

Subsec. (d). Pub. L. 99-198, §1305, added subsec. (d).

1981—Subsec. (a). Pub. L. 97-35 in par. (2) inserted reference to par. (6), in par. (3) designated existing provisions as subpar. (A), expanded provisions to take into account provisions of par. (6) and revised criteria for determination of applicable interest rates, and added subpar. (B), in par. (4) inserted exception for par. (6), and added par. (6).

1978—Subsec. (a). Pub. L. 95-334, §108(1), substituted provisions relating to determination of interest rates on loans, except as provided in pars. (3) to (5), as not in excess of the current average market yield on outstanding marketable obligations of the United States, with comparable remaining periods of maturity to the average maturities of such loans plus additional adjusted amounts, for provisions relating to establishment of interest rates on loans, except as specifically provided, but not in excess of 5 per centum per annum.

Subsecs. (b), (c). Pub. L. 95-334, §108(2), (3), added subsec. (b) and redesignated former subsec. (b) as (c).

1972—Subsec. (a). Pub. L. 92-419, §§113, 114, prescribed interest rates on rural development other than guaranteed and guaranteed loans and escrow payment of taxes and insurance, respectively.

Subsec. (b). Pub. L. 92-419, §128(b), substituted “may” for “shall” in second sentence.

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

EFFECTIVE DATE OF 1994 AMENDMENT

Pub. L. 103-328, title I, §113(b), Sept. 29, 1994, 108 Stat. 2366, provided that:

“(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by subsection (a) [amending this section] shall apply to a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in a State on or after the date of enactment of this Act [Sept. 29, 1994].

“(2) STATE OPTION.—Except as provided in paragraph (3), the amendments made by subsection (a) shall not apply to a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act in a State after the date (that occurs during the 3-year period beginning on the date of enactment of this Act) on which the State adopts a law or certifies that the voters of the State have voted in favor of a provision of the constitution or law of the State that states that the State does not want the amendments made by subsection (a) to apply with respect to loans made, insured, or guaranteed under such Act in the State.

“(3) TRANSITIONAL PERIOD.—In any case in which a State takes an action described in paragraph (2), the amendments made by subsection (a) shall continue to apply to a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act in the State after the date the action was taken pursuant to a commitment for the loan that was entered into during the period beginning on the date of enactment of this Act, and ending on the date on which the State takes the action.”

EFFECTIVE DATE OF 1992 AMENDMENT

Pub. L. 102-552, title V, §516(c)(2), Oct. 28, 1992, 106 Stat. 4137, provided that: “The amendments made by paragraph (1) of this subsection [amending this section] shall take effect at the same time as the amendments made by section 501(a) of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102-237; 105 Stat. 1865) [amending section 1924 of this title] took effect.

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-35, title I, §160(c), Aug. 13, 1981, 95 Stat. 378, provided that: “The amendments made by this section

[amending this section and section 1946 of this title] shall apply to loans approved after September 30, 1981.”

§ 1927a. Loan interest rates charged by Farmers Home Administration; grant funds associated with loans

Effective October 1, 1981, and thereafter, in the case of water and waste disposal and community facility borrowers, and effective November 12, 1983, and thereafter, in the case of housing and farm borrowers, upon request of the borrower, the interest rate charged by the Farmers Home Administration to such borrowers shall be the lower of the rates in effect at either the time of loan approval or loan closing and any Farmers Home Administration grant funds associated with such loans shall be set in amount based on the interest rate in effect at the time of loan approval.

(Pub. L. 99-88, title I, §100, Aug. 15, 1985, 99 Stat. 296; Pub. L. 100-233, title VI, §615(b)(1)(A), Jan. 6, 1988, 101 Stat. 1681.)

CODIFICATION

Section was enacted as part of the Supplemental Appropriations Act, 1985, and not as part of the Consolidated Farm and Rural Development Act which comprises this chapter.

AMENDMENTS

1988—Pub. L. 100-233 substituted “Effective October 1, 1981, and thereafter, in the case of water and waste disposal and community facility borrowers, and effective November 12, 1983, and thereafter, in the case of housing and farm borrowers” for “Effective November 12, 1983, and thereafter” and “to such borrowers” for “to housing, farm, water and waste disposal, and community facility borrowers”.

APPLICABILITY OF 1988 AMENDMENT

Pub. L. 100-233, title VI, §615(b)(1)(B), Jan. 6, 1988, 101 Stat. 1682, provided that: “The amendment made by subparagraph (A) [amending this section] shall not apply to any note or other obligation sold under section 1001 of the Omnibus [Budget] Reconciliation Act of 1986 [Pub. L. 99-509, 7 U.S.C. 1929a note] on or before the date of the enactment of this paragraph [Jan. 6, 1988].”

§ 1928. Full faith and credit

(a) In general

A contract of insurance or guarantee executed by the Secretary under this chapter shall be an obligation supported by the full faith and credit of the United States.

(b) Contestability

A contract of insurance or guarantee executed by the Secretary under this chapter shall be incontestable except for fraud or misrepresentation that the lender or any holder—

- (1) has actual knowledge of at the time the contract or guarantee is executed; or
- (2) participates in or condones.

(Pub. L. 87-128, title III, §308, Aug. 8, 1961, 75 Stat. 308; Pub. L. 87-798, Oct. 11, 1962, 76 Stat. 908; Pub. L. 89-240, §2(a), Oct. 7, 1965, 79 Stat. 932; Pub. L. 90-488, §6, Aug. 15, 1968, 82 Stat. 770; Pub. L. 92-133, Oct. 5, 1971, 85 Stat. 364; Pub. L. 101-624, title XXIII, §2388(a), Nov. 28, 1990, 104 Stat. 4052; Pub. L. 104-127, title VI, §605, Apr. 4, 1996, 110 Stat. 1086.)

REFERENCES IN TEXT

For definition of “this chapter”, referred to in text, see note set out under section 1921 of this title.