

§ 1735.76

on any investments in nonrural areas. See 7 CFR 1737.

(4) The information required in §1735.74 (a)(1) through (a)(8), (a)(14) and (b)(1).

(5) Any other data deemed necessary by the Administrator to approve the interim financing of the acquisition.

(d) Furthermore, RUS will not approve interim financing if, in RUS's judgment, the proposed acquisition will not qualify for RUS financing or the proposed interim financing presents unacceptable loan security risks to RUS.

(e) Because RUS approval of interim financing is not a commitment to make a loan, RUS will not approve interim financing unless the borrower is prepared to assume responsibility for financing all obligations incurred.

(f) If the borrower plans to proceed with the closing after receiving RUS approval of interim financing, it must first receive preliminary approval from RUS. See §1735.90

(g) See 7 CFR part 1737 for regulations on interim financing for construction.

(h) See 7 CFR part 1744, subpart B for conditions under which RUS will provide shared first lien and/or a lien accommodation for non-RUS lenders.

§ 1735.76 Acquisition of affiliates.

A borrower shall not use RUS loan funds to acquire any stock or any telephone plant of an affiliate.

[54 FR 14626, Apr. 12, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990, as amended at 62 FR 46871, Sept. 5, 1997]

§ 1735.77 Release of loan funds, requisitions, advances.

(a) RUS will not approve the advance of loan funds until the borrower has fulfilled all loan contract provisions to the extent deemed necessary by RUS.

(b) The first advance of loan funds pursuant to the loan contract normally shall provide funds needed for the acquisition. Unless the borrower has received approval of interim financing, it must submit the requisition in time for the advance to be made by the closing date.

(c) After the borrower has closed the acquisition, it shall furnish RUS all documents necessary to demonstrate

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to RUS's satisfaction that the transaction has been closed.

(d) Advances for improvements or expansion of the acquired facilities will not be approved until RUS has determined that the transaction has been closed and the borrower has obtained satisfactory title to the acquired facilities.

(e) See 7 CFR part 1737 (or RUS Bulletin 320-4) for additional requirements for releases of loan funds and 7 CFR part 1744, subpart C for additional requirements for requisitions and advances.

§§ 1735.78-1735.79 [Reserved]

Subpart H—Acquisitions or Mergers Not Involving Additional Loan Funds

§ 1735.80 Submission of data.

When a borrower is not requesting loan funds for an acquisition or merger, the borrower shall first notify RUS and submit for review by RUS the documents and information listed in (a) through (l) of this section required by RUS.

(a) For any nonborrowers involved, their most recent balance sheets, operating statements, detail of plant accounts, reports to the state commission, and audits, if available.

(b) Completed RUS Form 507, "Report on Telephone Acquisition."

(c) A map (such as a road map) showing county lines, the boundaries of the proposed acquisition and the borrower's existing service territory, and the names of other telephone companies serving adjoining areas.

(d) A brief statement of the plans for incorporating the acquired facilities into the borrower's existing system.

(e) The number of subscribers currently receiving service in the areas involved in the acquisition or merger and the number of new subscribers that will be served over the next 5 years as a result of the acquisition or merger.

(f) Copies of deeds of real estate to be acquired, with an explanation of the proposed use of the land.

(g) Copies of security documents of any other lenders involved and any contracts or other rights of obligations to be assumed by the survivor.