



United States Department of Agriculture
Rural Development
Virginia State Office

October 11, 2006

TO: All Area Directors
Rural Development, Virginia

FROM: ELLEN MATTHEWS DAVIS
State Director

SUBJECT: Community Facilities Processing for Fiscal Year 2007

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to establish guidelines for the submission of loan and grant funding requests financed under the Community Facilities Programs, in Virginia.

COMPARISON WITH PREVIOUS AN:

There are no previous AN's on this subject.

IMPLEMENTATION RESPONSIBILITIES:

The demand for community facilities financing has grown over the past several years. In addition, project construction, operation, and maintenance costs have escalated significantly, which has resulted in an increase in the cost of each project. In an effort to best serve the needs of so many rural communities and to efficiently manage funding resources, the most viable approach to maximizing our limited resources is to convert our regular grant funding into loan dollars.

We will request funding for grants from either the National Office Direct Grant Reserves or, if available, the Economic Impact Initiative (EII) Grant Reserves. As has been the case for the past two years, we anticipate National Office priority will be placed on funding health care and public safety (First Responders) requests. Therefore, please inform applicants that all grant requests will compete with other projects across the Nation.

EXPIRATION DATE: October 31, 2007

FILING INSTRUCTIONS: File
preceding RD Instruction 1942-A;
1942-C, and 3570-B

1606 Santa Rosa Road • Suite 238 • Richmond, VA 23229-5014
Phone (804) 287-1550 • TDD (804) 287-1753 (for hearing impaired) FAX (804) 287-1718
www.rurdev.usda.gov/va
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Although we were very successful last fiscal year in obtaining nearly \$807,000 of EII grant funds, the level of funding Virginia may receive could be reduced by nearly 50 percent if the program is funded in Fiscal Year 07. Thus, it is very important that we counsel our applicants regarding the priority for funding, loan possibilities, and other financial resources or programs to help assist them in meeting the community's needs.

In addition, Virginia has nearly \$24,000,000 of unfunded direct loan requests that will carry over from Fiscal Year 06 and direct loan funds may be limited as well. Therefore, please advise the Community Programs State Office staff of any large requests for direct loan funding prior to processing a loan application. These projects should be reported in the "Applications Under Development" for your respective Area Office Reporting Spreadsheets. All funding packages should be thoroughly reviewed for possible guaranteed funding.

We have reviewed and returned all loan and grant files that did not receive funding in Fiscal Year 06. Please contact the applicant, notify them of the current status of their application, and determine whether or not they wish to apply for funding for Fiscal Year 07. Please review each application to see if the applicant can reduce the amount of loan or grant funding requested. The applicant should be made aware of the health care and public safety funding priorities to help them make their decisions.

We regret that we have to reduce and/or limit funds that are to be made available to rural communities; however, it is the Agency's intent to continue to provide assistance to as many communities as possible.

If you should have any questions, please contact the Community Programs Division.