

A(2) has a score of 40, and an application in Category B(1) has a final score of 50, the application with the higher score may be selected over the lower-scored application. The same rule would apply if the lower-scored application were in Category A(1) and the higher-scored application were in Category A(2). It would not apply to applications that are more than one subcategory apart, i.e., a higher-scored application in Category B(1) or B(2) could not be selected over a lower-scored application in Category A(1).

Section 202 Application Deadline

An abbreviated fund reservation process is required for Fiscal Year 1986 loan authority. As in prior years, terms of the applicable appropriations act require that funds be reserved not later than the end of the fiscal year (September 30, 1986). However, the invitation for applications is being issued later than in prior years, as a result of the fact that section 202 loan authority was deferred in order to give Congress time to consider the Administration's proposed changes in loan limitation affecting this program and was not made available for obligation until after the usual time for beginning of the application cycle.

Accordingly, as further detailed below, Field Offices will not publish individual invitations, and no Field Office workshops will be held. This Notice of Fund Availability constitutes a nationwide invitation for applications, which will be accepted by Field Offices at any time after publication of this Notice and before the regular closing time of the pertinent Field Office on July 18, 1986. Applications that are mailed will be accepted if they bear a postmark date and/or receipt of mailing that is not later than July 18, 1986.

When filed with the Field Office, all applications must contain all exhibits and additional information required by 24 CFR 885.210, except as modified by this Notice.

The "Seed Money" Loan Program under section 106(b) of the Housing and Urban Development Act of 1968 is available to approved nonprofit section 202 Sponsors. Under this program, HUD makes direct, interest-free loans to cover certain preconstruction expenses. Applications for section 106(b) may be submitted with the Applications for Fund Reservation.

Additional Information

(1) Due to the time constraints referred to above, for this fiscal year only, this Notice of Fund Availability takes the place of Field Office invitations for section 202 applications

described in § 885.205(b) and (c) of the section 202 regulations. In order to provide a fair opportunity for Borrowers to participate in the program this fiscal year, the submission requirements for Borrowers described at § 885.210(b) (9)(13) and (23)(i) through (vi) may be satisfied with the Conditional Commitment Application. However, the Sponsor must comply with all application requirements with respect to the Sponsor, and, in addition, the requirements imposed on the Borrower under § 885.210(b)(3), (4), (5), (7), and (8).

[Note: On April 10, 1986, the section 202 regulations were amended and former § 885.210(a) is now § 885.210(b)].

The compressed time frame for submission of applications would impose a burden not only on many Sponsors in establishing Borrower corporations, but also in obtaining sites. Without identified sites, effective and comprehensive project design will often be beyond practical reach. Therefore, these factors will not be used in the ranking of applications under § 885.220(e) which will be based on an assessment of the Sponsor's (and not the Borrower's) qualifications, but will of course have to meet the acceptability standards under § 885.220(d), other than as expressly modified below. As was the case in Fiscal Year 1985, among the other criteria used to rank applications will be (1) the capacity to carry through to long-term operation a project for housing and related facilities and (2) financial capacity, both of which criteria will be adapted to the role of the Sponsor. Further, as was the case last year, an additional criterion consists of meeting special needs described under section 213(d)(4) of the Housing and Community Development Act of 1974, as amended.

The requirements under § 885.225 for issuance of the fund reservation to the Borrower are modified to provide that the fund reservation shall be issued to the Sponsor and transferred to a separate single purpose Borrower Corporation upon satisfactory compliance by the Borrower with all submission requirements and approval of its Conditional Commitment Application.

The request for direct loan financing and Conditional Commitment Application under § 885.400 shall be submitted by an eligible single purpose Borrower corporation created by the Sponsor receiving a fund reservation which shall submit with such Application evidence of compliance with the requirements waived at the fund reservation application submission stage.

Field Offices will mail Application Packages to all interested parties on its mailing list. Interested organizations also may contact the appropriate HUD Field Offices for Application Packages. Minority organizations are encouraged to participate in this program as Sponsors.

Formation of the Borrower corporation is not a prerequisite to submission of an Application for Fund Reservation. In view of this, the information on the tax exempt status of the Borrower corporation is also not required at this time. For these reasons, the applicants will be the Sponsors and the applications will be reviewed and rated based solely on the experience and financial capacity of the Sponsor, as well as other program requirements as indicated herein.

For this fiscal year only, sponsors proposing housing for the elderly, as well as housing for the nonelderly handicapped, are not required to submit evidence of site control or any detailed information on the site and design at the fund reservation stage. Sponsors are required, however, to submit information regarding the local political jurisdiction in which the project is to be located, i.e., state, city, town or township.

For those applications selected for funding, the review and determination of acceptability of the Borrower, design and site will be made by the Field Office at the Conditional Commitment stage of processing. In the event Sponsors submit information on the Borrower design or site, such information will not be reviewed, and approval of the application will NOT constitute approval of the Borrower, design or site. Any information below that makes reference to an eligible Borrower corporation or acceptable site is provided as guidance for use at the Conditional Processing Stage.

Because the determination of site acceptability will not be made until after issuance of the fund reservation, the Department has determined that performance of the environmental review required by § 885.220(d)(4)(i) will be performed prior to submission of the application for conditional commitment. Sponsors and Borrowers may not at any time take actions that have an adverse environmental impact or limit the choice of reasonable alternatives.

(2) On April 10, 1986 (51 FR 69), the Department published an interim rule amending Part 885 to implement statutory changes in the section 202 program enacted in the Housing and Urban-Rural Recovery Act of 1983 and the Housing and Community