

§ 1703.29

7 CFR Ch. XVII (1-1-05 Edition)

amount that will be credited to the subaccount during a particular fiscal year from the interest differential calculation based on the RUS borrowers' cushion of credit levels at the time the Administrator makes the determination and any amounts appropriated for that fiscal year for zero-interest loans or grants made under section 313 of the Act.

(d) After the Administrator has determined the maximum size for a fiscal year, a notice of the calculation and amount will be published promptly in the FEDERAL REGISTER. Thereafter, the maximum size will remain in effect until the Administrator has published the maximum size for the next fiscal year.

(e) All unselected applications on file at RUS, including both loan and grant applications, from the same borrower for the same project will be considered to be one application in determining that the maximum size of the application is in accordance with this section.

(f) The minimum size of an application for assistance under this subpart that will be considered for funding is \$10,000.

[57 FR 44317, Sept. 25, 1992, as amended at 59 FR 11711, Mar. 14, 1994]

§ 1703.29 Terms of zero-interest loan repayment.

(a) The Administrator will determine the terms and repayment schedule of the zero-interest loan to the borrower based on the nature of the project and approved purposes. Ordinarily, the total term of the zero-interest loan, including any principal deferment period, will not exceed 10 years. The repayment terms the borrower sets on a pass-through-loan must equal the terms of the loan provided to the borrower unless a written request from the borrower to provide a longer deferment period, shorter total term of the loan, or other benefits is approved by the Administrator.

(b) The Administrator has the discretion to defer the repayment of principal up to two years, based on an analysis of the feasibility of the project. Ordinarily, if the Administrator considers the project to be a business expansion or going concern, the first repayment of principal will not begin

until one year after the date of the RUS note. Ordinarily, if the Administrator considers the project to be a start-up project, the first repayment of principal will not begin until 2 years after the date of the RUS note. Loans must be repaid under terms set forth in RUS's legal documents.

(c) Unless the Administrator has specifically approved otherwise, the borrower will be required to repay the RUS zero-interest loan in full at such time as a pass-through-loan has been fully repaid to the borrower. If the borrower uses the proceeds of the RUS zero-interest loan to provide pass-through-loans to more than one entity, this requirement will only apply to that portion of the zero-interest loan associated with the loan that has been fully repaid to the borrower.

(d) If the Administrator determines that, as a result of state law, court rulings, or regulatory commission decisions, it is necessary to ensure that the borrower will repay the RUS zero-interest loan, the borrower may be required to provide an irrevocable letter of credit, or another form of guarantee satisfactory to the Administrator. The letter of credit or other guarantee is to be made payable to RUS. The letter of credit or other guarantee may not be secured by any assets under a RUS and/or Rural Telephone Bank mortgage and must be in form and substance satisfactory to the Administrator. RUS must receive the letter of credit or other guarantee prior to the advance of any zero-interest loan funds.

§ 1703.30 Approval of agreements.

(a) The Administrator must approve any agreements between the borrower and the owner(s) of the project, those undertaking the project, or any intermediary that will re-lend or transfer the proceeds of the RUS funds, that the Administrator deems necessary.

(b) Borrowers must obtain the Administrator's approval of any loan, grant or security agreement, mortgage or note between the borrower and the owner(s) of the project, those undertaking the project or any intermediary that will re-lend or transfer the proceeds of the RUS funds, prior to the advance of RUS zero-interest loan or

grant funds to the borrower. The borrower must receive the Administrator's approval of the final draft version of the documents prior to their execution.

(c) Borrowers must obtain the Administrator's written approval prior to revising or amending any loan, grant or security agreement, mortgage or note that has been reviewed and approved by the Administrator pursuant to paragraph (b) of this section. Additionally, the borrower must obtain the Administrator's written approval prior to executing, revising or amending any other agreement, in connection with the project, between the borrower and the owner(s) of the project, those undertaking the project or any intermediary that will re-lend or transfer the proceeds of the RUS funds.

(d) The borrower and the owner(s) of the project, or those undertaking the project, should make agreements and prepare documents in accordance with all applicable laws.

(Approved by the Office of Management and Budget under control number 0572-0090)

[57 FR 44317, Sept. 25, 1992, as amended at 59 FR 11711, Mar. 14, 1994; 59 FR 38341, July 28, 1994]

§ 1703.31 Transfer of employment or business.

The project must not result primarily in the transfer of any existing employment or business activity from one area to another.

§ 1703.32 Environmental requirements.

(a) Prospective recipients of zero-interest loans or grants should consider the potential environmental impact of their proposed projects at the earliest planning stage and plan development in a manner that reduces, to the extent practicable, the potential to affect the quality of the human environment adversely.

(b) *Application for zero-interest loans or grants for project feasibility studies.* For a proposal to fund a project feasibility study, the only environmental information normally required is whether or not the proposed project being studied or analyzed will be located within an area protected under the Coastal Barrier Resources Act (16 U.S.C. 3501 *et seq.*) Generally, the use of Federal funds to promote development on

coastal barriers is strictly limited by the Coastal Barriers Resources Act.

(c) *Application for zero-interest loans or grants for a project that is not considered project feasibility studies.* (1) The Administrator will review support materials in the application and initiate an environmental review process pursuant to 7 CFR part 1794. This process will focus on any environmental concerns or problems that are associated with the project.

(2) The level and scope of the environmental review will be determined in accordance with the National Environmental Policy Act of 1969 (NEPA), as amended, (42 U.S.C. 4321 *et seq.*), the Council on Environmental Policy for Implementing the Procedural Provisions of NEPA (40 CFR parts 1500—1508), RUS's environmental policies and procedures (7 CFR part 1794) and other relevant Federal environmental laws, regulations and Executive Orders.

(3) Activity related to the project that will adversely affect the environment or limit the choice of reasonable alternatives must not be undertaken prior to completion of RUS's environmental review process.

§ 1703.33 Other considerations.

(a) *Equal opportunity and non-discrimination requirements.* All zero-interest loans and grants made under this subpart are subject to the non-discrimination provisions of title VI of the Civil Rights Act of 1964, as amended, (42 U.S.C. 1971 *et seq.*, 1975a *et seq.*, 2000a *et seq.*; 7 CFR part 15); section 504 of the Rehabilitation Act of 1973, as amended, (29 U.S.C. 701 *et seq.*; 7 CFR part 15b); the Age Discrimination Act of 1975, as amended, (42 U.S.C. 6101 *et seq.*; 45 CFR part 90); and Executive Order 11246, Equal Employment Opportunity, (3 CFR, 1964—1965 Comp., p. 339) as amended by Executive Order 11375, Amending Executive Order 11246, Relating to Equal Employment Opportunity (3 CFR, 1966—1970 Comp., p. 684).

(b) *Architectural barriers.* All facilities financed with RUS zero-interest loans or grants that are open to the public or in which physically handicapped persons may be employed or reside must be designed, constructed, and/or altered to be readily accessible to, and usable by handicapped persons. Standards for