

may assume loan servicing responsibilities for the loan or the guaranteed loan amount or the respective guaranteed loan portion amount or the respective guaranteed-amount equivalent, as the case may be, or require the lender to assign such responsibilities to a different entity, if the lender fails to perform its loan servicing responsibilities under the loan guarantee agreement, or if the lender becomes insolvent, makes an admission in writing of its inability to pay its debts generally as they become due, or becomes the subject of proceedings commenced under the Bankruptcy Reform Act of 1978 (11 U.S.C. 101 *et seq.*) or any similar applicable Federal or State law, or is no longer in good standing with its licensing authority, or ceases to meet the eligibility requirements of this subpart. Such negligent servicing is defined as the failure to perform those services which a reasonable prudent lender would perform in servicing its own portfolio of loans that are not guaranteed and includes not only a failure to act but also not acting in a timely manner.

(b) The guarantee shall cease to be effective with respect to any guaranteed loan amount or any guaranteed loan portion amount or any guaranteed-amount equivalent to the extent that:

(1) The guaranteed loan amount or the respective guaranteed loan portion amount or the respective guaranteed amount equivalent, as the case may be, is separated at any time from the unguaranteed loan amount or the respective unguaranteed loan portion amount or the respective unguaranteed-amount equivalent, as the case may be, in any way, directly or through the issuance of any guaranteed-amount equity derivative or any guaranteed-amount debt derivative; or

(2) Any holder of the guaranteed loan note or any guaranteed loan portion note or any derivative, as the case may be, having a claim to payments on the guaranteed loan receives more than its pro-rata percentage of any payment due to such holder from payments made under the guarantee at any time during the term of the guaranteed loan.

§ 1738.307 Additional policies.

The Agency shall provide additional loan guarantee policies, consistent with OMB Circular A-129, in order to achieve its mission of promoting broadband in rural areas, which shall be published annually in the FEDERAL REGISTER.

§ 1738.308 Full faith and credit of the United States.

Loan guarantees made under this part are supported by the full faith and credit of the United States and are incontestable except for fraud or misrepresentation of which the holder had actual knowledge at the time it became a holder.

§§ 1738.309–1738.349 [Reserved]

§ 1738.350 OMB control number.

The information collection requirements in this part are approved by the Office of Management and Budget (OMB) and assigned OMB control number 0572-0130.

PART 1739—BROADBAND GRANT PROGRAM

Subpart A—Community Connect Grant Program

Sec.

- 1739.1 Purpose.
- 1739.2 Funding availability and application dates and addresses.
- 1739.3 Definitions.
- 1739.4–1739.9 [Reserved]
- 1739.10 Eligible applicant.
- 1739.11 Eligible project.
- 1739.12 Eligible grant purposes.
- 1739.13 Ineligible grant purposes.
- 1739.14 Matching contributions.
- 1739.15 Completed application.
- 1739.16 Review of grant applications.
- 1739.17 Scoring of applications.
- 1739.18 Grant documents.
- 1739.19 Reporting and oversight requirements.
- 1739.20 Audit requirements.
- 1739.21 OMB control number.

Subpart B [Reserved]

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