

(c) The FTA may charge reasonable and customary servicing fees, transfer fees, and other fees as approved by RBS.

(d) FTA and the Agency reserve the right to withhold any unpaid fees owed by the Lender or Registered Holder or overpayments from any future payment they would otherwise be due.

#### **§ 4279.204 [Reserved]**

#### **§ 4279.205 Sale of Guaranteed Loans.**

(a) *Applicability.* (1) Guaranteed Loans made prior to the Implementation Date may be sold under this subpart or subparts A and B of this part and subpart B of part 4287 of this chapter.

(2) All Guaranteed Loans made after the Implementation Date of this regulation must be sold through the FTA in accordance with this part. The FTA will issue each Registered Holder a Certificate.

(b) *Sale by Lender.* (1) The Lender and Holder must execute a Secondary Market Participation Agreement and forward it to the FTA with a conformed copy of the Promissory Note. The FTA will handle the transfer of funds and issue and register a Certificate of Beneficial Interest to the Registered Holder.

(2) Lender may sell the Guaranteed Loan it has repurchased pursuant to § 4279.239 of this subpart.

(3) Lender shall be liable through the Warranty Date to the Agency for any erroneous financial information furnished to the FTA.

(4) Each Registered Holder shall receive a Certificate of Beneficial Interest.

(c) *Sale by Registered Holder.* (1) Guaranteed Loans may be sold by the Registered Holder under this subpart by providing the FTA with the Request for Certification of Assignment Guarantee Agreement.

(2) Guaranteed Loans will be sold by the Registered Holder by providing to the FTA:

(i) The Certificate of Beneficial Interest,

(ii) A Detached Assignment for Guaranteed Interest Certificate;

(iii) Applicable transfer fees, and

(iv) Any other information needed to effectuate the transfer.

(3) Transfers shall be effective when registered on the books of FTA. FTA will settle Registered Holder's account as of the last business day of the prior month.

#### **§§ 4279.206–4279.222 [Reserved]**

#### **§ 4279.223 Lender payments.**

(a) *Transmission of payments.* Lender shall send the FTA Borrower payments, less Agency approved fees, together

with account status information by the FTA Due Date. All other payments received must be remitted by Lender to FTA within 2 business days of receipt.

(b) *Late fees.* Lender shall pay the following late fees for payments not received within 2 business days of their due date. Failure by the Lender to pay these fees within 10 business days of FTA's request will constitute a default under § 4279.245 of this subpart.

(1) A late payment fee to the FTA equal to:

(i) The interest on the delinquent payment at the rate provided in the Promissory Note (less the rate of Lender's servicing fee), and

(ii) Any other fees approved under § 4279.203 of this subpart; and

(2) A late payment fee to the Agency pursuant to § 4279.203 of this subpart (collected by FTA).

(c) *Payment discrepancies.* Lender shall work with the Agency and FTA to reconcile any payment discrepancies and provide a transcript of the account. If the Lender and FTA cannot agree on the balance and interest paid-to-date within 10 business days, FTA will immediately send the Lender's and FTA's transcript to the Agency for reconciliation. The reconciliation by the Agency will be final. If the Lender fails to furnish a current transcript statement within 10 business days after the Agency's request, then the Agency may rely on the certified statement of account with supporting documentation from FTA. If any such information shall be inaccurate, whether inadvertently or otherwise, an appropriate adjustment in settlement will be made as expeditiously as possible. Upon request by FTA, the Lender shall issue at no charge a certified statement of the outstanding principal amount of the Guaranteed Interest and the effective interest rate on the Promissory Note. Failure of the Lender to provide a transcript shall result in a fee approved under § 4279.203 of this subpart and will constitute a default under § 4279.245 of this subpart.

(d) *Modifications to the Borrower's payment schedule.* Any payment modification must receive prior approval by the Registered Holder and the Agency.

#### **§ 4279.224 FTA payment processing responsibilities.**

(a) FTA shall remit to the Registered Holder payments received less applicable fees in a manner determined by the Agency.

(b) All other payments from the Lender or the Agency shall be remitted by FTA to the Registered Holder within 2 business days of receipt of

immediately available funds by the FTA.

(c) Failure of the FTA to pay the Registered Holder will be treated the same as failure of the Lender to pay the FTA. If FTA fails to make timely payment to the Registered Holder, it will pay the Registered Holder:

(1) Interest on the delinquent payment at the rate provided in the Promissory Note less applicable fees; plus

(2) A late payment fee approved under § 4279.203 of this subpart.

(d) On loan servicing actions, no response by the Registered Holder within 30 days is deemed as denial of the request.

#### **§§ 4279.225–4279.231 [Reserved]**

#### **§ 4279.232 FTA Certificate administration responsibilities.**

(a) *Administration of Certificates—FTA responsibility.* The FTA will provide for the central registration and administration of all Certificates sold including registration, transfer, and redemption.

(b) *RBS right to subrogation.* RBS is subrogated to the extent it pays a claim on a Guaranteed Loan under this subpart.

#### **§ 4279.233 Disclosures to purchasers.**

As required by law, prior to any sale or transfer, the Lender or Registered Holder must disclose to the purchaser, on a form acceptable to the Agency, information on the terms, conditions and yield.

#### **§§ 4279.234–4279.236 [Reserved]**

#### **§ 4279.237 Termination of Certificates.**

The FTA and RBS may redeem a Certificate because of default. The Certificate will cease to accrue interest as of the date of such termination, regardless of whether the Certificate is surrendered. Payment will be made only after presentation of the Certificate to FTA by the Registered Holder. The Registered Holder shall pay a final transfer fee approved under § 4279.203 of this subpart upon redemption.

#### **§ 4279.238 [Reserved]**

#### **§ 4279.239 Repurchase of Guaranteed Interest by Lender.**

Where the decision is for the Lender to purchase the Guaranteed Interest in accordance with § 4279.78 of this part, FTA, at its option, may request a transcript of account from the Lender in accordance with § 4279.223(c) of this subpart. Subject to any necessary reconciliation, the Lender will give FTA 10 business days' written notice of the purchase. Within 2 business days of receiving notice, FTA will notify the