanatory.
 - (10) *Government Field Expense.* Computation of the fixed fee shall be checked. If the estimated total project cost is changed, the fee shall be revised accordingly.
 - (11) *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 shall 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-713, *Engineering Review Report* (Exhibit D), in duplicate.

FINANCIAL REVIEW**Analysis of Applicant's Financial Condition**

The first phase of financial analysis involves an assessment of:

- (1) The economic resources of the applicant.
- (2) The fiscal resources of the applicant.
- (3) The financial operations of existing revenue-producing facilities.

Review of the applicant's economic resources is necessary regardless of the type of bonds involved; review of its fiscal resources is required primarily in connection with the issuance of general obligation bonds; and review of the operation of existing facilities is necessary if revenue bonds are involved.

In all cases, when the analyst has concluded his review of the economic resources and the fiscal or operating financial situation, he shall review the applicant's debt history. Difficulties on previous debt repayment, such as defaults, refundings, or failure to make debt payments, on any type of bonds, shall be analyzed to determine what effect, if any, they might have on repayment of the proposed loan.

An important aspect of this review is the applicant's general attitude toward its indebtedness. This can range from a proved determination to avoid defaults, even on revenue issues and at the expense of higher taxes or special assessments, to complete indifference to defaults even on general obligation bonds, with most communities falling somewhere between these extremes.

For some applicants, satisfactory economic resources and fiscal condition will be evident from only a summary review. For other applicants, however, a more detailed review will be necessary, as indicated below, before sound judgments can be made.

Economic Analysis

Economic analysis shall include, as appropriate, an evaluation of the applicant's prospects for growth and development during the term of the loan, taking into account its population trend, income levels, its chief business, agricultural and industrial activities (indicating any dependence on exhaustible resources such as minerals or timber), degree of business competition with neighboring communities, availability of rail or highway transportation, availability of utilities such as water, sewers, gas, electricity, and any special factors such as factories being built or abandoned, highway developments bringing or diverting trade, and increases or decreases in military establishments.

The application form requires the applicant to submit this type of information. In addition, the analyst may consult with the Community Requirements Division. He may also obtain information on the general economic condition of the applicant through visits of Regional Office representatives to the locality.

The analyst's conclusions as to the economic condition of the applicant should be related to the proposed loan, after his detailed review of loan factors outlined below, to see if:

- (1) For a revenue bond issue, the total annual cost and the per-user annual charge are reasonable or possible.
- (2) For general obligation bonds, the anticipated tax revenues are reasonable or possible.
- (3) For assessment bonds, the anticipated rate of assessment is reasonable or possible.

Fiscal Analysis

Fiscal analysis is essential when the applicant proposes to finance the project in whole or in part with general obligation bonds. If the loan is to be secured by a pledge of revenues or other specific income, only a cursory review, sufficient to acquaint the analyst with the general fiscal condition of the community, is necessary.

Fiscal analysis should include as appropriate an examination of the tax revenue potential of the applicant in terms of assessed valuation, tax levies and collections, and of trends in these factors; comparison of tax ratio with those of similar communities in the area; the nature and extent of Federal and State aid; current budgetary operations; legal debt margin, debt burden per capita and per actual valuation; pattern of future debt service and extent of debt planning.

Benchmarks for Fiscal Evaluation

In evaluating the fiscal condition of a public agency, the four benchmark financial standards below shall be applied:

- (1) The debt per capita, including the proposed loan, should not exceed \$350.

The net direct and overlapping debt—the net tax-supported debt—is the gross direct debt secured by the full faith and credit and taxing power of the applicant plus the gross overlapping debt of any other taxing authorities whose geographical boundaries overlap those of the applicant, minus (1) any tax-supported debt actually serviced from the earnings of public enterprises and (2) the sinking funds available to retire any of the gross debt.

- (2) The net debt, including the proposed loan, should not exceed 12 percent of the actual value of real property.

This is the net debt, as obtained in (1) above, expressed as a percentage of the actual value of real property in the community. Actual value often differs markedly from assessed valuation, but most State governments have developed an "equalization factor" to reflect what the State assessors regard as the ratio of assessed

valuation to actual value in the community. Adjustment of the assessed valuation figure by this equalization factor will give an approximation of the actual real property value.

- (3) The tax collection ratio should be at least 90 percent. This is the ratio of property tax collections to tax levies, at the close of the tax year. It should not include payments of delinquent taxes of prior years.
- (4) Debt service expenditures, excluding the proposed loan, should not exceed 25 percent of current revenues.

A local government which spends an inordinate portion of its annual budget to finance debt service will find that it has inadequate financial resources to cover its regular annual current expenses. Thus, debt service expenditures of the current budget must bear a reasonable relation to the total budget.

These four financial benchmarks are commonly used in the analysis of municipal bond issues. The specific limits indicated for each are based on a detailed survey of the financial condition of a large number of municipalities. It should be noted that these limits are minimum standards and that normally a community can be expected to surpass them.

The fact that a community meets or exceeds these standards does not in itself make the proposed loan a good one; nor does failure to meet one or more of the standards necessarily make the proposed loan a poor one. That determination must be made by the analyst after consideration of all the factors involved. However, a recommendation of approval involving a community which fails to meet any of the four standards must include specific comments on the point or points involved.

Financial Operations of Existing Facilities

If revenue bonds are to be issued in connection with the proposed loan, and the applicant has existing revenue-producing facilities, a general review of the operation of these facilities will be made. The purpose of this review is to determine the general operating results of such facilities, the type of financial management, the evidence or lack of evidence of efficient operation, in order that the analyst may obtain some indication of how the proposed project is likely to be operated. The review should include such points as: the general financial history of the operation, a summary of comparative balance sheets and income statements, the use of other sources of revenue such as special taxes or assessments, a comparison of long-term debt to plant assets, and future debt service requirements.

Analysis of Proposed Revenues and Expenses

If the financial condition of the applicant is satisfactory, the analyst must next determine whether the estimates of revenues and expenses

for the proposed project are realistic, and whether it can reasonably be anticipated that the revenues needed to repay the loan will materialize.

The type of review to be made will depend primarily on the type of bonds to be issued, as indicated below:

Proposed Revenues—General Obligation Bonds

If the proposed project is to be financed by general obligation bonds, the analysis will be a continuation of the fiscal analysis described above. The analyst must go into sufficient detail to assure himself that available tax receipts, including any proposed and legally allowable tax increase, plus any other pledged revenues, can reasonably be expected to materialize and to be sufficient to cover project operating expenses, annual debt service, and to provide such reserves for debt service, repair and replacement, and other contingencies as may be deemed appropriate and are not prohibited by law.

If the proposed project can be expected to be revenue-producing at any time during the life of the loan, the analyst must make sure that the security includes a pledge of such revenues; however, he need not make the detailed review of proposed operating revenues indicated under Revenue Bonds when the project will be financed by general obligation bonds.

Proposed Revenues—Revenue Bonds

If the project is to be financed by revenue bonds or special assessment bonds, the analyst will review the expected number of users, and the rates or rentals to be charged, or the assessments to be made, to determine whether the needed revenues will be realized.

In determining whether the project will have the requisite minimum number of users when completed, the analyst should first review the information in the Engineering Review Report. He should then consider whether:

- (1) The proposed users of the project are presently available.
- (2) The extent to which the attainment of the minimum number of users depends on development of the community or growth of demand.
- (3) The applicant's growth trend supports any assumption required under (2).

With respect to the proposed rate schedule, the analyst will consider whether:

- (1) It is comparable to the rates of nearby facilities.
- (2) It is reasonable in view of the economic situation of the community and the prospective users.
- (3) There is evidence, such as signed contracts, that the rates are satisfactory to the prospective users.

- (4) If the applicant has existing facilities of a similar nature, the operating experience of those facilities supports the revenue estimates.

Estimated gross project revenues should be adjusted by an assumed non-use factor. This factor should reflect the type of project, local factors such as water pollution or well failures, or the absence thereof, and experience with comparable projects. This factor will normally vary between 5 percent and 20 percent but will depend on the individual situation.

When revenues from an existing facility are pledged, the analyst should check the date or dates of construction, type of construction, and the estimated remaining usable life of such facilities as determined by the Engineering Branch, as well as the financial operating record of the facility.

Estimated Expenses

If the loan is to be secured in whole or in part by project revenues, the estimated expenses of operating and maintaining the project must be reviewed and determined to be reasonable. In addition, the analyst shall assure himself that the combination of estimated revenues and estimated expenses will result in at least the minimum initial net revenue needed to support the loan.

Even if the loan is to be secured by general obligation bonds, the analyst shall make a general review of the estimated operating and maintenance expenses. Given the usual type and size of borrower, a major increase in operating costs above the estimates might seriously affect the ability of the borrower to repay the loan even from general tax revenues.

Operating and maintenance expenses shall not include depreciation or capital expenditures, unless required by local law.

If Item 8 of the Engineering Review Report indicates an unrealistic maintenance and operating expense estimate, the analyst should discuss the matter with the Engineering Branch.

In reviewing the reasonableness of the estimated operating and maintenance expenses, and their effect upon net revenues, the analyst should consider whether:

- (1) They are in line with the experience of similar facilities in the area.
- (2) They conform to the previous experience of the applicant, if any.

Allocation of Centralized Costs

Overhead costs of the applicant, and even operating and maintenance expenses if the applicant has similar existing facilities, may be charged to project expenses on a pro rata basis. The applicant is required to describe the method of allocation in its application. It is expected that

the applicant will adhere to this method of allocation. However, the analyst may propose a Special Condition covering cost allocation if in his judgment failure to adhere to the stated method would adversely affect repayment.

Debt Service Coverage

Following his review of the estimated revenues and expenses, the analyst shall relate the estimated net revenues, as adjusted if necessary, to the debt service requirements of the loan. These net revenues should be sufficient to cover the average annual debt service, allow some latitude in actual versus estimated revenues, and permit the build-up of reserves for debt service and for repair and replacement. Ordinarily, the estimated net revenues specifically pledged for loan repayment should be 1.35 times the average annual debt service for water and sewer projects, and 1.5 times for gas distribution systems. In special cases, however, where there is a likelihood of wide variation in actual revenues or expenses as contrasted with the estimates, the analyst may determine that a higher ratio is necessary to assure the soundness of the loan.

The above ratios are not applicable to projects secured by general obligation bonds which are backed by the full faith and credit and taxing power of the public agency. In such cases the analyst shall determine the amount of tax revenues which can reasonably be expected to be available, and that this amount, plus any other pledged revenues, will be sufficient to cover operating expenses, debt service, and provision of a debt service reserve, repair and replacement reserve, and any other reserves which may be deemed appropriate and are not prohibited by law.

Review of Interest During Construction

The program policy provides that interest during construction, including as necessary a period for individual connections and development of initial revenues, is eligible as a project cost. The analyst shall review the applicant's estimates, particularly the estimate for a development period, if any, with the following considerations:

- (1) The time periods involved should be checked with the Engineering Review Report to determine that they are physically feasible. Normally the period allowed for development and connection should not exceed six months beyond the estimated date at which the project will be ready for operation.
- (2) A development or connection period is allowable only when the applicant has no funds or revenues with which to pay the interest during this period.
- (3) If the project is completed, including individual connections, close to an interest date, insufficient revenues may be generated in time to meet the interest payment. In such a case interest during construction may be extended to the interest payment date.

- (4) A number of State statutes provide that the proceeds of bond issues may be used to pay interest costs during construction and for only a limited period thereafter—often six months. The estimated development period must not conflict with State law. As necessary, the Legal Division should be consulted.
- (5) The specific date to which interest during construction may be extended will be determined by the Regional Director, on the basis of the situation, prior to final project closure. Any estimated amount not used will thus not be included in final project cost. The estimate made at the time of application review should therefore be sufficient to allow for a reasonable period, including contingencies.
- (6) In reviewing the cost estimates the analyst must take into account the type of financing proposed, whether bank loans, applicant's own funds, sale of the bonds, or Federal advances, since this will affect the interest rate.

Loan Approval Criteria

In determining whether he will recommend approval of a loan, the analyst shall use the following policy criteria:

- (1) The loan should be secured by a pledge of project revenues, augmented to the extent necessary by a pledge of revenues from existing facilities or from designated income. Even when the loan is to be evidenced by general obligation bonds, a pledge of project revenues should also be secured if the project is to be revenue-producing and such a pledge is permitted by State law.
- (2) When necessary and legally permissible, revenue bond issues should be additionally secured by a pledge of the full faith and credit of the borrower, and by a mortgage on the project facilities.
- (3) The estimated net revenues should cover the average annual debt service by at least the minimums set forth under Debt Service Coverage above.
- (4) For loans to be evidenced in whole or in part by general obligation bonds, the financial position of the applicant must meet the four benchmark standards given under Fiscal Analysis, above, or the analyst must give specific explanation of the failure to meet one or more of the standards.
- (5) Finally, the analyst must make a determination that the proposed loan is of sound value and is so secured as reasonably to assure repayment within the scheduled period.

Financial Review Report

The *Financial Review Report*, Form CFA-714, (Exhibit E), consists of two parts: Part 1 contains material for inclusion in the project summary and the offer; Part 2 contains relevant supporting background

data and comments, and serves as a worksheet for the analyst. Part 2 should be completed as the analyst makes his review, and will then serve as a basis for the statements and determinations in Part 1. Form CFA-714, Parts 1 and 2, will be prepared in duplicate.

Loan Development

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

Conclusion 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 should mark the last section of the Financial Review Report, Part 1, accordingly. If the analyst is recommending approval of a marginal loan—one in which there are reasons to expect the loan to be repaid within the prescribed period, but there are also significant factors of doubt or financial weakness, he should briefly summarize those factors under "Comments," so that the approving officials will be aware of the situation in making their determinations.

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 will be proposed as necessary.

Findings shall be reported on Form CFA-716, *Legal Review Report* (Exhibit F). Citations shall be used only when needed in a comment or to correct an erroneous citation on the application. The Notes and Comments section is to 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.

FUND RESERVATION

After all reviews, the Chief, Public Facilities Operations Branch, shall check the file to assure that there are no unresolved differences. If there are such differences, he shall refer the case, with his recommendations, to the Regional Director.

If approval depends on certain factors which could be readily corrected to permit approval, the Regional Director should so advise the applicant.

If approval is to be recommended, the Chief, Public Facilities Operations Branch, shall prepare Form CFA-11, *Fund Reservation Order* (see Section 2-2-2 Exhibit C), in an original and five copies 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 amount requested in last column.
- (e) *Authorization*: The Regional Director shall surname on this line as evidence of his 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 might 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. Any change of intended use or number of users should be noted.

Following surnaming by the Regional Director, the original and four copies of Form CFA-11 shall be sent to CFA. CFA will request the Division of Finance and Accounts to reserve funds. Upon prevalidation

of funds by the Division of Finance and Accounts, the original Form CFA-11 will be returned to the Regional Director by CFA as notification of fund reservation; the Division of Finance and Accounts will send a prevalidated copy to the Regional Administrative Division.

PROJECT APPROVAL

Upon receipt of the prevalidated Form CFA-11, the Chief, Public Facilities Operations Branch, shall prepare:

- (1) Form CFA-719, *Project Summary and Approval* (Exhibit G) in an original and eight copies, directly from the review reports and the application data as shown below:

<u>Project Summary Items</u>	<u>Source</u>
Project Number	Application—Page 1
<p>If the applicant has had prior loans under the program, show the project number for each loan.</p> <p>If the project is to be financed by the issuance of additional parity bonds under an (HHFA) open-end system, the project number under which the system was established shall also be shown, —e.g., “Additional loan under system established by Project No.—.” Where a loan consolidation and/or refunding is involved, or where an open-end system not HHFA is being established, this must be so specified.</p> <p>In addition, appropriate language similar to that set forth below shall be included in the box entitled “Brief Project Description”:</p> <p>“For purposes of engineering, supervision of construction, audit and inspection fees, the program statistics and related matters, the projects (give project numbers) shall be regarded as separate. However, for purposes of the trust indenture, portfolio management, shipment of bonds, and related legal and financial matters, this project shall be regarded as an addition to the established system and identified as Project Number—.”</p>	
Name of applicant and location of project, including county and population of applicant entity.	Application—Page 1
Brief Project Description	Engineering Review Report—Item 1
Community Need to be Met. Show the significance to locality in terms of abating health problems, stream pollution, fire hazard, etc., and describe present facilities and/or conditions.	Initial Review Report—Item 1

<u>Project Summary Items</u>	<u>Source</u>
Method of Financing	Financial Review Report— Item 1
Construction Summary	Engineering Review Re- port—Items 6 and 7, or Application—Page 1
Loan Security	Finance Review Report— Item II
Financial Data	Finance Review Report— Item III
Special Conditions (Only dates of Review Reports required)	Engineering Review Re- port—Item 14, Finance Review Report—Item IV, and Legal Review Report—Item 6.

- (2) Form CFA-719-1, *Press Release Supplement* (Exhibit H), in duplicate. The original of Form CFA-719-1 shall be attached to the copy of Form CFA-719 to be sent to CFA; the other copy of Form CFA-719-1 shall be attached to the project file copy of Form CFA-719.

The Chief, Public Facilities Operations Branch, shall sign the *Project Summary* and shall forward Forms CFA-719 and CFA-719-1, together with the complete project file to the Regional Director. If the Regional Director concurs, he shall sign Form CFA-719 to indicate his recommendation to the Regional Administrator.

When the Regional Administrator decides to approve a loan, he shall sign Form CFA-719. Following approval action, the Chief, Public Facilities Operations Branch, shall submit to CFA one copy of Form CFA-719, together with one copy of Form CFA-719-1 and one copy of Form CFA-714.

The remaining eight copies of Form CFA-719 shall be held by the Chief, Public Facilities Operations Branch, pending notification of the release date.

CFA ACTION

Upon receipt of the above documents, CFA shall:

- (1) Request the Office of Public Affairs to prepare a press release and establish a release date.
- (2) Arrange for notification of interested members of Congress by the Congressional Liaison Officer, Office of General Counsel. When these actions 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 the release date is received, the Chief, Public Facilities Operations Branch, shall:

- (1) Enter the release date on the pending copies of Form CFA-719.

- (2) Prepare, for the signature of the Regional Director, a letter to the applicant announcing approval, stating 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 Form CFA-719.
- (3) Arrange for announcements of approval to local newspapers and other interested parties. However, no announcement of approval shall be made to the applicant or any other party prior to the release date established by the Central Office.
- (4) Distribute the following documents:
 - (a) Forms CFA-719 and CFA-719-1 to the project file.
 - (b) Form CFA-719 to the Administrative Division.
 - (c) Form CFA-719 to the Division of Finance and Accounts.
 - (d) Form CFA-719 to the Audit Division.
 - (e) Form CFA-719 to the Legal Division, together with the project file, with a request to prepare the Loan Agreement.
 - (f) Form CFA-719 to the Field Engineer.

REFERRAL TO CFA FOR ADVICE OR DECISION

Any proposal by an applicant to refund an existing loan must be referred to CFA. In addition, the Regional Director may request the advice or decision of CFA on any application whenever he deems it necessary. In all such cases, material and documents pertaining to the question or problem involved, including, as appropriate the application and technical review report, shall be forwarded to CFA. The application file shall be held in the Regional Office, and shall be processed to completion upon receipt of advice or decision of CFA.

DISAPPROVAL ACTION

If the technical review reports recommend against approval, or indicate that the case is marginal, the Chief, Public Facilities Operations Branch, shall prepare a memorandum to the Regional Director, setting forth the problem and his own recommendation.

If it appears that the loan cannot be approved, it is usually best for the Regional Director to discuss the matter with the applicant and, if possible, have the application withdrawn.

When the Regional Director decides that disapproval is necessary, he shall have a letter to the applicant prepared for the signature of the Regional Administrator, stating the reasons for disapproval. A copy of the letter, together with a copy of the application and all attachments thereto and each Regional review report completed shall be sent to CFA. A copy of the letter also shall be sent to the Congressional Liaison Officer, Office of General Counsel.

The original application shall be retained in the project folder together with all work papers and review documents. The remaining duplicate attachments to the application should be returned to the applicant. The date of the letter shall be used in posting the records.

EXHIBIT A



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

FHBB-Washington, D. C.

