§ 1738.1 Substantially underserved trust areas.

(a) If the Administrator determines that a community in “trust land” (as defined in section 3765 of title 38, United States Code) has a high need for the benefits of the Broadband Loan Program, he/she may designate the community as a “substantially underserved trust area” (as defined in section 306F of the RE Act).

(b) In order to improve the availability of the Broadband Loan Program in communities in substantially underserved trust areas, the Administrator retains the discretion to

1. Make available to qualified utilities or applicants, financing with an interest rate as low as 2 percent, and with extended repayment terms;
2. Waive nonduplication restrictions, matching fund and equity requirements, or credit support requirements; and
3. Give the highest funding priority to designated projects in substantially underserved trust areas.

(c) The Administrator will only make loans and loan guarantees that RUS finds are financially feasible and that provide eligible program benefits to substantially underserved trust areas.

(d) Applicants should notify the National Office before preparing their applications that they are planning to seek waivers or adjustments based on this section (see §1738.201).

§§ 1738.4–1738.50 [Reserved]

Subpart B—Eligible and Ineligible Loan Purposes

§ 1738.51 Eligible loan purposes.

Loan funds may be used to pay for the following expenses:

(a) To fund the construction, improvement, or acquisition of all facilities required to provide service at the broadband lending speed to rural areas, including facilities required for providing other services over the same facilities.

(b) To fund the cost of leasing facilities required to provide service at the broadband lending speed if such lease qualifies as a capital lease under GAAP. Notwithstanding, loan funds can only be used to fund the cost of the capital lease for no more than the first three years of the loan amortization period.

(c) To fund an acquisition, provided that:

1. The acquisition is necessary for furnishing or improving service at the broadband lending speed;
2. The acquired service area, if any, meets the eligibility requirements set forth in §1738.102;
3. The acquisition cost does not exceed 50 percent of the broadband loan amount; and
4. For the acquisition of another entity, the purchase provides the applicant with a controlling majority interest in the entity acquired.

(d) To refinance an outstanding telecommunications loan made under the RE Act if refinancing the loan supports the construction, improvement, or acquisition of facilities and equipment for the provision of service at the broadband lending speed in rural areas provided that:

1. No more than 40 percent of the broadband loan amount is used to refinance the outstanding telecommunications loan;
2. The applicant is current with its payments on the telecommunications loan(s) to be refinanced; and