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1ST SESSION

H. R. 3123

To increase the interest rates electric and telephone borrowers pay under the lending programs administered by the Rural Electrification Administration and otherwise restructure the lending programs carried out by that Administration.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 22, 1993

Mr. DE LA GARZA (for himself, Mr. ROBERTS, Mr. ENGLISH of Oklahoma, Mr. COMBEST, and Mr. BOEHNER) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To increase the interest rates electric and telephone borrowers pay under the lending programs administered by the Rural Electrification Administration and otherwise restructure the lending programs carried out by that Administration.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Electrification
5 Loan Restructuring Act of 1993”.

6 **SEC. 2. ELECTRIC AND TELEPHONE LOAN PROGRAMS.**

7 (a) **INSURED ELECTRIC AND TELEPHONE LOANS.**—

1 (1) IN GENERAL.—Section 305 of the Rural
2 Electrification Act of 1936 (7 U.S.C. 935) is amend-
3 ed—

4 (A) by striking subsections (b) and (d);

5 (B) by redesignating subsection (c) as sub-
6 section (b); and

7 (C) by inserting after subsection (b) (as so
8 redesignated) the following new subsections:

9 “(c) INSURED ELECTRIC LOANS.—

10 “(1) HARDSHIP LOANS.—

11 “(A) IN GENERAL.—The Administrator
12 shall make insured electric loans, to the extent
13 of qualifying applications for the loans, at an
14 interest rate of 5 percent per year to any appli-
15 cant for a loan who meets each of the following
16 requirements:

17 “(i) The average revenue per kilowatt-
18 hour sold by the applicant is not less than
19 120 percent of the average revenue per kil-
20 owatt-hour sold by all utilities in the State
21 in which the applicant provides service.

22 “(ii) The average residential revenue
23 per kilowatt-hour sold by the applicant is
24 not less than 120 percent of the average
25 residential revenue per kilowatt-hour sold

1 by all utilities in the State in which the ap-
2 plicant provides service.

3 “(iii) The average per capita income
4 of the residents receiving electric service
5 from the applicant is less than the average
6 per capita income of the residents of the
7 State in which the applicant provides serv-
8 ice, or the median household income of the
9 households receiving electric service from
10 the applicant is less than the median
11 household income of the households in the
12 State.

13 “(B) SEVERE HARDSHIP LOANS.—In addi-
14 tion to hardship loans that are made under sub-
15 paragraph (A), the Administrator may make an
16 insured electric loan at an interest rate of 5
17 percent per year to an applicant for a loan if,
18 in the sole discretion of the Administrator, the
19 applicant has experienced a severe hardship.

20 “(C) LIMITATION.—The Administrator
21 may not make a loan under this paragraph to
22 an applicant for the purpose of furnishing or
23 improving electric service to a consumer located
24 in an urban area (as defined by the Bureau of
25 the Census) if the average number of consum-

1 ers per mile of line of the total electric system
2 of the applicant exceeds 17.

3 “(2) MUNICIPAL RATE LOANS.—

4 “(A) IN GENERAL.—The Administrator
5 shall make insured electric loans, to the extent
6 of qualifying applications for the loans, at the
7 interest rate described in subparagraph (B) for
8 the term or terms selected by the applicant pur-
9 suant to subparagraph (C).

10 “(B) INTEREST RATE.—

11 “(i) IN GENERAL.—Subject to clause
12 (ii), the interest rate described in this sub-
13 paragraph on a loan to a qualifying appli-
14 cant shall be—

15 “(I) the interest rate determined
16 by the Administrator to be equal to
17 the current market yield on outstand-
18 ing municipal obligations with remain-
19 ing periods to maturity similar to the
20 term selected by the applicant pursu-
21 ant to subparagraph (C), but not
22 greater than the rate determined
23 under section 307(a)(3)(A) of the
24 Consolidated Farm and Rural Devel-
25 opment Act (7 U.S.C. 1927(a)(3)(A))

1 that is based on the current market
2 yield on outstanding municipal obliga-
3 tions; plus

4 “(II) if the applicant for the loan
5 makes an election pursuant to sub-
6 paragraph (D) to include in the loan
7 agreement the right of the applicant
8 to prepay the loan, a rate equal to the
9 amount by which—

10 “(aa) the interest rate on
11 commercial loans for a similar
12 period that afford the borrower
13 such a right; exceeds

14 “(bb) the interest rate on
15 commercial loans for the period
16 that do not afford the borrower
17 such a right.

