

the terms of the pre-existing encumbrance to the property which is acquired and/or improved by the EDA grant.

### Subpart B—Real Property

#### §314.7 Title.

(a) The grantee must furnish evidence, satisfactory in form and substance to EDA, that title to real property required for a project (other than property of the United States) is vested in the grantee, and that such easements, rights-of-way, state permits, or long-term leases as are required for the project have been or will be obtained by the grantee within an acceptable time. EDA may determine that, in lieu of title, a long-term leasehold interest for a period not less than the estimated useful life of the project will be acceptable, but only if fee title is not obtainable and the lease provisions adequately safeguard EDA's interest in the project.

(b) The grantee must disclose to EDA any liens, mortgages, other encumbrances, reservations, reversionary interests, or other restrictions on title or the grantee's interest in the property. No such encumbrance or restriction will be acceptable if, as determined by EDA, the encumbrance or restriction will interfere with the construction, use, operation or maintenance of the project during its estimated useful life.

#### §314.8 Recorded statement.

(a) For all projects involving the acquisition, construction or improvement of a building, as determined by EDA, the grantee shall execute a lien, covenant or other statement of EDA's interest in the property acquired or improved in whole or in part with the funds made available under the award. The statement shall specify in years the estimated useful life of the project and shall include, but not be limited to disposition, encumbrance, and compensation of Federal share requirements of this part 314. The statement shall be satisfactory in form and substance to EDA.

(b) The statement of EDA's interest must be perfected and placed of record in the real property records of the ju-

risdiction in which the property is located, all in accordance with local law.

(c) Facilities in which the EDA investment is only a small part of a large project, as determined by EDA, may be exempted from the requirements of this section.

### Subpart C—Personal Property

#### §314.9 Recorded statement.

For all projects which EDA determines involve the acquisition or improvement of significant items of tangible personal property, including but not limited to ships, machinery, equipment, removable fixtures or structural components of buildings, EDA will require the grantee to execute a security interest or other statement of EDA's interest in the property, acceptable in form and substance to EDA, which statement must be perfected and placed of record in accordance with local law, with continuances refiled as appropriate.

#### §314.10 Revolving loan funds.

(a) With EDA's consent, grantees holding revolving loan fund (RLF) property (including but not limited to money, notes, and security interests) may sell such property or encumber such property as part of a securitization of the RLF portfolio in either case to generate money to be used for additional loans as part of the RLF project;

(b) When a grantee determines that it is no longer necessary or desirable to operate an RLF, the RLF may be terminated; provided that, unless otherwise stated in the award, the Federal Government shall be compensated the Federal share of the value of the RLF property. The Federal share shall apply proportionate to the percentage of the capitalization of the RLF contributed by EDA to all RLF property including the present value of all outstanding loans; provided that the grantee may use for other economic development purposes with EDA's approval that portion of such RLF property which EDA determines is attributable to the payment of interest on RLF loans and not used by the grantee for administrative or other allowable expenses.