

§ 1703.13

Rural economic development account—a federally insured account into which the borrower deposits any advances of zero-interest loan funds from RUS until the borrower disburses the funds.

RUS means the Rural Utilities Service, an agency of the United States Department of Agriculture established pursuant to Section 232 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354, 108 Stat. 3178), successor to REA with respect to administering certain electric and telephone programs. See 7 CFR 1700.1.

Scope of work—a detailed plan, which has been approved by the Administrator, covering the work to be performed by the loan and/or grant recipient using the loan and/or grant funds.

Significant stockholder—an owner or holder of five percent or more of the common stock (or shares) or five percent or more of the preferred stock (or shares) of the RUS borrower.

Subaccount—the rural economic development subaccount created by section 313 of the Act.

Technical assistance—analysis of facilities or processes, managerial, financial and operational consultation by independent qualified entities to assist project owners to identify and evaluate problems or potential problems and provide training to enable project owners to successfully implement, manage, operate and maintain viable projects.

Tribal government—The governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community (including any Native village as defined in 43 U.S.C. 1602) certified by the Secretary of the Interior as eligible for the special programs and services provided through the Bureau of Indian Affairs.

[57 FR 44317, Sept. 25, 1992, as amended at 59 FR 11706, Mar. 14, 1994; 59 FR 53930, Oct. 27, 1994; 59 FR 66440, Dec. 27, 1994]

§ 1703.13 Source of funds.

Funds provided under this program come from interest differential credits to the subaccount and appropriated amounts made available to the subaccount.

7 CFR Ch. XVII (1-1-03 Edition)

§ 1703.14 Disposition of funds in the subaccount.

Zero-interest loans and grants will be made during each fiscal year to the full extent of the amounts held in the subaccount subject only to limitations imposed by law. For administrative purposes, the Administrator will make a determination of the fiscal year-end amount held in the subaccount as of a date prior to, but as near as practicable to, the end of the fiscal year.

§ 1703.15 [Reserved]

§ 1703.16 Eligibility.

Zero-interest loans and grants may be made to any borrower that is not delinquent on any outstanding Federal debt or in bankruptcy proceedings. However, a zero-interest loan or grant will not be made to a borrower during any period in which the Administrator has determined that no additional financial assistance of any nature should be provided to the borrower pursuant to any provision of the Act. The determination to suspend eligibility for assistance under this subpart will be based on one or more of the following factors:

(a) The borrower's demonstrated unwillingness to exercise diligence in repaying RUS loans or loan guarantees that results in the Administrator being unable to find that a loan, or loan guaranteed by RUS, would be repaid within the time agreed;

(b) The borrower's demonstrated unwillingness to meet requirements in RUS's legal documents or regulations; or

(c) Other actions on the part of the borrower that thwart the achievement of the objectives of the RUS program.

§ 1703.17 Uses of zero-interest loans and grants.

(a) Zero-interest loans and grants must be used exclusively to promote rural economic development and/or job creation projects, including, but not limited to, project feasibility studies, start-up costs, business incubator projects, and other reasonable expenses for the purpose of fostering rural economic development.

(b) The Administrator will give preference to providing funds under this