

(h) *Reports.* The recipient must submit reports required by HUD.

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PART 573—LOAN GUARANTEE RECOVERY FUND

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SOURCE: 61 FR 47405, Sept. 6, 1996, unless otherwise noted.

§ 573.1 Authority and purpose.

Section 4 of the Church Arson Prevention Act of 1996 (Pub. L. 104-155, approved July 3, 1996) authorizes HUD to guarantee loans made by financial institutions to certain nonprofit organizations to finance activities designed to remedy the damage and destruction to real and personal property caused by acts of arson or terrorism. This part establishes the general procedures and requirements that apply to HUD's guarantee of these loans.

§ 573.2 Definitions.

The following definitions are only applicable to loan guarantees under this part, and are not criminal definitions.

Act means "The Church Arson Prevention Act of 1996" (Pub. L. 104-155, approved July 3, 1996).

Arson means a fire or explosion causing damage to (or destruction of) real or personal property that a Qualified Certification Official determines, or reasonably believes, to be deliberately set.

Borrower means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended, whose property has been damaged or destroyed as a result of an act of arson

or terrorism and that incurs a debt obligation to a financial institution for the purpose of carrying out activities eligible under his part.

Financial Institution means a lender which may be a bank, trust company, savings and loan association, credit union, mortgage company, or other issuer regulated by the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the Credit Union Administration, or the U.S. Comptroller of the Currency. A Financial Institution may also be a Pension Fund.

Guarantee means an obligation of the United States Government guaranteeing payment of the outstanding principal loan amount, in whole or in part, plus interest thereon, on a debt obligation of the Borrower to a Financial Institution upon failure of the Borrower to repay the debt.

Guaranteed Loan Funds means funds received by the borrower from the Financial Institution to finance eligible activities under this part, the repayment of which is guaranteed by HUD.

Loan Guarantee Agreement means an agreement between a Financial Institution and the Secretary detailing the rights, responsibilities, procedures, terms, and conditions under which a loan provided by a Financial Institution to a Borrower may be guaranteed under section 4 of the Act.

Qualified Certification Official (QCO)—

(1) *For the purpose of certifying an act of arson.* A State or local official authorized to investigate possible acts of arson. For the purposes of this definition, such an official is authorized to execute an Official Incident Report or its equivalent and may be an official or employee of such agencies as the local fire department, the local police department, or the State Fire Marshall Office or its equivalent. The term "Qualified Certification Official" also includes HUD, which will consult with the Bureau of Alcohol, Tobacco, and Firearms of the Department of the Treasury in making its determinations.

(2) *For the purpose of certifying an act of terrorism.* The Secretary or his designee, in consultation with the Federal Bureau of Investigation, shall determine whether an act of violence is a