18 “(ii) MAXIMUM RATE.—The interest
19 rate described in this subparagraph on a
20 loan to an applicant for the loan shall not
21 exceed 7 percent if—

22 “(I) the average number of con-
23 sumers per mile of line of the total
24 electric system of the applicant is less
25 than 5.50; or

1 “(II)(aa) the average revenue per
2 kilowatt-hour sold by the applicant is
3 more than the average revenue per
4 kilowatt-hour sold by all utilities in
5 the State in which the applicant pro-
6 vides service; and

7 “(bb) the average per capita in-
8 come of the residents receiving electric
9 service from the applicant is less than
10 the average per capita income of the
11 residents of the State in which the ap-
12 plicant provides service, or the median
13 household income of the households
14 receiving electric service from the ap-
15 plicant is less than the median house-
16 hold income of the households in the
17 State.

18 “(iii) EXCEPTION.—Clause (ii) shall
19 not apply to a loan to be made to an appli-
20 cant for the purpose of furnishing or im-
21 proving electric service to consumers lo-
22 cated in an urban area (as defined by the
23 Bureau of the Census) if the average num-
24 ber of consumers per mile of line of the

1 total electric system of the applicant ex-
2 ceeds 17.

3 “(C) LOAN TERM.—

4 “(i) IN GENERAL.—Subject to clause
5 (ii), the applicant for a loan under this
6 paragraph may select the term for which
7 an interest rate shall be determined pursu-
8 ant to subparagraph (B), and, at the end
9 of the term (and any succeeding term se-
10 lected by the applicant under this subpara-
11 graph), may renew the loan for another
12 term selected by the applicant.

13 “(ii) MAXIMUM TERM.—

14 “(I) APPLICANT.—The applicant
15 may not select a term that ends more
16 than 35 years after the beginning of
17 the first term the applicant selects
18 under clause (i).

19 “(II) ADMINISTRATOR.—The Ad-
20 ministrator may prohibit an applicant
21 from selecting a term that would re-
22 sult in the total term of the loan being
23 greater than the expected useful life
24 of the assets being financed.

1 “(D) CALL PROVISION.—The Adminis-
2 trator shall offer any applicant for a loan under
3 this paragraph the option to include in the loan
4 agreement the right of the applicant to prepay
5 the loan on terms consistent with similar provi-
6 sions of commercial loans.

7 “(3) OTHER SOURCE OF CREDIT NOT RE-
8 QUIRED IN CERTAIN CASES.—The Administrator
9 may not require any applicant for a loan made
10 under this subsection who is eligible for a loan under
11 paragraph (1) to obtain a loan from another source
12 as a condition of approving the application for the
13 loan or advancing any amount under the loan.

14 “(d) INSURED TELEPHONE LOANS.—

15 “(1) HARDSHIP LOANS.—

16 “(A) IN GENERAL.—The Administrator
17 shall make insured telephone loans, to the ex-
18 tent of qualifying applications for the loans, at
19 an interest rate of 5 percent per year, to any
20 applicant who meets each of the following re-
21 quirements:

22 “(i) The average number of subscrib-
23 ers per mile of line in the service area of
24 the applicant is not more than 4.

1 “(ii) The applicant is capable of pro-
2 ducing net income or margins before inter-
3 est of not less than 100 percent (but not
4 more than 300 percent) of the interest re-
5 quirements on all of the outstanding and
6 proposed loans of the applicant.

7 “(iii) The Administrator has approved
8 a telecommunications modernization plan
9 for the State under paragraph (3) and, if
10 the plan was developed by telephone bor-
11 rowers under this title, the applicant is a
12 participant in the plan.

13 “(iv) The average number of subscrib-
14 ers per mile of line in the area included in
15 the proposed loan is not more than 17.

16 “(B) AUTHORITY TO WAIVE TIER RE-
17 QUIREMENT.—The Administrator may waive
18 the requirement of subparagraph (A)(ii) in any
19 case in which the Administrator determines
20 (and sets forth the reasons for the waiver in
21 writing) that the requirement would prevent
22 emergency restoration of the telephone system
23 of the applicant or result in severe hardship to
24 the applicant.

