

the number of acres of the real property of the borrower that are subject to the contract bears to the aggregate number of acres securing such loans; or

(B) in any other case, by treating as prepaid that part of the principal amount of a new loan to the borrower issued and held by the Secretary under a law administered by the Secretary that bears the same ratio to such principal amount as the number of acres of the real property of the borrower that are subject to the contract bears to the aggregate number of acres securing the new loan.

(2) The amount so canceled or treated as prepaid pursuant to paragraph (1) shall not exceed—

(A) in the case of a delinquent loan, the value of the land on which the contract is entered into or the difference between the amount of the outstanding loan secured by the land and the value of the land, whichever is greater; or

(B) in the case of a nondelinquent loan, 33 percent of the amount of the loan secured by the land.

(f) Consultations with Director of Fish and Wildlife Service

If the Secretary elects to use the authority provided by this section, the Secretary shall consult with the Director of the Fish and Wildlife Service for purposes of—

(1) selecting real property in which the Secretary may enter into contracts under this section;

(2) formulating the terms and conditions of such contracts; and

(3) enforcing such contracts.

(g) Enforcement

The Secretary, and any person or governmental entity designated by the Secretary, may enforce a contract entered into by the Secretary under this section.

(Pub. L. 87-128, title III, § 349, as added Pub. L. 99-198, title XIII, § 1318(a), Dec. 23, 1985, 99 Stat. 1530; amended Pub. L. 100-233, title VI, § 612, Jan. 6, 1988, 101 Stat. 1674; Pub. L. 101-624, title XVIII, § 1815, title XXIII, § 2388(j), Nov. 28, 1990, 104 Stat. 3825, 4053; Pub. L. 104-127, title VI, § 642, Apr. 4, 1996, 110 Stat. 1102.)

AMENDMENTS

1996—Subsec. (b). Pub. L. 104-127, § 642(1), added subsec. (b) and struck out former subsec. (b) which read as follows: “Subject to subsection (c) of this section, the Secretary may acquire and retain an easement in real property, for a term of not less than 50 years, for conservation, recreational, and wildlife purposes.”

Subsec. (c). Pub. L. 104-127, § 642(2)(A), inserted heading and substituted “The Secretary may enter into a contract under subsection (b) of this section if” for “Such easement may be acquired or retained for real property if”.

Subsec. (c)(2). Pub. L. 104-127, § 642(2)(B), inserted “and” at end.

Subsec. (c)(3). Pub. L. 104-127, § 642(2)(C), struck out “(i)” after “(3)(A)”, substituted “administered by the Secretary” for “administered by the Farmers Home Administration”, redesignated cl. (ii) of subpar. (A) as subpar. (B), substituted “such contract” for “such easement” and a period for “; or” at end, and struck out former subpar. (B) which read as follows: “such property is administered under this chapter by the Secretary; and”.

Subsec. (c)(4). Pub. L. 104-127, § 642(2)(D), struck out par. (4) which read as follows: “such property was (except in the case of wetland and other wildlife habitat) row cropped each year of the 3-year period ending on December 23, 1985.”

Subsec. (d). Pub. L. 104-127, § 642(3), substituted “contract” for “easement” in introductory provisions and par. (3).

Subsec. (e). Pub. L. 104-127, § 642(4), in par. (1), substituted “reduce or forgive the outstanding debt of a borrower” for “purchase any such easement from the borrower” in introductory provisions, in subpars. (A) and (B), substituted “administered by the Secretary” for “administered by the Farmers Home Administration” and “contract bears” for “easement bears”, and in par. (2)(A), substituted “contract is entered into” for “easement is acquired”.

Subsec. (f). Pub. L. 104-127, § 642(5), in par. (1), substituted “enter into contracts” for “acquire easements” and in pars. (2) and (3), substituted “contracts” for “easements”.

Subsec. (g). Pub. L. 104-127, § 642(6), substituted “a contract entered into” for “an easement acquired”.

