

§§ 1980.803–1980.804

state, an Indian Tribe on a Federal or State reservation, or another Federally recognized Indian Tribe.

Service area. The service area is that area reasonably expected to be served by the facility being financed by the guaranteed loan.

State. Any of the fifty States, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

[55 FR 11139, Mar. 27, 1990, as amended at 64 FR 28336, May 26, 1999]

§§ 1980.803–1980.804 [Reserved]

§ 1980.805 Rural area determinations.

Facilities financed through FmHA or its successor agency under Public Law 103–354 guarantee must primarily serve rural residents. For water or waste disposal facilities, the terms “rural” and “rural area” will not include any area in any city or town with a population in excess of 10,000 inhabitants according to the latest decennial census of the United States.

[55 FR 11139, Mar. 27, 1990, as amended at 64 FR 28336, May 26, 1999]

§ 1980.806 Availability of credit from other sources.

To be eligible for a guaranteed loan under this subpart, the borrower must be unable to obtain the required credit without the CP loan guarantee from private, commercial, or cooperative sources at reasonable rates and terms for loans for similar purposes and period of time. The borrower must certify in writing and FmHA or its successor agency under Public Law 103–354 shall determine the credit is not available from other sources at reasonable rates and terms without the CP loan guarantee. The lender also must certify that it would not make the loan without the guarantee. These certifications shall become a part of the FmHA or its successor agency under Public Law 103–354 case file.

[56 FR 29170, June 26, 1991]

7 CFR Ch. XVIII (1–1–01 Edition)

§§ 1980.807–1980.810 [Reserved]

§ 1980.811 Legal authority and responsibility.

Each borrower must have or will obtain the legal authority necessary for constructing, operating, and maintaining the proposed facility or service and for obtaining, giving security for, and repaying the proposed loan. The borrower shall be responsible for operating, maintaining, and managing the facility, and providing for its continued availability and use at reasonable rates and terms. This responsibility shall be exercised by the borrower even though the facility may be operated, maintained, or managed by a third party under contract, management agreement, or written lease. Leases may be used when this is the only feasible way to provide the service and is the customary practice to provide such service in the state. Management agreements should provide for at least those items listed in Guide 24 of FmHA or its successor agency under Public Law 103–354 Instruction 1942–A (available in any FmHA or its successor agency under Public Law 103–354 office.) Such contracts, management agreements, or leases must not contain options or other provisions for transfer of ownership.

§ 1980.812 Priorities.

Section 1942.17(c) of subpart A of part 1942 of this chapter shall apply to loans to be guaranteed under this subpart.

[55 FR 11139, Mar. 27, 1990, as amended at 56 FR 29170, June 26, 1991]

§ 1980.813 Eligible loan purposes.

(a) Funds may be used to construct, enlarge, extend, or otherwise improve water or waste disposal providing service primarily to rural residents and rural businesses. Rural businesses would include facilities such as educational and other publicly owned facilities.

(1) Water or waste disposal facilities include water, sanitary sewerage, solid waste disposal, and storm wastewater facilities.

(2) Otherwise improve includes but is not limited to the following: