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(2) Five-year financial projections consisting of Income Statement, Balance Sheet, and Cash Flow Statement.

(3) A ''Certification Regarding Lobbying'' for loans, or a ''Statement for Loan Guarantees and Loan Insurance'' for loan guarantees, and when required, an executed Standard Form LLL, ''Disclosure of Lobbying Activities,'' (see section 319, Pub. L. 101–121 (31 U.S.C. 1352)).

(4) Executed copy of Form AD–1047, ''Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transactions.''

(5) Borrower's determination of loan maturity.

(6) A statement that the borrower is or is not delinquent on any Federal debt, such as income tax obligations or a loan or loan guarantee from another Federal agency. If delinquent, the reasons for the delinquency must be explained and RUS will take such explanation into consideration in deciding whether to approve the loan. RUS Form 490, ''Application for Telephone Loan or Guarantee,'' contains a section for providing the required statement and any appropriate explanation.

(7) Any other supporting data required by the Administrator.

(e) Borrowers requesting loan funds for acquisitions should refer to RUS bulletins 320–4, 321–2, 325–1, and 326–1 for requirements.

(f) For all applications that request funding for retail broadband as defined in 7 CFR 1735.2, the application must include all information required for the public notice as stated in 7 CFR 1735.23(a).

(Approved by the Office of Management and Budget under control number 0572–0079)

[54 FR 13356, Apr. 3, 1989. Redesignated at 55 FR 39396, Sept. 27, 1990, as amended at 56 FR 26599, June 10, 1991, 58 FR 66256, Dec. 20, 1993; 79 FR 76003, Dec. 19, 2014; 81 FR 11027, Mar. 2, 2016; 86 FR 50609, Sept. 10, 2021]

§§ 1737.23–1737.29 [Reserved]

Subpart D—Preloan Studies—Area Coverage Survey and Loan Design

§ 1737.30 General.

In support of a loan application, the borrower shall prepare and submit to RUS: (a) A market forecast to determine service requirements (the Area Coverage Survey) and (b) engineering studies to determine the system design that provides service most efficiently (the Loan Design). The RUS field representative confers with the borrower and its engineer to schedule the completion and submission of these studies.

(Approved by the Office of Management and Budget under control number 0572–0079)

§ 1737.31 Area Coverage Survey (ACS).

(a) The Area Coverage Survey (ACS) is a market forecast of service requirements of subscribers in a proposed service area.

(b) The objective of the ACS is to determine the location, number and telephone service requirements of subscribers in a service area. RUS will use the ACS to appraise the proposed plan for area coverage and to determine the largest practical number of rural subscribers which can be served on an economically feasible basis. Preparation of the ACS requires:

(1) A field survey of the service area to locate and identify on maps all business and residential establishments, whether currently served or not. The location and identification of future establishments are also recorded on the maps.

(2) A forecast of the number of telephone subscribers, in the entire service area, by exchange, grade and class of service, projected for the end of the 5-year study period.

(c) The results of the survey and forecast shall be:

(1) Shown on maps (maps for those service areas previously financed by RUS do not have to be included in the ACS provided that the borrower's records contain sufficient information as to subscriber development to enable

cost estimates for the proposed facilities to be prepared);

(2) Tabulated on RUS Form 569 ''Area Coverage Survey Report,'' or its equivalent; and

(3) Supported by a narrative (see §1737.32(f)(1)(ii)) containing information on the bases for the service requirement forecasts in each exchange.

(d) Guidelines on preparing an ACS are provided in RUS Telecommunications Engineering and Construction Manual section 205.

(e) The RUS field representative reviews and approves the borrower's ACS. The borrower should make sure this is done before proceeding with the Loan Design in order to prevent unnecessary expense should the ACS not be approved. The borrower's engineer must use the RUS-approved ACS in preparing the Loan Design.

(Approved by the Office of Management and Budget under control number 0572–0079)

§1737.32 Loan Design (LD).

(a) A loan application requires supporting data collectively called a ''Loan Design.'' The LD contains a forecast of service requirements and a narrative with supporting exhibits. Most of the items included in the LD are similar for all loan applications. However, as noted below, there are certain additional requirements for initial loans and for any exchange areas not previously financed by RUS, and other additional requirements for subsequent loans for areas previously financed by RUS. The LD must conform to the borrower's state telecommunications modernization plan unless the borrower is seeking a guaranteed loan (for additional information concerning the plan, see 7 CFR part 1751, subpart B).

(b) Because of the importance and complexity of the engineering studies necessary for the LD, it should be prepared by a competent experienced telecommunications engineer. While the LD is subject to RUS approval, the borrower's selection of an engineer to perform preloan work is not. Note: The borrower's selection of an engineer to perform postloan work *is* subject to RUS approval. This should be considered when selecting a preloan engineer, if the same individual or company is to perform both services. See 7 CFR 1753.17.

(c) An LD for initial loans or for any exchange areas not previously financed by RUS requires an Outside Plant Design that provides:

(1) The most economical and practical design for a telephone system that meets immediate service demands; and

(2) The basis for orderly expansion of the system to serve the widest practical number of rural establishments.

(d) The LD for a subsequent loan (which only includes areas previously financed by RUS) does not require a detailed Outside Plant Design. The detailed Outside Plant Design for these subsequent loans may be completed for RUS review and approval after loan approval, but before staking is started and plans and specifications are prepared. By scheduling preparation of the outside plant design closer to preparation for construction, the need for redesign resulting from changing conditions and its attendant costs are reduced.

(e) Guidelines on preparing an LD are provided in RUS Telecommunications Engineering and Construction Manual section 205.

(f) The LD shall include a narrative, several exhibits, and a certification, as explained below:

(1) *Narrative.* This section discusses the following topics, as appropriate.

(i) *General.* The purposes and amount of the proposed construction and both immediate and long range plans must be covered. The source and amount of any nonloan funds to be used for this construction must be discussed.

(ii) *Subscriber data.* The basis for the subscriber forecast, including any unusual factors expected to influence growth, must be discussed. Reasons for growth projections which vary from historic trends must be explained.

(iii) *Proposed construction.* All proposed construction must be described fully. Reference to the BER must be made here.

(iv) *Service area.* For subsequent loans only, proposed construction which is not within the boundaries of prior loan projects must be discussed. New areas