

Rural Utilities Service, USDA

§ 1737.1

ownership of the toll line facilities before loan funds for improvement of those facilities will be advanced.

[54 FR 14626, Apr. 12, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990]

§ 1735.101 With nonloan funds.

When an acquisition is limited to toll line facilities and loan funds are not involved, RUS approval of the acquisition is not required. The borrower, however, shall submit to RUS for its approval all concurrences with the connecting companies involved and any other proof of ownership of the toll facilities required by RUS.

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PART 1737—PRE-LOAN POLICIES AND PROCEDURES COMMON TO INSURED AND GUARANTEED TELECOMMUNICATIONS LOANS

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Subpart A—General

§ 1737.1 General statement.

(a) This part prescribes policies, procedures and responsibilities relating to applications for RUS loans to finance the improvement and extension of telephone service in rural areas. Requirements for both initial and subsequent loans are discussed, with differences pointed out.

(b) This part sets forth the policies, procedures, and requirements of RUS

during the period from the receipt of a completed loan application until the advance of funds. This part sets forth the factors RUS considers in determining the characteristics of a loan, such as the amount of the loan, and conditions to the advance of funds. Involved in this determination are:

A loan budget, feasibility study, characteristics letter, loan recommendation, and release of funds. This CFR part supersedes all RUS Bulletins that are in conflict with it.

(c) See 7 CFR part 1735 on general loan policies, 7 CFR part 1737 for details on submitting a loan application, and 7 CFR part 1744 on the advance of funds.

§ 1737.2 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.

Administrator means the Administrator of RUS.

Area Coverage means the provision of adequate telephone service to the widest practical number of rural users during the life of the loan.

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

Borrower means any organization which has an outstanding loan made or guaranteed by RUS, on which is seeking such financing.

Characteristics letter means the letter informing the borrower of the characteristics of the proposed loan before the loan is recommended.

Feasibility study means the pro forma financial analysis performed by RUS to determine the economic feasibility of a loan.

Forecast period means the time period beginning on the date (base date) of the borrower's balance sheet used in preparing the feasibility study and ending

on a date equal to the base date plus the number of years estimated in the feasibility study for the completion of the project. Feasibility projections are usually for 5 years, see §1737.70(a). For example, the forecast period for a loan based on a December 31, 1990 balance sheet and having a 5-year estimated project completion time is the period from December 31, 1990 to December 31, 1995.

Guaranteed loan means a loan guaranteed by RUS under section 306 of the RE Act bearing interest at a rate agreed to by the borrower and the lender.

Hardship loan means a loan made by RUS under section 305(d)(1) of the RE Act bearing interest at a rate of 5 percent per year.

Initial loan means the first loan made to a borrower.

Interim construction means the purchase of equipment or the conduct of construction under an RUS-approved plan of interim financing.

Interim financing means funding for a project which RUS has acknowledged will be included in a loan, should said loan be approved, but for which RUS loan funds have not yet been made available.

Loan means any loan made or guaranteed by RUS.

Project means the improvements and telephone facilities financed by a particular RUS loan.

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

RUS cost-of-money loan means a loan made under section 305(d)(2) of the RE Act bearing an interest rate as determined under 7 CFR 1735.31(c). RUS cost-of-money loans are made concurrently with RTB loans.

Release of funds means determination by RUS that a borrower has complied with all of the conditions prerequisite to the advances as set forth in the loan contract to the extent deemed necessary by RUS for approval of the use of loan funds and any required equity or other nonloan funds.

Reserves means loan or nonloan funds that have not been encumbered. Funds are encumbered when they have been set aside for by RUS for a particular loan purpose.