RURAL UTILITIES SERVICE

Distance Learning and Telemedicine Program

Loan and Combination Loan-Grant Application Guide

Fiscal Year 2003

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Rural Development
United States Department of Agriculture

Distance Learning and Telemedicine Program

By submitting an application for financing under the **Rural Utilities Service's** Distance Learning and Telemedicine (DLT) Program, you are making a significant commitment to better the quality of life in rural America. Your organization is to be commended for its attempts to give rural residents -- students, teachers, parents, patients, doctors -- opportunities once available and affordable only to your urban counterparts. Quality education, health care, and stable economies are goals of all communities across the U.S.; and, in rural America, advanced telecommunications technologies are helping to meet the challenges of fulfilling these goals.

DLT Projects:

- **Promote Partnerships**
- **Solve Problems**
- **Are Locally Supported**

The **DLT Program** is designed specifically to meet the educational and health care requirements of rural America. It is a program about rural America, for rural America, and delivered to rural America. The purpose of the DLT program is to provide financial assistance to enhance learning and health care opportunities for rural residents. The program asks applicants to define the educational or health care problems that face their communities and determine how Federal distance learning or telemedicine assistance can help.

The Federal partnership with rural America has been long-standing. Initiatives like the DLT program strengthen that partnership. The Telecommunications Act of 1996 (Act) recognized the need to provide discounts to all schools, libraries, and rural health care providers for telecommunications services. This provision of the Act was implemented by the Federal Communications Commission in 1997 and provides relief by discounting recurring, monthly telecommunications costs and inside wiring. These discounts provide only part of the assistance needed to create a fully functional rural connection to the information superhighway. The DLT Grant program, which focuses on end-user equipment, and the DLT Combination Loan-Grant Program and the DLT Loan Program, which are not limited to end-user equipment, complement the Act's telecommunications service discounts. Together, they provide critical assistance in making modern telecommunications technology, which provides enhanced learning and health care services, affordable and available to rural citizens.

In the pages that follow, applicants will find detailed information regarding eligibility requirements, funding purposes and types of financial assistance; the how, when, and where to submit an application; as well as other guidelines that will be useful in preparing your application for financial assistance. This guide should be used in conjunction with 7 CFR Part 1703, Distance Learning and Telemedicine Loan and Grant Program. We look forward to reviewing your application -- a sign of commitment to rural America -- in the near future. Information about RUS and DLT, including 7 CFR Part 1703 and this application guide, can be retrieved electronically ***via the Internet*** at:

http://www.usda.gov/rus/telecom/dlt/dlt.htm

General Information

!! BEFORE YOU GET STARTED !!

You must read:

- ***7 CFR (Code of Federal Regulations) Part 1703, Subparts D, F, and G, Distance Learning and Telemedicine Loan and Grant Program.***

This regulation **MUST** be used in conjunction with this application guide. Should any differences result in the interpretation of this Application Guide and 7 CFR Part 1703, the regulation will take precedence over information contained in this Application Guide.

➢ *Types of Financial Assistance:*

The Distance Learning and Telemedicine Loan and Grant Program is structured to provide ***three categories of financial assistance:***

1) ***100% Grants;***
2) ***100% Loans; and***
3) ***Combination Loan-Grants***

This Guide provides assistance to applicants in applying for loan and combination loan-grant financing.

➢ *FY 2003 Funding Availability:*

For FY 2003, $27 million in grants and $300 million in loans are available for DLT projects serving rural America.

The funding will be provided as follows:

1) $17 million is available for grants
2) $200 million is available for loans
3) $110 million is available for combination loan and grants ($100 million in loans paired with $10 million in grants, i.e., a ratio of $10 loan for each $1 grant).

➢ *Minimum and Maximum Financing Requests:*

The maximum size for a loan, generally, that will be considered for funding in fiscal year 2003 is $10,000,000. However, RUS may fund a project greater than $10,000,000 subject to the project's feasibility and the availability of loan funds. The ***minimum size*** of an application is $50,000. The ratio of loan to grant financing in the combination loan-grant program is $10 loan to $1 grant.

➢ *When and Where to Submit Your Application:*

COMBINATION LOAN-GRANT or LOAN applications may be submitted at:

Anytime!!

Applications for combination loan-grant or loans will be processed as received, on a first-come, first-served basis. Although applications may be submitted at anytime, to ensure consideration for approval during fiscal year 2003, which ends September 30, 2003, completed applications should be postmarked by:

July 31, 2003

Combination loan-grant or loan applications postmarked after this date will continue to be processed; however, no assurances can be provided for consideration for approval before the end of the fiscal year.

Applications must be submitted to:

ORREN E. CAMERON
DIRECTOR, ADVANCED SERVICES DIVISION
RURAL UTILITIES SERVICE
US DEPARTMENT OF AGRICULTURE
STOP 1550, ROOM 2845
1400 INDEPENDENCE AVENUE, SW
WASHINGTON, DC 20250-1550

Applications for a combination loan-grant or loan may also be submitted to RUS telecommunications General Field Representatives (GFRs) or to Rural Development State Directors. All applicants must submit **an original and two copies** of a completed application. The applicant must also submit a copy of the application to the **State government point of contact**, if one has been designated for the State, at the same time it submits an application (refer to Attachment 17 for Block #16 of Form 424, Attachment 1).

A listing of GFRs and state Rural Development office contacts is provided as Attachments 15 and 16, respectively, to this application guide.

I. Applying for a Combination Loan-Grant

The Processing of Combination Loan-Grants

Completed applications can be submitted at anytime and will be processed on a first-come, first-served basis based on availability of funds, the financial feasibility of the project, the services to be provided, the design of the project, costs, location, and other characteristics of the project. RUS will accept applications for a combination loan-grant submitted by RUS telecommunications GFRs, by Rural Development State Directors, or by the applicants themselves. All applicants must submit an original and two copies of a completed application. The applicant must also submit a copy of the application to the State government Single Point of Contact (Attachment 17), if one has been designated for the State, at the same time it submits an application.

Applicant Eligibility

To be eligible to receive a combination loan-grant under the DLT Program:

1. The applicant must be legally organized as an incorporated organization, partnership, Indian tribe or tribal organization as defined in 25 U.S.C. 450b (b) and (c), a state or local unit of government, a consortium, as defined in §1703.102, or other legal entity including a private corporation organized on a for profit or no-for profit basis. Each applicant must provide written evidence of its legal capacity to contract with RUS to obtain the grant, combination loan-grant, or the loan, and comply with all applicable requirements. If a consortium lacks the legal capacity to contract, each individual entity must contract with RUS in its own behalf.
2. The applicant proposes to utilize the financing to:
   (i) Operate a rural community facility; or
   (ii) Deliver distance learning or telemedicine services to entities that operate a rural community facility or to residents of rural areas at rates calculated to ensure the benefit of the financial assistance is passed through to such entities or to residents or rural areas.
3. Electric or telecommunications borrowers are eligible for loans only.

Rurality Requirement

The proposed project must primarily meet the educational and health care requirements of rural areas. Applicants must meet the minimum eligibility of **20 points** based on its Rurality calculation determining the extent to which the project serves rural areas. A "Rural Calculation Table" is provided for this computation **(See Attachment 2b)**.

There is NO Matching Fund Requirement

A combination loan-grant may be used by eligible organizations for distance learning and telemedicine projects to finance **100%** of the cost of approved purposes.

Approved Combination Loan-Grant Purposes

YES! Acquiring, by lease or purchase, eligible equipment as defined in §1703.102;

YES! Acquiring instructional programming;

YES! Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming; providing engineering or environmental studies relating to the establishment or expansion of the phase of the project that is being financed with the combination loan-grant (this purpose shall not exceed 10 percent of the total requested financial assistance);

Training, Technical Assistance, Instructional Programming, Engineering/Environmental Studies must be subcontracted from an entity that has no association with the applicant or consortium. These purposes must also be in the form of a fixed contract resulting in an invoice and **not** hourly or recurring salaries.

YES! Paying for medical or educational equipment and facilities that are shown to be necessary to implement the project, including vehicles utilizing DLT technology to deliver educational and health care services. The applicant must demonstrate that such items are necessary to meet the purposes of 7 CFR Part 1703 and financial assistance for such equipment and facilities is not available from other sources at a cost that would not adversely affect the economic viability of the project;

YES! Providing links between teachers and students or medical professionals who are located at the same facility, provided that such facility receives or provides distance learning or telemedicine services as part of a distance learning or telemedicine network which meets the purposes of this program;

YES! Providing for site development and alteration of buildings in order to meet the purposes of 7 CFR Part 1703. Financial assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested;

YES! Purchasing land, buildings, or building construction determined by RUS to be necessary and incidental to the project. The applicant must demonstrate that funding from other sources is not available at a cost that does not adversely impact the economic viability of the project as determined by the Administrator. Financial

assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested; and

YES! Acquiring telecommunications transmission facilities provided that no telecommunications carrier will install such facilities under the Act or through other financial procedures within a reasonable time period and at a cost to the applicant that does not impact the economic viability of the project, as determined by the Administrator.

Nonapproved Combination Loan-Grant Purposes

Without limitation, funds will **NOT** be provided:

NO! **To pay salaries, wages, or employee benefits to medical or educational personnel;**

NO! **To pay for the salaries or administrative expenses of the applicant or the project;**

NO! To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider ***unless that service provider is the applicant***;

NO! To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others for costs **incurred prior to RUS' receipt of the completed application**;

NO! For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.);

NO! For any purpose that the Administrator has not specifically approved;

NO! Except for leases provided for in §1703.131, to pay the cost of recurring or operating expenses for the project; or

NO! For any other purposes not specifically contained in §1703.131.

EXCEPTION!

Except as otherwise provided in §1703.131 funds shall not be used to finance a project, in part, when success of the project is dependent upon the receipt of additional financial assistance under 7 CFR Part 1703 or is dependent upon the receipt of other funding that is not assured.

Completing the Application

This section addresses all of the information that must be submitted for an application to be complete and considered for financing:

A. A Completed Application for Federal Assistance (Standard Form 424)
B. An Executive Summary of the Project
C. A Scope of Work
D. Financial Information
E. A Statement of Experience
F. A Telecommunications System Plan
G. Compliance with Other Federal Statutes and Regulations
H. Environmental Impact and Historic Preservation
I. Evidence of Legal Authority to Contract with the Government
J. Existence of Legal Existence
K. Federal Debt Certification
L. Supplemental Information

A. A Completed Standard Form 424, "Application for Federal Assistance"

Complete this form along with a **board of director's resolution** authorizing the funding request, Attachment 1.

B. An Executive Summary of the Project

The executive summary is one of the most important parts of the application. It gives reviewers their first overall view of the area to be served, what problems the residents face, and how the proposed project will help alleviate those problems, increase the quality of life, and provide enhanced opportunities for rural residents to receive better quality educational and health care opportunities. Give a concise **SUMMARY** of the project. This is your opportunity to briefly discuss the core aspects of the project:

- *The goals of the project.*
- *The communities to be served.*
- *The organizations participating as project partners.*
- *The technologies to be used.*

The executive summary brings together all of the bits of information which make your application for financing unique. Be clear and provide convincing links between project and benefits. The executive summary must provide a general project overview covering the following nine categories. .

Executive Summary

1. A description of why the project is needed.
2. An explanation of how the project will address the needs, why the applicant requires financial assistance, the types of educational or medical services to be offered, and the benefits to the rural residents.
3. A description of the applicant documenting eligibility based on CFR 1703.103.
4. An explanation of the total project cost including a breakdown of the combination loan-grant required and the source of funding, if applicable, for the remainder of the project;
5. A statement that the project is either for a distance learning or telemedicine purpose. If the project provides both distance learning and telemedicine services, the applicant must identify the predominant use of the system.
6. A general overview of the telecommunications system to be developed, including the types of equipment, technologies, and facilities used.
7. A description of the participating hubs and end-users sites and the number of rural residents that will be served by the proposed project at each end-user site.
8. A certification that the facilities purchased or constructed using financial assistance do not duplicate adequate, established telemedicine services or distance learning services.
9. A listing of the location of each end-user site (city, town, village, borough, or rural areas, including counties served and state).

C. A Scope of Work

The proposed scope of work completes the picture for the application reviewer. It incorporates how the applicant proposes to proceed with the project, if funded. The scope of work must include, at a minimum, the following:

- The specific activities to be performed under the project.
- Who will carry out the activities.
- The timeframes for accomplishing the project objectives and activities.
- A BUDGET for capital expenditures reflecting the line item costs for both the combination loan-grant and any other sources of funds for the project. **(See Attachment 3)**.

Explain what you plan to do!!!

The Proposed Scope of Work explains what you plan to do. It is your opportunity to make a clear and convincing presentation of the goals of your project.

D. Financial Information

The applicant must provide a summary explaining how the enclosed financial information supports the applicant's need for the financing requested for the project. The applicant must show its financial ability to complete the project; show project feasibility; and provide evidence that it can execute a note for a loan with a maturity period greater than one year. Applicants, including all members of a consortium, must provide an income statement (or revenue and expense report) and balance sheet (reflecting net worth) for the most recent annual reporting period preceding the date of the application. When the applicant is a partnership, company, corporation, or other entity, current balance sheets (reflecting net worth) are needed from each of the entities that has at least a 20 percent interest in the applicant. When the applicant is a consortium, a current balance sheet (reflecting net worth) is needed from each member of the consortium and from each of the entities that has at least a 20 percent interest in such member of the consortium.

- Applicants must include sufficient pro-forma (**Attachment 4**) financial data that adequately reflects the financial capability of project participants and the project as a whole to continue a sustainable project for a minimum of 10 years and repay the loan portion of the combination loan-grant. This documentation should include sources of sufficient income or revenues to pay operating expenses including telecommunications access and toll charges, system maintenance, salaries, training, and any other general operating expenses, provide for replacement of depreciable items, and show repayment of interest and principal for the loan portion of the combination loan-grant. All assumptions must be clearly identified in support of the pro-forma.
- A list of property which will be used as collateral to secure repayment of the loan. The applicant shall purchase and own collateral that secures the loan free from liens or security interests and take all actions necessary to perfect a security interest in the collateral that secures the loan. RUS considers as adequate security for a loan, a guarantee by a RUS telecommunications or electric borrower or by another qualified party. Additional forms of security, including letters of credit, real estate, or any other items will be considered. RUS will determine the adequacy of the security offered.
- As applicable, a depreciation schedule covering all assets of the project. Those assets for which a combination loan-grant are being requested should be clearly indicated.
- For each hub and end-user site, the applicant must identify and provide reasonable evidence of each source of revenue. If the projection relies on cost sharing arrangements among hub and end-user sites, the applicant must provide evidence of agreements made among project participants.
- For applicants eligible under § 1703.103(a)(3), an explanation of the economic analysis justifying the rate structure to ensure that the benefit, including cost saving, of the financial assistance is passed through to those receiving telemedicine or distance learning services.

E. A Statement of Experience

An applicant must provide a written narrative (not exceeding three single spaced pages) describing its demonstrated capability and experience, if any, in operating an educational or health care endeavor and any project similar to the proposed project. Experience in a similar project is desirable but not required.

F. A Telecommunications System Plan

The Telecommunications System Plan (Plan) is an essential part of the application. The Plan should show that the technology chosen is the most cost effective to provide the needed services and how modern telecommunications technology will be used to meet the unique service requirements of the community. The Plan should explain how telecommunications would be used to enable the proposed project to interconnect with other existing networks at the regional, state, national, or international level. The Plan should discuss any aspects of the project where telecommunications will play an essential part. **(See § 1703.134(f) for details.)**

G. Compliance with Other Federal Statutes and Regulations

The applicant is required to submit evidence that it is in compliance with other Federal statutes and regulations as follows:

- E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60, Attachment 5;
- Architectural barriers, Attachment 6;
- Flood hazard area precautions, Attachment 7;
- Assistance and Real Property Acquisition Policies Act of 1970, Attachment 8;
- Drug-Free Workplace Act of 1998 (41 U.S.C. 701), Attachment 9;
- E.O.s 12549 and 12689, Debarment and Suspension (See 7 CFR 3017), Attachment 10;
- Byrd Anti-Lobbying Amendment (31 U.S.C. 1352), Attachment 11;
  - If the applicant is engaged in lobbying activities, the applicant must submit a completed disclosure form, "Disclosure of Lobbying Activities" **(See 7 CFR part 3018)**"; and
- Non Duplication of Services Certificate, Attachment 12.

H. Environmental Impact and Historic Preservation

Details of the project's impact on the environment and historic preservation must be provided. The application must contain a separate section entitled "Environmental Impact of the Project."

Environmental Information - An "Environmental Questionnaire/Certification," may be used by applicants to assist in complying with the requirements of this section. Attachment 13.

EXCEPTION!

For a proposed project that only involves internal modifications or equipment additions to buildings or other structures, the environmental information normally required includes a description of the internal modifications or equipment additions, the size of the site in hectares, and the general

nature of the proposed use of the facilities once the project is completed, including any hazardous materials to be used, created or discharged, any substantial amount of air emissions, wastewater discharge, or solid waste that will be generated.