7/15/64

EXHIBIT B

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Public Facility Loans Program INITIAL REVIEW REPORT	PROJECT NO. <hr/> TYPE OF PROJECT
Name of Applicant _____	
1. Community Need to be Met (for Project Summary) 	
2. Policy Eligibility The applicant and the proposed public work are eligible under Agency policy. <input type="checkbox"/> Yes <input type="checkbox"/> No	
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 HHFA? <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"/> CFA for referral to _____	
Comments: 	
_____ <i>Assistant to the Regional Director</i> _____ <i>Date</i>	

7/15/64

EXHIBIT C



HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

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

January 5, 1960

CERTIFIED MAIL
RETURN RECEIPT
REQUESTED

Mr. John Doe
Chairman of the Board of Selectmen
of the Town of Richmond
Town Hall
Richmond, Missouri

Dear Mr. Doe:

Re: Project No. PFL-Mo-30
Water System Addition

This refers to our letter of December 5, 1959, advising that if the requested additional information in connection with your application for a public facility loan was not furnished by January 4, 1960, your application would be cancelled.

Since this information has not been received, your application is being classed in our records as withdrawn.

The documents submitted with your application are (returned herewith) (being returned under separate cover). We are retaining the original copy of your application for our records.

This action is without prejudice to your filing a complete application at a later date.

Sincerely yours,

John L. Fitzgerald
Regional Director of Community
Facilities Activities

7/15/64

EXHIBIT D

CFA-719
(2-63)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Public Facility Loans Program ENGINEERING REVIEW REPORT	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? Yes No

3. Will design capacity meet the level of demand shown in the forecasts of project operation and revenue? Yes No

4. (a) Is water supply assured in amount and quality needed to meet design capacity? Yes No
 (b) Should Offer be conditional upon proof of supply? Yes No

5. Does water or gas supply or effluent disposal depend on arrangements with another agency? Yes No
 If "yes", is evidence of firm contract or arrangement satisfactory? Yes No

6. Construction Time Schedule
 (a) Are the applicant's forecasts acceptable? Yes 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? Yes No
 Development period: By applicant: _____ months.
 By reviewer: _____ months.

7. Is the project cost estimate acceptable? Yes 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.

	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) Subtotal	\$ _____	\$ _____
(j) Government field expense	_____	_____
(k) Total	\$ _____	\$ _____

Previous Editions Obsolete

EXHIBIT E

CFA-71X(a)
(7-60)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Public Facility Loans Program FINANCIAL REVIEW REPORT - PART I	PROJECT NO.
--	-------------

NAME OF APPLICANT

I. METHOD OF FINANCING

	Amount	Period (years)	Interest Rate
(a) Federal loan:			
(1) General Obligation Bonds	\$ _____		%
(2) Revenue Bonds			
(3) Assessment Bonds			
(4) Total Federal Loan	\$ _____		%
(b) Other Borrowings	\$ _____		%
(c) Other Sources:	\$ _____		

(d) Total	\$ _____		

II. SECURITY PLEDGES

III. FINANCIAL DATA

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.

Revenues and expenses: Gross revenues \$ _____
 Less M & O expense _____
 Estimated net revenues \$ _____

Net revenue estimated from first full year of operation \$ _____

Average annual tax levy required per \$1,000 assessed valuation \$ _____

EXHIBIT E (Page 2)

IV. SPECIAL CONDITIONS (Use additional sheets as necessary)

EXHIBIT E (Page 3)

V. SECURITY SPECIFICATIONS:¹

Revenue Bonds

Aggregate Principal Amount of Revenue Bonds:
Designation:

Type:
Security:

Date: _____ Interest Rate: _____ %
Denominations: _____ Bond Numbers: _____
Interest Payment Dates: First Payment _____ and semi-annually thereafter
on _____ of each year.
Maturities as of _____ :

Place of Payment:²

Registration Privileges:
Redemption Provisions:

Blocks of Maturities for Which Bids Will be Accepted:

General Obligation Bonds

Aggregate Principal Amount of General Obligation Bonds:
Designation:

Type:
Security:

Date: _____ Interest Rate: _____ %
Denomination: _____ Bond Numbers: _____
Interest Payment Dates: First Payment _____ and semi-annually
thereafter on _____ of each year.
Maturities as of _____ :

Place of Payment:²

Registration Privileges:
Redemption Provisions:

Blocks of Maturities for Which Bids Will be Accepted:

¹ If assessment bonds also are involved, use another sheet.
² Issues of \$100,000 or over should provide for an alternate New York paying agent.

EXHIBIT E (Page 4)

VI. RECOMMENDATIONS

- Subject to the above-stated specifications and conditions, the proposed loan is considered reasonably assured of repayment, and approval is recommended.
- The proposed loan is not considered assured of repayment and approval is not recommended.

Comments:

Concur: _____
Chief, Finance Staff

Finance Analyst

Date

Date

FD-203 (2-24-60) 4-2-2

EXHIBIT E (Page 6)

C. Debt Record and Future Debt Requirements (continued)

2. Debt per capita (include proposed bonds)

- a. Net direct debt per capita \$ _____
- b. Combined net debt per capita \$ _____

3. Debt ratio per taxable property (include proposed bonds)

- a. Net direct debt to estimated full value of taxable property _____%
- b. Combined direct and overlapping net debt to estimated full value of taxable property _____%

Comment on debt ratios:

4. Debt history

a. Long-term payment record:

- No defaults of principal or interest since 1950.
- Bond issue defaults _____ (date)

b. Debt administration:

- No maturity refundings. maturities refunded _____ (date)
amount \$ _____
- No funding of operating deficits deficits funded _____ (date)

Percent of total debt retired latest 5 years _____%.

5. Future debt service requirements (including proposed bonds) involve:

- level annual payments irregular annual payments balloon payments

Comments on debt record and future debt requirements:

D. Budget Operations

1. Percent debt service requirements (principal and interest) of total budget _____%

2. Operating results of past year:

- cash surplus cash deficit, provided for in next budget cash deficit funded

3. Enforcement of tax delinquencies:

- fairly high penalty interest regular tax sales

Comment on budget operations:

E. Debt Planning

1. Capital expenditures budget: Yes No

2. Level of future spending:

- reasonable and well-planned high with burdensome debt service charges

Comment on debt planning:

F. Analysis of Revenues and Expenses

1. Proposed rate schedule is: comparable to rates charged by nearby facilities.

- relatively high as compared to rates charged by nearby facilities.

Comment:

EXHIBIT E (Page 7)

F. Analysis of Revenues and Expenses (continued)

2. Growth trend of the applicant indicates that the facility will have the required minimum number of users upon construction completion. Yes No

Comment:

3. Previous experience of the applicant with respect to existing facilities of a like nature support the estimated project revenues. Yes No

Comment:

4. Anticipated maintenance and operation costs appear realistic inasmuch as they are:
 comparable to the cost experiences of nearby facilities.
 in line with previous operating experiences of the applicant.

Comment:

5. Estimated pledged annual net revenues cover average annual debt service by _____ times.
 Net revenue coverage of annual debt service considered: adequate inadequate

Comment:

6. Provision is made for establishment of a debt service reserve in the amount of \$ _____. This reserve is regarded as adequate inadequate

Comment:

7. Provision is made for establishment of a funded reserve for major repairs and replacements with annual deposits into the fund of \$ _____ per year until the fund totals \$ _____. This reserve is regarded as adequate inadequate.

Comment:

G. Interest During Construction

1. The estimated period for interest during construction, including a period for hook-up and development if necessary, appears reasonable and sufficient based on the Engineering Report, and complies with the procedures and criteria.
 Yes No
2. The estimated interest rate and total interest cost appear reasonable and sufficient and are acceptable under the program procedures. Yes No

Comment:

EXHIBIT E (Page 8)

H. Comments on Special Conditions and on Security

Finance Analyst

Date

GPO 938169

U.S. GOVERNMENT PRINTING OFFICE: 1961 O-388681

EXHIBIT G

CFA-719
(6-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Public Facility Loans Program PROJECT SUMMARY AND APPROVAL	PROJECT NO. _____ TYPE OF PROJECT <input type="checkbox"/> WATER <input type="checkbox"/> SEWER <input type="checkbox"/> GAS <input type="checkbox"/> OTHER (Specify) _____ RELEASE DATE _____
---	--

Name of Applicant _____

Location of Project (Include County) _____

Designated Redevelopment Area None 5(a) 5(b)

BRIEF PROJECT DESCRIPTION (Show major facilities and whether a new project or an addition to an existing public work.)

COMMUNITY NEED TO BE MET (Include significance to locality in terms of abating health problems, stream pollution, fire hazard, etc.)

METHOD OF FINANCING

	Amount	Period (years)	Interest Rate
a. Federal loan:			
(1) General Obligation Bonds	\$ _____	_____	_____ %
(2) Revenue Bonds	\$ _____	_____	_____ %
(3) Assessment Bonds	\$ _____	_____	_____ %
(4) Total Federal loan	\$ _____	_____	_____ %
b. Other Borrowings	\$ _____	_____	_____ %
c. Other Sources:			
_____	\$ _____	_____	_____ %
_____	\$ _____	_____	_____ %
d. Total	\$ _____		

CONSTRUCTION SUMMARY

Project Cost Estimate:

a. Preliminary Expense	\$ _____
b. Land and Rights-of-Way	_____
c. Construction	_____
d. Architect/Engineer Services	
Boring \$ _____	
Survey _____	
Fee .. _____	
Total	_____
e. Capitalized Interest	_____
f. Legal and Administrative Costs	_____
g. Other Equipment, Materials, and Supplies	_____
h. Project Contingency	_____
i. Subtotal	\$ _____
j. Government Field Expense	_____
k. Total Estimated Project Cost	\$ _____

Construction Time Schedule:

- Estimated time after approval of application:
- a. To complete final plans and specifications _____ days.
 - b. To start construction _____ months.
- Estimated construction period _____ months.

EXHIBIT G (Page 2)

CFA-719, page 2
(6-6a)

SECURITY PLEDGES

FINANCIAL DATA

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.

Revenues and expenses:	Gross revenues	\$ _____
	Less M & O expense	\$ _____
	Estimated net revenues	\$ _____

Estimated net revenues from first full year of operation: \$ _____

Average annual tax levy required per \$1,000 Assessed Valuation: \$ _____

SPECIAL CONDITIONS FOR LOAN AGREEMENT: To be as specified in Item 14 of the Engineering Review Report dated _____, Item IV of the Financial Review Report dated _____, and Item 6 of the Legal Review Report dated _____.

RECOMMENDATION OF APPROVAL

Approval of the above project and loan of \$ _____ is recommended. A fund reservation is outstanding covering the amount recommended.

Chief, Public Facilities Operations Branch

Regional Director of Community Facilities

APPROVAL

I approve, subject to the stated conditions, the project described above and the making of a loan in the amount stated above.

Date

Regional Administrator

EXHIBIT H

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION PRESS RELEASE SUPPLEMENT		CONGRESSIONAL DISTRICT	PROJECT NO.
		FEDERAL LOAN \$	TOTAL PROJECT COST \$
APPLICANT			
DISTANCE TO NEAREST METROPOLITAN CENTER () _____ MILES, OR IF MORE THAN 100 MILES, SECTION OF STATE _____			
AUTHORIZED REPRESENTATIVE (Name, Title, and Address)			
APPLICANT'S CHIEF EXECUTIVE			
PREVIOUS PROGRAM PARTICIPATION: <input type="checkbox"/> NO <input type="checkbox"/> YES PROJECT NUMBERS _____			
CONSTRUCTION START SCHEDULED _____ CONSTRUCTION PERIOD _____ MONTHS			
SPECIAL REMARKS			

CFA-719-1
(7-64)

GPO 877-440

7/15/64

EXHIBIT I (Page 2)

CFA-719, page 2
(11-62)

SECURITY PLEDGES

FINANCIAL DATA

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.

Revenues and expenses: Gross revenues	\$ _____
Less M & O expense	\$ _____
Estimated net revenues	\$ _____

Estimated net revenues from first full year of operation: \$ _____

Average annual tax levy required per \$1,000 Assessed Valuation: \$ _____

SPECIAL CONDITIONS FOR LOAN AGREEMENT: To be as specified in Item 14 of the Engineering Review Report dated _____, Item IV of the Financial Review Report dated _____, and Item 6 of the Legal Review Report dated _____.

RECOMMENDATION OF APPROVAL

Approval of the above project and loan of \$ _____ is recommended. A fund reservation is outstanding covering the amount recommended.

Assistant to the Regional Director

Regional Director of Community Facilities

APPROVAL

I approve, subject to the stated conditions, the project described above and the making of a loan in the amount stated above.

Date

Regional Administrator

GPO 925846

CHAPTER 3. LOAN AGREEMENTS

Upon approval of the project summary, the project file will be forwarded to the Legal Branch for preparation of the Offer. The Offer will be prepared on Form CFA-721, *Offer* (Exhibit A), and will be based upon the details and conditions of loan approval as set forth in the project summary and the review reports, and will 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 will be obtained from the Administrative Branch.

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

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

Twelve copies of the Offer and Special Conditions are required.

STANDARD TERMS AND CONDITIONS

A copy of Form CFA-720, *Terms and Conditions*, will be attached to both execution copies of the Offer, and to the additional copies sent to the applicant. It will not be attached to other Regional or CFA copies. No change will be made in Form CFA-720 without CFA approval unless specifically authorized in this Manual. The reference to Form CFA-720 in the Offer will include the parenthetic date, to identify the version being used.

SPECIAL CONDITIONS

Where an applicant is to receive both a grant under the Accelerated Public Works Program and a loan under the Public Facility Loans Program for the same project, it is necessary to include the following special conditions in Exhibit A attached to the Loan Agreement:

“The provisions of the Terms and Conditions, Form CFA-720, shall be modified as follows:

“The first sentence of Section 3 shall be changed to read:

‘The Borrower shall initiate and prosecute to completion all proceedings necessary to the authorization, issuance and sale of the bonds and to the security thereof, before fifty per centum of the project is complete.’

“There shall be added to Section 42:

‘The Government shall have the right to terminate any or all of its obligations under this Loan Agreement if any grant for which the Borrower has applied under the Public Works Acceleration Act of 1962 to complete financing of the project is not approved prior to the expiration of 60 days after the date of execution of said Agreement.’

“Where there is a variation between any provision of Forms CFA-720 and CFA-1120, or any additional requirement under Form CFA-1120, the provision or requirement of Form CFA-1120 shall prevail.”

ACCEPTANCE BY APPLICANT

The Regional Director will sign both of the execution copies. Both of these copies, with three conformed copies of the Offer and three copies of Form CFA-722, *Suggested Form of Acceptance of the Offer* (Exhibit B), will be forwarded to the applicant under a transmittal letter. The letter will 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 Offer is provided as a convenience and should be used only if local law and practice permit.

The applicant should be instructed to prepare, upon acceptance of the Offer, two 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 two execution copies should be countersigned by an attorney at law, preferably the applicant's official counsel. The applicant should 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.

REGIONAL OFFICE ACTION

When the fully-executed Offer and Acceptance documents, constituting the Loan Agreement, have been returned, they will be routed to the Legal Branch 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 distribute as follows:

The executed set of documents to the Regional Office file of custody documents.

One conformed copy 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 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 Offer or be sent separately, as the Regional Director determines. The information will include:

- (1) The information on interim financing of construction specified in Section 21-2-1. This should be accompanied by a signed original and one copy of Form CFA-725, *Statement of Intent with Respect to a Public Facility Loan Agreement* (Exhibit C), a copy of which will 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

Form approved
Budget Bureau No. 63-11004

CFA-721
(7-62)

HOUSING AND HOME FINANCE AGENCY
COMMUNITY FACILITIES ADMINISTRATION

PUBLIC FACILITY LOANS PROGRAM

Project No. _____

Offer Date _____

Contract No. _____

OFFER

Subject to the Terms and Conditions, Form CFA-720, dated _____, attached hereto 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 Housing and Home Finance Agency, hereinafter referred to as the Government, hereby offers to make a loan of 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, however, that the loan payable hereunder in no event shall exceed, in the aggregate, the actual cost of the Project upon completion as determined by the Government.

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 of 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.

By acceptance hereof, the Borrower agrees to reimburse the Government in the sum of \$ _____, from the first funds obtained by the Borrower for construction of the Project, for the Government's field expense.

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

FD-300 (Washington, D.C.)

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 Public Facility Loans Program, Public Law 345, 84th Congress, as
amended, 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 pro-
cedure 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 ac-
cepted without reservation or qualification.

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 Offer

(Attorney at Law)

CFA-722
(6-62)

Previous Editions Obsolete

EXHIBIT C

HOUSING AND HOME FINANCE AGENCY
COMMUNITY FACILITIES ADMINISTRATION

CFA-126
(7-62)

STATEMENT OF INTENT WITH RESPECT TO
A PUBLIC FACILITY LOAN

This STATEMENT is issued in connection with the Loan Agreement dated _____, Contract No. _____, Project No. _____, by and between the United States of America 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 buy the Bonds of the Borrower in an amount not to exceed \$ _____ in order to finance the construction of a Public Facility Loan Project pursuant to the provisions of Title II of the Housing Amendments of 1955 (P.L. 345, 84th Congress) as amended.
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 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 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 Agreement.

Executed on behalf of the United States of America

Regional Director of Community Facilities

Previous Editions Obsolete

CHAPTER 4. CHANGES SUBSEQUENT TO LOAN 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, 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 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 Cancellation¹

If, following loan approval, the prospective borrower does not accept the offer, or later requests release from an executed loan agreement, the Regional Office should endeavor to obtain the return of 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 shall indicate the reasons for such withdrawal or cancellation, 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, 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. Except for adjustments in the fixed fee for Government field expense (see Chapter 4-1), 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 shall include the *Contract Change Order*, prepared as prescribed in Section 20-2-3, and send the documents to the Field Engineer

¹ When an application is withdrawn or canceled prior to the issuance of a project summary the instructions in Section 4-2-2 will apply.

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

Revisions in approved project summaries shall be prepared on Form CFA-105, *Revised Project Summary*. All items, including those 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 4-2-2 for initial project summaries, and the same distribution made. A revised fund reservation shall be requested as prescribed below 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 all revised project summaries. 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 surnaming of the project file copy of the revised project summary.

Changes in Fund Reservations

Once the project summary has been approved, Form CFA-11, *Fund Reservation Order*, shall be used only when there is a requested increase in the reservation. If the fund reservation is to be decreased after approval of a project summary, the revised project summary shall show the decrease and will be the basis for decreasing the reservation; or, if an agreement has been executed, the decrease shall be shown on the revised project summary and the reduction to the reservation will be made on the basis of the executed amendment to the agreement.

CHANGES TO LOAN AGREEMENTS

A loan agreement can be changed only by an amendment or a waiver. An amendment to the loan 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.
- (3) Any substantial decrease in project cost; such a decrease will require a reduction in the loan amount and a corresponding amendment to the loan agreement. When an underrun in construction costs substantially increases the project contingency item, the excess should be recovered by an amendment to the loan agreement.

Any change in the executed loan agreement, including the special conditions or the standard terms and conditions, also will require an amendment or waiver. Changes in the standard loan text, Form CFA-720, or in the standard *Terms and Conditions*, Form CFA-721, or any waiver thereof require prior CFA approval unless specifically authorized in this Manual or by Regional Circular.

Waivers

Legal review of a proposed change in the loan 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 agreement will be prepared after issuance of the revised project summary and will be processed as specified for loan agreements in Chapter 4-3. Amendments and waivers will 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 will be the same as for loan agreements.

MODIFICATION OF BOND INDENTURE OR RESOLUTION

When the bond indenture or resolution is in preparation, the borrower will 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 will 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 will 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 Agreement as specified above, will be handled as specified in Section 20-2-3.

CHAPTER 5. PRECONSTRUCTION

The instructions for preconstruction activities for the Public Facility Loans 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 will be the policy to discourage any such extravagance since the increased cost would add to the repayment burden.

CHAPTER 6. CONSTRUCTION

The instructions for construction activities for the Public Facility Loans Program are provided in Sections 20-2-1, 20-2-2, and 20-2-3, except as supplemented below.

LABOR PROVISIONS

The following labor provisions are applicable to the Public Facility Loans Program:

Wage Rates

Wage rates paid for labor must not be less than the prevailing wage prescribed by State law or, in the absence thereof, as approved by the Regional Director, and embodied in the construction contract.

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

CHAPTER 7. FINANCE PROCEDURES

The instructions in Part 21, Finance Procedures, will be followed in connection with the Public Facility Loans Program, except as prescribed below.

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 Public Facility Loans Program are provided in Part 22.



CHAPTER 1. INTRODUCTION

Section 1. General Information

Administration of the School Construction Program is vested in the Commissioner of Education, Department of Health, Education and Welfare, who is authorized by Public Law 815 and its amendments to utilize the facilities and services of other Federal agencies in carrying out this responsibility.

