§ 1007.50 Certificate of guarantee.

(a) Approval process—(1) In general. Before HUD approves any loan for guarantee under this section, the lender shall submit the application for the loan to HUD for examination.

(2) Approval. If HUD approves the application submitted under paragraph (a)(1) of this section, HUD will issue a certificate as evidence of the loan guarantee approved.

(b) Standard for approval. HUD may approve a loan for guarantee under this part and issue a certificate under this section only if HUD determines that there is a reasonable prospect of repayment of the loan.

(c) Effect—(1) As evidence. A certificate of guarantee issued under this part by HUD shall be conclusive and incontestable evidence in the hands of the bearer of the eligibility of the loan for guarantee under this part and the amount of that guarantee.

(2) Full faith and credit. The full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by HUD as security.