## Subpart I—Application Requirements and Procedures for Insured and Guaranteed Loans

## §1710.400 Initial contact.

(a) Loan applicants that do not have outstanding loans from RUS should write to the Rural Utilities Service Administration, United States Department of Agriculture, Washington, DC 20250–1500. A field or headquarters staff representative may be assigned by RUS to visit the applicant and discuss its financial needs and eligibility. Borrowers that have outstanding loans should contact their assigned RUS general field representative (GFR) or, in the case of a power supply borrower, the Director, Power Supply Division. Borrowers may consult with RUS field representatives and headquarters staff, as necessary.

(b) Before submitting an application for an insured loan the borrower shall ascertain from RUS the amount of supplemental financing required, as set forth in § 1710.110. If the borrower is applying for either a municipal rate loan subject to the interest rate cap or a hardship rate loan, the application must provide a preliminary breakdown of residential consumers either by county or by census tract. Final data must be included with the application. See § 1710.401(a)(8).

## §1710.401 Loan application documents.

(a) *All borrowers.* All applications for electric loans shall include the documents listed in this paragraph. The first page of the application shall be a list of the documents included in the application. The borrower may use RUS Form 726, Checklist for Electric Loan Application, or a computer generated equivalent as this list.

(1) Transmittal letter. A letter signed by the borrower's manager indicating the actual corporate name and taxpayer identification number of the borrower and addressing the following items:

(i) The need for flood hazard insurance;

(ii) Breakdown of requested loan funds by state;

(iii) Å listing of the counties served by the borrower;

(iv) A listing of threatened actions by third parties that could adversely affect the borrower's financial condition, including annexations or other actions affecting service territory, loads, or rates; and

(v) A listing of pending regulatory proceedings pertaining to the borrower.

(2) Board resolution. This document is the formal request by the borrower's board of directors for a loan from RUS. The board resolution shall include: (i) The requested loan amount, loan term, final maturity, and method of amortization (§ 1710.110(b));

(ii) The sources and amounts of any supplemental or other financing;

(iii) Authorization for RUS to release appropriate information to supplemental or other lender(s), and authorization for these lenders to release appropriate information to RUS; and

(iv) For an insured loan, a statement of whether the application is for a municipal rate loan, with or without the interest rate cap, or a hardship loan. If the application is for a municipal rate loan, the board resolution must indicate whether the borrower intends to elect the prepayment option. See 7 CFR 1714.4(c).

(3) RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers. This form together with its attachments lists the construction, equipment, facilities and other cost estimates from the construction work plan or engineering and cost studies, and the sources of financing for each component. The date on page 1 of the form is the beginning date of the loan period and shall be the same as the date on the Financial and Statistical Report submitted with the application (paragraph (a)(5) of this section). Form 740c also includes the following information, exhibits, and attachments:

(i) Description of funds and materials. This description details the availability of materials and equipment, any unadvanced funds from prior loans, and any general funds the borrower designates, to determine the amount of such materials and funds to be applied against the capital requirements estimated for the loan period.

(ii) Useful life of facilities financed by the loan. Form 740c must include, as a note, either a statement certifying that at least 90 percent of the loan funds are for facilities that have a useful life of 33 years or longer, or a schedule showing the costs and useful life of those facilities with a useful life of less than 33 years. This statement or schedule will be used to determine the final maturity of the loan. See § 1710.115.

(iii) *Reimbursement schedule*. This schedule lists the date, amount, and identification number of each inventory of work orders and special equipment summary that form the basis for the borrower's request for reimbursement of general funds on the RUS Form 740c. See § 1710.109. If the borrower is not requesting reimbursement, this schedule need not be submitted.

(iv) *Location of consumers.* If the application is for a municipal rate loan subject to the interest rate cap, or for a loan at the hardship rate, and the

average number of consumers per mile of the total electric system exceeds 17, Form 740c must include, as a note, a breakdown of funds included in the proposed loan to furnish or improve service to consumers located in an urban area. See 7 CFR 1714.7(c) and 1714.8(d). This breakdown must indicate the method used by the borrower for allocating loan funds between urban and non urban consumers.

(4) RUS Form 740g, Application for Headquarters Facilities. This form lists the individual cost estimates from the construction work plan or other engineering study that support the need for RUS financing for any warehouse and service type facilities included, and funding requested for such facilities shown on RUS Form 740c. If no loan funds are requested for headquarters facilities, Form 740g need not be submitted.

(5) Financial and statistical report. Distribution borrowers shall submit these data on RUS Form 7; power supply borrowers shall use RUS Form 12. The form shall contain the most recent data available, which shall not be more than 60 days old when received by RUS.

(6) Pending litigation statement. A statement from the borrower's counsel listing any pending litigation, including levels of related insurance coverage and the potential effect on the borrower. This statement and the statements from counsel required by paragraphs (a)(7) and (15) of this section may be combined into a single document.

(7) Mortgage information. A new mortgage will be required if this is a borrower's first application for a loan under the RE Act. A restated mortgage, or a mortgage supplement will be required if there has been a material change to the real property owned by the borrower since the most recent RUS loan, loan guarantee, or lien accommodation, if the requested loan would cause the borrower to exceed its previously authorized debt limit, or if RUS otherwise determines it necessary. If there has been no material change to the real property owned by the borrower since the most recent RUS loan or loan guarantee, the borrower must submit an opinion of its counsel to that effect. If a new or restated mortgage or a mortgage supplement is required, the borrower must provide the following:

(i) *Property schedule.* For a new or restated mortgage or for a mortgage supplement, the following information shall be submitted in a form satisfactory to RUS: