

42 C.F.R. § 51c.504

Project elements.

(a) *General requirements.* A grantee which has received a grant under section 330 of the Act for a project which includes the acquisition and/or modernization of an existing building must:

(1) *Assurances.* Comply with the assurances provided pursuant to this subpart.

(2) *Approval of estimated cost.* Not enter into any contract for the acquisition and/or modernization funded under this subpart where the cost of such acquisition and/or modernization exceeds the estimates in the application, without the prior approval of the Secretary.

(3) *Non-default.* Make every effort to prevent any default on any loan secured by the building and, in the event of a default, promptly notify the Secretary of the default and make every effort on a timely basis to cure the default.

(b) *Requirements for acquisition grants.* In addition to the requirements of paragraph (a) of this section, a grantee which has received a grant under section 330 of the Act for a project which includes the acquisition of an existing building must:

(1) *Bona-fide sale.* Acquire or, in the case of a grant solely for amortization of principal and payment of interest on an existing loan, have acquired the existing building pursuant to a bona-fide sale involving an actual cost to the applicant and resulting in additional or improved facilities for the purposes of the project.

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