The Commissioner of Education has entered into an agreement with the Housing and Home Finance Administrator for the performance of certain technical functions in constructing and equipping facilities under the program. (See Section 5-1-2.)

RELATIONSHIPS

The Office of Education retains primary responsibility for the program. Regional Offices must work closely with local representatives of that Office in carrying out responsibilities assigned to this Agency. The following chapters specify those steps in the procedure where consultation with or approval of the Office of Education is required. These references do not preclude such other consultations with local representatives of the Office of Education as may be desirable in particular instances.

The Office of Education's local representative will be consulted, and his approval obtained, when a decision affects the educational features of a project. When such decisions are required to be approved by the Central Office of the Office of Education, the Regional Office will first confer with the local representative of the Office of Education and then refer the matter to CFA.

It is also essential that this program be carried on in full cooperation with applicants and the local and State educational agencies concerned. Regional Offices will be governed by local arrangements and customs in determining the manner in which contacts will local, State, and other Federal agencies will be made. The Regional Director is responsible for liaison with applicants and the local representative of the Office of Education.

MINIMUM FACILITIES

Public Law 815 requires that Federal funds granted for the construction of any project (this means projects constructed under all sections of the Act), be limited to the cost of constructing minimum school facilities. It is the responsibility of the Office of Education to

determine such minimum facilities as defined in its Bulletins Nos. 19 and 22. The definition of minimum school facilities contained in the regulations issued by the Commissioner for the administration of Public Law 815 reads as follows:

“Minimum school facilities” means those instructional and auxiliary rooms (and initial equipment), exclusive of single-purpose auditoriums, and any built-in spectator space, necessary to operate a program of free public education for the school members of the applicant at normal capacity in accordance with the laws and customs of the State.”

In addition to the above definition in the regulations, the concept of minimum facilities, as indicated by Congressional intent, includes the idea that school facilities constructed with Federal funds should not be more elaborate than those which school districts in the State on the average have been providing with their own funds. It is necessary to make certain that this limitation on the use of Federal funds be observed with respect to the space allocated to each functional area of the school plant, the structural design, and particularly the specifications for the project; and that the plant is, with respect to functions and utility, comparable to those provided by similar communities in the State.

This Agency has been delegated the responsibility for determining that the structural design and specifications for a project are within minimum standards of construction. Regional Offices should maintain a current library of cost data, plans, specifications, and other contract documentation obtained from other school construction projects in the various States within the Region. Comparison of this data with the proposed plans and specifications will provide a basis to determine minimum facilities. Regional Office personnel responsible for review of plans and specifications should visit schools other than Public Law 815 projects in order to obtain on-site information as to what is being constructed by local school districts. Applicants and architects on school projects should be instructed fully in the concept of minimum facilities and advised that they will be expected to provide designs and specifications that meet this criterion, unless local funds are sufficient to cover the excess cost of non-minimum facilities.

SCOPE AND COVERAGE OF THESE INSTRUCTIONS

The following chapters cover procedures under the School Construction Program:

Chapter 2—Non-Federal Construction

Chapter 3—Federal Construction

Chapter 4—Temporary Construction

The procedures in this Part shall be followed in processing applications under Sections 14 and 401, subject to any special instructions issued by CFA for such cases.

Section 2. OE-HHFA Agreement

Following is the text of the agreement between the Office of Education and the Housing and Home Finance Agency with respect to the school construction program:

Whereas under Public Law 815, 81st Congress, as amended by Public Law 246, 83d Congress,¹ the "Commissioner of Community Facilities Service,"² an officer of the Housing and Home Finance Agency, is given certain functions under section 202(g), and

Whereas section 209(a) of Public Law 815 as amended by Public Law 246 and section 13(a) of the Act as amended by Public Law 85-620,³ provide that "In carrying out his functions under this Act, the Commissioner of Education may utilize the facilities and services of any Federal department or agency and may delegate the performance of any of his functions to any officer or employee of any Federal department or agency. The Commissioner of Education shall exercise the authority contained in the preceding sentence whenever such exercise will avoid the creation within the Office of Education of a staff and facilities which duplicate existing available staffs and facilities. Any such utilization or delegation shall be pursuant to proper agreement with the Federal department or agency concerned; and payment to cover the cost thereof shall be made either in advance or by way of reimbursement, as may be provided in such agreement," and

Whereas there are certain functions in connection with titles II, III, and IV of P.L. 815 as amended by P.L. 246, and sections 4, 5, 6, and 14 of the Act as amended by P.L. 85-620, which in accordance with the terms of section 209(a) and section 13(a), respectively, the Commissioner of Education wishes to have performed, the Housing and Home Finance Agency has a staff and facilities adequate to perform such functions, and the Commissioner of Education desires to have the functions performed by the Housing and Home Finance Agency, and

Whereas the Housing and Home Finance Administrator is agreeable to the Housing and Home Finance Agency performing such functions under the technical direction of the Community Facilities Commissioner,

NOW, THEREFORE, The Commissioner of Education, hereinafter referred to as the Commissioner, and the Housing and Home Finance Administrator, hereinafter referred to as the Administrator, hereby agree that the Housing and Home Finance Agency, hereinafter referred to as the Agency, shall perform the functions and that the Commissioner shall reimburse the Agency as provided for herein.

¹ In all cases where P.L. 246 is used in this Memorandum, it refers to P.L. 246 of the 1st session of the 83d Congress approved August 12, 1953.

² Now "Community Facilities Commissioner" [Administrator's Reorganization Order No. 1 (19 Fed. Reg. 9303)].

³ In all cases where P.L. 85-620 is used in this Memorandum, it refers to P.L. 85-620 of the 2nd session of the 85th Congress approved August 12, 1958.

Construction under Sections 202, 205, 304, 305, 306, and 401, P.L. 815 as Amended by P.L. 246, and Sections 4, 5, 6 and 14, of P.L. 815 as Amended by P.L. 85-620

1. With respect to any project application filed by a local educational agency for Federal assistance in the construction of facilities under sections 202, 205, 304, 305, 306, and 401 of P.L. 815 as amended by P.L. 246, and sections 4, 5, 6, and 14 of P.L. 815 as amended by P.L. 85-620, the Agency will review the application and, as soon as possible after receipt of notice of reservation of funds from the Office of Education, submit the following to the Commissioner:

- (a) A report concerning the adequacy or inadequacy of the assurance required under subsections (A), (B), (C), (D), (E), and (G) of section 205(b)(1) of P.L. 815 as amended by P.L. 246, and subsections (A), (B), (C), (D), (E), and (G) of section 6 of P.L. 815 as amended by P.L. 85-620.
- (b) A recommendation of approval, or disapproval, or a proposal for revision of the legal, financial, architectural and engineering features of the application.
- (c) Upon request, comment upon the State's position with respect to the consistency or inconsistency of said project with the overall State plans for the construction of school facilities.

2. On projects approved by the Commissioner, the Agency will (a) review detailed plans, specifications, and proposed contract documents for the projects and advise as to their sufficiency and any material inconsistency with the approved project, (b) obtain and communicate to the applicant the determination of prevailing local wage rates required by subsection (E) of section 205(b)(1) of P.L. 815 as amended by P.L. 246, and by subsection (E) of section 6 of P.L. 815 as amended by P.L. 85-620, (c) determine whether a construction contract has been entered into and review the construction contract and report on any irregularity in the award of the contract, or any inadequacy of the contract, or any inconsistency of the contract with the terms of the approved project, (d) report its findings and recommendations to the Commissioner as soon as possible after approval of the award of a contract for construction, and (e) approve or recommend modification of proposed changes in plans and specifications, which do not increase the project cost or which are within the capacity of the applicant to finance, for other than educational adequacy.

3. The Agency will conduct such on-site inspection during construction as it determines to be necessary to (a) ascertain if construction is proceeding in accordance with approved plans, specifications, and contract documents, and with the assurance given by the local educational agency, (b) approve or take other action on proposed structural or other changes which do not affect the educational features of the facility or increase its cost beyond that which the local educational agency is financially able to meet, (c) check periodically the construction accounts, (d) inspect equipment received and installed, and report to

the Commissioner its findings with respect to the above items and notify the Commissioner as soon as possible after the project has progressed to the requisite stage of completion that the certification of further payment to the local educational agency is in order.

4. Upon completion of construction projects, the Agency will inspect the facility to (a) determine whether the project has been completed in accordance with the approved plans, specifications, and contract documents (including approved changes) and the assurances given by the local agency, (b) verify the receipt and installation of approved equipment, and (c) report to the Commissioner, as soon as possible following satisfactory completion, the actual cost of the project and that final payment to the local educational agency is in order and the amount thereof.

Construction under Sections 204 and 310 of P.L. 815 as Amended by P.L. 246, and under Section 10 of the Act as Amended by P.L. 85-620

Whenever the Commissioner determines, under sections 204 or 310 of P.L. 815 as amended by P.L. 246, and under section 10 of the Act as amended by P.L. 85-620, that it is necessary to construct or otherwise provide school facilities for children residing on Federal property, and requests the Agency to provide such facilities, the Agency will:

1. Prepare for approval by the Commissioner an estimate of the cost of providing, in the most economical manner, the facilities required, including, if construction of new or additional facilities is proposed, the recommendation of a site which is acceptable from an engineering standpoint.

2. If it is proposed to provide facilities other than by construction, upon approval of the proposal and estimate by the Commissioner, proceed to provide the facilities in accordance therewith and notify the Commissioner when the facilities have been procured and accepted.

3. If it is proposed to provide facilities by construction, upon approval of the cost estimate and site by the Commissioner: (a) Contract for architectural services and, as soon as possible after completion of final plans and specifications, submit them to the Commissioner or his designated representative for approval of the educational features. (b) Obtain from the Department of Labor a determination of prevailing local wage rates for similar work, prepare and advertise bids, award the contract complying with governing law and policy, initiate construction of the project and advise the Commissioner promptly of the awarding of the contract. (c) Supervise construction of the facility including the conduct of such inspections and supervision at the site of the project as are necessary to assure adherence to plans, specifications, and contract documents, conduct audits to assure adherence to pertinent laws and regulations governing the disbursement of funds, assure compliance with labor standards established by law and regulations of the Department of Labor, approve necessary structural or other changes which do not affect the educational convenience and usability of the facility or increase its cost beyond the maximum approved by

the Commissioner, procure equipment and materials, and notify the Commissioner periodically of the progress of construction on such projects. (d) Upon completion in accordance with plans, specifications, and contract documents, notify the Commissioner promptly of completion and acceptance and of the actual costs, by categories, incurred in the construction of the facility.

Applications for Reimbursement under Section 205(c)

Whenever the Commissioner requests such action on an application for reimbursement under section 205(c), the Agency will:

1. Inspect the facilities provided by the local educational agency since September 29, 1950, for which reimbursement is requested; and
2. Advise the Commissioner of the total cost of constructing such facilities and the source of the funds used.

Provision of Temporary Facilities

Whenever the Commissioner determines that some part of the need of a local educational agency for Federal assistance is of a temporary nature, and requests the Agency to provide such facilities, the Agency will:

1. Provide the Commissioner with a report on the possible means of providing temporary facilities adequate to accommodate the number of temporary children and an estimate of the cost of furnishing such temporary facilities by such means, where possible utilizing any available surplus buildings, materials, and equipment; and
2. Undertake to furnish such facilities in the manner and to the extent approved by the Commissioner, performing the same services in connection therewith as are performed in connection with section 204 and section 310 projects insofar as such services are deemed needful and not inconsistent with temporary facilities project requirements.

Reports and Procedures

1. The Agency shall provide the Commissioner with cumulative quarterly reports, as are presently being submitted or as agreed to by the two Agencies on status of all facilities approved for construction, and provide such other reports as the Commissioner may, from time to time, request.

2. The Agency shall clear with the Commissioner all general forms and instructions, with respect to the functions to be performed under this agreement, proposed for release to local educational agencies and supply copies of all general forms and instructions to the Office of the Administrator field service with respect to this program.

3. The Agency shall perform all of the functions herein authorized in accordance with such regulations with respect to the school construction program as may be issued by the Commissioner under Public Law 815, as amended. The Commissioner agrees to consult the Administrator before the adoption of any such regulations which affect these functions of the Agency.

Inability to Render Services

If in any particular instance, the Agency is unable to render the services necessary for the approval, construction or completion of any project, the Commissioner (after appropriate consultation with the Administrator) will at his discretion enter into other arrangements, agreements or contracts for the provision of such services by other agencies or parties who are in a position to render the necessary services in such particular instances.

Administrative Expense Funds

1. The amount of necessary Administrative Expense Funds will be established on the basis of estimates and reports of actual costs covering the period between July 1, 1953 and June 30, 1954 and each fiscal year thereafter. Funds will be made available to the Agency, by way of advance or reimbursement, upon presentation of a properly executed voucher on the appropriate Standard Form. Any funds advanced and remaining unexpended and unobligated at the end of any fiscal year shall be reported to the Commissioner and be subject to retransfer not later than the following September 30. Final settlement will be on the basis of the actual cost of the services rendered during the fiscal year, as reported by the Agency pursuant to established accounting and expense distribution procedures of the Agency, not to exceed the amount made available therefor in Congressional appropriations.

2. The Agency will furnish the Commissioner (a) at the beginning of each fiscal year (including fiscal year 1954) with a complete statement of the estimated costs (by functions and by organizational units) of performing the above-described functions for that fiscal year, and (b) with quarterly reports for all periods (including those for prior periods during which the Agency has performed these or similar functions for the Commissioner under Public Law 815) of obligations and expenditures (covering the costs, showing the amount and kind of work done and the actual cost thereof). The form of such reports will be agreed upon between the agencies. In addition to the financial reports herein prescribed, the Agency will furnish the Commissioner a quarterly statement showing the aggregate amount of administrative expense assignable to Title II of P.L. 815 as originally enacted, to Titles III and IV of P.L. 815 as amended by P.L. 246, and to Title I of P.L. 815 as amended by P.L. 85-620, during the quarter. It is understood and agreed that this statement will be based on an analysis of total expenses and workload for the quarter, and that it will not be based on detailed accounting records by title.

Program Funds

1. The Commissioner agrees to approve an estimated cost for each facility to be constructed or provided under sections 203, 204, 309 and 310, P.L. 815 as amended by P.L. 246, and sections 9 and 10 of the Act as amended by P.L. 85-620, including in the amount so approved, in each case, specified allowances for categories of costs. Expenditures on a project shall be made in accordance with approved amounts by cate-

gory subject to such changes in amount by category as may be authorized by delegation or further agreement between the two Agencies or as may be specifically approved for non-administrative supervision. The Commissioner agrees to transfer in advance to the Agency, at appropriate times and on the basis of the reports requested in (2) below, funds in the aggregate amount of the approved estimates to pay for the projects approved under sections 203, 204, 309, and 310 of P.L. 815 as amended by P.L. 246, and under sections 9 and 10 of the Act as amended by P.L. 85-620.

2. At least semi-annually, but more frequently if the Agency desires, it will provide the Commissioner with a full statement of the amounts approved, of the actual costs incurred in providing such facilities by projects and by categories, and of unexpended funds and it may show the need for the transfer of additional funds but not to exceed the aggregate estimated but untransferred cost of all approved but uncompleted projects. On termination of the program or of this agreement the Agency will return to the Commissioner any unused funds. The Office of Education may request re-transfer of funds which are in excess of requirements for approved projects for allocation to other sections of Public Law 815.

Termination of Agreement

This agreement shall continue in force from year to year until cancelled by mutual agreement between the Commissioner and the Administrator, or by either party upon 90 days notice in writing by either party to the other, and, with respect to all transactions after date of execution, supersedes the agreement between the parties heretofore executed by the Commissioner on May 5, 1954, and by the Administrator on May 25, 1954.

FOR THE COMMISSIONER
OF EDUCATION

(Signed) Albert M. Cole
Administrator
Housing and Home Finance Agency

(Signed) Rall I. Grigsby
Rall I. Grigsby
Director, School Assistance in
Federally Affected Areas

Date November 6, 1958

Date October 29, 1958

CHAPTER 2. NON-FEDERAL SCHOOL CONSTRUCTION

Section 1. Application Review

The local educational agency submits its application for Federal funds to finance construction of a specific facility through the State Department of Education to the Office of Education on Part II of the Office of Education Form RSF-2. A copy is furnished the Regional Office by the local representative of the Office of Education.

On receipt of the Regional Office copy, Form CFA-800, *Project Control Record*, and a project folder will be initiated. Only the name and address of the applicant and its authorized representative, the type of project, and location will be entered on the card.

CFA will advise the Regional Office on Form CFA-88, *Identification of School Construction Applications*, of the project number assigned by the Office of Education.

No further action will be taken until the Regional Office is notified by CFA that the Office of Education has made a reservation of funds for the project. CFA will send two copies of the fund reservation letter to the Regional Office. One copy of this letter will be forwarded to the Field Engineer for informational purposes only.

Any revision of an application will be submitted through the State Department of Education to the Office of Education.

Copies of applications not receiving fund reservations will be retained until the Regional Office is notified of their obsolescence by CFA. This notification will be for a series of applications, such as the "54" series, and not by individual applications. Obsolete applications and the corresponding control cards will be disposed of in accordance with the Records Control Schedule.

APPLICATION REVIEW

During application review, contact with the applicant will be made through the local representative of the Office of Education, unless other working arrangements have been agreed upon locally.

Following notice of fund reservation, the Assistant to the Regional Director will ascertain whether movable equipment should be removed from the Federal portion of the project expense and will secure the necessary resolution. He will determine whether the applicant or other local agency appears to have a planning advance outstanding for this school or a similar facility. He will then initiate Form CFA-812, *Review Report of Application*, by inserting the applicant's correct legal name as shown in the application, and route the complete application for technical review.

Technical reviews will be limited, insofar as feasible, to the material supplied by the applicant, and will be reported on Form CFA-812, prepared in triplicate (see Exhibit A).

Regional Offices will not request additional information beyond that required in the application unless it is essential to the review of the application. Except in unusual cases, all additional information will be requested in a single letter prepared by the Assistant to the Regional Director and signed by the Regional Director.

One copy of Form CFA-120, *Fall-Out Shelters*, should be supplied to the applicant agency. The applicant will be advised that the cost of fall-out shelters may not be paid from project funds.

Engineering Review

The engineer will review the material submitted with the application to insure that it conforms to the project description, and that the square foot area agrees with any specified by the Office of Education. If ineligible facilities are included in the project, the reviewer will prepare estimates of the costs of these features which must be paid from applicant's funds.

If there is any substantial deviation from the project description, the data are incomplete, or there are unacceptable design features, the matter will be brought to the attention of the Assistant to the Regional Director and the applicant should be required to correct the inadequacies before the review is continued.

The following instructions apply to the engineering part of Form CFA-812:

(1) Type of Project

Check the appropriate box on each of the two lines.

(2) Project Location

Location will be given in sufficient detail to make it readily identifiable. In developed areas, the street address or highway designations will be sufficient. In rural areas, give approximate distance and direction from a designated adjacent point. The local name of the school should be indicated if it has been selected.

(3) Description

This data will be obtained from a review of the sketches furnished with the application. If a revised project is being reviewed, only the revised description should be set forth. The report should indicate the major differences in the revised description.

Project descriptions should be comprehensive, yet not include small spaces which do not require special equipment. Following is a guide to the facilities and details to be included in, or excluded from, a project description. This list does not contain facilities which appear occasionally and which shall be included also in the description.

Facility	Details
Classrooms	Identify number and type of each. Exclude reference to usage of home economics rooms, and whether or not rooms are self-contained.
Laboratories	Identify number and type of each.
Shops	Identify number and type of each.
Library	Identify as unit or with related areas; exclude reference to individual rooms.
Administrative area	Identify various offices and rooms. Exclude reference to vaults.
Health suite or clinic	Identify number and type of each room.
Cafeteria	Exclude all details.
Kitchen	Exclude reference to special areas for dishwashing, receiving rooms, toilets, etc.
Multi-purpose room, gymnasium, auditorium, cafeteria	Include only reference to folding bleachers, shower and locker rooms (without reference to boys' and girls'), stage, concession rooms, and ticket booths.
Toilets	Omit reference to boys' and girls'.
Teachers' rooms	Include reference to workrooms, dining room, lounges.
Storage rooms	Identify facility only, without number or type.
Mechanical equipment rooms	Give number if more than one.
Boiler rooms	Give number if more than one.
Corridors	Identify facility only, without number.
Covered walks	Identify facility only, without number.
Utilities	Identify only, without detail.
Site improvements	Identify only, without detail.
Equipment	Indicate whether equipment is included in the project; do not identify or describe items.

