

§ 1965.51

7 CFR Ch. XVIII (1-1-01 Edition)

EXHIBIT A—MEMORANDUM OF UNDERSTANDING BETWEEN BUREAU OF SPORT FISHERIES AND WILDLIFE AND THE FARMERS HOME ADMINISTRATION OR ITS SUCCESSOR AGENCY UNDER PUBLIC LAW 103-354

EXHIBIT B—NOTIFICATION OF OTHER LIENHOLDERS INTENT TO FORECLOSE

EXHIBIT C—PROCESSING GUIDE

EXHIBIT D—EQUITY RECAPTURE AGREEMENT

**Subpart B—Security Servicing for Multiple Housing Loans**

SOURCE: 49 FR 49590, Dec. 21, 1984, unless otherwise noted.

**§ 1965.51 General.**

This subpart prescribes the policies, procedures, and authorizations for servicing and liquidating all Farmers Home Administration or its successor agency under Public Law 103-354 (FmHA or its successor agency under Public Law 103-354) multiple housing type loans and labor housing grants. These loans include Rural Rental Housing (RRH), Rural Cooperative Housing (RCH), Rural Housing Site (RHS), and Farm Labor Housing (LH). The servicing functions described in this subpart are for the purpose of assisting the borrower in meeting the objectives of the loan, repaying loans on schedule, complying with FmHA or its successor agency under Public Law 103-354 agreements and regulations, protecting the interest of FmHA or its successor agency under Public Law 103-354, and maintaining the security property. Borrowers will be required to pay their debts to the FmHA or its successor agency under Public Law 103-354 and other creditors according to their agreements. Borrowers shall be required to operate their facilities according to FmHA or its successor agency under Public Law 103-354 regulations and applicable State and local laws and regulations. State Directors with the assistance of the Office of General Counsel (OGC) should issue necessary State Supplements to assure compliance with State laws. After careful analysis, and borrower in de-

fault who does not evidence prospects of attaining successful operations within a reasonable time will have its loan(s) liquidated according to authorizations contained in this subpart and Subpart A of Part 1955 of this chapter.

**§ 1965.52 Definitions.**

(a) *Borrowers.* “Borrowers” means all individuals, partnerships, cooperatives, trusts, public agencies, private or public corporations, and other organizations which have received a loan or grant from FmHA or its successor agency under Public Law 103-354 for LH, RRH, RCH, or RHS purposes.

(b) *Case file.* “Case file” includes the total cumulative records concerning a borrower.

(c) *District Director.* For the purpose of this subpart, the term also includes the Assistant District Director, and other qualified District Office staff who may be delegated responsibilities under this subpart according to the provisions of Subpart F or Part 2006 (available in an FmHA or its successor agency under Public Law 103-354 office). Area Loan Specialists and Island Directors, and other qualified members of their staff in Alaska and Hawaii, respectively, are included in this definition. In the case of LH loans still being serviced in the County Office, this definition also includes qualified County Office staff.

(d) *FmHA or its successor agency under Public Law 103-354.* “FmHA or its successor agency under Public Law 103-354” means the United States of America acting through the Farmers Home Administration or its successor agency under Public Law 103-354 of the United States Department of Agriculture; it also includes FmHA or its successor agency under Public Law 103-354’s predecessor agencies.

(e) *Governing body.* “Governing body” means those elected or appointed officials of an organization or public agency type borrower responsible for compliance with the security instruments and the operations of the project.

(f) *Mortgage.* “Mortgage” also includes deeds of trust and similar real estate security instruments and, where appropriate, chattel security instruments.

(g) *Note*. “Note” includes any note, bond, assumption agreement, or other evidence of indebtedness, including the obligations of LH grant only recipients operating under a grant agreement. All LH grant only recipients will be serviced in strict accordance with their grant agreement, appropriate program regulations, and this subpart.

(h) *OGC*. “OGC” means the Regional Attorney or the Attorney in charge in the field office of the Office of General Counsel of the United States Department of Agriculture.

(i) *Servicing*. “Servicing” includes the broad scope of activities undertaken by FmHA or its successor agency under Public Law 103-354 to see that the objectives of the loan are carried out; to assure compliance with the respective policies, procedures and authorizations set forth for each respective loan program; or to bring to a successful conclusion each loan or grant made by FmHA or its successor agency under Public Law 103-354 through transfer, sale, reamortization, payment or liquidation.

#### §§ 1965.53-1965.54 [Reserved]

#### § 1965.55 Authority of State Director.

(a) Each State Director is authorized to perform the following functions upon determining that the action will not be to the financial detriment of FmHA or its successor agency under Public Law 103-354:

(1) Require additional security in accordance with §1965.88 of this subpart.

(2) Require borrowers to carry insurance of the types and amounts determined necessary on the real estate and chattel property mortgaged to the FmHA or its successor agency under Public Law 103-354. The borrower must carry adequate liability insurance as required by exhibit B, paragraph XV B 3 of subpart C of part 1930 of this chapter. Evidence of insurance is required for Multiple Housing loans according to the provisions of subpart A of part 1806 of this chapter (FmHA or its successor agency under Public Law 103-354 Instructions 426.1).

(3) Approve the issuance of transfer of stock, change of beneficial interest, change of membership, admittance of new or substitute partners, or with-

drawal of partners from a partnership; provided, the State Director determines that the requirements of §1965.63 of this subpart have been met, and that the change will not jeopardize the successful operation of the project, the soundness of the loan, or the eligibility of the borrower.

(4) Approve transfers with assumption of FmHA or its successor agency under Public Law 103-354 loan accounts when all development has been completed and the unpaid principal balance and accrued interest does not exceed the State Director’s loan approval authority as set forth in subpart A of part 1901 of this chapter for the type of loan(s) involved. Transfers will be processed according to §1965.65 of this subpart.

(5) Approve the reamortization of FmHA or its successor agency under Public Law 103-354 indebtedness that is within the State Director’s loan approval authority as set forth in subpart A of part 1901 of this chapter for the type of loan(s) involved according to the provisions of §1965.70 of this subpart.

(6) Consent to the sale, exchange, or release of security property according to the applicable provisions of §1965.77 of this subpart.

(7) Accept payment of RRH, RCH and LH loans subject to the provisions of subpart E of this part.

(8) Approve subordination of FmHA or its successor agency under Public Law 103-354 lien position if the total debt against the security after the transaction is within the State Director’s approval authority as set forth in subpart A of part 1901 of this chapter for the type of loan(s) involved according to the provisions of §1965.79 of this subpart.

(9) Approve requests from borrowers for the creation of additional indebtedness on the security property. Such approvals must take into account the provisions of loan resolutions or other agreements with FmHA or its successor agency under Public Law 103-354 and other existing creditors. If the proposed additional debt would make the total outstanding obligations of the borrower exceed the FmHA or its successor agency under Public Law 103-354