



Rural Development

RUS Telecommunications
Program

1400 Independence Ave, SW
Mail Stop 1595
Room 2808-South
Washington, DC 20250

Voice 202.720.1025

OPEN LETTER FROM THE ASSISTANT ADMINISTRATOR

July 3, 2018

To all Rural Utilities Service ("RUS") Broadband Initiatives Program ("BIP") Awardees ("Awardees").

The RUS has reviewed its policy regarding reorganizations of Awardee's companies. Pursuant to Section 7.2 of BIP Loan/Grant and Security Agreement ("Agreement"), the Awardee "shall not, without the prior consent of RUS take or suffer to be taken, any steps to reorganize, consolidate with or merge into any other corporation, or sell, lease or transfer (or make any agreement therefor) all or any substantial part of its property, including, without limitation, the project".

Awardees with outstanding loans have recently approached RUS requesting approval to restructure ownership and control of the company. Please note that RUS will not approve such proposals that could adversely affect the Government's security interest while the Awardee has outstanding RUS BIP debt. RUS requires controlling interest to be held by the entity that entered into the Agreement with RUS.

As a result, RUS has determined that such reorganizational requests for Awardees will not be approved unless and until all outstanding debt has been repaid, or unless all entities exercising control over the Awardee have either guaranteed the repayment of the RUS debt or become co-borrowers on the RUS BIP loan. After such time as the debt is repaid, Awardees will be required to substitute their Loan/Grant and Security Agreements with standard RUS grant only agreements.

Please contact the Portfolio Management and Risk Assessment Division at (202) 720-1025, or the RUS General Field Representative assigned to your project, if you should have any questions or require additional information.

Sincerely,

CHAD PARKER
Assistant Administrator
Telecommunications Program
Rural Utilities Service