It is not necessary to mention such minor features as stairs, janitor's rooms or closets, lobbies, or patios.

(4) Estimated Project Cost

The total estimated cost must agree with the total funds to be provided as shown in Item 6, Source of Funds. If the estimated costs shown, including costs of ineligible facilities and equipment, by the applicant are acceptable, only the check box in the first line need be completed.

Cost estimates should be in line with the costs of similar minimum facilities in the area. A detailed analysis will not be made unless the general review indicates costs will exceed the indicated funds to be provided. Even then the analysis should proceed only to the point where the applicant can be informed and requested to make necessary corrections or give assurance that the additional funds will be available.

Payment shall not be made from Federal assistance proceeds for preparation of applications by architect/engineers.

(5) Ineligible Facilities

The facilities for which Federal funds cannot be expended are defined in Public Law 815 and Office of Education Bulletin No. 19 (Revised) dated August 31, 1956. The term includes athletic stadia, or structures or facilities intended primarily for athletic exhibitions, contests, or games or other events for which admission is to be charged to the general public, off-site utilities and off-site improvements, single purpose auditoriums, single purpose gymnasiums, built-in spectator space, special rooms for visiting teams, and ticket booths.

Any of these items, if included in the project, will be listed separately in Item 5 with the cost of each, including all construction, architectural, and other costs. Applicant's funds must be sufficient to cover these estimated costs. Final determination as to which facilities are ineligible will be made by the Office of Education.

(6) Source of Funds

These entries will be taken from the original or revised application and the notice of fund reservation.

(7) Area Provided in Square Feet

The reviewer will not scale the drawings to obtain the square footage or make any computation on internal measurements. The outside dimensions of the building perimeter will provide sufficient accuracy at this stage.

When the architect indicates the area on the plans, but has not dimensioned the drawings, the plans will be returned unless the project dimensions can be readily ascertained.

(7) through (9)

Any appreciable variance from local or State standards should be noted in an attachment with mention of any reasons therefor.

Legal Review

Form CFA-812 provides the basis for all but the most unusual reviews. Data required to complete this form will be obtained from the

application. Unless citations in the application are incorrect, they shall not be made on the review form. The legal name of the applicant shown on Page 1 of Form CFA-812 shall be verified.

Finance Review

Section 15 of the application shows the sources from which the applicant expects to obtain any funds it will provide. If this is not filled in sufficiently or if the entries are not satisfactory, the applicant shall be asked to amend or complete the section.

If there is no applicant participation in the project or the application shows that the required amount of applicant funds are on hand, no financial review shall be made and the Chief, Public Facilities Operations Branch, shall complete the Program Review section of Form CFA-812.

When applicant funds are not on hand, the application shall be referred to the Finance Branch for a determination that funds will be available when needed. The analyst shall complete the Financial Review section of Form CFA-812. No other finance report need be made.

RECOMMENDATION OF APPROVAL

Upon completion of technical reviews and resolution of any problems, the Chief, Public Facilities Operations Branch, shall prepare Form CFA-819, *Project Summary* (Exhibit B), in an original and seven copies. Where more space is required for the items on page 1 of Form CFA-819, a separate sheet marked "CFA-819, Page 1a" shall be used. Items on page 2 may be continued under Item 14. Forms CFA-819 and CFA-812 then shall be sent through the Regional Director to the Regional Administrator.

Signatures of the Regional Director and the Regional Administrator on Form CFA-819 shall constitute the Regional Office recommendation to CFA. The Chief, Public Facilities Operations Branch, then shall:

- (1) Transmit the original and four copies of Form CFA-819 and the original of Form CFA-812 to CFA.
- (2) Forward one copy of Form CFA-812 to the local representative of the Office of Education.
- (3) Place one copy of Form CFA-812 in the project file.
- (4) Hold, pending Office of Education approval, three copies of Form CFA-819.

Prior to approval of the application by the Office of Education, changes in the project shall be made by preparation and submission of a new Form CFA-819. Explanation of the changes shall be given in

a transmittal memorandum. A copy of the memorandum shall be furnished to the local representative of the Office of Education. Form CFA-812 shall be revised only where there is a major change in scope or financing requiring an engineering, finance, or legal review; as examples, construction of entirely different facilities than originally contemplated, change from an equipment project to a construction project, or change in the applicant's funds from little or none to a large amount.

EXHIBIT A

CFA-812
(8-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION NON-FEDERAL SCHOOL CONSTRUCTION PROGRAM REVIEW REPORT OF APPLICATION	PROJECT NUMBER
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CORRECT LEGAL NAME OF APPLICANT

ENGINEERING REVIEW

(1) Type of Project: Elementary Junior High Senior High
 New Building Addition * Other

* Name of existing school: _____
 If a PL 815 project, show project number: _____

(2) Project Location:

(3) Description:

(4) Estimated Cost:

Is applicant's cost estimate acceptable? Yes No
 If "No" show the revised estimate below.

Construction	\$ _____
* On-site utilities connections.	\$ _____
* On-site improvements	_____
Equipment.	_____
Architect's fees	_____
Legal and administrative	_____
Miscellaneous.	_____
Total	\$ _____

* Included in Construction

(5) Ineligible Facilities:

(a) Description:

(b) Estimated Cost:

(6) Source of Funds:

a. Applicant's funds	\$ _____
b. Reserved by Office of Education	_____
Total	\$ _____

EXHIBIT A (Page 2)

ENGINEERING REVIEW (Continued)			
(7) Sq. ft. area.....	_____	_____	
(8) Construction cost per sq. ft..... \$	_____	_____	
(9) Project cost per sq. ft..... \$	_____	_____	
(10) Proposed design is <input type="checkbox"/> Acceptable <input type="checkbox"/> Not acceptable			
(11) Estimated construction cost is <input type="checkbox"/> High <input type="checkbox"/> Low <input type="checkbox"/> Adequate			
(12) Comment:			
_____ <i>Review Engineer</i>	_____ <i>Date</i>	_____ <i>Chief, Engineering Branch</i>	_____ <i>Date</i>
LEGAL REVIEW			
(1) Does the information in application give assurance that applicant has title? <input type="checkbox"/> Yes <input type="checkbox"/> No; will have title? <input type="checkbox"/> Yes <input type="checkbox"/> No; right to use the site? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(2) Does applicant have authority to plan, construct, finance, maintain and operate project? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(3) Does the resolution contemplate the facility covered by the application? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(4) Have the certification and resolution been correctly executed? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Is the application signed by the person named in the resolution as authorized representative of the applicant? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(5) If equipment not in project scope, has applicant passed proper resolution to provide it? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(6) Subject to the following conditions, there appears to be no legal objection to approval.			
* Explain:			
_____ <i>Review Attorney</i>	_____ <i>Date</i>	_____ <i>Regional Council</i>	_____ <i>Date</i>
FINANCE REVIEW			
(1) Will applicant be able to provide its share of funds when needed? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(2) Method of financing:			
(3) Suggested conditions:			
_____ <i>Review Analyst</i>	_____ <i>Date</i>	_____ <i>Chief, Finance Branch</i>	_____ <i>Date</i>
PROGRAM REVIEW			
(1) Project financing:			
<input type="checkbox"/> Project financed entirely with Federal funds			
<input type="checkbox"/> Information in application indicates applicant's funds on hand			
Financial review needed? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(2) Is there any outstanding Federal planning advance for comparable school in area? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(3) Applicant has concurred in revision of cost estimate? <input type="checkbox"/> Yes <input type="checkbox"/> No			
_____ <i>Chief, Public Facilities Operations Branch</i>			_____ <i>Date</i>

EXHIBIT B

CFA-819 (8-64)	
HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Non-Federal School Construction Program PROJECT SUMMARY	PROJECT NO. <hr/> TYPE OF PROJECT <hr/>
1. NAME OF APPLICANT	
2. PROJECT LOCATION (show specific location)	
3. PROJECT DESCRIPTION (Provide detailed description, including type of construction)	
4. PROJECT COST	
Construction	\$ _____
Equipment	_____
Architectural/Engineering Services	_____
Legal and Administrative Expenses	_____
Miscellaneous	_____
Total Project Cost	\$ _____
Project Floor Space in Square Feet	_____
Project Cost per Square Foot	\$ _____
5. INELIGIBLE FACILITIES:	
(a) DESCRIPTION:	
(b) ESTIMATED COST:	
6. METHOD OF FINANCING	
Applicant's Funds	\$ _____
Federal Funds	_____
Total	\$ _____

EXHIBIT B (Page 2)

Page 2	
7. DATE OF CERTIFICATION BY STATE EDUCATIONAL AGENCY:	
8. STATUS OF SITE ACQUISITION:	
9. LEGAL AUTHORITY OF APPLICANT:	
10. ADEQUACY OF COST ESTIMATE:	
11. ADEQUACY OF FINANCING:	
12. SOURCE OF APPLICANT'S FUNDS:	
13. CONDITIONS:	
14. COMMENTS:	
15. I RECOMMEND APPROVAL, SUBJECT TO THE STATED CONDITIONS, OF THE PROJECT DESCRIBED ABOVE.	
_____	_____
Date	Regional Director of Community Facilities
_____	_____
Date	Regional Administrator

GPO 890-131

9/11/64

SECTION 2. PRECONSTRUCTION

The instructions for preconstruction activities for the non-Federal School Construction Program are provided in Sections 20-1-1 and 20-1-2, unless supplemented or specifically excepted below.

PROJECT APPROVAL

The Office of Education notifies the owner of project approval. Simultaneously, the Office of Education certifies to the Treasury, for payment direct to the applicant, the first installment of 10 percent of the Federal share of the approved project cost. The Office of Education also sends the owner instructions advising it, in general terms, of the responsibilities of the Housing and Home Finance Agency and inviting the owner to secure advice and assistance from the Regional Office in order to assure conformity with the requirements of P.L. 815, as amended, and the certification of subsequent payments.

At the time the owner is notified of approval, copies of this notification are sent to CFA which will send two copies to the Regional Office, together with three copies of the Project Summary for distribution as follows:

- Notification and Project Summary to the Field Engineer.
- Notification and Project Summary retained in the project file.
- Project Summary (page 1 only) to the owner.

CHANGES IN APPROVED PROJECTS

Proposed changes in the approved project will be processed as prescribed below. Approval by the owner will be secured before any action is taken with respect to any proposed change.

CLEARANCE WITH STATE DEPARTMENT OF EDUCATION

Clearance by the State Department of Education is required for each proposed change which:

- (1) Is of a type which requires the approval of the Commissioner of Education; or
- (2) Would change the location of the project.

Clearance by the State Department of Education is not required for each proposed change where the change is not of the two types listed

above, if the HHFA Regional Office and the State Department of Education reach an agreement that specified types of revisions need not be submitted for State approval.

Regional Offices shall initiate immediate action to enter into such agreements with each State. Every effort shall be made to exempt as many types of revisions as possible, particularly those types for which Section 5-2-2 requires approval only by the Regional Office (Method C) or by the local representative of the Office of Education (Method D).

Any revised Project Summary, Form CFA-105-SC, which reflects a change processed under such an agreement shall so state.

If the final plans which have been approved by the State cause a change in project description or floor area, such revision will be presumed to have been filed through the State and Form CFA-105-SC shall carry a statement to that effect.

Whenever approval by the Commissioner of Education is required for a change which involves other related changes subject only to approval by the local representative of the Office of Education or by the Regional Office, all the related changes will be included in the one submission to CFA, for approval by the Commissioner of Education. There will be no referral of any change included therein to the local representative.

Whenever approval by the local representative of the Office of Education is required for a project revision involving other related changes subject only to approval by the Regional Office, all the related changes will be included in the one submission asking approval by the local representative.

Changes Prior to Approval of Final Plans

During the preparation of final plans, the owner may request advice regarding changes in the scope of the project which do not require approval by the Commissioner of Education. If the Regional Office finds that the Commissioner's approval is not required and that the proposed change is otherwise acceptable, it will advise the owner that it has no objection to the incorporation of the change in the final plans, but that the change will thereafter be subject to approval by the local representative of the Office of Education.

Such changes need not be referred separately to the local representative of the Office of Education since the local representative will review them during his examination of the final plans. His approval of the final plans with reference to the educational facilities of the project covers any changes of this nature shown on the final plans.

Revised Project Summaries Subsequent to Approval and Issuance of Original Summary

Revisions will be documented on Form CFA-105-SC, *Revised Project Summary*. Only the item or items to be revised and the reasons for the

revision will be shown. Revised project summaries will be numbered consecutively for each report.

In the preparation of revised project summaries, the sequence of items and data on the original project summary must be followed. Comments will include a full explanation of the reasons for the change.

Revised project summaries will be prepared and processed in the Regional Office as shown below under the approval methods.

TYPE OF CHANGE	APPROVED	
	BY ¹	METHOD ²
Project Scope		
(a) Revision affecting student capacity, educational facilities, or additional facilities such as a playground or kitchen if included in project and paid from project funds, whether funds were furnished by applicant or by the Federal Government	CE	A
(b) Deletion of equipment item from project scope and cost estimate upon certification by applicant that it will furnish adequate equipment.....	CE	A
(c) Changes in square footage which do not affect student capacity, increase the size of any multi-purpose room, or involve major changes in square footage per pupil.....	RO/LR	B
(d) Changes in types of instruction which do not affect the total student capacity or educational type of building, such as the conversion of classrooms to laboratories or of shops to classrooms	RO/LR	B
(e) Changes other than in square footage or educational facilities, such as the conversion of an office to a clinic, or the elimination of a storage room to provide additional boiler space.....	RO/LR	B
Total Project Costs		
(a) Increase, to be met with additional funds supplied by applicant.....	RO	C ³
(b) Increase, requiring additional Federal funds.....	CE	A

¹ RO—Regional Office

LR—Local Representative of Office of Education

CE—Commissioner of Education, Office of Education, Washington, D. C.

² Methods of Documenting Approval:

A—See Approval of Commissioner of Education

B—See Joint Approval by Regional Office and Local Representative

C—See Approval by Regional Office

D—See Approval by Local Representative, Office of Education

³ Whenever a change of any of these types is approved in the field, a notification to the Commissioner of Education by CFA is required as described in the procedures for Methods C and D.

TYPE OF CHANGE	APPROVED BY ¹	METHOD ²
(c) Decrease of applicant's funds by 10% or less...	RO	C
(d) Decrease, by more than 10% (see also Policy for Return of Funds).....	CE	A
(e) Alter the approved method of financing between applicant and Federal Government.....	CE	A

Any Budgeted Line-Item except Equipment, when total project costs are not affected ⁴

(a) Any increase, to be met with additional funds supplied by applicant.....	RO	C ³
(b) Increase, by 10% or less.....	RO	C
(c) Increase, by more than 10%.....	LR	D ³
(d) Decrease	RO	C

Equipment Budget, when total project costs are not affected ⁴

(a) Any increase, to be met with additional funds supplied by applicant.....	RO	C ³
(b) Increase to meet bid prices.....	LR	D ³
(c) Increase for any other reason.....	CE	A
(d) Decrease, when applicant certifies that it will equip project fully.....	RO	C ³
(e) Decrease, when costs of equipment on approved list have been firmly determined and will underrun estimate	RO	C ³
(f) Decrease, when applicant does not agree to equip project fully and costs of equipment on approved list have not been firmly determined..	CE	A

Project Location

(a) Change in project location.....	RO	C ³
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¹ RO—Regional Office

LR—Local Representative of Office of Education

CE—Commissioner of Education, Office of Education, Washington, D. C.

² Methods of Documenting Approval:

A—See Approval of Commissioner of Education

B—See Joint Approval by Regional Office and Local Representative

C—See Approval by Regional Office

D—See Approval by Local Representative, Office of Education

³ Whenever a change of any of these types is approved in the field, a notification to the Commissioner of Education by CFA is required as described in the procedures for Methods C and D.

⁴ If a change in any budgeted line-item affects the total project cost, it shall be processed as a change in total project cost.

APPROVAL BY COMMISSIONER OF EDUCATION (METHOD A)

Changes which must be approved by the Commissioner of Education as shown on the preceding chart will be processed as described below.

The revised project summary will be prepared in nine copies, the recommended box checked, and signed by the Regional Director. Five copies will be sent to CFA and 1 copy to the local representative of the Office of Education. The remaining three copies will be held in a suspense file.

CFA will advise the Regional Office of approval by the Commissioner of Education by furnishing two copies of the approval letter.

Upon receipt of the approval letter, the Regional Director will distribute the suspense copies as follows:

- Project file, with OE approval letter.
- Field Engineer, with OE approval letter.
- Owner. The following will be typed after the recommended box before dispatch: "Approval by Office of Education letter dated _____."

JOINT APPROVAL BY REGIONAL OFFICE AND LOCAL REPRESENTATIVE OF THE OFFICE OF EDUCATION OR APPROVAL BY LOCAL REPRESENTATIVE ONLY (METHODS B AND D)

When approval is required by the local representative of the Office of Education, the Regional Director will secure his approval before issuing the revised project summary. Such approval must be documented by an exchange of letters or the surnaming of the official file copy of the revised project summary.

Revised project summaries will be prepared, the joint approval box checked, signed by the Regional Director, and distributed as follows:

- 5—CFA for Method D cases; 1—CFA for Method B cases.
- 1—Project file.
- 1—Field Engineer.
- 1—Owner.
- 1—Local representative of the Office of Education.

Changes After Approval of Final Plans

If final plans have been approved, and a change in scope is proposed which does not require approval by the Commissioner of Education and is otherwise acceptable, the Regional Office will prepare a letter to the local representative of the Office of Education, describing the proposed change, stating that the change has been found acceptable and requesting his review and approval of the change.

Upon receipt of his approval, the Regional Office will prepare and issue a revised project summary as described above.

Any change so approved requires no other notification or referral, but will be described in the final report.

APPROVAL BY REGIONAL OFFICE (METHOD C)

Changes for which only the approval of the Regional Office is required as shown on the preceding chart will be processed as prescribed below.

The proposed change will be reviewed by the Regional Office to determine that no other approval is required. If the change is found acceptable, a revised project summary will be prepared, the approval box checked, signed by the Regional Director, and distributed as follows:

- 5—CFA when notice to Office of Education is required; 1—CFA when such notice to OE is not required.
- 1—Project file.
- 1—Field Engineer.
- 1—Owner.

POLICY FOR RETURN OF FUNDS

The policy of the Office of Education with respect to changing the method of financing and reducing local and Federal funds when the approved contract cost is 10 percent or more under the approved construction estimate is:

- (1) When the project is 100 percent Federally financed, any saving will accrue to the Federal Government.
- (2) When the project is financed by Federal and local funds, and only minimum facilities as determined by the Commissioner of Education are being constructed, any savings not in excess of the local share shall accrue to the school district at its option. Any savings in excess of the local share shall accrue to the Federal Government.
- (3) When the project is financed by Federal and local funds and all or part of the local funds have been included in order to provide more than minimum facilities as determined by the Commissioner of Education, any savings shall accrue to the school district or the Federal Government, as outlined in (2) above, except that only local funds shall be used for the cost of the portion of the project considered to be in excess of minimum facilities, and the Federal share shall not exceed the cost of minimum facilities. An estimate of the cost of minimum facilities, based on the contract award and other pertinent factors, will be satisfactory for this determination.

If the total amount of approved construction contract awards for any project is 10 percent or more under the approved estimate of construction cost as shown on the project summary, the Regional Office

shall prepare a revised estimate of project costs to ascertain what Federal funds can be recovered by the Office of Education and be made available for reallocation to other projects.

The revised project cost estimate shall provide for a construction contingency allowance of 5 percent of the construction contract amount, and the estimates for other line items should be rechecked to ascertain that the project will be completed and equipped within funds provided.

The owner shall be advised of the proposed action and requested to state his decision with respect to recovery of local funds. Thereafter the revised project cost estimate shall be submitted to CFA for approval by the Commissioner of Education as prescribed above.

RELEASE OF FUNDS

If the executed contract documents covering a non-Federal school project are acceptable, the Regional Director shall advise CFA on Form CFA-821 (Exhibit A) and recommend that 50 percent of the estimated Federal share of the project cost be certified for payment to the owner (see Section 20-1-2). The total amount of contracts awarded to date shall include the original award plus all changes applied thereto to the date of the request for the release of funds.

PLAQUES AND TABLETS

Plaques and tablets are subject to the regulations of the Office of Education with respect to design and wording. Questions received concerning plaques and tablets shall be referred to the local representative of the Office of Education.

