

§ 1753.79

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

borrower must ensure that the contractor selected meets all Federal and State licensing and bonding requirements, and that the contractor maintains the insurance coverage required by the contract for the duration of the work. (See 7 part CFR 1788)

(d) Upon completion and final inspection of the construction the borrower shall obtain from the Contractor a final invoice and an executed copy of RUS Form 743, Certificate of Contractor and Indemnity Agreement.

(e) RUS Contract Form 773 may also be used to contract for the maintenance and repair of telephone equipment and facilities. Generally, RUS will not finance maintenance and repair contracts.

[55 FR 3573, Feb. 2, 1990. Redesignated at 55 FR 39397, Sept. 27, 1990, and amended at 59 FR 43718, Aug. 25, 1994]

§ 1753.79 Construction by force account.

The borrower shall require that:

(a) Minor construction by the force account method be supervised by a competent foreman. The work shall be performed in accordance with all regulatory and safety codes.

(b) Daily time and material reports, referenced by the work project number, shall be kept to record labor and materials used as construction is performed.

(c) The construction foreman shall maintain a tabulation of all construction units installed.

§ 1753.80 Minor construction procedure.

(a) If the borrower performs minor construction financed with loan funds, the borrower's regular work order procedure shall be used to administer construction activities that may be performed entirely by a contractor under Form 773 contract, by work order, or jointly by work order and one or more contractors under Form 773 contracts.

(b) RUS financing under Form 773 contracts dated in the same calendar year is limited to the following amounts for the following discrete categories of minor construction. The date of the Form 773 contract is the date the Form 773 contract is executed.

(1) For outside plant construction, the limit is \$500,000 or ten per cent

(10%) of the borrower's previous calendar year's outside plant total construction, whichever is greater.

(2) For central office equipment, the limit is \$500,000.

(3) For special equipment and buildings, the limit is \$250,000 in each category.

(c) A single minor construction project may be a discrete element of a somewhat larger overall project, such as the provision and installation of a standby power generator or heating/air conditioning equipment in connection with a building modification or expansion project or the splicing on a major cable placement project. It cannot be a portion, by dividing into smaller segments, of a discrete major construction project, such as the placement of a continuous cable facility.

(d) RUS approval must be obtained in advance for minor construction unless all of the following conditions are met:

(1) RUS has approved the engineering design.

(2) All standard RUS procedures are followed, including use of new materials listed in the List of Materials for Use on Telephone Systems of RUS Borrowers (Bul. 344-2) and the application of RUS construction practices. (See § 1753.6)

(3) The Standard Form 773 contract is used without modification.

(e) The borrower shall determine the scope of each proposed construction project and decide how it will be constructed. A work project number shall be assigned to which all charges for that project are referenced.

(f) The borrower shall maintain accounting and plant records sufficient to document the cost and location of all construction and to support loan fund advances and disbursements.

(g) Normally the borrower will finance minor construction with general funds and obtain reimbursement with loan funds when construction is completed and executed Form 771 has been submitted to RUS. If a borrower satisfies RUS of its inability to finance the construction temporarily with general funds, RUS may establish, on a case by case basis, a work order fund for specific construction projects. The work order fund will be closed upon receipt of an FRS and the executed Forms 771