

**§ 1717.1205**

correct, and complete in all material respects.

**§ 1717.1205 Waiver of existing conditions on borrowers.**

Pursuant to section 331(b) of the Con Act, the Administrator, at his or her sole discretion, may waive or otherwise reduce conditions and requirements imposed on a borrower by its loan documents if the Administrator determines that such action will contribute to enhancement of the government's recovery of debt. Such waivers or reductions in conditions and requirements under this section shall not include the exercise of any of the debt settlement measures set forth in § 1717.1204(c), which are subject to all of the requirements of said § 1717.1204.

**§ 1717.1206 Loans subsequent to settlement.**

In considering any future loan requests from a borrower whose debt has been settled in whole or in part (including the surviving entity of merged or consolidated borrowers, where at least one of said borrowers had its debts settled), it will be presumed that credit support for the full amount of the requested loan will be required. Such support may be in a number of forms, provided that they are acceptable to the Administrator on a case by case basis. They may include, but need not be limited to, equity infusions and guarantees of debt repayment, either from the applicant's members (in the case of a power supply borrower), or from a third party.

**§ 1717.1207 RUS obligations under loan guarantees.**

Nothing in this subpart affects the obligations of RUS under loan guarantee commitments it has made to the Federal Financing Bank or other lenders.

**§ 1717.1208 Government's rights under loan documents.**

Nothing in this subpart limits, modifies, or otherwise affects the rights of the government under loan documents executed with borrowers, or under law or equity.

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

**PART 1718—LOAN SECURITY DOCUMENTS FOR ELECTRIC BORROWERS**

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APPENDIX A TO SUBPART C—MODEL FORM OF LOAN CONTRACT FOR ELECTRIC DISTRIBUTION BORROWERS

AUTHORITY: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*, 6941 *et seq.*

**Subpart A—General**

§§ 1718.1-1718.49 [Reserved]

**Subpart B—Mortgage for Distribution Borrowers**

SOURCE: 60 FR 36888, July 18, 1995, unless otherwise noted.

**§ 1718.50 Definitions.**

Unless otherwise indicated, terms used in this subpart are defined as set forth in 7 CFR 1710.2.

**§ 1718.51 Policy.**

(a) Adequate loan security must be provided for loans made or guaranteed by RUS. The loans are required to be secured by a first mortgage lien on most of the borrower's assets substantially in the form set forth in appendix A of this subpart. At the discretion of RUS, this model form of mortgage may

**Rural Utilities Service, USDA**

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be adapted to satisfy different legal requirements among the states and individual differences in lending circumstances, provided that such adaptations are consistent with the policies set forth in this subpart.

(b) Some borrowers, such as certain public power districts, may not be able to provide security in the form of a first mortgage lien on their assets. In these cases RUS will consider accepting other forms of security, such as resolutions and pledges of revenues.

(c) RUS may require supplemental and amending mortgages to protect its security, or in connection with additional loans.

(d) RUS may also require such other security instruments (such as loan contracts, security agreements, financing statements, guarantees, and pledges) as it deems appropriate.

(e) All distribution borrowers that receive a loan or loan guarantee from RUS on or after August 17, 1995 will be required to enter into a mortgage with RUS that meets the requirements of this subpart. The concurrence of any other lenders secured under the borrower's existing mortgage may be required before the borrower can enter into a new mortgage.

**§ 1718.52 Existing mortgages.**

Nothing contained in this subpart amends, invalidates, terminates or rescinds any existing mortgage entered into between the borrower and RUS and any other mortgages.

**§ 1718.53 Rights of other mortgagees.**

Nothing contained in this subpart is intended to alter or affect any other mortgagee's rights under an existing mortgage.

**§ 1718.54 Availability of model mortgage.**

Single copies of the model mortgage (RUS Informational Publication 1718 B) are available from the Administrative Services Division, Rural Utilities Service, United States Department of Agriculture, Washington, DC 20250-1500. This document may be reproduced.

APPENDIX A TO SUBPART B OF PART 1718—MODEL FORM OF MORTGAGE FOR ELECTRIC DISTRIBUTION BORROWERS

RESTATED MORTGAGE AND SECURITY AGREEMENT Made By And Between

Mortgagor

and UNITED STATES OF AMERICA and

MORTGAGEE

Dated as of

THIS INSTRUMENT GRANTS A SECURITY INTEREST BY A TRANSMITTING UTILITY

THIS INSTRUMENT CONTAINS FUTURE ADVANCE PROVISIONS

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS

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