

upon, the District Director will determine the amount of funds needed in accordance with either paragraphs (a) or (b) of this section. The District Director's delegate will then order the loan and/or grant check through the field office terminal so that it will be available on or just before the date set for loan closing.

(d) *Increase or decrease in the amount of the loan.* If it becomes necessary for the amount of the loan and/or grant to be increased or decreased before loan closing, the loan approval official or District Director will request that all distributed docket forms be returned to the District Office. The loan docket will be revised accordingly and reprocessed.

(e) [Reserved]

(f) *Handling the loan or grant check.* The loan or grant check will be handled in accordance with FmHA Instruction 2018-D, which is available in any FmHA or its successor agency under Public Law 103-354 office and subpart A of part 1902 of this chapter.

(g) *Property insurance.* Buildings will be insured in accordance with subpart A of part 1806 of this chapter (FmHA Instruction 426.1).

[45 FR 47655, July 16, 1980, as amended at 47 FR 36414, Aug. 20, 1982; 50 FR 8592, Mar. 4, 1985; 52 FR 8036, Mar. 13, 1987; 53 FR 26590, July 14, 1988; 54 FR 39728, Sept. 28, 1989; 56 FR 67482, Dec. 31, 1991; 59 FR 54788, 54789, Nov. 2, 1994; 68 FR 61331, Oct. 28, 2003]

§ 1944.176 Loan and/or grant closing.

(a) *Applicable instructions.* LH loans and/or grants will be closed in accordance with applicable provisions of subpart B of part 1927 of this chapter and State supplements. Loan dockets for an organization and loan dockets for an individual in special cases will be sent to OGC for additional closing instructions. A family farm corporation or partnership or an association of farmers applicant may use its attorney to close the loan in accordance with applicable loan closing instructions provided the attorney is not a member, officer, director, trustee, stockholder, or partner of the applicant entity. Non-profit organizations may use an attorney who is a member of their organization. The cost incurred by the organi-

zation for legal services must be reasonable and competitive for the area.

(b) *LH grant agreement.* An LH grant agreement, prepared and authorized as provided in §1944.164(e), will be dated and executed by the applicant on the date of grant closing. The executed agreement will be filed with the mortgage or other security instrument in the County Office case file.

(c) *LH loan agreement.* A LH loan agreement, prepared and authorized as provided in §1944.164 (g) of this subpart will be dated and executed by the applicant on the date of loan approval. The executed agreement will be filed with the mortgage or other security instrument in the District Office case file.

(d) *Mortgage.* Unless the OGC determines the Form to be inappropriate, real estate mortgage Form FmHA or its successor agency under Public Law 103-354 1927-1 (state), "Real Estate Mortgage for _____," will be used. For loans and/or grants to organizations, Form FmHA or its successor agency under Public Law 103-354 1927-1 will be modified as prescribed by or with the advice of the OGC with respect to the name, address, and other identification of the borrower, style of execution, acknowledgement, and any other provisions.

(1) The mortgage or other instrument will contain the following covenant:

"The property described herein was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the property continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the purchaser owns it, whichever is longer."

(2) For all LH loans, the restrictive-use provisions contained in exhibit A-1 of subpart E of part 1965 of this chapter will be included in the mortgage.

(3) When a loan resolution or loan agreement is used, an additional paragraph will be included in the mortgage to read as follows:

"This instrument also secures the obligations and covenants of Borrower set forth in Borrower's Loan Resolution (Loan Agreement) of (Date), which is hereby incorporated herein by reference."

§ 1944.176

7 CFR Ch. XVIII (1-1-05 Edition)

(4) When the borrower is an organization the mortgage will include the following provision:

“Borrower will not require any occupant of the housing or related facilities, as a condition of occupancy, to work or be employed on any particular farm or other place, or work for or be employed by any particular person, firm, or interest.”

(5) For a grant made at the same time as an LH loan, the mortgage securing the loan will contain a provision making it also secure the applicant’s obligations under the LH grant agreement. For a grant not made at the same time as an LH loan, the type of security instrument will be determined by the National Office based upon the State Director’s recommendation and the advice of OGC.

(e) *Promissory note.* (1) Form FmHA or its successor agency under Public Law 103-354 1944-52, “Multiple Family Housing Promissory Note,” will be used for all LH loans except those secured by bonds. Payments on LH loans will be scheduled on a monthly or annual basis in accordance with the expected schedule of income from the project. If periodic payments are desired on an annual note they may be scheduled on Form FmHA or its successor agency under Public Law 103-354 440-9.

(2) The note will be dated the date of loan closing as authorized in subpart B of part 1927 of this chapter.

(3) In the case of multiple advances on PASS or DIAS monthly installments, payments will be deferred for the period of construction and any remaining period until the project is operational. When construction is substantially complete and/or the project is ready for full operation or interest plus principal reaches the “Maximum Debt Limit (MDL) at Amortization Effective Date (AED),” the accrued interest on advances will be capitalized establishing a new loan amount. The MDL at AED will be established according to §1944.157(a)(7)(iii) of this subpart. The borrower’s payment of principal and interest will be established according to the FMI, for Form FmHA or its successor agency under Public Law 103-354 1944-52, “Multiple Family Housing Promissory Note.” At loan closing the Finance Office will be notified of the projected AED and the

MDL at AED on Form FmHA or its successor agency under Public Law 103-354 1944-57. When the MDL at AED is reached or the loan is fully advanced, Finance Office will:

(i) Capitalize the construction interest. When there is a remaining obligation balance, the remaining obligation will be cancelled by the Finance Office.

