

## REGULATIONS

Section 709(c) of Pub. L. 101-625 provided that: "Not later than the expiration of the 120-day period beginning on the date of enactment of the Cranston-Gonzalez National Affordable Housing Act [Nov. 28, 1990], the Secretary of Agriculture shall issue any regulations necessary to carry out the amendment made by this section [amending this section]."

## HOUSING IN UNDERSERVED AREAS

Section 709(a) of Pub. L. 101-625 provided that: "The purpose of this section [amending this section and enacting provisions set out above] is to improve the quality of affordable housing in communities that have extremely high concentrations of poverty and substandard housing and that have been underserved by rural housing programs, including extremely distressed areas in the Lower Mississippi Delta and other regions of the Nation, by directing Farmers Home Administration assistance toward designated underserved areas."

## EXEMPTIONS OF EXISTING DWELLINGS FROM LIVING AREA LIMITATIONS; AUTHORITY OF DISTRICT OFFICES OF FARMERS' HOME ADMINISTRATION

Pub. L. 100-202, §101(k) [title VI, §632], Dec. 22, 1987, 101 Stat. 1329-322, 1329-356, provided that: "During fiscal year 1988 and each succeeding fiscal year, the Secretary of Agriculture shall permit each district office of the Farmers Home Administration to exempt any existing dwelling from any limitation established by the Secretary on the number of square feet of living area that may be contained in a dwelling to be eligible for a loan under section 502 of the Housing Act of 1949 [section 1472 of this title], if the dwelling is modest in design, size, and cost for the area in which it is located."

**§ 1480. Administrative powers of Secretary**

In carrying out the provisions of this subchapter, the Secretary shall have the power to—

**(a) Service and supply contracts**

make contracts for services and supplies without regard to the provisions of section 6101 of title 41, when the aggregate amount involved is less than \$300;

**(b) Subordination, subrogation, and other agreements**

enter into subordination, subrogation, or other agreements satisfactory to the Secretary;

**(c) Compromise of claims and obligations**

compromise, adjust, reduce, or charge-off claims, and adjust, modify, subordinate, or release the terms of security instruments, leases, contracts, and agreements entered into or administered by the Secretary under this subchapter, as circumstances may require, including the release of borrowers or others obligated on a debt from personal liability with or without payment of any consideration at the time of the compromise, adjustment, reduction, or charge-off of any claim;

**(d) Collection of claims and obligations**

collect all claims and obligations arising out of or under any mortgage, lease, contract, or agreement entered into pursuant to this subchapter and, if in his judgment necessary and advisable, to pursue the same to final collection in any court having jurisdiction: *Provided*, That the prosecution and defense of all litigation under this subchapter shall be conducted under the supervision of the Attorney General

and the legal representation shall be by the United States attorneys for the districts, respectively, in which such litigation may arise and by such other attorney or attorneys as may, under law, be designated by the Attorney General; except that—

(1) prosecution and defense of any litigation under section 1472 of this title shall be conducted, at the discretion of the Secretary, by—

(A) the United States attorneys for the districts in which the litigation arises and any other attorney that the Attorney General may designate under law, under the supervision of the Attorney General;

(B) the General Counsel of the Department of Agriculture; or

(C) any other attorney with whom the Secretary enters into a contract after a determination by the Secretary that—

(i) the attorney will provide competent and cost-effective representation for the Farmers Home Administration; and

(ii) representation by the attorney will either (I) accelerate the process by which a family or person eligible for assistance under section 1472 of this title will be able to purchase and occupy the housing involved; or (II) preserve the quality of the housing involved; and

(2) the Secretary shall annually submit to the Congress a report describing activities carried out under paragraph (1)(C), including the cost of entering into contracts with such attorneys and the savings resulting from expedited foreclosure proceedings;

**(e) Purchase of pledged or mortgaged property at foreclosure or other sales; operation, sale or disposition of said property**

bid for and purchase at any foreclosure or other sale or otherwise to acquire the property pledged or mortgaged to secure a loan or other indebtedness owing under this subchapter, to accept title to any property so purchased or acquired, to operate or lease such property for such period as may be necessary or advisable, to protect the interest of the United States therein, to repair and rehabilitate such property, and to sell or otherwise dispose of the property so purchased or acquired by such terms and for such considerations as the Secretary shall determine to be reasonable and to make loans as provided herein to provide adequate farm dwellings and buildings for the purchasers of such property; except that the Secretary may not sell or otherwise dispose of such property unless (1) the Secretary assures that such property will meet decent, safe, and sanitary standards, including cost-effective energy conservation standards prescribed under section 1479(a) of this title, (2) the recipient of the property is obligated, as a condition of the sale or other disposition of the property, to meet such standards with respect to the property before such property is occupied, or (3) such recipient is precluded, as a condition of the sale or other disposition of the property, from using the property for residential purposes and the authority of the Secretary under this paragraph includes the au-

thority to transfer section 1472 inventory properties for use as rental or cooperative units under section 1485 of this title with mortgages containing repayment terms with up to fifty years, or for use as rental units under section 1484 of this title with mortgages containing repayment terms with up to 33 years, to private nonprofit organizations, public bodies, or for-profit entities, which have good records of providing low income housing under section 1485 of this title; such a transfer may be made even where rental assistance may be required so long as the authority to provide such assistance is available after taking into account the requirements of section 1490a(d)(1) of this title; where the Secretary determines the transfer will contribute to the provision of housing for very low-income persons and families, the transfer may be made at the lesser of the appraised value or the Farmers Home Administration's investment;

