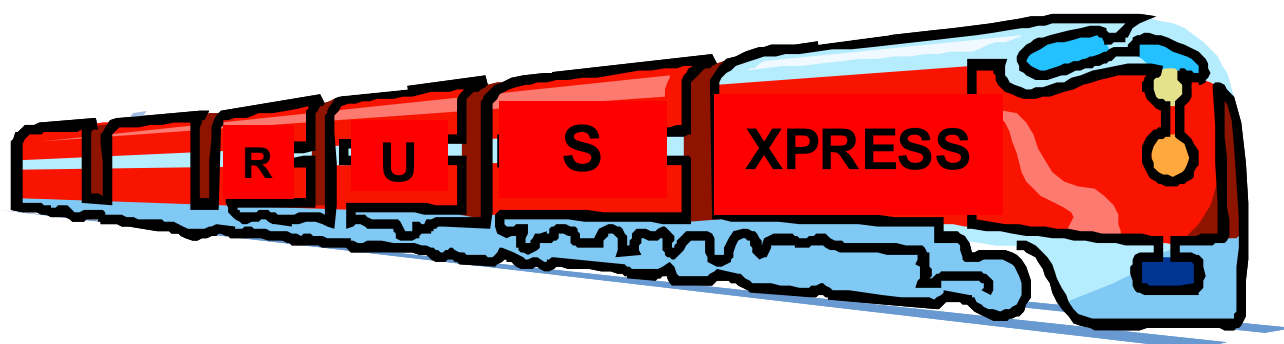


RURAL UTILITIES SERVICE



Expedited Telecommunications Loan and Loan Guarantee Program Application Guide

Contents:

	Page No.
Introduction and General Information	1
Applying for a Loan	3
Completing the Loan Application	4
Federal Forms and Attachments	8

Rural Utilities Service Telecommunications Loan and Loan Guarantee Program

The Rural Utilities Service (RUS) Telecommunications Program assists the private sector in developing, planning and financing the construction of telecommunications infrastructure in rural America. The RUS program is dedicated to lend to the limits of the RE Act definition of “telephone service”. Where prudent, we are changing our regulations to provide the greatest amount of flexibility necessary to meet the challenges of ensuring that high-quality, affordable, advanced services are deployed in rural America.

In order to more efficiently use RUS’ resources and to shorten processing time for existing RUS borrowers, we are introducing EXPEDITED LOAN PROCESSING PROCEDURES.

!! BEFORE YOU GET STARTED !!

You must read:

- ◆ *7 CFR Part 1735 – General Policies, Types of Loans, Loan Requirements-Telecommunications Program; and*
- ◆ *7 CFR Part 1737 – Pre-Loan Policies and Procedures Common to Insured and Guaranteed Telecommunications Loans.*

These documents **MUST** be utilized in conjunction with this Application Guide.

➤ ***Key Definitions:***

Please refer to 7 CFR Part 1735 and 7 CFR Part 1737 for all defined terms.

Debt Service Coverage Ratio (DSCR) – means the ratio of a borrower’s net income (after taxes) plus fixed charges, depreciation expense, and amortization expense, all divided by annual debt service payments.

Net Worth – means the ratio of a borrower’s total equity divided by total assets.

Times Interest Earned Ratio (TIER) – means the ratio of a borrower’s net income (after taxes) plus interest expense, all divided by interest expense. Interest expense should only include interest on debt with a maturity greater than one year.

Note: For the purposes of the above calculations, all amounts will be annual figures.

➤ ***Types of Financial Assistance Eligible for Expedited Processing***

The following types of loans will be eligible for consideration under the expedited loan processing procedures:

1. RUS Cost-of-Money Loans
2. Rural Telephone Bank (RTB)
3. Federal Financing Bank (FFB)

HARDSHIP LOANS WILL NOT BE CONSIDERED UNDER THE EXPEDITED LOAN PROCESSING PROCEDURES.

➤ ***Maximum Loan Amount***

Loans requested under the expedited loan processing procedures can not exceed 100 percent of the applicant’s assets or \$24 million, whichever is less.

