

PART 2000 - GENERAL

Subpart HHH - Memorandum of Agreement Among The Rural Business-Cooperative Service (RBS), The Rural Utilities Service (RUS), and the National Rural Utilities Cooperative Finance Corporation (CFC).

§ 2000.2951 General.

Loans made for electric or telephone purposes under the Rural Electrification Act of 1936, as amended, normally are secured by a lien on all assets of the borrower, including a comprehensive after-acquired property clause. When RBS makes an Intermediary Relending Program (IRP) or Rural Economic Development (RED) loan to an entity that has such an electric or telephone loan outstanding, the existing security documents may constitute a prior lien on all of the borrower's assets, including the assets acquired as a result of the RBS loan. Most loans made for electric or telephone purposes under the Rural Electrification Act of 1936 are held by RUS or CFC. RBS, RUS, and CFC have entered into a Memorandum of Agreement to allow RBS to make loans to RUS and CFC borrowers and obtain security interests without the need to seek specific subordination agreements from RUS or CFC for each loan.

§ 2000.2952 Implementation.

The Memorandum of Agreement is attached as Exhibit A. Please make it available to the borrower's attorney and bring it to the attention of the Regional Attorney, when preparing for loan closing for all:

- (a) IRP loans to entities with loans made for electric or telephone purposes under the Rural Electrification Act of 1936; and
- (b) RED loans if RBS plans to require security documents from the utility.

§§ 2000.2952 - 2000.3000 [Reserved]

Attachment: Exhibit A

oOo

---

DISTRIBUTION: WSDC

Administration  
General

Exh A not automated see manual