

Rural Telephone Bank, USDA

§ 1610.6

SOURCE: 38 FR 17184, June 29, 1973, unless otherwise noted.

§ 1610.1 General.

Loans made by the Governor of the Rural Telephone Bank (the "Bank") will be made in conformance with title IV of the Rural Electrification Act of 1936 (the "Act"), as amended (7 U.S.C. 941 *et seq.*), and this part 1610. Loans are made under section 408(a)(1) of the Act for purposes of section 201 of the Act. Loans are also made for purposes of section 408(a)(2) of the Act. The Bank will give preference to the use of loan funds for purposes set forth in section 408(a)(2) of the Act to the extent that it has completed applications for such loans.

[38 FR 17184, June 29, 1973, as amended at 58 FR 66252, Dec. 20, 1993]

§ 1610.2 Definitions.

As used in this part:

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

Appropriated means funds appropriated based on subsidy.

Bank means the Rural Telephone Bank, an agency and instrumentality of the United States within the United States Department of Agriculture.

Borrower means any organization which has an outstanding telephone loan made by the Bank or RUS, or guaranteed by RUS, or which is seeking such financing.

Governor means the Governor of the Bank.

REA means the Rural Electrification Administration, formerly an agency of the United States Department of Agriculture and predecessor agency to RUS with respect to administering certain electric and telephone loan programs.

RUS means the Rural Utilities Service, an agency of the United States Department of Agriculture established pursuant to Section 232 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub.L. 103-354, 108 Stat. 3178), successor to REA with respect to administering certain electric and telephone programs. See 7 CFR 1700.1.

RUS cost-of-money-loan means a loan made under section 305(d)(2) of the Act bearing an interest rate as determined

under 7 CFR 1735.31(c). RUS cost-of-money loans are made concurrently with Bank loans.

TIER (Times Interest Earned Ratio) means the ratio of the borrower's net income (after taxes) plus interest expense, all divided by interest expense. For the purpose of this calculation, all amounts will be annual figures and interest expense will include only interest on debt with a maturity greater than one year.

[58 FR 66252, Dec. 20, 1993, as amended at 59 FR 66439, Dec. 27, 1994]

§ 1610.3 Loan authorizations.

The aggregate amount of loans made will not exceed the amount authorized by the Board of Directors (the "Board") of the Bank.

[38 FR 17184, June 29, 1973. Redesignated at 58 FR 66252, Dec. 20, 1993]

§ 1610.4 Loan applications.

No application for a loan will be considered for approval by the Bank until it has been reviewed by RUS and the Governor has determined, based on such review, the eligibility of the applicant for a Bank loan and the amount thereof. Loan application forms are available from RUS on request. No fees or charges are assessed for Bank loans.

[58 FR 66252, Dec. 20, 1993]

§ 1610.5 Minimum Bank loan.

A Bank loan will not be made unless the applicant qualifies for a Bank loan of at least \$50,000.

[38 FR 17184, June 29, 1973. Redesignated at 58 FR 66252, Dec. 20, 1993]

§ 1610.6 Concurrent Bank and RUS cost-of-money loans.

(a) The Bank makes loans, under section 408 of the Act, concurrently with RUS cost-of-money loans made under section 305(d)(2) of the Act. To qualify for concurrent Bank and RUS cost-of-money loans on or after November 1, 1993, a borrower must meet each of the following requirements:

(1) The average number of proposed subscribers per mile of line in the service area of the borrower is not more than 15, or the borrower has a projected TIER (including the proposed loans) of

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at least 1.0, but not greater than 5.0, as determined by the feasibility study prepared in connection with the loans, see 7 CFR part 1737, subpart H; and

(2) The Administrator of RUS has approved and the borrower is participating in a telecommunications modernization plan for the state, see 7 CFR part 1751, subpart B.

(b) The loan amounts from each program (Bank, including amounts for class B stock, and RUS cost-of-money) will be proportionate to the total amount of funds appropriated for the fiscal year for Bank loans and RUS cost-of-money loans. To determine the Bank portion, the total loan amount will be multiplied by the ratio of Bank funds appropriated for the fiscal year to the sum of RUS cost-of-money and Bank funds appropriated for the fiscal year in which the loan is approved. The same method would be used to calculate the RUS cost-of-money portion (see 7 CFR 1735.31(b)). If during the fiscal year the amount of funds appropriated changes, the ratio will be adjusted accordingly and applied only to those loans approved afterwards.

(c) The actual rate of interest on the Bank loan shall be determined as provided in §1610.10; the RUS cost-of-money loan shall bear interest at a rate equal to the current cost of money to the Federal Government, on the date of advance of funds to the borrower, for loans of similar maturity, but not more than 7 percent per year (see 7 CFR 1735.31(c)).

(d) Generally, no more than 10 percent of lending authority from appropriations in any fiscal year for Bank and RUS cost-of-money loans may be loaned to a single borrower. The Bank will publish by notice in the FEDERAL REGISTER the dollar limit that may be loaned to a single borrower in that particular fiscal year based on approved Bank and RUS lending authority.

[58 FR 66252, Dec. 20, 1993, as amended at 62 FR 46869, Sept. 5, 1997]

§ 1610.7 Acquisition of certain exchange facilities.

In the interest of making optimum use of the Bank's loan funds, a Bank loan for the acquisition of exchange facilities under section 408(a)(2) of the Act (7 U.S.C. 948(a)(2)) will not be rec-

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ommended by the Governor for approval by the Secretary of Agriculture unless the Governor determines that the acquisition is reasonably necessary to improve the efficiency, effectiveness, or financial stability of the borrower's telephone system, that the location and character of the proposed acquisition are such that the acquisition is reasonably necessary to accomplish such improvement, and that the amount of the requested loan for such acquisition is reasonably justified by the nature and scope of the improvement which the acquisition would effect.

§ 1610.8 Adoption of applicable RUS policy.

The policies embodied in 7 CFR part 1610, in all parts of 7 CFR chapter XVII except those identified below, will be utilized by the Governor in carrying out the Bank's loan program to the extent that such policies are consistent with title IV of the Act (7 U.S.C. 941 *et seq.*) and to the extent that policies in 7 CFR chapter XVII are consistent with 7 CFR part 1610. The parts of 7 CFR chapter XVII applicable solely to the Electric Program and thus exceptions to this section are parts 1710 through 1734 inclusive.

[55 FR 39397, Sept. 27, 1990]

§ 1610.9 Class B stock.

Borrowers receiving loans from the Bank shall be required to invest in class B stock at 5 percent of the total amount of loan funds advanced. Borrowers may purchase class B stock by:

(1) Paying an amount (using their own general funds) equal to 5 percent of the amount, exclusive of the amount for class B stock, of each loan advance, at the time of such advance; or

(2) Requesting that funds for the purchase of class B stock be included in the loan. If funds for class B stock are included in a loan, the funds for class B stock shall be advanced in an amount equal to 5 percent of the amount, exclusive of the amount for class B stock, of each loan fund advance, at the time of such advance.

[56 FR 26596, June 10, 1991]