

PART 1901 - PROGRAM RELATED INSTRUCTIONS

Subpart A - Loan and Grant Approval Authorities

§ 1901.1 Purpose.

This Instruction contains the loan and grant approval authorities for field officials by program of the Rural Development (RD) mission area.

§ 1901.2 Policy.

The loan and grant approval authorities will be given to State Offices and Field Offices, unless approval authority is centralized, or regionalized by the National Office program area, consistent with program requirements and available resources. Assistance to Agency employees, members of their families, close relatives or business or close personal associates is subject to the provisions of 7 CFR 1900, Subpart D, Processing and Servicing Rural Development Assistance to Employees, Relatives, and Associates. Appropriate reviews, concurrence, and authorization, as required by RD regulations, must be obtained for all loans and/or grants in excess of the amounts indicated in Exhibits A, B, D, E, F, and G of this Instruction.

§ 1901.3 Approval documents.

- (a) Final approval documents for all loans, grants, or guarantees will be executed by Field Offices, unless approval authority is centralized, or regionalized by the National Office program area.
- (b) State Directors and Field Office staff are authorized to execute loan guarantee documents in accordance with approval authorities.
- (c) All documentation, review and approval requirements outlined in [Memorandum 1076-28 dated May 2, 2019](#), must be adhered to prior to execution of any grant agreements. The Requirement details in the [Deputy Secretary's memo dated July 30, 2020](#), must also be followed.

§ 1901.4 Authorities and responsibilities.

- (a) Authority of supervising officials. Supervising officials have their own authority and also the authority given to officials under their supervision.

(b) Authority of acting officials. Acting officials have the authority and responsibility of their regular and acting positions unless limited by designation document.

(c) Redelegation of authority by State Directors. Unless restricted by memorandum from the Administrator, or RD regulations, State Directors can delegate their approval authorities to State Office or Field Office employees within the applicable loan and grant program identified in Exhibits to this instruction by issuing a State Supplement or delegation letter, as appropriate. Delegation of approval authority by a State Director will continue under an Acting State Director or new State Director until such time as amended or updated by an Acting State Director or new State Director.

(d) Restrictions of approval authority by the Administrator. The Administrator can make written restrictions or revocations of the authority given to any loan approval official.

(e) Restrictions of approval authority for loans or grants by State Directors. A State Director can make written restrictions or revocations, for not more than six (6) months, of the authority given to a State Office or Field Office employees.

(f) Restrictions on Loan Specialist (or similar position).

(1) A newly appointed Loan Specialist (or similar position) will not approve loans or grants until they receive adequate training and written authority from the State Director.

(2) The next level supervisor must certify to the State Director that training requirements as established by the National Office program area have been completed.

§ 1901.5 Other program considerations.

See Exhibits A, B, D, E, F and G of this Instruction for dollar amounts. See appropriate program Instructions for other considerations.

§§ 1901.6 - 1901.50 [Reserved]

Attachments: Exhibits A, B, C (Reserved), D, E, F and G

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APPROVAL AUTHORITY AND REQUIREMENTS

Business and Industry
Rural Energy for America Program Guarantee
Community Facilities Guarantee
Water and Waste Disposal Guarantee

A. This approval authority and requirements apply to loan approval and loan servicing actions for all Business and Industry Direct and Guaranteed loans and Rural Energy for America Program, Community Facilities, and Water and Waste Disposal Guaranteed loans.

B. The Administrators of RBCS, RHS and RUS together will delegate a single written authority to each State. The Administrators will use the RD Executive Credit Committee to assist in reviewing and making recommendations on granting authority. The Administrators may revoke or reduce State authorities and require the State Director to submit any or all actions to the National Office for review and concurrence prior to the State Director approving such actions.

C. Requirements to obtain base and maximum level authority can be found in Exhibit A of RD Instruction 5001.

D. Upon receipt of written notice of delegated authority, the State Director may act to the extent delegated without the prior review and concurrence of the National Office, unless otherwise stated in the delegation of authority. Authority not delegated cannot be exercised.

E. State Directors may not approve actions on loans or on loan applications previously disapproved or preapplications previously discouraged by the National Office.

F. There are two levels of State Director loan approval authority as indicated in the table below. Additional details can be found in RD Instruction 5001-G, Exhibit A.

