

**CHAPTER 8—ADJUSTMENT AND  
CANCELLATION OF FARM LOANS**

- Sec.  
1150. Compromise, adjustment, and cancellation of farm loans; conditions; delegation of powers and duties by Secretary of Agriculture.
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**CODIFICATION**

For provisions similar to former chapter 8 of this title, relating to federal intermediate credit banks, see Part A (§2071 et seq.) of subchapter II of chapter 23 of this title.

**§ 1150. Compromise, adjustment, and cancellation of farm loans; conditions; delegation of powers and duties by Secretary of Agriculture**

The Secretary of Agriculture, hereinafter referred to as the Secretary, is authorized and directed to compromise, adjust, or cancel indebtedness arising from loans and payments made or credit extended to farmers under the provisions of the several Acts of Congress or programs enumerated in section 1150a of this title: *Provided*, That the Secretary finds, after such investigation as he deems sufficient to establish the facts, that (1) said indebtedness has been due and payable for five years or more; (2) the debtor is unable to pay said indebtedness in full and has no reasonable prospect of being able to do so; (3) the debtor has acted in good faith in an effort to meet his obligation; and (4) the principal amount of said indebtedness is not in excess of \$1,000. The Secretary is further authorized at his discretion to cancel and discharge indebtedness arising under said Acts of Congress or programs when the amount of said indebtedness is less than \$10, or the debtor is deceased and there is no reasonable prospect of recovering from his estate, or his whereabouts has remained unknown for two years and there is no reasonable prospect of obtaining collection, or he has been discharged of the indebtedness in any proceeding under the Bankruptcy Act or under title 11. The compromises, adjustments, or cancellations<sup>1</sup> authorized by this section shall be effected through such agencies, upon such terms and conditions, and subject to such regulations, as the Secretary may prescribe, and the Secretary may delegate the exercise of any such powers and functions to such officers or employees of the Department of Agriculture as he may designate.

(Dec. 20, 1944, ch. 623, §1, 58 Stat. 836; Pub. L. 95-598, title III, §305, Nov. 6, 1978, 92 Stat. 2674.)

**REFERENCES IN TEXT**

The Bankruptcy Act, referred to in text, is act July 1, 1898, ch. 541, 30 Stat. 544, as amended, which was classified generally to Title 11, Bankruptcy. The Act was repealed effective Oct. 1, 1979, by Pub. L. 95-598, §§401(a), 402(a), Nov. 6, 1978, 92 Stat. 2682, section 101 of which enacted revised Title 11.

<sup>1</sup> So in original. Probably should be "cancellations".

**AMENDMENTS**

1978—Pub. L. 95-598 substituted "Bankruptcy Act or under title 11" for "Act entitled 'An Act to establish a uniform system of bankruptcy throughout the United States'".

**EFFECTIVE DATE OF 1978 AMENDMENT**

Amendment effective Oct. 1, 1979, see section 402(a) of Pub. L. 95-598, set out as an Effective Date note preceding section 101 of Title 11, Bankruptcy.

**TRANSFER OF FUNCTIONS**

All functions of all officers, agencies, and employees of the Department of Agriculture were transferred, with certain exceptions, to the Secretary of Agriculture by Reorg. Plan No. 2 of 1953, §1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.

**EXCEPTIONS FROM TRANSFER OF FUNCTIONS**

Functions of Corporations of Department of Agriculture, boards of directors and officers of such corporations, Advisory Board of Commodity Credit Corporation, and Farm Credit Administration or any agency, officer, or entity of, under, or subject to supervision of said Administration excepted from functions of officers, agencies, and employees transferred to Secretary of Agriculture by Reorg. Plan No. 2 of 1953, §1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.