(ii) Notify the District Office of the new loan amount and the borrower’s scheduled loan payment.

(iii) Prepare and forward to the District Office Form FmHA or its successor agency under Public Law 103-354 1944-7, “Multiple Family Housing Interest Credit and Rental Assistance Agreement” if RA has been obligated for the project.

(iv) The District Office will complete Forms FmHA 1944-52 and FmHA 1944-7 according to the FMI’s.

(4) Deferred principal payments may be permitted up to 2 years when determined to be necessary and advisable. Accrued interest must be paid annually when the loan is closed on DIAS; however, smaller than regular payments of principal or no payments of principal may be provided for the first and second installments after loan closing.

(5) The promissory note(s) will be signed in accordance with subpart B of part 1927 of this chapter and any supplemental instructions from OGC.

(6) After loan closing the original note and copies will be distributed according to the FMI. The loan closing information will be transmitted via the field office terminals when the loan is closed with a promissory note.

(7) For a loan to a public body, the forms of obligation will be determined in accordance with exhibit H to this of subpart.

(f) *Recorded mortgage.* When the real estate mortgage is returned by the recording official, the District Director will retain the original in the borrower’s case folder. If the original is retained by the recording official for the county records, a conformed copy including the recording data showing the date and place of recordation and book and page number will be prepared and filed in the borrower’s case folder. A copy of the mortgage, conformed as to all matters except the recording date, will be delivered to the borrower.

(g) *Date of closing—establishment of account.* (1) An LH loan and/or grant is considered closed when the security instrument is filed of record or, if no security instrument is filed of record, when the loan or grant funds are deposited in the supervised bank account or otherwise made available to the borrower after the borrower executes and delivers the note and any other required instruments.

(2) After the loan and/or grant is closed, the account and case folder will be established in accordance with applicable FmHA or its successor agency under Public Law 103-354 regulations (FmHA Instruction 1905-A which is available in any FmHA or its successor agency under Public Law 103-354 office and FmHA Instruction 2033-A which is available in the FmHA or its successor agency under Public Law 103-354 State and National Offices.)

[45 FR 47655, July 16, 1980 as amended at 50 FR 8592, Mar. 4, 1985; 51 FR 12308, Apr. 10, 1986; 52 FR 24288, June 30, 1987; 56 FR 67482, Dec. 31, 1991; 57 FR 59904, Dec. 17, 1992; 58 FR 38923, July 21, 1993]

§ 1944.177 Coding loans and grants as to initial or subsequent.

A borrower may obtain financing for more than one project. Each project will be coded as an initial loan or grant when the total number of units are built or purchased at one place at one time. A subsequent loan or grant will be so coded when an additional loan or grant is necessary to complete the units planned with the initial loan or grant. As an example, the borrower may obtain initial loans or grant for more than one project in the same district, in different counties under the same District Office jurisdiction, or in more than one District Office jurisdiction. Codes to be used will be in accordance with the FMI for Forms FmHA 1944-51 and FmHA 1944-57.

[45 FR 47655, July 16, 1980 as amended at 50 FR 8593, Mar. 4, 1985]

§ 1944.178 Complaints regarding discrimination in use and occupancy of Labor housing.

Any tenant or prospective tenant seeking occupancy or use of LH or related facilities who believes he/she has been discriminated against because of

age, race, color, religion, sex, marital or familial status, handicap or National origin may file a complaint in person with, or by mail to the Office of Fair Housing and Equal Opportunity, Department of Housing and Urban Development (HUD), Washington, DC, 20410, or any HUD Office, or to the Secretary of Agriculture, Washington, DC. If the complaint is made to an FmHA or its successor agency under Public Law 103-354 county, district or State office, it must be directed to the Director of Equal Opportunity Staff, National Office, by the FmHA or its successor agency under Public Law 103-354 employee in charge of that office. When a complaint is sent to FmHA or its successor agency under Public Law 103-354-EOS by a county or district office, the State Director will be made aware of the complaint.

(a) Personnel in FmHA or its successor agency under Public Law 103-354 field offices will provide assistance to the aggrieved party when filling out required forms and filing a complaint.

(b) Each complaint must contain the following information:

(1) The name and address of the respondent.

(2) The name and address of the aggrieved person.

(3) A description and the address of the dwelling which is involved, if appropriate.

(4) A concise statement of the facts, including pertinent dates, constituting the alleged discriminatory housing practice.

(c) Participants in FmHA or its successor agency under Public Law 103-354's housing program failing to comply with the requirements of title VIII, as amended of the Civil Rights Act of 1968, and the respective Affirmative Fair Housing Marketing Plan will make themselves liable to sanction authorized by law, regulations, agreements, rules and/or policies governing the program pursuant to which the application was made. All complaints will be handled in accordance with prescribed procedure.

[55 FR 6244, Feb. 22, 1990]