Level of Approval	State Director
Base Level	\$5,000,000
Max Level	\$10,000,000

1. The State Director (or acting State Director) may delegate authority to a Program Director for the underlying program (BP or CP).
2. The re-delegation can be in an amount up to the full authority of the state, but could be lower based on the State Directors assessment of the PD's experience and capabilities.
3. The State Director can also re-delegate up to \$1 million in authority to an Area Director (so long as that Area Director is part of the registered OneRD Guarantee team and has taken the internal OneRD Training and Assessment).
4. Delegations should only be to those on the OneRD Team (that have taken and passed the OneRD Assessment.)
5. If a delegated official takes action opposite of the recommendation from the State OneRD Credit committee, then they must document their reasons for doing so.

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**COMMUNITY AND BUSINESS PROGRAMS
 LOAN AND GRANT APPROVAL AUTHORITY**

Type of Assistance	State Director	Area/Other Field Office Official 2/
Community Facilities Division Programs 1/		
Direct Community Facilities Loan	<u>3/ 4/ 5/ 6/</u>	\$1,000,000
Public Bodies	\$10,000,000	
Other than Public Bodies	\$10,000,000	
Community Facilities Grants	<u>3/ 7/</u>	\$10,000,000
Rural Business-Cooperative Service 8/ 10/ 11/		
Intermediary Relending Program	3/	3/
Rural Business Development Grants	3/	3/
Rural Economic Development Loans and Grants	3/	3/
Rural Microentrepreneur Assistance Program Loans and Grants	3/	3/
Rural Energy for America Program Grants	3/	3/
Rural Cooperative Development Grants	3/	3/
Value-Added Producer Grants	3/	3/
Socially-Disadvantaged Group Grants	3/	3/
Rural Innovation Stronger Economies Grants	3/	3/
Agriculture Innovation Demonstration Centers Grants	3/	3/

1/ Upon receipt of written notice of delegated authority from the Administrator, the State Director has approval authority for the indicated program in the indicated amount
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without National Office review and concurrence provided the State has a program director. State Directors without program directors have approval authority for the indicated program in the indicated amount only after review and concurrence of the docket by the National Office. This required submission of the docket will continue until the National Office sends written instructions otherwise to the State. Approval authority of Area or other field office officials as specified by this Instruction is not affected by the absence of a State Program Director.

Funding for a Community Programs project includes all activity that an applicant is currently undertaking for a facility to be financed, in whole or in part, with Agency assistance. Approval of subsequent funding to the same applicant or borrower for a different project will not be considered cumulative to the previously approved amount when determining loan approval authority.

2/ When the State Director determines that Area or other field office officials possess sufficient expertise in Community and Business Programs, the State Director may delegate his/her approval authority for those programs to such person within the limits of this exhibit.

3/ Respective program maximum amount of loan or grant.

4/ Amounts in excess of those indicated require prior review and concurrence by the National Office on each project before approval. National Office concurrence is not necessary if the loan will be secured by general obligation tax bonds or assessments. National Office 5-5 concurrence is not necessary if the loan is within loan approval authorities.

5/ State Directors may approve Community Facilities (CF) loans in an amount not exceeding that shown without prior National Office concurrence. When the State Director determines that the State Office official responsible for the CF program possesses sufficient expertise in CF, the State Director may delegate the approval authority for CF within the limits set by the Administrator or the limits in this exhibit. National Office concurrence is not necessary when the loan exceeds the amount stated herein when the loan will be secured by general obligation tax bonds or assessments. This does not preclude the requirement of National Office concurrence when the loan is being approved on the basis of exceptional community support, or in any case as requested by the State Director. Funding for a CF project includes all activity that an applicant is currently undertaking for a facility to be financed, in whole or in part, with Agency assistance. Approval of subsequent funding to the same applicant or borrower

for a different project will not be considered cumulative to the previously approved amount when determining loan approval authority.

6/ If, after construction bids are opened, project costs exceed the amount of loan assistance previously concurred in by the National Office for the project, and such costs cannot be reduced by negotiations, redesign, use of bid alternatives, or other means, the amount of the loan may be increased up to 10 percent without further concurrence by the National Office.

7/ Combination Grant, and Direct, and/or Guaranteed Community Facilities loan approval authority is limited to \$10 million based on delegated approval authority.

8/ Financial assistance to employees, members of families of employees, close relatives, or business or close personal associates should be made in accordance with RD Instruction 1900-D and 5 CFR § 2635 (Standards of Ethical Conduct for Employees of the Executive Branch).

9/ The State Director is delegated all loan and grant servicing authority, except that direct loans and grants in those situations where there will likely be a loss and the outstanding loan amount exceeds the State's authority, such actions must be approved by the National Office.

10/ Scope of Work Changes. Changes to an original approved plan of work or scope of work must be in compliance with appropriation law, program regulations, policies, and statutes.

