

making gains or profits for the corporation or members; and, is legally precluded from distributing to its members any gains or profits.

(b) A *public nonprofit organization* is a nonprofit corporation other than a private nonprofit corporation, including a municipal corporation or other corporate agency of a State or local government.

(c) *Rural area* is open country or rural places as defined in §1944.10 of subpart A.

(d) *Development cost* means the cost of purchasing and developing the sites including engineering and legal fees, streets, roads, utilities, minimum essential administrative costs, necessary equipment and estimated interest which the borrower cannot pay from other sources.

(e) *RHS section 523 loan* means a loan to an organization which will provide sites for housing to be built by the self-help method.

(f) *RHS section 524 loan* means a loan to an organization which will provide sites for housing to be built with no limitation as to the method of construction that will be used.

(g) *OGC* means the Office of the General Counsel, including the regional attorney or attorney in charge serving the State in which the RHS project is located.

[35 FR 10687, July 1, 1970, as amended at 40 FR 52837, Nov. 13, 1975; 46 FR 61989, Dec. 21, 1981]

EFFECTIVE DATE NOTE: At 67 FR 78326, Dec. 24, 2002, §1822.263 was amended by revising paragraph (c) effective January 23, 2003. For the convenience of the user, the revised text is set forth as follows:

**§ 1822.263 Definitions.**

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(c) *Rural area* is open country or rural places as defined in 7 CFR part 3550, subpart A.

**§ 1822.264 Eligibility requirements.**

(a) *Eligibility of applicant.* To be eligible for an RHS loan, the applicant must be a private or public nonprofit organization as defined in §1822.263 (a) or (b) which is authorized to provide housing sites on a nonprofit basis.

(1) If it is a private nonprofit organization as defined in §1822.263(a), it should also:

(i) Have a membership of at least 10 community leaders.

(ii) Plan to adopt, if it is being newly organized, articles of incorporation and bylaws that generally conform to model articles and bylaws provided by the State director which will be consistent with State law and with changes appropriate to the purposes and powers of an eligible applicant under this subpart.

(2) [Reserved]

(b) *Authorized representative of applicant.* The Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 will deal only with the applicant or bona fide representative or the applicant or the representative's technical advisors. An authorized representative of the applicant must have no pecuniary interest in the award of the engineering, architectural or construction contracts, necessary equipment, or the purchase or development of the land.

**§ 1822.265 Loan purposes.**

RHS loans may be made to qualified applicants:

(a) For the purchase and development of adequate sites, including the construction of essential access roads, streets, utility lines, and necessary equipment which will become a permanent part of the development. If public water and waste disposal facilities are not available and cannot reasonably be provided on a community basis with other financing, including FmHA or its successor agency under Public Law 103-354 Water and Waste Disposal Association loans, funds may be included for this purpose.

(b) For the payment of necessary engineering fees, legal fees, and closing costs.

(c) For the payment of actual cash cost of incidental administrative expenses such as postage, telephone, advertising, and temporary secretarial help, if funds to pay these expenses are not otherwise available. The estimated cost of these items should be identified and shown in the budget.

(d) To provide for needed landscaping, planting, seeding, or sodding,