

(b) The place, date and conditions for closing.

(c) Agreement that the unadvanced balance of RUS Notes shall be rescinded.

(d) Agreement that the borrower, or its successors or assigns, shall pay to the Government, as a condition of receiving additional loans or loan guarantees pursuant to titles I and III of the Act, an amount equal to the aggregate of the difference with respect to each of the RUS Notes between the amount outstanding on the RUS Note and the Discounted Present Value of the prepaid RUS Note; with interest accruing quarterly. The interest rates shall be the rates provided in the respective RUS Notes.

(e) Assurances that the borrower will meet its obligations to any power supplier financed pursuant to the Act.

(f) Such other terms and conditions as the Administrator deems appropriate.

§ 1786.103 Security.

If, after prepayment of RUS Notes, the Government should continue to hold liens on the borrower's property, the Administrator of RUS will consider a request for the accommodation of such liens for the purpose of providing security for loans the proceeds of which were used to prepay RUS Notes. Such lien accommodations shall be limited in amount to the Discounted Present Value of the RUS Notes plus such costs, as the Administrator shall determine to be reasonable, incurred by the borrower in obtaining such loans.

§ 1786.104 Loan fund audit.

RUS shall have the right to audit within 6 months of closing, transactions involving the RUS construction fund established and maintained by the borrower pursuant to the terms of the RUS Loan Agreement and to inspect all books, records, accounts and other documents and papers of the borrower. Should RUS determine that the borrower has made disbursements of funds advanced pursuant to RUS Notes which do not comply with the requirements of the RUS Loan Agreement, the borrower shall be required to pay the Government an amount equal to the

difference between the amount which the borrower prepaid on such RUS Notes evidencing RUS loans funds which were improperly disbursed and the amount which the borrower would otherwise have been required to return to the Government as a result of non-compliance if the borrower had not prepaid such RUS Notes. (See 7 CFR part 1721, Post-Loan Policies and Procedures for Insured Electric Loans.)

§ 1786.105 Closing.

(a) The borrower shall be responsible for obtaining all approvals necessary to consummate the transaction as required by the prepayment agreement, 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. RUS shall designate the date of closing which in no event shall be later than one year after the effective date of the merger or consolidation. At closing, in addition to paying all current interest due on the date of prepayment, a borrower shall prepay the RUS Notes by paying to the Government an amount equal to the lesser of the outstanding balance or the Discounted Present Value of the RUS Notes. The closing shall otherwise be conducted as prescribed in the prepayment agreement.

§ 1786.106 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.

APPENDIX A TO SUBPART E OF PART 1786—LISTING OF ELIGIBLE BORROWERS

State	Borrower name and address
Colorado	Colorado-Ute Electric Assn., Inc., Montrose.
Florida	Lee County Electric Coop. Inc., North Fort Myers.
Indiana	Clark County Rural Elec. Memb. Corp., Sellersburg.
Louisiana	Beauregard Electric Cooperative, Inc., Deridder.

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State	Borrower name and address
Missouri	Culvre River Electric Cooperative, Inc., Troy.
Nebraska	Roosevelt Public Power District, Mitchell.
Nebraska	Howard Greely Rural Public Power Dist., St. Paul.
Nebraska	Cuming County Public Power District, West Point.
Nebraska	York County Rural Public Power District, York.
Nebraska	Elkhorn Rural Public Power District, Battle Creek.
Nebraska	Southern Nebraska Rural P. P. D., Grand Island.
Nebraska	McCook Public Power District, McCook.
Nebraska	Niobrara Valley Electric Memb. Corp., O'Neill.
Nebraska	Cornhusker Public Power District, Columbus.
Nebraska	Custer Public Power District, Broken Bow.
Nebraska	Northwest Rural Public Power Dist., Hay Springs.
Nebraska	Southwest Public Power District, Palsade.
Nebraska	Loup Valleys Rural Public Power District, Ord.
Nebraska	South Central Public Power District, Nelson.
Oklahoma	Peoples' Electric Cooperative, Ada.
Texas	Deaf Smith County Electric Coop. Inc., Hereford.

State	Borrower name and address
Texas	Pedernales Electric Coop. Inc., Johnson City.
Texas	Bandera Electric Cooperative, Inc., Bandera.
Texas	Guadalupe Valley Electric Coop., Inc., Gonzales.
Texas	Bluebonnet Electric Cooperative, Inc., Giddings.
Texas	Cap Rock Electric Cooperative, Inc. Stanton.
Texas	San Bernard Electric Cooperative, Inc., Bellville.
Washington	Inland Power & Light Company, Spokane.
Washington	Pub. Util. Dist. No. 1 Grays Harbor Co., Aberdeen.