The State Director (or delegated approval official) can approve minor changes to an approved plan of work or scope of work when (1) the funds were obligated from state-allocated funds, (2) the funds can no longer be used as originally approved, and (3) any change would be in accordance with the State's delegated authority.

"Minor changes" are those that (1) involve no-cost budget changes, (2) do not result in a lesser priority score, (3) do not require a re-evaluation of technical merit, or (4) do not include changes to key owners, management, or control of the project. Any change that necessitates re-underwriting the project or amending or supplementing the Agency's NEPA environmental evaluation is not a "minor change."

All changes that are not "minor" must be submitted to the appropriate National Office program area for review along with the request for the change, supporting documentation, and recommendation.

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For Rural Economic Area Partnership funds, the State Director should coordinate with the Program Management Division in the National Office to ensure that changes in the project Scope of Work are consistent with approved benchmarks. The project will should contain a copy of documentation to verify National Office concurrence.

For the purposes of this exhibit, a plan of work or scope of work includes, but is not limited to, statements of work, business plans and feasibility studies, budgets and financial statements, key personnel, the source and use of project funds, timeframes and timelines, technical reports, and anything relating to how the project will be accomplished.

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RURAL HOUSING
 GUARANTEED, AND DIRECT LOAN AND GRANT APPROVAL AUTHORITIES

Type of Assistance	State Director <u>1</u> /	Area Director	Loan Specialist
RURAL HOUSING (RH)			
Direct Section 502 Rural Housing Loans <u>2/4</u> /	\$ ---	\$ ---	\$ ---
Section 504 Rural Housing Loans <u>4/5</u> /	---	---	---
Section 504 Rural Housing Grants <u>4/5</u> /	---	---	---
Guaranteed Rural Housing Loans <u>6</u> /	---	---	---
Labor Housing (LH) Loans (Individuals & Family Farm Corporations or Partnerships)	---/	---	---
Labor Housing Loans (Organizations)	---/	---	---
Labor Housing Grants	---/	---	---

Type of Assistance	State Director <u>1</u> /	Area Director	Loan Specialist
Labor Housing Grants	---/	---	---
Rural Cooperative Housing Loans	---/	---	---
Rural Housing Site Loans	---/	---	---
Technical Assistance (TA) Grants	---/	---	---
Rural Rental Housing (RRH) Loans	---/	---	---
Technical and Supervisory Assistance (TSA) Grants	---/	---	---
Housing Application Packaging Grants	---/	---	---

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

2/ Approval officials may approve a Direct Section 502 RH loan for an amount up to the maximum loan amount as described in 7 CFR 3550.63.

3/ [Reserved]

4/ The loan approval limitation specified for the respective approval official will not be exceeded by the loan being approved, plus the outstanding principal and interest balance and undisbursed balance of previously authorized loans of the same type. Exceptions to approval limits may be made on a temporary basis by memorandum from the Administrator. If the loan is being processed in connection with an LH grant, approval authorities for the grant will apply to both the loan and grant.

5/ Approval officials may approve a Direct Section 504 RH loan or grant for an amount up to the maximum loan or grant as described in 7 CFR 3550.112.

6/ Approval officials may approve a Guaranteed Rural Housing Loan up to the maximum loan amount as described in 7 CFR 3555.103.

9/ [Reserved]

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Attachment effective October 11, 2020 for all Four Regions of MFH.

Includes the following authority:

Task	Program	Approval Authority
AFHMP's	514/515/538	Field Operations Division (FOD) Director
Compliance Reviews	514/515/538	FOD Director
Conditional Commitments	514	Production & Preservation Division (PPD) Director
Conditional Commitments	515	PPD Director
Conditional Commitments	516	PPD Director
Conditional Commitments	538	PPD Director
Conditional Commitments Extensions	538	PPD Director
Handbook Servicing Letters	515	FOD Director
Handbook Servicing Letters	538	Asset Management Division (AMD) Director
Handbook Servicing Letters	514/516	FOD Director
HPG Grant Agreements	533	PPD Director
HPG Obligation	533	PPD Director
HPG Payment Requests	533	PPD Director
HPG Selections	533	PPD Director
Incentives	515	PPD Director
Incentives – Rental Assistance	521	AMD Director
Lender Agreements	538	AMD Director
Liquidation/Foreclosure	538	AMD Director
Loan Advances	514	PPD Director
Loan Advances	515	PPD Director
Loan Advances	516	PPD Director