CONSTRUCTION SIGNS

Construction signs are not required.

EXHIBIT A

HOUSING AND HOME FINANCE AGENCY
 COMMUNITY FACILITIES ADMINISTRATION
 NON-FEDERAL SCHOOL CONSTRUCTION PROGRAM

CFA-821
 (2-64)

RECOMMENDATION FOR RELEASE OF FEDERAL FUNDS

TO: COMMUNITY FACILITIES COMMISSIONER	REGION NO.
NAME OF APPLICANT	PROJECT NO.
<p><input type="checkbox"/> <i>Contract Award Approved</i></p> <p>The plans and specifications for this project have been examined by this Office. They are considered sufficient and are consistent with the approved project.</p> <p>The construction contract has been entered into and copies of the contract documents have been approved by this office. Acceptable bonds have been furnished.</p> <p>The Regional Representative of the United States Office of Education has approved the plans and specifications.</p> <p>I recommend that _____ percent of the estimated Federal share of the project cost be certified for payment to the applicant.</p> <p><input type="checkbox"/> <i>Project About 50% Complete</i></p> <p>This project is now approximately _____ percent complete. I recommend that an additional _____ percent of the estimated Federal share of the project cost be certified for payment to the Applicant.</p> <p><input type="checkbox"/> <i>Recommendation for Interim Payment to Applicant</i></p> <p>An interim payment of Federal funds is recommended, as there is an urgent need for funds to meet current project obligations. The amount of payment and justification are set forth below:</p>	
1. Total amount of construction contracts awarded to date	\$ _____
2. Total amount of A/E services contracted to date	_____
3. Total amount of equipment contracts awarded to date	_____
4. Total obligated funds	\$ _____
5. Total amount of Federal funds approved.	\$ _____
6. Cumulative total now due (<input type="checkbox"/> 60% or <input type="checkbox"/> 90%)	_____
7. Less previous payments.	_____
8. Recommended payment to applicant.	\$ _____
DATE	SIGNATURE OF REGIONAL DIRECTOR OF COMMUNITY FACILITIES

(Over)

2/25/64

EXHIBIT A (Page 2)

INSTRUCTIONS FOR PREPARATION

If the executed contract documents covering a non-Federal school project are acceptable, the Regional Director of Community Facilities shall advise CFA on this form. He shall recommend that 50 percent of the Federal share of the project cost be paid to the owner by checking the appropriate block.

When the project is approximately 50% complete, the Regional Director shall forward this form to CFA, recommending that the owner be paid an additional 30 percent of the estimated Federal share of the project cost.

Thereafter, and prior to submission of the Final Project Report, an interim payment of Federal funds shall not be recommended unless there is an urgent need for funds to meet current project obligations, such as contract completion substantially prior to project completion. The Regional Office shall review such a request to ascertain that the release of the additional funds requested will cover only cost of work or services performed or equipment delivered. In the event that non-compliance exists which would affect the total of Federal payment, it should be monetized before any payment is recommended. Requests to CFA for such interim payment shall include the current total amount of contracts awarded to date.

If the project is being financed substantially by a Federal grant, the Regional Office must be cautious to prevent overpayment of Federal funds to the applicant. Caution is particularly necessary after the first 50% payment has been made, to assure that additional certifications for payment will not cause the Federal share to exceed total obligated funds (Item 4).

Compliance with labor requirements should also be reviewed, so that sufficient Federal funds can be withheld to cover cases of underpayment.

The original of this form shall be forwarded to CFA.

Section 3. Construction

The instructions for construction activities for the non-Federal School Construction Program are provided in Sections 20-2-1, 20-2-2, and 20-2-3, unless supplemented or specifically excepted below.

LABOR PROVISIONS

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.

Anti-Kickback Statute

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

Davis-Bacon Act

The provisions of the Davis-Bacon Act as set forth in regulations prescribed by the Secretary of Labor apply.

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 and 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.

CHANGES IN APPROVED PROJECTS

Changes in the approved project shall be made as prescribed in Section 5-2-2.

CONSTRUCTION ACCOUNT

During each periodic inspection of the project, the Field Engineer shall check with the applicant or its records to ascertain that:

- (1) Federal funds received to date have been deposited in the construction account.

- (2) Required applicant funds have been deposited in the construction account or that funds not yet deposited will be available when needed.
- (3) A separate account is being maintained, or where prevented by law or local practice, a separate ledger account is maintained for the project.
- (4) From a cursory examination it is not apparent that funds have been diverted for other purposes or that expenditures have been made for other than approved project costs.

RELEASE OF FUNDS DURING CONSTRUCTION

When a non-Federal school construction project is approximately 50 percent complete, the Chief, Public Facilities Operations Branch, shall prepare Form CFA-821, *Recommendation for Release of Federal Funds*, based upon the Field Engineer's Periodic Inspection Report, or a memorandum from the Field Engineer based upon the architect's semi-monthly report, to advise CFA that the project has reached this stage and recommend that an additional 30 percent of the estimated Federal share of the project cost be certified for payment to the owner (see Exhibit A of Section 5-2-2.) The Regional Office shall review the request and ascertain that additional funds to be released plus the previous payments will not exceed the known obligations.

Thereafter, and prior to submission of the Final Project Report, an interim payment of Federal funds shall not be recommended unless there is an urgent need for funds to meet current project obligations, such as contract completion substantially prior to project completion. The Regional Office shall review such a request to ascertain that the release of the additional funds will not result in an overpayment and that the funds requested will cover only cost of work or services performed or equipment delivered. In the event that non-compliance exists which would affect the total of Federal payment, it shall be monetized before any payment is recommended. Requests to CFA for such interim payment shall include the current total amount of construction and equipment contracts awarded to date.

PROJECT COMPLETION

As the project nears completion, a list of incomplete or unsatisfactory items should be prepared. The owner or its architect/engineer shall arrange with the contractor for completion or correction of these items prior to the final inspection insofar as possible, but final inspection shall not be delayed until their completion is achieved.

As soon as the date for the final inspection has been determined, the Field Engineer shall arrange for a joint inspection by himself and representatives of the owner, architect/engineer, and contractor.

At the time of the final inspection the Field Engineer shall secure from the owner Form CFA-225, *Project Equipment Inventory*, in

triplicate, and check the physical inventory of nonexpendable property (see Section 5-2-4).

Upon finding that the facility is complete and satisfactory, the owner shall be requested to prepare Form CFA-213-SC, *Certificate of Completion of Non-Federal School Project*, in an original and six copies, and to submit the original and five signed copies to the Field Engineer.

FINAL PAYMENT TO PRIME CONTRACTOR

The prime contractor's request for final payment shall be routed to the Field Engineer for concurrence prior to payment by the owner (see Section 20-2-1.) The request need not be delayed for the completion action prescribed below for the project as a whole.

The Field Engineer shall review the request and complete a draft of Form CFA-840, *Contract Completion and Final Project Report*, (Exhibit A), with respect to the contractor concerned. Before concurring in the payment, the Field Engineer shall ascertain that all items on page one of Form CFA-840 have been satisfactorily closed and that no further action is required with respect to liquidated damages (see page two of Form CFA-840). Where two or more prime contractors are concerned, final payment to one contractor need not be delayed pending settlement of problems involving another contractor.

The Field Engineer shall retain the draft Form CFA-840 for use in preparing his report on project completion.

If an interim payment to the owner appears necessary, the Field Engineer's recommendation shall show that the funds are needed to make final payment to a contractor whose request has received the Field Engineer's concurrence.

PROJECT COMPLETION REPORT

After final inspection and receipt of Forms CFA-225 and CFA-213-SC, the Field Engineer shall prepare a report of project completion in quadruplicate on Form CFA-840. In Item B-3, Final Cost of Completed Project, the construction cost shall be the original contract cost, or the final contract cost shown on the last approved change order. Where equipment is included in the project, the cost shall be obtained from the owner's inventory on Form CFA-225. Other line-item amounts shall be obtained from the owner. If the name of the school has been selected, it shall be shown in Item B-7.

If any of the items listed on page one remain unsettled, or if further action is needed with respect to liquidated damages, the Field Engineer shall so advise the owner in writing. A copy of the letter shall be furnished the Regional Office. Form CFA-840 shall not be submitted until the Field Engineer has obtained settlement of all outstanding items, unless such items require Regional Office action.

The original and three copies of Form CFA-840, the original and four copies of Form CFA-213-SC, and the original and one copy of

Form CFA-225 shall be sent to the Regional Office. Thereafter, the Field Engineer and the Regional Office shall furnish each other copies of correspondence with the owner on unsettled items.

REGIONAL OFFICE ACTION

Upon receipt of Form CFA-840, the Chief, Public Facilities Operations Branch, shall take the action necessary to settle any outstanding matters reported by the Field Engineer or otherwise known to the Regional Office. After such action, the Chief, Public Facilities Operations Branch, shall have Form CFA-841, *Final Project Summary*, prepared in an original and six copies. Item 7 or an additional sheet shall be used where there is insufficient space in other items, such as square footage data when there is more than one unit. Following concurrence by the Regional Director, Form CFA-841 shall be distributed as follows:

- (1) CFA: Original and four copies together with four copies of Form CFA-213SC and one copy of CFA-225.
- (2) Project File: One copy together with copies of Forms CFA-840, CFA-213SC, and CFA-225.
- (3) Field Engineer: One copy.

At the same time, a copy of Form CFA-840 shall be sent to the Regional Auditor, Department of Health, Education, and Welfare, and a copy to CFA. If requested, a copy of Form CFA-840 shall be furnished to the Local Representative of the Office of Education.

If some aspect of the project calls for special mention, such as arrangements for settlement of wage claims as prescribed in Section 20-2-4, the forms shall be sent to CFA with a memorandum discussing the matter.

In the event that actual approvable project costs underrun the estimated project costs, the Regional Office shall follow the Office of Education policy stated in Section 5-2-2, to assure that the certification for final payment is limited to the amount of funds actually required.

CFA will advise the Regional Office when the Office of Education certifies the final payment and authorizes the project file to be closed.

EXHIBIT A

CFA-202
(2-65)

CONTRACT CHANGE ORDER Federal School Construction Program			
Contract No. _____		Date _____	
Change Order No. _____		Project No. _____	
		Location _____	
To: (Contractor) _____			
You are hereby requested to comply with the following changes from the contract plans and specifications			
ITEM NO. (1)	DESCRIPTION OF CHANGES - QUANTITIES, UNITS, UNIT PRICES, CHANGE IN COMPLETION SCHEDULE, ETC. (2)	DECREASE IN CONTRACT PRICE (3)	INCREASE IN CONTRACT PRICE (4)
	Total decrease in contract price	\$ _____	XXXXXXXXXX
	Total increase in contract price	XXXXXXXXXX	\$ _____
	Difference: Net (increase) (decrease) contract price	\$ _____	\$ _____
The sum of \$ _____ is hereby (added to) (deducted from) the total contract price, and the total adjusted contract price to date thereby is \$ _____.			
The time provided for completion in the contract is (unchanged) (increased) (decreased) by _____ calendar days. This document shall become an amendment to the contract and all provisions of the contract will apply hereto.			
Accepted by _____		Date _____	
<small>Contractor</small>			
Recommended by _____		Date _____	
<small>Architect/Engineer</small>			
APPROVED BY _____		Date _____	
<small>Contracting Officer</small>			

EXHIBIT A (Page 2)

Contract Change Order, Page 2		CFA-202 (4-65)
REQUEST AND JUSTIFICATION FOR CHANGE Federal School Construction Program		
Contract No. _____	Project No. _____	
Change Order No. _____	Location _____	
1. Necessity for change:		
2. Is proposed change an alternate bid? <input type="checkbox"/> Yes <input type="checkbox"/> No		
3. Would it affect status of low bidder? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, explain.		
4. Will proposed change alter the scope of the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, explain.		
5. Effect of this change on other contractors:		
6. Has consent of surety been obtained? <input type="checkbox"/> Yes <input type="checkbox"/> Not necessary		
7. Effect on operation and maintenance costs:		
8. Total amount budgeted for construction (latest Project Summary)		\$ _____
Total adjusted construction cost to date (include all contracts and this change order)		_____
Amount reserved for unawarded contracts		_____
Amount of construction funds remaining to date, exclusive of this change order		_____
9. This is a satisfactorily equitable, practicable, and economical alternative. <input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain.		
I recommend approval of this Change Order.		
_____		_____
<i>Field Engineer</i>		<i>Date</i>
I approve the issuance of this change Order		
_____		_____
<i>Contracting Officer</i>		<i>Date</i>

EXHIBIT B

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION Non-Federal School Construction Program FINAL PROJECT SUMMARY		CFA-811 (8-64) PROJECT NO. _____ TYPE OF PROJECT _____
1. APPLICANT _____		
2. NAME AND LOCATION OF PROJECT _____		
3. PROJECT DESCRIPTION - AS COMPLETED _____		
4. FINAL PROJECT COST		
	APPROVED ESTIMATE	FINAL
Construction.....	\$ _____	\$ _____
Equipment	_____	_____
Architectural/Engineering Services	_____	_____
Legal and Administrative Expenses	_____	_____
Miscellaneous	_____	_____
Sub-Total	\$ _____	\$ _____
Less Liquidated Damages	_____	_____
Total Project Cost.....	\$ _____	\$ _____
Project Floor Space in Square Feet.....	_____	_____
Project Cost Per Square Foot.....	\$ _____	\$ _____
5. FINAL PROJECT FINANCING		
	APPROVED ESTIMATE	FINAL
Applicant's Funds	\$ _____	\$ _____
Federal Funds	_____	_____
Total.....	\$ _____	\$ _____
Payment of Federal Funds:		
Total Federal Funds Allocated	\$ _____	_____
Upon Approval.....	\$ _____	_____
Upon Contract Award.....	_____	_____
Upon 50% Completion.....	_____	_____
Interim Payment	_____	_____
Final Payment Certified	_____	_____
Total Federal Payment	\$ _____	\$ _____
Balance Available For Revision.....	\$ _____	\$ _____

Section 4. Equipment

This Section covers the acquisition and provision of movable equipment included in the project. It does not apply to items of fixed equipment included in the construction contract. Policies with respect to minimum equipment are stated in Section 5-1-1.

EXCLUSION FROM PROJECT

When the applicant's participation in the project is sufficient to purchase the necessary equipment, the purchase of equipment should not be included in the project. The applicant will furnish certification, in the form of a resolution, that it will provide the necessary equipment with its own funds.

When the entire Federal contribution for the project will not substantially exceed the estimated cost of equipment, the applicant should be urged to handle all construction with its own funds, and to agree to use the Federal funds only for equipment.

This policy should be brought to the attention of the applicant in the initial contacts. However, later changes can be processed as a change in project scope.

POLICIES

Limited program funds require that equipment purchases be kept to the approved minimum and that they be made in the most economical manner. Expenditures for equipment must follow applicable State requirements. Where there are no such requirements, program policy calls for free and open competitive bidding to assure that equipment purchases are made impartially on the basis of the lowest bid received.

The limitations in OE Bulletin No. 22 refer only to purchases of equipment financed with Federal funds. A local educational agency may add at its own expense any additional equipment it desires.

SELECTION OF EQUIPMENT

Upon notice of approval of a project, the Regional Office will ask the applicant to submit to the local representative of the Office of Education, in quintuplicate, a list of the equipment for the facility. Form CFA-237A, *Equipment Purchased With Federal Funds*, containing instructions for the acquisition of equipment, should be given to the applicant with Form CFA-237, *Preconstruction*, when equipment is to be purchased with Federal funds.

The applicant will be responsible for clearing the proposed equipment list with the appropriate State and local authorities and with the local representative of the Office of Education. When the local representative of the Office of Education has approved the list, he will send two copies to the Regional Office indicating his approval and any revisions. He will also return a copy to the applicant.

The Engineering Staff will ascertain whether the total cost of the equipment as shown on the approved equipment list is within the equipment estimate in the Project Summary.

ESTIMATE OVERRUNS

If the estimated total exceeds the equipment estimate in the approved Project Summary, the applicant will be requested to reduce the list of required equipment to the budgeted amount or give assurance that additional applicant funds will be provided when needed. If the applicant reduces the list, the revised list will be sent to the local representative of the Office of Education for approval. No change in the approved project is involved.

If the applicant requests that the project cost estimate be adjusted to provide the needed funds, the revision must be processed in accordance with Section 5-2-2. If the applicant agrees to furnish additional funds, the revision will be processed after bids have been received. Excess funds in any line item of the budget may not be used to purchase equipment unless a request for the transfer of funds to the equipment estimate is approved by the Office of Education as prescribed in Section 5-2-2.

Upon determination that the equipment can be procured within the funds available, the Regional Director will advise the applicant accordingly. A copy of this letter, with a copy of the approved list, will be sent to the Field Engineer.

PROCUREMENT PROCEDURES

Equipment procurement will be made in accordance with any applicable State laws or regulations. Documentation and methods normally used by the owner will be permitted, subject to the instructions below. Form CFA-237A contains instructions for the owner and its architect with respect to equipment procurement.

Where local law or regulation does not provide otherwise, procurement will be made through open competitive bidding. Where local law does not require advertising, the applicant may request exemption from this requirement. The Regional Director may approve the omission of advertising if the applicant agrees to obtain bids from three or more suppliers located within a reasonable distance of the project.

When advertising is used, it must provide for sealed bids to be opened publicly at a specified time and place. Specifications may cite a given manufacturer's catalog title and number for a specific equipment item to

establish quality and type, in each such case, the citation must be followed by the words, "or equal".

When equipment will require assembly or installation on the site by the vendor, the contract must include the labor provisions applicable to this Program (see Form CFA-238-K). When a purchase order or other informal type of contract is to be used, the labor provisions must be attached and the supplier required to furnish to the owner written acknowledgment of receipt of the labor provisions.

All other equipment procurement may be made by means of the forms and methods normally used by the applicant.

Concurrence in Awards

When the applicant has tentatively selected the suppliers to whom it proposes to award contracts, the applicant is to submit to the Regional Office the following documents as applicable:

- (1) One copy of proof of publication of advertisement for bids, or a list of suppliers solicited for bids.
- (2) A signed or certified tabulation of all bids obtained and a copy of each successful bid.
- (3) A copy of each proposed contract or purchase order showing the supplier's name and address, the items included, and the cost.
- (4) A certified copy of the ordinance or resolution of proposed award.
- (5) A statement by the applicant's attorney that proposed awards conform to State and local law, with a copy of any required resolution of award.
- (6) When necessary, a resolution as to the availability of any additional funds which may be required to permit awards.

The Engineering Staff shall review these documents to determine if items in bid were those authorized by Office of Education and to determine that awards are being made to the lowest responsible bidder and are within the available funds.

The Regional Director shall concur in proposed contract awards only when the above conditions have been met and there are no irregularities that cannot be cleared by consultation with the Legal Branch and the Engineering Staff.

If the applicant insists on a contract award contrary to these requirements, including award to other than the lowest bidder, the Regional Director shall request advice from CFA as to the action to be taken.

The Regional Director shall advise the applicant by letter of the action with respect to the contract award and request one executed and one conformed copy of the contract documents. The letter should list the bidders and amounts for which concurrence is given. Any conditions

which qualify the concurrence, and the time limit for remedial action, should be clearly stated. Copies shall be sent to the local representative of the Office of Education and the Field Engineer.

Upon receipt, the executed set of contact documents shall be placed in the project file and the conformed copy sent to the Field Engineer.

BID OVERRUNS

If bids overrun the equipment estimate, the project cost estimate shall be reviewed to determine whether the equipment estimate can be increased by reductions in other budgeted line-items which will not result in later difficulties in completing the project.

If such adjustment is feasible, the matter shall be referred to the local representative of the Office of Education and otherwise processed in accordance with Section 5-2-2.

If the adjustment is not feasible, the applicant shall be requested to supply the additional funds required or reduce the equipment list. If the applicant agrees to provide the additional funds, the matter will be processed in accordance with Section 5-2-2. Any change in the list must be approved by the local representative of the Office of Education.

If the applicant does not agree to either request, and the local representative of the Office of Education agrees that adjustment of the cost estimate is not feasible, the matter shall be referred to CFA, in accordance with Section 5-2-2, as a change in total project costs requiring additional Federal funds.

CONTRACT CHANGES

Changes in an equipment contract after award shall be submitted to the Regional Director for concurrence prior to notification to the contractor. As necessary (see Section 5-2-2), the Regional Director shall secure approval of the Office of Education before concurring in the change.