**§ 1150a. Farm loans to which chapter is applicable**

The provisions of this chapter shall apply to any indebtedness of farmers arising from loans or payments made or credit extended to them under any of the following Acts or programs: (a) July 1, 1918 (40 Stat. 635); March 3, 1921 (41 Stat. 1347); March 20, 1922 (42 Stat. 467); April 26, 1924 (43 Stat. 110); February 25, 1927 (44 Stat. 1245); February 28, 1927 (44 Stat., part II, 1251); February 25, 1929 (45 Stat. 1306), as amended May 17, 1929 (46 Stat. 3); March 3, 1930 (46 Stat. 78-79), as amended April 24, 1930 (46 Stat. 254); December 20, 1930 (46 Stat. 1032), as amended February 14, 1931 (46 Stat. 1160); February 23, 1931 (46 Stat. 1276); January 22, 1932 (47 Stat. 5); March 3, 1932 (47 Stat. 60); February 4, 1933 (47 Stat. 795); February 23, 1934 (48 Stat. 354); June 19, 1934 (48 Stat. 1056); February 20, 1935 (49 Stat. 28); March 21, 1935 (49 Stat. 50); April 8, 1935 (49 Stat. 115); (Executive Order Numbered 7305); January 29, 1937 (50 Stat. 5); and February 4, 1938 (52 Stat. 27); (b) Agricultural Adjustment Act (of 1933); Bankhead Cotton Act of April 21, 1934, on account of the several cotton tax-exemption certificate pools; Jones-Connally Cattle Act of April 7, 1934; Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934; Kerr Tobacco Act of June 28, 1934, and Public Resolution Numbered 76, approved March 14, 1936; section 32 of the Act of August 24, 1935, and related legislation; Supplemental Appropriation Act, fiscal year 1936; sections 7 to 17 of the Soil Conservation and Domestic Allotment Act; Sugar Act of 1937; sections 303 and 381(a) of the Agricultural Adjustment Act of 1938 and related or subsequent legislation authorizing parity or price adjustment payments; title IV and title V of the Agricultural Adjustment Act of 1938 and related legislation; any amendment to any of the foregoing Acts heretofore and any other Act of Congress heretofore enacted authorizing payments to

farmers under programs administered through the Agricultural Adjustment Agency; (c) Loans made by or through the Resettlement Administration of the Farm Security Administration out of funds appropriated or made available by or pursuant to the following Acts; April 8, 1935 (49 Stat. 115); June 22, 1936 (49 Stat. 1608); February 9, 1937 (50 Stat. 8); June 29, 1937 (50 Stat. 352); The Bankhead-Jones Farm Tenant Act, July 22, 1937 (50 Stat. 522 et seq.); the Water Facilities Act of August 28, 1937 (50 Stat. 869 et seq.); March 2, 1938 (52 Stat. 83, Public Resolution Numbered 80); June 21, 1938 (52 Stat. 809); June 30, 1939 (53 Stat. 927); June 26, 1940 (Public Resolution Numbered 88); flood-restoration loans, Second Deficiency Appropriation Act, 1943 (57 Stat. 537, 542); and subsequent legislation appropriating or making available funds for such loans; commodity loan, purchase, sale, and other programs of the Commodity Credit Corporation; and crop-insurance programs formulated pursuant to title V of the Agricultural Adjustment Act of 1938 (the Federal Crop Insurance Act), and any amendment or supplement thereto heretofore or hereafter enacted. This chapter shall also apply to any indebtedness of farmers evidenced by notes or accounts receivable, title to which has been acquired in the liquidation of loans to cooperative associations made under the provisions of the Act of June 15, 1929 (46 Stat. 11).

(Dec. 20, 1944, ch. 623, § 2, 58 Stat. 836.)

#### REFERENCES IN TEXT

Act of January 22, 1932 (47 Stat. 5), referred to in text, is act Jan. 22, 1932, ch. 8, 47 Stat. 5, as amended, known as the Reconstruction Finance Corporation Act, which was formerly classified to chapter 14 (§601 et seq.) of Title 15, Commerce and Trade, and which has been eliminated from the Code. For complete classification of this Act prior to its elimination from the Code, see Tables.

Act of March 3, 1932 (47 Stat. 60), referred to in text, is act Mar. 3, 1932, ch. 70, 47 Stat. 60, which is classified generally to chapter 10 (§1401 et seq.) of this title. For complete classification of this Act to the Code, see Tables.

