

### § 573.3

terrorist act or is reasonably believed to be a terrorist act.

*Section 4 Guaranteed Loan* means a HUD guaranteed loan made by a Financial Institution to a Borrower for the purpose of carrying out eligible activities to address damage or destruction caused by acts of arson or terrorism.

*Terrorism* means an act of violence causing damage to (or destruction of) real or personal property that the Secretary or his designee, in consultation with the Federal Bureau of Investigation, determines to be, or reasonably believes to be, a terrorist act, as defined by applicable Federal law or guidelines.

#### § 573.3 Eligible activities.

Guaranteed Loan Funds may be used by a Borrower for the following activities when it is certified in accordance with § 573.6(e) that the activity is necessary to address damage caused by an act or acts of arson or terrorism as certified in accordance with § 573.6(f):

- (a) Acquisition of improved or unimproved real property in fee or under long term lease.
- (b) Acquisition and installation of personal property.
- (c) Rehabilitation of real property owner, acquired, or leased by the Borrower.
- (d) Construction, reconstruction, or replacement of real property improvement.
- (e) Clearance, demolition, and removal, including movement of structures to other sites, of buildings, fixtures and improvements on real property.
- (f) Site preparation, including construction, reconstruction, or installation of site improvements, utilities, or facilities, which is related to the activities described in paragraph (a), (c), or (d) of this section.
- (g) Architectural, engineering, and similar services necessary to develop plans in connection with activities financed under paragraph (a), (b), (c), or (d) of this section.
- (h) Acquisition, installation and restoration of security systems.
- (i) Loans for refinancing existing indebtedness secured by a property which has been or will be acquired, constructed, rehabilitated or recon-

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structed, if such financing is determined to be appropriate to achieve the objectives of the Act and this part.

(j) Other necessary project costs such as insurance, bonding, legal fees, appraisals, surveys, relocation, closing costs, etc., paid or incurred by the Borrower in connection with the completion of the above activities.

[61 FR 47405, Sept. 6, 1996, as amended at 62 FR 24574, May 6, 1997]

#### § 573.4 Loan term.

The term of the loan to be guaranteed by HUD under this part may not exceed 20 years.

#### § 573.5 Underwriting standards and availability of loan guarantee assistance.

(a) HUD may, in its discretion, accept the underwriting standards of the Financial Institution making a loan to a Borrower.

(b) HUD will not make the loan guarantee unless it determines that the guaranteed loan is an acceptable financial risk under HUD's generally applicable loan underwriting standards based on the following:

(1) The Borrower's ability to pay debt service; and

(2) The value of the collateral assigned or pledged as security for the repayment of the loan.

(c) The provision of a loan guarantee to a Financial Institution and the amount of the guarantee do not depend in any way on the purpose, function, or identity of the organization to which the Financial Institution has made, or intends to make, a Section 4 Guaranteed Loan.

(d) HUD may disapprove a request for loan guarantee assistance based on the availability of funding.

(e) HUD may decline any Financial Institution's participation if its underwriting criteria are insufficient to make the guarantee an acceptable financial risk, or if the proposed interest rates or fees are unacceptable. HUD expects the proposed interest rates to take into account the value of the Federal guarantee.

(f) HUD may limit the availability of Guaranteed Loan Funds to geographic areas having the greatest need, as determined by a needs analysis of the