I. Evidence of Legal Authority to Contract with the Government

Provide evidence demonstrating your organization's legal authority to enter into an agreement with a Federal government agency and perform the activities proposed under the application. Articles of Incorporation, Bylaws, Board Resolutions, excerpts from State Statutes, or an attorney's opinion of counsel are acceptable forms of evidence detailing the above information.

J. Evidence of Legal Existence

Provide evidence demonstrating that your organization is legally recognized under state and federal law. Satisfactory documentation include, but are not limited to, certificates from the Secretary of State, State Statutes or Laws establishing your organization. Letters from the IRS awarding tax-exempt status are not considered adequate evidence.

K. Federal Debt Certification

Complete Attachment 14 certifying that the applicant is not delinquent on any Federal debt and understands actions the Federal Government may take if it fails to make scheduled payments.

L. Supplemental Information

Provide any additional information RUS may consider relevant to the application and necessary to adequately evaluate the application.

Putting It All Together

The COMBINATION LOAN-GRANT application should be assembled and tabbed in the following order: Numbered attachments are provided at the end of this guide for your use. Use only the applicable attachments listed below.

The application for financial assistance should be assembled and tabbed in the following order:

1. An Application for Federal Assistance: Completed Standard Form 424, Attachment 1
2. An Executive Summary
3. Summary Worksheet, Attachment 2
4. Rural Calculation Table, Attachment 2b
5. A Proposed Scope of Work
6. A Sample Budget, Attachment 3
7. Financial Summary and Documentation
8. A Sample Pro-Forma, Attachment 4
9. Evidence of Funding Commitments from all sources
10. Statement of Experience
11. Telecommunications System Plan
12. Compliance with Other Federal Statutes and Regulations
    (a) E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60, Attachment 5;
    (b) Architectural barriers, Attachment 6;
    (c) Flood hazard area precautions, Attachment 7;
    (d) Assistance and Real Property Acquisition Policies Act of 1970, Attachment 8;
    (e) Drug-Free Workplace Act of 1998 (41 U.S.C. 701), Attachment 9;
    (f) E.O.s 12549 and 12689, Debarment and Suspension; **(See 7 CFR 3017.510)**, Attachment 10;
    (g) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352), Attachment 11;
        - If the applicant is engaged in lobbying activities, the applicant must submit a completed disclosure form, "Disclosure of Lobbying Activities" **(See 7 CFR Part 3018)**"; and
    (h) Non Duplication of Services Certificate, Attachment 12
13. Environmental Impact and Historic Preservation, Attachment 13
14. Evidence of Legal Authority to Contract with the Government
15. Evidence of Legal Existence
16. Federal Debt Certification, Attachment 14
17. Supplemental Information (if any)

Sample certificates and forms are included for your use

II. Applying for a Loan

The Processing of Loans

Completed applications can be submitted at anytime and will be processed on a first-come, first-served basis based on availability of funds, the financial feasibility of the project, the services to be provided, the design of the project; costs; location; and other characteristics of the project. RUS will accept applications for a Loan submitted by RUS telecommunications GFRs, by Rural Development State Directors, or by the applicants themselves. All applicants must submit an original and two copies of a completed application. The applicant must also submit a copy of the application to the State government point of contact, if one has been designated for the State, at the same time it submits an application.

Who is Eligible?

To be eligible to receive a Loan under the DLT Program:

1. The applicant must be legally organized as an incorporated organization, partnership, Indian tribe or tribal organization as defined in 25 U.S.C. 450b (b) and (c), a state or local unit of government, a consortium, as defined in §1703.102, or other legal entity including a private corporation organized on a for profit or no-for profit basis. Each applicant must provide written evidence of its legal capacity to contract with RUS to obtain the grant, combination loan-grant, or the loan, and comply with all applicable requirements. If a consortium lacks the legal capacity to contract, each individual entity must contract with RUS in its own behalf.

2. The applicant proposes to utilize the financing to:
   (i) Operate a rural community facility; or
   (ii) Deliver distance learning or telemedicine services to entities that operate a rural community facility or to residents of rural areas at rates calculated to ensure the benefit of the financial assistance is passed through to such entities or to residents or rural areas.
3. Electric or telecommunications borrowers are eligible for loans only.

Rurality Requirement

The proposed project must primarily meet the educational and health care requirements of rural areas. Applicants must meet the minimum eligibility of **20 points** based on its Rurality calculation determining the extent to which the project serves rural areas. A "Rural Calculation Table" is provided for this computation **(See Attachment 2b)**.

There is NO Matching Fund Requirement

A Loan may be used by eligible organizations for DLT projects to finance **100%** of the cost of approved purposes.

Approved Loan Purposes

YES! Acquiring, by lease or purchase, eligible equipment as defined in §1703.102;

YES! Acquiring instructional programming;

YES! Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming; providing engineering or environmental studies relating to the establishment or expansion of the phase of the project that is being financed with the Loan (this purpose shall not exceed 10 percent of the total requested financial assistance);

Training, Technical Assistance, Instructional Programming, Engineering/Environmental Studies must be subcontracted from an entity that has no association with the applicant or consortium. These purposes must also be in the form of a fixed contract resulting in an invoice and **not** hourly or recurring salaries.

YES! Paying for medical or educational equipment and facilities that are shown to be necessary to implement the project, including vehicles utilizing DLT technology to deliver educational and health care services. The applicant must demonstrate that such items are necessary to meet the purposes of 7 CFR Part 1703 and financial assistance for such equipment and facilities is not available from other sources at a cost that would not adversely affect the economic viability of the project;

YES! Providing links between teachers and students or medical professionals who are located at the same facility, provided that such facility receives or provides distance learning or telemedicine services as part of a distance learning or telemedicine network which meets the purposes of this program;

YES! Providing for site development and alteration of buildings in order to meet the purposes of 7 CFR Part 1703. Financial assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested;

YES! Purchasing land, buildings, or building construction determined by RUS to be necessary and incidental to the project. The applicant must demonstrate that funding from other sources is not available at a cost that does not adversely impact the economic viability of the project as determined by the Administrator. Financial; assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested;

YES! Acquiring telecommunications transmission facilities provided that no telecommunications carrier will install such facilities under the Act or through other financial procedures within a reasonable time period and at a cost to the applicant that does not impact the economic viability of the project, as determined by the Administrator;

YES! Any recurring or operating expenses, **except for salaries and administrative expenses**, not included above, **incurred during the first two years of operation after the financial assistance has been approved**. The applicant must show that financing such costs are necessary for the establishment or continued operation of the project and that financing is not available for such costs elsewhere, including from the applicant's financial resources. The Administrator will determine whether such costs will be financed based on information submitted by the applicant. Loans will not be made exclusively to finance such costs, and financing for such costs will not exceed **20 percent of the loan** provided to a project under this section; and

YES! All costs needed to provide distance learning broadcasting to rural areas. Loans may be used to cover the costs of facilities and end-user equipment dedicated to providing educational broadcasting to rural areas for distance learning purposes. If the facilities are not 100 percent dedicated to broadcasting, a portion of the financing may be used to fund such facilities based on a percentage of use factor that approximates the distance learning broadcasting portion of use.

Nonapproved Loan Purposes

Without limitation, funds will **NOT** be provided:

NO! To pay the costs **incurred after two years from approval** of recurring or operating expenses for the project except for leases: **(See § 1703.141)**;

NO! To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider **unless that service provider is the applicant**;

NO! To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others **for costs incurred prior to RUS' receipt of the completed application**;

NO! For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.); or

NO! For any purpose that the Administrator has not specifically approved.

Except as otherwise provided in §1703.141, funds shall not be used to finance a project, in part, when success of the project is dependent upon the receipt of additional financial assistance under 7 CFR Part 1703 or is dependent upon the receipt of other funding that is not assured.

EXCEPTION!

Completing the Application

This section addresses all of the information that must be submitted for an application to be complete and considered for financing:

A. A Completed Application for Federal Assistance (Standard Form 424)
B. An Executive Summary of the Project
C. A Scope of Work
D. Financial Information
E. A Statement of Experience
F. A Telecommunications System Plan
G. Compliance with Other Federal Statutes and Regulations
H. Environmental Impact and Historic Preservation
I. Evidence of Legal Authority to Contract with the Government
J. Evidence of Legal Existence
K. Federal Debt Certification
L. Supplemental Information

A. A Completed Standard Form 424, "Application for Federal Assistance"

Complete this form along with a **board of director's resolution** authorizing the funding request, Attachment 1.

B. An Executive Summary of the Project

The executive summary is one of the most important parts of the application. It gives reviewers their first overall view of the area to be served, what problems the residents face, and how the proposed project will help alleviate those problems, increase the quality of life, and provide enhanced opportunities for rural residents to receive better quality educational and health care opportunities. Give a concise **SUMMARY** of the project. This is your opportunity to briefly discuss the core aspects of the project:

- *The goals of the project.*
- *The communities to be served.*
- *The organizations participating as project partners.*
- *The technologies to be used.*

The executive summary brings together all of the bits of information which make your application for financing unique. Be clear and provide convincing links between project and benefits. The executive summary must provide a general project overview covering the following nine categories.

Executive Summary

1. A description of why the project is needed.
2. An explanation of how the project will address the needs, why the applicant requires financial assistance, the types of educational or medical services to be offered, and the benefits to the rural residents.
3. A description of the applicant documenting eligibility based on CFR 1703.103.
4. An explanation of the total project cost including a breakdown of the Loan required and the source of funding, if applicable, for the remainder of the project.
5. A statement that the project is either for a distance learning or telemedicine purpose. If the project provides both distance learning and telemedicine services, the applicant must identify the predominant use of the system.
6. A general overview of the telecommunications system to be developed, including the types of equipment, technologies, and facilities used.
7. A description of the participating hubs and end-users sites and the number of rural residents that will be served by the proposed project at each end-user site.
8. A certification that the facilities purchased or constructed using financial assistance do not duplicate adequate, established telemedicine services or distance learning services.
9. A listing of the location of each end-user site (city, town, village, borough, or rural areas, including counties served and state).

Number each paragraph as shown in the example above. Remember, this summary is the first overall picture of your request for assistance and what problems you are attempting to solve.

C. A Scope of Work

The proposed scope of work completes the picture for the application reviewer. It incorporates how the applicant proposes to proceed with the project, if funded. The scope of work must include, at a minimum, the following:

Explain what you plan to do!!!

- The specific activities to be performed under the project.
- Who will carry out the activities.
- The timeframes for accomplishing the project objectives and activities.
- A BUDGET for capital expenditures reflecting the line item costs for the loan funds and any other sources of funds for the project. **(See Attachment 3.)**

The Proposed Scope of Work explains what you plan to do. It is your opportunity to make a clear and convincing presentation of the goals of your project

D. Financial Information

The applicant must provide a summary explaining how the enclosed financial information supports the applicant's need for the financing requested for the project. The applicant must show its financial ability to complete the project; show project feasibility; and provide evidence that it can execute a note for a loan with a maturity period greater than one year. Applicants, including all members of a consortium, must provide an income statement (or revenue and expense report) and balance sheet (reflecting net worth) for the most recent annual reporting period preceding the date of the application. When the applicant is a partnership, company, corporation, or other entity, current balance sheets (reflecting net worth) are needed from each of the entities that has at least a 20 percent interest in the applicant. When the applicant is a consortium, a current balance sheet (reflecting net worth) is needed from each member of the consortium and from each of the entities that has at least a 20 percent interest in such member of the consortium.

- Applicants must include sufficient pro-forma (Attachment 4) financial data that adequately reflects the financial capability of project participants and the project as a whole to continue a sustainable project for a minimum of 10 years and repay the Loan. This documentation should include sources of sufficient income or revenues to pay operating expenses including telecommunications access and toll charges, system maintenance, salaries, training, and any other general operating expenses, provide for replacement of depreciable items, and show repayment of interest and principal for the Loan. All assumptions must be clearly identified in support of the pro-forma.
- A list of property which will be used as collateral to secure repayment of the loan. The applicant shall purchase and own collateral that secures the loan free from liens or security interests and take all actions necessary to perfect a security interest in the collateral that secures the loan. RUS considers as adequate security for a loan, a guarantee by a RUS telecommunications or electric borrower or by another qualified party. Additional forms of security, including letters of credit, real estate, or any other items will be considered. RUS will determine the adequacy of the security offered.
- As applicable, a depreciation schedule covering all assets of the project. Those assets for which a Loan is being requested should be clearly indicated.
- For each hub and end-user site, the applicant must identify and provide reasonable evidence of each source of revenue. If the projection relies on cost sharing arrangements among hub and end-user sites, the applicant must provide evidence of agreements made among project participants.
- For applicants eligible under § 1703.103(a)(3), an explanation of the economic analysis justifying the rate structure to ensure that the benefit, including cost saving, of the financial assistance is passed through to those receiving telemedicine or distance learning services.

E. A Statement of Experience

An applicant must provide a written narrative (not exceeding three single spaced pages) describing its demonstrated capability and experience, if any, in operating an educational or health care endeavor and any project similar to the proposed project. Experience in a similar project is desirable but not required.

F. A Telecommunications System Plan

The Telecommunications System Plan (Plan) is an essential part of the application. The Plan should show that the technology chosen is the most cost effective to provide the needed services and how modern telecommunications technology will be used to meet the unique service requirements of the community. The Plan should explain how telecommunications would be used to enable the proposed project to interconnect with other existing networks at the regional, state, national, or international level. The Plan should discuss any aspects of the project where telecommunications will play an essential part. **(See § 1703.144(f) for details.)**

G. Compliance with Other Federal Statutes and Regulations

The applicant is required to submit evidence that it is in compliance with other Federal statutes and regulations as follows:

- E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60, Attachment 5;
- Architectural barriers, Attachment 6;
- Flood hazard area precautions, Attachment 7;
- Assistance and Real Property Acquisition Policies Act of 1970, Attachment 8;
- Drug-Free Workplace Act of 1998 (41 U.S.C. 701), Attachment 9;
- E.O.s 12549 and 12689, Debarment and Suspension; **(See 7 CFR 3017.510)**, Attachment 10;
- Byrd Anti-Lobbying Amendment (31 U.S.C. 1352), Attachment 11;
  - If the applicant is engaged in lobbying activities, the applicant must submit a completed disclosure form, "Disclosure of Lobbying Activities" **(See 7 CFR Part 3018)**"; and
- Non Duplication of Services Certificate, Attachment 12.

H. Environmental Impact and Historic Preservation

Details of the project's impact on the environment and historic preservation must be provided. The application must contain a separate section entitled "Environmental Impact of the Project."

Environmental Information - An "Environmental Questionnaire/Certification," may be used by applicants to assist in complying with the requirements of this section. Attachment 13.

EXCEPTION!

For a proposed project that only involves internal modifications or equipment additions to buildings or other structures, the environmental information normally required includes a description of the internal modifications or equipment additions, the size of the site in hectares, and the general nature of the proposed use of the facilities once the project is completed, including any hazardous materials to be used, created or discharged, any substantial amount of air emissions, wastewater discharge, or solid waste that will be generated.

I. Evidence of Legal Authority to Contract with the Government

Provide evidence demonstrating your organization's legal authority to enter into an agreement with a Federal government agency and perform the activities proposed under the application. Articles of Incorporation, Bylaws, Board Resolutions, excerpts from State Statutes, or an attorney's opinion of counsel are acceptable forms of evidence detailing the above information.

J. Evidence of Legal Existence

Provide evidence demonstrating that your organization is legally recognized under state and federal law. Satisfactory documentation include, but are not limited to, certificates from the Secretary of State, State Statutes or Laws establishing your organization. Letters from the IRS awarding tax-exempt status are not adequate evidence.

K. Federal Debt Certification

Complete Attachment 14 certifying that the applicant is not delinquent on any federal debt and understands actions the Federal Government may take if it fails to make scheduled payments.

L. Supplemental Information

Provide any additional information RUS may consider relevant to the application and necessary to adequately evaluate the application.

Putting It All Together

The LOAN application should be assembled and tabbed in the following order: Numbered attachments are provided at the end of this guide for your use. Use only the applicable attachments listed below.

