

## § 1735.15

service in rural areas, and to cooperative, nonprofit, limited dividend, or mutual associations. To be eligible for a loan, a borrower:

(1) Must have sufficient authority to carryout the purposes of the RE Act; and

(2) Must be incorporated or a limited liability company.

[58 FR 66253, Dec. 20, 1993, as amended at 64 FR 50429, Sept. 17, 1999; 65 FR 42619, July 11, 2000; 76 FR 56094, Sept. 13, 2011]

### § 1735.15 Civil rights.

Borrowers are required to comply with certain regulations on non-discrimination and equal employment opportunity. See RUS Bulletin 320-19 and RUS Bulletin 320-15, respectively.

### § 1735.16 Minimum loan amount.

Recognizing plant costs, the borrower's cost of system design, and RUS's administrative costs, RUS will not consider applications for loans of less than \$50,000.

### § 1735.17 Facilities financed.

(a) RUS makes hardship and guaranteed loans to finance the improvement, expansion, construction, acquisition, and operation of systems or facilities (including station apparatus owned by the borrower, headquarters facilities, and vehicles not used primarily in construction) to furnish and improve telephone service in rural areas, except as noted under paragraph (c) of this section.

(b) RUS makes concurrent RUS cost-of-money and RTB loans to finance the improvement, expansion, construction, and acquisition of systems or facilities (excluding station apparatus owned by the borrower, headquarters facilities, and vehicles not used primarily in construction) to furnish and improve telephone service in rural areas, except as noted under paragraph (c) of this section.

(c) RUS will not make any type of loan to finance the following items:

(1) Station apparatus (including PBX and key systems) not owned by the borrower and any associated inside wiring;

(2) Certain duplicative facilities, see §1735.12;

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(3) Facilities to provide service other than 1-party; and

(4) System designs or facilities to provide service that cannot withstand or are not designed to minimize damage caused by storms and other natural catastrophes, including, but not limited to hurricanes, floods, tornadoes, mudslides, lightning, windstorms, hail, fire, and smoke, unless an alternate design or facility for modern telecommunications is more economically or technically feasible. Economic and technical feasibility will be determined using total long range economic costs and risk analysis.

(d) Generally, RUS will not make a loan to another entity to provide the same telecommunications service in an area served by an incumbent RUS telecommunications borrower providing such service. RUS may, however, consider an application for a loan to provide the same type of service being provided by an incumbent RUS borrower if the Administrator determines that the incumbent borrower is unable to meet its obligations to the government, including the obligation to provide service set forth in its loan documents and to repay its loans.

(e) If an unadvanced loan, or portion thereof, is rescinded, a new loan shall not be made for the same purposes as in the rescinded loan, except as provided in §1735.47.

[54 FR 13351, Apr. 3, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990, as amended at 58 FR 66253, Dec. 20, 1993; 62 FR 46870, Sept. 5, 1997; 65 FR 42619, July 11, 2000]

### § 1735.18 Additional equity.

If determined by the Administrator to be necessary for loan security, a borrower applying for an initial loan shall increase its net worth as a percentage of assets to the highest level recorded, not to exceed 40 percent, at the end of any calendar quarter in the period beginning 2 years prior to the receipt by RUS of the borrower's loan application form (RUS Form 490). This restoration to the higher level of net worth shall take place before RUS will determine the feasibility of the proposed loan.

### § 1735.19 Mergers and consolidations.

RUS does not make loans for the sole purpose of merging or consolidating