

**§ 1700.56**

(b) *Assistant Administrator, Telecommunications Program*, has the authority to approve the following loans, loan guarantees, and lien accommodations, except for those approvals reserved to the Administrator:

(1) Loans, loan guarantees, and lien accommodations and subordinations of liens not to exceed \$25,000,000 except for those reserved to the Administrator.

(2) Loans and loan guarantees with acquisition costs where the acquisition portion of the loan is less than \$5,000,000.

(3) Loans and loan guarantees including refinancing amounts that do not exceed \$5,000,000.

(4) Distance learning and telemedicine loans and loan guarantees that do not exceed \$5,000,000.

(5) Loan contracts, security instruments, and other documents to be executed in connection with loans and loan guarantees approved by the Assistant Administrator, Telecommunications Program.

(c) *Area Directors* have the authority to approve the following loans, loan guarantees, and lien accommodations, except for those approvals reserved to the Administrator:

(1) Loans, loan guarantees, and lien accommodations and subordinations of liens of less than \$10,000,000.

(2) Loans and loan guarantees with acquisition costs of less than \$2,000,000.

(3) Loans and loan guarantees including refinancing amounts of less than \$2,000,000.

(4) Any modifications in the method of carrying out loan purposes.

**§ 1700.56 Water and Environmental Programs.**

The State Rural Development Offices have the responsibility for making and servicing water and waste loans and grants.

**§ 1700.57 Distance Learning and Telemedicine Loan and Grant Program.**

(a) *Administrator*: The authority to approve the following loans and lien accommodations is reserved to the Administrator:

(1) Grants or loan and grant combinations.

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(2) The number selected from each state for financial assistance for grant approval and loans or grants approved.

(3) Extension of principal and interest repayments for rural development purposes.

(4) Loan contracts, security instruments, and all other documents to be executed in connection with loans and loan guarantees approved by the Administrator.

(b) *Assistant Administrator, Telecommunications Program*, has the authority to approve the following loans and lien accommodations and subordinations of liens:

(1) Loans, that do not also include requests for grant funds, except for those reserved to the Administrator.

(2) Loan contracts, security instruments, and all other documents to be executed in connection with loans and loan guarantees approved by the Assistant Administrator, Telecommunications Program.

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AUTHORITY: 7 U.S.C. 901 *et seq.* and 950aaa *et seq.*

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SOURCE: 54 FR 6870, Feb. 15, 1989, unless otherwise noted. Redesignated at 55 FR 39394, Sept. 27, 1990.

### Subpart A [Reserved]

## Subpart B—Rural Economic Development Loan and Grant Program

SOURCE: 57 FR 44317, Sept. 25, 1992, unless otherwise noted.

### § 1703.10 Purpose.

(a) This subpart sets forth RUS's policies and procedures for making zero-interest loans and grants to borrowers in accordance with the cushion of credit payments program authorized in section 313 of the Act (7 U.S.C. 940c).

(b) The zero-interest loans and grants are provided for the purpose of promoting rural economic development and job creation projects.

### § 1703.11 Policy.

(a) It is RUS's policy that borrowers use the Rural Economic Development Loan and Grant Program to promote projects that will result in a sustainable increase in the productivity of economic resources in rural areas and thereby lead to a higher level of income for rural citizens.

(b) It is RUS's policy that borrowers promote economic development in rural areas and job creation projects that:

(1) Are based on sound economic and financial analyses; and

(2) Take a long-term perspective.

(c) It is RUS's policy to direct the funds under this program to projects which are located in, or will primarily benefit, those rural areas that are experiencing the greatest economic hardship.

(d) It is RUS's policy to encourage economic development in rural areas and job creation projects without regard to service area.

(e) It is RUS's policy to encourage borrowers to make cushion of credit payments.

(f) It is RUS's policy to maintain liaisons with officials of other Federal, state, regional and local rural development agencies to coordinate this pro-

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gram with other rural economic development programs.

### § 1703.12 Definitions.

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

*Administrator*— the Administrator of the Rural Utilities Service or the Administrator's designee.

*Approved purpose*—a purpose that the Administrator has specifically approved in the letter of agreement covering the use of the RUS zero-interest loan and/or grant funds provided to the borrower.

*Borrower*—an entity that has outstanding RUS and/or Rural Telephone Bank (RTB) loan(s) or loan guarantee(s) for an electric or telephone purpose under the provisions of the Act.

*Business incubator*—a facility in which small businesses can share premises, support staff, computers, software or hardware, telecommunications terminal equipment, machinery, janitorial services, utilities, or other overhead expenses, and where such businesses can receive technical assistance, financial advice, business planning services or other support. The business incubator program, however, does not necessarily have to involve the sharing of premises.

*Cushion of credit payment*—a voluntary unscheduled payment made after October 1, 1987, on an RUS note, which is credited to the cushion of credit account of a borrower.

*Demonstration Project*—a project for which the owner agrees in writing to provide RUS, if requested, with detailed information on the steps it takes in organizing and operating the project, will permit RUS and RUS's guests to make reasonable visits to the project, and honor any other reasonable RUS request to disseminate information on the project. Examples of information include a description of incorporation procedures, types of financing obtained, permits required by governments, amount of time required for various stages of the project, sources of technical assistance from government programs, private foundations or trade organizations, any experiences or lessons that the owner wishes to share with the public and other