➤ ***Contact Information***

Existing RUS borrowers applying for a loan under the expedited loan processing procedures should consult with the RUS General Field Representative (GFR) prior to submitting an application. The GFR will visit the applicant and assist in determining financial need and eligibility. A listing of the GFRs and Area Directors with the appropriate contact information is included with this application guide as Attachment 10.

Information about RUS, this application guide and copies of required forms can be retrieved electronically via the internet at:

<http://www.rurdev/usda/gov/rus/index/html>

Applying for a Loan

Loan Processing

Completed loan and loan guarantee applications to be considered under the expedited loan processing procedures must be submitted in accordance with the requirements as set forth in this application guide. For additional guidance refer to 7 CFR Parts 1735 and 1737.

Please note that these application requirements apply only to the expedited loan processing. For guidance on completing a loan application which does not qualify under these procedures, please contact the GFR in your area (Attachment 10).

Applicant Eligibility

An applicant must be an existing RUS telecommunications borrower and must meet the following financial criteria to be considered eligible under the expedited loan processing procedures:

- ◆ An Average TIER of 4.5 over the past two years;
- ◆ An Average DSCR of 4.0 over the past two years; and
- ◆ An Average Net Worth of 30 percent over the past two years.

NOTE: When determining eligibility under the requirements for TIER and DSCR, adjustments should be made for any one-time or extraordinary transactions and anomalies.

First time RUS borrowers ("A" loan applicants) will NOT be considered under the expedited loan processing procedures.

Eligible Loan Purposes

Under the expedited loan processing procedures, RUS will make loans and loan guarantees to furnish and improve telephone service in rural areas.

The following purposes will not be considered for funding under the expedited loan processing procedures:

1. Competitive Local Exchange Services;
2. Mobile (wireless) Telecommunications Services;
3. Specialized Telecommunications Services;
4. Acquisitions; and
5. Mergers.

Completing the Loan Application

This section addresses all of the information that must be submitted for an application to be complete and considered for financing. An application checklist for completeness has been included with the guide as Attachment 1.

- A. Application for Telecommunications Loan or Loan Guarantee (RUS Form 490)*
- B. Loan Design and Exhibits*
- C. Pro Forma Financial Information*
- D. Environmental Report*
- E. Federal Forms and Certifications*
- F. Legal Requirements*

A. A Completed RUS Form 490, “Application for Loan and or Loan Guarantee”

Complete this form along with a Federal Debt Certification. These forms are included as Attachments 2 and 3, respectively.

B. Loan Design and Exhibits

All telecommunications loan and loan guarantee applications must be accompanied by a Loan Design (LD). The LD is the plan and associated costs for the proposed construction. The LD must include a Narrative that contains the following information:

1. The purposes and amount of the proposed construction and the immediate and long range plans. The source and amount of any nonloan funds to be used for this construction must also be discussed.

2. All proposed construction must be described fully and references to the Environmental Report must be made.

3. Investments in nonrural areas (a community with a population exceeding 5,000) must be addressed. This discussion should include the name of the community, number of existing and proposed subscribers by grades of service, detailed cost estimates of the facilities involved and information sufficient to establish the necessity for the use of loan funds.

4. If funds are proposed for prior loan projects, the reason for and the additional loan funds needed to complete the construction in progress should be discussed fully.

EXHIBITS TO LOAN DESIGN:

1. RUS Form 495, Construction Cost Estimates, or its equivalent shall be prepared for each exchange in which system improvements or additions are proposed. An explanation of the method used in developing these cost estimates must be included. A copy of this form can be retrieved from the RUS website.

2. RUS Form 494, Loan Design Summary, or its equivalent shall be prepared for each loan. This must show all expected construction costs, loan and nonloan, within the forecast period.

3. A schematic trunking diagram shall be included showing the number and type, length, ownership and makeup of existing and proposed toll and EAS trunks, plus transmission and traffic data for each trunk group.

4. If a change in the system boundaries is proposed or has occurred since the last loan, a map must be furnished showing present and proposed boundaries.

5. Any other special exhibits needed to support the loan application should be included.

The following certification shall be signed by a principal of the engineering firm and the borrower:

We, the undersigned, certify that the data in this Loan Design are correct to the best of our knowledge and belief and reasonably reflect the cost to serve the subscribers as proposed and that this Loan Design adheres to RUS engineering and construction standards and practices.

C. Pro Forma Financial Information

RUS will approve a loan only if, in RUS' sole judgment, the loan will be repaid according to its terms and within the time agreed. It is the borrower's responsibility to provide RUS with sufficient financial information to determine that the loan will be feasible and adequately secured. Please note, financial information submitted is subject to RUS review and revision. This section should, at a minimum, include the following:

1. A pro forma 5-year financial forecast plus the latest 2-years of existing financial statements. The pro forma financials should include income statement and balance sheet figures. A sample pro forma financial statement with instructions has been included with this application guide as Attachment 4.
2. Detailed assumptions for each revenue and expense relating to the 5-year projected pro forma financial statements. The assumptions should provide RUS with a clear understanding on how the figures were derived.
3. Projected access line growth within the forecast period. This information should be supported with detailed assumptions. If the projections vary from historical data, this must also be explained in detail.

D. Environmental Report

RUS is responsible for implementing the requirements of the National Environmental Policy Act of 1969 (NEPA), as amended; the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA and certain related Federal environmental laws, statutes, regulations, and executive orders that apply to RUS programs and administrative actions. As a result, RUS requires that all borrowers prepare an Environmental Report (ER).

The ER should be thorough so that RUS can make a determination that the project is in compliance with all environmental laws, regulations and executive orders that apply to RUS programs and administrative actions. The ER should be prepared in accordance with 7 CFR Part 1794.

E. Federal Forms and Certifications

All of the following forms and certifications must have original signatures for an application to be considered complete. Copies of these forms have been included at the end of this application guide as Attachments.

Forms and Certifications that must be submitted with each application:

1. RUS Form 490, Application for Telephone Loan and Loan Guarantee, Attachment 2;
2. Certification for Federal Collection Policies for Commercial Debt; Attachment 3;
3. Certification Regarding Lobbying, Attachment 5;
4. Certification Regarding Debarment, Suspension, and Other Responsibility Matters- Primary covered Transactions, Attachment 7; and
5. Certification that the borrower is participating in the State's Telecommunications Modernization Plan (STMP). This certification must be signed by the President of the Company. This statement can be separate or included as part of the LD narrative.

Forms and Certifications required for FFB loan requests:

1. Statement for Loan Guarantees and Loan Insurance, Attachment 6; and
2. A letter from the borrower requesting that they be considered for an FFB Loan.

Note: The STMP Certification is not required for 100 percent FFB loan requests.

Forms and Certifications required only if changes have occurred since the prior loan:

1. RUS Form 291, Certification of Nonsegregated Facilities;
2. Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 Assurance;
3. RUS Form 266, Compliance Assurance;
4. RUS Form 675, Certification Authority; and
5. RUS Form 87, Request for Mail List Data.

Copies of the above certifications and forms are available on the RUS website.

F. Legal Requirement

An original Opinion of Counsel on attorney letterhead and a Property Schedule must be submitted with each loan application for it to be considered complete. A sample of each are included with this guide as Attachments 8 and 9, respectively.

***Expedited Telecommunications Loan and
Loan Guarantee Program
Federal Forms and Attachments
Fiscal Year 2002***

Contents:

Attachment	Page No.
1 Loan Application Checklist	9
2 Application for Telecommunications Loan or Loan Guarantee, RUS Form 490	10
3 Certification for Federal Collection Policies for Commercial Debt	11
4 Sample Pro Forma with Instructions	12
5 Certification Regarding Lobbying	14
6 Certification Regarding Lobbying for Loan Guarantees	15
7 Certification Regarding Debarment, Suspension, and Other Responsibility Matters-Primary Covered Transactions	16
8 Sample Opinion of Counsel	18
9 Sample Property Schedule	19
10 RUS Points of Contact	20

Expedited Telecommunications Loan and Loan Guarantee Program Application Guide

LOAN APPLICATION CHECKLIST

Please note, all of the items designated by an asterisk (*) may not be required. Also, some of the annual reports may have been submitted to the Area offices prior to your application for a loan.

