

Rural Housing Service, USDA

Pt. 3560

from liability upon receipt of a specified lump sum that is less than the total amount due.

(b) *Adjustments.* An adjustment is an agreement by RHS to release a debtor from liability generally upon receipt of an initial lump sum representing the maximum amount the debtor can afford to pay and periodic additional payments over a period of up to 5 years.

(c) *Timing of offers.* (1) For a settlement offer to be considered, secured debts must be fully matured under the terms of the debt instrument or must have been accelerated by RHS.

(2) Unsecured debts owed after the sale of the security property may be proposed for compromise or adjustment at any time. Debts that were never secured may be proposed for compromise or adjustment when they are due and payable.

(d) *Retention of security property.* The debtor may retain the security property if the compromise payment is at least equal to the net recovery value, and it is in the best interest of the Government to allow the debtor to retain the security property.

§§ 3550.254–3550.299 [Reserved]

§ 3550.300 OMB control number.

The information collection requirements contained in this regulation have been approved by the Office of Management and Budget (OMB) and have been assigned OMB control number 0575–0172. Public reporting burden for this collection of information is estimated to vary from 5 minutes to 3 hours per response, with an average of 1½ hours per response, including time for review instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

[61 FR 59779, Nov. 22, 1996, as amended at 67 FR 78332, Dec. 24, 2002]

PART 3560—DIRECT MULTI-FAMILY HOUSING LOANS AND GRANTS

Subpart A—General Provisions and Definitions

Sec.

3560.1 Applicability and purpose.

3560.2 Civil rights.
3560.3 Environmental requirements.
3560.4 Compliance with other Federal requirements.
3560.5 State, local or tribal laws.
3560.6 Borrower responsibility and requirements.
3560.7 Delegation of responsibility.
3560.8 Administrator's exception authority.
3560.9 Reviews and appeals.
3560.10 Conflict of interest.
3560.11 Definitions.
3560.12–3560.49 [Reserved]
3560.50 OMB control number.

Subpart B—Direct Loan and Grant Origination

3560.51 General.
3560.52 Program objectives.
3560.53 Eligible use of funds.
3560.54 Restrictions on the use of funds.
3560.55 Applicant eligibility requirements.
3560.56 Processing section 515 housing proposals.
3560.57 Designated places for section 515 housing.
3560.58 Site requirements.
3560.59 Environmental requirements.
3560.60 Design requirements.
3560.61 Loan security.
3560.62 Technical, legal, insurance, and other services.
3560.63 Loan limits.
3560.64 Initial operating capital contribution.
3560.65 Reserve account.
3560.66 Participation with other funding or financing sources.
3560.67 Rates and terms for section 515 loans.
3560.68 Permitted return on investment (ROI).
3560.69 Supplemental requirements for congregate housing and group homes.
3560.70 Supplemental requirements for manufactured housing.
3560.71 Construction financing.
3560.72 Loan closing.
3560.73 Subsequent loans.
3560.74 Loan for final payments.
3560.75–3560.99 [Reserved]
3560.100 OMB control number.

Subpart C—Borrower Management and Operations Responsibilities

3560.101 General.
3560.102 Housing project management.
3560.103 Maintaining housing projects.
3560.104 Fair housing.
3560.105 Insurance and taxes.
3560.106–3560.149 [Reserved]
3560.150 OMB control number.

Pt. 3560

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

**Subpart D—Multi-Family Housing
Occupancy**

- 3560.151 General.
- 3560.152 Tenant eligibility.
- 3560.153 Calculation of household income and assets.
- 3560.154 Tenant selection.
- 3560.155 Assignment of rental units and occupancy policies.
- 3560.156 Lease requirements.
- 3560.157 Occupancy rules.
- 3560.158 Changes in tenant eligibility.
- 3560.159 Termination of occupancy.
- 3560.160 Tenant grievances.
- 3560.161–3560.199 [Reserved]
- 3560.200 OMB control number.

Subpart E—Rents

- 3560.201 General.
- 3560.202 Establishing rents and utility allowances.
- 3560.203 Tenant contributions.
- 3560.204 Security deposits and membership fees.
- 3560.205 Rent and utility allowance changes.
- 3560.206 Conversion to Plan II (Interest Credit).
- 3560.207 Annual adjustment factors for Section 8 units.
- 3560.208 Rents during eviction or failure to recertify.
- 3560.209 Rent collection.
- 3560.210 Special note rents (SNRs).
- 3560.211–3560.249 [Reserved]
- 3560.250 OMB control number.

Subpart F—Rental Subsidies

- 3560.251 General.
- 3560.252 Authorized rental subsidies.
- 3560.253 [Reserved]
- 3560.254 Eligibility for rental assistance.
- 3560.255 Requesting rental assistance.
- 3560.256 Rental assistance payments.
- 3560.257 Assigning rental assistance.
- 3560.258 Terms of agreement.
- 3560.259 Transferring rental assistance.
- 3560.260 Rental subsidies from non-Agency sources.
- 3560.261 Improperly advanced rental assistance.
- 3560.262–3560.299 [Reserved]
- 3560.300 OMB control number.

Subpart G—Financial Management

- 3560.301 General.
- 3560.302 Accounting, bookkeeping, budgeting, and financial management systems.
- 3560.303 Housing project budgets.
- 3560.304 Initial operating capital.
- 3560.305 Return on investment.
- 3560.306 Reserve account.
- 3560.307 Reports.
- 3560.308 Annual financial reports.

- 3560.309 Advancement (loan) of funds to a RRH project by the owner, member of the organization, or agent of the owner.
- 3560.310–3560.349 [Reserved]
- 3560.350 OMB control number.

Subpart H—Agency Monitoring

- 3560.351 General.
- 3560.352 Agency monitoring scope, purpose, and borrower responsibilities.
- 3560.353 Scheduling of on-site monitoring reviews.
- 3560.354 Borrower response to monitoring review notifications.
- 3560.355–3560.399 [Reserved]
- 3560.400 OMB control number.

Subpart I—Servicing

- 3560.401 General.
- 3560.402 Loan payment processing.
- 3560.403 Account servicing.
- 3560.404 Final loan payments.
- 3560.405 Borrower organizational structure or ownership interest changes.
- 3560.406 MFH ownership transfers or sales.
- 3560.407 Sales or other disposition of security property.
- 3560.408 Lease of security property.
- 3560.409 Subordinations or junior liens against security property.
- 3560.410 Consolidations.
- 3560.411–3560.449 [Reserved]
- 3560.450 OMB control number.

**Subpart J—Special Servicing, Enforcement,
Liquidation, and Other Actions**

- 3560.451 General.
- 3560.452 Monetary and non-monetary defaults.
- 3560.453 Workout agreements.
- 3560.454 Special servicing actions related to housing operations.
- 3560.455 Special servicing actions related to loan accounts.
- 3560.456 Liquidation.
- 3560.457 Negotiated debt settlement.
- 3560.458 Special property circumstances.
- 3560.459 Special borrower circumstances.
- 3560.460 Double damages.
- 3560.461 Enforcement provisions.
- 3560.462 Money laundering.
- 3560.463 Obstruction of Federal audits.
- 3560.464–3560.499 [Reserved]
- 3560.500 OMB control number.

**Subpart K—Management and Disposition
of Real Estate Owned (REO) Properties**

- 3560.501 General.
- 3560.502 Tenant notifications and assistance.
- 3560.503 Disposition of REO property.
- 3560.504 Sales price and bidding process.
- 3560.505 Agency loans to finance purchases of REO properties.

Rural Housing Service, USDA

Pt. 3560

- 3560.506 Conversion of single family type REO property to MFH use.
- 3560.507–3560.549 [Reserved]
- 3560.550 OMB control number.

Subpart L—Off-Farm Labor Housing

- 3560.551 General.
- 3560.552 Program objectives.
- 3560.553 Loan and grant purposes.
- 3560.554 Use of funds restrictions.
- 3560.555 Eligibility requirements for off-farm labor housing loans and grants.
- 3560.556 Application requirements and processing.
- 3560.557 [Reserved]
- 3560.558 Site requirements.
- 3560.559 Design and construction requirements.
- 3560.560 Security.
- 3560.561 Technical, legal, insurance and other services.
- 3560.562 Loan and grant limits.
- 3560.563 Initial operating capital.
- 3560.564 Reserve accounts.
- 3560.565 Participation with other funding or financing sources.
- 3560.566 Loan and grant rates and terms.
- 3560.567 Establishing the profit base on initial investment.
- 3560.568 Supplemental requirements for seasonal off-farm labor housing.
- 3560.569 Supplemental requirements for manufactured housing.
- 3560.570 Construction financing.
- 3560.571 Loan and grant closing.
- 3560.572 Subsequent loans.
- 3560.573 Rental assistance.
- 3560.574 Operating assistance.
- 3560.575 Rental structure and changes.
- 3560.576 Occupancy restrictions.
- 3560.577 Tenant priorities for labor housing.
- 3560.578 Financial management of labor housing.
- 3560.579 Servicing off-farm labor housing.
- 3560.580–3560.599 [Reserved]
- 3560.600 OMB control number.

Subpart M—On-Farm Labor Housing

- 3560.601 General.
- 3560.602 Program objectives.
- 3560.603 Loan purposes.
- 3560.604 Restrictions on use of funds.
- 3560.605 Eligibility requirements.
- 3560.606 Application requirements and processing.
- 3560.607 [Reserved]
- 3560.608 Site and construction requirements.
- 3560.609 [Reserved]
- 3560.610 Security.
- 3560.611 Technical, legal, insurance and other services.
- 3560.612 Loan limits.
- 3560.613 [Reserved]
- 3560.614 Reserve accounts.

