

**§ 1776.11**

limit up to \$11,000. No change in the grant agreement requested by the grant recipient will be effective unless approved in writing by RUS.

[73 FR 68294, Nov. 18, 2008]

**§ 1776.11 Revolving loan fund.**

The grant recipient shall establish and maintain a revolving loan fund for the purposes set forth in §1776.12. All loans made to loan recipients shall be drawn from the revolving loan fund. The loans shall be serviced, and the revolving loan fund shall be maintained, as set forth in §1776.17.

**§ 1776.12 Use of HWWS grant proceeds.**

(a) Except as otherwise provided in the next paragraph, HWWS grant proceeds shall be used solely for the purpose of providing loans to eligible individuals for the construction, refurbishing, and servicing of individual household water well systems in rural areas that are or will be owned by the eligible individuals.

(b) A grant recipient may use HWWS grant funds to pay administrative expenses associated with providing the assistance described in the immediately preceding paragraph.

(c) A grant recipient may not use grant funds in any manner inconsistent with the terms of the grant agreement.

**§ 1776.13 Administrative expenses.**

(a) Subject to the limitations provided in paragraphs (b), (c) and (d) of this section, the grant recipient may use grant funds to pay administrative expenses associated with providing HWWS loans.

(b) Administrative expenses incurred in any calendar year which exceed 10 percent of the HWWS loans made by the grant recipient during that same period do not qualify for reimbursement.

(c) Administrative expenses incurred prior to the execution of the grant agreement by RUS do not qualify for reimbursement.

(d) Allowability of administrative expense costs shall be determined in accordance with 7 CFR 3019.27.

**7 CFR Ch. XVII (1–1–11 Edition)**

**Subpart C—HWWS Loans**

**§ 1776.14 Eligibility to receive a HWWS loan.**

(a) The loan recipient must be an eligible individual.

(b) The loan recipient must either own and occupy the home being improved with the proceeds of the HWWS loan, or be occupying the home as the purchaser under a legally enforceable land purchase contract which is not in default by either the seller or the purchaser.

(c) The home using the water well system being funded from proceeds of the HWWS loan must be located in a rural area.

(d) The water well system being funded from the proceeds of the HWWS loan may not be associated with the construction of a new dwelling.

(e) The water well system being funded from the proceeds of the HWWS loan may not be used to substitute for water service available from collective water systems. Example: Loan recipient wishes to restore an old well which had been abandoned when the dwelling was connected to a water line belonging to a water district.

(f) A loan recipient must not be suspended or debarred from participation in Federal programs.

**§ 1776.15 Terms of loans.**

(a) HWWS loans under this part—

(1) Shall have an interest rate of 1 percent;

(2) Shall have a term not to exceed 20 years; and

(3) Shall not exceed \$11,000 for each household water well system.

(b) The grant recipient must set forth the HWWS loan terms in written documentation signed by the loan recipient.

(c) Grant recipients must develop and use HWWS loan documentation that conforms to the terms of this part, the grant agreement, and the laws of the state or states having jurisdiction.

[70 FR 28788, May 19, 2005, as amended at 73 FR 68295, Nov. 18, 2008]

**§ 1776.16 Loan servicing.**

(a) If RUS determines that HWWS loans may be serviced by CSC, then the grant recipient will enter into an