Task	Program	Approval Authority
Loan Closings – all Documents	514	PPD Director
Loan Closings – all Documents	515	PPD Director
Loan Closings – all Documents	516	PPD Director
Loan Closings – all Documents	538	PPD Director
Loan Note Guarantees	538	PPD Director
Loan Obligations	514	PPD Director
Loan Obligations	515	PPD Director
Loan Obligations	516	PPD Director
Loan Obligations	538	PPD Director
Management Plans	514/515/538	FOD Director
NOSA Review and Scoring	538	PPD Director
Pre-Application Review and Scoring	514/516	PPD Director
Problem Case Reports	515	FOD Director
Problem Case Reports	538	AMD Director
Problem Case Reports	514/516	FOD Director
Processing Handbook Waivers	514/515/538	PPD Director
Rental Assistance Obligations	515	FOD Director
Rental Assistance Obligations	514/516	FOD Director
Rental Assistance Transfers - Unused	515	AMD Director
Rental Assistance Transfers - Unused	514/516	AMD Director
Rental Assistance Transfers - PrePaid	515	AMD Director
Rental Assistance Transfers - PrePaid	514/516	AMD Director
Repurchase	538	AMD Director
Reserve Requests/Withdrawals	515	FOD Director
Reserve Requests/Withdrawals	514/516	FOD Director
Servicing Handbook Waivers	514/515/538	FOD Director
Short Sale/Debt Settlement	514	AMD Director

Task	Program	Approval Authority
Short Sale/Debt Settlement	515	AMD Director
Special Servicing Actions	514/515/538	AMD Director
Substitutions	514	FOD Director
Substitutions	515	FOD Director
Substitutions	538	FOD Director
Transfers	515	PPD Director
Transfers	538	PPD Director
Voucher HAP Contracts	542	AMD Director
Voucher Inspection Letter	542	FOD Director
Voucher Obligations	542	AMD Director

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APPROVAL AUTHORITIES FOR CREDIT SALES OF INELIGIBLE/NONPROGRAM
 (NP) TERMS [NONPROGRAM LOANS]

Type of Property	State Director ^{1/}	Area Director	Loan Specialist
Single-family dwelling ^{2/}	\$ ----	\$ ----	\$ ----
Multiple-family housing facility ^{3/}	\$ ---- ^{5/}	----	----
Sites for housing ^{4/}	\$ 400,000	----	----

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

^{2/} Approval officials may approve credit sales in an amount up to the maximum loan limit as described in 7 CFR 3550.74.

^{3/} Includes all facilities which formerly secured Rural Rental Housing or Labor Housing loans.

^{4/} Property which formerly secured Rural Housing Site loans, regardless of the intended use by the buyer.

^{5/} Effective October 11, 2020 for the Four Regions of MFH, approval of any amount will require National Office approval authority as outlined in Exhibit D, Attachment 1 of this Instruction.

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NONPROFIT NATIONAL CORPORATIONS LOAN AND GRANT APPROVAL
AUTHORITIES

A. The Administrator may delegate separate written authorities for each State. The Administrator may, at his/her discretion, revoke State authorities and require the State Director to submit any and all actions to the National Office. Authorities will be periodically reviewed for updating.

B. Upon receipt of written notice of delegated authorities, the State Director may act to the extent delegated without prior review and concurrence by the National Office. Authority not delegated cannot be exercised.

C. State Directors cannot approve actions on loans or on loan applications previously disapproved or discouraged by the National Office.

D. Information regarding the dollar limitations of State Directors' authorities is available in memorandum form at the State Office. Information regarding the limitations of State Directors' authorities on B&I loans is available from the Director, Business and Industry Division. Information regarding the limitations of State Directors' authorities on Section 9007 loans is available from the Director, Energy Division.

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APPROVAL AUTHORITY FOR WATER AND WASTE DISPOSAL LOANS AND GRANTS

The policies and procedures for obtaining approval authority for loan and grants administered by the Rural Utilities Service (RUS), Water and Environmental Programs can be found in RUS Staff Instruction 1780-1, Approval Authority for Water and Waste Disposal Loans and Grants. The dollar limits for approval authority are addressed below. This approval authority and associated requirements apply to loan and grant approval, and post obligation actions.

A. The authority to approve new Water and Waste Disposal Loans and Grants is reserved to the Administrator when the cumulative facility/security indebtedness of existing borrowers is greater than \$25,000,000 with a new loan.

B. Financial assistance to employees, members of families of employees, close relatives, or business or close personal associates should be made in accordance with RD Instruction 1900-D (Processing and Servicing Rural Development Assistance to Employees, Relatives, and Associates) and 5 CFR part 2635 (Standards of Ethical Conduct for Employees of the Executive Branch).