1 “(C) EFFECT OF LACK OF FUNDS.—On re-
2 quest of any applicant who is eligible for a loan
3 under this paragraph for which funds are not
4 available, the applicant shall be considered to
5 have applied for a loan under title IV.

6 “(2) COST-OF-MONEY LOANS.—

7 “(A) IN GENERAL.—The Administrator
8 may make insured telephone loans for the ac-
9 quisition, purchase, and installation of tele-
10 phone lines, systems, and facilities (other than
11 buildings used primarily for administrative pur-
12 poses, vehicles not used primarily in construc-
13 tion, and customer premise equipment) related
14 to the furnishing, improvement, or extension of
15 rural telecommunications service, at an interest
16 rate equal to the then current cost of money to
17 the Government of the United States for loans
18 of similar maturity, but not more than 7 per-
19 cent per year, to any applicant for a loan who
20 meets the following requirements:

21 “(i) The average number of subscrib-
22 ers per mile of line in the service area of
23 the applicant is not more than 15.

24 “(ii) The applicant is capable of pro-
25 ducing net income or margins before inter-

1 est of not less than 100 percent (but not
2 more than 500 percent) of the interest re-
3 quirements on all of the outstanding and
4 proposed loans of the applicant.

5 “(iii) The Administrator has approved
6 a telecommunications modernization plan
7 for the State under paragraph (3) and, if
8 the plan was developed by telephone bor-
9 rowers under this title, the applicant is a
10 participant in the plan.

11 “(B) CONCURRENT LOAN AUTHORITY.—
12 On request of any applicant for a loan under
13 this paragraph during any fiscal year, the Ad-
14 ministrator shall—

15 “(i) consider the application to be for
16 a loan under this paragraph and a loan
17 under section 408; and

18 “(ii) if the applicant is eligible for a
19 loan, make a loan to the applicant under
20 this paragraph in an amount equal to the
21 amount that bears the same ratio to the
22 total amount of loans for which the appli-
23 cant is eligible under this paragraph and
24 under section 408, as the amount made
25 available for loans under this paragraph

1 for the fiscal year bears to the total
2 amount made available for loans under this
3 paragraph and under section 408 for the
4 fiscal year.

5 “(C) EFFECT OF LACK OF FUNDS.—On re-
6 quest of any applicant who is eligible for a loan
7 under this paragraph for which funds are not
8 available, the applicant shall be considered to
9 have applied for a loan guarantee under section
10 306.

11 “(3) STATE TELECOMMUNICATIONS MOD-
12 ERNIZATION PLANS.—

13 “(A) APPROVAL.—If, not later than 1 year
14 after final regulations are promulgated to carry
15 out this paragraph, the public utility commis-
16 sion of any State develops a telecommunications
17 modernization plan that meets the requirements
18 of subparagraph (B), the Administrator shall
19 approve the plan for the State. If a State does
20 not develop a plan in accordance with the re-
21 quirements of the preceding sentence, the Ad-
22 ministrator shall approve any telecommuni-
23 cations modernization plan for the State that
24 meets the requirements that is developed by a
25 majority of the borrowers of telephone loans

1 made under this title who are located in the
2 State.

3 “(B) REQUIREMENTS.—For purposes of
4 subparagraph (A), a telecommunications mod-
5 ernization plan must, at a minimum, meet the
6 following objectives:

7 “(i) The plan must provide for the
8 elimination of party line service.

9 “(ii) The plan must provide for the
10 availability of telecommunications services
11 for improved business, educational, and
12 medical services.

13 “(iii) The plan must encourage and
14 improve computer networks and informa-
15 tion highways for subscribers in rural
16 areas.

17 “(iv) The plan must provide for—

18 “(I) subscribers in rural areas to
19 be able to receive through telephone
20 lines—

21 “(aa) multiple voices;

22 “(bb) video images; and

23 “(cc) data at a rate of at
24 least 1,000,000 bits of informa-
25 tion per second; and

1 “(II) the proper routing of infor-
2 mation to subscribers.

3 “(v) The plan must provide for uni-
4 form deployment schedules to ensure that
5 advanced services are deployed at the same
6 time in rural and nonrural areas.

7 “(vi) The plan must provide for such
8 additional requirements for service stand-
9 ards as may be required by the Adminis-
10 trator.

