

(i) After a satisfactory negotiated proposal has been obtained, the borrower shall submit it to RUS for approval, along with the engineer's recommendation, and evidence of acceptance by the borrower.

(ii) If RUS approves the negotiated proposal, the borrower shall submit three copies of the contract, executed by the contractor and borrower, to RUS for approval.

(iii) If RUS approves the contract, RUS shall return one copy of the contract to the borrower and one copy to the contractor.

(4) For RUS Form 773, the borrower is responsible for negotiating a satisfactory proposal, executing contracts, and closing the contract. See subparts F and I of this part for requirements for major and minor construction, respectively, on Form 773.

[54 FR 39267, Sept. 25, 1989. Redesignated at 55 FR 39396, Sept. 27, 1990, as amended at 59 FR 43716, Aug. 25, 1994; 64 FR 16605, Apr. 6, 1999]

#### § 1753.9 Subcontracts.

(a) RUS construction contract Forms 257, 397, 515, and 525 contain provisions for subcontracting. Reference should be made to the individual contracts for the amounts and conditions under which a contractor may subcontract work under the contract.

(b) RUS Form 282, Subcontract, shall be used for subcontracts under construction and installation contracts.

(1) Minor modifications or additions may be made to the subcontract form, as long as they do not change the intent of the primary contract. Any alterations to the subcontract shall be initialed and dated by the persons executing the subcontract.

(2) Subcontracts shall be prepared in quadruplicate and all copies executed by the contractor and subcontractor and consented to by the borrower and surety, if any.

(3) Four executed copies of the subcontract shall be forwarded to RUS for approval. Upon approval, one copy each will be sent to the borrower, contractor, and subcontractor.

(c) As stated in contract Forms 257, 397, 515, and 525, the contractor shall bear full responsibility for the acts and omissions of the subcontractor and is

not relieved of any obligations to the borrower and to the Government under the contract.

(d) As stated in the contract, construction shall not be performed by the subcontractor before approval of the subcontract by RUS.

[54 FR 39267, Sept. 25, 1989. Redesignated at 55 FR 39396, Sept. 27, 1990, and amended at 59 FR 43716, Aug. 25, 1994]

#### § 1753.10 Preconstruction conference.

The borrower shall conduct a conference, attended by the borrower, contractor, and resident engineer prior to the beginning of construction to provide an opportunity to discuss and agree on responsibilities, procedures, practices, and methods before the work begins. The borrower shall provide each participant with a copy of the conference results. The GFR shall be invited to attend this conference.

#### § 1753.11 Contract amendments.

(a) The borrower must obtain RUS approval before execution of any amendment to a contract if

(1) The amendment alters the terms and conditions of the contract or changes the scope of the project covered by the contract regardless of the amount of the contract before amendment,

(2) The amendment increases the amount to be paid under the contract by 20% or more, or

(3) The amendment causes an unbonded contract to require a contractor's performance bond. This would occur when a contract that is executed in an amount below that requiring a performance bond by 7 CFR part 1788, subpart C, is amended to an amount above that amount.

(b) Advance RUS approval to execute other contract amendments is not required. These amendments may be submitted to RUS at any time prior to closeout. If a borrower wishes to receive an advance of funds based on an amended contract amount (i.e., amendments that increase a contract by less than 20%), the borrower may initiate an increase in the amount approved for advance by submitting three copies of the amendment to RUS for approval.

(c) For each amendment executed, the borrower shall make certain that: