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(2) Review and verify the accuracy of the information provided.

(3) Make an inspection and a memorandum appraisal of each proposed site "as is." The appraisal will include a narrative statement as to whether the site has been recently sold, verify that the seller is the owner of the property, and indicate whether the purchase price is acceptable based on the selling price of similar properties in the area.

(4) Indicate whether or not it appears that, considering the location and cost of development, adequate building sites can be provided at reasonable costs.

(5) If the option is for a tract of land on which 5 or more sites are proposed, the County Supervisor will forward to the District Director with recommendations as defined in §1924.119 of subpart C of part 1924 of this chapter.

(6) If approval is recommended, prepare and have the applicant execute Form FmHA or its successor agency under Public Law 103-354 1940-1, "Request for Obligation of Funds," for the amount needed. Copies of the form will be distributed as provided in the Forms Manual Insert (FMI).

(7) Forward the SO loan application and the applicant's TA application or TA docket to the State Director. The submission will include the appraisal report and the County Supervisor's comments and recommendations.

VII. LOAN APPROVAL AUTHORITY AND STATE OFFICE ACTIONS

The State Director is authorized to approve SO loans developed in accordance with this exhibit. The approval or disapproval of the loan will be handled in the same manner as provided in §1822.272 of subpart F of part 1822 of this chapter (FmHA Instruction 444.8, paragraph XII). SO loans will be established in Automated Multiple Housing Accounting System (AMAS) using Form RD 3560-51, "Multiple Family Housing Obligation Fund Analysis". The Issue loan/Grant checks transaction will be used to request a check for SO loans.

VIII. LOAN CLOSING

(A) *General.* Loan closing instructions will be provided by the Office of the General Counsel (OGC) to assure that the Promissory Note is properly completed and executed. The County Supervisor may then close the loan.

(B) *Security for the loan.* The loan will be secured by a Promissory Note properly executed by the grantee using Form FmHA or its successor agency under Public Law 103-354 1940-16, "Promissory Note." A lien on the optioned real estate will not be taken.

(1) The "kind of loan" block on the note will read "SO loan."

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(2) The note will be modified to show that the only installment on the loan will be the final installment.

(C) *Loan is closed.* The loan will be considered closed when the note is executed and the loan check delivered to the grantee.

IX. ESTABLISHMENT OF SO LOAN REVOLVING ACCOUNT

(A) Supervised bank accounts will not be used for SO loans.

(B) Grantee will deposit SO loan funds in a depository institution of its choice. The use of minority institutions is encouraged. Such funds will remain separate from any other account of the grantee and shall be established as an SO revolving account.

(C) Checks drawn on the revolving account will be for the sole purpose of purchasing land options and must be signed by at least two authorized officials of the grantee who have been properly bonded in accordance with §1944.411 (e) and (g) of this subpart.

(D) Grantees will not expend funds for any options until the site and the option form have been reviewed and approved by the County Supervisor.

(1) SO funds will not be left unused in the revolving account in excess of 60 days.

(2) If the funds are not used for the intended purpose within the 60 days specified above, the unused portion will be refunded on the account.

(E) When funds become available for repayment of the SO loan, such funds will be deposited in the revolving account for the purchase of additional site options if needed. If such funds are not needed to purchase more options, they will be applied on the SO loan.

X. SOURCE OF FUNDS

SO loans will be funded from the self-help housing land development fund.

[55 FR 41833, Oct. 16, 1990, as amended at 69 FR 69105, Nov. 26, 2004]

Subpart J [Reserved]

Subpart K—Technical and Supervisory Assistance Grants

SOURCE: 44 FR 36891, June 22, 1979, unless otherwise noted.

§ 1944.501 General.

(a) This subpart sets forth the policies and procedures for making grants under section 525(a) of the Housing Act of 1949, 42 U.S.C. 1490e(a), to provide funds to eligible applicants to conduct programs of technical and supervisory assistance (TSA) for low-income rural

residents to obtain and/or maintain occupancy of adequate housing. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to FmHA or its successor agency under Public Law 103-354 employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an FmHA or its successor agency under Public Law 103-354 employee. This financial assistance may pay part or all of the cost of developing, conducting, administering, or coordinating effective and comprehensive programs of technical and supervisory assistance which will aid needy low-income individuals and families in benefiting from federal, state, and local programs in rural areas.

(b) The Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 will provide technical and supervisory grant assistance to applicants without discrimination because of race, color, religion, sex, national origin, age, marital status, or physical or mental handicap.

[44 FR 36891, June 22, 1979, as amended at 58 FR 228, Jan. 5, 1993]

§ 1944.502 Policy.

(a) The policy of the FmHA or its successor agency under Public Law 103-354 is to provide Technical and Supervisory Assistance to eligible applicants to do the following:

(1) Provide homeownership and financial counseling to reduce both the potential for delinquency by loan applicants and the level of payment delinquency by present FmHA or its successor agency under Public Law 103-354 housing loan borrowers; and

(2) Facilitate the delivery of housing programs to serve the most needy low-income families in rural areas of greatest need for housing.

(b) FmHA or its successor agency under Public Law 103-354 intends to fund projects which include counseling and delivery of housing programs.

(c) State Directors are given a strong role in the selection of grantees so this program can complement FmHA or its

successor agency under Public Law 103-354's policies of targeting FmHA or its successor agency under Public Law 103-354 resources to areas of greatest need within their States.

(d) FmHA or its successor agency under Public Law 103-354 expects grant recipients to implement a TSA program and not to use TSA funds to prepare housing plans and strategies except as necessary to accomplish the specific objectives of the TSA project.

§ 1944.503 Objectives.

The objectives of the TSA Grant Program are to assist low-income rural families in obtaining adequate housing to meet their family's needs and/or to provide the necessary guidance to promote their continued occupancy of already adequate housing. These objectives will be accomplished through the establishment or support of housing delivery and counseling projects run by eligible applicants. This program is intended to make use of any available housing program which provides the low-income rural resident access to adequate rental properties or homeownership.

§§ 1944.504-1944.505 [Reserved]

§ 1944.506 Definitions.

References in this subpart to County, District, State, National and Finance Offices and to County Supervisor, District Director, State Director, and Administrator refer to FmHA or its successor agency under Public Law 103-354 offices and officials and should be read as prefaced by FmHA or its successor agency under Public Law 103-354. Terms used in this subpart have the following meanings:

(a) *Adequate housing.* A housing unit of adequate size and design to meet the specific needs of low-income families and the requirements governing the particular housing program providing the services or financial assistance.

(b) *Applicant or grantee.* Any eligible organization which applies for or receives TSA funds under a grant agreement.

(c) *Grant agreement.* The contract between FmHA or its successor agency under Public Law 103-354 and the applicant which sets forth the terms and