- 3560.615 Participation with other funding sources.
- 3560.616 Rates and terms.
- 3560.617 [Reserved]
- 3560.618 Supplemental requirements for on-farm labor housing.
- 3560.619 Supplemental requirements for manufactured housing.
- 3560.620 Construction financing.
- 3560.621 Loan closing.
- 3560.622 Subsequent loans.
- 3560.623 Housing management and operations.
- 3560.624 Occupancy restrictions.
- 3560.625 Maintaining the physical asset.
- 3560.626 Affirmative Fair Housing Marketing Plan.
- 3560.627 Response to resident complaints.
- 3560.628 Establishing and modifying rental charges.
- 3560.629 Security deposits.
- 3560.630 Financial management.
- 3560.631 Agency monitoring.
- 3560.632–3560.649 [Reserved]
- 3560.650 OMB control number.

Subpart N—Housing Preservation

- 3560.651 General.
- 3560.652 Prepayment and restrictive-use categories.
- 3560.653 Prepayment requests.
- 3560.654 Tenant notification requirements.
- 3560.655 Agency requested extension.
- 3560.656 Incentives offers.
- 3560.657 Processing and closing incentive offers.
- 3560.658 Borrower rejection of the incentive offer.
- 3560.659 Sale or transfer to nonprofit organizations and public bodies.
- 3560.660 Acceptance of prepayments.
- 3560.661 Sale or transfers.
- 3560.662 Restrictive-use provisions and agreements.
- 3560.663 Post-payment responsibilities for loans subject to continued restrictive-use provisions.
- 3560.664–3560.699 [Reserved]
- 3560.700 OMB control number.

Subpart O—Unauthorized Assistance

- 3560.701 General.
- 3560.702 Unauthorized assistance sources and situations.
- 3560.703 Identification of unauthorized assistance.
- 3560.704 Unauthorized assistance determination notice.
- 3560.705 Recapture of unauthorized assistance.
- 3560.706 Offsets.
- 3560.707 Program participation and corrective actions.
- 3560.708 Unauthorized assistance received by tenants.

§ 3560.1

3560.709 Demand letter.
3560.710–3560.749 [Reserved]
3560.750 OMB control number.

Subpart P—Appraisals

3560.751 General.
3560.752 Appraisal use, request, review, and release.
3560.753 Agency appraisal standards and requirements.
3560.754–3560.799 [Reserved]
3560.800 OMB control number.

AUTHORITY: 42 U.S.C. 1480.

SOURCE: 69 FR 69106, Nov. 26, 2004, unless otherwise noted.

EFFECTIVE DATE NOTE: At 69 FR 69106, Nov. 26, 2004, part 3560 was added, effective Feb. 24, 2005.

Subpart A—General Provisions and Definitions

§ 3560.1 Applicability and purpose.

(a) This part sets forth requirements, policies, and procedures for multi-family housing (MFH) direct loan and grant programs to serve eligible very-low, low- and moderate income households. The programs covered by this part are authorized by title V of the Housing Act of 1949 and are:

(1) *Section 515 Rural Rental Housing, which includes congregate housing, group homes, and Rural Cooperative Housing.* Section 515 loans may be made to finance multi-family units in rural areas as defined in § 3560.11.

(2) *Sections 514 and 516 Farm Labor Housing loans and grants.* Housing under these programs may be built in any area with a need and demand for housing for farm workers.

(3) *Section 521 Rental Assistance.* A project-based tenant rent subsidy which may be provided to Rural Rental Housing and Farm Labor Housing facilities.

(b) The programs covered by this part provide economically designed and constructed rural rental, cooperative, and farm labor housing and related facilities operated and managed in an affordable, decent, safe, and sanitary manner.

(c) Internal Agency procedures containing details for Agency processing under these regulations can be found in the program handbooks, available in

7 CFR Ch. XXXV (1–1–05 Edition)

any Rural Development office, or from the Rural Development Web site.

§ 3560.2 Civil rights.

(a) As per the Fair Housing Act, as amended and section 504 of the Rehabilitation Act of 1973, all actions taken by recipients of loans and grants will be conducted without regard to race, color, religion, sex, familial status, national origin, age, or disability. These actions include any actions in the sale, rental, or advertising of the dwellings, in the provision of brokerage services, or in residential real estate transactions involving Rural Housing Service (RHS) assistance. It is unlawful for a borrower or grantee or an agent of a borrower or grantee:

(1) To refuse to make reasonable accommodations in rules, policies, practices, or services that would provide a person with a disability an opportunity to use or continue to use a dwelling unit and all public and common use areas; or

(2) To refuse to provide a reasonable accommodation at the borrower's expense that would not cause an undue financial or administrative burden, or to refuse to allow an individual with a disability to make reasonable modifications to the unit at their own expense with the understanding that the owner may require the tenant to return the unit to its original condition when the unit is vacated by the tenant making the modifications (see § 3560.104(c)).

(b) Borrowers and grantees must take reasonable steps to ensure that Limited English Proficiency (LEP) persons receive the language assistance necessary to afford them meaningful access to USDA programs and activities, free of charge. Failure to ensure that LEP persons can effectively participate in or benefit from federally-assisted programs and activities may violate the prohibition under Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d and Title VI regulations against national origin discrimination. USDA has issued guidance to clarify the responsibilities of recipients and subrecipients who receive financial assistance from USDA and to assist them in fulfilling their responsibilities to LEP persons under Title VI of the Civil