INCLUDED WITH THE APPLICATION

APPLICATION REQUIREMENTS:	YES	NO	NA
RUS Form 490			
Statement Regarding Delinquency on Federal Debt			
Current RUS Form 479 (should be on file with RUS)			
5-year Pro Forma Financial Statements			
Income Statement			
Balance Sheet			
Detailed Assumptions			
Projected Access Line Growth with Supporting Assumptions			
Environmental Report			
Certification Regarding Lobbying			
Certification Regarding Lobbying for FFB Loans			
Letter Requesting Consideration for an FFB Loan			
Certification Regarding Debarment			
Approved Depreciation Rates			
Loan Design			
Rural/Urban Statement			
Map of Service Area			
Loan Design Certification			
STMP Certification			
Attorney's Opinion of Counsel (On Attorney Letterhead)			
Property Schedule			
* Board Resolutions:			
Selecting Attorney			
Selecting Manager			
* Articles of Incorporation			
Board Minutes Adopting Articles of Incorporation			
* By-Laws			
* Sample Stock Certificate			
* Stock Information			
Principal Stock Holders			
Amount of Stock Held			
Amount of Stock Issued			
Amount of Stock Outstanding (common and preferred)			
* Copies of Real Estate Deeds			
* Service Agreements			
* Connecting Company Concurrences			
* Copies of Existing Leases			
* Copies of Existing Franchises			
* Information on Franchises Required due to Loan			
* FCC Authorizations (including approval to obtain USF)			
* Certificate of Convenience and Necessity			
* REA Form 266			
* REA Form 291			
* Assurances Required by the Uniform Act			
* RUS Form 675, Certification of Authority			
* RUS Form 87, Request for Mail List Data			

Expedited Telecommunications Loan and Loan Guarantee Program Application Guide

United States Department of Agriculture Rural Utilities Service APPLICATION FOR TELECOMMUNICATIONS LOAN OR LOAN GUARANTEE	RUS USE ONLY	
BORROWER & LOAN DESIGNATION		
APC DATE		
INSTRUCTIONS - Prepare two copies of this form. For further information, see RUS Bulletin 1737-4 plus 7 CFR 1735 and 7 CFR 1737.		
1. NAME AND ADDRESS OF BORROWER (Street, City, State, Zip Code)	2. TYPE OF ORGANIZATION (Check one) <input type="checkbox"/> COMMERCIAL CORPORATION <input type="checkbox"/> COOPERATIVE OR MUTUAL <input type="checkbox"/> PUBLIC BODY	
3. INDICATE THE LOAN MATURITY BEING REQUESTED a. <input type="checkbox"/> _____ YEARS (Maximum of 35). OR b. <input type="checkbox"/> COMPOSITE ECONOMIC LIFE OF FACILITIES FINANCED PLUS 3 YEARS.	4. AMOUNT OF LOAN APPLIED FOR:	
5. NUMBER OF EXCHANGES: a. IN EXISTING SYSTEM _____ b. TO BE FINANCED BY THIS LOAN _____	6. NUMBER OF SUBSCRIBERS: a. IN EXISTING SYSTEM _____ b. TO BE ADDED DURING FORECAST PERIOD _____	
14. PURPOSE OF LOAN (Explain the purposes for which loan funds are intended and state the amount required for each purpose.)		
15. IS THE BORROWER DELINQUENT ON ANY FEDERAL DEBT? (Check one) <input type="checkbox"/> No <input type="checkbox"/> Yes (If Yes, provide explanatory information below.)		
NOTE: Examples of debts include, but are not limited to, delinquent taxes, guaranteed or direct government loans (more than 31 days past due) and other administrative debts.		
CERTIFICATION		
The undersigned certifies that the information contained herein is accurate and complete to the best of my knowledge and belief.		
SIGNATURE OF AUTHORIZED OFFICIAL	TITLE	DATE

RUS Form 490 (Rev. 02-95)

Expedited Telecommunications Loan and Loan Guarantee Program Application Guide

The following statement and certification will become a part of your application currently on file for a loan from the Rural Utilities Service and/or the Rural Telephone Bank.

IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? ___ YES ___ NO

Note: Examples of debts include, but are not limited to, delinquent taxes, guaranteed or direct government loans (more than 31 days past due) and other administrative debts.

If Yes, provide explanatory information.

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR COMMERCIAL DEBT

The Federal Government is authorized by law to take any or all of the following actions in the event that a borrower's loan payments become delinquent or the borrower defaults on its loan: (1) Report the borrower's delinquent account to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service the borrower's account; (4) Offset amounts owed to the borrower under other Federal programs; (5) Refer the borrower's debt to the Internal Revenue Service for offset against any amount owed to the borrower as an income tax refund; (6) Refer the borrower's account to a private collection agency to collect the amount due; and (7) Refer the borrower's account to the Department of Justice for litigation in the courts.

All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

Certification

I have read and understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreements.

Signed: _____
Title: _____
Company: _____
Date: _____

Instructions for Completing a Pro-forma

This sample format for a pro-forma uses the Federal Communications Commission's Uniform System of Accounts 47 CFR Part 32 that corresponds to the Form 479, "Financial and Statistical Report For Telecommunications Borrowers." The following instructions will assist the borrower in completing the financial forecast and assumptions.

1. Base Year. The base year numbers should be from the two most recent year-end Form 479s. Give detail on the accounts which comprise Nonoperating Net Income, Extraordinary Items, and Nonregulated Net Income.
2. Revenues. Revenues can be forecast based on number of subscribers - business and residential, expected growth rates, market penetration rates for new services such as DSL, exchange rates, long distance revenue settlements, billing and collecting arrangements, and universal service funds. If a PUC or other regulatory authority approves the applicant's rates, an increased rate can only be used if it has already been approved.
3. Expenses. Expenses can be forecast based on inflation rates or known formulas (depreciation and amortization, fixed charges).
4. Debt Service. Debt service is determined by the loan amount, years to maturity, and interest rate. Time to maturity is the weighted useful economic life of the assets financed by the loan plus three years. The interest rate for concurrent RUS Cost-of-Money/RTB loans is based on the Federal treasury rate of a comparably maturing debt instrument. These rates can be found at: <http://www.federalreserve.gov/releases/h15/current/>. The rates for an RTB loan cannot be less than 5 percent. If the applicant requests a Federal Financing Bank loan, which is guaranteed by RUS, then the use of lower, current shorter-term Treasury rates may be applicable, but need to be fully explained. The applicant should assume that the entire loan would be advanced by the end of the forecast period.
6. Some revenue and expense line items may follow the historical trend, while other items may significantly diverge from this trend either on a "one-time" basis or for the foreseeable future. Explain any unusual or atypical line item revenue and expense forecasts--especially those involved with nonoperating, nonregulated or extraordinary accounts.
7. Forecasted one-time revenues or expenses that are not expected to represent the normal operation of the organization are **NOT** to be included in the TIER or DSCR calculations.
8. The borrower may decide that a shorter or longer time frame for the forecast may be necessary. Variances from the 5-year forecast must be discussed with the RUS GFR and then explained in the narrative that will accompany the forecast.

Financial forecasts submitted to RUS as evidence of loan repayment are **NOT** expected to be limited to the items previously discussed herein. Applicants may use a different methodology that is reasonable for them to forecast future net income; and this methodology and associated assumptions must be clearly explained to RUS in order for a proper evaluation of the reasonableness of the forecast.