APPENDIX B TO SUBPART E OF PART 1786—FEDERAL RESERVE STATISTICAL RELEASE

FEDERAL RESERVE STATISTICAL RELEASE

These data are released each Monday. The availability of the release will be announced when the information is available, on (202) 452-3206.

H. 15 (519)

For immediate release February 4, 1991.

SELECTED INTEREST RATES
[Yields in percent per annum]

Instruments	1991 Jan. 28	1991 Jan. 29	1991 Jan. 30	1991 Jan. 31	1991 Feb. 1	This week	Last week	1991 Jan.
Federal Funds (effective) ^{1,2,3}	7.61	7.16	6.96	8.18	6.30	7.46	6.88	6.91
Commercial paper ^{3,4,5}								
1-Month	6.88	6.96	6.95	6.99	6.73	6.90	6.83	7.12
3-Month	6.92	6.96	6.94	6.95	6.67	6.89	6.92	7.10
6-Month	6.87	6.91	6.88	6.88	6.58	6.82	6.86	7.02
Finance paper placed directly ^{3,4,6}								
1-Month	6.76	6.85	6.83	6.83	6.55	6.76	6.68	6.95
3-Month	6.75	6.83	6.83	6.76	6.46	6.73	6.77	6.92
6-Month	6.53	6.53	6.59	6.53	6.19	6.47	6.55	6.59
Bankers acceptances (top rated) ^{3,4,7}								
3-Month	6.80	6.82	6.77	6.68	6.30	6.67	6.76	6.96
6-Month	6.67	6.70	6.65	6.55	6.15	6.54	6.63	6.84
CDS (secondary market) ^{3,8}								
1-Month	6.78	6.85	6.87	6.82	6.52	6.77	6.77	7.10
3-Month	6.94	6.95	6.93	6.88	6.51	6.84	6.94	7.17
6-Month	6.95	6.98	6.95	6.88	6.51	6.85	6.97	7.17
Eurodollar deposits (London) ^{3,9}								
1-Month	6.81	6.88	6.88	6.88	6.88	6.86	6.81	7.13
3-Month	6.94	7.06	7.00	6.94	6.94	6.98	7.01	7.23
6-Month	7.00	7.00	7.00	6.94	6.94	6.98	7.04	7.23
Bank prime loan ^{2,3,10}	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.52
Discount window borrowing ^{2,11}	6.50	6.50	6.50	6.50	6.00	6.50	6.50	6.50

SELECTED INTEREST RATES—Continued
[Yields in percent per annum]

Instruments	1991 Jan. 28	1991 Jan. 29	1991 Jan. 30	1991 Jan. 31	1991 Feb. 1	This week	Last week	1991 Jan.
U.S. Government securities								
Treasury bills								
Auction average ^{3,4,12}								
3-Month	6.22					6.22	6.14	6.30
6-Month	6.28					6.28	6.21	6.34
1-Year								6.22
Auction average (investment) ¹²								
3-Month	6.41					6.41	6.32	6.49
6-Month	6.58					6.58	6.50	6.64
Secondary market ^{3,4}								
3-Month	6.25	6.22	6.20	6.19	6.00	6.17	6.12	6.22
6-Month	6.26	6.26	6.24	6.20	5.97	6.19	6.20	6.28
1-Year	6.24	6.20	6.17	6.13	5.91	6.13	6.19	6.25
Treasury Constant maturities ¹³								
1-Year	6.64	6.59	6.56	6.51	6.27	6.51	6.58	6.64
2-Year	7.12	7.10	7.07	7.05	6.83	7.03	7.09	7.13
3-Year	7.38	7.35	7.34	7.30	7.10	7.29	7.35	7.38
5-Year	7.67	7.64	7.64	7.62	7.45	7.60	7.66	7.70
7-Year	7.93	7.90	7.90	7.89	7.75	7.87	7.92	7.97
10-Year	8.06	8.05	8.05	8.03	7.91	8.02	8.04	8.09
30-Year	8.23	8.20	8.23	8.21	8.09	8.19	8.22	8.27
Composite Over 10 years (long-term) ¹⁴	8.29	8.26	8.29	8.27	8.15	8.25	8.28	8.33
Corporate bonds								
Moody's Seasoned								
AAA	9.03	9.01	9.00	8.99	8.96	9.00	9.05	9.04
BAA	10.43	10.37	10.35	10.33	10.24	10.34	10.44	10.45
A-Utility ¹⁵					9.65	9.65	9.80	9.83
State and local bonds ¹⁶				7.00		7.00	7.06	7.08
Conventional mortgages ¹⁷					9.56	9.56	9.61	9.64