Act of April 8, 1935 (49 Stat. 115), and (Executive Order Numbered 7305), referred to in text, mean act Apr. 8, 1935, ch. 48, 49 Stat. 115, and Ex. Ord. No. 7305, Feb. 28, 1936, respectively, which were formerly classified to Chapter 16 (§721 et seq.) of Title 15, as legislation supplementary to the Federal Emergency Relief Act of 1933. Such provisions have been eliminated from the Code.

Act of June 19, 1934 (48 Stat. 1056), referred to in text, probably means act June 19, 1934, ch. 648, title II, § 1, 48 Stat. 1056. See References in Text note for the Emergency Appropriation Act, fiscal year 1935, below.

Act of January 29, 1937 (50 Stat. 5), referred to in text, is act Jan. 29, 1937, ch. 7, 50 Stat. 5, which was formerly classified to subchapter II-B (§1020i et seq.) of chapter 7 of this title, and which was repealed by act Aug. 14, 1946, ch. 964, §2(a)(2), 60 Stat. 1062.

The Agricultural Adjustment Act (of 1933), referred to in text, probably means title I of act May 12, 1933, ch. 25, 48 Stat. 31, as amended, known as the Agricultural Adjustment Act, which is classified generally to chapter 26 (§601 et seq.) of Title 7, Agriculture. For complete classification of this Act to the Code, see Short Title note set out under section 601 of Title 7 and Tables.

The Bankhead Cotton Act of April 21, 1934, referred to in text, is act Apr. 21, 1934, ch. 157, 48 Stat. 598, as amended, which is classified generally to chapter 27 (§701 et seq.) of Title 7. The Bankhead Cotton Act was

substantially repealed by act Feb. 10, 1936, ch. 42, 49 Stat. 1106. For complete classification of this Act to the Code, see Tables.

The Jones-Connally Cattle Act of April 7, 1934, referred to in text, is act Apr. 7, 1934, ch. 103, 48 Stat. 528, which is classified to sections 608, 608b, 609, 611, 612, and 612a of Title 7. For complete classification of this Act to the Code, see Tables.

Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934, referred to in text, is act June 19, 1934, ch. 648, title II, 48 Stat. 1055, relevant provisions of which were classified to sections 604 and 605 of Title 7, and section 59 of former Title 49, Transportation. Section 605 of Title 7 was repealed by act June 30, 1947, ch. 166, title II, §206(d), 61 Stat. 208, and section 59 of former Title 49, was repealed by Pub. L. 95-473, §4(b), Oct. 17, 1978, 92 Stat. 1466, the first section of which enacted subtitle IV (§10101 et seq.) of Title 49, Transportation. For complete classification of this Act to the Code, see Tables.

The Kerr Tobacco Act of June 28, 1934, referred to in text, is act June 28, 1934, ch. 866, §§1 to 16, 48 Stat. 1275, as amended, which was formerly classified to chapter 28 (§751 et seq.) of Title 7, and which was repealed by act Feb. 10, 1936, ch. 42, 49 Stat. 1106.

Section 32 of the Act of August 24, 1935, referred to in text, is classified to section 612c of Title 7.

Supplemental Appropriation Act, fiscal year 1936, referred to in text, is act Feb. 11, 1936, ch. 49, 49 Stat. 1134, provisions of which were formerly classified to chapter 16 (§721 et seq.) of Title 15, Commerce and Trade, as legislation supplementary to the Federal Emergency Relief Act of 1933. Such provisions have been eliminated from the Code. For complete classification of this Act to the Code, see Tables.

Sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, referred to in text, are classified to sections 590g, 590h, 590i, and 590j to 590q of Title 16, Conservation. Section 16 of the Act, classified to section 590p of Title 16, was repealed by Pub. L. 104-127, title III, §336(b)(1), Apr. 4, 1996, 110 Stat. 1006.

The Sugar Act of 1937, referred to in text, is act Sept. 1, 1937, ch. 898, 50 Stat. 903, which was formerly classified to chapter 34 (§1100 et seq.) of Title 7, Agriculture. The Sugar Act of 1937 expired on Dec. 31, 1947, and was superseded by the Sugar Act of 1948, which in turn expired on Dec. 31, 1974, and which has now been eliminated from the Code. For complete classification of the Sugar Act of 1937 to the Code prior to its expiration, see Tables.