C. National Office Authorities. The authority to approve Water and Waste Disposal Loans and Grants as well as approve post obligation actions is delegated to the Assistant Administrator and Deputy Assistant Administrator for Water and Environmental Programs, the Director of the Water Programs Division, Water Programs Division Branch Chiefs, Water Programs Division Community Programs Specialists, and any designee as referenced below. All technical assistance grants and revolving program grants will be approved by the RUS Administrator, the Assistant Administrator, Water and Environmental Programs, or designee. Each official is delegated approval authority not to exceed the amounts for each type of assistance listed below:

Type of Assistance	Assistant Administrator - SES	Deputy Assistant Administrator/ Director Water Programs Division - GS15	Branch Chiefs - GS14	Community Programs Specialists - GS13
Direct Loans	\$25,000,000	\$20,000,000	\$15,000,000	\$7,500,000
All Grants	\$25,000,000	\$20,000,000	\$15,000,000	\$7,500,000

D. State and Other Field Office Authorities. Rural Development State Directors have the authority to approve Water and Waste Disposal direct loans and grants and associated post-obligation actions up to, but not to exceed, the amounts delineated in the following table. The approval authority must be delegated in writing by the RUS Administrator. Authority will be delegated based on criteria set forth in RUS Staff Instruction 1780-1. Authority not delegated cannot be exercised. The RUS Administrator may at any time rescind the authority delegated when the RUS Administrator determines such actions are in the programs interest.

Type of Assistance	State Director	Area/Other Field Office Official 2/
Water and Waste Programs 1/		
Direct Domestic Water and Waste Loans	Up to- \$10,000,000 3/ 4/	\$1,000,000
Direct Water and Waste Disposal Grants	Up to- \$10,000,000 3/ 4/	\$1,000,000 3/
Technical Assistance Grants	As delegated by Assistant Administrator	May be further delegated only to Program Director
Revolving Program Grants	As delegated by Assistant Administrator	May be further delegated only to Program Director

1/ The State Director has approval authority for the indicated program, in the delegated amount regardless of the total project cost, without National Office review and concurrence provided the State has an experienced Program Director. State Directors without experienced Program Directors have approval authority for the indicated program only after review and concurrence of the docket by the National

Office. This required submission of the docket will continue until the National Office issues written instructions otherwise to the State. Approval authority of Area or other field office officials as specified by this Instruction is not affected by the absence of an experienced Program Director, provided this authority was extended at least one year prior to the departure of the experienced Program Director.

Initial delegation is established at \$7,500,000 and may be increased, decreased, or rescinded based on performance as designated in RUS Staff Instruction 1780-1.8, Performance Based Approval Authority. Approval authority is limited by the total RUS loan or grant amount, as delegated, not to exceed \$10,000,000 loan or grant for a single project.

Subsequent loans to the same borrower for the same facility/security, where the principal balance plus accrued interest on outstanding loans in addition to the amount of the subsequent loan exceeds \$25 million requires approval by the RUS Administrator through the senior loan committee review process. The approval official must obtain concurrence from the RUS Administrator prior to approving the new loan where the cumulative RUS loans exceed

\$25 million for the facility/security being funded. Approval of subsequent funding to the same borrower for a different facility/security will not be considered cumulative to the previously approved amount, provided there is separate security, when determining loan approval authority, although the cumulative percentage of guaranteed loan limits are applicable.

The State Director is delegated loan and grant servicing authority under this instruction, except for servicing actions that will likely result in a loss to the government or as otherwise specified in 7 CFR part 1782, Servicing of Water and Waste Disposal Programs. All actions not covered must be approved by the RUS Administrator or designee unless otherwise stated in 7 CFR part 1782 or RUS Staff Instruction 1782-1.

State Directors may not approve actions on loans/grants or on loan/grant applications previously denied by the National Office.

2/ When the State Director determines that Area or other field office officials possess sufficient expertise in Water and Waste Disposal Loans and Grants programs, the State Director may delegate approval authority for those programs to such person within the limits of this instruction and RUS Staff Instruction 1780-1.

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3/ Maximum amount of loan or grant as limited by governing statute or regulation.

4/ In cases where construction bids are opened and the project costs exceed the amount of assistance previously concurred in by the National Office for the project, and attempts to reduce costs cannot be made by negotiations, redesign, use of bid alternatives, or other means, the amount of the funding may be increased by up to the percentage of the total eligible project costs without further concurrence by the National Office, as outlined in RUS Staff Instruction 1780-1.

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