1990—Subsec. (a)(4), (5). Pub. L. 101-624, § 2388(j), redesignated par. (5) as (4).

Subsec. (c). Pub. L. 101-624, § 1815(1)(A)–(D), (F), (G), in introductory provision, struck out “such property” after “real property if”, and inserted “such property” after par. (1), (2), (3)(A)(i), (3)(B), and (4) designations.

Subsec. (c)(3)(A)(ii). Pub. L. 101-624, § 1815(1)(E), amended cl. (ii) generally. Prior to amendment, cl. (ii) read as follows: “the borrower of such loan is unable, as determined by the Secretary, to repay such loan in a timely manner; or”.

Subsec. (e). Pub. L. 101-624, § 1815(2), amended subsec. (e) generally. Prior to amendment, subsec. (e) read as follows: “Any such easement acquired by the Secretary shall be purchased from the borrower involved by canceling that part of the aggregate amount of such outstanding loans of the borrower held by the Secretary under laws administered by the Farmers Home Administration that bears the same ratio to the aggregate amount of the outstanding loans of such borrower held by the Secretary under all such laws as the number of acres of the real property of such borrower that are subject to such easement bears to the aggregate number of acres securing such loans. In no case shall the amount so cancelled exceed the value of the land on which the easement is acquired or the difference between the amount of the outstanding loan secured by the land and the current value of the land, whichever is greater.”

Subsec. (h). Pub. L. 101-624, § 1815(9), struck out subsec. (h) which read as follows: “This section shall not apply with respect to the cancellation of any part of any loan that was made after December 25, 1985.”

1988—Subsec. (c)(4). Pub. L. 100-233, § 612(1), inserted “and other wildlife habitat” after “wetland”.

Subsec. (e). Pub. L. 100-233, § 612(2), inserted “or the difference between the amount of the outstanding loan secured by the land and the current value of the land, whichever is greater” at end of second sentence.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-127 effective 90 days after Apr. 4, 1996, see section 663(b) of Pub. L. 104-127, set out as a note under section 1922 of this title.

§ 1998. Guaranteed farm loan programs

Notwithstanding any other provision of this chapter, the Secretary shall ensure that farm loan guarantee programs carried out under this chapter are designed so as to be responsive to borrower and lender needs and to include provisions under reasonable terms and conditions for advances, before completion of the liquidation process, of guarantee proceeds on loans in default.

(Pub. L. 87-128, title III, §350, as added Pub. L. 99-198, title XIII, §1319, Dec. 23, 1985, 99 Stat. 1531.)

REFERENCES IN TEXT

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

§ 1999. Interest rate reduction program

(a) Establishment of program

The Secretary shall establish and carry out in accordance with this section an interest rate reduction program for loans guaranteed under this chapter.

(b) Contracts with lenders

Under such program, the Secretary shall enter into a contract with, and make payments to, a legally organized institution to reduce during the term of such contract the interest rate paid by a borrower on a guaranteed loan made by such institution if—

(1) the borrower—

(A) is unable to obtain sufficient credit elsewhere to finance the actual needs of the borrower at reasonable rates and terms, taking into consideration private and cooperative rates and terms for a loan for a similar purpose and period of time in the community in or near which the borrower resides;

(B) is otherwise unable to make payments on such loan in a timely manner; and

(C) has a total estimated cash income during the 24-month period beginning on the date such contract is entered into (including all farm and nonfarm income) that will equal or exceed the total estimated cash expenses to be incurred by the borrower during such period (including all farm and nonfarm expenses); and

(2) the lender reduces during the term of such contract the annual rate of interest payable on such loan by a minimum percentage specified in such contract.

(c) Payments to lenders

In return for a contract entered into by a lender under subsection (b) of this section for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 100 percent of the cost of reducing the annual rate of interest payable on such loan, except that such payments may not exceed the cost of reducing such rate by more than 4 percent.