INSPECTION

It will be the applicant's responsibility to inspect and accept the equipment upon its delivery. The Field Engineer shall not inspect equipment until his final inspection except in cases of partial occupancy.

When the Field Engineer is ready to make his final inspection of the completed facility, he shall secure from the applicant three copies of a complete inventory of equipment on Form CFA-225, *Project Equipment Inventory*. He shall verify this list against the approved equipment list together with change orders and the conformed copy of the contract, and by personal observation and inspection of the equipment in the building.

EQUIPMENT FURNISHED BY APPLICANT

If the applicant provides equipment outside the scope of the project, the Field Engineer shall check the equipment after installation and report on the Final Project Report whether the total equipment provided is adequate for the operation of the school. No inventory listing is required.

If the applicant advises that installation is complete, but the Field Engineer finds that the equipment furnished is not adequate for project use and operation, he shall advise the owner that no further payment of Federal funds will be recommended until the deficiencies are corrected.

If all equipment is not installed at the time of final inspection, details concerning omitted items and anticipated installation thereof shall be included by the Field Engineer in his Final Project Report. If the Field Engineer finds that adequate equipment has been arranged for but is not all on hand, additional inspections to check delivery and installation of the remaining items need not be made.

CHAPTER 3. FEDERAL SCHOOL CONSTRUCTION

Section 1. Preliminary Development

REPORTS

Each Regional Office shall report monthly on each Section 10 project from the time the Office of Education has requested a cost estimate to the time the *Final Project Report*, Form CFA-850, is submitted to CFA. The monthly report shall be prepared on Form CFA-804, *Status Report of Federal School Projects* (see Exhibit A). After Form CFA-850 has been submitted to CFA, the project so reported shall be omitted from succeeding monthly reports on Form CFA-804.

Form CFA-804 shall be prepared as of the close of each month, and an original copy submitted in sufficient time to be received in CFA no later than the tenth of the following month. The report shall be signed by the Chief, Public Facilities Operations Branch.

APPLICATION

The Federal agency requiring the construction of permanent school facilities will request the Office of Education to furnish the facilities. The Office of Education will send a copy of the application to CFA. The local representative of the Office of Education will furnish a copy of the application to the Regional Office concerned. CFA will advise the Regional Office by memorandum of the project number assigned by the Office of Education.

On receipt of the Regional Office copy, Form CFA-112, *Project Statistics Card*, and a project folder will be initiated. Only the name and address of the applicant and its authorized representative, type of project, and location will be entered on the card at this time. No formal actions will be taken but Regional representatives may meet with the local representative of the Office of Education or the applicant agency for preliminary discussions.

A revised application will be submitted to and processed by the Office of Education in the same manner as the original application.

Copies of applications not approved by the Office of Education will be retained until the Regional Office is notified of their obsolescence by CFA. Obsolete applications and corresponding control cards will then be destroyed.

When the Office of Education has determined that the need should be met through construction of a Federal school, it will advise CFA of the number of children, type of facility, project description, area, and such other criteria as may be necessary, and will issue authorization to (1) obtain cost estimates, (2) after approval of such estimates by the Office of Education, enter into architectural contracts for the development of plans and specifications and supervision of construction, and (3) after approval of the educational aspects of the plans and specifications by the Office of Education, proceed with construction. CFA

will send a copy of this letter to the Regional Office with a transmittal memorandum requesting necessary cost estimates.

SITE INSPECTION

An on-site inspection of the site proposed by the applicant agency will be made in all cases by an engineer representing the Regional Office prior to submission of the cost estimate. The Regional Office will not concur in sites which are unsuitable for the proposed facility or where construction costs will be excessive or construction progress delayed.

Inspection of the site will ordinarily involve at least the following major considerations: (1) safety, proximity to utilities and housing, and play areas, (2) local plans for future development, (3) suitability of the site for the proposed construction, and (4) an estimate of the cost of site improvements and utility connections to assist the Regional Office in preparing the project cost estimate.

Any disagreement with respect to site location which cannot be resolved with the applicant agency or with the State or local educational agency shall be referred to CFA.

Tentative arrangements for utility connections should be made before the cost estimates are prepared, and agreement in writing with respect to them should be reached with the representative of the applicant agency prior to award of the construction contract. Normally, utility connections financed as a project cost will not extend beyond the school site.

In case utility connections must extend beyond the school site and local or applicant agency funds are not available, project funds may be utilized for such costs. P.L. 815 funds are not available for such off-site improvements as roads and streets.

Consideration also must be given to the possible control and use of access roads and other Government facilities and utilities during construction. Agreement in writing with respect to these items will be required prior to the award of a construction contract (see Section 5-3-2).

COST ESTIMATES

Following general agreement as to the site, the Regional Office shall develop cost estimates based upon the type of facilities required and allowed within minimum criteria. Limitations on budgets for architectural services and movable equipment are incorporated under "Architect's Contract" in Section 5-3-2 and "Selection and Approval" in Section 5-3-4.

The Regional Director shall submit a report, in duplicate, to CFA, giving the cost estimate, a description of the project, and other pertinent data. The nature and scope of the report is shown in Exhibit B.

The cost estimates will be reviewed in CFA. After clearing any changes with the Regional Office, CFA will forward the estimate to the Office of Education. A copy of the recommendation to the Office of Education will be furnished the Regional Office.

EXHIBIT A

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION FEDERAL SCHOOL CONSTRUCTION PROGRAM		STATUS REPORT OF FEDERAL SCHOOL PROJECTS		REGION X FOR THE MONTH OF:		July, 1964	
NAME OF INSTALLATION		PROJECT NO.	DATE APPROVED	CURRENT STATUS	Chief, Public Facilities Operations Branch		
					REMARKS		
Fort Weirwright - Alaska	5A14	7-17-63	Cost Estimate	Cost estimate to be prepared June 1964.			
Trevis AFB - California	1A13	12-14-61	Dr. Plans	Final Plans to be completed in July, 1964.			
Dover AFB - Delaware	1A11	5-24-62	100%	Final report in preparation.			
Fort Riley - Kansas	1A12	4-30-64	69%	Construction on schedule. Equipment being delivered.			
Fort Campbell - Kentucky	1A13	12-11-63	Dr. Plans	Architectural sketch anticipated August 1964.			
Pease AFB - New Hampshire	1A13	3-7-61	Dr. Plans	Delayed pending decision by OK on scope.			
Fort Buchanan - Puerto Rico	2B11	1-31-64	99%	Advertising additional approved construction.			
Black Hills O. D. - South Dakota	2A13		Dr. Plans	Revising architectural sketch.			

CF-4000
(8-63)

EXHIBIT B

H-86 (8-62)

UNITED STATES GOVERNMENT

HOUSING AND HOME FINANCE AGENCY

Memorandum

TO :, Commissioner, CPA

DATE:

FROM : John L. Fitzgerald, Regional Director of
Community Facilities, Region X

SUBJECT: N. Y. 62-C-FED-7-A12 School Facilities
Morristown Air Force Base, New York

Pursuant to your memorandum of October 14, 1964, we have prepared an estimate of cost to construct the school facilities authorized by the Office of Education for the Morristown Air Force Base.

Construction Contract	\$520,500
Construction - 29,143 sq. ft. @ \$17.50	\$510,000
On Site Utilities:	
Water: 200' - 6" C.I. and fittings @ \$3.50 -	\$ 700
Sewer: 350' - 24" Conc. @ \$6.50 -	\$2,275
Gas: 175' - 2" Steel @ \$1.50 -	\$ 260
Electric: Service Line & Transformers L.S.	<u>\$1,500</u>
	\$4,735
On Site Improvements:	
Roads: 660 sq. yd. roadway Asphalt @ \$3.43 s.y.	\$2,265
Walks, curbs, gutters: L.S.	\$2,500
Other: L.S.	<u>\$1,000</u>
	\$5,765
Equipment	\$ 20,000
Architectural Services:	\$ 37,500
Design and Architect Supervision: 520,500 @ \$5.2% -	27,100
Other A/E Services: Res. Insp. 14 mo. @ 600 -	8,400
Surveys, Tests, etc. L.S. -	<u>2,000</u>
	37,500
Non-Administrative	\$ 7,500
Contingencies	\$ 26,500
Total	\$612,000

The estimate is based on the authorization of the Commissioner of Education in a letter dated October 10, 1964, identified as N. Y. 62-C-Fed-7-A12.

EXHIBIT B (Page 2)

- 2

The above estimate is for an elementary school plant consisting of ten standard classrooms, two kindergarten rooms, administrative suite, health room, teachers' room, multi-purpose room, kitchen, library, toilets, storage rooms, boiler room, corridors and equipment not to exceed 29,143 sq. ft. (Gross Area).

The building to be designed and constructed will be of fire-resistive construction. Design and construction will conform to State and local school building code requirements.

A unit price of \$17.50 per sq. ft. of floor area is considered fair and reasonable for this construction in this area.

A field inspection shows that the site is suitable, that the topography of the ground is satisfactory and that only a normal amount of clearing and finish grading will be required. Tentative arrangements for utility connections have been made and no access problems are anticipated.

Regional Director of
Community Facilities

11/10/64

Section 2. Preconstruction

The Office of Education will notify CFA of approval of cost estimates for the project, and state the total amount of funds reserved. CFA will send a copy of this notice to the Regional Office, with a memorandum from CFA authorizing the Regional Office to plan, construct, and equip the project.

DESIGN AND CONSTRUCTION POLICIES

This Agency is primarily responsible for design of Federal school projects. Design should usually be in harmony with architectural styles in the project area. Any opinions about appearance expressed by representatives of the local operating agency or of the Federal installation during the preliminary meeting should be given consideration. Innovations of unproven value and designs of excessive novelty or extreme functionalism should be avoided.

The choice of material should reflect considerations of soundness, economy, and appearance and must be based on local climatic conditions and reaction of the materials to prolonged exposure.

PUBLICIZING PROCUREMENT ACTIONS

Subpart 1-1.10 of the Federal Procurement Regulations requires that all proposed civilian agency procurement actions of \$5,000 and above be publicized promptly in the Department of Commerce publication, "Synopsis of U.S. Government Proposed Procurement, Sales and Contract Awards," informally known as "Department of Commerce Synopsis" or "Synopsis." The following need not be so advertised:¹

- (1) Procurements which are of such unusual and compelling emergency that the Government would be seriously injured if bids or offers were permitted to be made more than 15 calendar days after issuance of the invitation for bids or request for proposals or the date of transmittal of the synopsis, whichever is earlier;
- (2) Procurements which are made by an order placed under an existing contract;
- (3) Procurements which are made from another Government department or agency, or a mandatory source of supply;
- (4) Procurements which are for personal or professional services.

Regional Offices shall therefore furnish the Department of Commerce a synopsis of each applicable procurement action, including advertisements for construction contract bids, in accordance with the provisions of Subpart 1-1.10 of the Federal Procurement Regulations.

¹ Other exceptions are listed in Federal Procurement Regulations, Section 1-1.1003-2.

ARCHITECT'S CONTRACT

The Regional Office shall negotiate an agreement for architectural services. Form CFA-203, *Agreement Between United States of America and the Architect/Engineer*, shall be used.

If the Regional Director decides it is necessary to require information as to the professional qualifications of an architect or engineer, GSA Standard Form 251, *U.S. Government Architect/Engineer Questionnaire*, shall be used.

The architect's fee shall be a fixed lump-sum for furnishing sketches, preliminary and final drawings, specifications, and competent and adequate supervision necessary to assure construction of the facility in conformity with approved contract documents.

By statutory limitation, the basic fee for architectural services, including the preparation of plans, specifications and other contract documents, and general supervision, cannot exceed 6 per cent of the approved estimated construction cost. The schedule of minimum general supervision included in the basic fee shall be specified in Section 19 of the contract, Form CFA-203.

Inspection services in excess of general supervision included in the basic fee are not required on most projects. If, because of unusual factors, the contracting officer determines that additional inspection services are necessary, an extra fee in excess of the basic fee limitation may be paid. Such services are to be enumerated in Section 20 of the contract, and their charges reflected in the applicable subsections of Section 3. Other special services requested and approved by the Government, e.g., project inspection, topographical surveys, test borings, etc., may be included in the extra fee and shall also be enumerated and their charges reflected in these same sections. The enumeration in Section 20 shall include the cost for each item of inspection or other service.

When extra inspection services are provided and, for reasons beyond the control of the architect, the job substantially overruns the contract completion time, additional reimbursement may be made to the architect for the additional inspection services at the rate included in the original agreement for that service.

The architect shall be requested to submit in duplicate a list of items of equipment purchased as initial equipment but provided as part of the construction cost and appearing only in the plans and specifications of the building. This list is to include items such as stoves, refrigerators, dishwashers, and laundry equipment in cafeterias, kitchens, and home-making suites. The sole purpose of the list is to facilitate later inspections of the building by OE representatives. It excludes items built into the structure, such as furnaces, boilers, steel vaults, walk-in refrigerators, and the like. The list shall contain identification, cost and date of acquisition, and location in school plant by room and building. The Regional Office shall attach the original to the delivery and acceptance document forwarded to the local representative of the Office of Education and retain the copy.

The architect shall be advised that no allowance for the preparation of specifications for movable equipment will be included in the total fixed fee unless he is directed to perform this service by the Regional Office.

Prior to execution of the contract, the Regional Director shall secure a prevalidation of funds (obligating authority) on Form CFA-811 (see Exhibit A) from the Regional Administrative Division. An original and one copy shall be furnished to the Administrative Division which shall return the original as evidence of the availability of funds.¹

The contract shall be prepared in quintuplicate. The original shall be placed in the appropriate Fiscal Project File maintained in the Administrative Division. An executed copy shall be furnished to the architect, and conformed copies to the Regional project file, the Field Engineer, and CFA.

ARCHITECTURAL SKETCHES

The contracting officer shall inform the architect of the details of the Office of Education authorization insofar as the physical plant is concerned.

The architect shall be requested to furnish in quadruplicate, prior to preparation of more detailed plans, (1) A single-line floor plan dimensioned to show size and arrangement of rooms, and (2) a plot plan showing location of buildings, playground areas, and proximity to utility connections. The architect should be advised to prepare these only in such detail as will permit visualization of the layout with respect to architectural and safety aspects.

When the project is identified as an addition to an existing school, the single-line sketch shall include the dimensioned floor plan of the existing building as well as the addition.

The Engineering Branch shall review the architectural sketches to ascertain that:

- (1) The architect's concept of the project as shown in the sketches agrees with the instructions given him, and conforms with the approved project description and specified area.
- (2) The safety features such as stairways, exits, and boiler room placement, locations of boilers and fuel tanks, and site planning with reference to such items as parking areas, walks, driveways, playgrounds, and traffic flow, appear acceptable.
- (3) The project apparently can be built within the approved cost.

PRELIMINARY CONFERENCE

After completion of the architectural sketches, a meeting should be arranged with the applicant agency, the Office of Education local representative, the State and local educational agencies, and the architect

¹ Whenever in this Section a prevalidation of funds is requested, Region VII and the Seattle Area Office may, in urgent cases, obtain the prevalidation by teletype.

for discussion and agreement on the proposed plan for the authorized facilities. Other items relating to the construction of the facilities should be discussed at this time.

After the sketches have been revised in accordance with the agreement reached at the preliminary conference, one set shall be given to the Office of Education local representative and two sets shall be air-mailed to CFA, which will obtain Office of Education concurrence and advise the Regional Office of approval and any desired changes.

PRELIMINARY PLANS

The contracting officer shall notify the architect of any changes in the sketches and instruct him to prepare preliminary plans and outline specifications, which shall include (1) dimensioned floor plans, size and title of all rooms and other areas, typical wall sections, front and side elevations, perspective of finished project; (2) plot plan showing property boundary line dimensions, topography, proposed building(s) in place, existing or proposed streets, roads, driveways, parking areas, play areas, fences, locations and size of all utility lines and connections; and (3) outline specifications sufficiently detailed to indicate clearly the construction features and standards of construction.

The architect shall be instructed that when the preliminary plans, are completed, he will send a copy to the Regional Office.

Engineering review shall cover the following determinations:

- (1) The facility as planned conforms to the objectives and limitations of the project description and agrees with the approved sketches.
- (2) Plans and specifications are of a technical quality that assures satisfactory development of the final versions.
- (3) All design elements and specifications related to pupil safety are acceptable.
- (4) All necessary mechanical, electrical, and other utility information has been provided.

After review, the contracting officer shall furnish the architect with advice of changes to be made, if any, and any additional instructions and shall instruct him to prepare the final plans and specifications and other contract documents.

Such deductive alternates as appear desirable, but which will not change the educational features of the approved project, should be outlined in the sequence in which they will be accepted to come within funds limitations and approved by the Regional Director. Additive alternates are not acceptable, except as directed by the Office of Education.

ACCESS PERMIT

The Regional Office shall obtain, in triplicate, an agreement from the applicant agency providing (1) authority to the Housing and Home Finance Agency, its representatives, contractors, and agents, for access

to the project site during construction and (2) access to and use of utilities. The agreement shall also provide for permanent connections to and provision of utilities after construction. The agreement shall accurately describe the site location and its boundaries.

After review for legal sufficiency by the Legal Division and approval by the Regional Director, the original shall be placed in Regional custody files. A copy shall be sent to the Field Engineer, and to CFA for transmittal to the Office of Education.

WAGE RATES

Approximately 45 days before completion of final plans and specifications, the Regional Office shall secure a pre-determination of wage rates for all classifications of laborers and mechanics to be employed on the project. Procedures for processing wage rate determinations follow those in Section 20-1-1 for Non-Federal School projects except for references to the owner.

PREPARATION OF PROPOSED CONTRACT DOCUMENTS

The architect shall prepare, in addition to the plans and specifications, the other required contract documents.

Contract Forms

The Regional Office shall furnish the architect with the necessary Federal forms and inserts required to compile complete sets of proposed contract documents. Each set shall include: the following forms, except that, when applicable, Standard Form No. 19 shall be used in lieu of Standard Forms Nos. 20, 21 and 23.

- (1) *Invitation, Bid, and Award*, Standard Form No. 19. This form is a single sheet on which bids may be solicited, submitted, and accepted. The general provisions on the reverse side are adequate for contracts of \$2,000 or less and become adequate for contracts between \$2,000 and \$10,000 when Standard Form No. 19A is attached.
- (2) *Labor Standards Provisions*, Standard Form No. 19A. This form shall be used on all contracts where the Government's estimate indicates that the low bid will, or may, exceed \$2,000, and will be attached to Standard Form No. 19 or Standard Form No. 23.
- (3) *Invitation for Bids (Construction Contract)*, Standard Form No. 20. The official advertisement for bids shall be prepared on Standard Form No. 20.

This Form shall also include the daily amount to be assessed for liquidated damages.

- (4) *Bid (Construction Contract)*, Standard Form No. 21. This Form includes the contract completion time.

- (5) *Instructions to Bidders (Construction Contract)*, Standard Form No. 22.

Standard Form No. 22 contains basic instructions prescribed by the General Services Administration. Since these deal only with actions occurring prior to award, the form shall be included in the bidding documents, but shall not be incorporated in the actual contract.

- (6) *Notice to Bidders*, Form CFA-211

Form CFA-211 contains additional instructions and requirements established by CFA. These provisions govern post-award actions and therefore are incorporated in and made part of the construction contract documents by the language in Form CFA-209.

- (7) *Bidder's Qualification Questionnaire*, Form CFA-216. Form CFA-216 contains a format for uniform presentation of contractors' qualifications. It is intended to assist in contract award decisions. The form shall be included in the bidding documents, but shall not be included in the actual contract. Form CFA-216A shall be included in the bidding documents only where the bid value for all line items covered by the invitation is estimated to exceed \$10,000. It shall not be included in the actual contract.

- (8) *Contract (Construction)*, Standard Form No. 23 (Revised)

- (9) *General Provisions (Construction Contract)*, Standard Form No. 23A (Revised)

Standard Form No. 23A contains general conditions prescribed by the General Services Administration for construction contracts. It shall be made part of the actual contract by attachment to Standard Form No. 23.

- (10) *General Conditions for Federal Construction Contracts*, Form CFA-209

Form CFA-209 contains additional general conditions for construction contracts required by CFA. Form CFA-209 also modifies certain sections of Standard Form No. 23A.

Contents of Form CFA-209 must be incorporated in the actual contract by attachment to Standard Form No. 23, *Contract*, and referral thereto in that form.

The labor classifications and wage determinations by the Department of Labor shall be included by appending the schedule.

