

case will the Agency reimburse in excess of 4 percent.

(4) The packaging costs are not required to be considered a part of the security value of the project.

(5) Related project costs as listed in § 1944.169 of this subpart are not included as a part of the costs for development and packaging of the loan/grant docket and project.

(j) Pay interest which will accrue during the estimated construction period if interim financing is used [or if loan will be closed using multiple advances on daily interest accrual (DIAS) with annual installment and deferred principal]. In the case of multiple advances when the loan is closed on a predetermined amortization schedule system (PASS) or on DIAS with monthly installments, loan funds will not be used for construction interest. Accrued interest during the construction period will be capitalized when construction is substantially complete and the project is ready for full operation.

(k) Pay normal charges necessary to obtain interim financing.

(l) Pay initial operating expenses up to 2 percent of the development cost for any type applicant except an individual farmowner, family farm corporation or partnership, or an association of farmers.

(m) Pay for related costs incurred in compliance with the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 and in accordance with § 1944.164(q) of this subpart.

(n) To make advances in accordance with § 1965.217 (d) of subpart E of part 1965 of this chapter to nonprofit corporations and public agencies to avert prepayment of the loan.

(o) Encourage the development of farm labor housing. RHS may award "technical assistance" grants to eligible private and public nonprofit agencies. These grant recipients will, in turn, assist other organizations obtain loans and grants for the construction of farm labor housing. Technical assistance services may not be funded under both this paragraph and paragraph (i) of this section. In addition, technical assistance may not be funded by RHS when an identity of interest exists between the technical assistance provider

and the loan or grant applicant. Requests for Proposals (RFP) may be periodically published in the FEDERAL REGISTER by RHS inviting eligible nonprofit organizations to submit LH technical assistance grant proposals. RFPs will contain the amount of available funding, the method of allocating or distributing funds, where to submit proposals, proposal requirements, the deadline for the submission of proposals, the selection criteria, and the grant agreement to be entered into between RHS and the grantee.

[45 FR 47655, July 16, 1980, as amended at 50 FR 8590, Mar. 4, 1985; 58 FR 38923, July 21, 1993; 60 FR 4070, Jan. 20, 1995; 67 FR 66311, Oct. 31, 2002]

§ 1944.159 Rates and terms.

(a) *Amortization period.* Each loan will be scheduled for payment in installments within a period, not to exceed 33 years, as may be necessary to assure that the loan will be adequately secured, taking into account the probable depreciation of the security.

(b) *Interest rate.* Upon request of the applicant, the interest rate charged by FmHA or its successor agency under Public Law 103-354 will be the lower of the interest rates in effect at the time of loan approval or loan closing. If an applicant does not indicate a choice, the loan will be closed at the interest rate in effect at the time of loan approval. Interest rates are specified in exhibit B of FmHA Instruction 440.1 (available in any FmHA or its successor agency under Public Law 103-354 office).

(c) *Amortization schedule.* LH loans, including subsequent loans closed after May 1, 1985, must be on PASS if the project has year-round occupancy and monthly income. LH loans requiring annual installments due to seasonal income may be closed on the daily interest accrual system (DIAS) with monthly or annual payments. All loans on any project receiving a subsequent loan on or after May 1, 1985, must be converted to PASS if the subsequent loan is on PASS. Accounting and processing payments for PASS loans will be handled under subpart K of part 1951 of this chapter.

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