11 “(C) FINALITY OF APPROVAL.—A tele-
12 communications modernization plan approved
13 under subparagraph (A) may not subsequently
14 be disapproved. Notwithstanding paragraphs
15 (1)(A)(iii) and (2)(A)(iii), and section
16 408(b)(4)(C), the Administrator and the Gov-
17 ernor of the telephone bank may make a loan
18 to a borrower serving a State that does not
19 have a telecommunication modernization plan
20 approved by the Administrator if the loan is
21 made less than 1 year after the Administrator
22 has adopted final regulations implementing this
23 paragraph.”.

1 (2) RURAL TELEPHONE BANK LOAN PRO-
2 GRAM.—Section 408 of such Act (7 U.S.C. 948) is
3 amended—

4 (A) in subsection (a), by striking “, (2)”
5 and all that follows through “408 of this Act,”
6 and inserting “, (2) for the acquisition, pur-
7 chase, and installation of telephone lines, sys-
8 tems, and facilities (other than buildings used
9 primarily for administrative purposes, vehicles
10 not used primarily in construction, and cus-
11 tomer premise equipment) related to the fur-
12 nishing, improvement, or extension of rural tele-
13 communications service,”;

14 (B) in subsection (b)—

15 (i) by striking paragraph (4) and in-
16 serting the following new paragraph:

17 “(4) The Governor of the telephone bank may
18 make a loan under this section only to an applicant
19 for the loan who meets the following requirements:

20 “(A) The average number of subscribers
21 per mile of line in the service area of the appli-
22 cant is not more than 15.

23 “(B) The applicant is capable of producing
24 net income or margins before interest of not
25 less than 100 percent (but not more than 500

1 percent) of the interest requirements on all of
2 the outstanding and proposed loans of the ap-
3 plicant.

4 “(C) The Administrator has approved,
5 under section 305(d)(3), a telecommunications
6 modernization plan for the State in which the
7 applicant is located and, if the plan was devel-
8 oped by telephone borrowers under title III, the
9 applicant is a participant in the plan.”;

10 (ii) in paragraph (8)—

11 (I) by inserting “(A)” after
12 “(8)”;

13 (II) by striking “if such prepay-
14 ment is not made later than Septem-
15 ber 30, 1988” and inserting “except
16 for any prepayment penalty provided
17 for in a loan agreement entered into
18 before the date of enactment of the
19 Omnibus Budget Reconciliation Act of
20 1993”; and

21 (III) by adding at the end the
22 following new subparagraph:

23 “(B) If a borrower prepays part or all of a loan
24 made under this section, then, notwithstanding sec-

1 tion 407(b), the Governor of the telephone bank
2 shall—

3 “(i) use the full amount of the prepayment
4 to repay obligations of the telephone bank is-
5 sued pursuant to section 407(b) before October
6 1, 1991, to the extent any such obligations are
7 outstanding; and

8 “(ii) in repaying the obligations, first repay
9 the advances bearing the greatest rate of inter-
10 est.”; and

11 (iii) by adding at the end the follow-
12 ing new paragraphs:

13 “(9) On request of any applicant for a loan
14 under this section during any fiscal year, the Gov-
15 ernor of the telephone bank shall—

16 “(A) consider the application to be for a
17 loan under this section and a loan under section
18 305(d)(2); and

19 “(B) if the applicant is eligible for a loan,
20 make a loan to the applicant under this section
21 in an amount equal to the amount that bears
22 the same ratio to the total amount of loans for
23 which the applicant is eligible under this section
24 and under section 305(d)(2), as the amount
25 made available for loans under this section for

1 the fiscal year bears to the total amount made
2 available for loans under this section and under
3 section 305(d)(2) for the fiscal year.

4 “(10) On request of any applicant who is eligi-
5 ble for a loan under this section for which funds are
6 not available, the applicant shall be considered to
7 have applied for a loan under section 305(d)(2).”;
8 and

9 (C) by adding at the end the following new
10 subsection:

11 “(e) Loans and advances made under this section on
12 or after November 5, 1990, shall bear interest at a rate
13 determined under this section, taking into account all as-
14 sets and liabilities of the telephone bank. This subsection
15 shall not apply to loans obligated before the date of enact-
16 ment of this subsection. Funds are not authorized to be
17 appropriated to carry out this subsection until the funds
18 are appropriated in advance to carry out this subsection.”.

