§ 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.

§ 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 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.

§ 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.

§ 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.

§ 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.

§ 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...
§ 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 recommended 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]