The application for financial assistance should be assembled and tabbed in the following order:

1. An Application for Federal Assistance: Completed Standard Form 424, Attachment 1
2. An Executive Summary
3. Summary Worksheet, Attachment 2
4. Rural Calculation Table, Attachment 2b
5. A Proposed Scope of Work
6. A Sample Budget, Attachment 3
7. Financial Summary and Documentation
8. A Sample Pro-Forma, Attachment 4
9. Evidence of Funding Commitments from all sources
10. Statement of Experience
11. Telecommunications System Plan
12. Compliance with Other Federal Statutes and Regulations
    (a) E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60, Attachment 5;
    (b) Architectural barriers, Attachment 6;
    (c) Flood hazard area precautions, Attachment 7;
    (d) Assistance and Real Property Acquisition Policies Act of 1970, Attachment 8;
    (e) Drug-Free Workplace Act of 1998 (41 U.S.C. 701), Attachment 9;
    (f) E.O.s 12549 and 12689, Debarment and Suspension; **(See 7 CFR 3017.510)**, Attachment 10;
    (g) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352), Attachment 11;
        - If the applicant is engaged in lobbying activities, the applicant must submit a completed disclosure form, "Disclosure of Lobbying Activities" **(See 7 CFR Part 3018)**"; and
    (h) Non Duplication of Services Certificate, Attachment 12.
13. Environmental Impact and Historic Preservation, Attachment 13
14. Evidence of Legal Authority to Contract with the Government
15. Evidence of Legal Existence
16. Federal Debt Certification, Attachment 14
17. Supplemental Information (if any)

Sample certificates and forms are included for your use

Rural Utilities Service

Distance Learning and Telemedicine Loan and Combination Loan-Grant Program Fiscal Year 2003 Federal Forms and Attachments

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APPLICATION FOR FEDERAL ASSISTANCE

OMB Approval No. 0348-0043

	2. DATE SUBMITTED	Applicant Identifier
1. TYPE OF SUBMISSION: Application ☐ **Construction** ☐ **Non-Construction** / Preapplication ☐ **Construction** ☐ **Non-Construction**	**3. DATE RECEIVED BY STATE**	State Application Identifier
	4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier

5. APPLICANT INFORMATION

Legal Name:	Organizational Unit:
Address *(give city, county, State, and zip code):*	Name and telephone number of person to be contacted on matters involving this application *(give area code)*

6. EMPLOYER IDENTIFICATION NUMBER *(EIN):*

☐☐ — ☐☐☐☐☐☐☐

7. TYPE OF APPLICANT: *(enter appropriate letter in box)* ☐

A. State
B. County
C. Municipal
D. Township
E. Interstate
F. Intermunicipal
G. Special District
H. Independent School Dist.
I. State Controlled Institution of Higher Learning
J. Private University
K. Indian Tribe
L. Individual
M. Profit Organization
N. Other (Specify) _____

8. TYPE OF APPLICATION:

☐ **New** ☐ **Continuation** ☐ **Revision**

If Revision, enter appropriate letter(s) in box(es) ☐ ☐

A. Increase Award B. Decrease Award C. Increase Duration
D. Decrease Duration Other*(specify):*

_____

9. NAME OF FEDERAL AGENCY:

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:

☐☐ — ☐☐☐

TITLE:

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:

12. AREAS AFFECTED BY PROJECT *(Cities, Counties, States, etc.):*

13. PROPOSED PROJECT		**14. CONGRESSIONAL DISTRICTS OF:**	
Start Date	Ending Date	a. Applicant	b. Project

15. ESTIMATED FUNDING:

a. Federal	$ .00
b. Applicant	$ .00
c. State	$ .00
d. Local	$ .00
e. Other	$ .00
f. Program Income	$ .00
g. TOTAL	$ .00

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?

a. YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON:

DATE _____

b. No. ☐ PROGRAM IS NOT COVERED BY E. O. 12372
☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?

☐ **Yes** **If "Yes," attach an explanation.** ☐ **No**

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Type Name of Authorized Representative	b. Title	c. Telephone Number
d. Signature of Authorized Representative		e. Date Signed

Previous Edition Usable
Authorized for Local Reproduction

Standard Form 424 (Rev. 7-97)
Prescribed by OMB Circular A-102

Attachment 1

INSTRUCTIONS FOR THE SF-424

Public reporting burden for this collection of information is estimated to average 45 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0043), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

This is a standard form used by applicants as a required facesheet for preapplications and applications submitted for Federal assistance. It will be used by Federal agencies to obtain applicant certification that States which have established a review and comment procedure in response to Executive Order 12372 and have selected the program to be included in their process, have been given an opportunity to review the applicant's submission.

Item:	Entry:
1.	Self-explanatory.
2.	Date application submitted to Federal agency (or State if applicable) and applicant's control number (if applicable).
3.	State use only (if applicable).
4.	If this application is to continue or revise an existing award, enter present Federal identifier number. If for a new project, leave blank.
5.	Legal name of applicant, name of primary organizational unit which will undertake the assistance activity, complete address of the applicant, and name and telephone number of the person to contact on matters related to this application.
6.	Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service.
7.	Enter the appropriate letter in the space provided.
8.	Check appropriate box and enter appropriate letter(s) in the space(s) provided: -- "New" means a new assistance award. -- "Continuation" means an extension for an additional funding/budget period for a project with a projected completion date. -- "Revision" means any change in the Federal Government's financial obligation or contingent liability from an existing obligation.
9.	Name of Federal agency from which assistance is being requested with this application.
10.	Use the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested.
11.	Enter a brief descriptive title of the project. If more than one program is involved, you should append an explanation on a separate sheet. If appropriate (e.g., construction or real property projects), attach a map showing project location. For preapplications, use a separate sheet to provide a summary description of this project.

Item:	Entry:
12.	List only the largest political entities affected (e.g., State, counties, cities).
13.	Self-explanatory.
14.	List the applicant's Congressional District and any District(s) affected by the program or project.
15.	Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines as applicable. If the action will result in a dollar change to an existing award, indicate *only* the amount of the change. For decreases, enclose the amounts in parentheses. If both basic and supplemental amounts are included, show breakdown on an attached sheet. For multiple program funding, use totals and show breakdown using same categories as item 15.
16.	Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process.
17.	This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes.
18.	To be signed by the authorized representative of the applicant. A copy of the governing body's authorization for you to sign this application as official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.)

SF-424 (Rev. 7-97) Back

Attachment 1

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Summary Worksheet

Please print or type.

Legal Name: _____

Organization Name: _____

Contact Person: _____

Phone Number: _____ Fax Number _____

Web Site (if applicable) _____

Address: _____

_____

_____

Grant Requested	_____
Loan Requested	_____
Other Supplemental Funding	_____
Total Project Cost	_____

This application predominately serves ☐ Educational ☐ Medical purposes.
(If the project provides both distance learning and telemedicine services, the applicant must identify the predominant use of the system.)

Attachment 2

In the absence of the telecommunications systems proposed in this application, what types of Internet access are available at each site?

Type Of Connection	*Toll*	*Local*	*Maximum information rate (bits/second)*
Dial-up modem			
Cable modem			
DSL			
TSPS			
Other			

Characteristics of the system proposed in this application:

	Type of Connection					*Information Rate (bits/second)*
	twisted pair	co-ax cable	fiber optics	wireless[1]	other[1]	
Between Project Sites						
Connections To The World						

1. If wireless or other, describe the type of technology e.g. unlicensed spread spectrum, terrestrial 6 GHz point-to-point microwave, etc.

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Rural Calculation Table

Use the following guidelines to determine the rurality of each end-user site.

Rurality Description **(Based on 2000 Census Data)**	**Points Awarded**
Exceptionally Rural Area - Any area of the United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 5,000 inhabitants.	**45**
Rural Area - Any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population over 5,000 and not in excess of 10,000 inhabitants.	**30**
Mid-Rural Area - Any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population over 10,000 and not in excess of 20,000 inhabitants.	**15**
Urban Area - Any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 20,000 inhabitants.	**0**

Each end-user site will receive points based on its location in accordance with the above guidelines. If a hub is utilized as an end-user site, the hub will be considered as an end-user site.

End-user Site Location	Rurality (Exceptionally Rural, Rural, Mid-Rural, or Urban)	**Points**
1.		
2.		
3.		
4.		
5.		
Average score of all end-user sites (Total Points / # of end-user sites)		

Note: This table is representative of the information required and does not restrict the applicant to only 5 sites. For more than 5 sites, make a similar table that will contain all proposed sites.

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

Attachment 2b

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Sample Budget

Description	Unit Cost	Extended Cost	RUS Funds	Other
Hub Site				
Lease or Purchase of Eligible Equipment				
1 Video webcasting/streaming software	$14,000	$14,000	$14,000	$0
1 ITV network transmission equipment	15,000	15,000	15,000	0
1 Video camera package	25,000	25,000	25,000	0
1 Computer projection panel	3,500	3,500	3,500	0
Instructional Programming				
1 Initial installation and training	30,000	30,000	30,000	0
Site Cost		$87,500	$87,500	$0
End-User Site #1				
Lease or Purchase of Eligible Equipment				
5 ITV video classroom equipment	$16,000	$80,000	$80,000	$0
2 Webcast stations	12,000	24,000	24,000	0
2 VCRs for classrooms	250	500	500	0
2 32” monitors with connector boxes	1,000	2,000	2,000	0
Site Cost		$106,500	$106,500	$0
End-User Site #2				
Lease or Purchase of Eligible Equipment				
6 ITV video classroom equipment	$16,000	$96,000	$96,000	$0
2 Webcast stations	12,000	24,000	24,000	0
2 VCRs for classrooms	250	500	500	0
2 32” monitors with connector boxes	1,000	2,000	2,000	0
Site Cost		$122,500	$122,500	$0
End-User Site #3				
Lease or Purchase of Eligible Equipment				
6 ITV video classroom equipment	$16,000	$96,000	$96,000	$0
2 Webcast stations	12,000	24,000	24,000	0
1 VCRs for classrooms	250	250	500	0
1 32” monitors with connector boxes	1,000	1,000	2,000	0
Site Cost		$121,250	$121,250	$0
Total RUS Eligible Purposes		**$437,750**	**$437,750**	**$0**
Ineligible Purposes				
2 Salaries	$40,000	$80,000	$0	$80,000
4 Recurring line costs/year	12,000	48,000	0	48,000
Project Grand Total		**$565,750**	**$437,750**	**$128,000**

Attachment 3

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Sample Pro-Forma

Revenues/Appropriations	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Distance Learning										
Telemedicine										
Total Revenues										
Expenses/Expenditures										
Fixed (excluding depreciation and amortization)										
Variable (includes taxes)										
Transmission										
Salaries										
Training										
Administrative										
Total Expenses										
Earnings before interest and depreciation										
Less: Debt Service										
Interest Expense										
Principal Repayment										
Net Cash Flow										

Supplemental Information										
Depreciation Expense										
Amortization Expense										

Pro-Forma Narrative and Assumptions (required)

Please provide a detailed narrative explaining the 10-year projected Pro-Forma including any assumptions used in its development. This document should correspond exactly to any other references in the application. This is required even if your organization is funded by a state or local government on an appropriation, or equivalent, basis. Sample documentation that might support your Pro-forma might include, but is certainly not limited to:

Revenues/Budgeted Appropriations:
Subscriber growth based on _____(demographics, new developments, school participation)
Growth of revenues based _____(percentage of subscriber growth possibly)
Long-term contracts generating revenues
Market and Industry expectations

Expenses:
Operating expenses projected as a function of sales based on specific industry averages
Long-term contracts with telecommunications carrier
Salaries based on the number of employees
Decrease in expenses (%) based on efficiency/learning curve
Property tax rate used

Attachment 4

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Equal Opportunity and Nondiscrimination Certification

All grants and loans made under 7 CFR Part 1703 are subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, as amended, (7 CFR Part 15); Section 504 of the Rehabilitation Act of 1973, as amended, (29 U.S.C. 901 *et seq*.; 7 CFR Part 15b); and Age Discrimination of 1975, as amended (42 U.S.C. 6101 *et seq*.; 45 CFR Part 90); and as amended by Executive Order 11375 Amending Executive Order 11246, Relating to Equal Employment Opportunity (3 CFR, 1966, 1970 Comp., p. 684).

All recipients of financial assistance from RUS, the prospective primary participant commits to carry out RUS' established policy to comply with the requirements of the above laws and executive orders to the effect that no person in the United States shall, "on the basis of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the RUS Distance Learning and Telemedicine Loan and Grant Programs."

The _____ (Grantee/Borrower) hereby certifies that, as a prospective recipient under the said Distance Learning and Telemedicine Loan and Grant Program, it will comply with the above reference laws and executive orders.

_____ _____
(Date) *(Signature)*

_____
(Type or Print Name)

_____
(Title)

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

Attachment 5

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Certificate Regarding Architectural Barriers

All facilities financed with RUS grants and/or loans funds that are open to the public, or in which physically handicapped persons may be employed or reside, must be designed, constructed, and/or altered to be readily accessible to, and usable by handicapped persons. Standards for these facilities must comply with the Architectural Barriers Act of 1968, as amended, 42 U.S.C. 4151 *et seq*.) and with the Uniform Federal Accessibility Standards (UFAS), (Appendix A to 41 CFR subpart 101-19.6).

As a prospective primary participant recipient of financial assistance from RUS, this organization commits to carry out RUS' established policy to comply with the requirements of the above referenced law to the effect that all facilities must be readily accessible to and usable by handicapped persons.

The _____ (Grantee/Borrower) hereby certifies, that, as a prospective recipient under the Distance Learning and Telemedicine Grant and Loan Program, it is in compliance, or will be in compliance upon completion of the project, with the above referenced law.

_____ _____
(Date) *(Signature)*

_____
(Name Typed or Printed)

_____
(*Title)*

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

Attachment 6

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Certificate Regarding Flood Hazard Area Precautions

In accordance with 7 CFR Part 1788, if the project is in an area subject to flooding, flood insurance must be provided to the extent available and required under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001 through 4128). If applicable, the insurance must cover, in addition to the buildings, any machinery, equipment, fixtures, and furnishings contained in the buildings. RUS will comply with Executive Order 11988, Floodplain Management (3 CFR, 1977 Comp., p. 117), and 7 CFR 1794.41, of this chapter in considering the application for the project.

Please check the appropriate line below:

___ a) The project is not located in a 100 year flood plain; therefore, no Flood Insurance is required.

___ b) The project is located in a 100 year flood plain and the required insurance is or will be provided by:

_____

_____

_____

The _____ (Grantee/Borrower) hereby certifies, that, as a prospective recipient under the Distance Learning and Telemedicine Loan and Grant Program, it is in compliance, or will be in compliance during construction and/or installation of equipment and upon completion of the project, with the above referenced law.

_____ _____
(Date) (Si*gnature)*

_____
(Name Typed or Printed)

_____
(Title)

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

Attachment 7

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Certification

The _____ (Grantee/Borrower) assures that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act), 42 U.S.C. 4601-4655, and with implementing Federal regulations in 49 CFR Part 24 and 7 CFR Part 21.

Specifically, the _____ (Grantee/Borrower) assures that:

Whenever Federal financial assistance is used to pay for any part of the cost of a program or project which will result in the displacement of any person;

(a) Fair and reasonable relocation payments and assistance shall be provided to or for displaced persons in accordance with sections 202, 203, and 204 of the Uniform Act,

(b) Relocation assistance programs offering the services described in section 205 of the Uniform Act shall be provided to displaced persons, and

(c) Within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with section 205(c)(3) of the Uniform Act.

_____ _____

Date *Signature of President or Authorized Official of Ultimate Recipient*

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

Attachment 8

U.S. Department of Agriculture
Rural Utilities Service

Certification Regarding Drug-Free Workplace Requirements (Grants/Loans)
Alternative I – For Grantees/Borrowers Other than Individuals

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (P.L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 *et seq.*), 7 CFR Part 3017, Subpart F, Section 3017.600, Purpose. The January 31, 1989, regulations were amended and published as Part II of the May 25, 1990, Federal Register (pages 21681-21691). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant/loan.

ALTERNATIVE I

A. The grantee/borrower certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee/borrower's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug-free awareness program to inform employees about:

(1) The dangers of drug abuse in the workplace;
(2) The grantee/borrower's policy of maintaining a drug-free workplace;
(3) Any available drug counseling, rehabilitation, and employee assistance programs; and
(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the grant/loan be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant/loan, the employee will:

(1) Abide by the terms of the statement; and
(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than 5 calendar days after such conviction;

(e) Notifying the Agency in writing, within 10 calendar days after receiving notice under subparagraph (d) (2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant/loan officer on whose grant/loan activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant/loan;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

B. The grantee/borrower may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant/loan:

Place of Performance:

_____

Street Address *City*

_____

County *State* *Zip Code*

____ **Check if there are workplaces on file that are not identified here.**

_____

Organization Name

_____

Name and Title of Authorized Representative

_____

Signature *Date*

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

Page 2 of 2

U.S. Department of Agriculture
Rural Utilities Service

Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' Responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed transaction.

(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 from covered transactions by any Federal department or agency;

(b) have not within a 3-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 3-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

_____
Name and Title of Authorized Representative

_____
Signature *Date*

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

Attachment 10

U.S. Department of Agriculture
Rural Utilities Service

Certification Regarding Lobbying 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 or 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. (Copies of this form may be obtained from RUS.)

(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 and Title of Authorized Representative

_____
Signature *Date*

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

Attachment 11

U.S Department of Agriculture
Rural Utilities Service

Non Duplication of Services Certificate

As a prospective primary participant recipient of assistance from RUS, this organization commits to carry out RUS' established policy to comply with the requirements that no facilities using financial assistance will duplicate adequate established telemedicine services and/or distance learning services.

The _____ (Grantee/Borrower) hereby certifies that as a prospective recipient under the said Distance Learning and Telemedicine Loan and Grant Program, that it will not use RUS grant and/or loan funds to duplicate any adequate established services as referenced above.

_____ *(Date)*

_____ *(Signature)*

_____ *(Name Typed or Printed)*

_____ *(Title)*

(*This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)*

Attachment 12

U.S. DEPARTMENT OF AGRICULTURE
Rural Utilities Service

Distance Learning and Telemedicine Loan and Grant Program Environmental Questionnaire/Certification

Environmental Project Summary:

(This description should encompass all construction in the project, no matter the source of funding. It should provide details of how the project will impact the environment (wetlands, farmlands, floodplain, cultural environment, endangered species, environmental quality, and historic preservation). If additional space is needed, continue on white bond paper and insert between the first and second pages.)

If the construction proposed in this application, as described above, will not impact the environment or historic preservation, you may sign the certification indicating that no adverse impact and skip filling out the questionnaire.

CERTIFICATION

I hereby certify that the construction proposed in this application will not adversely impact the environment or historic preservation.

_____
(Signature and Date)

_____
(Print or Type Title)

QUESTIONNAIRE

Note: It is extremely important to respond to all questions completely to ensure expeditious processing of the Distance Learning and Telemedicine application. The information herein is required by Federal law.

Important: Any activity related to the project that may adversely affect the environment or limit the choice of reasonable development alternatives shall not be undertaken prior to the completion of Rural Utilities Service's environmental review process.

Legal Name of Applicant _____

Signature *(Type, sign, & date)* _____

The applicant's representative certifies to the best of his/her knowledge and belief that the information contained herein is accurate. Any false information may result in disqualification for consideration of financial assistance or the rescission of financial assistance.

I. Project Description - Detailing construction, including, but not limited to internal modifications of existing structures, and/or installation of telecommunications transmission facilities (defined in 7 CFR 1703.102), including satellite uplinks or downlinks, microwave transmission towers, and cabling.

1. Describe the portion of the project, and site locations (including legal ownership of real property), involving internal modifications, or equipment additions to buildings or other structures (e.g., relocating interior walls or adding computer facilities) for each site.

2. Describe the portion of the project, and site locations (including legal ownership or real property), involving construction of transmission facilities, including cabling, microwave towers, satellite dishes, or disturbance of property of .99 acres or greater for each project site.

3. Describe the nature of the proposed use of the facilities and whether any hazardous materials, air emissions, wastewater discharge, or solid waste will result.

4. State whether or not any project site(s) contain or are near properties listed or eligible for listing in the National Register of Historic Places, and identify any historic properties. (The applicant must supply evidence that the State Historic Preservation Officer (SHPO) has cleared development regarding any historical properties).

5. Provide information whether or not any facility(ies) or site(s) are located in a 100-year floodplain. A National Flood Insurance Map should be included reflecting the location of the project site(s).

II. For projects that involve construction of transmission facilities, including cabling, microwave towers, satellite dishes, or physical disturbance of real property of .99 acres or greater, the following information must be submitted (7 CFR 1703.109(i)(3)).

1. A map (*preferably a U.S. Geological Survey map*) of the area for each site affected by construction (include as an attachment).

2. A description of the amount of property to be cleared, excavated, fenced, or otherwise disturbed by the project and a description of the current land use and zoning and any vegetation for each project site affected by construction.

3. A description of buildings or other structures (i.e., transmission facilities), including dimensions, to be constructed or modified.

4. A description of the presence of wetlands or existing agricultural operations and/or threatened or endangered species or critical habitats on or near the project site(s) affected by construction.

5. Describe any actions taken to mitigate any environmental impacts resulting from the proposed project (use attachment if necessary).

Note: The applicant may submit a copy of any environmental review, study assessment, report or other document that has been prepared in connection with obtaining permits, approvals, or other financing for the proposed project from State, local or other Federal bodies. Such material, to the extent relevant, may be used to meet the requirements herein.

(This is not an official Government form. It has been prepared to assist and expedite the application process and is only intended for use in the Distance Learning and Telemedicine Loan and Grant Program.)

U.S. Department of Agriculture
Rural Utilities Service

Federal Obligations Certification on Delinquent Debt

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

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

Note: Example 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: _____

Attachment 14

RURAL UTILITIES SERVICE
GENERAL FIELD REPRESENTATIVES
POINTS OF CONTACT

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Richard Nieland 1816 128th Avenue, N.W. Coon Rapids, Minnesota 55448 **(763) 755-1032**	Southern Minnesota

Attachment 15

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William H. Welch, III 5100 Old Birmingham Hwy. Tuscaloosa, Alabama 35404 **(205) 562-8017**	Mississippi, Alabama

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The following is a list of State Directors as of January 2003. Please check http://www.rurdev.usda.gov/recd_map.html for changes to this list throughout the year.

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Attachment 16

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The DLT Program is covered by Executive Order 12372. All applicants are required to submit a copy of their application to their state Single Point of Contact (SPOC) – see Form 424 (Attachment 1), box #16 – for review. If your state does not have a SPOC office or has for some reason declined to review the application, check the box next to "or program has not been selected by state for review." Do **not** check the box next to program is not covered by E.O. 12372." The following is a list of State SPOC as of January 2003. Please check http://www.whitehouse.gov/OMB/grants/spoc.html for changes to this list throughout the year.

ALABAMA
No State SPOC Office

ALASKA
No State SPOC Office

AMERICAN SAMOA
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Attachment 17

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Rural Utilities Service

7 CFR Part 1703
Distance Learning and Telemedicine Loan and Grant Program

Fiscal Year 2003

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DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1703

DISTANCE LEARNING AND TELEMEDICINE LOAN AND GRANT PROGRAM

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Subpart D--Distance Learning and Telemedicine Loan and Grant Program - General

§ 1703.100 Purpose.

The purpose of the Distance Learning and Telemedicine (DLT) Loan and Grant Program is to encourage and improve telemedicine services and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents. This subpart describes the general policies for administering the DLT program. Subpart E contains the policies and procedures related to grants; subpart F contains the policies and procedures related to a combination loan and grant; and subpart G contains the policies and procedures related to loans.

§ 1703.101 Policy.

(a) The transmission of information is vital to the economic development, education, and health of rural Americans. To further this objective, RUS will provide financial assistance to distance learning and telemedicine projects that will improve the access of people residing in rural areas to educational, learning, training, and health care services.

(b) In providing financial assistance, RUS will give priority to rural areas that it believes have the greatest need for distance learning and telemedicine services. RUS believes that generally the need is greatest in areas that are economically challenged,

costly to serve, and experiencing outward migration. This program is consistent with the provisions of the Telecommunications Act of 1996 that designate telecommunications service discounts for schools, libraries, and rural health care centers. RUS will take into consideration the community's involvement in the proposed project and the applicant's ability to leverage grant funds.

(c) In administering this subpart, RUS will not favor or mandate the use of one particular technology over another.

(d) Rural institutions are encouraged to cooperate with each other, with applicants, and with end-users to promote the program being implemented under this subpart.

(e) RUS staff will make diligent efforts to inform potential applicants in rural areas of the programs being implemented under this subpart.

(f) The Administrator will provide only loans under this subpart to any entity that has received a telecommunications or electric loan under the Rural Electrification Act of 1936. Telecommunications and Electric borrowers are encouraged to seek a loan under this subpart to bolster educational and health care opportunities in the rural communities they serve. A borrower receiving a loan shall:

(1) Make the loan available to entities that qualify as distance learning or telemedicine projects satisfying the requirements of this subpart, under any terms it so chooses as long as the terms are no more stringent than the terms under which it received the financial assistance.

(2) Use the loan to acquire, install, improve, or extend a distance learning or telemedicine system referred to in this subpart.

(g) The Administrator will allocate funds that are appropriated each fiscal year for the subparts E, F, and G, respectively. Not more than 30 days before the end of the fiscal year, the Administrator may transfer any funds not committed to grants in the combination loan and grant program to the grant program.

(h) Financial assistance may be provided for end user sites. Financial assistance may also be provided for hubs located in rural or non-rural areas if they are necessary to provide distance learning or telemedicine services to rural residents at end user sites.

(i) The Administrator will publish, at the end of each fiscal year, a notice in the Federal Register of all applications receiving financial assistance under this subpart. Subject to the provisions of the Freedom of Information Act, (5 U.S.C. 552), applications will be available for public inspection at the U.S. Department of Agriculture, 1400 Independence Avenue, SW., Washington, D.C., 20250.

§ 1703.102 Definitions.

1996 Act means the Federal Agriculture Improvement Act of 1996.

Act means the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.).

Administrator means the Administrator of the Rural Utilities Service, or designee or successor.

Applicant means an eligible organization that applies for financial assistance under this subpart.

Approved purposes means project purposes for which grant, loan, or combination loan and grant financial assistance may be expended.

Champion community means any community that submitted a valid application to become a USDA Empowerment Zone/Enterprise Community (EZ/EC) area, that met the requirements to be designated an EZ/EC area, but not chosen because their score was not high enough to be selected.

Combination loan and grant means a grant in combination with a loan made under the DLT program.

Completed application means an application that includes all those items specified in §§ 1703.125, 1703.134, and 1703.144 in form and substance satisfactory to the Administrator.

Computer networks mean computer hardware and software, terminals, signal conversion equipment including both modulators and demodulators, or related devices, used to communicate with other computers to process and exchange data through a telecommunication network in which signals are generated, modified, or prepared for transmission, or received, via telecommunications terminal equipment and telecommunications transmission facilities.

Consortium means a combination or group of entities formed to undertake the purposes for which the distance learning and telemedicine financial assistance is provided. At least one of the entities in a consortium must meet the requirements of § 1703.103.

Construct means to acquire, construct, extend, improve, or install a facility or system.

Data terminal equipment means equipment that converts user information into data signals for transmission, or reconverts the received data signals into user information, and is normally found on the terminal of a circuit and on the premises of the end user.

Distance learning means a telecommunications link to an end user through the use of eligible equipment to:

(1) Provide educational programs, instruction, or information originating in one area, whether rural or not, to students and teachers who are located in rural areas; or

(2) Connect teachers and students, located in one rural area with teachers and students that are located in a different rural area.

DLT borrower means an entity that has an outstanding loan under the provisions of the DLT program.

DLT program means the Distance Learning and Telemedicine Loan and Grant Program administered by RUS.

Economic useful life as applied to equipment and facilities financed under the DLT program means the number of years resulting from dividing 100 percent by the depreciation rate (expressed as a percent) based on Internal Revenue Service depreciation rules or recognized telecommunications industry guidelines.

Eligible equipment means computer hardware and software, audio or video equipment, computer network components, telecommunications terminal equipment, data terminal equipment, inside wiring, interactive video equipment, or other facilities that would further telemedicine services or distance learning services.

Eligible facilities means land, buildings, or building construction needed to carry out an eligible distance learning or telemedicine project for loan financial assistance only.

Empowerment Zone and Enterprise Community (EZ/EC) means any community whose designation as such by USDA pursuant to 26 U.S.C. 1391 et seq., is in effect at the time RUS agrees to provide financial assistance.

End user is one or more of the following:

(1) Rural elementary, secondary schools, and other educational institutions, such as institutions of higher education, vocational and adult training and education centers, libraries, and teacher training centers, and students, teachers and instructors using such rural educational facilities, that participate in a rural distance learning telecommunications program through a project funded under this subpart;

(2) Rural hospitals, primary care centers or facilities, such as medical centers, nursing homes, and clinics, and physicians and staff using such rural medical facilities, that participate in a rural telemedicine program through a project funded under this subpart; and

(3) Other rural community facilities, institutions, or entities that receive distance learning or telemedicine services.

End user site means a facility that is part of a network or telecommunications system that is utilized by end users.

Financial assistance means a grant, combination loan and grant, or loan.

GFR means RUS telecommunications program General Field Representative.

Grant documents means the grant agreement, including any amendments and supplements thereto, between RUS and the grantee.

Grantee means a recipient of a grant from RUS to carry out the purposes of the DLT program.

Guarantee means a guarantee for a loan provided by a RUS borrower or other qualified third party.

Hub means a facility that is part of a network or telecommunications system that provides educational or medical services to end user sites.

Instructional programming means educational material, including computer software, which would be used for educational purposes in connection with eligible equipment but does not include salaries, benefits, and overhead of medical or educational personnel.

Interactive equipment means equipment used to produce and prepare for transmission audio and visual signals from at least two distant locations so that individuals at such locations can orally and visually communicate with each other. Such equipment includes monitors, other display devices, cameras or other recording devices, audio pickup devices, and other related equipment.

Loan means a loan made under the DLT program bearing interest at a rate equal to the then current cost-of-money to the government.

Loan documents mean the loan agreement, note, and security instrument, including any amendments and supplements thereto, between RUS and the DLT borrower.

Local exchange carrier means a commercial, cooperative or mutual-type association, or public body that is engaged in the provision of telephone exchange service or exchange access.

Matching contribution means the applicant's contribution for approved purposes.

National school lunch program (NSLP) means the federally assisted meal program established under the National School Lunch Act of 1946 (42 U.S.C. 1751).

Project means approved purposes for which financial assistance has been provided.

Project service area means the area in which at least 90 percent of the persons to be served by the project are likely to reside.

Recipient means a grantee, borrower, or both of a DLT program grant, loan or combination loan and grant.

Rural community facility means a facility such as a school, library, learning center, training facility, hospital, or medical facility that provides educational or health care benefits primarily to residents of rural areas.

RUS means the Rural Utilities Service, an agency of the United States Department of Agriculture, successor to the Rural Electrification Administration.

. Secretary means the Secretary of Agriculture.

Technical assistance means:

(1) Assistance in learning to manage, operate, or use equipment or systems; and

(2) Studies, analyses, designs, reports, manuals, guides, literature, or other forms of creating, acquiring, or disseminating information.

Telecommunications carrier means any provider of telecommunications services.

Telecommunications or electric borrower means an entity that has outstanding RUS or Rural Telephone Bank electric or telecommunications loans or loan guarantees under the provisions of the Act.

Telecommunications systems plan means the plan submitted by an applicant in accordance with § 1703.125 for grants, § 1703.134 for a combination loan and grant, or § 1703.144 for loans.

Telecommunications terminal equipment means the assembly of telecommunications equipment at the end of a circuit or path of a signal, including but not limited to facilities that receive or transmit over the air broadcast, satellite, and microwave, normally located on the premises of the end user, that interfaces with telecommunications transmission facilities, and that is used to modify, convert, encode, or otherwise prepare signals to be transmitted via such telecommunications facilities, or that is used to modify, reconvert, or carry signals received from such facilities, the purpose of which is to accomplish the goal for which the circuit or signal was established.

Telecommunications transmission facilities means facilities that transmit, receive, or carry voice, video, or data between the telecommunications terminal equipment at each end of the telecommunications circuit or path. Such facilities include microwave antennae, relay stations and towers, other telecommunications antennae, fiber-optic cables and repeaters, coaxial cables, communication satellite ground station complexes, copper cable electronic equipment associated with telecommunications transmissions, and similar items.

Telemedicine means a telecommunications link to an end user through the use of eligible equipment which electronically links medical professionals at separate sites in order to exchange health care information in audio, video, graphic, or other format for the purpose of providing improved health care services primarily to residents of rural areas.

§ 1703.103 Applicant eligibility and allocation of funds.

(a) To be eligible to receive a grant, loan and grant combination, or loan under this subpart:

(1) The applicant must be legally organized as an incorporated organization or partnership, an Indian tribe or tribal organization, as defined in 25 U.S.C. 450b (b) and (c), a state or local unit of government, a consortium, as defined in § 1703.102, or other legal entity, including a private corporation organized on a for profit or not-for profit basis. Each applicant must provide written evidence of its legal capacity to contract with RUS to obtain the grant, loan and grant combination, or the loan, and comply with all applicable requirements. If a consortium lacks the legal capacity to contract, each individual entity must contract with RUS in its own behalf.

(2) The applicant proposes to utilize the financing to:

(i) Operate a rural community facility; or

(ii) Deliver distance learning or telemedicine services to entities that operate a rural community facility or to residents of rural areas at rates calculated to ensure that the benefit of the financial assistance is passed through to such entities or to residents of rural areas.

(c) Electric or telecommunications borrowers are not eligible for grants.

§ 1703.104 [Reserved]

§ 1703.105 Processing of selected applications.

(a) During the period between the submission of an application and the execution of documents, the applicant must inform RUS if the project is no longer viable or the applicant no longer is requesting financial assistance for the project. When the applicant so informs RUS, the selection will be rescinded or the application withdrawn and written notice to that effect sent to the applicant.

(b) If an application has been selected and the scope of the project changes substantially, the applicant may be required to submit a new application to RUS for review and consideration depending on the degree of change. A new application will be subject to review in accordance with this subpart. The financial assistance may not be transferred by the applicant for use for another project.

(c) If State or local governments raise objections to a proposed project under the intergovernmental review process that are not resolved within 90 days of the Administrator's selection of the application, the Administrator will rescind the selection and written notice to that effect will be sent to the applicant. The Administrator, in his sole discretion may extend the 90 day period if it appears resolution is imminent.

(d) RUS may request additional information to complete the appropriate documents covering financial assistance.

(e) Financial Assistance Documents:

(1) The documents will include a grant agreement for grants; loan documents, including third party guarantees, notes and security instruments for

loans; or any other legal documents the Administrator deems appropriate, including suggested forms of certifications and legal opinions.

(2) The grant agreement and the loan documents will include, among other things, conditions on the release or advance of funds and include at a minimum, a project description, approved purposes, the maximum amount of the financial assistance, supplemental funds required for the project, and certain agreements or commitments the applicant may have proposed in its application. In addition, the loan documents may contain covenants and conditions the Administrator deems necessary or desirable to provide additional assurance that loans will be repaid and the purposes of the loan will be accomplished.

(3) The recipient of a loan will be required to execute a security instrument in form and substance satisfactory to RUS and must, before receiving any advance of loan funds, provide security that is adequate, in the opinion of RUS, to assure repayment, within the time agreed, of all loans to the borrower under the DLT program. This assurance will generally be provided by a first lien upon all facilities and equipment financed by the loan. RUS may require additional security as it deems necessary.

(4) Adequate security may also be provided by third-party guarantees, letters of credit, pledges of revenue, or other forms of security satisfactory to RUS.

(5) The security instrument and other loan documents required by RUS in connection with a loan under the DLT program shall contain such pledges, covenants, and other provisions as may, in the opinion of RUS, be required to secure repayment of the loan.

(6) If the project does not constitute a complete operating system, the DLT recipient shall provide evidence, in form and substance satisfactory to RUS, demonstrating that the recipient has sufficient contractual, financing, or other arrangements to assure that the project will provide adequate and efficient service.

(f) Prior to the execution of a grant and loan document, RUS reserves the right to require any changes in the project or legal documents covering the project to protect the integrity of the DLT program and the interests of the government.

(g) If the applicant fails to submit, within 120 calendar days from the date of RUS' selection of an application, all of the information that RUS determines to be necessary to prepare legal documents and satisfy other requirements of this subpart, RUS may rescind the selection of the application.

§ 1703.106 Disbursement of loans and grants.

(a) For financial assistance of $100,000 or greater, prior to the disbursement of a grant and a loan, the recipient, if it is not a unit of government, will provide evidence of fidelity bond coverage as required by 7 CFR part 3019.

(b) Grants and loans will be disbursed to recipients on a reimbursement basis, or with unpaid invoices for the eligible purposes contained in this rule, by the following process:

(1) An SF 270, "Request for Advance or Reimbursement," will be completed by the recipient and submitted to RUS not more frequently than once a month;

(2) RUS will review the SF 270 for accuracy when received and will schedule payment if the form is satisfactory. Payment will ordinarily be made within 30 days; and

(3) For financial assistance approved during and subsequent to FY 1999, funds will be advanced in accordance with 7 CFR 1744.69.

(c) The recipient's share in the cost of the project must be disbursed in advance of the loan and grant, or if the recipient agrees, on a pro rata distribution basis with financial assistance during the disbursement period. Recipients will not be permitted to provide their contributions at the end of the project.

(d) A combination loan and grant will be disbursed on a pro rata basis based on the respective amounts of financial assistance provided.

§ 1703.107 Reporting and oversight requirements.

(a) A project performance activity report will be required of all recipients on an annual basis until the project is complete and the funds are expended by the applicant.

(b) A final project performance report must be provided by the recipient. It must provide an evaluation of the success of the project in meeting the objectives of the program. The final report may serve as the last annual report.

(c) RUS will monitor recipients, as it determines necessary, to assure that projects are completed in accordance with the approved scope of work and that the financial assistance is expended for approved purposes.

(d) Recipients shall diligently monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved. Recipients are to submit an original and one copy of all project performance reports, including, but not limited to, the following:

(1) A comparison of actual accomplishments to the objectives established for that period;

(2) A description of any problems, delays, or adverse conditions which have occurred, or are anticipated, and which may affect the attainment of overall project objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of particular project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and

(3) Objectives and timetable established for the next reporting period.

§ 1703.108 Audit requirements.

A recipient of financial assistance shall provide RUS with an audit for each year, beginning with the year in which a portion of the financial assistance is expended, in accordance with the following:

(a) If the recipient is a for-profit entity, a Telecommunications or Electric borrower, or any other entity not covered by the following paragraph, the recipient shall provide an independent audit report in accordance with 7 CFR part 1773, "Policy on Audits of RUS Borrowers."

(b) If the recipient is a State or local government, or non-profit organization, the recipient shall provide an audit in accordance with 7 CFR part 3052, "Audits of States, Local Governments, and Non-Profit Organizations."

§ 1703.109 Grant and loan administration.

RUS will conduct reviews as necessary to determine whether the financial assistance was expended for approved purposes. The recipient is responsible for ensuring that the project complies with all applicable regulations, and that the grants and loans are expended only for approved purposes. The recipient is responsible for ensuring that disbursements and expenditures of funds are properly supported by invoices, contracts, bills of sale, canceled checks, or other appropriate forms of evidence, and that such supporting material is provided to RUS, upon request, and is otherwise made available, at the recipient's premises, for review by the RUS representatives, the recipient's certified public accountant, the Office of Inspector General, U.S. Department of Agriculture, the General Accounting Office, and any other official conducting an audit of the recipient's financial statements or records, and program performance for the grants and loans made under this subpart. The recipient shall permit RUS to inspect and copy any records and documents that pertain to the project.

§ 1703.110 Changes in project objectives or scope.

The recipient shall obtain prior written approval by RUS for any material change to the scope or objectives of the project, including any changes to the scope of work or the budget submitted to RUS. Any material change shall be contained in a revised scope of work plan to be prepared by the recipient, submitted to, and approved by RUS in writing.

§ 1703.111 Grant and loan termination.

(a) The financial assistance may be terminated when RUS and the recipient agree upon the conditions of the termination, the effective date of the termination, and, in the case of a partial termination of the financial assistance, any unadvanced portion of the financial assistance to be terminated and any advanced portion of the financial assistance to be returned.

(b) The recipient may terminate the financial assistance by written notification to RUS, providing the reasons for such termination, the effective date, and, in the case of a partial termination, the portion of the financial assistance to be terminated. In the case of a partial termination, if RUS believes that the remaining portion of the financial assistance will not accomplish the approved purposes, then, RUS may terminate the financial assistance in its entirety, pursuant to the provisions of paragraph (a) of this section.

§ 1703.112 Expedited telecommunications loans.

RUS will expedite consideration and determination of an application submitted by an RUS telecommunications borrower for a loan under the Act or an advance of such loan funds to be used in conjunction with financial assistance under subparts E, F, or G. See 7 CFR part 1737 for loans and 7 CFR part 1744 for advances under this section.

§§ 1703.113 - 1709.119 [Reserved]

Subpart E – Distance Learning and Telemedicine Grant Program

§ 1703.120 [Reserved]

§ 1703.121 Approved purposes for grants.

For distance learning and telemedicine projects, grants shall finance only the costs for approved purposes. Grants shall be expended only for the costs associated with the initial capital assets associated with the project. The following are approved grant purposes:

(a) Acquiring, by lease or purchase, eligible equipment as defined in § 1703.102;

(b) Acquiring instructional programming; and

(c) Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming; providing engineering or environmental studies relating to the establishment or expansion of the

phase of the project that is being financed with the grant (this purpose shall not exceed 10 percent of the grant).

§ 1703.122 Matching contributions.

(a) The grant applicant's minimum matching contribution must equal 15 percent of the grant amount requested and shall be used for approved purposes for grants listed in § 1703.121. Matching contributions generally must be in the form of cash. However, in-kind contributions solely for the purposes listed in § 1703.121 may be substituted for cash.

(b) In-kind items listed in § 1703.121 must be non-depreciated or new assets with established monetary values. Manufacturers' or service providers' discounts are not considered in-kind matching.

(c) Costs incurred by the applicant, or others on behalf of the applicant, for facilities or equipment installed, or other services rendered prior to submission of a completed application, shall not be considered as an eligible in-kind matching contribution.

(d) Costs incurred for non-approved purposes for grant outlined in § 1703.123 shall not be used as an in-kind matching contribution.

(e) Any financial assistance from Federal sources will not be considered as matching contributions under this subpart unless there is a Federal statutory exception specifically authorizing the Federal financial assistance to be considered as a matching contribution.

§ 1703.123 Nonapproved purposes for grants.

(a) A grant made under this subpart will not be provided or used:

(1) To cover the costs of acquiring, installing or constructing telecommunications transmission facilities;

(2) To pay for medical equipment not having telemedicine as its essential function;

(3) To pay salaries, wages, or employee benefits to medical or educational personnel;

(4) To pay for the salaries or administrative expenses of the applicant or the project;

(5) To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider unless that service provider is the applicant;

(6) To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others for costs incurred prior to RUS' receipt of the completed application;

(7) To pay costs of preparing the application package for financial assistance under this program;

(8) For projects whose sole objective is to provide links between teachers and students or between medical professionals who are located at the same facility;

(9) For site development and the destruction or alteration of buildings;

(10) For the purchase of land, buildings, or building construction;

(11) For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.);

(12) For any purpose that the Administrator has not specifically approved;

(13) Except for leases provided for in § 1703.121, to pay the cost of recurring or operating expenses for the project; or

(14) For any other purposes not specifically contained in § 1703.121.

(b) Except as otherwise provided in § 1703.112, grants shall not be used to finance a project, in part, when the success of the project is dependent upon the receipt of additional financial assistance under this subpart or is dependent upon the receipt of other financial assistance that is not assured.

§ 1703.124 Maximum and minimum grant amounts.

Applications for grants under this subpart will be subject to limitations on the proposed amount of grant funds. The Administrator will establish the maximum amount of a grant to be made available to an individual recipient for each fiscal year under this subpart by publishing notice of the maximum amount in the Federal Register not sooner than 45 days before the period for accepting applications begins. The minimum amount of a grant is $50,000.

§ 1703.125 Completed application.

The following items are required to be submitted to RUS in support of an application for grant funds:

(a) An application for Federal Assistance. A completed Standard Form 424

(b) An executive summary of the project. The applicant must provide RUS with a general project overview that addresses the following 9 categories:

(1) A description of why the project is needed;

(2) An explanation of how the applicant will address the need cited in paragraph (b)(1) of this section, why the applicant requires financial assistance, the types of educational or medical services to be offered by the project, and the benefits to rural residents;

(3) A description of the applicant, documenting eligibility in accordance with § 1703.103;

(4) An explanation of the total project cost including a breakdown of the grant required and the source of matching contribution and other financial assistance for the remainder of the project;

(5) A statement specifying whether the project is either a distance learning or telemedicine facility as defined in § 1703.102. If the project provides both distance learning and telemedicine services, the applicant must identify the predominant use of the system;

(6) A general overview of the telecommunications system to be developed, including the types of equipment, technologies, and facilities used;

(7) A description of the participating hubs and end user sites and the number of rural residents that will be served by the project at each end user site; and

(8) A certification by the applicant that facilities constructed with grants do not duplicate adequate established telemedicine or distance learning services.

(9) A listing of the location of each end user site (city, town, village, borough, or rural areas) plus the State.

(c) Scoring criteria documentation. Each grant applicant must address and provide documentation on how it meets each of the scoring criteria contained in § 1703.126.

(d) A scope of work. The scope of work must include, at a minimum:

(1) The specific activities to be performed under the project;

(2) Who will carry out the activities;

(3) The time-frames for accomplishing the project objectives and activities; and

(4) A budget for all capital expenditures reflecting the line item costs for approved purposes for both the grant funds and other sources of funds for the project. Separately, the budget must specify any line item costs that are nonapproved purposes for grants as contained in § 1703.123.

(e) Financial information and sustainability. The applicant must provide a narrative description demonstrating: feasibility of the project, including having sufficient resources and expertise necessary to undertake and complete the project; and, how the project will be sustained following completion of the project.

(f) A statement of experience. The applicant must provide a written narrative (not exceeding three single spaced pages) describing its demonstrated capability and experience, if any, in operating an educational or health care endeavor and any project similar to the project. Experience in a similar project is desirable but not required.

(g) Funding commitment from other sources. The applicant must provide evidence, in form and substance satisfactory to RUS, that funding agreements have been obtained to ensure completion of the project. These agreements shall be sufficient to ensure (1) payment of all proposed expenditures for the project; (2) all required matching contribution in § 1703.120; (3) any additional matching funding provided in accordance with § 1703.126(b)(4); and (4) any other funds necessary to complete the project.

(h) A telecommunications system plan. A telecommunications system plan consisting of the following:

(1) The capabilities of the telecommunications terminal equipment, including a description of the specific equipment which will be used to deliver the proposed service. The applicant must document discussions with various technical sources which could include consultants, engineers, product vendors, or internal technical experts, provide detailed cost estimates for operating and maintaining the end user equipment and provide evidence that alternative equipment and technologies were evaluated.

(2) A listing of the proposed telecommunications terminal equipment, telecommunications transmission facilities, data terminal equipment, interactive video equipment, computer hardware and software systems, and components that process data for transmission via telecommunications, computer network components, communication satellite ground station equipment, or any other elements of the telecommunications system designed to further the purposes of this subpart, that the applicant intends to build or fund using RUS financial assistance.

(3) A description of the consultations with the appropriate telecommunications carriers (including other interexchange carriers, cable television operators, enhanced service providers, providers of satellite services and telecommunications equipment manufacturers and distributors) and the anticipated role of such providers in the proposed telecommunications system.

(i) Compliance with other Federal statutes. The applicant must provide evidence of compliance with other Federal statutes and regulations including, but not limited to the following:

(1) E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60;

(2) Architectural barriers;

(3) Flood hazard area precautions;

(4) Assistance and Real Property Acquisition Policies Act of 1970;

(5) Drug-Free Workplace Act of 1998 (41 U.S.C. 701);

(6) E.O.s 12549 and 12689, Debarment and Suspension;

(7) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

(j) Environmental impact and historic preservation.

(1) The applicant must provide details of the project's impact on the environment and historic

preservation. Grants made under this part are subject to part 1794 of this chapter which contains RUS' policies and procedures for implementing a variety of Federal statutes, regulations, and executive orders generally pertaining to the protection of the quality of the human environment that are listed in 7 CFR 1794.1. The application shall contain a separate section entitled "Environmental Impact of the Project."

(2) The applicant may use the "Environmental Questionnaire," available from RUS, to assist in complying with the requirements of this section.

(k) Evidence of legal authority and existence. The applicant must provide evidence of its legal existence and authority to enter into a grant agreement with RUS and perform the activities proposed under the grant application.

(l) Federal debt certification. The applicant must provide a certification that it is not delinquent on any obligation owed to the government (7 CFR parts 3016 and 3019).

(m) Consultation with USDA State Director, Rural Development. The applicant must provide evidence that it has consulted with the USDA State Director, Rural Development, concerning the availability of other sources of funding available at the State or local level.

(n) State Strategic Plan Conformity. The applicant must provide evidence from the USDA State Director, Rural Development, that the application conforms with the State strategic plan as prepared under section 381D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.). The applicant should indicate if such a plan does not exist.

(o) Supplemental information. The applicant should provide any additional information it considers relevant to the project and likely to be helpful in determining the extent to which the project would further the purposes of the 1996 Act.

(p) Additional information required by RUS. The applicant must provide any additional information RUS may consider relevant to the application and necessary to adequately evaluate the application. RUS may request modifications or changes, including changes in the amount of financial assistance requested, in any proposal described in an application submitted under this subpart.

§ 1703.126 Criteria for scoring grant applications.

(a) Criteria. The criteria in this section will be used by RUS to score applications that have been determined to be in compliance with the requirements of this subpart. Applications for grants must meet the rurality requirements in paragraph (b)(2)(iv) of this section and address each of the following scoring criteria:

(1) The need for services and benefits derived from services (up to 55 points);

(2) The comparative rurality of the project service area (up to 45 points);

(3) The economic need of the applicant's service area as estimated by the NSLP or other supplemental objective criteria (up to 35 points);

(4) The ability of the applicant to leverage resources (up to 35 points);

(5) Innovativeness of the project (up to 15 points);

(6) The cost effectiveness of the system (up to 35 points);

(7) Project participation in EZ/ECs (Empowerment Zone and Enterprise Communities) and Champion Communities (up to 15 points).

(b) Scoring criteria:

(1) The need for services and benefits derived from services - Up to 55 Points.

