

**AGENCY FOR INTERNATIONAL DEVELOPMENT****22 CFR Part 230****Israel Loan Guarantees Issued Under the Emergency Wartime Supplemental Appropriations Act of 2003—Standard Terms and Conditions**

**AGENCY:** Agency for International Development.

**ACTION:** Final rule.

**SUMMARY:** This regulation prescribes the procedures and standard terms and conditions applicable to loan guarantees issued for the benefit of the Government of Israel on behalf of the State of Israel pursuant to the Emergency Wartime Supplemental Appropriations Act of 2003.

**EFFECTIVE DATE:** September 15, 2003.

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**SUPPLEMENTARY INFORMATION:** Pursuant to the Emergency Wartime Supplemental Appropriations Act of 2003 (Pub. L. 108-11), the United States of America, acting through the U.S. Agency for International Development, may issue loan guarantees applicable to sums borrowed by the Government of Israel on behalf of the State of Israel (the "Borrower") from time to time between the date hereof and September 30, 2006, not exceeding an aggregate total of \$9 billion in principal amount. The loan guarantees shall insure the Borrower's repayment of 100% of principal and interest due under such loans. The full faith and credit of the United States of America is pledged for the full payment and performance of such guarantee obligations.

This rulemaking document is not subject to rulemaking under 5 U.S.C. 553 or to regulatory review under Executive Order 12866 because it involves a foreign affairs function of the United States. The provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*) do not apply.

**List of Subjects in 22 CFR Part 230**

Foreign aid, Foreign relations, Guaranteed loans.

**Authority and Issuance**

■ Accordingly, a new Part 230 is added to Title 22, Chapter II, of the Code of Federal Regulations, as follows:

**PART 230—ISRAEL LOAN GUARANTEES ISSUED UNDER THE EMERGENCY WARTIME SUPPLEMENTAL APPROPRIATIONS ACT OF 2003, PUB. L. 108-11—STANDARD TERMS AND CONDITIONS**

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**Authority:** Emergency Wartime Supplemental Appropriations Act, 2003, Pub. L. 108-11, chapter 5, title I, "Loan Guarantees to Israel."

**§ 230.01 Purpose.**

The purpose of this regulation is to prescribe the procedures and standard terms and conditions applicable to loan guarantees issued for the benefit of the Government of Israel on behalf of the State of Israel ("Borrower"), pursuant to the Emergency Wartime Supplemental Appropriations Act of 2003, Pub. L. 108-11. The loan guarantees will apply to sums borrowed from time to time between the date hereof and September 30, 2006, not exceeding an aggregate total of nine billion United States Dollars (\$9,000,000,000) in principal amount. The loan guarantees shall insure the Borrower's repayment of 100% of principal and interest due under such loans. The full faith and credit of the United States of America is pledged for the full payment and performance of such guarantee obligations. The loan guarantees will be issued pursuant to a Loan Guarantee Commitment Agreement between the Borrower and the United States Government dated August 18, 2003.

**§ 230.02 Definitions.**

Wherever used in these standard terms and conditions:

(a) *USAID* means the United States Agency for International Development or its successor.

(b) *Eligible Note(s)* means [a] Note[s] meeting the eligibility criteria set out in § 230.04 hereof.

(c) *Noteholder* means the owner of an Eligible Note who is registered as such

on the Note Register of Eligible Notes required to be maintained by the Fiscal Agent.

(d) *Borrower* means the Government of Israel, on behalf of the State of Israel.

(e) *Defaulted Payment* means, as of any date and in respect of any Eligible Note, any Interest Amount and/or Principal Amount not paid when due.

(f) *Further Guaranteed Payments* means the amount of any loss suffered by a Noteholder by reason of the Borrower's failure to comply on a timely basis with any obligation it may have under an Eligible Note to indemnify and hold harmless a Noteholder from taxes or governmental charges or any expense arising out of taxes or any other governmental charges relating to the Eligible Note in the country of the Borrower.

(g) *Interest Amount* means for any Eligible Note the amount of interest accrued on the Principal Amount of such Eligible Note at the applicable Interest Rate.

(h) *Principal Amount* means the principal amount of any Eligible Notes issued by the Borrower. For purposes of determining the principal amount of any Eligible Notes issued by the Borrower, the principal amount of each Eligible Note shall be:

(1) In the case of any Eligible Note issued having a notional amount, but no principal balance, the original issue price (excluding any transaction costs) thereof; and

(2) In the case of any Eligible Note issued with a principal balance, the stated principal amount thereof.

(i) *Interest Rate* means the interest rate borne by an Eligible Note.

(j) *Loss of Investment respecting any Eligible Note* means an amount in Dollars equal to the total of the:

(1) Defaulted Payment unpaid as of the Date of Application,

(2) Further Guaranteed Payments unpaid as of the Date of Application, and

(3) Interest accrued and unpaid at the Interest Rate(s) specified in the Eligible Note(s) on the Defaulted Payment and Further Guaranteed Payments, in each case from the date of default with respect to such payment to and including the date on which full payment thereof is made to the Noteholder.

(k) *Application for Compensation* means an executed application in the form of Appendix A to this part which a Noteholder, or the Fiscal Agent on behalf of a Noteholder, files with USAID pursuant to § 230.08 of this part.

(l) *Applicant* means a Noteholder who files an Application for Compensation with USAID, either directly or through