

§ 1785.69

the borrowers' respective cushion of credit accounts. Payments received in the month in which an installment is due will be applied to the installment due. However, if the regular installment payment is received at a later date in the month, the first payment received will be applied retroactively to a cushion of credit account and the second will be applied to the installment due.

§ 1785.69 Cushion of credit payment account computations.

(a) *Deposits.* Cushion of credit payments are credited to the borrowers' cushion of credit accounts.

(b) *Interest.* Interest at the rate of 5 percent per annum shall be credited on a quarterly basis to cushion of credit accounts. Interest earned will appear as a reduction in the interest billed on the borrower's RUS notes and will be separately shown on RUS Form 694, "Statement of Interest and Principal Due."

§ 1785.70 Application of RETRF cushion of credit payments.

(a) If a maturing installment on an RUS note or a note which has been guaranteed by RUS is not received by its due date, funds will be withdrawn from the borrower's cushion of credit account and applied as of the installment due date beginning with the oldest of such notes as follows: first, to current interest then due on all notes; second, to the accumulated interest due, if any, on all notes; and third, to the principal then due on all notes. In those instances where a borrower has prior to October 2, 1987, maintained an advance payment account with RUS, its cushion of credit account will be applied in accordance with the provisions of this section prior to using any balance remaining in its advance payment account to pay interest and principal installments on notes. Computations required under this section have been made by RUS as of October 2, 1987; however, on or before May 25, 1989 any borrower may make a one time irrevocable election to have all such computations made as of April 5, 1989, by filing written notice to that effect with Robert D. Ruddy, Director, Fiscal Ac-

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

counting Division, Rural Utilities Service, Washington, DC 20250-1500.

(b) A borrower may reduce the balance of its cushion of credit account only if the amount obtained from the reduction is used to make scheduled payments on loans made or guaranteed under the Act.

[54 FR 13669, Apr. 5, 1989; 54 FR 17703, Apr. 25, 1989]

PART 1786—PREPAYMENT OF RUS GUARANTEED AND INSURED LOANS TO ELECTRIC AND TELEPHONE BORROWERS

Subpart A—General [Reserved]

1786.1-1786.24 [Reserved]

Subpart B—Prepayment of RUS Guaranteed Federal Financing Bank Loans Pursuant to Section 306(A) of the RE Act

- Sec.
- 1786.25 Purpose.
- 1786.26 Policy.
- 1786.27 Definitions and rules of construction.
- 1786.28 Qualifications.
- 1786.29 Prepayment authority, program allocations, categories of prepayment applications and financially distressed borrowers' reserve.
- 1786.30 Processing procedure.
- 1786.31 Application procedure.
- 1786.32 Settlement procedure.
- 1786.33 Forms.
- 1786.34 Access to records of lenders, servicers, and trustees.
- 1786.35 Loss, theft, destruction, mutilation, or defacement of RUS guarantee.
- 1786.36 Other prepayments.
- 1786.37 Application of regulation to previous prepayments.
- 1786.38 Judicial review.
- 1786.39-1786.49 [Reserved]

Subpart C—Special Discounted Prepayments on RUS Direct/Insured Loans

- 1786.50 Purpose.
- 1786.51 Definitions.
- 1786.52 Prepayment.
- 1786.53 Discounted present value.
- 1786.54 Eligibility criteria.
- 1786.55 Application procedure.
- 1786.56 Approval of applications.
- 1786.57 Prepayment agreement.
- 1786.58 Security.
- 1786.59 Loan fund audit.
- 1786.60 Closing.
- 1786.61 Other prepayments.
- 1786.62-1786.74 [Reserved]