

impose in awarding a loan. Whenever this subpart imposes a requirement on loans made from the "IRP revolving fund," such requirement shall apply to all loans made by an intermediary to an ultimate recipient from the intermediary's IRP revolving fund, as defined in § 1948.102(a) of this subpart, so long as any portion of the intermediary's IRP loan from the Agency remains unpaid. Whenever this subpart imposes a requirement on loans made by intermediaries from "Agency IRP loan funds," without specific reference to the IRP revolving fund, such requirement shall apply only to loans made by an intermediary using Agency IRP loan funds, as defined in § 1948.102(a) of this subpart, and will not apply to loans made from revolved funds.

(b) *Maintenance of IRP revolving fund.* So long as any part of an IRP loan to an intermediary remains unpaid, the intermediary must maintain the IRP revolving fund in accordance with the definition of IRP revolving fund found in § 1948.102(a) of this subpart. The portion of the IRP revolving loan fund that is Agency IRP loan funds may only be used for making loans in accordance with § 1948.109 of this subpart. The portion that is revolved funds as defined in § 1948.102(a) of this subpart may be used for debt service, reasonable administrative costs, or reserves in accordance with this section, or for making additional loans.

(1) The intermediary must submit an annual budget of proposed administrative costs for Agency approval. The amount removed from the IRP revolving fund for administrative costs in any year must be reasonable, must not exceed the actual cost of operating the IRP revolving fund, including loan servicing and providing technical assistance, and must not exceed the amount approved by the Agency in the budget.

(2) A reasonable amount of revolved funds should be used to create a reserve for bad debts. Reserves should be accumulated over a period of years. The total amount should not exceed maximum expected losses, considering the quality of the intermediary's portfolio of loans. Unless the intermediary provides loss and delinquency records that, in the opinion of the Agency, justifies different amounts, a reserve for bad debts of 15 percent of outstanding loans should be accumulated over 5 years and then maintained.

(3) Any cash in the IRP revolving fund from any source that is not needed for debt service, approved administrative costs, or reasonable reserves must be

available for additional loans to ultimate recipients.

(4) All reserves and other cash in the IRP revolving loan fund not immediately needed for loans to ultimate recipients or other authorized uses should be deposited in an interest bearing account in a bank or other financial institution covered by a form of Federal deposit insurance. Such accounts and any interest earned thereon remain a part of the IRP revolving fund.

(5) If an intermediary receives more than one IRP loan, a separate IRP revolving fund must be established and maintained for each loan unless the Agency gives written permission for the IRP revolving funds to be combined. The Agency may give such permission only if there are no significant differences in the loan agreements and other requirements imposed by Agency for the loans or if the intermediary agrees in writing to operate the combined revolving funds in accordance with the most stringent loan agreements and requirements.

§ 1948.116 [Reserved]

§ 1948.117 Other regulatory requirements.

(a) *Intergovernmental consultation.* The IRP is subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials. The approval of a loan to an intermediary will be the subject of intergovernmental consultation. For each ultimate recipient to be assisted with a loan from Agency IRP loan funds and for which the State in which the ultimate recipient is to be located has elected to review the program under their intergovernmental review process, the State Single Point of Contact must be notified. Notification, in the form of a project description, can be initiated by the intermediary or the ultimate recipient. Any comments from the State must be included with the intermediary's request to use the Agency loan funds for the ultimate recipient. Prior to the Agency's decision on the request, compliance with the requirements of intergovernmental consultation must be demonstrated for each ultimate recipient. These requirements should be carried out in accordance with FmHA Instruction 1940-J.

(b) *Environmental requirements.*

(1) Unless specifically modified by this section, the requirements of subpart G of part 1940 of this chapter apply to this subpart. Intermediaries and ultimate recipients must consider the potential environmental impacts of their projects at the earliest planning stages

and develop plans to minimize the potential to adversely impact the environment. Both the intermediaries and the ultimate recipients must cooperate and furnish such information and assistance as the Agency needs to make any of its environmental determinations.

(2) For each application for a loan to an intermediary, the Agency will review the application, supporting materials, and any required Forms FmHA 1940-20, "Request for Environmental Information," and complete a Class II environmental assessment. This assessment will focus on the potential cumulative impacts of the projects as well as any environmental concerns or problems that are associated with individual projects that can be identified at this time.

Neither the completion of the environmental assessment nor the approval of the application is an Agency commitment to the use of loan funds for a specific project; therefore, no public notification requirements for a Class II assessment will apply to the application. The affected public has not been sufficiently identified at this stage of the Agency review.

(3) For each proposed loan from an intermediary to an ultimate recipient using Agency IRP loan funds, the Agency will complete the environmental review required by subpart G of part 1940 of this chapter including public notification requirements. The results of this review will be used by the Agency in making its decision on concurrence in the proposed loan. The Agency will prepare an Environmental Impact Statement for any application for a loan from Agency IRP loan funds determined to have a significant effect on the quality of the human environment.

(c) *Equal opportunity and nondiscrimination requirements.*

(1) In accordance with Title V of Pub. L. 93-495, the Equal Credit Opportunity Act, and Section 504 of the Rehabilitation Act for Federally Conducted Programs and Activities, neither the intermediary nor the Agency will discriminate against any proposed intermediary or proposed ultimate recipient on the basis of sex, marital status, race, color, religion, natural origin, age, physical or mental handicap (provided the proposed intermediary or proposed ultimate recipient has the capacity to contract), because all or part of the proposed intermediary's or proposed ultimate recipient's income is derived from public assistance of any kind, or because the proposed intermediary or proposed ultimate recipient has in good faith exercised any