

Rural Utilities Service, USDA

§ 1735.1

15. Date Discussed with Board of Directors

Remarks: _____

EXPLANATORY NOTES

Item No. _____ Comments _____
 Rated by _____ Title _____ Date _____
 Reviewed by _____ Manager _____ Date _____
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AUTHORITY: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*, and 6941 *et seq.*

Subpart A—General

§ 1735.1 General statement.

(a) Subparts A through E of this part set forth the general policies, types of loans and loan requirements under the Telephone loan program.
 (b) The standard RUS security documents (see 7 CFR 1744 subpart D or

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RUS Bulletins 320-4, 320-22, 321-2, 322-2, 323-1, 326-1) contain provisions regarding acquisitions, mergers, and consolidations. Subparts F through J of this part implement those provisions by setting forth the policies, procedures, and requirements for telephone borrowers planning to acquire existing telephone lines, facilities, or systems with RUS loan or other funds, or planning to merge or consolidate with another system. This part supersedes all RUS Bulletins that are in conflict with it.

(c) Subparts F through J of this part also detail RUS's requirements with respect to mergers and acquisitions involving RUS loan funds.

[55 FR 39395, Sept. 27, 1990; 55 FR 41170, Oct. 9, 1990]

§ 1735.2 Definitions.

As used in this part:

Access line means a transmission path between user terminal equipment and a switching center that is used for local exchange service. For multiparty service, the number of access lines equals the number of lines/paths terminating on the mainframe of the switching center.

Acquisition means the purchase of another telephone system, lines, or facilities whether by acquiring telephone plant in service or majority stock interest of one or more organizations.

Acquisition agreement means the agreement, including a sales agreement, between the seller and purchaser outlining the terms and conditions of the acquisition. Acquisition agreements also include any other agreements, such as options and subsidiary agreements relating to terms of the transaction.

Administrator means the Administrator of RUS.

Advance of funds means the transferring of funds by RUS to the borrower's construction fund.

Appropriated means funds appropriated based on subsidy.

Affiliate means an organization that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the borrower.

Borrower means any organization which has an outstanding loan made or

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guaranteed by RUS, or which is seeking such financing.

Cash distribution means investments, guarantees, extensions of credit, advances, loans, non-affiliated company joint ventures, affiliated company investments, and dividend and capital credit distributions. Not included in this definition are qualified investments (see 7 CFR part 1744, subpart D).

Composite economic life as applied to facilities financed by loan funds means the weighted (by dollar amount of each class of facility in the loan) average economic life of all classes of facilities in the loan.

Consolidation means the combination of two or more borrower or nonborrower organizations, pursuant to state law, into a new successor organization that takes over the assets and assumes the liabilities of those organizations.

Construction fund means the RUS Construction Account required by §2.4 of the standard loan contract into which all RUS loan funds are advanced.

Depreciation means the loss not restored by current maintenance, incurred in connection with the consumption or prospective retirement of telecommunications plant in the course of service from causes which are known to be in current operation, against which the company is not protected by insurance, and the effect of which can be forecast to a reasonable approach to accuracy.

Economic life as applied to facilities financed by loan funds, means the number of years resulting from dividing 100 percent by the depreciation rate (expressed as a percent) approved by the regulatory body with jurisdiction over the telephone service provided by the borrower for the class of facility involved or, if no approved rate exists, by the median depreciation rate expressed as a percent as published by RUS in its Statistical Report, Rural Telephone Borrowers for all RUS and RTB borrowers for that class of facility.

Exchange access means the offering of access to telephone exchange services or facilities for the purpose of the origination or termination of telephone toll services.

Feasibility study means the pro forma financial analysis performed by RUS to