

§ 1703.10

SOURCE: 54 FR 6870, Feb. 15, 1989, unless otherwise noted. Redesignated at 55 FR 39394, Sept. 27, 1990.

Subpart A [Reserved]

Subpart B—Rural Economic Development Loan and Grant Program

SOURCE: 57 FR 44317, Sept. 25, 1992, unless otherwise noted.

§ 1703.10 Purpose.

(a) This subpart sets forth RUS's policies and procedures for making zero-interest loans and grants to borrowers in accordance with the cushion of credit payments program authorized in section 313 of the Act (7 U.S.C. 940c).

(b) The zero-interest loans and grants are provided for the purpose of promoting rural economic development and job creation projects.

§ 1703.11 Policy.

(a) It is RUS's policy that borrowers use the Rural Economic Development Loan and Grant Program to promote projects that will result in a sustainable increase in the productivity of economic resources in rural areas and thereby lead to a higher level of income for rural citizens.

(b) It is RUS's policy that borrowers promote economic development in rural areas and job creation projects that:

(1) Are based on sound economic and financial analyses; and

(2) Take a long-term perspective.

(c) It is RUS's policy to direct the funds under this program to projects which are located in, or will primarily benefit, those rural areas that are experiencing the greatest economic hardship.

(d) It is RUS's policy to encourage economic development in rural areas and job creation projects without regard to service area.

(e) It is RUS's policy to encourage borrowers to make cushion of credit payments.

(f) It is RUS's policy to maintain liaisons with officials of other Federal, state, regional and local rural development agencies to coordinate this pro-

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gram with other rural economic development programs.

§ 1703.12 Definitions.

Act—the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

Administrator— the Administrator of the Rural Utilities Service or the Administrator's designee.

Approved purpose—a purpose that the Administrator has specifically approved in the letter of agreement covering the use of the RUS zero-interest loan and/or grant funds provided to the borrower.

Borrower—an entity that has outstanding RUS and/or Rural Telephone Bank (RTB) loan(s) or loan guarantee(s) for an electric or telephone purpose under the provisions of the Act.

Business incubator—a facility in which small businesses can share premises, support staff, computers, software or hardware, telecommunications terminal equipment, machinery, janitorial services, utilities, or other overhead expenses, and where such businesses can receive technical assistance, financial advice, business planning services or other support. The business incubator program, however, does not necessarily have to involve the sharing of premises.

Cushion of credit payment—a voluntary unscheduled payment made after October 1, 1987, on an RUS note, which is credited to the cushion of credit account of a borrower.

Demonstration Project—a project for which the owner agrees in writing to provide RUS, if requested, with detailed information on the steps it takes in organizing and operating the project, will permit RUS and RUS's guests to make reasonable visits to the project, and honor any other reasonable RUS request to disseminate information on the project. Examples of information include a description of incorporation procedures, types of financing obtained, permits required by governments, amount of time required for various stages of the project, sources of technical assistance from government programs, private foundations or trade organizations, any experiences or lessons that the owner wishes to share with the public and other