(d) Duration of contracts

The term of a contract entered into under this section to reduce the interest rate on a guaranteed loan may not exceed the outstanding term of such loan.

(e) Agricultural Credit Insurance Fund use limitation

(1) Notwithstanding any other provision of this chapter, the Agricultural Credit Insurance Fund established under section 1929 of this title may be used by the Secretary to carry out this section.

(2) MAXIMUM AMOUNT OF FUNDS.—

(A) IN GENERAL.—The total amount of funds used by the Secretary to carry out this section for a fiscal year shall not exceed \$750,000,000.

(B) BEGINNING FARMERS AND RANCHERS.—

(i) IN GENERAL.—The Secretary shall reserve not less than 15 percent of the funds used by the Secretary under subparagraph (A) to make payments for guaranteed loans made to beginning farmers and ranchers.

(ii) DURATION OF RESERVATION OF FUNDS.—Funds reserved for beginning farmers or ranchers under clause (i) for a fiscal year shall be reserved only until March 1 of the fiscal year.

(f) List of lender participants in guaranteed loan program

The Secretary shall make available to farmers, on request, a list of lenders in the area that participate in guaranteed farm loan programs and other lenders in the area that express a desire to participate in such programs and that request inclusion in the list.

(g) Foreclosure action provision in farm loan guarantees

Notwithstanding any other provision of law, each contract of guarantee on a farm loan entered into under this chapter after January 6, 1988, shall contain a condition that the lender of the guaranteed loan may not initiate foreclosure action on the loan until 60 days after a determination is made with respect to the eligibility of the borrower thereof to participate in the program under this section.

(Pub. L. 87-128, title III, §351, as added Pub. L. 99-198, title XIII, §1320, Dec. 23, 1985, 99 Stat. 1532; amended Pub. L. 100-233, title VI, §613(b), (c), Jan. 6, 1988, 101 Stat. 1674; Pub. L. 101-508, title I, §1202(b)(1), (c), Nov. 5, 1990, 104 Stat. 1388-10, 1388-11; Pub. L. 104-105, title II, §220, Feb. 10, 1996, 110 Stat. 184; Pub. L. 104-127, title VI, §643(a), Apr. 4, 1996, 110 Stat. 1102; Pub. L. 107-171, title V, §5313, May 13, 2002, 116 Stat. 347.)

REFERENCES IN TEXT

For definition of “this chapter”, referred to in subsecs. (a)(1), (e)(1), and (g), see note set out under section 1921 of this title.

AMENDMENTS

2002—Subsec. (a). Pub. L. 107-171, §5313(1), struck out par. (1) designation and heading and struck out heading and text of par. (2). Text read as follows: “The authority provided by this subsection shall terminate on September 30, 2002.”

Subsec. (e)(2). Pub. L. 107-171, §5313(2), added par. (2) and struck out former par. (2) which read as follows: “The total amount of funds used by the Secretary to carry out this section may not exceed \$490,000,000.”

1996—Subsec. (a). Pub. L. 104-105 inserted heading, designated existing provisions as par. (1) and inserted heading, and added par. (2).

Subsec. (f). Pub. L. 104-127, §643(a)(1), substituted “The Secretary” for “Each Farmers Home Administration county supervisor” and “list of lenders” for “list of approved lenders” and struck out “the Farmers Home Administration” before “guaranteed farm loan programs”.

Subsec. (h). Pub. L. 104-127, §643(a)(2), struck out subsec. (h) which established a demonstration project during 4-year period beginning Jan. 6, 1988, for purchase of Farm Credit System land.

1990—Subsec. (c). Pub. L. 101-508, §1202(b)(1)(A), substituted “100 percent” for “50 percent” and “4 percent” for “2 percent”.

Subsec. (d). Pub. L. 101-508, §1202(b)(1)(B), struck out “, or 3 years, whichever is less” after “term of such loan”.