

## § 1720.3

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

### § 1720.3 Definitions.

For the purpose of this part:

*Administrator* means the Administrator of RUS.

*Applicant* means a bank or other lending institution organized as a private, not-for-profit cooperative association, or otherwise on a non-profit basis, that is applying for RUS to guarantee a bond or note under this part.

*Bond Documents* means the trust indenture, bond resolution, guarantee, guarantee agreement and all other instruments and documentation pertaining to the issuance of the guaranteed bonds.

*Borrower* means any organization that has an outstanding loan made or guaranteed by RUS for rural electrification or rural telephone under the RE Act, or that is seeking such financing.

*Concurrent Loan* means a loan that a guaranteed lender extends to a borrower for up to 30 percent of the cost of an eligible electrification or telephone purpose under the RE Act, concurrently with an insured loan made by the Secretary pursuant to section 307 of the RE Act.

*Federal Financing Bank (FFB)* means a government corporation and instrumentality of the United States of America under the general supervision of the Secretary of the Treasury.

*Guarantee* means the written agreement between the Secretary and a guaranteed bondholder, pursuant to which the Secretary guarantees full repayment of the principal, interest, and call premium, if any, on the guaranteed lender's guaranteed bond.

*Guarantee Agreement* means the written agreement between the Secretary and the guaranteed lender which sets forth the terms and conditions of the guarantee.

*Guaranteed Bond* means any bond, note, debenture, or other debt obligation issued by a guaranteed lender on a fixed or variable rate basis, and approved by the Secretary for a guarantee under this part.

*Guaranteed Bondholder* means any investor in a guaranteed bond.

*Guaranteed Lender* means an applicant that has been approved for a guarantee under this part.

*Loan* means any credit instrument that the guaranteed lender extends to a borrower for any electrification or telephone purpose eligible under the RE Act, including loans as set forth in section 4 of the RE Act for electricity transmission lines and distribution systems (excluding generating facilities) and as set forth in section 201 of the RE Act for telephone lines, facilities and systems.

*Loan documents* means the loan agreement and all other instruments and documentation between the guaranteed lender and the borrower evidencing the making, disbursing, securing, collecting, or otherwise administering of a loan.

*Program* means the guarantee program for bonds and notes issued for electrification or telephone purposes authorized by section 313A of the RE Act as amended.

*Rating Agency* means a bond rating agency identified by the Securities and Exchange Commission as a nationally recognized statistical rating organization.

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

*RUS* means the Rural Utilities Service, a Rural Development agency of the U.S. Department of Agriculture.

*Secretary* means the Secretary of Agriculture acting through the Administrator of RUS.

*Subsidy Amount* means the amount of budget authority sufficient to cover the estimated long-term cost to the Federal government of a guarantee, calculated on a net present value basis, excluding administrative costs and any incidental effects on government receipts or outlays, in accordance with the provisions of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 *et seq.*)

### § 1720.4 General standards.

(a) In accordance with section 313A of the RE Act, a guarantee will be issued by the Secretary only if the Secretary determines, in accordance with the requirements set forth in this part, that:

(1) The proceeds of the guaranteed bonds will be used by the guaranteed lender to make loans to borrowers for electrification or telephone purposes