

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

August 15, 1969*
Supersedes 9/2/65

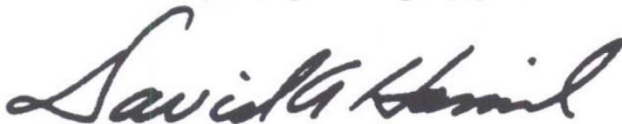
REA BULLETIN 2-1 (Electric)
REA BULLETIN 301-1 (Telephone)

SUBJECT: Guiding Statement of REA Policy Concerning Its Relationship
With Borrowers

- I. Purpose: To set forth policy concerning the relationship between the Rural Electrification Administration and its borrowers.
- II. Objectives: The objectives of the Rural Electrification Administration programs are to provide, through self-liquidating loans under the Rural Electrification Act of 1936, as amended, and through technical assistance, adequate, dependable electric and telephone service sufficient to meet the needs of beneficiaries of the Act, both farm and nonfarm, in rural areas on an area coverage basis, under rates and conditions that permit full and productive use of these utility services.
- III. Policy: To achieve program objectives, and to protect loan security, REA will in its relationships with borrowers, base its activities on the following considerations:
 - A. That each borrower is: (1) an independent corporate body subject to all applicable laws and regulations; (2) responsible for the efficient and effective management of its own affairs, including proper and successful construction and operation of its system; and (3) expected to repay all indebtedness on or ahead of schedule according to the terms of its loan(s) and established policy.
 - B. That REA activities will be carried on in a manner to help develop the resources and ability of borrowers to meet their needs, handle their own affairs effectively, and achieve as soon as possible the internal strength and soundness to assure its success as an independent enterprise. As borrowers develop adequate internal strength and financial soundness, direct REA assistance will diminish accordingly.
 - C. That as required REA will furnish technical and management assistance to borrowers to help further the objectives of the Rural Electrification Act and protect the security of the Government's loan.

*General restatement of REA policy.

- D. That REA will establish terms and conditions in loan security documents and policies and procedures to assure the proper implementation of its objectives.
- E. That in its reporting requirements, REA will require only those reports and audits that are essential to the protection of loan security, achievement of the objectives of the Act, and that may otherwise be requisite to the administration of a Federal Government program.
- F. That REA policies and practices will be designed to protect the interests of consumers and the public, and to develop and protect the image of the program in terms of the objectives of the Rural Electrification Act.
- G. That for cooperative borrowers, REA will encourage active participation of members in the affairs of their organization to assure maximum benefits to themselves and to the development of their rural communities.



Administrator

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