

to the MTFs project worksheet report, before returning it with the monthly payment. Borrowers with Section 8 units who are reporting overage payment, and/or excess HUD contract rent to the reserve account are required to complete Part I of either Form FmHA or its successor agency under Public Law 103-354 1944-29 or the MTFs project worksheet report.

(3) On or about the 11th day of each month, the Finance Office will generate and mail to each borrower that is delinquent and/or has late fees, Form FmHA or its successor agency under Public Law 103-354 1944-9A, "Multiple Family Housing Statement of Payment Due," showing the current monthly payment due, unpaid late fees, and delinquent payments, if any, due on the first day of the following month. This payment statement will be determined from current Finance Office records but will not reflect overage due from the borrower or rental assistance (RA) due the borrower.

(4) Each borrower will submit to the District Office Form FmHA or its successor agency under Public Law 103-354 1944-29 with the required monthly payment indicated or adjusted as indicated in paragraph (a)(5) of this section regardless of whether or not Form FmHA or its successor agency under Public Law 103-354 1944-9A is received.

(5) Form FmHA or its successor agency under Public Law 103-354 1944-29, prepared by the borrower must reflect the following:

(i) Only tenants occupying units the first day of the month prior to the payment due date.

(ii) Interest credit and (RA) may be claimed only for tenants with current tenant certification as specified in paragraph VII F 2 of exhibit B to subpart F of part 1930 of this chapter.

(iii) Overage up to the market rent must be paid to FmHA or its successor agency under Public Law 103-354 by the borrower for tenants without current tenant certifications unless there is a formal eviction in process, then the payment will be calculated based on the expired tenant certificate. The District Director may determine that the tenant may be required to reimburse the borrower for that overage as allowed in paragraph VII F 6 c of exhibit

B to subpart C of part 1930 of this chapter.

(iv) The borrower may subtract any RA due the project (supported by current tenant certifications) from the payment due and remit a "net" payment. Calculations supporting the "net" payment must be shown on Part I of Form FmHA or its successor agency under Public Law 103-354 1944-29. The Finance Office will net enough RA to bring the account status current and pay any unpaid overage, late fees, interest on delinquent principal, etc., based on the payment reception date. If the account is on or ahead of schedule on the payment reception date, enough RA will be netted to pay one full installment and any unpaid coverage, interest on delinquent principal, etc.

(6) The District Director will certify that data on current tenant certifications held in the District Office supports claims on Form FmHA or its successor agency under Public Law 103-354 1944-29. The District Director will transmit payments as directed in exhibit A of this subpart (available in any FmHA or its successor agency under Public Law 103-354 office).

(7) Payment input by FmHA or its successor agency under Public Law 103-354 will be based on correct amounts regardless of the amount remitted by the borrower.

(b)-(c) [Reserved]

[50 FR 8597, Mar. 4, 1985, as amended at 51 FR 27671, Aug. 1, 1986; 55 FR 25078, June 20, 1990; 56 FR 28038, June 19, 1991; 58 FR 40954, July 30, 1993; 59 FR 54789, Nov. 2, 1994; 62 FR 25065, 25070, May 7, 1997; 68 FR 61331, Oct. 28, 2003]

§ 1951.507 Maintaining borrower accounts.

(a) *Accounts of active borrowers.* The foundation for proper and timely debt payment is sound budgeting and monthly review of income and expenses by the borrower and, as necessary, the District Office staff. Account maintenance, therefore, must begin with initial planning and must be an integral part of ongoing analysis, planning and follow-up management assistance.

(b) *Accounts of collection-only borrowers.* Collection only accounts will be serviced according to § 1951.7(b) of subpart A of this part.

(c) *Notifying borrowers of late fees and past due payments.* The Finance Office will automatically notify each borrower of late fees for payments which were unpaid on the 10th day of the month. A copy of the notice will be mailed to the District Office servicing the account.

(d) *Subsequent servicing.* Delinquent accounts will be serviced according to the respective program requirements. Accounts will also be serviced under subpart B of part 1965 of this chapter.

(e) *District Office monitoring.* District Offices should review each account at least monthly by accessing the Automated Multi-Housing Accounting System (AMAS) through field office terminals. For projects on PASS, the Management System card will be flagged with an orange signal between Position “5” and “RRH.” Exhibit A-1 of this subpart (available in any FmHA or its successor agency under Public Law 103-354 office) should be used to track payments.

[50 FR 8597, Mar. 4, 1985, as amended at 58 FR 40955, July 30, 1993]

§ § 1951.508–1951.509 [Reserved]

§ 1951.510 **Payment application.**

(a) *Regular payment due date.* The regular payment due date is the first day of each month. All months will be counted as 30 days (360 day year).

(b) *First regular payment.* (1) The first regular amortized payment after loan closing for transfers (new terms), reamortizations, voluntary conversions, credit sales, or loans closed after interim financing *must* be at least one (1) month from closing. For example, if a loan is closed on January 31, the first regular amortized payment will be due March 1. For multiple advance loans the first payment must be at least one (1) month after the final advance.

(2) For transfers (same terms) payments on loans already on PASS will be due on the next scheduled due date.

(3) Transfers (same terms) converting from DIAS to PASS are loans retaining the same interest rate and final due date and regular amortized payments will be due 30 days from either the date of closing or the interest only installment, whichever is later.

(c) *Delinquent payments.* (1) A loan payment is due on the first day of a month. A loan payment is considered past due when it is received on the second day or a subsequent day through the close of business of the tenth day of the month. A loan payment is late when it is received after normal business hours of the tenth day of the month, without regard to weekends, holidays or payment transmission factors. Thereafter, a late fee will be charged as described in paragraphs (c)(2) and (c)(4) of this section.

(2) The project account will be charged a late fee when the regular payment is not received in the District Office by close of business of the tenth (10) day of the month the payment is due or when the payment is applied by the Finance Office and does not fully pay the regular payment and other charges for each project loan. Late fees collected by the Finance Office will be deposited in the Rural Housing Insurance Fund (RHIF).

(i) The project late fee is six percent of the total regular payment(s) due shown on the promissory note(s), conversion agreement(s), assumption agreement(s) or reamortization agreement(s).

(ii) A project late fee will be charged for any unpaid portion of the regular payment(s) exceeding \$15.00.

(iii) A project late fee will be charged one time only, for each regular payment.

(iv) Except for cooperative housing, project late fees may not be paid from project income as specified in paragraph XIII B2a(4) of exhibit B to subpart C of part 1930 of this chapter.

(v) Exceptions may be made to late fee charges only as follows:

(A) The State Director may allow an exception for any project for three (3) monthly project late fee charges in any calendar year, based on the State Director’s determination that the late fees place an unfair burden on the project. For each exception requested, the borrower must provide a written explanation of the circumstances which caused the late payment and what actions will be taken to bring the account current.

(B) The National Office may authorize exceptions to late fees for borrowers