

approval do not negatively or disproportionately affect program beneficiaries by virtue of race, color, sex, national origin, religion, age, disability, or marital or familial status. To ensure compliance with these objectives, the RHS approval official will complete Form RD 2006-38, "Civil Rights Impact Analysis Certification."

[56 FR 65981, Dec. 20, 1991, as amended at 58 FR 38924, July 21, 1993; 58 FR 40953, July 30, 1993; 58 FR 44265, Aug. 20, 1993; 59 FR 6887, 6897, Feb. 14, 1994; 59 FR 49346, Sept. 28, 1994; 61 FR 39851, July 31, 1996; 62 FR 25067, 25075, May 7, 1997]

§§ 1944.216–1944.220 [Reserved]

§ 1944.221 Security.

(a) *Mortgage.* Each loan will be secured in a manner that adequately protects the financial interest of the Government. A first mortgage will be taken on the property purchased or improved with the loan, except as indicated in paragraphs (a)(1) and (a)(3) of this section and, for projects that are funded jointly by RHS and other sources, as indicated in §1944.233(f).

(1) A second mortgage will be taken on a site developed with prior loan(s) when a subsequent loan is made to complete or finish out units on the site or when a second initial loan is made to develop units on a contiguous site.

(2) Personal liability will not be required for the members or stockholders of any corporation or trust or any partners in a limited partnership. Personal liability will be required of all members of other partnerships. For limited partnerships, the State Director will obtain the advice of the Regional Attorney as to any modifications needed in the promissory note and mortgage.

(3) If it is impossible or inadvisable for an applicant which is a public or quasi-public organization to give a real estate mortgage, the security to be taken will be determined by the National Office upon the recommendation of the State Director. The State Director should consult OGC as to whether the proposed security is legally permissible.

(b) *Financing statement.* To secure the FmHA or its successor agency under Public Law 103-354 loan, each borrower will execute Form FmHA or its suc-

cessor agency under Public Law 103-354 440-25, "Financing Statement," and a security agreement at loan closing pledging all revenue from the housing project. This includes any FmHA or its successor agency under Public Law 103-354 RA payments State or private RA payments and/or rent or occupancy payments.

(c) If a bond is used in lieu of a promissory note to evidence a loan, it must be sent to the National Office for review prior to loan closing. OGC must also review the proposed bond.

[53 FR 2159, Jan. 26, 1988, as amended at 56 FR 2238, Jan. 22, 1991; 62 FR 25075, May 7, 1997]

§ 1944.222 Technical, legal, and other services.

(a) *Appraisals.* When real estate is taken as security, the property will be appraised without regard to such factors as race, color, religion, sex, handicap, marital or familial status, or National origin, and it is unlawful to use an appraisal where the person knows, or reasonably should know, that the appraiser improperly took into consideration the factors indicated above. Appraisals for FmHA or its successor agency under Public Law 103-354 will be done by the multiple housing appraiser or a designated contract appraiser authorized to make real estate appraisals. If security involves less than five rental units, the property will be appraised under subpart C of part 1922 of this chapter. For security involving five or more rental units, the appraisal will be made under FmHA Instruction 1922-B (available in any State or servicing office). Form FmHA or its successor agency under Public Law 103-354 1922-7, "Appraisal Report for Multi-Unit Housing," will be completed to show the depreciated replacement value of all the buildings existing or to be constructed on the property to be taken as security.

(b) *Architectural and engineering services.* (1) Housing and related facilities will be planned and developed in accordance with subparts A and C of part 1924 of this chapter. The housing will be designed to meet the needs of the types of persons who will likely occupy it.