Footnotes:
¹The daily effective federal funds rate is a weighted average of rates on trades through N.Y. brokers.
²Weekly figures are averages of 7 calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
³Annualized using a 360-day year or bank interest.
⁴Quoted on a discount basis.
⁵An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
⁶An average of offering rates on paper directly placed by finance companies.
⁷Representative closing yields for acceptances of the highest rated money center banks.
⁸An average of dealer offering rates on nationally traded certificates of deposit.
⁹Bid rates for Eurodollar deposits at 11 a.m. London time.
¹⁰One of several base rates used by banks to price short-term business loans.
¹¹Rate for the Federal Reserve Bank of New York.
¹²Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
¹³Yields on actively traded issues adjusted to constant maturities. Source: U.S. Treasury.
¹⁴Unweighted average of rates on all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.
¹⁵Estimate of the yield on a recently offered, A-rated utility bond with a maturity of 30 years and call protection of 5 years; Friday quotations.
¹⁶Bond buyer Index, general obligation, 20 years to maturity, mixed quality; Thursday quotations.
¹⁷Contract interest rates on commitments for fixed-rate first mortgages. Source: FHLMC.
 NOTE: Weekly and monthly figures are averages of business days unless otherwise noted.

<p>Description of the Treasury Constant Maturity Series</p> <p>Yields on Treasury securities at "constant maturity" are interpolated by the U.S.</p>	<p>Treasury from the daily yield curve. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded</p>
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Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations reported by five leading U.S. Government securities dealers to the Federal Reserve Bank of New York. The constant maturity yield values are read from the yield curve at fixed maturities, currently 1, 2, 3, 5, 7, 10, and 30 years. This method provides a yield for a 10-year maturity, for example, even if no outstanding security has exactly 10 years remaining to maturity.

Subpart F—Discounted Prepayments on RUS Electric Loans

AUTHORITY: 7 U.S.C. 901 *et seq.*; Pub. L. 103-354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

SOURCE: 59 FR 13620, Mar. 22, 1994, unless otherwise noted.

§ 1786.150 Purpose.

This subpart sets forth the policies and procedures of RUS whereby borrowers may prepay, with private financing or internally generated funds, outstanding RUS Notes evidencing electric loans at the Discounted present value of the RUS Notes, pursuant to the provisions of section 306(B) of the RE Act as amended by Public Law 102-428, 106 Stat. 2183, adopted October 21, 1992.

§ 1786.151 Definitions and rules of construction.

(a) *Definitions.* As used in this subpart:

Administrator means the Administrator of the Rural Utilities Service (RUS).

Borrower means any organization which has an outstanding note(s) evidencing electric loans made by RUS, or has previously prepaid such notes under subparts C and E of this part.

Business day means any day on which both the RUS and the Federal Reserve Bank of New York are open for business.

Construction Fund Account means the Cash—Construction Fund—Trustee Account, maintained by the borrower pursuant to the terms of the outstanding RUS Loan Contract.

Closing shall mean one of the several contemplated closings of the prepayment of the Qualified Notes prescribed by the Prepayment agreement.

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Closing date shall mean any business day identified as such by the Government in its preclosing notice delivered to the Company pursuant to § 1786.158.

Closing request shall mean a request by the borrower of the Government to schedule a closing for certain Qualified Notes on the date requested therein.

Direct loan means a loan made pursuant to section 4 of the RE Act.

Discounted present value shall have the meaning set forth in § 1786.153.

Distribution borrower means a borrower that sells electric power and energy at retail in rural areas.

Electric loan means a Direct loan or an Insured loan made for the purpose of furnishing electric energy to persons in rural areas.

Final maturity means the final date on which all outstanding principal and accrued interest on an electric loan is due and payable.

Government means the United States of America, acting through the Administrator of the Rural Utilities Service.

Insured loan means a loan made pursuant to Section 305 of the RE Act.

Lien accommodation means the sharing of the Government's (RUS's) lien on property, usually all property, covered by the lien of the RUS Mortgage.

Loan guarantee means a loan guarantee under Section 306 of the RE Act.

Power supply borrower means a borrower that sells or intends to sell electric power at wholesale to distribution or power supply borrowers pursuant to RUS wholesale power contracts.

Preclosing notice shall mean a notice delivered by the Government to the borrower in response to a closing request, identifying the closing date, the Qualified Notes to be prepaid at such closing and documents to be delivered by the borrower to the Government prior to the closing date.

Prepayment agreement shall have the meaning set forth in § 1786.158.

Qualified Notes shall have the meaning set forth in § 1786.154.

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

RUS means the Rural Utilities Service, an agency of the United States Department of Agriculture.