(i) This criterion will be used by RUS to score applications based on the documentation in support of the need for services, benefits derived from the services proposed by the project, and local community involvement in planning, implementing, and financial assistance of the project. Applicants may receive up to 45 points for documenting the need for services and benefits derived from service as explained in this section. Applicants with an average NSLP percentage less than 50 percent as determined in paragraph (b)(3) of this section may receive up to an additional 10 points based on information submitted that evidences the economic need of the project's service area. This determination will be made by RUS based on information submitted by the applicant under paragraph (b)(1) of this section.

(ii) RUS will consider the extent of the applicant's documentation explaining the economic, education, or health care challenges facing the community; the applicant's proposed plan to address these challenges; how the grant can help; and why the applicant cannot complete the project without a grant. RUS will also consider the extent to which the applicant provides evidence that economic, education, or health care challenges could not be addressed without employing advanced technology. The Administrator will also consider any support by recognized experts in the related educational or health care field, any documentation substantiating the educational or health care underserved nature of the applicant's proposed service area, and any justification for specific educational or medical services which are needed and will provide direct benefits to rural residents.

(A) Some examples of benefits to be provided by the project include, but are not limited to:

(1) Improved educational opportunities for a specified number of students;

(2) Travel time and money saved by telemedicine diagnoses;

(3) Number of doctors retained in rural areas;

(4) Number of additional students electing to attend higher education institutions;

(5) Lives saved due to prompt medical diagnoses and treatment;

(6) New education courses offered, including college level courses;

(7) Expanded use of educational facilities such as night training;

(8) Number of patients receiving telemedicine diagnoses;

(9) Provision of training, information resources, library assets, adult education, lifetime learning, community use of technology, jobs, connection to region, nation, and world.

(B) Other matters that will be considered by RUS under this criterion include:

(1) That rural residents, and other beneficiaries, desire the educational or medical services to be provided by the project. A strong indication of need is the willingness of local end users or institutions, to the extent possible, to contribute to the capital costs of establishing the project. This could include letters of financial commitment toward the project from local institutions.

(2) The extent of the project's planning, development, and support by local residents and institutions. This may include evidence of community involvement, as exemplified in community meetings, public forums, and surveys. In addition, applicants should provide evidence of local residents' participation in the project planning and development.

(3) The extent to which the application addresses the problems of population out-migration and how the project seeks to slow, halt, or prevent population loss.

(4) The extent to which the application is consistent with the State strategic plan prepared by the Rural Development State Director of the United States Department of Agriculture.

(2) <u>The comparative rurality of the project service area</u> - Up to 45 Points.

This criterion will be used to evaluate the relative rurality of service areas for various projects. Under this system, the end user sites and hubs (as defined in § 1703.102) contained within the project service area are identified and given a score according to the population of the area where the end user sites are located.

(i) The following definitions are used in the evaluation of rurality:

(A) Exceptionally Rural Area means any area of the United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 5,000 inhabitants.

(B) Rural Area means any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population over 5,000 and not in excess of 10,000 inhabitants.

(C) Mid-Rural Area means any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population over 10,000 and not in excess of 20,000 inhabitants.

(D) Urban Area means any area of the United States included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 20,000 inhabitants.

(ii) There are a total of 45 possible points for this criterion. Each end user site will receive points based on its location in accordance with paragraph (b)(2)(i) of this section. If a hub is utilized as an end user site, the hub will be considered as an end user site. The applicant will receive points as follows:

(A) If the end user site is located in an Exceptionally Rural Area, it will receive 45 points.

(B) If the end user site is located in a Rural Area, it will receive 30 points.

(C) If the end user site is located in a Mid-Rural Area, it will receive 15 points.

(D) If the end user site is located in an Urban Area, it will receive 0 points.

(iii) The total score for this criterion will be based on the average score for all the end user sites included in the project.

(iv) An application must receive a minimum of 20 points as an average score for all the end user sites under this criterion to be eligible for a grant.

(3) <u>The economic need of the applicant's service area as estimated by NSLP</u> - Up to 35 points.

This criterion will be used to evaluate the relative financial need of the applicant, community, and project. All applicants are required to provide the applicable percentage of students eligible to participate in the NSLP for each area to be served by the end user site. The appropriate State or local organization administering the program must certify the percentages as being correct. The applicant must provide RUS with a listing of the location of each end user site (city, town, village, borough or rural area plus the State) discussing how the appropriate NSLP percentage was determined in accordance with this section. These percentages may be obtained from the State or local organization that administers the program and must be certified by that organization as being correct. For purposes of this subpart, the NSLP percentage will reflect the percentage of eligibility rather than the percentage of actual participation.

(i) The following guidelines will be used to determine the applicable NSLP percent for a particular application:

(A) Public schools or non-profit private schools of high school grade or under will use the actual eligibility percentage for that particular school.

(B) Schools and institutions of higher learning ineligible to participate in the NSLP and non-school end user sites (medical facilities, libraries, etc.) will use the eligibility percentage of all students in the school district where the end user will be located.

(C) Percentage ratios will be rounded up to the next highest or rounded down to the next lowest whole number for fraction of percentages at or greater than .5 or less than .5, respectively.

(D) The project NSLP percentage will be determined by the average of the NSLP percentages of the end user sites. If end user sites fall within different percentile categories, the eligibility percentages associated with each end user site will be averaged to determine the percentile category. For purposes of averaging, if a hub is also utilized as an end user site, the hub will be considered as an end user site.

(ii) The applicant will receive points as follows:

(A) NSLP percentage greater than or equal to 75 percent – 35 points

(B) NSLP percentage greater than or equal to 50 percent but less than 75 percent – 20 points

(C) NSLP percentage greater than or equal to 25 percent but less than 50 percent – 15 points

(D) NSLP percentage less than 25 percent – 0 points.

(4) The ability of the applicant to leverage financial resources - Up to 35 points.

This criterion will be used to evaluate the ability of the applicant to provide a matching contribution for the project using other non-Federal financial assistance. Documentation submitted in support of the application should reflect any additional financial support for the project from non-Federal sources above the applicant's minimum matching contribution of 15 percent as required by § 1703.122. The applicant must include evidence, from authorized representatives of the sources, of a commitment that the funds are available and will be used for the project. The applicant will receive points as follows:

(i) Matching contribution for approved purposes greater than 15 percent, but less than or equal to 30 percent of the grant requested — 0 points.

(ii) Matching contribution for approved purposes greater than 30 percent, but less than or equal to 50 percent of the grant requested — 15 points.

(iii) Matching contribution for approved purposes greater than 50 percent, but less than or equal to 75 percent of the grant requested — 25 points.

(iv) Matching contribution for approved purposes greater than 75 percent, but less than or equal to 100 percent of the grant requested — 30 points.

(v) Matching contribution for a grant for approved purposes greater than 100 percent of the grant requested — 35 points.

(5) Innovativeness of the project - Up to 15 points.

This criterion will be used to evaluate the innovativeness of application based on documentation that shows how the project utilizes advanced telecommunications in a unique way to address the needs of the community. Innovativeness should be addressed in the context of how the project will deliver distance learning or telemedicine services more effectively or at a lower cost. The following issues may be addressed to show how the project differs from a typical distance learning and telemedicine network as follows:

(i) The extent to which the project differs from a technical standpoint;

(ii) The extent to which the project differs from an educational or medical programmatic standpoint;

(iii) The extent to which the project reflects a unique adaptation of technology based on the special needs or circumstances of the proposed area to be served by the project; and

(iv) The potential of the project to influence or lead changes in how telecommunications services can be delivered in other areas.

(6) The cost-effectiveness of the project - Up to 35 points

This criterion will be used to evaluate the cost effectiveness of the application based on the extent that cost-efficiency is considered in delivering the services in the project. The following issues should be addressed under this criterion:

(i) The extent to which the applicant has considered various technological options for delivering the services. The applicant must provide sufficient documentation reflecting accepted analytical and financial methodologies to substantiate its choice of technology as the most cost-effective option. RUS will consider the applicant's documentation and analysis comparing various systems and technologies.

(ii) Whether buying or leasing specific equipment is more cost effective.

(iii) The extent to which the project will utilize other existing networks at the regional, statewide, national or international levels. To the extent possible, educational and health care networks should be designed to utilize the widest practicable number of other networks that expand the capabilities of the project, thereby affording rural residents opportunities that may not be available at the local

level. The ability to connect to the Internet alone can not be used as the sole basis to fulfill this criteria.

(iv) The extent to which the facilities being constructed with financial assistance, particularly financial assistance under this chapter provided to entities other than the applicant, will be utilized to extend or enhance the benefits of the project.

(v) The extent to which the project utilizes existing telecommunications transmission facilities that could provide the transmission path for the needed services. For projects that do not utilize existing transmission facilities, RUS will consider documentation explaining the necessity of this option. RUS will also consider any agreements between the applicant and other entities for sharing transmission facilities to lower the fixed costs of such facilities.

(7) Project participation in EZ/ECs and champion communities - (Up to 15 Points).

This criterion will be used by RUS to score applications based on the number of end user sites within an EZ/EC and Champion Community. Ten (10) points will be assigned if at least one end user site is located in an EZ/EC. Five (5) points will be assigned if at least one end user site is located in a Champion Community.

§ 1703.127 Application selection provisions.

(a) Applications will be selected for approval based on scores assigned, availability of funds, and the provisions of this section. RUS will make determinations regarding the reasonableness of all numbers; dollar levels; rates; the nature and design of the project; costs; location; and other characteristics of the application and the project to determine the number of points assigned to a grant application for all selection criteria.

(b) Regardless of the number of points an application receives in accordance with § 1703.126, the Administrator may, based on a review of the applications in accordance with the requirements of this subpart:

(1) Limit the number of applications selected for projects located in any one State during a fiscal year;

(2) Limit the number of selected applications for a particular project;

(3) Select an application receiving fewer points than another higher scoring application if there are insufficient funds during a particular funding period to select the higher scoring application. In this case, however, the Administrator will provide the applicant of the higher scoring application the opportunity to reduce the amount of its grant request to the amount of funds available. If the applicant agrees to lower its grant request, it must certify that the purposes of the project can be met, and the Administrator must determine the project is financially feasible at the lower amount in accordance with § 1703.125(e)(1). An applicant or multiple applicants affected under this paragraph will have the opportunity to be considered for loan financing in accordance with subparts F and G of this part.

(c) RUS will not approve a grant if RUS determines that:

(1) The applicant's proposal does not indicate financial feasibility or is not sustainable in accordance with the requirements of § 1703.125(e)(1);

(2) The applicant's proposal indicates technical flaws, which, in the opinion of RUS, would prevent successful implementation, operation, or sustainability of the project;

(3) Other applications would provide more benefit to rural America based on a review of the financial and technical information submitted in accordance with § 1703.125(e).

(4) Any other aspect of the applicant's proposal fails to adequately address any requirement of this subpart or contains inadequacies which would, in the opinion of RUS, undermine the ability of the project to meet the general purpose of this subpart or comply with policies of the DLT Program contained in § 1703.101.

(d) Grant applications will be ranked by the type of application (health care or educational) and total points scored. Grants available for medical and educational applicants may be allocated based on the total number of medical and educational applications scoring in the top 50 percent of all applications received for that fiscal year. Based on the number and type of applications received, applications may be ranked only in one category based on the predominant use of the project.

(e) RUS may reduce the amount of the applicant's grant based on insufficient program funding for the fiscal year in which the project is reviewed. RUS will discuss its findings informally with the applicant and make every effort to reach a mutually acceptable agreement with the applicant. Any discussions with the applicant and agreements made with regard to a reduced grant amount will be confirmed in writing, and these actions shall be deemed to have met the notification requirements set forth in paragraph (f) of this section.

(f) RUS will provide the applicant with an explanation of any determinations made with regard to paragraphs (c)(1) through (c)(4) of this section prior to making final project selections for the year. The applicant will be provided 15 days from the date of RUS' letter to respond, provide clarification, or make any adjustments or corrections to the project. If, in the opinion of the Administrator, the applicant fails to adequately respond to any determinations or other findings made by the Administrator, the project will not be funded, and the applicant will be notified of this determination. If the applicant does not agree

with this finding an appeal may be filed in accordance with § 1703.129.

(g) Grantees shall comply with all applicable provisions of 7 CFR parts 3015, 3016, and 3019.

§ 1703.128 Submission of applications.

(a) Applications for grants shall be submitted to the RUS, U.S. Department of Agriculture, 1400 Independence Avenue, SW., STOP 1590, Washington, DC 20250-1590. Applications should be marked "Attention: Assistant Administrator, Telecommunications Program".

(b) Applications must be submitted to RUS postmarked not later than the application filing deadline established by the Administrator if the applications are to be considered during the period for which the application was submitted. The deadline for submission of applications each fiscal year will be published, and provided through other notices, by RUS in the Federal Register, at least 30 days before the deadline occurs. It is suggested that applications be submitted prior to the respective deadline to ensure they can be reviewed and considered complete by the deadline. RUS will review each application for completeness in accordance with § 1703.125, and notify the applicant, within 15 working days of the receipt of the application, of the results of this review, citing any information that is incomplete. To be considered for a grant, the applicant must submit the information to complete the application within 15 working days of the date of RUS' written response. If the applicant has submitted an application prior to the application filing deadline, the applicant will have 15 working days from RUS' response or until the application filing deadline to submit information, whichever provides the applicant more time. If the applicant fails to submit such information by the appropriate deadline, the application will be considered during the next established application period.

(c) All applicants must submit an original and two copies of a completed application. Applicants must also submit a copy of the application to the State government point of contact, if one has been designated for the State, at the same time it submits an application to RUS. All applications must include the information required by § 1703.125.

§ 1703.129 Appeals.

All qualifying applications under this subpart will be scored based on the criteria contained in § 1703.126. Awards will be made by RUS based on the highest ranking applications and the amount of financial assistance available for grants. All applicants will be notified in writing of the score each application receives, and included in this notification will be a tentative minimum required score to receive financial assistance. If the score received by the applicant could result in the denial of its application, or if its score, while apparently sufficient to qualify for financial assistance, may be surpassed by the score awarded to a competing application after appeal, that applicant may appeal its numerical scoring. Any appeal must be based on inaccurate scoring of the application by RUS and no new information or data that was not included in the original application will be considered. The appeal must be made, in writing, within 10 days after the applicant is notified of the scoring results. Appeals shall be submitted to the Administrator, RUS, U.S. Department of Agriculture, 1400 Independence Ave., SW., STOP 1590, Washington, DC 20250-1590. Thereafter, the Administrator will review the original scoring to determine whether to sustain, reverse, or modify the original scoring determination. Final determinations will be made after consideration of all appeals. The Administrator's determination will be final. A copy of the Administrator's decision will be furnished promptly to the applicant.

Subpart F – Distance Learning and Telemedicine Combination Loan and Grant Program

§ 1703.130 Use of combination loan and grant.

(a) A combination loan and grant may be used by eligible organizations as defined in § 1703.103 for distance learning and telemedicine projects to finance 100 percent of the cost of approved purposes contained in § 1703.131 provided that no financial assistance may exceed the maximum amount for the year in which the combination loan and grant is made.

(b) Applicants must meet the minimum eligibility requirement for determining the extent to which the project serves rural areas as determined in § 1703.126(b)(2) (the applicant must receive at least 20 points to be eligible to receive financial assistance under this subpart).

§ 1703.131 Approved purposes for a combination loan and grant.

The approved purposes for a combination loan and grant are:

(a) Acquiring, by lease or purchase, eligible equipment or facilities as defined in § 1703.102;

(b) Acquiring instructional programming;

(c) Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming; providing engineering or environmental studies relating to the establishment or expansion of the phase of the project that is being financed with the a combination loan and grant (this purpose shall not exceed 10 percent of the total requested financial assistance);

(d) Paying for medical or educational equipment and facilities that are shown to be necessary to implement the project, including vehicles utilizing distance learning and telemedicine technology to deliver educational and health care services. The applicant must demonstrate that such items are necessary to meet the purposes under this subpart and financial assistance for such equipment and facilities is not available from other sources at a cost which would not adversely affect the economic viability of the project;

(e) Providing links between teachers and students or medical professionals who are located at the same facility, provided that such facility receives or provides distance learning or telemedicine services as part of a distance learning or telemedicine network which meets the purposes of this subpart;

(f) Providing for site development and alteration of buildings in order to meet the purposes of this subpart. Financial assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested;

(g) Purchasing of land, buildings, or building construction determined by RUS to be necessary and incidental to the project. The applicant must demonstrate that funding from other sources is not available at a cost that does not adversely impact the economic viability of the project as determined by the Administrator. Financial assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested; and,

(h) Acquiring telecommunications transmission facilities provided that no telecommunications carrier will install such facilities under the Act or through other financial procedures within a reasonable time period and at a cost to the applicant that does not impact the economic viability of the project, as determined by the Administrator.

§ 1703.132 Nonapproved purposes for a combination loan and grant.

