

§ 1965.89 Equity take-out for loans made after December 15, 1989.

For initial loans made or insured pursuant to contracts entered into on or after December 15, 1989, equity loans may be guaranteed by FmHA or its successor agency under Public Law 103-354 after a 20-year period, from the date of the loan, has elapsed. The following steps will be followed when a borrower wishes to receive this equity:

(a) Borrower submits a plan requesting an equity loan which ensures that the cost of amortizing the loan doesn't result in the displacement of very low-income tenants or substantially alter the income mix of the tenants in the project.

(b) FmHA or its successor agency under Public Law 103-354 will determine whether the housing will continue to remain decent, safe, and sanitary and that the local housing market is such that the housing will continue to meet the needs of eligible tenants for the remaining life of the initial loan.

(c) In accordance with the conditions outlined in subpart E of this part, FmHA or its successor agency under Public Law 103-354 will offer to guarantee an equity loan to the borrower which may be repaid from an occupancy surcharge account in accordance with subpart K of part 1951 of this chapter. In addition it must be determined that such an equity loan would not impose undue hardship on tenants or unreasonable cost to the Federal Government. The guaranteed loan will not exceed the lesser of:

(1) The amount determined and calculated in accordance with the equity loan instructions contained in subpart E of this part or (2) 30 percent of the appraised value of the project at the time of the initial loan as shown on the appraisal for that loan.

(d) If the borrower indicates preliminary acceptance of the equity loan, an application will be completed in accordance with subpart E of part 1944 of this chapter and two appraisals will be conducted in the manner outlined in subpart E of part for loans to nonprofit organizations.

(e) When the actual amount of the guaranteed equity loan is determined,

the borrower will indicate acceptance of the loan.

[55 FR 29564, July 20, 1990, as amended at 56 FR 66964, Dec. 27, 1991; 58 FR 38930, July 21, 1993]

§ 1965.90 Payment in full.

(a) *Prepayment of multi-family housing loans.* Subpart E of this part must be complied with for all multi-family housing loans that are planned to be prepaid prior to the scheduled final due date of the loan.

(b) *Borrower responsibility.* Borrowers must advise the District Office servicing the account of any plan to pay the account in full 6 months prior to the date of the planned payment in full.

(c) *FmHA or its successor agency under Public Law 103-354 responsibility.* The FmHA or its successor agency under Public Law 103-354 District Office must ensure payments in full and releases of security are processed in accordance with subpart D of part 1951 of this chapter and other appropriate program requirements and regulations. FmHA or its successor agency under Public Law 103-354's interest in property insurance will be released in accordance with §1806.4 (a)(3) of subpart A of part 1806 of this chapter (paragraph IV A 3 of FmHA or its successor agency under Public Law 103-354 Instruction 426.1). In all cases, references to County Supervisors will be construed to mean District Directors when applied to multi-family housing borrowers.

[58 FR 38930, July 21, 1993]

§ 1965.91 Servicing loans in formerly eligible areas.

All servicing actions contained in this subpart are authorized without regard to whether the area is no longer defined as an eligible area.

§ 1965.92 Information to be provided to IRS on RRH transfers, voluntary conveyances, foreclosures, and 100% membership changes.

State Offices are to provide information to the National Office for submission to IRS at their request on RRH transfers, voluntary conveyances and foreclosures that were finalized (the deed recorded) subsequent to January 22, 1985. In addition, information is to

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be provided on changes of membership interests that are covered under § 1965.63 of this subpart which result in a 100 percent change in the entity membership, such as, beneficial interests, partnership interests and stock transfers. Exhibit A to this subpart (available in any FmHA or its successor agency under Public Law 103-354 office) must be completed for each project affected with particular attention given to supplying the Employer Identification and/or the Social Security numbers of the parties involved. Field Offices should not contact the borrowers or transferees for information that is not otherwise available from the casefiles, except in the case of missing Taxpayer Identification numbers. Exhibit A available in any FmHA or its successor agency under Public Law 103-354 office will be prepared when the servicing action is completed and sent to the National Office within 30 days of the servicing action.

[49 FR 49587, Dec. 21, 1984, as amended at 52 FR 24291, June 30, 1987; 58 FR 38930, July 21, 1993]

§ 1965.93 [Reserved]

§ 1965.94 State supplements.

State supplements will be prepared with the advice of OGC as necessary to comply with State laws and to provide guidance to the District Director in the servicing actions required. All State supplements, unless specifically authorized by particular subsections of this subpart must be submitted for prior National Office approval before implementation. Requests for approval must include complete justification, citations of State law, and appropriate legal opinions from the respective Regional Attorney.

§ 1965.95 [Reserved]

§ 1965.96 Nondiscrimination.

Each instrument of conveyance for any transfer or foreclosure sale of real property subject to Title VI of the Civil Rights Act of 1964 will contain the following covenant:

The property described herein was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights

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Act of 1964 and the Rehabilitation Act of 1973 and the regulations as issued pursuant thereto for so long as the property continues to be used for the same or similar purposes for which the Federal financial assistance was extended or for so long as the purchaser owns it, whichever is later.

§ 1965.97 Exception authority.

The Administrator of the Farmers Home Administration or its successor agency under Public Law 103-354 may, in individual cases, make an exception to any requirement of this Subpart not inconsistent with the authorizing statute if the Administrator finds that application of the requirement would adversely affect the interest of the Government or the immediate health or safety of the tenants or the community. The Administrator will exercise the authority only at the request of the State Director. The State Director will submit the request supported by data which demonstrates the adverse impact, identifies the particular requirement involved, shows proper alternative courses of action, and identifies how the adverse impact will be eliminated.

§§ 1965.98-1965.99 [Reserved]

§ 1965.100 OMB control number.

The reporting and recordkeeping requirements contained in this regulation have been approved by the Office of Management and Budget and have been assigned OMB control number 0575-0100. Public reporting burden for this collection of information is estimated to vary from 10 minutes to 4.25 hours per response, with an average of 1.67 hours per response including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0575-0100), Washington, DC 20503.

[56 FR 28039, June 19, 1991, as amended at 58 FR 38930, July 21, 1993]