United States Department of Agriculture

Rural Utilities Service

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TO: All Telecommunications Program Employees
Rural Utilities Service

FROM: Karl Elmshaeuser
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Rural Utilities Service

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Date: 2026.09.18 12:20:25 -04'00'

SUBJECT: Implementation of Section 702 of the RE Act

Purpose

This Unnumbered Letter (UL) provides implementation guidance for Section 702 of the RE Act, 7 U.S.C. § 950cc–1, during the Rural Utilities Service's (RUS's) technical underwriting for Telecommunications Program loans and grants. Section 702 was added by Congress in 2018 in order to permit RUS to return to its prior, long-established practice of using site-specific reviews to obligate, but not disburse, funds prior to completion of all required environmental reviews. This policy promotes timely project advancement while ensuring full compliance with all environmental and historic preservation requirements.

Background

Section 702 provides that:

> The Secretary may obligate, but not disperse, funds under this Act before the completion of otherwise required environmental, historical, or other types of reviews if the Secretary determines that a subsequent site-specific review shall be adequate and easily accomplished for the location of towers, poles, or other broadband facilities in the service area of the borrower without compromising the project or the required reviews.

This statutory flexibility supports accelerated broadband deployment in areas where environmental considerations are predictable, manageable, and unlikely to cause delays or impose financial burdens on applicants. Early obligation under this authority does not replace or reduce environmental or historical review requirements; it simply allows eligible projects to move forward sooner in the obligation process. Essentially, this authority is similar to that under 7 CFR 1b.2(h)(3) (formerly 7 CFR 1970.11(b)); however, unlike 1b.2(h)(3), subsequent site-specific review(s) may be used for parts of the service area that have not undergone environmental review. That means that construction may begin on parts of the project with environmental clearance before all environmental reviews are complete. That was RUS long-standing practice. Nonetheless, there are still certain requirements to be met before that can happen.

EXPIRATION DATE:
December 31, 2028

FILING INSTRUCTIONS:
Administrative/Other Program

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Implementation
To implement this authority, Telecom staff will need to ensure that application guidance documents direct applicants to establish projects which are independent, not requiring additional facilities to perform their function. Telecom staff will then need to identify early in the review process, those applications for which site-specific environmental or historical reviews will be achievable in a timely manner by performing the following:

Technical Underwriting Assessment Requirements
During technical underwriting, RUS staff must determine that:

- The proposed service area can support site-specific environmental or historical reviews for broadband infrastructure (towers, poles, associated facilities) that can be completed accurately and without undue complexity. For example, there should be sufficient area in the service area to adjust placement of facilities that is not mired by topographical restrictions, such as lakes or mountains, or other impediments.
- The nature of the proposed project allows reasonable adjustments to technology type, construction methods, or infrastructure placement without materially affecting project costs or compliance in the event of areas of environmental concern.
- The class-of-action does not require an environmental impact statement.
- Any anticipated modifications would not significantly alter the environmental review outcome, approved budget, or require extensive reassessment.
- *If construction has been approved for certain areas* by completion of environmental reviews, there remains sufficient area to relocate broadband facilities in order to complete the required remaining reviews. Additionally, staff should consider whether preclusion of completing the remaining reviews would jeopardize the project or repayment of debt if not ever approved. This would be in line with using independent utility in approving parts of a project to begin construction.

During underwriting, the environmental review team will conduct the class-of-action review of the entire loan purpose, while technical and financial reviewers will confirm that the project(s) meets all site-specific, technical, and financial requirements outlined above. This ensures that each criterion is addressed and that after obligation individual projects within the loan can be cleared efficiently and collaboratively.

If these conditions are met, RUS may obligate funds for the entire approved amount under Section 702 prior to completion of all environmental, historical, or related reviews.

This guidance is effective immediately and will remain in force until updated or superseded by subsequent agency policy.

If you have any questions regarding the guidance on this UL, please contact Chris Collins, Policy & Outreach Division, at: chris.collins@usda.gov.