

including such approvals as may be required by regulatory bodies and other lenders.

(b) The RUS Notes shall be prepaid at a closing to be held in accordance with the prepayment agreement; *Provided, however,* That no closing may be scheduled for after September 30, 1987. At closing, a borrower shall prepay the RUS Notes by paying to the Government an amount equal to the Discounted Present Value of the RUS Notes. The closing shall otherwise be conducted as prescribed in the prepayment agreement.

#### § 1786.61 Other prepayments.

RUS loan documentation generally permits borrowers to prepay RUS Notes by paying the outstanding balance due thereon. Nothing in this subpart shall prohibit any borrower from prepaying its outstanding RUS Notes in accordance with the terms thereof. The provisions of this subpart shall not be applicable to such prepayment.

#### §§ 1786.62–1786.74 [Reserved]

#### Subpart D [Reserved]

#### Subpart E—Discounted Prepayments on RUS Notes in the Event of a Merger of Certain RUS Electric Borrowers

SOURCE: 56 FR 37268, Aug. 6, 1991, unless otherwise noted.

#### § 1786.95 Purpose.

This subpart sets forth the policies and procedures of RUS whereby certain electric borrowers may prepay outstanding RUS Notes at the Discounted Present Value of the RUS Notes with private financing.

#### § 1786.96 Definitions.

As used in this subpart:

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

*Administrator* means the Administrator of RUS.

*Consolidation* means:

(1) The combination, pursuant to state law, of two or more borrower or nonborrower organizations into a new

successor organization that takes over the assets and assumes the liabilities of those organizations; or

(2) Any other transaction including an acquisition which has substantially the same effect.

*Discounted Present Value* shall have the meaning specified in §1786.98.

*Fund* means the Rural Electrification and Telephone Revolving Fund pursuant to the Act.

*Merger* means:

(1) The combination, pursuant to state law, of two or more borrower or nonborrower organizations into an existing survivor organization that takes over the assets and assumes the liabilities of the merged organizations; or

(2) Any other transaction including an acquisition which has substantially the same effect.

*REA* means the Rural Electrification Administration formerly an agency of the United States Department of Agriculture and predecessor agency to RUS with respect to administering certain electric and telephone loan programs.

*RUS* means the Rural Utilities Service, an agency of the United States Department of Agriculture established pursuant to Section 232 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354, 108 Stat. 3178), successor to REA with respect to administering certain electric and telephone programs. See 7 CFR 1700.1.

*RUS Loan Agreement* means the agreement between the borrower and RUS providing for loans pursuant to the Act.

*RUS Notes* means those notes, bonds or other obligations evidencing indebtedness created by loans made or guaranteed by RUS pursuant to titles I and III of the Act (7 U.S.C. 901-940).

[56 FR 37268, Aug. 6, 1991, as amended at 59 FR 66440, Dec. 27, 1994]

#### § 1786.97 Prepayment.

There were 29 former RUS electric borrowers that prepaid their direct or insured loans under section 306B(a) of the Act prior to October 1, 1987. (See subpart C of this part.) These borrowers are listed in appendix A to subpart E of this part. Any RUS electric borrower which is the result of a merger or consolidation involving any of