Sections 303 and 381(a) of the Agricultural Adjustment Act of 1938, referred to in text, are classified to sections 1303 and 1381(a), respectively, of Title 7. Section 1381 of Title 7, was omitted from the Code.

The Agricultural Adjustment Act of 1938, referred to in text, is act Feb. 16, 1938, ch. 30, 52 Stat. 31, as amended. Title IV of the Act was formerly classified to subchapter III (§1401 et seq.) of chapter 35 of Title 7, and has been eliminated from the Code. Title V of the Act, formerly known as the Federal Crop Insurance Act, is classified generally to chapter 36 (§1501 et seq.) of Title 7. For complete classification of these Acts to the Code, see sections 1281 and 1501 of Title 7 and Tables.

Act of June 22, 1936 (49 Stat. 1608), referred to in text, probably means act June 22, 1936, ch. 689, title II, 49 Stat. 1608, provisions of which were formerly classified to chapter 16 (§721 et seq.) of Title 15, Commerce and Trade, as legislation supplementary to the Federal Emergency Relief Act of 1933. Such provisions have been eliminated from the Code.

Act of June 29, 1937 (50 Stat. 352), referred to in text, probably means act June 29, 1937, ch. 401, 50 Stat. 357, provisions of which were formerly classified to chapter 16 (§721 et seq.) of Title 15, as legislation supplementary to the Federal Emergency Relief Act of 1933. Such provisions have been eliminated from the Code. For complete classification of this Act to the Code, see Tables.

The Bankhead-Jones Farm Tenant Act, referred to in text, is act July 22, 1937, ch. 517, 50 Stat. 522, as amended, which is classified generally to chapter 33 (§1000 et

seq.) of Title 7, Agriculture. For complete classification of this Act to the Code, see section 1000 of Title 7 and Tables.

The Water Facilities Act of August 28, 1937 (50 Stat. 869 et seq.), referred to in text, is act Aug. 28, 1937, ch. 870, 50 Stat. 869, which was formerly classified to sections 590r to 590x-4 of Title 16, Conservation, and was repealed by section 341(a) of Pub. L. 87-128, title III, Aug. 8, 1961, 75 Stat. 318. See chapter 50 (§1921 et seq.) of Title 7, Agriculture.

Acts of March 2, 1938 (52 Stat. 83, Public Resolution Numbered 80), June 21, 1938 (52 Stat. 809), and June 30, 1939 (53 Stat. 927), referred to in text, are acts Mar. 2, 1938, ch. 38, 52 Stat. 83, June 21, 1938, ch. 554, 52 Stat. 809, and June 30, 1939, ch. 252, 53 Stat. 927, respectively, which were formerly classified to chapter 16 (§721 et seq.) of Title 15, Commerce and Trade, as legislation supplementary to the Federal Emergency Relief Act of 1933. Such provisions have been eliminated from the Code.

Act of June 26, 1940 (Public Resolution Numbered 88), referred to in text, is act June 26, 1940, ch. 432, 54 Stat. 611, provisions of which were formerly classified to section 609i of Title 15, and also to chapter 16 (§721 et seq.) of Title 15, as legislation supplementary to the Federal Emergency Relief Act of 1933. Such provisions have been eliminated from the Code. For complete classification of this Act to the Code, see Tables.

The Federal Crop Insurance Act, referred to in text, is subtitle A of title V of act Feb. 16, 1938, ch. 30, 52 Stat. 72, which is classified generally to subchapter I (§1501 et seq.) of chapter 36 of Title 7, Agriculture. For complete classification of this Act to the Code, see section 1501 of Title 7 and Tables.

Act of June 15, 1929 (46 Stat. 11), referred to in text, is act June 15, 1929, ch. 24, 46 Stat. 11, known as the Agricultural Marketing Act, which is classified generally to chapter 7A (§1141 et seq.) of this title. For complete classification of this Act to the Code, see section 1141j(e) of this title and Tables.

