§ 1942.7 Loan closing.

Loans will be closed in accordance with the closing instructions issued by the OGIC and §1942.17(o) of this subpart and as soon as possible after receiving the check.

(a) Authority to execute, file, and record legal instruments. Area Office employees are authorized to execute and file or record any legal instruments necessary to obtain or preserve security for loans.

(b) Preparation of mortgages. Unless otherwise required by State law or unless an exception is approved by the State Director with advice of the OGIC, only one mortgage will be taken even though the indebtedness is to be evidenced by more than one instrument.

(c) Source of funds for insured loans. All loans will be made from the Rural Development Insurance Fund (RDIF).

(d) Unused funds. Obligated funds planned for project development which remain after all authorized costs have been provided for will be disposed of in accordance with §1942.17(p)(6) of this subpart.

(e) Loan disbursements. Whenever a loan disbursement is received, lost, or destroyed, the Rural Development Manager will take appropriate actions outlined in Rural Development Instruction 2018-D.

(f) Supervised bank accounts. Supervised bank accounts will be handled under subpart A of part 1902 of this chapter.


§ 1942.8 Actions subsequent to loan closing.

(a) Mortgages. Real estate or chattel mortgages or security instruments will be delivered to the recording office for recordation or filing, as appropriate.