

Rural Utilities Service, USDA

§ 1714.3

the elements of the application that are not complete.

(4) If an application is returned, an application for the same loan purposes will be accepted by RUS if satisfactory evidence is provided that all of the information required by this section will be submitted to RUS within a reasonable time. An application for loan purposes included in an application previously returned to the borrower will be treated as an entirely new application.

(e) *Complete applications.* An application is complete when all information required by RUS to approve a loan is materially complete in form and substance satisfactory to RUS.

(f) *Change in borrower circumstances.* A borrower shall, after submitting a loan application, promptly notify RUS of any changes in its circumstances that materially affect the information contained in the loan application or in the primary support documents.

(g) *Interest rate category.* For pending loans, RUS will promptly notify the borrower if its eligibility for an interest rate category changes pursuant to new information from the Department of Energy or the Bureau of the Census. See 7 CFR part 1714.

(Approved by the Office of Management and Budget under control numbers 0572-0017, 0572-0032 and 0572-1013.)

§§ 1710.402-1710.403 [Reserved]

§ 1710.404 Additional requirements.

Additional requirements for insured electric loans are set forth in 7 CFR part 1714.

§ 1710.405 Supplemental financing documents.

(a) The borrower is responsible for ensuring that the loan documents required for supplemental financing pursuant to §1710.110 are executed in a timely fashion. These documents are subject to RUS approval.

(b) Security. Any security offered by the borrower to a supplemental lender is subject to RUS approval.

§ 1710.406 Loan approval.

(a) A loan is approved when the Administrator signs the administrative findings.

(b) If the loan is not approved, RUS will notify the borrower of the reason.

§ 1710.407 Loan documents.

Following approval of a loan, RUS will forward the loan documents to the borrower for execution, delivery, recording, and filing, as directed by RUS.

PART 1714—PRE-LOAN POLICIES AND PROCEDURES FOR INSURED ELECTRIC LOANS

Subpart A—General

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AUTHORITY: 7 U.S.C. 901-950(b); Pub. L. 99-591, 100 Stat. 3341; Pub. L. 103-354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

SOURCE: 58 FR 66260, Dec. 20, 1993, unless otherwise noted.

Subpart A—General

§ 1714.1 [Reserved]

§ 1714.2 Definitions.

The definitions set forth in 7 CFR 1710.2 are applicable to this part, unless otherwise stated. References to specific RUS forms and other RUS documents, and to specific sections of such forms and documents, shall include the corresponding forms, documents, sections and lines in any subsequent revisions of these forms and documents.

§ 1714.3 Applicability of provisions.

(a) *Insured electric loans approved on or after November 1, 1993.* On November 1, 1993, the Rural Electrification Loan

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Restructuring Act, Pub. L. 103-129, 107 Stat. 1356, (RELRRA) amended the Rural Electrification Act of 1936, 7 U.S.C. 901 *et seq.*, (RE Act) to establish a new interest rate structure for insured electric loans. Insured electric loans approved on or after this date, are either municipal rate loans or hardship rate loans. Borrowers meeting the criteria set forth in §1714.8 are eligible for 5 percent hardship rate loans. The interest rate on loans to other borrowers is the municipal interest rate, and borrowers meeting the criteria set forth in §1714.7 are eligible for the interest rate cap on their municipal rate loans. Interest rates for the initial interest rate term and rollover terms (§1714.6) will be determined pursuant to §1714.4. Provisions for prepayment are set forth in §1714.9. The provisions of this subpart apply to loans approved on or after November 1, 1993, unless otherwise stated.

(b) *Insured electric loans approved prior to November 1, 1993.* These loans have a single interest rate applicable to the entire loan. The rate is generally 5 percent, but, in some cases, may be as low as 2 percent. These loans have a single interest rate term and may be prepaid at face value at any time. Provisions for discounted prepayment of these loans are set forth in 7 CFR part 1786.

§ 1714.4 Interest rates.

(a) *Municipal rate loans.* Each advance of funds on a municipal rate loan shall bear interest at a single rate for each interest rate term. All interest rates applicable to municipal rate loans will be increased by one eighth of one percent (0.125 percent), if the borrower elects to include in the loan agreement a prepayment option (call provision), allowing the borrower to prepay all or a portion of an advance on a date other than a rollover maturity date. However, no interest rate for any advances of a loan to a borrower who qualifies for the interest rate cap may exceed 7 percent.

(b) *Hardship rate loans.* All advances of funds on hardship rate loans shall bear interest at a rate of 5 percent.

(c) *Application procedure.* The borrower's board resolution submitted with the loan application must indicate whether the application is for a municipal rate loan, with or without

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the interest rate cap, or a hardship rate loan. If the application is for a municipal rate loan, the board resolution must also indicate whether the borrower intends to elect the prepayment option.

§ 1714.5 Determination of interest rates on municipal rate loans.

(a) RUS will publish a schedule of interest rates for municipal rate loans in the FEDERAL REGISTER at the beginning of each calendar quarter. The schedule will show the year of maturity and the applicable interest rates in effect for all funds advanced on municipal rate loans during the calendar quarter and all interest rate terms beginning in the quarter. All interest rates will be adjusted to the nearest one eighth of one percent (0.125 percent).

(b) The rate for interest rate terms of 20 years or longer will be the average of the 20 year rates published in the Bond Buyer in the 4 weeks specified in paragraph (d) of this section for the "11-Bond GO Index" of Aa rated general obligation municipal bonds, or the successor to this index.

(c) The rate for terms of less than 20 years will be the average of the rates published in the Bond Buyer in the 4 weeks specified in paragraph (d) of this section in the table of "Municipal Market Data—General Obligation Yields" for Aa rated bonds, or the successor to this table, for obligations maturing in the same year as the interest rate term selected by the borrower.

(d) The interest rates on municipal rate loans shall not exceed the interest rate determined under section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) for Water and Waste Disposal loans. The method used to determine this rate is set forth in the regulations of the Farmers Home Administration (FmHA) at 7 CFR 1942.17(f) (1) and (4). Pursuant to the FmHA rule, the interest rates are set using as guidance the average of the Bond Buyer Index for the four weeks prior to the first Friday of the last month before the beginning of the quarter. Information about the Bond Buyer is available by writing Bond Buyer, One State