19 (b) FUNDING.—

20 (1) LIMITATIONS ON AUTHORIZATION OF AP-
21 PROPRIATIONS.—Section 314 of such Act (7 U.S.C.
22 940d) is amended to read as follows:

1 **“SEC. 314. LIMITATIONS ON AUTHORIZATION OF APPRO-**
2 **PRIATIONS.**

3 “(a) DEFINITION OF ADJUSTMENT PERCENTAGE.—
4 As used in this section, the term ‘adjustment percentage’
5 means, with respect to a fiscal year, the percentage (if
6 any) by which—

7 “(1) the average of the Consumer Price Index
8 (as defined in section 1(f)(5) of the Internal Reve-
9 nue Code of 1986) for the 1-year period ending on
10 July 31 of the immediately preceding fiscal year;
11 exceeds

12 “(2) the average of the Consumer Price Index
13 (as so defined) for the 1-year period ending on July
14 31, 1993.

15 “(b) FISCAL YEARS 1994 THROUGH 1998.—In the
16 case of each of fiscal years 1994 through 1998, there are
17 authorized to be appropriated to the Administrator such
18 sums as may be necessary for the cost of loans in the
19 following amounts, for the following purposes:

20 “(1) ELECTRIC HARDSHIP LOANS.—For loans
21 under section 305(c)(1)—

22 “(A) for fiscal year 1994, \$125,000,000;
23 and

24 “(B) for each of fiscal years 1995 through
25 1998, \$125,000,000, increased by the adjust-
26 ment percentage for the fiscal year.

1 “(2) ELECTRIC MUNICIPAL RATE LOANS.—For
2 loans under section 305(c)(2)—

3 “(A) for fiscal year 1994, \$600,000,000;
4 and

5 “(B) for each of fiscal years 1995 through
6 1998, \$600,000,000, increased by the adjust-
7 ment percentage for the fiscal year.

8 “(3) TELEPHONE HARDSHIP LOANS.—For
9 loans under section 305(d)(1)—

10 “(A) for fiscal year 1994, \$125,000,000;
11 and

12 “(B) for each of fiscal years 1995 through
13 1998, \$125,000,000, increased by the adjust-
14 ment percentage for the fiscal year.

15 “(4) TELEPHONE COST-OF-MONEY LOANS.—
16 For loans under section 305(d)(2)—

17 “(A) for fiscal year 1994, \$198,000,000;
18 and

19 “(B) for each of fiscal years 1995 through
20 1998, \$198,000,000, increased by the adjust-
21 ment percentage for the fiscal year.

22 “(c) FUNDING LEVELS.—The Administrator shall
23 make insured loans under this title for the purposes, in
24 the amounts, and for the periods of time specified in sub-
25 section (b), as provided in advance in appropriations Acts.

1 “(d) AVAILABILITY OF FUNDS FOR INSURED
2 LOANS.—Amounts made available for loans under section
3 305 are authorized to remain available until expended.”.

4 (2) RULE OF INTERPRETATION.—Section
5 309(a) of such Act (7 U.S.C. 939(a)) is amended by
6 adding at the end the following new sentence: “The
7 preceding sentence shall not be construed to make
8 section 408(b)(2) or 412 applicable to this title.”.

9 (c) MISCELLANEOUS AMENDMENTS.—

10 (1) LOANS FOR RURAL ELECTRIFICATION.—
11 Section 2 of such Act (7 U.S.C. 902) is amended—

12 (A) by inserting “(a)” before “The Admin-
13 istrator”;

14 (B) by striking “telephone service in rural
15 areas, as hereinafter provided;” and inserting
16 “electric and telephone service in rural areas, as
17 provided in this Act, and for the purpose of as-
18 sisting electric borrowers to implement demand
19 side management, energy conservation pro-
20 grams, and on-grid and off-grid renewable en-
21 ergy systems;”; and

22 (C) by adding at the end the following new
23 subsection:

24 “(b) By January 1, 1994, the Administrator shall
25 issue interim regulations to implement the authority con-

1 tained in subsection (a) to make loans for the purpose of
2 assisting electric borrowers to implement demand side
3 management, energy conservation programs, and on-grid
4 and off-grid renewable energy systems. If the regulations
5 are not issued by January 1, 1994, the Administrator
6 shall consider any demand side management, energy con-
7 servation, or renewable energy program, system, or activ-
8 ity that is approved by a State agency to be eligible for
9 the loans.”.

