§ 1774.18  
are financing less than 100 percent of  the project. Funds remaining may be  considered in direct proportion to the  amounts obtained from each source.  Remaining funds will be handled as fol-  lows:  
(1) Remaining funds may be used for  eligible grant purposes as described in  1774.14 of this subpart, or  
(2) Grant funds not expended will be  canceled. Prior to the actual cancella-  tion, the borrower, its attorney and its  engineer will be notified of RUS’ intent  to cancel the remaining funds.

§ 1774.18 Reporting requirements, ac-  counting methods and audits.  
All Agency grantees will follow the  reporting requirements as outlined in  7 CFR 1780.47.

§ 1774.19 Applications determined in-  eligible.  
If at any time an application is deter-  mined ineligible, the processing office  will notify the applicant in writing of  the reasons. The notification to the  applicant will state that an appeal of this  decision may be made by the applicant  under 7 CFR part 11.

§ 1774.20 Conflict of Interest.  
Any processing or servicing activity  conducted pursuant to this part involv-  ing authorized assistance to Rural De-  velopment employees with Water and  Environmental Programs responsi-  bility, 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 title. Applicants of this assist-  ance are required to identify any  known relationship or association with  an RUS employee.

§§ 1774.21–1774.23 [Reserved]

§ 1774.24 Exception authority.  
The Administrator may, in indi-  vidual cases, make an exception to any  requirement or provision of this part  which is not inconsistent with the au-  thorizing statute or other applicable  law and is determined to be in the Gov-  ernment’s interest. Requests for excep-  tions must be made in writing by the  State Director and supported with doc-  umentation to explain the adverse ef-