#### TRANSFER OF FUNCTIONS

Functions of all officers, agencies, and employees of Department of Agriculture transferred, with certain exceptions, to Secretary of Agriculture by Reorg. Plan No. 2, of 1953, §1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.

Functions of Agricultural Adjustment Agency and administration of programs of Commodity Credit Corporation and Federal Crop Insurance Corporation transferred to Secretary of Agriculture by Reorg. Plan No. 3 of 1946, §501, eff. July 16, 1946, 11 F.R. 7877, 60 Stat. 1100, set out in the Appendix to Title 5. See, also, notes under sections 610 and 1503 of Title 7, Agriculture.

Farm Security Administration abolished, see note under sections 1001 to 1006 of Title 7, Agriculture.

#### EXCEPTIONS FROM TRANSFER OF FUNCTIONS

Functions of Corporations of Department of Agriculture, boards of directors and officers of such corporations, Advisory Board of Commodity Credit Corporation, and Farm Credit Administration or any agency, officer, or entity of, under, or subject to supervision of said Administration excepted from functions of officers, agencies, and employees transferred to Secretary of Agriculture by Reorg. Plan No. 2 of 1953, §1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.

#### § 1150b. Authorization of appropriations

There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amount as may be necessary to enable the Secretary to carry out the provisions of this chapter, and the current and subsequent appropriations to enable the Secretary to administer the respective Acts of Congress or pro-

grams to which the aforesaid payments or loans or extensions of credit relate shall also be available for the administrative expenses of carrying out this chapter.

(Dec. 20, 1944, ch. 623, §3, 58 Stat. 837.)

#### TRANSFER OF FUNCTIONS

Functions of all officers, agencies, and employees of Department of Agriculture transferred, with certain exceptions, to Secretary of Agriculture by Reorg. Plan No. 2 of 1953, §1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.

#### EXCEPTIONS FROM TRANSFER OF FUNCTIONS

Functions of Corporations of Department of Agriculture, boards of directors and officers of such corporations, Advisory Board of Commodity Credit Corporation, and Farm Credit Administration or any agency, officer, or entity of, under, or subject to supervision of said Administration excepted from functions of officers, agencies, and employees transferred to Secretary of Agriculture by Reorg. Plan No. 2 of 1953, §1, effective June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.

#### § 1150c. Self-hauling of hay or other roughages under hay transportation assistance program; liability for or refund of excess payments; availability of funds for payments

Notwithstanding any other provision of law, no persons who have received or have owing to them, prior to September 24, 1980, payments at rates announced by the Secretary of Agriculture for self-hauling of hay or other roughages under the hay transportation assistance program shall be liable for, or be obligated to refund, any amount that is determined by the Secretary to be in excess of the payment computed in accordance with the maximum rate provided by section 8 of the Farmer-to-Consumer Direct Marketing Act of 1976: *Provided*, That the Secretary determines that such persons have otherwise complied with the terms and conditions of, and are otherwise entitled to payments under, the hay transportation assistance program. Any payments made pursuant to this section shall be made out of funds appropriated or otherwise available on September 24, 1980 for disaster relief.

(Dec. 20, 1944, ch. 623, §4, as added Pub. L. 96-356, Sept. 24, 1980, 94 Stat. 1177.)

#### REFERENCES IN TEXT

Section 8 of the Farmer-to-Consumer Direct Marketing Act of 1976, referred to in text, is section 8 of Pub. L. 94-463, Oct. 8, 1976, 90 Stat. 1983, which is set out as a note under section 5145 of Title 42, The Public Health and Welfare.

#### CODIFICATION

“This section” and “September 24, 1980”, referred to in the last sentence, were in the original “this Act” and “the date of enactment of this Act”. These references were editorially translated as Pub. L. 96-356, Sept. 24, 1980, 94 Stat. 1177 and the date of enactment of Pub. L. 96-356, as the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1150c, act Dec. 20, 1944, ch. 623, §4, 58 Stat. 837, related to false representations, acceptance of fees, etc., prior to repeal by act June 25, 1948, 645 §21,