

§ 1710.111

7 CFR Ch. XVII (1-1-08 Edition)

A = The total funds (\$) actually advanced from the first loan, including both RUS loan funds and funds from the supplemental loan, plus any unadvanced funds still available to the borrower after the rescission.

B = The total amount (\$) for facilities of the new loan request, including both RUS loan funds and funds from supplemental loans.

C = The proportion (%) of supplemental financing required on the loans according to paragraphs (a), (c)(1) and (c)(2) of this section.

D = The amount (\$) of supplemental funds actually advanced on the first loan, plus any unadvanced supplemental funds still available to the borrower after the rescission.

(iii) If a borrower's supplemental financing requirement as set forth in paragraphs (a), (c)(1), and (c)(2) of this section has changed between the most recent loan and the loan being considered, then the amount of supplemental financing required for the new loan will be the weighted average of the portions otherwise applicable on the two loans and will be computed as follows:

Supplemental financing amount, new loan = $(A \times C_1) + (B \times C_2) - D$

where:

A = The total funds (\$) actually advanced from the first loan, including both RUS loan funds and funds from the supplemental loan, plus any unadvanced funds still available to the borrower after the rescission.

B = The total amount (\$) for facilities of the new loan request, including both RUS funds and funds from supplemental loans.

C₁ = The proportion (%) of supplemental financing required on the old loan according to paragraphs (a), (c)(1) and (c)(2) of this section.

C₂ = The proportion (%) of supplemental financing required on the new loan according to paragraphs (a), (c)(1) and (c)(2) of this section.

D = The amount (\$) of supplemental funds actually advanced on the first loan, plus any unadvanced supplemental funds still available to the borrower after the rescission.

(d) Supplemental financing will not be required in connection with hardship rate loans. Borrowers that qualify for hardship rate loans but elect to take municipal rate loans instead, will be required to obtain supplemental financing pursuant to this section, unless at the time of loan approval, there are no funds remaining available for

hardship loans, in which case supplemental financing will not be required.

[57 FR 1053, Jan. 9, 1992, as amended at 58 FR 66265, Dec. 20, 1993; 60 FR 3730, Jan. 19, 1995; 61 FR 66870, Dec. 19, 1996]

§ 1710.111 Refinancing.

(a) RUS makes loans or loan guarantees to refinance the outstanding indebtedness of borrowers in the following cases:

(1) Loans or loan guarantees to refinance long-term debt owed by borrowers to the Tennessee Valley Authority for credit extended under the terms of the Tennessee Valley Authority Act of 1933, as amended.

(2) Loan guarantees made in accordance with the provisions of section 306A of the RE Act to prepay a loan (or any loan advance thereunder) made by the Federal Financing Bank.

(b) In certain circumstances, RUS may make a loan to replace interim financing obtained for the construction of facilities (See § 1710.109).

§ 1710.112 Loan feasibility.

(a) RUS will make a loan only if there is reasonable assurance that the loan, together with all outstanding loans and other obligations of the borrower, will be repaid in full as scheduled, in accordance with the mortgage, notes, and loan contracts. The borrower must provide evidence satisfactory to the Administrator that the loan will be repaid in full as scheduled, and that all other obligations of the borrower will be met.

(b) Based on evidence submitted by the borrower and other information, RUS will use the following criteria to evaluate loan feasibility:

(1) Projections of power requirements, rates, revenues, expenses, margins, and other factors for the present system and proposed additions are based on reasonable assumptions and adequate supporting data and analysis, including analysis of a range of assumptions for the significant variables, when required by § 1710.300(d)(5).

(2) Projected revenues from the rates proposed by the borrower are adequate to meet the required TIER and DSC ratios based on the borrower's total costs, including the projected maximum debt service cost of the new loan.