10 (2) LOANS FOR ELECTRICAL PLANTS AND
11 TRANSMISSION LINES.—Section 4 of such Act (7
12 U.S.C. 904) is amended by inserting after “central
13 station service” the following: “and for the furnish-
14 ing and improving of electric service to persons in
15 rural areas, including by assisting electric borrowers
16 to implement demand side management, energy con-
17 servation programs, and on-grid and off-grid renew-
18 able energy systems”.

19 (3) DEFINITIONS.—Section 13 of such Act (7
20 U.S.C. 913) is amended—

21 (A) by inserting “, except as provided in
22 section 203(b),” before “shall be deemed to
23 mean any area”; and

24 (B) by striking “city, village, or borough
25 having a population in excess of fifteen hundred

1 inhabitants” and inserting “urban area, as de-
2 fined by the Bureau of the Census”.

3 (4) GENERAL PROHIBITIONS.—Section 18 of
4 such Act (7 U.S.C. 918) is amended—

5 (A) by inserting “(a) NO CONSIDERATION
6 OF BORROWER’S LEVEL OF GENERAL
7 FUNDS.—” before “The Administrator”; and

8 (B) by adding at the end the following new
9 subsections:

10 “(b) LOAN ORIGINATION FEES.—The Administrator
11 and the Governor of the telephone bank may not charge
12 any fee or charge not expressly provided in this Act in
13 connection with any loan made or guaranteed under this
14 Act.

15 “(c) CONSULTANTS.—

16 “(1) IN GENERAL.—To facilitate timely action
17 on applications by borrowers for financial assistance
18 under this Act and for approvals required of the
19 Rural Electrification Administration pursuant to the
20 terms of outstanding loan or security instruments or
21 otherwise, the Administrator may use consultants
22 funded by the borrower, paid for out of the general
23 funds of the borrower, for financial, legal, engineer-
24 ing, and other technical advice and services in con-

1 nection with the review of the application by the
2 Rural Electrification Administration.

3 “(2) CONFLICTS OF INTEREST.—The Adminis-
4 trator shall establish procedures for the selection
5 and the provision of technical services by consultants
6 to ensure that the consultants have no financial or
7 other potential conflicts of interest in the outcome of
8 the application of the borrower.

9 “(3) PAYMENT OF COSTS.—The Administrator
10 may not, without the consent of the borrower, re-
11 quire, as a condition of processing an application for
12 approval, that the borrower agree to pay the costs,
13 fees, and expenses of consultants hired to provide
14 technical or advisory services to the Administrator.

15 “(4) CONTRACTS, GRANTS, AND AGREE-
16 MENTS.—The Administrator may enter into such
17 contracts, grants, or cooperative agreements as are
18 necessary to carry out this section.

19 “(5) USE OF CONSULTANTS.—Nothing in this
20 subsection shall limit the authority of the Adminis-
21 trator to retain the services of consultants from
22 funds made available to the Administrator or other-
23 wise.”.

24 (5) DEFINITION OF RURAL AREA.—Section
25 203(b) of such Act (7 U.S.C. 924(b)) is amended by

1 striking “one thousand five hundred” and inserting
2 “5,000”.

3 (6) INSURED LOANS.—Section 305 of such Act
4 (7 U.S.C. 935) (as amended by subsection (a)(1)) is
5 further amended—

6 (A) by striking “SEC. 305. INSURED
7 LOANS; INTEREST RATES AND LENDING LEV-
8 ELS.—(a) The” and inserting the following:

9 **“SEC. 305. INSURED LOANS; INTEREST RATES AND LEND-
10 ING LEVELS.**

11 “(a) IN GENERAL.—The”; and

12 (B) in subsection (b), by striking “(b)
13 Loans” and inserting “(b) INSURED LOANS.—
14 Loans”.

