

limited to the costs of servicing and trust administration, and other costs associated with financing of debt obligations, not to exceed 30 percent of the net interest cost.

§ 1000.422 What are the procedures for applying for loan guarantees under title VI of NAHASDA?

- (a) The borrower applies to the lender for a loan using a guarantee application form prescribed by HUD.
- (b) The lender provides the loan application to HUD to determine if funds are available for the guarantee. HUD will reserve these funds for a period of 90 days if the funds are available and the applicant is otherwise eligible under this subpart. HUD may extend this reservation period for an extra 90 days if additional documentation is necessary.
- (c) The borrower and lender negotiate the terms and conditions of the loan in consultation with HUD.
- (d) The borrower and lender execute documents.
- (e) The lender formally applies for the guarantee.
- (f) HUD reviews and provides a written decision on the guarantee.

§ 1000.424 What are the application requirements for guarantee assistance under title VI of NAHASDA?

The application for a guarantee must include the following:

- (a) An identification of each of the activities to be carried out with the guaranteed funds and a description of how each activity qualifies as an affordable housing activity as defined in section 202 of NAHASDA.
- (b) A schedule for the repayment of the notes or other obligations to be guaranteed that identifies the sources of repayment, together with a statement identifying the entity that will act as the borrower.
- (c) A copy of the executed loan documents, if applicable, including, but not limited to, any contract or agreement between the borrower and the lender.
- (d) Certifications by the borrower that:
 - (1) The borrower possesses the legal authority to pledge and that it will, if approved, make the pledge of grants required by section 602(a)(2) of NAHASDA.

- (2) The borrower has made efforts to obtain financing for the activities described in the application without use of the guarantee; the borrower will maintain documentation of such efforts for the term of the guarantee; and the borrower cannot complete such financing consistent with the timely execution of the program plans without such guarantee.

- (3) It possesses the legal authority to borrow or issue obligations and to use the guaranteed funds in accordance with the requirements of this subpart.

- (4) Its governing body has duly adopted or passed as an official act a resolution, motion, or similar official action that:
 - (i) Identifies the official representative of the borrower, and directs and authorizes that person to provide such additional information as may be required; and
 - (ii) Authorizes such official representative to issue the obligation or to execute the loan or other documents, as applicable.

- (5) The borrower has complied with section 602(a) of NAHASDA.

- (6) The borrower will comply with the requirements described in subpart A of this part and other applicable laws.

(5) The borrower has complied with section 602(a) of NAHASDA.

(6) The borrower will comply with the requirements described in subpart A of this part and other applicable laws.

§ 1000.426 How does HUD review a guarantee application?

The procedure for review of a guarantee application includes the following steps:

- (a) HUD will review the application for compliance with title VI of NAHASDA and these implementing regulations.

- (b) HUD will accept the certifications submitted with the application. HUD may, however, consider relevant information that challenges the certifications and require additional information or assurances from the applicant as warranted by such information.

§ 1000.428 For what reasons may HUD disapprove an application or approve an application for an amount less than that requested?

HUD may disapprove an application or approve a lesser amount for any of the following reasons:

- (a) HUD determines that the guarantee constitutes an unacceptable risk.