

Associates. All persons with whom an employee has a business or close personal association or immediate working relationship.

Business association. Business relationship between those with an identity of financial interest; including but not limited to a business partnership, being an officer, director, trustee, partner or employee of an organization, or other long-term contractual relationship.

Close personal association. Social relationship between unrelated residents of the same household.

Close relatives. The spouse, relatives and step-relatives of an employee or the employee's spouse, including Grandmother, Grandfather, Mother, Father, Aunt, Uncle, Sister, Brother, Daughter, Son, Niece, Nephew, Granddaughter, Grandson, and First Cousin.

Conflict of interest. A situation (or the appearance of one) in which one could reasonably conclude that an FmHA or its successor agency under Public Law 103-354 employee's private interest conflicts with his or her Government duties and responsibilities, even though there may not actually be a conflict.

Employee. All FmHA or its successor agency under Public Law 103-354 personnel, including gratuitous employees and those negotiating for or having arrangements for prospective employment, except as otherwise specifically stated. For the purposes of this instruction only, the term also refers to county or area committee members, elected or appointed, and to closing agents who, although they are not employees, have a special relationship to FmHA or its successor agency under Public Law 103-354 and therefore should be subject to these provisions.

Immediate working relationship. A relationship between a subordinate and a supervisor in a direct line, or between co-workers in the same office. For the purposes of this subpart, the relationships among a County Supervisor and members of the local County Committee are immediate working relationships.

Members of family. Blood and in-law relatives (such as by marriage or adoption) who are residents of the employee's household.

Recipient. One who has applied for or received FmHA or its successor agency under Public Law 103-354 financial assistance in the form of a loan or grant. See definition of applicant or borrower.

§ 1900.153 Identifying and reporting an employee relationship.

(a) *Responsibility of applicant.* When an application for assistance is filed, the processing official asks if there is any known relationship or association with an FmHA or its successor agency under Public Law 103-354 employee. The applicant is required to disclose the requested information under subpart A of part 1910 of this chapter and pertinent program regulations.

(b) *Responsibility of FmHA or its successor agency under Public Law 103-354 employee.* An FmHA or its successor agency under Public Law 103-354 employee who knows he or she is related to or associated with an applicant or recipient, regardless of whether the relationship or association is known to others, is required to notify the FmHA or its successor agency under Public Law 103-354 official who is processing or servicing the assistance, in writing. FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-1 (available in any FmHA or its successor agency under Public Law 103-354 office) may be used as the notice. If the appropriate official is not known, the State Director should be notified. Regardless of whether the relationship or association is defined in §1900.152 of this subpart, if the employee believes there may be a potential conflict of interest, the FmHA or its successor agency under Public Law 103-354 official who is processing or servicing the assistance may be notified and special handling requested. An employee's request that the case receive special handling is usually honored.

(c) *Responsibility of FmHA or its successor agency under Public Law 103-354 official.* When any relationship or association is identified, the FmHA or its successor agency under Public Law 103-354 official completes and submits FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-2 (available in any FmHA or its successor agency under Public Law 103-354

office) to the State Director (or Administrator, under paragraph (e) of this section or §1900.155(a) of this subpart). When completed FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-3 (available in any FmHA or its successor agency under Public Law 103-354 office) is returned by the State Director, the processing official;

(1)-(2) [Reserved]

(3) Notifies the recipient in writing of the change in responsibility and any other pertinent information,

(4) [Reserved]

(d) *Relationship or association established after application for FmHA or its successor agency under Public Law 103-354 assistance.* If a relationship or association is established after an application has been filed or assistance has been provided, both recipient and employee are required to notify the FmHA or its successor agency under Public Law 103-354 official who is processing or servicing the assistance. FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-1 (available in any FmHA or its successor agency under Public Law 103-354 office) may be used for the notice.

(e) *Relationship or association with a State Office, Finance Office or National Office employee.* If an identified relationship or association is with an employee at a State Office (other than a State Director), Finance Office or National Office, the processing/servicing official completes and submits FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-2 (available in any FmHA or its successor agency under Public Law 103-354 office) to the State Director in the normal manner. The State Director reviews the information, determines the need for special handling, designates the processing/servicing official, completes and submits FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-3 (available in any FmHA or its successor agency under Public Law 103-354 office) to the Administrator for written concurrence. When the Administrator's concurrence is received, the State Director returns completed FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-3 to the original official who

completes the action described in paragraph (c) of this section.

(f) *Relationship or association with a State Director.* If an identified relationship or association is with a State Director, the processing/servicing official completes and submits FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-2 (available in any FmHA or its successor agency under Public Law 103-354 office) to the Administrator. The Administrator reviews, determines the need for special handling, designates the processing/servicing official, completes and returns FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-3 (available in any FmHA or its successor agency under Public Law 103-354 office) to the original official who completes the action described in paragraph (c) of this section.

(g) *Change in relationship or association, status of FmHA or its successor agency under Public Law 103-354 assistance, or employee's duty station.* If the relationship or association has changed, the application denied or the assistance otherwise terminated, or the FmHA or its successor agency under Public Law 103-354 employee's duty station changed, the designated processing/servicing official completes FmHA or its successor agency under Public Law 103-354 Guide Letter 1900-D-2 (available in any FmHA or its successor agency under Public Law 103-354 office) with the new information and submits it. The review process takes place as described in paragraphs (a) through (e) of this section to determine if processing/servicing activity may return to normal or requires another change. If the assistance is denied or otherwise terminated, the designated official notifies the original official.

§1900.154 Determining the need for special handling.

The State Director (or Administrator, under §1900.153(e) or §1900.155(a) of this subpart):

(a) [Reserved]

(b) Determines whether the reported relationship or association is defined in §1900.152 of this subpart and would violate the provisions of §1900.151(a) of this subpart,

(c)-(f) [Reserved]