15 (7) ELIGIBILITY OF DISTRIBUTION BORROW-
16 ERS; ADMINISTRATIVE PROHIBITIONS.—Title III of
17 such Act is amended by inserting after section 306B
18 (7 U.S.C. 936b) the following new sections:

19 **“SEC. 306D. ELIGIBILITY OF DISTRIBUTION BORROWERS
20 FOR LOANS, LOAN GUARANTEES, AND LIEN
21 ACCOMMODATIONS.**

22 “For the purpose of determining the eligibility of a
23 distribution borrower not in default on the repayment of
24 a loan made or guaranteed under this Act for a loan, loan
25 guarantee, or lien accommodation under this title, a de-

1 fault by a borrower from which the distribution borrower
2 purchases wholesale power shall not—

3 “(1) be considered a default by the distribution
4 borrower;

5 “(2) reduce the eligibility of the distribution
6 borrower for assistance under this Act; or

7 “(3) be the cause, directly or indirectly, of im-
8 posing any requirement or restriction on the bor-
9 rower as a condition of the assistance, except such
10 requirements or restrictions as are necessary to im-
11 plement a debt restructuring agreed on by the power
12 supply borrower and the Government.

13 **“SEC. 306E. ADMINISTRATIVE PROHIBITIONS APPLICABLE**
14 **TO ELECTRIC BORROWERS.**

15 “The Administrator may not require prior approval
16 of, impose any requirement, restriction, or prohibition with
17 respect to the operations of, or deny or delay the granting
18 of a lien accommodation to, any electric borrower under
19 this Act whose net worth exceeds 110 percent of the out-
20 standing principal balance on all loans made or guaran-
21 teed to the borrower by the Administrator.”.

22 (8) LOANS FROM OTHER CREDIT SOURCES.—

23 Section 307 of such Act (7 U.S.C. 937) is amended
24 by adding at the end the following new sentence:

25 “The Administrator may not request any applicant

1 for an electric loan under this Act to apply for and
2 accept a loan in an amount exceeding 30 percent of
3 the credit needs of the applicant.”.

4 (9) CAPITALIZATION.—Section 406 of such Act
5 (7 U.S.C. 946) is amended by adding at the end the
6 following new subsection:

7 “(i) The Governor of the telephone bank may invest
8 in obligations of the United States the amounts in the ac-
9 count in the Treasury of the United States numbered
10 12X8139 (known as the ‘RTB Equity Fund’).”.

11 (d) EXPANDED ELIGIBILITY FOR LOANS FOR WATER
12 AND WASTE DISPOSAL FACILITIES.—Section 306(a)(1) of
13 the Consolidated Farm and Rural Development Act (7
14 U.S.C. 1926(a)(1)) is amended by inserting after the first
15 sentence the following new sentence: “The Secretary may
16 also make loans to any borrower to whom a loan has been
17 made under the Rural Electrification Act of 1936 (7
18 U.S.C. 901 et seq.), for the conservation, development,
19 use, and control of water, and the installation of drainage
20 or waste disposal facilities, primarily serving farmers,
21 ranchers, farm tenants, farm laborers, rural businesses,
22 and other rural residents.”.

23 (e) RURAL ECONOMIC DEVELOPMENT.—Section 364
24 of such Act (7 U.S.C. 2006f) is amended by adding at
25 the end the following new subsection:

1 “(g) RURAL ECONOMIC DEVELOPMENT.—

2 “(1) IN GENERAL.—A borrower of a loan or
3 loan guarantee under the Rural Electrification Act
4 of 1936 (7 U.S.C. 901 et seq.) shall be eligible for
5 assistance under all programs administered by the
6 Rural Development Administration.

7 “(2) PARTICIPATION.—The Administrator of
8 the Rural Development Administration shall encour-
9 age and facilitate the full participation of borrowers
10 referred to in paragraph (1) in programs adminis-
11 tered by the Rural Development Administration.”.

12 (f) REGULATIONS.—Except as provided in section
13 2(b) of the Rural Electrification Act of 1936, as added
14 by section 2(c)(1)(C) of this Act, not later than 45 days
15 after the date of enactment of this Act, interim final rules
16 shall be issued by—

17 (1) the Administrator of the Rural Electrifica-
18 tion Administration to carry out amendments made
19 by this Act to programs administered by the Admin-
20 istrator;

21 (2) the Administrator of the Rural Development
22 Administration to carry out amendments made by
23 this Act to programs administered by the Adminis-
24 trator; and

1 (3) the Secretary of Agriculture to carry out
2 amendments made by this Act to programs adminis-
3 tered by the Farmers Home Administration.

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