

## §§ 1951.156–1951.200 [Reserved]

**Subpart E—Servicing of Community and Direct Business Programs Loans and Grants**

SOURCE: 55 FR 4399, Feb. 8, 1990, unless otherwise noted.

**§ 1951.201 Purposes.**

This subpart prescribes the Rural Development mission area policies, authorizations, and procedures for servicing Water and Waste Disposal System loans and grants; Community Facility loans and grants; Rural Business Enterprise/Television Demonstration grants; loans for Grazing and other shift-in-land-use projects; Association Recreation loans; Association Irrigation and Drainage loans; Watershed loans and advances; Resource Conservation and Development loans; Direct Business loans; Economic Opportunity Cooperative loans; Rural Renewal loans; Energy Impacted Area Development Assistance Program grants; National Nonprofit Corporation grants; Water and Waste Disposal Technical Assistance and Training grants; Emergency Community Water Assistance grants; System for Delivery of Certain Rural Development Programs panel grants; section 306C WWD loans and grants; and Rural and Cooperative Development Grants in subpart F of part 4284 of this title. Rural Development State Offices act on behalf of the Rural Utilities Service, the Rural Business-Cooperative Service, and the Farm Service Agency as to loan and grant programs formerly administered by the Farmers Home Administration and the Rural Development Administration. Loans sold without insurance to the private sector will be serviced in the private sector and will not be serviced under this subpart. The provisions of this subpart are not applicable to such loans. Future changes to this subpart will not be made applicable to such loans.

[62 FR 33510, June 19, 1997, as amended at 62 FR 42387, Aug. 7, 1997; 66 FR 1569, Jan. 9, 2001]

**§ 1951.202 Objectives.**

The purpose of loan and grant servicing functions is to assist recipients to

meet the objectives of loans and grants, repay loans on schedule, comply with agreements, and protect FmHA or its successor agency under Public Law 103-354's financial interest. Supervision by FmHA or its successor agency under Public Law 103-354 includes, but is not limited to, review of budgets, management reports, audits and financial statements; performing security inspections and providing, arranging for, or recommending technical assistance; evaluating environmental impacts of proposed actions by the borrower; and performing civil rights compliance reviews.

**§ 1951.203 Definitions.**

(a) *Approval official*. An official who has been delegated loan and/or grant approval authorities within applicable programs, subject to the dollar limitations of exhibits A, B, and C of subpart A of part 1901 of this chapter (available in any FmHA or its successor agency under Public Law 103-354 office).

(b) *Assumption of debt*. The agreement by one party to legally bind itself to pay the debt incurred by another.

(c) *CONACT*. The Consolidated Farm and Rural Development Act, as amended.

(d) *Eligible applicant*. An entity that would be legally qualified for financial assistance under the loan or grant program involved in the servicing action.

(e) *Ineligible applicant*. An entity or individual that would not be considered eligible for financial assistance under the loan or grant program involved in the servicing action.

(f) *Nonprogram (NP) loan*. An NP loan exists when credit is extended to an ineligible applicant and/or transferee in connection with loan assumptions or sale of inventory property; any recipient in cases of unauthorized assistance; or a recipient whose legal organization has changed as set forth in §1951.220(e) of this subpart resulting in the borrower being ineligible for program benefits.

(g) *Servicing office*. The State, District, or County Office responsible for immediate servicing functions for the borrower or grantee.

(h) *Transfer fee*. A one-time non-refundable application fee, charged to ineligible applicants for FmHA or its