- (11) *Bid Bond (Construction Contract)*, Standard Form No. 24
 (12) *Performance Bond (Construction Contract)*, Standard Form No. 25
 (13) *Payment Bond (Construction Contract)*, Standard Form No. 25A

Standard Forms Nos. 24, 25, and 25A shall be used as required by Federal Procurement Regulations, and by the applicable conditions in Forms CFA-209 and CFA-211 or in other bidding documents. The information necessary to complete these forms with respect to date and place for bid opening, amount of deposit for plans, insurance requirements, and supplementary conditions, etc., shall be determined by the contracting officer and furnished to the architect. Blank copies of the necessary forms shall be included in the bidding documents, and the executed forms shall be made part of the actual contract.

FINAL PLANS AND SPECIFICATIONS

The architect shall be instructed to send the completed plans and specifications simultaneously to the Regional Office, the local representative of the Office of Education, the applicant agency, CFA, and such other State and local agencies as may be deemed necessary. One copy of the floor plan also shall be forwarded to CFA for further transmittal to the Office of Education.

The Regional Office shall consider the comments and recommendations of the applicant agency and the State and local agencies, and shall obtain approval from the local representative of the Office of Education with respect to the educational features of the final plans and specifications.

The Regional Engineering Branch shall review the plans and specifications to assure that:

- (1) The facility as planned conforms to that outlined in the approved project, includes the changes requested by the Regional Office, and that there are no apparent structural deficiencies.
- (2) The plans and specifications are sufficiently complete to cover all necessary work.
- (3) The documents will allow full and open competitive bidding.
- (4) All materials and workmanship are clearly and completely specified.
- (5) All prescribed forms are included and conform to the instructions given the architect.

Legal review of the pre-bid documents is not required. However, the Engineering Branch shall consult with the Legal Division regarding legal questions which arise during the review.

After review of draft contract documents, the Regional Director shall instruct the architect as to any changes required prior to advertisement for bids. Before advertising, the contracting officer shall ascertain that all required changes in the contract documents are made by the architect. Any necessary changes subsequent to advertisement for bids shall be made by addenda.

The advertising for bids shall be arranged by the Administrative Division at the request of the Regional Director.

ISSUANCE OF BIDDING DOCUMENTS

The invitation shall advise that a specified number of sets of bidding documents may be obtained by prospective bidders upon deposit of the specified amount for each set. Prospective bidders include only contractors who can be expected to bid for the prime contract. The Regional Director shall authorize the number of sets, not to exceed 6, on the basis of the project size or complexity.

The deposit check shall be returned to the depositor if he returns the documents in acceptable condition not later than 15 days after award of the contract. "Acceptable condition" means a condition which permits the set to be used in construction.

To permit returns by the 15th day, the Regional Director shall send unsuccessful bidders a courtesy notice of award on the same day notice of award is sent to the successful bidder. However, this courtesy notice should not be mentioned in the advertisement or otherwise.

Bidding documents may be loaned to a builder's exchange or other organization which maintains a display room where such documents may be consulted by interested persons. No deposit need be required, but the organization should be instructed to return the documents by a specific date.

The amount of the required deposit should be between \$15 and \$30 a set.

Control of Deposits

The architect shall be advised whether sets will be issued from the Regional Office or that of the architect, or both.

Where the architect will distribute the documents, he shall be given a letter of instructions similar to Exhibit B and a stock of Form CFA-215 (Exhibit C).

Extra Sets

Prospective bidders sometimes desire a greater number of sets than will be permitted under the deposit limits above. Also, parties who are not prospective bidders, e.g., materials suppliers and subcontractors, may wish sets. Since the demand cannot be anticipated, it shall be left to the architect to run off any such extra sets and to sell these on request. These sets are in addition to those required by Section 2(f) of Form CFA-203 and are not provided for in that form since these transactions will be entirely between the purchaser and the architect. The invitation should state that extra sets may be purchased from the architect at \$..... per set. The fee should be a reasonable amount to cover the estimated cost of reproduction.

Bidding Document Control

When the Regional Office issues sets, the Engineering Branch shall

maintain a record of deposits received and returned on Form CFA-215 (Exhibit C). On the week day following the 15 day period for return of the bidding documents, the completed control sheets shall be reviewed by the Chief, Engineering Branch and the Regional Director to insure accountability for all sets.

When the control sheet and retained checks are received from the architect, the control sheets shall be reviewed by the Chief, Engineering Branch and the Regional Director to insure accountability for all sets. The checks and surnamed control sheets shall be sent to the Administrative Division.

BID OPENING

CFA shall be informed of the date and place of the bid opening. The architect shall attend the bid opening.

The bids will be opened publicly and read aloud by a representative of the Regional Office who shall record any irregularities noted in the bids.

Irregularities in the bids should be cleared by the Regional Office whenever possible; otherwise, they shall be submitted to CFA with recommendations. Where there are questions with regard to mistakes in bids or acceptability of a delayed bid or bids, reference should be made to the procedures prescribed in the Federal Procurement Regulations. In cases of doubtful applicability of the Federal Procurement Regulations, inquiry should be made of CFA.

Overruns

When the lowest acceptable bid, including all deductible alternates, exceeds the construction budget by more than 10 percent and it is determined that readvertising without modification in the scope of the project will not result in acceptable bids, the Regional Director shall submit his recommendation to CFA, with respect to the action which should be taken to redesign the project, reduce its size, or obtain additional funds.

If the lowest acceptable bid exceeds the construction budget by 10 percent or less, the Regional Office may transfer funds from the contingencies item or from other classifications where an excess appears, provided that it is reasonably certain that the transfer will not result in difficulties later in completing and equipping the building. However, the amount for non-administrative expense may not be altered.

Underruns

If the bid underruns the amount budgeted, the Regional Office shall review the cost estimate and advise CFA of the amount of Federal funds which can be released.

Identical Bids

GSA General Regulation No. 26 provides instructions for reporting identical bids. Reports required by that regulation shall be submitted in quadruplicate to CFA within 10 days after the disposition of all bids received, whether disposition is made by contract award or other action. Form DJ 1500 is to be used for submitting reports. Any relevant information not given in the report form should be included in a transmittal memorandum. CFA will forward reports to the General Counsel for coordination and submission to the Attorney General.

AWARDS

The contracting officer shall award contracts only:

- (1) If prevalidation of funds has been secured on Form CFA-811 (see Exhibit A).
- (2) On the basis of the lowest responsible bid received.
- (3) If the lowest acceptable bid is within the funds approved for construction purposes.
- (4) The bidder is found eligible after a check against the file of disqualified or restricted firms to ascertain whether he has been disqualified under existing laws or regulations from participation in Federally-aided projects.

The selected bidder shall be notified of the proposed award by letter, and instructed to furnish immediately the statement of qualifications required in the bidding documents. The letter should clearly state that award will be made only after satisfactory evidence of his qualifications to perform work.

After review and approval of the qualification evidence, a letter of firm award shall be sent to the awardee with two copies of the construction contract, Standard Form No. 23. The letter shall instruct him to execute and return both copies, and to supply two executed copies of the performance bond and payment bond.

The executed contract and bonds shall be reviewed by the Legal Division to ascertain that they have been correctly executed and that the bonds furnished meet the contract requirements.

After legal review, the contracting officer shall execute both copies of the contract. One set of the executed documents will be sent to the contractor.

The Legal Division shall conform four copies of the executed contract. The remaining executed set shall then be placed in the Regional custody file. One conformed copy shall be filed in the project folder and one copy each sent to the Field Engineer, the architect, and CFA.

Upon execution of the contract, the contracting officer shall instruct the contractor to proceed.

Approval of Subcontractors

Proposed subcontractors are subject to the approval of the contracting officer. This approval authority may be delegated in writing to the Field Engineer.

If so authorized, the Field Engineer shall advise the contractor to submit directly to him, rather than to the Regional Office, the names of the proposed subcontractors and the certification as to the inclusion of labor standards as prescribed in Section 20-2-1, and as required in Section 5 of the General Conditions, Form CFA-209.

A proposed subcontractor may be approved if he is not currently restricted or disqualified from participating in Federal contracts. If the Field Engineer has any questions as to approval, he shall consult the contracting officer.

PROJECT REVISIONS

Changes in the approved architectural sketch, total project cost, or special conditions set forth in the OE approval letter shall be processed through CFA prior to the award of contracts. Changes in project sites require notification by Regional Offices to CFA. Changes in equipment and non-administrative budgets shall be processed through CFA. All such changes shall be submitted by memorandum.

NOTIFICATION TO BUREAU OF THE CENSUS

At the time the notice of award is issued to the successful bidder for any construction contract in an amount of \$25,000 or more, the Regional Office shall submit Form 16-19, *Construction Contract Award Notification*, to the Bureau of the Census.

A report also shall be made at the close of each month in which no such award was made. Item 1 of Form 16-19 shall be completed, the word "None" entered in Item 2, and "School Construction Program (Federal Projects)" shown under "Remarks."

EXHIBIT A

H-96(9-62)

CFA-611
(7-62)

UNITED STATES GOVERNMENT

HOUSING AND HOME FINANCE AGENCY

Memorandum

TO : Director, Administrative Branch

DATE:

FROM : Community Facilities Branch

SUBJECT: Prevalidation of Funds; Federal School Project
Project No.

Type of Action:

- Architect/Engineer Contract
- Construction Contract
- Contract Change (Architect/Engineer or Construction)
- Other _____

A prevalidation of the availability of funds in the amount of \$ _____ for the subject project is hereby requested.

Regional Director
of
Community Facilities

Funds are available.

Date: _____

Director, Administrative Branch

Previous Editions Obsolete

EXHIBIT B



HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE REGIONAL ADMINISTRATOR

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

May 21, 1959

Dear Sir:

As provided in the Architect/Engineer Agreement, your office will retain ___ sets of the bidding documents for project _____. You are hereby authorized to issue such sets to persons you regard as qualified, prospective bidders. Up to ___ sets may be issued to any such party upon the deposit of a check payable to the Housing and Home Finance Agency, Region X, in the amount of \$_____ per set.

Enclosed are copies of Form CFA-215, Bidding Document Control. You will post each deposit received, and, when and if refunded, the detail of that action. You will hold the checks received, and are authorized to give the deposit check back to the depositor if and when he returns the set of documents in acceptable condition. You are hereby authorized to determine whether the returned documents are in acceptable condition, meaning a condition which will permit the set to be used by the contractor for construction purposes.

Return of the sets must be within 15 calendar days following the award of contract; upon expiration of the 15th day, no deposit check may be returned. On the next work day following expiration of the 15-day period, you will complete Form CFA-215 by filling in the Summary block and transmitting it to this office with the necessary deposit checks.

Where additional sets, beyond the ___ sets which may be issued as above, are requested as provided in the Invitation, you will prepare and supply such sets, and collect the fee specified in the Invitation which you will retain as your full payment for such sets. No report of such payments is required by this office.

Sincerely yours,

John L. Fitzgerald
Regional Director of
Community Facilities

Enclosures

Section 3. Construction

LABOR PROVISIONS

The labor provisions applicable to non-Federal school construction (see Section 5-2-3) are applicable to Federal school construction.

In addition, the following provisions are applicable:

- (1) Non-discrimination in employment
 - (a) A provision prohibiting discrimination in employment must be included in all construction contracts.
 - (b) The Regional Office shall furnish the owner with copies of the nondiscrimination 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 will remain posted on projects not subject to the provisions of Executive Orders Nos. 10925 and 11114.

- (2) Buy-American Act.

SCHEDULE OF AMOUNTS FOR CONTRACT PAYMENT

Following award of the construction contract, the architect will secure from the contractor an original and three copies of Form CFA-207, *Schedule of Amount for Contract Payments*. This will provide a detailed breakdown of the contract amount, to be used as a basis for computing payments for work performed under the contract. The architect will review Form CFA-207 to ascertain that no unbalanced relation exists in the various items which would cause an excess payment to the contractor, and will send the form to the Field Engineer for comment and forwarding to the Regional Office. After engineering review and acceptance of the breakdown given, the contracting officer will sign the original. The original will be placed in the project folder and copies sent to the Field Engineer, contractor, and architect.

ARCHITECTURAL SUPERVISION AND INSPECTION

The architect is responsible for providing within his fee adequate supervision and inspection according to the Minimum Schedule of Inspections as listed in Section 19 of the Agreement, which inspection services will be augmented as necessary to insure construction of the project in accordance with the contract documents. He will submit an inspection report twice a month to the Field Engineer. The report should provide a clear picture of project progress and major problems on hand or anticipated.

The architect will prepare and maintain a construction progress schedule for the project on the basis of the schedules and charts prepared by the individual contractor.

No forms are prescribed for such schedules and charts since these should be developed to suit project conditions and local practices. However, the Field Engineer should insist upon schedules and charts of a type and quality which will aid the contractors and the architect in checking their rate of accomplishment. A copy of the schedule will be sent to the Field Engineer. Copies will not be distributed to other offices.

FIELD ENGINEER INSPECTION

The Field Engineer shall make periodic inspections of the project as determined by the Regional Director, the frequency of which will be determined by the size and complexity of the project. To render his inspection most effective, the Regional Director should endeavor to schedule visits to the project to coincide with major phases of construction.

The purposes of the Field Engineer's inspection are to check and report on:

- (1) Construction starts.
- (2) Rate of progress as compared to the construction schedule.
- (3) Work stoppages or factors contributing to delay.
- (4) Status of change orders and extensions of contract completion dates.
- (5) The frequency and quality of construction supervision and inspection by the architect.
- (6) Compliance with labor provisions (see Section 20-2-2).
- (7) Any unusual circumstances affecting the project such as fires, floods, explosions or strikes.
- (8) Date the project is substantially complete or when first placed in use.

The Field Engineer shall insure that the architect is fulfilling his responsibilities and providing adequate supervision. He shall report any major deficiencies to the contracting officer.

The Field Engineer shall also maintain contact with the architect in order to clarify questions pertaining to Federal requirements.

The Field Engineer shall report his inspections on Form CFA-200, *Periodic Inspection Report*. Copies of the report shall be sent to the local representative of the Office of Education, the Regional Director, and CFA. The Field Engineer shall retain one copy.

PERIODIC ESTIMATE FOR PARTIAL PAYMENT

The contractor will request periodic payments by submitting Form CFA-208, *Periodic Estimate for Partial Payment*, to the architect in an original and four copies. The contractor's estimate should cover only work performed and material supplied by the contractor and his subcontractors since his last request. Units of work and costs will be taken from Form CFA-207, *Schedule for Contract Payments*, as approved by the Regional Office.

Periodic Payments During Construction

The architect will be responsible for reviewing the statements regarding work performed and material supplied on the basis of his inspections. If he agrees with the estimate, he will sign the original of Form CFA-208. He will send the original and three copies of Form CFA-208 to the Field Engineer.

Except with respect to the final payment, which shall be processed in conjunction with the Final Project Report, the Field Engineer shall review the contractor's statement of work performed and materials supplied against his own knowledge of the project and the architect's semi-monthly reports. If he concurs he shall sign Form CFA-208, and send the original and two copies to the Regional Office.

After approval by the contracting officer, Form CFA-208 shall be given to the Administrative Branch for payment.

CONSTRUCTION CONTRACT CHANGES

Any change in the approved contract documents, including but not limited to revision in plans, specifications, scope of work, and time of completion, requires issuance of Form CFA-202, *Contract Change Order* (Exhibit A).

The approved plans and specifications must be considered adequate to provide minimum school facilities unless unusual circumstances arise which require contract change orders, such as :

- (1) A necessary item omitted from the original plans through oversight.
- (2) An error in the original design.
- (3) A change necessary to avoid hazards to the health or safety of the students.
- (4) A change which will materially reduce maintenance costs.
- (5) A structural change made necessary by unforeseen conditions developed during actual construction.
- (6) A substitution as a result of material shortages.

Proposed contract changes shall be prepared by the architect on Form CFA-202, *Contract Change Order*, in sextuplicate, and shall be submitted to the Field Engineer with one copy of a sketch showing the

change and a statement of the reasons for the change. The contractor's signature shall be obtained by the architect prior to submitting the proposal. If the contractor refuses to agree to the change, the architect shall also furnish a statement giving the reasons. If the Field Engineer is unable to resolve the issue, it shall be referred to the Regional Office.

The *Contract Change Order* shall be reviewed by the Field Engineer who shall sign it if satisfactory and send it to the Regional Office.

The contracting officer may approve proposed contract changes which do not involve a project change for which clearance by the local representative or the Commissioner of Education is required. The applicable types of changes set forth in Section 5-2-2 govern this determination.

The Regional Office shall obtain any required clearance by the local representative of the Office of Education. Upon receipt of clearance, the case shall be submitted to CFA for referral to the Office of Education. The submission shall include the architect's statement and the *Contract Change Order*.

If the necessary approvals are obtained, the contracting officer shall execute the *Contract Change Order* which shall be distributed as follows:

Original—Fiscal Project File

Signed Copy—Contractor, *page 1 only*

Conformed copy—Project folder, Field Engineer, architect, and CFA

CHANGES IN PROJECTS

For the appropriate changes, the procedure prescribed in Section 5-2-2 for non-Federal projects is applicable to Federal projects, except that:

- (1) Changes requiring clearance by the Commissioner of Education shall be processed by memorandum through CFA.
- (2) Changes in the latest approved estimate of any line item or the total cost shall be recorded on Form CFA-805, *Record of Project Costs* (See Exhibit B). Form CFA-805 shall be prepared in triplicate by the Chief, Public Facilities Operations Branch, and shall be numbered consecutively for each project. The original shall be sent to the project file and copies to CFA and the Regional Administrative Division.

In the event the change causes an increase in project obligations, a prevalidation of funds shall be secured on Form CFA-811 from the Administrative Division. An original and one copy shall be furnished to the Administrative Division, which shall return the original as evidence of the availability of funds. (See Exhibit A, Section 5-3-2). The original shall be filed in the project folder with the document effecting the change.

DISPUTES RELATIVE TO CONSTRUCTION

When a dispute with a contractor concerning questions of fact arises which cannot be resolved by mutual agreement, the contracting officer shall take the following measures before rendering his decision in writing to the contractor as provided for under Section 6(a) of Standard Form 23-A, *General Provisions of the Construction Contract*.

1. The Chief, Engineering Branch, shall review the circumstances and submit a full report which will include the following information in addition to other documentation pertinent to the case:
 - a. Chronological tabulation of pertinent events, actions taken, and/or circumstances leading up to the dispute, with supporting documentation as exhibits.
 - b. References to the particular sections of the contract provisions, conditions, specifications, and/or drawings relative to the dispute.
 - c. Any and all information relative to the dispute such as clerk-of-the-works daily log; field notes; Field Engineers' statements and inspection reports; A/E inspection reports and statements; change orders; periodic payments to the contractor; the contractor's position in the matter; and other pertinent data or documentation.
 - d. Conclusions.
 - e. Recommendations.
2. The contracting officer, who is usually the Regional Director, shall arrange a hearing at which the contracting officer or his duly authorized representative shall be present as well as the contractor or his duly authorized representative and any other technical or legal assistants either party shall wish to have in attendance.

The Regional Administrator, or whomever he may designate to represent him, shall be invited to attend any and all such hearings. In addition to the above mentioned parties, the following persons may be required for the particular case:

 - a. The project architect or engineer.
 - b. The Chief, Engineering Branch or his authorized assistant.
 - c. The Regional Counsel.
 - d. The Field Engineer assigned to the project.
 - e. Any other necessary technical or other personnel.
3. An accurate record of the hearing shall be made for the project and file records.
4. Upon consideration of all the documentation and additional facts presented at the hearing, the Contracting Officer shall reduce his decision to writing to the Contractor in accordance with Section 6(a), of *General Provisions of the Construction Contract*.

PARTIAL USE PRIOR TO COMPLETION

If any portion of the facility is to be used before final completion of the project, that portion shall be inspected by the architect, the Field Engineer, the local representative of the Office of Education, and the contractor.

A check list of any corrective or incomplete items shall be prepared by the architect and furnished the contractor at this time with a copy for the Field Engineer.

Following inspection, a letter shall be prepared (Exhibit C), signed by the Field Engineer and the local representative of the Office of Education, requesting permission from the contractor to use the facilities prior to actual completion of the contract. The letter shall be prepared in six copies. The original shall be furnished the contractor, with copies to the architect, Regional Office, Field Engineer, local representative of the Office of Education, and CFA.

The contractor's letter of consent to the request for partial use shall be sent to the Regional Office and a copy sent to the local representative of the Office of Education.

