

**Rural Utilities Service, USDA**

**Pt. 1744**

applicant own or lease all facilities financed by the grant. In addition, however, RUS may prescribe special conditions to the advance of funds, such as those concerning FCC licensing.

**§ 1740.11 Requests for funds.**

(a) Once grant documents have been executed, funds may be requested for eligible purposes up to the amounts in the grant. Funds may either be requested in anticipation of known obligations, or may be requested to reimburse disbursements made by the grantee.

(b) Requests for funds shall be submitted on Standard Form 270 (Request for Advancement or Reimbursement).

(c) All requests for funds shall be supported by invoices or receipts.

**PART 1741—PRE-LOAN POLICIES AND PROCEDURES FOR INSURED TELEPHONE LOANS [RESERVED]**

**PART 1744—POST-LOAN POLICIES AND PROCEDURES COMMON TO GUARANTEED AND INSURED TELEPHONE LOANS**

**Subpart A [Reserved]**

**Subpart B—Lien Accommodations and Subordination Policy**

- Sec.
- 1744.20 General.
- 1744.21 Definitions.
- 1744.22–1744.29 [Reserved]
- 1744.30 Automatic lien accommodations.
- 1744.31–1744.39 [Reserved]
- 1744.40 Act purposes.
- 1744.41–1744.49 [Reserved]
- 1744.50 Non-Act purposes.
- 1744.51–1744.54 [Reserved]
- 1744.55 Application procedures.
- 1744.56–1744.59 [Reserved]

APPENDIX A TO SUBPART B—STATEMENT, CERTIFICATION, AND AGREEMENT OF BORROWER'S PRESIDENT OF BOARD OF DIRECTORS REGARDING REFINANCING AND RE-FUNDING NOTES PURSUANT TO 7 CFR 1744.30(C)

APPENDIX B TO SUBPART B—CERTIFICATION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT REGARDING NOTES TO BE ISSUED PURSUANT TO 7 CFR 1744.30(C)

APPENDIX C TO SUBPART B—STATEMENT, CERTIFICATION, AND AGREEMENT OF BORROWER'S PRESIDENT OF BOARD OF DIRECTORS REGARDING NOTES TO BE ISSUED PURSUANT TO 7 CFR 1744.30(D)

APPENDIX D TO SUBPART B—CERTIFICATION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT REGARDING NOTES TO BE ISSUED PURSUANT TO 7 CFR 1744.30

APPENDIX E TO SUBPART B—STATEMENT, CERTIFICATION, AND AGREEMENT OF BORROWER'S PRESIDENT OF BOARD OF DIRECTORS REGARDING NOTES TO BE ISSUED PURSUANT TO 7 CFR 1744.30(E)

APPENDIX F TO SUBPART B—FORM OF SUPPLEMENTAL MORTGAGE

**Subpart C—Advance and Disbursement of Funds**

- 1744.60 General.
- 1744.61 [Reserved]
- 1744.62 Introduction.
- 1744.63 The telephone loan budget.
- 1744.64 Budget adjustment.
- 1744.65 The construction fund.
- 1744.66 The financial requirement statement (FRS).
- 1744.67 Temporary excess construction funds.
- 1744.68 Order and method of advances of telephone loan funds.
- 1744.69 [Reserved]

**Subpart D [Reserved]**

**Subpart E—Borrower Investments**

- 1744.200 General statement.
- 1744.201 Definitions.
- 1744.202 Borrowers may make qualified investments without prior approval of the Administrator.
- 1744.203 Establishing amount of rural development investment.
- 1744.204 Rural development investments that do not meet the ratio requirements.
- 1744.205 Determinations and application of limitations described in §1744.202.
- 1744.206 Effect of subsequent failure to maintain ratios.
- 1744.207 Investment not to jeopardize loan security.
- 1744.208 Rural development investments before November 28, 1990.
- 1744.209 Records.
- 1744.210 Effect of this subpart on RUS loan contract and mortgage.

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

**Subpart A [Reserved]**

**Subpart B—Lien Accommodations and Subordination Policy**

SOURCE: 51 FR 32430, Sept. 12, 1986, unless otherwise noted. Redesignated at 55 FR 39396, Sept. 27, 1990.

**§ 1744.20**

**§ 1744.20 General.**

(a) Recent changes in the telecommunications industry, including deregulation and technological developments, have caused Rural Utilities Service (RUS) borrowers and other organizations providing telecommunications services to consider undertaking projects that provide new telecommunications services and other telecommunications services not ordinarily financed by RUS. Although some of these services may not be eligible for financing under the Rural Electrification Act of 1936 (RE Act), these services may nevertheless advance RE Act objectives where the borrower obtains financing from private lenders. The borrower's financial strength and the assurance of repayment of outstanding Government debt may be improved as a result of providing such telecommunications services.

(b) To facilitate the financing of new services and other services not ordinarily financed by RUS, RUS is willing to consider accommodating the Government's lien on telecommunications borrowers' systems or accommodating or subordinating the Government's lien on after-acquired property of telecommunications borrowers. To expedite this process, requests for lien accommodations meeting the requirements of §1744.30 will receive automatic approval from RUS.

(c) This subpart establishes RUS policy with respect to all requests for lien accommodations and subordinations for loans from private lenders. For borrowers that do not qualify for automatic lien accommodations in accordance with §1744.30, RUS will consider lien accommodations for RE Act purposes under §1744.40 and non-Act purposes under §1744.50.

[66 FR 41758, Aug. 9, 2001]

**§ 1744.21 Definitions.**

The following definitions apply to this subpart:

*Administrator* means the Administrator of RUS and includes the Governor of the RTB.

*Advance* means transferring funds from RUS, RTB, or a lender guaranteed

by RUS to the borrower's construction fund.

*After-acquired property* means property which is to be acquired by the borrower and which would be subject to the lien of the Government mortgage when acquired.

*Amortization expense* means the sum of the balances of the following accounts of the borrower:

Account names	Number
(1) Amortization expense .....	6560.2
(2) Amortization expense—tangible .....	6563
(3) Amortization expense—intangible .....	6564
(4) Amortization expense—other .....	6565

NOTE: All references to account numbers are to the Uniform System of Accounts (7 CFR part 1770, subpart B).

*Asset* means a future economic benefit obtained or controlled by the borrower as a result of past transactions or events.

*Automatic lien accommodation* means the approval, by RUS, of a request to share the Government's lien on a pari passu or pro-rata basis with a private lender in accordance with the provisions of §1744.30.

*Borrower* means any organization that has an outstanding telecommunications loan made or guaranteed by RUS, or that is seeking such financing. See 7 CFR part 1735.

*Construction Fund* means the RUS Construction Fund Account into which all advances of loan funds are deposited pursuant to the provisions of the loan documents.

*Debt Service Coverage (DSC) ratio* means the ratio of the sum of the borrower's net income, depreciation and amortization expense, and interest expense, all divided by the sum of all payments of principal and interest required to be paid by the borrower during the year on all its debt from any source with a maturity greater than 1 year and capital lease obligations.

*Default* means any event or occurrence which, unless corrected, will, with the passage of time and the giving of proper notices, give rise to remedies under one or more of the loan documents.

*Depreciation expense* means the sum of the balances of the following accounts of the borrower: