

(6) *Acceptance*. Delete the words “Subject to the approval of the Administrator.”

(l) *RUS Form 790 Distribution Line Extension Construction Contract (Labor and Materials)*. No modifications.

(m) *RUS Form 792 Distribution Line Extension Construction Contract (Labor Only)*. No modifications.

(n) *RUS Form 830 Electric System Construction Contract*. No modifications.

(o) *RUS Form 831 Electric Transmission Construction Contract*. For contracts NOT requiring approval of the Administrator (in accordance with subparts B through F of this part) the applicable modifications are as follows:

(1) *Notice and Instructions to Bidders, Section 10*. Delete the words “and such acceptance has been approved by the Administrator.”

(2) *Contractor’s Proposal, Article II, Section 1.d*. Delete the words “with the approval of the Administrator<sup>1</sup>” and “and approved by the Administrator<sup>2</sup>” and the associated footnotes.

(3) *Contractor’s Proposal, Article II, Section 4.a*. Delete the words “and approved by the Administrator<sup>3</sup>” and the associated footnote.

(4) *Contractor’s Proposal, Article III, Section 1.a. Sentence 4*. Delete the words “and the Administrator.”

(5) *Contractor’s Proposal, Article III, Section 1.b*. Replace the word “Administrator” with the word “Owner.”

(6) *Contractor’s Proposal, Article III, Section 1.c*. Delete the words “and the Administrator” in four places in the referenced section.

(7) *Contractor’s Proposal, Article III, Section 1.e*. Replace the word “Administrator” with the word “Owner.”

(8) *Contractor’s Proposal, Article VI, Section 1.e*. Delete the words “and the Administrator.”

(9) *Contractor’s Proposal, Article VI*. Delete Section 11.

(10) *Acceptance*. Delete the words “Subject to the approval of the Administrator.”

**§ 1726.255 Prior approved contract modifications related to indemnification.**

(a) As an alternative to the indemnification provision required in RUS standard construction contract forms in those jurisdictions requiring specific

language concerning the requirement that the indemnitor indemnify the indemnitee for the indemnitee’s own negligence, the borrower may add the words “otherwise this provision shall apply to any alleged negligence or condition caused by the Owner” so that the first paragraph reads as follows:

“i. To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner’s directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney’s fees) for personal loss, injury, or death to persons (including but not limited to Bidder’s employees) and loss, damage to or destruction of Owner’s property or the property of any other person or entity (including but not limited to Bidder’s property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner, otherwise this provision shall apply to any negligence or condition caused by the Owner.”

(b) As an alternative to the indemnification provision required in RUS standard construction contract forms in those jurisdictions that have a legal prohibition against one party indemnifying another for the other’s negligence, the borrower may replace the words “defend, indemnify, and hold harmless” with the words “shall pay on behalf of” so that the first paragraph reads as follows:

“i. To the maximum extent permitted by law, Bidder shall pay on behalf of Owner and Owner’s directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney’s fees) for personal loss, injury, or death to persons (including but not limited to Bidder’s employees) and loss, damage to or destruction of Owner’s property or the property of any other person or entity (including but not limited to Bidder’s property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner, otherwise this provision shall apply to any negligence or condition caused by the Owner.”

(c) If the alternative indemnification provision in paragraph (a) or (b) of this section is chosen by the borrower, the language of paragraph (a) or (b) of this

section would be inserted in lieu of subsection (i) of the section indicated in the RUS standard construction contract forms as follows:

RUS form No.	Title	Designated section
200 .....	Construction Contract—Generating .....	Article IV, Section 1(c).
201 .....	Right-of-Way Clearing Contract .....	Article IV, Section 1(e).
203 .....	Transmission System Right-of-Way Clearing Contract .....	Article IV, Section 1(f).
257 .....	Contract to Construct Buildings .....	Article IV, Section 1(b).
764 .....	Substation and Switching Station Erection Contract .....	Article IV, Section 1(f).
786 .....	Electric System Communications and Control Equipment Line ....	Article IV, Section 1(c).
790 .....	Distribution Line Extension Construction Contract (labor & materials).	Article IV, Section 1(f).
792 .....	Distribution Line Extension Construction Contract (labor only) ....	Article IV, Section 1(f).
830 .....	Electric System Construction Contract (labor & material) .....	Article IV, Section 1(f).
831 .....	Electric Transmission Construction Contract (labor & material) ...	Article IV, Section 1(f).

(d) In RUS Forms 201, 790, and 792, the word “Contractor” would replace the word “Bidder” in the alternative indemnification clause in paragraph (a) or (b) of this section.

(e) In RUS Form 786, the word “Seller” would replace the word “Bidder” and the word “Purchaser” would replace the word “Owner” in the alternative indemnification clause in paragraph (a) or (b) of this section.

borrowers may but are not required to use in the construction of their electric systems. Borrowers are not required to use these guidance contract forms in the absence of an agreement to do so.

[63 FR 58286, Oct. 30, 1998]

§§ 1726.256–1726.299 [Reserved]

**Subpart I—RUS Standard Forms**

**§ 1726.300 Standard forms of contracts for borrowers.**

(a) *General.* The standard loan agreement between RUS and its borrowers provides that, in accordance with applicable RUS regulations in this chapter, the borrower shall use standard forms of contract promulgated by RUS for construction, procurement, engineering services, and architectural services financed by a loan made or guaranteed by RUS. (See section 5.16 of appendix A to subpart C of part 1718 of this chapter.) This subpart prescribes RUS procedures in promulgating standard contract forms and identifies those forms that borrowers are required to use.

(b) *Contract forms.* RUS promulgates standard contract forms, identified in the List of Required Contract Forms, §1726.304(c), that borrowers are required to use in accordance with the provisions of this part. In addition, RUS promulgates standard contract forms contained in §1726.304(d) that the

**§ 1726.301 Borrower contractual obligations.**

(a) *Loan agreement.* As a condition of a loan or loan guarantee under the Rural Electrification Act, borrowers are normally required to enter into RUS loan agreements pursuant to which the borrower agrees to use RUS standard forms of contracts for construction, procurement, engineering services and architectural services financed in whole or in part by the RUS loan. Normally, this obligation is contained in section 5.16 of the loan contract. To comply with the provisions of the loan agreements as implemented by this part, borrowers must use those forms of contract (hereinafter sometimes called “listed contract forms”) identified in the List of Required Contract Forms, §1724.304(c).

(b) *Compliance.* If a borrower is required by this part or by the loan agreement to use a listed contract form, the borrower shall use the listed contracts in the format available from RUS or GPO. The forms shall not be retyped, changed, modified, or altered in any manner not specifically authorized in this part or approved by RUS in writing. Any modifications approved by RUS must be clearly shown so as to indicate the difference from the listed contract form. Electronic reproduction