INSURANCE COVERAGE

At least two weeks prior to partial use or final inspection, the Field Engineer shall compute the amount of insurance necessary to cover the buildings and equipment and shall supply the Regional Office with Form CFA-507, *Determination of Insurable Value*, in duplicate.

The Regional Director shall advise the local representative of the Office of Education of the minimum amount of insurance that should be carried by the local educational agency. Under no circumstances shall the Field Engineer notify the Office of Education or the local educational agency directly of his estimate of the amount of insurance.

INSPECTION, CLEARANCE, AND TRANSFER OF COMPLETED FACILITY

Final inspection shall be made simultaneously by the Field Engineer, the architect, and the local representative of the Office of Education upon notification by the architect that the project is completed and ready for final inspection. The contractor and a representative of the applicant agency should be present.

If items of construction are found incomplete or unsatisfactory, a check list shall be prepared and presented to the contractor for remedial action with a copy for the Field Engineer. The Field Engineer shall be responsible for determining that all defects are corrected before the contractor is released.

When all defects have been corrected, the Field Engineer shall prepare a final inspection report, using Form CFA-850, *Contract and Project Completion Report*.

This report shall also contain a statement recommending transfer of the completed facility to the Office of Education and indicating the willingness of the local representative of the Office of Education to accept custody.

The Field Engineer shall send the original and three copies of CFA-850 to the Regional Office.

Following final inspection and prior to final payment under the construction contract, the Field Engineer shall obtain Form CFA-212, *Contract Release*, in quadruplicate, from the contractor.

Following final acceptance and prior to final payment under the architect's contract, the Regional Office shall obtain Form CFA-206, *Architect/Engineer's Contract Release* (Exhibit D), in quadruplicate, from the architect.

A delivery and acceptance document (Exhibit E), evidencing formal delivery by HHFA and acceptance by the Office of Education shall be prepared jointly by the Field Engineer and the local representative of the Office of Education, and countersigned by the Regional Director. The delivery and acceptance document shall be prepared in quintuplicate. The equipment inventory on Form CFA-225 (see Section 5-3-4) shall be attached to, and form a part of, the delivery and acceptance document. At the time of final acceptance of the fully completed project, the Regional Office shall notify the applicant so that authority for construction access to the project may be withdrawn.

DISPOSITION OF GUARANTEES AND BONDS

Guarantees or bonds issued for roofs, boilers, electrical appliances, and similar items for projects shall be transferred to the local representative of the Office of Education for further disposition to the operating agencies at the time of acceptance of the facility. This does not include construction contracts even though these contain the usual one-year warranty on adequacy of construction.

Regional action on Federal schools after transfer to Office of Education shall be confined to assistance requested by that office during the usual one-year warranty period.

FINAL PROJECT REPORT

Upon receipt in the Regional Office, the Engineering Staff shall review the final inspection report and the supporting documents.

The approval of Form CFA-850, in conjunction with the certification of the Field Engineer of the final Form CFA-208, *Periodic Estimate for Partial Payment*, shall constitute Regional Office acceptance of the work performed under the contract.

CLOSING DOCUMENTATIONS

Close-out documents shall be distributed as follows :

	CFA	OE ¹	RO	Field Engineer	Contractor	Architect	Total
CFA-206	1		1 ²	1		1	4
CFA-212	1		1 ²	1	1		4
CFA-225	2	3 ²	1				6
CFA-850	2 ²		1	1			4
Delivery and acceptance	2	2 ²	1				5

¹ Local Representative of the Office of Education

² Original

EXHIBIT B

CFA-505
(7-64)

HOUSING AND HOME FINANCE AGENCY COMMUNITY FACILITIES ADMINISTRATION FEDERAL SCHOOL CONSTRUCTION PROGRAM RECORD OF PROJECT COSTS		PROJECT NO.
		LOCATION
		CHANGE NO.

1. PROJECT COST ESTIMATE

LINE-ITEM	LATEST APPROVED ESTIMATE	THIS CHANGE	REVISED ESTIMATE
Construction	\$	\$	\$
Site Improvement			
Utilities			
Equipment			
Architectural Design and Supervision			
Other Architectural Services			
Non-Administrative Supervision			
Contingency			
TOTAL			

2. DESCRIPTION OF CHANGE

The above change has had all required approvals.

Date
Chief, Public Facilities Operations Branch

8/4/64

EXHIBIT C



HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE REGIONAL ADMINISTRATOR

Region X
Room 204, Post Office Building
St. Louis 10, Missouri

May 21, 1959

Contractor (Name and Address)

Reference: Florida, DL-C-FED-2A
Elementary School Building
Lincoln Air Force Base, Apalachicola, Florida
Contract No. H-300(197) Construction

Attention: (Name of Head of Firm)

Gentlemen:

You are herewith informed that, based upon our inspection of the project on (date), the undersigned consider the following portion of the project to be (fully) (substantially) complete and that such portion can be utilized for educational purposes prior to actual completion of the project.

Description

Your consent to such use is therefore requested upon the following conditions:

1. That all insurance companies having insurance on the project will be notified by you of the intended occupancy and continue all insurance policies in full force and effect;
2. That such occupancy shall not be construed as an acceptance of the project;
3. That such occupancy shall not be deemed to constitute a waiver of any existing claims on behalf of the Government or the contractor against each other;
4. That you shall not be responsible for any damages to the occupied portion of the project resulting from such occupancy; and
5. That such occupancy will be without prejudice to any of the rights and obligation of the United States as owner and of the builder as contractor which would otherwise obtain. (Any exception should be specifically stated.)

EXHIBIT C (Page 2)

Name of Contractor--2

There is enclosed a list of corrective and incomplete items which shall be fully rectified and completed prior to final inspection.

Since it is desired that the above facilities be occupied on (date), it would be appreciated if you would grant permission in writing to occupy the facilities or advise why such permission cannot be granted prior to that time in order that necessary arrangements can be made.

Very truly yours,

James Duncan
Field Engineer, Housing and Home Finance
Agency

J. Richard Miller
Field Representative, Office of Education

Enclosure

8/4/64

EXHIBIT D

CFA-205
(7-60)

HOUSING AND HOME FINANCE AGENCY
COMMUNITY FACILITIES ADMINISTRATION

ARCHITECT/ENGINEER'S CONTRACT RELEASE

*(Pursuant to Article 6 of the Contract between the United States
of America and the Architect/Engineer).*

PROJECT NO. _____

LOCATION _____

CONTRACT NO. _____

The undersigned Architect/Engineer under contract number _____
dated _____, between the United States of America and said Architect/Engineer
for the _____

In accordance with Section 6 of said contract hereby releases the United States from any and all claims arising under or
by virtue of said contract or any modification or change thereof except as follows:

(Itemize claims and amounts due; or write "None".)

Witness the signature of the undersigned this _____ day of _____
19____.

WITNESSES (Two witnesses required):

Name _____ (Architect/Engr.)

Address _____ by _____ (Name)

Name _____ (Official Title)

Address _____

EXHIBIT D (Page 2)

- 2 -

5. SCHEDULE OF FURNISHINGS AND OPERATING EQUIPMENT

The representative of the Housing and Home Finance Agency has caused to be prepared and appended hereto a Form CFA-225, Project Equipment Inventory, which lists the furnishings and equipment installed in the project, the transfer of the custody of which was accomplished by this document.

6. DRAWINGS AND SPECIFICATIONS

There is delivered to the representative of the United States Commissioner of Education by the representative of the Housing and Home Finance Agency, one conformed set of plans and specifications of the project upon which are indicated approved changes from the original design made during construction to meet changed or unanticipated conditions, all as approved by the Housing and Home Finance Agency.

7. SITE PERMITS

Attached hereto are two copies of the permit to construct on the site issued by the Commanding Officer, Lincoln Air Force Base.

8. EXECUTION

This transfer effected at Lincoln Air Force Base, near Apalachicola, Florida for Project Florida 51-C-FED-2A.

This fifteenth day of March 1960.

For the Office of Education
Department of Health, Education, and Welfare

J. Richard Miller
Field Representative

For the Housing and Home Finance Agency

James Duncan
Field Engineer

M. L. Crawford
Regional Administrator, Region X

7/1/60

EXHIBIT E

DELIVERY AND ACCEPTANCE

1. PROJECT SCOPE AND DESIGNATION

- a. Location: Lincoln Air Force Base, near Apalachicola, Florida
- b. Project: Florida, 51-C-FED-2A
- c. Type: Elementary School Building
- d. Contract: H-300 (197), Construction

2. HOUSING AND HOME FINANCE AGENCY DELIVERY

The undersigned, an authorized representative of the Housing and Home Finance Agency, for the purpose, hereby transfers and delivers on behalf of the Housing and Home Finance Agency into the custody of the recipient representative of the United States Commissioner of Education, the above-described project and represents that said project has been completed in conformity with all applicable plans, drawings, and specifications, including authorized modifications and changes therein, all as approved by the Housing and Home Finance Agency, subject to the supplying of any omissions and the correction of defects by the contractor, all as set forth by the representative of the Housing and Home Finance Agency in the attached Schedule of Defects and Omissions.

3. UNITED STATES OFFICE OF EDUCATION ACCEPTANCE

The undersigned, an authorized representative of the United States Commissioner of Education, hereby accepts the keys and custody of the above-described project subject to the supplying of omissions and the correction of defects as set forth in the aforementioned Schedule of Defects and Omissions, and subject, further to the retention of all rights, guarantees, and warranties now held by or accruing to the Housing and Home Finance Agency or the United States Commissioner of Education by virtue of the contract or contracts for construction of the project.

4. ACCESS TO PROJECT SUBSEQUENT TO TRANSFER OF CUSTODY

Authorized representatives of the Housing and Home Finance Agency, together with the necessary workmen, supervisors, and other necessary persons shall have access to the project or any part thereof and shall be entitled to retain possession of keys as may be required for such access to complete the work set forth in the Schedule of Defects and Omissions, and immediately thereafter all such keys shall be surrendered to the Office of Education Field Representative, and the right of access to the project shall terminate.

EXHIBIT E (Page 2)

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5. SCHEDULE OF FURNISHINGS AND OPERATING EQUIPMENT

The representative of the Housing and Home Finance Agency has caused to be prepared and appended hereto a Form CFA-225, Project Equipment Inventory, which lists the furnishings and equipment installed in the project, the transfer of the custody of which was accomplished by this document.

6. DRAWINGS AND SPECIFICATIONS

There is delivered to the representative of the United States Commissioner of Education by the representative of the Housing and Home Finance Agency, one conformed set of plans and specifications of the project upon which are indicated approved changes from the original design made during construction to meet changed or unanticipated conditions, all as approved by the Housing and Home Finance Agency.

7. SITE PERMITS

Attached hereto are two copies of the permit to construct on the site issued by the Commanding Officer, Lincoln Air Force Base.

8. EXECUTION

This transfer effected at Lincoln Air Force Base, near Apalachicola, Florida for Project Florida 51-C-FED-2A.

This fifteenth day of March 1960.

For the Office of Education
Department of Health, Education, and Welfare

J. Richard Miller
Field Representative

For the Housing and Home Finance Agency

James Duncan
Field Engineer

M. L. Crawford
Regional Administrator, Region X

Section 4. Equipment

SELECTION AND APPROVAL

The Regional Director, after consultation with the applicant agency, State and local authorities, and the local representative of the Office of Education, shall determine the general type and quantity of items of equipment to be procured.

The Commissioner of Education has placed limitations of \$55 and \$65 per student on the purchase of equipment for elementary and secondary schools, respectively. Costs on projects involving equipment for special purposes will be considered by OE upon submission of adequate justification. If the budgeted amount is inadequate to purchase the approved equipment, the Regional Office shall submit a revised cost estimate to CFA for authorization of a budget change.

The local representative of the Office of Education will screen lists of proposed equipment to determine whether they meet the standards for minimum school equipment and otherwise conform to the policies and requirements established by the Office of Education. Regional Office purchases of equipment shall be made only after approval of the local representative of the Office of Education has been secured and the list has been cleared with the applicant agency and State and local educational authorities concerned.

In accordance with the Federal Procurement Regulations, proposed advertised or negotiated procurement of equipment shall be publicized in the Department of Commerce publication, "Synopsis of U.S. Government Proposed Procurement, Sales, and Contract Awards." (See Section 5-3-2, PUBLICIZING PROCUREMENT ACTIONS.)

Requests by the applicant for equipment for temporary use pending completion of the project shall be sent to the local representative of the Office of Education for approval. No action shall be taken by the Regional Office until such approval has been obtained:

Equipment procurement will fall into the following categories:

- (1) Items included in store stock catalogues or Federal supply service schedules, or which are to be procured in large quantity. These shall be procured through the facilities of the General Services Administration, Federal Supply Service.
- (2) Excess Government equipment in good and useful condition.
- (3) Items to be purchased by the Regional Office, including items peculiar to a given project or required only in small quantities, or items for which shipping costs, distance, or time requirements make regional purchase necessary. Such direct purchases should be avoided. Where they are necessary, they must be made in accordance with all applicable Federal Procurement Regulations.

The Engineering Branch shall submit to the Administrative Division a copy of the list of the approved equipment and full specifications, the name of the consignee and the shipping address of the project equipment, and the manner of shipping and related matters. This list shall show which items are to be purchased from GSA Stores Stock as determined by reference to the GSA Stores Stock Catalog. The instructions should also indicate, insofar as possible, the funds limitations and the manner in which items of equipment may be substituted or modified. Whenever possible, arrangements should be made with the Federal Supply Service to develop the detailed specifications.

After determining that funds are available, the Administrative Division shall prepare Form H-35, *Purchase Order*, for other than GSA Stores Stock items and GSA Form 1348-4, *Multiline Requisition*, for GSA Stores Stock items for the signature of the Contracting Officer.

PAYMENT

For items purchased through GSA, the Administrative Division shall make payment to GSA on its invoice without awaiting receipt of the Field Engineer's report.

For direct purchases, the Administrative Division shall make payment only upon receipt of the Field Engineer's report (see below) evidencing receipt, inspection, and acceptance.

RECEIVING AND INSPECTION

The consignee will be responsible for the receipt of equipment purchased for the project and for inspection at the time of delivery to ascertain that the quantity ordered has been received and that the equipment delivered is undamaged and in accordance with specifications. The consignee will be responsible for completing the receipt copy of the purchase order and forwarding it to the Field Engineer. The Field Engineer shall notify the Regional Office of any incomplete or damaged deliveries in order that necessary action may be taken toward adjustment.

The Field Engineer, during his project inspections, shall inspect the equipment for conformity with specifications, shortages, and for condition. He shall then send the receipt copy of the purchase order to the Regional Office, with a report of his inspection. The Field Engineer's report, together with the receipt copy of the purchase order, shall be used by the Administrative Division for making payment on direct purchases, or for securing any necessary adjustments through GSA.

IDENTIFICATION

Each piece of equipment purchased shall be stamped in an inconspicuous place as follows: $\frac{\text{HEW-OED}}{\text{P.L. 815}}$. The letters and figures should be $\frac{3}{8}$ " high and the ink should be waterproof. Whenever possible, the

Field Engineer shall arrange for marking of the equipment by the applicant agency.

CUSTODY

Custody of project equipment shall be transferred to the local representative of the Office of Education at the time of his acceptance of the completed building. In cases of temporary custody pending completion of the project, a custody receipt shall be obtained from the applicant agency or the agency which will operate the school. The custody receipt shall list the quantity and types of equipment received, but line items may contain groups of similar equipment. The receipt must be signed by the individual who is authorized to assume responsibility for the property.

EQUIPMENT INVENTORY

The Project Planning and Review Section, Engineering Branch, shall prepare Form CFA-225, *Project Equipment Inventory*, in septuplicate. All items of movable equipment purchased with project funds for use in the facility shall be listed and described, showing quantity, price per item, total cost of each line item, and total cost of equipment. Costs shall include transportation and all other pertinent costs. All copies shall be forwarded to the Field Engineer for verification and signature by him, the local representative of the Office of Education,¹ and the representative of the agency which will be responsible for the operation of the school. The signatures will only attest to the fact that the equipment as listed has been received and accepted. After all signatures have been received, the Field Engineer shall forward the original and four copies of the form to the Regional Office, where the original shall be attached to the delivery and acceptance document (see Section 5-3-3). The sixth copy shall be sent to the local representative of the Office of Education, for further transmittal to the operating agency.

Other equipment included in the cost of construction shall be listed separately by the architect, as provided under Section 5-3-2.

¹The OE representative should sign in the concurrence space above the signature of the Field Engineer.

CHAPTER 4. TEMPORARY SCHOOL CONSTRUCTION

Section 1. Provision of Temporary Facilities

When the Commissioner of Education determines that all or part of the local needs can be met by temporary facilities under Section 9 of P.L. 815, he will request CFA to report on the feasibility of furnishing such facilities. CFA will send a copy of the request to the Regional Office for investigation and report.

In all cases, particular efforts should be made to locate surplus Federal facilities which can be acquired without reimbursement under existing Federal laws.

However, if surplus facilities are not available, temporary facilities can be provided in any of four ways—listed below in order of preference—which reflect the probabilities of reducing cost and expediting availability of the needed facility:

- (1) Lease of existing buildings.
- (2) Purchase, or acquisition of existing buildings.
- (3) Purchase, or acquisition of existing buildings which can be moved and re-erected.
- (4) Construction of new buildings.

INVESTIGATION BY REGIONAL OFFICE

Upon receipt of the request, the Regional Director will arrange for on-site investigation. Following the inspection, the Regional Director will prepare a report and recommendation. The original and one copy of the report will be submitted to CFA.

- (1) When the lease of existing buildings is recommended, the report will include:
 - (a) Description of the building or buildings.
 - (b) Location with reference to nearby roads, etc.
 - (c) Accessibility of site.
 - (d) Location with respect to students to be served.
 - (e) Estimated cost and details of leasing arrangements.
 - (f) Estimated cost of conversion, and whether the property owner will bear such costs.
 - (g) Estimated cost of architectural services, if required.
 - (h) Estimated cost of equipment.

- (2) When the purchase or acquisition of existing buildings is recommended, the report will cover the items listed in (1) above, but Item (e) will show the estimated cost of the purchase.
- (3) When purchase or acquisition, removal, and re-erection of existing buildings is recommended, the report will include:
 - (a) Description of the building or buildings and present location.
 - (b) Location of school site with reference to the present location of the building or buildings and to nearby roads, etc.
 - (c) Accessibility of relocation site.
 - (d) Location with respect to students to be served.
 - (e) Estimated cost of acquisition and any conversion needed.
 - (f) Estimated cost of site and site preparation.
 - (g) Estimated cost of dismantling, moving, and re-erection.
 - (h) Estimated cost of equipment.
 - (i) Estimated cost of any required architectural services.
 - (j) Period of time for which land will be required, as a basis for determination whether the site should be leased or purchased.
 - (k) Possible uses of the structures upon termination of educational use and the feasibility of easy removal.
- (4) When construction of a new building is recommended, the report should follow the procedure prescribed for Federal school construction in Section 5-3-1. In addition, the report should comment on the items listed below and supply such additional data as may be necessary if the site is not Federally-owned.
 - (a) Period of time for which land will be required as a basis for determining whether the site should be leased or purchased.
 - (b) Possible uses of the structures upon termination of educational use and the feasibility of easy removal.

In all cases, the report will include specific advice as to the availability of surplus structures available with or without reimbursement.

CONSULTATION WITH LOCAL AND STATE AGENCIES

The Regional Office will consult with local and State educational agencies in making its investigation and recommendations. Requests for information with respect to the contents of the Regional report will be referred to the Office of Education.

PROCEDURE FOLLOWING PROJECT APPROVAL

CFA will notify the Regional Office of approval of the project by the Commissioner of Education.

When existing buildings are to be used, the notification will outline the procedure to be followed.

When a new building is to be constructed, procedures for pre-construction, construction, and equipment procurement phases will be essentially the same as those prescribed for Federal school construction in Sections 5-3-2, 5-3-3 and 5-3-4.

CASH PAYMENTS IN LIEU OF TEMPORARY FACILITIES

When a local educational agency gives assurance that adequate facilities will be provided for temporary pupils, the Commissioner of Education may determine to pay such agency, for use in constructing either temporary or permanent facilities, an amount equal to the amount which would be required to make temporary facilities available.

In such cases, the local educational agency will make application on Part II of Office of Education Form RSF-2, and the procedures prescribed in Chapter 2 will apply. In addition to the procedures set forth in Section 5-2-1, the Regional Office report will contain an estimate, conforming to the outline in this Section, of the cost of providing temporary facilities for the children in temporary attendance as a basis for determination by the Commissioner of Education of the amount to be paid the applicant.