

day reservation period and directs the State Director to forward Form FmHA or its successor agency under Public Law 103-354 1940-3 to the lender in advance of issuance of Form FmHA or its successor agency under Public Law 103-354 449-14. The State Director or designee will record the actual date of lender notification on the original of the Form FmHA or its successor agency under Public Law 103-354 1940-3 and retain the original of the form and the remaining conformed copy of Form FmHA or its successor agency under Public Law 103-354 1940-3. The State Director or designee will use the State Office terminal to request reservation/obligation of funds. Use of the telephone for the reservation/obligation of funds is restricted to those instances when the State Office terminal is inoperative. Form FmHA or its successor agency under Public Law 103-354 1980-50 will be prepared and distributed for initial loans only.

(a) Immediately after contacting the Finance Office, the requesting official will furnish the requesting office's security identification code. Failure to furnish the security code will result in rejection of the request for reservation of authority. After the security code is furnished, all pertinent information contained on Form FmHA or its successor agency under Public Law 103-354 1940-3 will be furnished to the Finance Office. Upon receipt of the telephone request for reservation of authority, the Finance Office will record all information necessary to process the request for reservation in addition to the date and time of the request.

(b) The individual making the telephone request will record the date and time of the telephone request and place his/her signature in section 41 of Form FmHA or its successor agency under Public Law 103-354 1940-3.

(c) The Finance Office will terminally process telephone reservation requests. Those requests for reservations received before 2:30 p.m. Central Time, to the extent possible, will be processed on the date received; however, there may be instances in which the reservation will be processed on the next working day.

(d) Each working day the Finance Office will notify the State Office by tele-

phone of all projects for which authority was reserved during the previous night's processing cycle and the date of obligation. If authority cannot be reserved for a project, the Finance Office will notify the State Office that authority is not available within the State allocation. The obligation date will be 6 working days from the date of the request for reservation of authority which is being processed in the Finance Office. Immediately after notification by telephone of the reservation of authority, the State Director will call the Legislative Affairs and Public Information Staff in the National Office as required by FmHA or its successor agency under Public Law 103-354 Instruction 2015-C (available in any FmHA or its successor agency under Public Law 103-354 office).

[55 FR 11139, Mar. 27, 1990, as amended at 56 FR 8271, Feb. 28, 1991; 56 FR 29172, June 26, 1991]

**§ 1980.854 Projects requiring National Office review.**

(a) The following will be submitted to the National Office when the loan guarantee is not within the State Director's approval authority.

(1) Transmittal memorandum including:

- (i) Recommendation.
  - (ii) Date of expected obligation.
  - (iii) Any unusual circumstances.
- (2) Preapplication package.
- (3) Application package.

(4) Project Summary (Form FmHA or its successor agency under Public Law 103-354 1942-45 or 1942-43).

(b) For applications to be reviewed in the field, at least those items in paragraphs (a)(2) through (4) of this section, should be available.

[55 FR 11139, Mar. 27, 1990, as amended at 56 FR 29172, June 26, 1991]

**§ 1980.855 Review of requirements.**

(a) Immediately after reviewing the conditions and requirements in Form FmHA or its successor agency under Public Law 103-354 449-14, the lender and borrower should complete and sign the "Acceptance of Conditions," and return a copy to the FmHA or its successor agency under Public Law 103-354 District Director. If certain conditions cannot be met, the lender and borrower

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may propose alternate conditions to FmHA or its successor agency under Public Law 103-354.

(b) If the lender indicates in the "Acceptance of Conditions" that it desires to obtain a Loan Note Guarantee (Form FmHA or its successor agency under Public Law 103-354 449-34), and subsequently decides at any time after receiving a conditional commitment that it no longer wants a guarantee, the lender will immediately advise the FmHA or its successor agency under Public Law 103-354 District Director.

### **§ 1980.856 Conditions precedent to issuance of the Loan Note Guarantee (Form FmHA or its successor agency under Public Law 103-354 449-34).**

In addition to compliance with the requirements of § 1980.60 of subpart A of this part, compliance with the following provisions are required prior to issuance of the Loan Note Guarantee:

(a) *Transfer of lenders.* With prior written concurrence of the FmHA or its successor agency under Public Law 103-354 Administrator, the FmHA or its successor agency under Public Law 103-354 approval official may approve a substitution of a new eligible lender in place of a former lender who holds an outstanding Conditional Commitment for Guarantee (where Loan Note Guarantee has not yet been issued) provided, there are no changes in the borrower's ownership or control, loan purposes, scope of project, and loan conditions in the Form FmHA or its successor agency under Public Law 103-354 449-14, and the loan agreement remains the same. To effect such a substitution, the former lender will provide FmHA or its successor agency under Public Law 103-354 with a letter stating the reasons it no longer desires to be a lender for the project. The substituted lender will execute a new Part "B" of Form FmHA or its successor agency under Public Law 103-354 1980-10. If approved by FmHA or its successor agency under Public Law 103-354, the Administrator will issue a letter of amendment to the original Form FmHA or its successor agency under Public Law 103-354 449-14 reflecting the new lender who will acknowledge acceptance of the letter or amendment in writing. If the Loan Note Guarantee

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has been issued, the provisions of § 1980.818(b) regarding substitution of lender must be followed.

(b) *Substitution of borrowers.* FmHA or its successor agency under Public Law 103-354 will not issue a Loan Note Guarantee to the lender who is in receipt of a Form FmHA or its successor agency under Public Law 103-354 449-14 with an obligation in a previous fiscal year if the originally approved borrower (including changes in legal entity) or owners are changed. The only exception to this provision prohibiting a change in the legal entity's form of ownership is when the originally approved borrower or owner is replaced with substantially the same individuals with substantially the same interests, as originally approved and identified in Form FmHA or its successor agency under Public Law 103-354 1980-10. All requests for exceptions must be approved by the FmHA or its successor agency under Public Law 103-354 National Office.

(c) *Changes in terms and conditions in Form FmHA or its successor agency under Public Law 103-354 449-14.* Once Form FmHA or its successor agency under Public Law 103-354 449-14 is issued and accepted by the lender and borrower, the Commitment shall not be modified as to the scope of the project, overall facility concept, project purpose, use of proceeds, or terms and conditions. Only minor changes will be considered, unless otherwise provided for in this subpart.

(d) *Preguarantee review.* Coincident with, or immediately after loan closing, the lender will contact FmHA or its successor agency under Public Law 103-354 and provide those documents and certifications required in §§ 1980.60 and 1980.61 of subpart A of this part. For any loans involving bonds, the opinion of the recognized bond counsel will be reviewed to determine the adequacy of the bonds issued or to be issued. Only when the District Director is satisfied that all conditions for the guarantee have been met, will the Loan Note Guarantee be executed.

(e) *Title for land, rights-of-way, or easements.* Where applicable, the lender must certify that the borrower has obtained: