

§ 1735.14

areas, the loan may include funds to finance the acquisition.

(3) When a system is being converted to modern service for rural subscribers, the loan may include funds for the conversion of the nonrural facilities, if the rural service will be improved as a result of such nonrural improvements and it is impractical to finance and serve the nonrural and rural areas separately.

(4) A loan may include funds to serve nonrural subscribers located in community centers frequently called by the rural subscribers if the construction to serve such nonrural subscribers will be incidental to, and contribute substantially to, the provision of adequate service for the rural subscribers.

(d) RUS may also approve financing for facilities to serve nonrural areas if, at the time financing was first approved by RUS:

(1) The nonrural area had a population of 1,500 or less when first financed by RUS and that financing was approved prior to November 1, 1993; or

(2) The nonrural area had a population of 5,000 or less when first financed by RUS and that financing was approved on or after November 1, 1993.

[54 FR 13351, Apr. 3, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990, as amended at 58 FR 66253, Dec. 20, 1993]

§ 1735.14 Borrower eligibility.

(a) RUS makes loans to:

(1) Entities providing, or who may hereafter provide, telephone service in rural areas;

(2) Public bodies providing telephone service in rural areas as of October 28, 1949; and

(3) Cooperative, nonprofit, limited dividend or mutual associations.

(b) RUS does not make loans to individuals.

(c) RUS gives preference to those borrowers (including initial loan applicants) already providing telephone 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

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(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]

§ 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;

(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,