(a) Without limitation, a combination loan and grant made under this subpart shall not be expended:

(1) To pay salaries, wages, or employee benefits to medical or educational personnel;

(2) To pay for the salaries or administrative expenses of the applicant or the project;

(3) To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider, unless the applicant is the local exchange carrier or other telecommunications service provider;

(4) To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others for costs incurred prior to RUS' receipt of the completed application;

(5) For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.);

(6) For any purpose that the Administrator has not specifically approved;

(7) Except for leases (see § 1703.131), to pay the cost of recurring or operating expenses for the project; or,

(8) For any other purposes not specifically outlined in § 1703.131.

(b) Except as otherwise provided in § 1703.112, funds shall not be used to finance a project, in part, when the success of the project is dependent upon the receipt of additional financial assistance under this subpart or is dependent upon the receipt of other funding that is not assured.

§ 1703.133 Maximum and minimum amounts.

Applications for a combination loan and grant under this subpart will be subject to limitations on the proposed amount of loans and grants. The Administrator will establish the maximum amount of loans and grants and the portion of grant funds as a percentage of total assistance for each project to be made available to an individual recipient for each fiscal year under this subpart, by publishing notice of the maximum amount in the Federal Register before the beginning the fiscal year to carry out this subpart. The minimum amount of a combination loan and grant is $50,000.

§ 1703.134 Completed application.

The following items are required to be submitted to RUS in support of an application for a combination loan and grant:

(a) An application for federal assistance: A completed Standard Form 424.

(b) An executive summary of the project. The applicant must provide RUS with a general project overview that addresses each of the following 9 categories:

(1) A description of why the project is needed;

(2) An explanation of how the applicant will address the need cited in paragraph (b)(1) of this section, why the applicant requires financial assistance, the types of educational or medical services to be offered by the project, and the benefits to the rural residents;

(3) A description of the applicant, documenting eligibility in accordance with § 1703.103;

(4) An explanation of the total project cost including a breakdown of the combination loan and grant required and the source of funding, if applicable, for the remainder of the project;

(5) A statement specifying whether the project provides predominantly distance learning or telemedicine services as defined in § 1703.102. If the project provides both distance learning and

telemedicine services, the applicant must identify the predominant use of the system;

(6) A general overview of the telecommunications system to be developed, including the types of equipment, technologies, and facilities used;

(7) A description of the participating hubs and end user sites and the number of rural residents that will be served by the project at each end user site;

(8) A certification by the applicant that facilities constructed with a combination loan and grant do not duplicate adequately established telemedicine or distance learning services.

(9) A listing of the location of each end user site (city, town, village, borough, or rural area plus the State).

(c) A scope of work. The scope of work must include, at a minimum:

(1) The specific activities to be performed under the project;

(2) Who will carry out the activities;

(3) The time-frames for accomplishing the project objectives and activities; and

(4) A budget for capital expenditures reflecting the line item costs for both the combination loan and grant and any other sources of funds for the project.

(d) Financial information. The applicant must show its financial ability to complete the project; show project feasibility; and provide evidence that it can execute a note for a loan with a maturity period greater than one year. For educational institutions participating in a project application (including all members of a consortium), the financial data must reflect revenue and expense reports and balance sheet reports, reflecting net worth, for the most recent annual reporting period preceding the date of the application. For medical institutions participating in a project application (including all members of a consortium), the financial data must include income statement and balance sheet reports, reflecting net worth, for the most recent completed fiscal year preceding the date of the application. When the applicant is a partnership, company, corporation, or other entity, current balance sheets, reflecting net worth, are needed from each of the entities that has at least a 20 percent interest in such partnership, company, corporation or other entity. When the applicant is a consortium, a current balance sheet, reflecting net worth, is needed from each member of the consortium and from each of the entities that has at least a 20 percent interest in such member of the consortium.

(1) Applicants must include sufficient pro-forma financial data that adequately reflects the financial capability of project participants and the project as a whole to continue a sustainable project for a minimum of 10 years and repay the loan portion of the combination loan and grant. This documentation should include sources of sufficient income or revenues to pay operating expenses including telecommunications access and toll charges, system maintenance, salaries, training, and any other general operating expenses, provide for replacement of depreciable items, and show repayment of interest and principal for the loan portion of the combination loan and grant.

(2) A list of property which will be used as collateral to secure repayment of the loan. The applicant shall purchase and own collateral that secures the loan free from liens or security interests and take all actions necessary to perfect a security interest in the collateral that secures the loan. RUS considers as adequate security for a loan, a guarantee by a RUS telecommunications or electric borrower or by another qualified party. Additional forms of security, including letters of credit, real estate, or any other items will be considered. RUS will determine the adequacy of the security offered.

(3) As applicable, a depreciation schedule covering all assets of the project. Those assets for which a combination loan and grant are being requested should be clearly indicated.

(4) For each hub and end user site, the applicant must identify and provide reasonable evidence of each source of revenue. If the projection relies on cost sharing arrangements among hub and end user sites, the applicant must provide evidence of agreements made among project participants.

(5) For applicants eligible under § 1703.103(a)(3), an explanation of the economic analysis justifying the rate structure to ensure that the benefit, including cost saving, of the financial assistance is passed through to the other persons receiving telemedicine or distance learning services.

(e) A statement of experience. The applicant must provide a written narrative (not exceeding three single spaced pages) describing its demonstrated capability and experience, if any, in operating an educational or health care endeavor similar to the project. Experience in a similar project is desirable but not required.

(f) A telecommunications system plan. A telecommunications system plan, consisting of the following (the items in paragraphs (g)(4) and (g)(5) of this section are required only when the applicant is requesting a combination loan and grant for telecommunications transmission facilities):

(1) The capabilities of the telecommunications terminal equipment, including a description of the specific equipment which will be used to deliver the proposed service. The applicant must document discussions with various technical sources which could include consultants, engineers, product vendors, or internal technical experts, provide detailed cost estimates for operating and maintaining the end user equipment and provide evidence that

alternative equipment and technologies were evaluated.

(2) A listing of the proposed purchases or leases of telecommunications terminal equipment, telecommunications transmission facilities, data terminal equipment, interactive video equipment, computer hardware and software systems, and components that process data for transmission via telecommunications, computer network components, communication satellite ground station equipment, or any other elements of the telecommunications system designed to further the purposes of this subpart, that the applicant intends to build or fund using a combination loan and grant.

(3) A description of the consultations with the appropriate telecommunications carriers (including other interexchange carriers, cable television operators, enhanced service providers, providers of satellite services, and telecommunications equipment manufacturers and distributors) and the anticipated role of such providers in the proposed telecommunications system.

(4) Results of discussions with local exchange carriers serving the project area addressing the concerns Contained in § 1703.131(h).

(5) The capabilities of the telecommunications transmission facilities, including bandwidth, networking topology, switching, multiplexing, standards, and protocols for intra-networking and open systems architecture (the ability to effectively communicate with other networks). In addition, the applicant must explain the manner in which the transmission facilities will deliver the proposed services. For example, for medical diagnostics, the applicant might indicate whether or not a guest or other diagnosticians can join the network from locations off the network. For educational services, indicate whether or not all hub and end-user sites are able to simultaneously hear in real-time and see each other or the instructional material in real-time. The applicant must include detailed cost estimates for operating and maintaining the network, and include evidence that alternative delivery methods and systems were evaluated.

(g) Compliance with other Federal statutes. The applicant must provide evidence of compliance with other federal statutes and regulations including, but not limited to the following:

(1) E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60;

(2) Architectural barriers;

(3) Flood hazard area precautions;

(4) Assistance and Real Property Acquisition Policies Act of 1970;

(5) Drug-Free Workplace Act of 1998 (41 U.S.C. 701);

(6) E.O.s 12549 and 12689, Debarment and Suspension;

(7) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

(h) Environmental impact and historic preservation.

(1) The applicant must provide details of the project's impact on the environment and historic preservation. Loans and grants made under this part are subject to 7 CFR part 1794 which contains RUS' policies and procedures for implementing a variety of Federal statutes, regulations, and executive orders generally pertaining to the protection of the quality of the human environment that are listed in 7 CFR 1794.1. The application shall contain a separate section entitled "Environmental Impact of the Project."

(2) The applicant may use the "Environmental Questionnaire," available from RUS, to assist in complying with the requirements of this section.

(i) Evidence of legal authority and existence. The applicant must provide evidence of its legal existence and authority to enter into a grant and incur debt with RUS.

(j) Federal debt certification. The applicant must provide evidence that it is not delinquent on any obligation owed to the government.

(k) Supplemental information. The applicant should provide any additional information it considers relevant to the project and likely to be helpful in determining the extent to which the project would further the purposes of this subpart.

(l) Additional information required by RUS. The applicant must provide any additional information RUS may consider relevant to the application and necessary to adequately evaluate the application. RUS may also request modifications or changes, including changes in the amount of funds requested, in any proposal described in an application submitted under this subpart.

§ 1703.135 Application selection provisions.

(a) A combination loan and grant will be approved based on availability of funds, the financial feasibility of the project in accordance with § 1703.134(d), the services to be provided which demonstrate that the project meets the general requirements of this subpart, the design of the project; costs; location; and other characteristics of the application.

(b) RUS will determine, from the information submitted with each application for a combination loan and grant, whether the application achieves sufficient priority, based on the criteria set forth in the 1996 Act, to receive a combination loan and grant from funds available for the fiscal year. If such priority is achieved, RUS will process the combination loan and grant application on a first-in,

first-out basis, provided that the total amount of applications on-hand for combination loans and grants does not exceed 90 percent of the total loan and grant funding available for the fiscal year. At such time as the total amount of applications eligible for combination loans and grants, if such applications were approved, exceeds 90 percent of amount of combination loan and grant funding available, RUS will process the remaining applications using the evaluation criteria set forth in § 1703.126.

(c) RUS will not approve a combination loan and grant if RUS determines that:

(1) The applicant's proposal does not indicate financial feasibility, or will not be adequately secured in accordance with the requirements contained in § 1703.134(d);

(2) The applicant's proposal indicates technical flaws, which, in the opinion of RUS, would prevent successful implementation, or operation of the project; or

(3) Any other aspect of the applicant's proposal fails to adequately address any requirements of this subpart or contains inadequacies which would, in the opinion of RUS, undermine the ability of the project to meet the general purpose of this subpart or comply with policies of the DLT program contained in § 1703.101.

(d) RUS will provide the applicant with a statement of any determinations made with regard to paragraphs (c)(1) through (c)(3) of this section. The applicant will be provided 15 days from the date of RUS' letter to respond, provide clarification, or make any adjustments or corrections to the project. If, in the opinion of the Administrator, the applicant fails to adequately respond to any determinations or other findings made by the Administrator, the project will not be funded, and the applicant will be notified of this determination. If the applicant does not agree with this finding, an appeal may be filed in accordance with § 1703.137.

§ 1703.136 Submission of applications.

(a) RUS will accept applications for a combination loan and grant submitted by RUS telecommunications General Field representatives (GFRs), by Rural Development State Directors, or by applicants themselves. Applications for a combination loan and grant under this subpart may be filed at any time and will be evaluated as received.

(b) Applications submitted to the State Director, Rural Development, in the State serving the headquarters of the project will be evaluated as they are submitted. All applicants must submit an original and two copies of a completed application. The applicant must also submit a copy of the application to the State government point of contact, if one has been designated for the State, at the same time it submits an application to the State Director. The State Director will:

(1) Review each application for completeness in accordance with § 1703.134, and notify the applicant, within 15 working days of receiving the application, of the results of this review, acknowledging a complete application, or citing any information that is incomplete. To be considered for a combination loan and grant, the applicant must submit any additional information requested to complete the application within 15 working days of the date of the State Director's written response. If the applicant fails to submit such information, the application will be returned to the applicant.

(2) Within 30 days of the determination of a completed application in accordance with paragraph (b)(1) of this section, review the application to determine suitability for financial assistance in accordance with § 1703.135, and other requirements of this subpart. Based on its review, the State Director will work with the applicant to resolve any questions or obtain any additional information. The applicant will be notified, in writing, of any additional information required to allow a financial assistance recommendation and will be provided a reasonable period of time to furnish the additional information.

(3) Based on the review in accordance with § 1703.135 and other requirements of this subpart, make a preliminary determination of suitability for financial assistance. A combination loan and grant recommendation will be prepared by the State Director with concurrence of the RUS telecommunications GFR that addresses the provisions of sections § 1703.134 and § 1703.135 and other applicable requirements of this subpart.

(4) If the application is determined suitable for further consideration by RUS, forward an original and one copy of the application with a financial assistance recommendation, signed jointly, to the Assistant Administrator, Telecommunications Program, Rural Utilities Service, Washington, DC. The applicant will be notified by letter of this action. Upon receipt of the application from the State Director, RUS will conduct a review of the application and the financial assistance recommendation. A final determination will be made within 15 days. If the Administrator determines that a combination loan and grant can be approved, the State Director will be notified and the State Director will notify the applicant. A combination loan and grant will be processed, approved, and serviced in accordance with §§ 1703.105 through 1703.112 of subpart D.

(5) If the State Director determines that the application is not suitable for further consideration by RUS, notify the applicant with the reasons for this determination. The applicant may appeal this

determination pursuant to section § 1703.137 of this subpart.

(c) Applications submitted by RUS telecommunications GFRs or directly by applicants will be evaluated as they are submitted. All applicants must submit an original and two copies of a completed application. The applicant must also submit a copy of the application to the State government point of contact, if one has been designated for the State, at the same time it submits an application to RUS. RUS will:

(1) Review each application for completeness in accordance with § 1703.134, and notify the applicant, within 15 working days of receiving the application, of the results of this review, acknowledging a complete application, or citing any information that is incomplete. To be considered for a combination loan and grant assistance, the applicant must submit any additional information requested to complete the application within 15 working days of the date of the RUS written response. If the applicant fails to submit such information, the application will be returned to the applicant.

(2) Within 30 days of the determination of a completed application in accordance with paragraph (c)(1) of this section, review the application to determine suitability for financial assistance in accordance with § 1703.135, and other requirements of this subpart. Based on its review, RUS will work with the applicant to resolve any questions or obtain any additional information. The applicant will be notified, in writing, of any additional information required to allow a financial assistance recommendation and will be provided a reasonable period of time to furnish the additional information.

(3) If the application is determined suitable for further consideration by RUS, conduct a review of the application and financial assistance recommendation. A final determination will be made within 15 days. If the Administrator determines that a combination loan and grant can be approved, the applicant will be notified. A combination loan and grant will be processed, approved, and serviced in accordance with §§ 1703.105 through 1703.112 of subpart D.

(4) If RUS determines that the application is not suitable for further consideration, notify the applicant with the reasons for this determination. The applicant will be able to appeal in accordance with § 1703.137 of this subpart.

§ 1703.137 Appeals.

Any appeal must be made, in writing, within 10 days after the applicant is notified of the determination to deny the application. Appeals shall be submitted to the Administrator, RUS, U.S. Department of Agriculture, 1400 Independence Ave., SW., STOP 1590, Washington, DC 20250-1590. Thereafter, the Administrator will review the appeal to determine whether to sustain, reverse, or modify the original determination. Final determinations will be made after consideration of all appeals. The Administrator's determination will be final. A copy of the Administrator's decision will be furnished promptly to the applicant.

§§ 1703.138 -- 1703.139 [Reserved]

Subpart G – Distance Learning and Telemedicine Loan Program

§ 1703.140 Use of loan funds.

A loan may be used by eligible organizations as defined in §1703.103 for distance learning and telemedicine projects to finance 100 percent of the cost of approved purposes contained in §1703.141 provided that no financial assistance may exceed the maximum amount for the year in which the loan is made. Entities seeking a loan must be able to provide security and execute a note with a maturity period greater than one year. The following entities are eligible for loans under this subpart:

(a) Organizations as defined in § 1703.103. If a RUS telecommunications borrower is seeking a loan, the borrower does not need to submit all of the financial security information required by § 1703.144(d). The borrower's latest financial report (Form 479) filed with RUS and any additional information relevant to the project, as determined by RUS, will suffice;

(b) Any non-profit or for-profit entity, public or private entity, urban or rural institution, or rural educational broadcaster, which proposes to provide and receive distance learning and telemedicine services to carry out the purposes of this subpart; or

(c) Any entity that contracts with an eligible organization in paragraphs (a) or (b) of this section for constructing distance learning or telemedicine facilities for the purposes contained in § 1703.141, except for those purposes in § 1703.141(h).

(d) Applicants must meet the minimum eligibility requirement for determining the extent to which the project serves rural areas as contained in § 1703.126(b)(2) (the applicant must receive at least 20 points to be eligible to receive financial assistance under this subpart).

§ 1703.141 Approved purposes for loans.