Expedited Telecommunications Loan and Loan Guarantee Program Application Guide

Pro Forma for Expedited Loan Process

	Two Prior Yearends		1	2	3	4	5
Local Network Service Revenues							
Access, Long Distance Network, and Carrier Billing Revenues							
Miscellaneous Revenues							
Less: Uncollectible Revenues							
Net Operating Revenues	0	0	0	0	0	0	0
Plant Specific Operations Expense							
Plant Nonspecific Operations Expense							
Depreciation Expense							
Amortization Expense							
Customer Operations Expense							
Corporate Operations Expense							
Total Operating Expenses	0	0	0	0	0	0	0
Operating Income or Margins	0	0	0	0	0	0	0
Other Operating Income and Expense							
Federal, State, and Local Taxes							
Net Operating Income or Margins	0	0	0	0	0	0	0
Total Fixed Charges							
Nonoperating Net Income (Provide Detail):							
Extraordinary Items (Provide Detail):							
Nonregulated Net Income (Provide Detail):							
Other (Provide Detail):							
Total Net Income or Margins	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIER							
DSCR							
Subscribers:							
Residential							
Business							
Annual Debt Service Payments:							
Principal							
Interest							
Telephone Plant-in-Service							
Less: Accumulated Depreciation							
Net Plant							

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Organization Name

Name of Authorized Official

Signature

Date

LOBBYING CERTIFICATION

Certification for Loan Guarantees and Loan Insurance

The undersigned certifies, to the best of his or her knowledge and belief, that:

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Organization Name

Name of Authorized Official

Signature

Date

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER
RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS**

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms *covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded*, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows

Expedited Telecommunications Loan and Loan Guarantee Program Application Guide

that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

CERTIFICATION

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
 - (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Organization Name

PR/Award or Project Name

Name and Title

Signature

Date

SAMPLE OPINION OF COUNSEL

[Attorney Letterhead]

_____, 20__

Administrator
Rural Utilities Service
United States Department of Agriculture
Stop 1500
Washington, DC 20250-1500

Dear Sir:

Subject: [insert RUS borrower designation]

I have examined or caused to be examined by competent and trustworthy persons such corporate records and files and such other records, indexes, and files as I have deemed necessary to permit me to render the opinions expressed herein.

I am of the opinion that:

(1) the Borrower has telecommunications facilities, including outside plant or central office facilities, in the counties of _____
_____ in the State(s) of _____
_____;

(2) attached hereto and marked Exhibit A is a complete and accurate list of all the real property owned or leased by the Borrower, excluding easements and rights-of-way; and

(3) the property descriptions contained in the attached Exhibit A are satisfactory, in form and substance, for inclusion in the granting clause of a security instrument creating a lien on such property.

Very truly yours,

Attachment (Exhibit A)

FORMAT FOR A PROPERTY SCHEDULE

A property schedule prepared for submission with a loan application should include the following information:

- (a) The date of the deed and the names and relationship of the grantors; and
- (b) The date and place of recording, including the office, county, state, book and page number.

This information should be submitted in accordance with the following sample:

1. A certain tract or parcel of land situated in Bates County, State of Missouri, described in a certain deed, dated August 29, 1966, by Julia C. Doe and W. A. Doe, her husband, as grantors, to the Mortgagor, as grantee, and recorded on August 29, 1966, in the Office of the Clerk of Chancery Court of Bates County, in the State of Missouri, in Deed Book 52, on page 268;
2. A certain tract ...

In addition to supplying the information in the format requested, the borrower's attorney needs to prepare and attach to the top of the property schedule a letter certifying to its correctness. A suggested form for this opinion letter is attached.

RUS POINTS OF CONTACT Telecommunications Program

EASTERN AREA

Ken Kuchno, Director
(202) 690-4673

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STATES COVERED

Northern Wisconsin

Delaware
Maryland
New Jersey
New York
Eastern Pennsylvania

Southern Wisconsin

Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont

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Puerto Rico
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Islands
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Republic of the Marshall Islands
Republic of Palau

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