

§§ 1753.59–1753.65 [Reserved]

**Subpart H—Purchase and Installation of Special Equipment**

SOURCE: 54 FR 39267, Sept. 25, 1989, unless otherwise noted. Redesignated at 55 FR 39397, Sept. 27, 1990.

**§ 1753.66 General.**

(a) This subpart implements and explains the provisions of the Loan Documents setting forth the requirements and the procedures to be followed by borrowers in purchasing and installing special equipment financed with loan funds.

(b) Terms used in this subpart are defined in §1753.2 and RUS Contract Forms 397 and 398.

(c) Special equipment purchased with loan funds must be included in the List of Materials Acceptable for Use on Telephone Systems of RUS Borrowers (See Bulletin 344-2) and meet RUS's standards and specifications (See 7 CFR part 1755) unless otherwise approved by RUS.

(d) Borrowers must obtain RUS review and approval of the LD for their telephone systems. Applications of special equipment not included in an approved LD must conform to the modernization plan as required by 7 CFR part 1751, subpart B, and must be submitted to RUS for review and approval.

(e) RUS Form 397 and applicable specifications shall be used for the purchase of special equipment for major construction on a furnish and install basis.

(f) RUS Form 398 and applicable specifications shall be used for the purchase of equipment for major construction on a furnish only basis. The procedures provided in subpart I, if applicable, or a FAP approved by RUS may be used for the installation of special equipment purchased with a Form 398 contract.

(g) For special equipment purchases for minor construction, the borrower may at its option use the Methods of Minor Construction procedures contained in subpart I or the purchase procedures contained in this subpart H.

(h) Some types of special equipment contain software. See subpart E for RUS software licensing requirements.

[54 FR 39267, Sept. 25, 1989. Redesignated at 55 FR 39397, Sept. 27, 1990, and amended at 58 FR 66259, Dec. 20, 1993; 59 FR 17464, Apr. 13, 1994]

**§ 1753.67 Contracts and specifications.**

(a) Special Equipment Contract, RUS Form 397 shall be used to purchase equipment on a furnish and install basis.

(b) Special Equipment Contract, RUS Form 398 shall be used to purchase equipment on a furnish only basis.

(c) The equipment specifications must accompany the selected contract form.

(1) Each specification consists of performance specifications, installation requirements (if applicable) and application engineering requirements.

(2) RUS specifications for the Special Equipment Contract are listed in 7 CFR part 1755.

**§ 1753.68 Purchasing special equipment.**

(a) *General.* (1) Equipment purchases are categorized as initial equipment purchase, equipment additions to existing systems and new system additions.

(i) An initial equipment purchase is a first time purchase by a borrower of a complete system of special equipment.

(ii) Equipment additions to existing systems are additions of components to complete operating systems to increase system capacity that require components made by the manufacturer of the existing system.

(iii) New system additions are purchases of complete systems of special equipment when the purpose can be accomplished either with equipment of the same type and manufacture as other complete operating systems in the borrower's system, or with complete systems of special equipment from other manufacturers.

(iv) Where equipment is obtained under a Form 398 Contract, the borrower shall require the supplier to provide a detailed proposed bonding and