The following are approved purposes for loans:

(a) Acquiring, by lease or purchase, eligible equipment or facilities as defined in § 1703.102;

(b) Acquiring instructional programming;

(c) Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming;

providing engineering or environmental studies relating to the establishment or expansion of the phase of the project that is being financed with the loan (financial assistance for this purpose shall not exceed 10 percent of the requested financial assistance);

(d) Paying for medical or educational equipment and facilities which are shown to be necessary to implement the project, including vehicles utilizing distance learning and telemedicine technology to deliver educational and health care services. The applicant must demonstrate that such items are necessary to meet the purposes under this subpart and financial assistance for such equipment and facilities is not available from other sources at a cost which would not adversely affect the economic viability of the project;

(e) Providing links between teachers and students or medical professionals who are located at the same facility, provided that such facility receives or provides distance learning or telemedicine services as part of a distance learning or telemedicine network which meets the purposes of this subpart;

(f) Providing for site development and alteration of buildings in order to meet the purposes of this subpart. Loans for this purpose must be necessary and incidental to the total amount of financial assistance requested;

(g) Purchasing of land, buildings, or building construction, where such costs are demonstrated necessary to construct distance learning and telemedicine facilities. The applicant must demonstrate that funding from other sources is not available at a cost which does not adversely impact the economic viability of the project as determined by the Administrator. Financial assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested; and,

(h) Acquiring of telecommunications transmission facilities provided that no telecommunications carrier will install such facilities under the Act or through other financial procedures within a reasonable time period and at a cost to the applicant that does not impact the economic viability of the project, as determined by the Administrator.

(i) Any project costs, except for salaries and administrative expenses, not included in paragraphs (a) through (h) of this section, incurred during the first two years of operation after the financial assistance has been approved. The applicant must show that financing such costs are necessary for the establishment or continued operation of the project and that financing is not available for such costs elsewhere, including from the applicant's financial resources. The Administrator will determine whether such costs will be financed based on information submitted by the applicant. Loans shall not be made exclusively to finance such costs, and financing for such costs will not exceed 20 percent of the loan provided to a project under this section.

(j) For all of the costs needed to provide distance learning broadcasting to rural areas. Loans may be used to cover the costs of facilities and end-user equipment dedicated to providing educational broadcasting to rural areas for distance learning purposes. If the facilities are not 100 percent dedicated to broadcasting, a portion of the financing may be used to fund such facilities based on a percentage of use factor that approximates the distance learning broadcasting portion of use.

§ 1703.142 Nonapproved purposes for loans.

(a) Loans made under this subpart will not be provided to pay the costs of recurring or operating expenses incurred after two years from approval of the project except for leases (see § 1703.141).

(b) Loans made under this subpart will not be provided for any of the following costs:

(1) To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider, unless the applicant is the local exchange carrier or other telecommunications service provider;

(2) To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others for costs incurred prior to RUS' receipt of the completed application;

(3) For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.);

(4) To pay for salaries, wages, or administrative expenses; or

(5) For any purpose that the Administrator has not specifically approved.

(c) Except as otherwise provided in § 1703.112, funds shall not be used to finance a project, in part, when the success of the project is dependent upon the receipt of additional financial assistance under this subpart D or is dependent upon the receipt of other funding that is not assured.

§ 1703.143 Maximum and minimum amounts.

Applications for loans under this subpart will be subject to limitations on the proposed amount of loans. The Administrator will establish the maximum amount of a loan available to an applicant under this subpart, by publishing notice of the maximum amount in the Federal Register before the opening of the application window. The minimum amount of a loan is $50,000.

§ 1703.144 Completed application.

The following items are required to be submitted in support of an application for a loan:

(a) An application for federal assistance: A completed standard form 424

(b) An executive summary of the project. The applicant must provide RUS with a general project overview that addresses each of the following 9 categories:

(1) A description of why the project is needed;

(2) An explanation of how the applicant will address the need (see paragraph (b)(1) of this section), why the applicant requires financial assistance, the types of educational or medical services to be offered by the project, and the benefits to the rural residents;

(3) A description of the applicant, documenting eligibility in accordance with § 1703.103;

(4) An explanation of the total project cost including a breakdown of the loan required and the source of funding, if applicable, for the remainder of the project;

(5) A statement specifying whether the project provides predominantly distance learning or telemedicine services as defined in § 1703.102. If the project provides both distance learning and telemedicine services, the applicant must identify the predominant use of the system;

(6) A general overview of the telecommunications system to be developed, including the types of equipment, technologies, and facilities used;

(7) A description of the participating hubs and end user sites and the number of rural residents which will be served by the project at each end user site;

(8) A certification by the applicant that facilities funded by a loan do not duplicate adequate established telemedicine or distance learning services.

(9) A listing of the location of each end user site (city, town, village, borough, or rural area plus the State).

(c) A scope of work. The scope of work must include, at a minimum:

(1) The specific activities to be performed under the project;

(2) Who will carry out the activities;

(3) The time-frames for accomplishing the project objectives and activities; and

(4) A budget for capital expenditures reflecting the line item costs for the loan and any other sources of funds for the project.

(d) Financial information. The applicant must show its financial ability to complete the project; show project feasibility; and provide evidence that it can execute a note for a loan for a maturity period greater than one year. For educational institutions participating in a project application (including all members of a consortium), the financial data must reflect revenue and expense reports and balance sheet reports, reflecting net worth, for the most recent annual reporting period preceding the date of the application. For medical institutions participating in a project application (including all members of a consortium), the financial data must include income statement and balance sheet reports, reflecting net worth, for the most recent completed fiscal year preceding the date of the application. When the applicant is a partnership, company, corporation, or other entity, current balance sheets, reflecting net worth, are needed from each of the entities that has at least a 20 percent interest in such partnership, company, corporation or other entity. When the applicant is a consortium, a current balance sheet, reflecting net worth, is needed from each member of the consortium and from each of the entities that has at least a 20 percent interest in such member of the consortium.

(1) Applicants must include sufficient pro-forma financial data which adequately reflects the financial capability of project participants and the project as a whole to continue a sustainable project for a minimum of 10 years and repay the requested loan. This documentation should include sources of sufficient income or revenues to pay operating expenses including telecommunications access and toll charges, system maintenance, salaries, training, and any other general operating expenses, provide for replacement of depreciable items, and show repayment of interest and principal for the loan.

(2) A list of property which will be used as collateral to secure repayment of the proposed loan. The applicant shall purchase and own collateral that secures the loan free from liens or security interests and take all actions necessary to perfect a first lien in the collateral that secures the loan. RUS will consider as adequate security a loan guarantee by a telecommunications or electric borrower or by another qualified party. Additional forms of security, including letters of credit, real estate, or any other items will be considered. RUS will determine the adequacy of the security offered.

(3) As applicable, a depreciation schedule covering all assets of the project. Those assets for which a loan is being requested should be clearly indicated.

(4) For each hub and end user site, the applicant must identify and provide reasonable evidence of each source of revenue. If the projection relies on cost sharing arrangements among hub and end user sites, the applicant must provide evidence of agreements made among project participants.

(5) For applicants eligible under § 1703.103(a)(3), an explanation of the economic analysis justifying the rate structure to ensure that the benefit, including cost saving, of the financial assistance is passed through to the other persons receiving telemedicine or distance learning services.

(e) A statement of experience. The applicant must provide a written narrative (not exceeding three single spaced pages) describing its demonstrated

capability and experience, if any, in operating an educational or health care endeavor and any project similar to the project. Experience in a similar project is desirable but not required.

(f) A telecommunications system plan. A telecommunications system plan, consisting of the following (the items in paragraphs (g)(4) and (g)(5) of this section are required only when the applicant is requesting a loan for telecommunications transmission facilities):

(1) The capabilities of the telecommunications terminal equipment, including a description of the specific equipment which will be used to deliver the proposed service. The applicant must document discussions with various technical sources which could include consultants, engineers, product vendors, or internal technical experts, provide detailed cost estimates for operating and maintaining the end user equipment and provide evidence that alternative equipment and technologies were evaluated.

(2) A listing of the proposed purchases or leases of telecommunications terminal equipment, telecommunications transmission facilities, data terminal equipment, interactive video equipment, computer hardware and software systems, and components that process data for transmission via telecommunications, computer network components, communication satellite ground station equipment, or any other elements of the telecommunications system designed to further the purposes of this subpart, that the applicant intends to build or fund using a loan.

(3) A description of the consultations with the appropriate telecommunications carriers (including other interexchange carriers, cable television operators, enhanced service providers, providers of satellite services, and telecommunications equipment manufacturers and distributors) and the anticipated role of such providers in the proposed telecommunications system.

(4) Results of discussions with local exchange carriers serving the project area addressing the concerns contained in § 1703.141(h).

(5) The capabilities of the telecommunications transmission facilities, including bandwidth, networking topology, switching, multiplexing, standards, and protocols for intra-networking and open systems architecture (the ability to effectively communicate with other networks). In addition, the applicant must explain the manner in which the transmission facilities will deliver the proposed services. For example, for medical diagnostics, the applicant might indicate whether or not a guest or other diagnosticians can join the network from locations off the network. For educational services, indicate whether or not all hub and end-user sites are able to simultaneously hear in real-time and see each other or the instructional material in real-time. The applicant must include detailed cost estimates for operating and maintaining the network, and include evidence that alternative delivery methods and systems were evaluated.

(g) Compliance with other federal statutes. The applicant must provide evidence of compliance with other Federal statutes and regulations including, but not limited to the following:

(1) E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60;

(2) Architectural barriers;

(3) Flood hazard area precautions;

(4) Assistance and Real Property Acquisition Policies Act of 1970;

(5) Drug-Free Workplace Act of 1998 (41 U.S.C. 701);

(6) E.O.s 12549 and 12689, Debarment and Suspension;

(7) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

(h) Environmental impact and historic preservation.

(1) The applicant must provide details of the project's impact on the environment and historic preservation. Loans made under this part are subject to 7 CFR part 1794 which contains RUS' policies and procedures for implementing a variety of Federal statutes, regulations, and executive orders generally pertaining to the protection of the quality of the human environment that are listed in 7 CFR 1794.1. The application shall contain a separate section entitled "Environmental Impact of the Project."

(2) The applicant may use the "Environmental Questionnaire," available from RUS, to assist in complying with the requirements of this section.

(i) Evidence of legal authority and existence. The applicant must provide evidence of the its legal existence and authority to enter into debt with RUS and perform the activities proposed under the loan application.

(j) Federal debt certification. The applicants must provide a certification that it is not delinquent on any obligation owed to the government (7 CFR parts 3016 and 3019).

(k) Supplemental information. The applicant should provide any additional information it considers relevant to the project and likely to be helpful in determining the extent to which the project would further the purposes of this subpart.

(l) Additional information required by RUS. The applicant must provide any additional information RUS determines is necessary to adequately evaluate the application. Modifications or changes, including changes in the loan amount requested, may be requested in any project described in an application submitted under this subpart.

§ 1703.145 Application selection provisions.

(a) Loans will be approved based on availability of funds, the financial feasibility of the project in accordance with § 1703.144(d), the services to be provided which demonstrate that the project meets the general requirements of this subpart, the design of the project; costs; location; and other characteristics of the application.

(b) RUS will determine, from the information submitted with each application for a loan, whether the application achieves sufficient priority, based on the criteria set forth in the 1996 Act, to receive a loan from funds available for the fiscal year. If such priority is achieved, RUS will process the loan application on a first-in, first-out basis, provided that the total amount of applications on-hand for loans does not exceed 90 percent of the total loan funding available for the fiscal year. At such time as the total amount of applications eligible for loans, if such applications were approved, exceeds 90 percent of amount of loan funding available, RUS will process the remaining applications using the evaluation criteria set forth in § 1703.126.

(c) A loan will not be approved if it is determined that:

(1) The applicant's proposal does not indicate financial feasibility, or is not adequately secured in accordance with the requirements of § 1703.144(d);

(2) The applicant's proposal indicates technical flaws, which, in the opinion of RUS, would prevent successful implementation, or operation of the project; or

(3) Any other aspect of the applicant's proposal fails to adequately address any requirements of this subpart or contains inadequacies which would, in the opinion of RUS, undermine the ability of the project to meet the general purpose of this subpart or comply with policies of the DLT program contained in § 1703.101.

(d) RUS will provide the applicant with a statement of any determinations made with regard to paragraphs (c)(1) through (c)(3) of this section. The applicant will be provided 15 days from the date of the RUS letter to respond, provide clarification, or make any adjustments or corrections to the project. If, in the opinion of the Administrator, the applicant fails to adequately respond to any determinations or other findings made by the Administrator, the loan will not be approved, and the applicant will be notified of this determination. If the applicant does not agree with this finding an appeal may be filed in accordance with § 1703.147.

§ 1703.146 Submission of applications.

(a) RUS will accept applications for loans submitted by RUS telecommunications General Field Representatives (GFRs), by Rural Development State Directors, or by applicants themselves. Applications for loans under this subpart may be filed at any time and will be evaluated as received on a non-competitive basis.

(b) Applications submitted to the State Director, Rural Development, in the State serving the headquarters of the project will be evaluated as they are submitted. All applicants must submit an original and two copies of a completed application. The applicant must also submit a copy of the application to the State government point of contact, if one has been designated for the State, at the same time it submits an application to the State Director. The State Director will:

(1) Review each application for completeness in accordance with § 1703.144, and notify the applicant, within 15 working days of receiving the application, of the results of this review, acknowledging a complete application, or citing any information that is incomplete. To be considered for a loan, the applicant must submit any additional information requested to complete the application within 15 working days of the date of the State Director's written response. If the applicant fails to submit such information, the application will be returned to the applicant.

(2) Within 30 days of the determination of a completed application in accordance with paragraph (1) of this section, review the application to determine suitability for financial assistance in accordance with § 1703.145, and other requirements of this subpart. Based on its review, the State Director will work with the applicant to resolve any questions or obtain any additional information. The applicant will be notified, in writing, of any additional information required to allow a financial assistance recommendation and will be provided a reasonable period of time to furnish the additional information.

(3) Based on the review in accordance with § 1703.145 and other requirements of this subpart, make a preliminary determination of suitability for financial assistance. A loan recommendation will be prepared by the State Director with concurrence of the RUS telecommunications GFR that addresses the provisions of §§ 1703.144 and 1703.145 and other applicable requirement of this subpart.

(4) If the application is determined suitable for further consideration by RUS, forward an original and one copy of the application with a loan recommendation, signed jointly, to the Assistant Administrator, Telecommunications Program, Rural Utilities Service, Washington DC. The applicant will be notified by letter of this action. Upon receipt of the application from the State Director, RUS will conduct a cursory review of the application and the recommendation. A final determination will be made within 15 days. If the Administrator determines that a loan can be approved, the State Director will be

notified and the State Director will notify the applicant. Applications for loans will be processed, and approved loans serviced, in accordance with §§ 1703.105 through 1703.112.

(5) If the State Director determines that the application is not suitable for further consideration by RUS, notify the applicant with the reasons for this determination. The applicant will be offered appeal rights in accordance with § 1703.147.

(c) Applications submitted by RUS telecommunications GFRs or directly by applicants will be evaluated as they are submitted. All applicants must submit an original and two copies of a completed application. The applicant must also submit a copy of the application to the State government point of contact, if one has been designated for the State, at the same time it submits an application to the RUS. RUS will:

(1) Review each application for completeness in accordance with § 1703.144, and notify the applicant, within 15 working days of receiving the application, of the results of this review, acknowledging a complete application, or citing any information that is incomplete. To be considered for a loan, the applicant must submit any additional information requested to complete the application within 15 working days of the date of the RUS written response. If the applicant fails to submit such information, the application will be returned to the applicant.

(2) Within 30 days of the determination of a completed application in accordance with paragraph (c)(1) of this section, review the application to determine suitability for financial assistance in accordance with this subpart. Based on its review, RUS will work with the applicant to resolve any questions or obtain any additional information. The applicant will be notified, in writing, of any additional information required to allow a financial assistance recommendation and will be provided a reasonable period of time to furnish the additional information.

(3) If the application is determined suitable for further consideration by RUS, conduct a review of the application and financial assistance recommendation. A final determination will be made within 15 days. If the Administrator determines that a loan can be approved, the applicant will be notified. Applications will be processed, and approved loans serviced, in accordance with §§ 1703.105 through 1703.112 of subpart D.

(4) If RUS determines that the application is not suitable for further consideration, notify the applicant with the reasons for this determination. The applicant will be offered appeal rights in accordance with § 1703.147 of this subpart.

§ 1703.147 Appeals.

Any appeal must be made, in writing, within 10 days after the applicant is notified of the determination to deny the application. Appeals shall be submitted to the Administrator, RUS, U.S. Department of Agriculture, 1400 Independence Ave., SW., STOP 1590, Washington, DC 20250-1590. Thereafter, the Administrator will review the appeal to determine whether to sustain, reverse, or modify the original determination. Final determinations will be made after consideration of all appeals. The Administrator's determination will be final. A copy of the Administrator's decision will be furnished promptly to the applicant.

Hilda Gay Legg
Administrator, Rural Utilities Service

as amended March 11, 2002

The U.S. Department of Agriculture prohibits discrimination in its programs on the basis of race, color, National origin, sex, religion, age, disability, political beliefs, and marital or family status. (Not all bases apply to all programs.) Persons with disabilities who require alternative means for communications of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center on (202) 720-1127 (TDD). USDA is an equal opportunity employer.