

§ 1735.75

(b) For stock acquisitions, the borrower shall submit the following in addition to the items listed in (a) of this section:

(1) A list of all stockholders of the company to be acquired and the number of shares each owns.

(2) Guarantees and indemnifications to be obtained from the sellers of the stock.

(Approved by the Office of Management and Budget under control number 0572-0084)

[54 FR 14626, Apr. 12, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990; 58 FR 66256, Dec. 20, 1993]

§ 1735.75 Interim financing.

(a) A borrower may submit a written request for RUS approval of interim financing if it is necessary to close an acquisition before the loan to finance the acquisition is approved. Loan funds shall not be used to reimburse acquisition costs unless RUS has granted approval of interim financing prior to the closing of the acquisition.

(b) RUS will approve interim financing of acquisitions only in cases where loan funds cannot be made available in time for the closing.

(c) RUS will not approve interim financing unless the following information is acceptable:

(1) A written request for approval of interim financing, including a brief description of the acquisition, an explanation of the urgency of proceeding with the acquisition, and the source of funds to be used.

(2) A completed RUS Form 490, "Application for Telephone Loan or Loan Guarantee." See 7 CFR part 1737.

(3) The portions of the Loan Design that cover the proposed acquisition, including cost estimates and information on any investments in nonrural areas. See 7 CFR 1737.

(4) The information required in § 1735.74 (a)(1) through (a)(8), (a)(14) and (b)(1).

(5) Any other data deemed necessary by the Administrator to approve the interim financing of the acquisition.

(d) Furthermore, RUS will not approve interim financing if, in RUS's judgment, the proposed acquisition will not qualify for RUS financing or the proposed interim financing pre-

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sents unacceptable loan security risks to RUS.

(e) Because RUS approval of interim financing is not a commitment to make a loan, RUS will not approve interim financing unless the borrower is prepared to assume responsibility for financing all obligations incurred.

(f) If the borrower plans to proceed with the closing after receiving RUS approval of interim financing, it must first receive preliminary approval from RUS. See § 1735.90

(g) See 7 CFR part 1737 for regulations on interim financing for construction.

(h) See 7 CFR part 1744, subpart B for conditions under which RUS will provide shared first lien and/or a lien accommodation for non-RUS lenders.

§ 1735.76 Acquisition of affiliates.

A borrower shall not use RUS loan funds to acquire any stock or any telephone plant of an affiliate.

[54 FR 14626, Apr. 12, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990, as amended at 62 FR 46871, Sept. 5, 1997]

§ 1735.77 Release of loan funds, requisitions, advances.

(a) RUS will not approve the advance of loan funds until the borrower has fulfilled all loan contract provisions to the extent deemed necessary by RUS.

(b) The first advance of loan funds pursuant to the loan contract normally shall provide funds needed for the acquisition. Unless the borrower has received approval of interim financing, it must submit the requisition in time for the advance to be made by the closing date.

(c) After the borrower has closed the acquisition, it shall furnish RUS all documents necessary to demonstrate to RUS's satisfaction that the transaction has been closed.

(d) Advances for improvements or expansion of the acquired facilities will not be approved until RUS has determined that the transaction has been closed and the borrower has obtained satisfactory title to the acquired facilities.

(e) See 7 CFR part 1737 (or RUS Bulletin 320-4) for additional requirements for releases of loan funds and 7 CFR