**(f) Processing of applications received prior to determination of nonrural status; assistance**

continue processing as expeditiously as possible applications on hand received prior to the time an area has been determined by the Secretary not to be "rural" or a "rural area", as those terms are defined in section 1490 of this title, and make loans or grants to such applicants who are found to be eligible on the same basis as though the area were still rural;

**(g) Rules and regulations for written notice of denial or reduction of assistance**

issue rules and regulations which assure that applicants denied assistance under this subchapter or persons or organizations whose assistance under this subchapter is being substantially reduced or terminated are given written notice of the reasons for denial, reduction or termination and are provided at least an opportunity to appeal an adverse decision and to present additional information relevant to that decision to a person, other than the person making the original determination, who has authority to reverse the decision, except that rules issued under this subsection may not exclude from their coverage decisions made by the Secretary that are not based on objective standards contained in published regulations;

**(h) Assistance in connection with transfers and assumptions of property for nonrural areas**

notwithstanding that an area ceases, or has ceased, to be "rural", in a "rural area", or an eligible area, make assistance under this subchapter available for subsequent loans to permit necessary dwelling repairs and rehabilitation and in connection with transfers and assumptions of property securing any loan made, insured, or held by the Secretary or in connection with any property held by the Secretary under this subchapter on the same basis as though the area were still rural;

**(i) Utilization of indebtedness**

utilize with respect to the indebtedness arising from loans and payments made under this subchapter, all the powers and authorities

given to him under sections 1150 to 1150b of title 12;

**(j) Fee inspectors and appraisers**

utilize the services of fee inspectors and fee appraisers to expedite the processing of applications for loans and grants under this subchapter, which services shall be utilized in any case in which a county or district office is unable to expeditiously process such loan and grant applications, and to include the cost of such services in the amount of such loans and grants; and

**(k) Rules and regulations**

make such rules and regulations as he deems necessary to carry out the purposes of this subchapter.

(July 15, 1949, ch. 338, title V, §510, 63 Stat. 437; Pub. L. 94-375, §25(c), Aug. 3, 1976, 90 Stat. 1078; Pub. L. 95-557, title V, §503, Oct. 31, 1978, 92 Stat. 2112; Pub. L. 96-153, title V, §507, Dec. 21, 1979, 93 Stat. 1136; Pub. L. 96-399, title V, §§508, 510, Oct. 8, 1980, 94 Stat. 1670, 1671; Pub. L. 98-181, title V, §507, Nov. 30, 1983, 97 Stat. 1243; Pub. L. 98-479, title I, §105(c), Oct. 17, 1984, 98 Stat. 2227; Pub. L. 100-242, title III, §313, Feb. 5, 1988, 101 Stat. 1897; Pub. L. 100-628, title X, §1045, Nov. 7, 1988, 102 Stat. 3273; Pub. L. 101-625, title VII, §§710, 711, Nov. 28, 1990, 104 Stat. 4291.)

CODIFICATION

In subsec. (a), "section 6101 of title 41" substituted for "section 3709 of the Revised Statutes, as amended" on authority of Pub. L. 111-350, §6(c), Jan. 4, 2011, 124 Stat. 3854, which Act enacted Title 41, Public Contracts.

AMENDMENTS

1990—Subsec. (e)(3). Pub. L. 101-625, §710, inserted "or for use as rental units under section 1484 of this title with mortgages containing repayment terms with up to 33 years," after "fifty years" and substituted "public bodies, or for-profit entities, which have good records of providing low income housing under section 1485 of this title" for "or public bodies".

Subsec. (g). Pub. L. 101-625, §711, inserted before semicolon at end "except that rules issued under this subsection may not exclude from their coverage decisions made by the Secretary that are not based on objective standards contained in published regulations".

1988—Subsec. (c). Pub. L. 100-242 amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: "compromise claims and obligations arising out of sections 1472 to 1475 of this title and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into as circumstances may require, including the release from personal liability, without payments of further consideration, of—

"(1) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume the outstanding indebtedness to the Secretary under this subchapter; and

"(2) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume that portion of the outstanding indebtedness to the Secretary under this subchapter which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the Secretary determines that the original borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;"

Subsec. (d). Pub. L. 100-628 inserted before semicolon at end “; except that—” and added pars. (1) and (2).

1984—Subsec. (e). Pub. L. 98-479 substituted “; such” and “; where” for “. Such” and “. Where”, respectively.

1983—Subsec. (e). Pub. L. 98-181, § 507(a), inserted provisions relating to the authority of the Secretary to transfer section 1472 inventory property to private nonprofit organizations or public bodies.

