

grant is disapproved or if adverse action is taken, the reasons for such action will be shown on the original Form FmHA or its successor agency under Public Law 103-354 1944-51. Form FmHA or its successor agency under Public Law 103-354 1944-51 will be initialed and dated. The District Director will notify the applicant in writing of the disapproval of or adverse action on the loan or grant and the reasons therefore and advise them of their right to appeal in accordance with subpart B of part 1900 of this chapter. The disapproved docket will then be handled in accordance with Form FmHA or its successor agency under Public Law 103-354 Instruction 2033-A which is available in any FmHA or its successor agency under Public Law 103-354 office. Any appeals as a result of disapproval or adverse action will be handled in accordance with subpart B of part 1900 of this chapter.

[45 FR 47655, July 16, 1980, as amended at 50 FR 8591, Mar. 4, 1985]

§ 1944.174 Distribution of loan and/or grant approval documents.

For a loan to an organization, or in special cases, the approved loan or grant docket, including any title evidence, will be sent to OGC by the State Office for preparation of closing instructions and any special legal documents required for closing. The original executed, witnessed loan and grant resolution, or a certified copy of the required loan and grant resolution must be supplied by the applicant in time to be included in the loan or grant docket. If applicable, the docket will also include the proposed grant agreement for OGC review. No docket will be considered which fails to include such a required resolution or proposed agreement. OGC will route the docket, including closing instructions and any such legal documents, to the District Office through the State Office for review and for inclusion of any further instructions needed in closing the loan.

[45 FR 47655, July 16, 1980, as amended at 47 FR 54423, Dec. 3, 1982]

§ 1944.175 Actions subsequent to loan and/or grant approval.

(a) *Interim financing from commercial sources.* Interim financing may be used

when a loan or combination loan and grant exceeds \$50,000 provided funds can be borrowed at reasonable interest rates from commercial sources for the construction period. When interim commercial financing is used:

(1) The docket will be processed to the stage where the FmHA or its successor agency under Public Law 103-354 loan or combination loan and grant would normally be closed. FmHA or its successor agency under Public Law 103-354 loan or combination loan and grant funds will be obligated before the applicant proceeds with the final arrangements for interim commercial financing.

(2) The State Director or District Director may deliver a copy of Form FmHA or its successor agency under Public Law 103-354 1944-57 as evidence of FmHA or its successor agency under Public Law 103-354 commitment, if necessary, or a letter stating that funds in specified amounts have been obligated and will be available to retire the interim financing if the applicant complies with the approval conditions. See exhibit I of this subpart for a sample letter that may be used.

(3) FmHA or its successor agency under Public Law 103-354 will undertake similar functions as if FmHA or its successor agency under Public Law 103-354 funds had been advanced from the standpoint of approving construction contracts and the monitoring of construction.

(4) The supervised bank account will normally not be used for funds obtained through interim commercial financing. However, the District Director will approve Form FmHA or its successor agency under Public Law 103-354 1924-18, "Partial Payment Estimate," to insure that funds are used for authorized purposes.

(5) When the interim financing funds have been expended, the FmHA or its successor agency under Public Law 103-354 loan or combination loan and grant will be closed and permanent instruments will be issued to evidence the FmHA or its successor agency under Public Law 103-354 indebtedness. The FmHA or its successor agency under Public Law 103-354 loan or combination loan and grant proceeds will be used to