§ 1944.423 Loan packaging and 502 RH application submittal.

A grantee is required to assist 502 RH applicants in submitting their application for a RH loan. Loan packaging will be performed in accordance with 7 CFR part 3550; therefore, it is important that the grantee be trained at an early date in the packaging of RH loans. Typically, this training should take place before the first applications are submitted to the County Office and before the grant is closed. A grantee should become very knowledgeable of FmHA or its successor agency under Public Law 103–354’s eligibility requirements but must understand that only FmHA or its successor agency under Public Law 103–354 can approve or deny an applicant assistance. Grantee must work cooperatively with FmHA or its successor agency under Public Law 103–354 in the 502 loan approval process and must work within the regulations for the 502 program and recognize FmHA or its successor agency under Public Law 103–354.
§ 1944.424 Dwelling construction and standards.

All construction will be performed in accordance with subpart A of part 1924 of this chapter. The planned work must meet the building requirements of 7 CFR part 3550 and meet the Development Standards as defined in subpart A of part 1924 of this chapter and in any local codes. Sites and site developments must conform to the requirements of subpart C of part 1924 of this chapter.


§ 1944.425 Handling and accounting for borrower loan funds.

Grantees will be required to administer borrower loan funds during the construction phases. The extent of their involvement will depend on the experience of the grantee and the amount of authority delegated to them by the District Director in accordance with § 1924.6(c) of subpart A of part 1924 of this chapter. Training should include FmHA or its successor agency under Public Law 103–354’s non-discrimination policies in receiving applications.

§ 1944.426 Grant closeout.

(a) Grant purposes completed. Promptly after the date of completion, grant closeout actions will be taken to allow the orderly discontinuance of grantee activity.

(1) The grantee will immediately refund to Rural Development any balance of grant funds that are not committed for the payment of authorized expenses.

(2) The grantee will furnish Form SF–269A, “Financial Status Report (short form)” to FmHA or its successor agency under Public Law 103–354 within 90 days after the date of completion of the grant. All other financial, performance, and other reports required as a condition of the grant also will be completed.

(3) After the grant closeout, FmHA or its successor agency under Public Law 103–354 retains the right to recover any disallowed costs which are discovered as a result of the final audit. 7 CFR part 3550 will be used by FmHA or its successor agency under Public Law 103–354 to recover any unauthorized expenditures.

(4) The grantee will provide FmHA or its successor agency under Public Law 103–354 an audit conforming to those requirements established in this part, including audits of self-help borrower accounts.

(5) Upon request from the recipient, any allowable reimbursable cost not covered by previous payments shall be promptly paid by FmHA or its successor agency under Public Law 103–354.

(b) Grant purposes not completed—

(1) Notification of termination. The State Director will promptly notify the grantee and the National Office in writing of the termination action including the specific reasons for the decision and the effective date of the termination. The notification to the grantee will specify that if the grantee believes the reason for the proposed termination can be resolved, the grantee should, within 15 calendar days of the date of this notification, contact the State Director in writing requesting a meeting for further consideration. The meeting will be an informal proceeding at which the grantee will be given the opportunity to provide whatever additional information it believes should be considered in reaching a decision concerning the case. The grantee may have an attorney or any other person present at the meeting if desired. Within 7 calendar days of the meeting, the State Director will determine what action to take.

(i) If the State Director determines that termination is not necessary, the grantee will be informed by letter along with the District Director.

(ii) If the State Director determines that termination of the grant is appropriate, he/she will promptly inform the