Subsecs. (j), (k). Pub. L. 98-181, § 507(b), added subsec. (j) and redesignated former subsec. (j) as (k).

1980—Subsec. (e)(1). Pub. L. 96-399, § 508, inserted provisions respecting cost-effective energy conservation standards prescribed under section 1479(a) of this title.

Subsec. (h). Pub. L. 96-399, § 510, inserted provisions respecting subsequent loans to permit necessary dwelling repairs and rehabilitation.

1979—Subsec. (e). Pub. L. 96-153 substituted “United States therein, to repair and rehabilitate such property, and to sell” for “United States therein and to sell”, and inserted provision that the Secretary may not sell or otherwise dispose of such property unless the conditions in cls. (1) to (3) are satisfied.

1978—Subsecs. (g) to (j). Pub. L. 95-557 added subsec. (g) and redesignated former subsecs. (g), (h), and (i) as (h), (i), and (j), respectively.

1976—Subsecs. (f) to (i). Pub. L. 94-375 added subsecs. (f) and (g) and redesignated former subsecs. (f) and (g) as (h) and (i), respectively.

#### TERMINATION OF REPORTING REQUIREMENTS

For termination, effective May 15, 2000, of reporting provisions in subsec. (d)(2) of this section, see section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance, and the last item on page 47 of House Document No. 103-7.

#### STUDY OF PROBLEMS CAUSED BY REMOTE CLAIMS

Section 509 of Pub. L. 95-557 directed Secretary of Agriculture to make a detailed study of problems associated with obtaining title insurance by persons in rural areas with respect to real property encumbered by remote claims and make a final report to Congress with respect to such study not later than one year after Oct. 31, 1978.

#### § 1481. Issuance of notes and obligations for loan funds; amount; limitation; security; form and denomination; interest; purchase and sale by Treasury; public debt transaction

The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making direct loans under this subchapter. The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this subchapter and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each such note or other obligation shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issue. The Secretary of the Treasury is authorized and di-

rected to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, and the purposes for which securities may be issued under such chapter are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or obligations shall be treated as public debt transactions of the United States.

(July 15, 1949, ch. 338, title V, § 511, 63 Stat. 438; July 14, 1952, ch. 723, § 11(a), 66 Stat. 604; June 29, 1954, ch. 410, § 5(a), 68 Stat. 320; Aug. 2, 1954, ch. 649, title VIII, § 812(a), 68 Stat. 647; Aug. 11, 1955, ch. 783, title V, § 501(1), 69 Stat. 654; Aug. 7, 1956, ch. 1029, title VI, § 606(a), 70 Stat. 1114; Pub. L. 87-70, title VIII, §§ 801(c), 802, June 30, 1961, 75 Stat. 186; Pub. L. 87-723, § 4(c)(1), Sept. 28, 1962, 76 Stat. 672; Pub. L. 88-560, title V, § 501(a), Sept. 2, 1964, 78 Stat. 796; Pub. L. 89-117, title X, § 1003(b), Aug. 10, 1965, 79 Stat. 500; Pub. L. 98-181, title V, § 508, Nov. 30, 1983, 97 Stat. 1243; Pub. L. 98-479, title II, § 203(d)(4), Oct. 17, 1984, 98 Stat. 2229.)

#### AMENDMENTS

1984—Pub. L. 98-479 substituted “chapter 31 of title 31” for “the Second Liberty Bond Act, as amended” and “such chapter” for “such Act”.

1983—Pub. L. 98-181 struck out second sentence providing that total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending October 1, 1969, shall not exceed \$850,000,000.

1965—Pub. L. 89-117 changed the purpose for which the Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury from that of making loans under this subchapter (other than loans under section 1474(b) or 1485 of this title) to that of making direct loans under the entire subchapter, substituted “October 1969” for “September 30, 1965”, eliminated reservation that, of the allowable \$850,000,000 principal amount of notes and obligations, \$50,000,000 be available exclusively for assistance to elderly persons under clause (3) of section 1471(a) of this title, and changed the method for setting the interest on notes and obligations from that of having the Secretary set a rate taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations to that of the Secretary setting a rate equal to the average rate payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issuance.

1964—Pub. L. 88-560 substituted “September 30, 1965” for “June 30, 1965”, and “\$850,000,000” for “\$700,000,000”.

1962—Pub. L. 87-723 substituted “1474(b) or 1485” for “1474(b)” and “\$700,000,000, of which \$50,000,000 shall be available exclusively for assistance to elderly persons as provided in clause (3) of section 1471(a) of this title” for “\$650,000,000”.

1961—Pub. L. 87-70 substituted “June 30, 1965” for “June 30, 1961”, and “\$650,000,000” for “\$450,000,000”.

1956—Act Aug. 7, 1956, authorized \$450,000,000 for loans for the period beginning July 1, 1956, and ending June 30, 1961.

1955—Act Aug. 11, 1955, authorized an additional \$100,000,000 on and after July 1, 1955.

1954—Act Aug. 2, 1954, substituted “\$100,000,000” for the authorization of \$8,500,000 (on and after July 1, 1954) which had been inserted by Act June 29, 1954.