

gard to each determination reviewed, the Council shall make an independent judgment on the merits of the decision to foreclose rather than restructure the loan.

**(3) Noncompliance**

If the National Special Asset Council determines that any special asset group is not in substantial compliance with this section, the Council shall notify the group of the determination, and may take such other action as the Council considers necessary to ensure that such group complies with this section.

**(d) Report**

With respect to determinations by a special asset group that a loan will not be restructured, the special asset group shall submit to the National Special Asset Council a report evaluating the loan and the basis for the determination that the loan should not be restructured.

**(e) Restructuring factors**

In determining whether a loan is to be restructured, the National Special Asset Council, each special asset group, and each qualified lender certified under section 2278a-4 of this title shall take into consideration the factors specified in section 2202a(d)(1) of this title.

(Pub. L. 92-181, title IV, §4.14C, as added Pub. L. 100-233, title I, §102(a), Jan. 6, 1988, 101 Stat. 1578; amended Pub. L. 100-399, title I, §102(h), Aug. 17, 1988, 102 Stat. 990.)

AMENDMENTS

1988—Subsec. (b)(1). Pub. L. 100-399 substituted “Farm Credit Bank board” for “district board of such district”.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

**§ 2202d. Protection of borrowers who meet all loan obligations**

**(a) Foreclosure prohibited**

A qualified lender may not foreclose on any loan because of the failure of the borrower thereof to post additional collateral, if the borrower has made all accrued payments of principal, interest, and penalties with respect to the loan.

**(b) Prohibition against required principal reduction**

A qualified lender may not require any borrower to reduce the outstanding principal balance of any loan made to the borrower by any amount that exceeds the regularly scheduled principal installment payment (when due and payable), unless—

- (1) the borrower sells or otherwise disposes of part or all of the collateral; or
- (2) the parties agree otherwise in a written agreement entered into by the parties.

**(c) Nonenforcement**

After a borrower has made all accrued payments of principal, interest, and penalties with

respect to a loan made by a qualified lender, the lender shall not enforce acceleration of the borrower’s repayment schedule due to the borrower having not timely made one or more principal or interest payments.

**(d) Placing loans in nonaccrual status**

**(1) Notification**

If a qualified lender places any loan in nonaccrual status, the lender shall document such change of status and promptly notify the borrower thereof in writing of such action and the reasons therefor.

**(2) Review of denial**

If the borrower was not delinquent in any principal or interest payment under the loan at the time of such action and the borrower’s request to have the loan placed back into accrual status is denied, the borrower may obtain a review of such denial before the appropriate credit review committee under section 2202 of this title.

**(3) Application**

This subsection shall only apply if a loan being placed in nonaccrual status results in an adverse action being taken against the borrower.

(Pub. L. 92-181, title IV, §4.14D, as added Pub. L. 100-233, title I, §107, Jan. 6, 1988, 101 Stat. 1581.)

**§ 2202e. Waiver of mediation rights by borrowers**

No System institution may make a loan secured by a mortgage or lien on agricultural property to a borrower on the condition that the borrower waive any right under the mediation program of any State.

(Pub. L. 92-181, title IV, §4.14E, as added Pub. L. 100-233, title V, §511, Jan. 6, 1988, 101 Stat. 1664; amended Pub. L. 103-354, title II, §282(f)(2), Oct. 13, 1994, 108 Stat. 3235.)

AMENDMENTS

1994—Pub. L. 103-354 struck out “agricultural loan” before “mediation program”.

PART D—ACTIVITIES OF INSTITUTIONS OF THE SYSTEM

AMENDMENTS

1988—Pub. L. 100-233, title VIII, §805(t)(1), Jan. 6, 1988, 101 Stat. 1716, added heading for part D.

**§ 2203. Nomination of association directors; representative selection of nominees**

Each production credit association and each Federal land bank association shall elect a nominating committee by vote of the stockholders at the annual meeting to serve for the following year. Each nominating committee shall review lists of farmers from the association territory, determine their willingness to serve, and submit for election a slate of eligible candidates which shall include at least two nominees for each elective office to be filled. In doing so, the committee shall endeavor to assure representation to all sections of the association territory and as nearly as possible to all types of agriculture practiced within the area. Employees of the association shall not be eligible to be nomi-