

quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

§§ 1784.38–1784.99 [Reserved]

PART 1785—LOAN ACCOUNT COMPUTATIONS, PROCEDURES AND POLICIES FOR ELECTRIC AND TELEPHONE BORROWERS

Subpart A [Reserved]

Subpart B—RUS Cushion of Credit Account Computations and Procedures

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1785.70 Application of Rural Electric and Telephone Revolving Fund (RETRF) cushion of credit payments.

AUTHORITY: 7 U.S.C. 901 *et seq.*; Title I, Subtitle D, sec. 1403, Omnibus Budget Reconciliation Act of 1987, Pub. L. 100–203; Pub. L. 103–354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

Subpart A [Reserved]

Subpart B—RUS Cushion of Credit Account Computations and Procedures

SOURCE: 54 FR 13669, Apr. 5, 1989, unless otherwise noted.

§ 1785.66 General.

This subpart sets forth policies and procedures on the Rural Utilities Service (RUS) cushion of credit payments program. The cushion of credit payments program will be maintained only for accounts in existence on December 20, 2018. Once an account has been closed, it may not be reopened. Deposits in the borrower's cushion of credit account may only be used as described in this subpart and applicable law.

[87 FR 74502, Dec. 6, 2022]

§ 1785.67 Definitions.

Accumulated (deferred) interest means interest allowed to accumulate up to, and including, the basis date of RUS notes covering loans approved before June 5, 1957. The accumulated interest is payable in equal periodic installments over the remaining life of the notes.

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

Advance payment means a voluntary unscheduled payment on an RUS note, made prior to October 2, 1987, credited to the advance payment account of a borrower.

Cushion of Credit Payment means a voluntary unscheduled payment on an RUS note made after October 1, 1987, credited to the cushion of credit account of a borrower.

Current interest means interest payable periodically as it accrues.

Fund means the Rural Electrification and Telephone Revolving Fund established pursuant to the Act.

Interest credit means interest earned on balances in advance payment or cushion of credit accounts. Since the periodic installments are established by the terms of the notes, the interest credits cannot serve to change the total amount of each installment; therefore, an amount equal to the interest credits is added to the principal installment due. On receipt of the full installments, amounts equal to the interest credits (the principal offsets) are added to the respective advance payment accounts.

Prepayment means a voluntary unscheduled payment which the borrower instructs RUS to apply directly and immediately to the principal of an RUS note.

RUS notes means those notes, bonds, or other obligations evidencing indebtedness created by loans made by RUS pursuant to titles I, II, or III of the Act.

Subaccount means the *Rural Economic Development Subaccount* established pursuant to the Act as part of the Fund.

§ 1785.68 RUS cushion of credit payment accounts.

Effective December 20, 2018, no new cushion of credit accounts may be established. Deposits remaining in the cushion of credit accounts will bear an interest rate equal to the one-year Treasury interest rate in effect on October 1st for each year thereafter.

[87 FR 74502, Dec. 6, 2022]

§ 1785.69 Cushion of credit payment account computations.

(a) *Deposits.* Cushion of credit deposits are credited to the borrowers' cushion of credit accounts as of December 20, 2018, with no further deposits accepted after that date.

(b) *Interest.* Interest at the rate provided for in § 1785.68 will 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."

[87 FR 74502, Dec. 6, 2022]

§ 1785.70 Application of Rural Electric and Telephone Revolving Fund (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.

(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.

(c) The Administrator of RUS may, consistent with law, authorize the requested release of cushion of credit deposits to a borrower when the cushion of credit balance will exceed the total value of the borrower's outstanding loans made or guaranteed by RUS.

(d) Once the balance in an individual cushion of credit account reaches zero, that cushion of credit account shall be closed. Once balances in all cushion of credit accounts reach zero, the cushion of credit program will be terminated.

(e) As the Rural Utilities Service phases out the cushion of credit program, the Agency may from time to time publish announcements in the FEDERAL REGISTER, or on its website related to the efficient administration of the cushion of credit program.

[87 FR 74502, Dec. 6, 2022]

PART 1786—PREPAYMENT OF RUS GUARANTEED AND INSURED LOANS TO ELECTRIC AND TELEPHONE BORROWERS**Subpart A—General [Reserved]**

1786.1–1786.24 [Reserved]

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1786.29 Prepayment authority, program allocations, categories of prepayment applications and financially distressed borrowers' reserve.

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