

fication from the receipt of financial assistance under this section.

**(h) No entitlement to contract, grant, or assistance**

Nothing in this subchapter—

(1) entitles any person to assistance or a contract or grant; or

(2) limits the right of a State to impose additional limitations or conditions on assistance or a contract or grant under this section.

(Pub. L. 87-128, title III, §381G, as added Pub. L. 104-127, title VII, §761, Apr. 4, 1996, 110 Stat. 1143; amended Pub. L. 107-171, title VI, §6026(c), May 13, 2002, 116 Stat. 372.)

AMENDMENTS

2002—Subsec. (a)(1), (2). Pub. L. 107-171, §6026(c)(1), substituted “section 2009d(f) of this title” for “section 2009d(g) of this title”.

Subsec. (b)(1). Pub. L. 107-171, §6026(c)(2), substituted “section 2009d(g) of this title” for “section 2009d(h) of this title”.

**§ 2009g. Guarantee and commitment to guarantee loans**

**(a) “Eligible public entity” defined**

In this section, the term “eligible public entity” means any unit of general local government.

**(b) Guarantee and commitment**

The Secretary, on such terms and conditions as the Secretary may prescribe, may guarantee and make commitments to guarantee notes or other obligations issued by eligible public entities, or by public agencies designated by the eligible public entities, for the purposes of financing rural development activities authorized and funded under section 2009f of this title.

**(c) Limitation**

The Secretary may not make a guarantee or commitment to guarantee with respect to a note or other obligation if the total amount of outstanding notes or obligations guaranteed under this section (excluding any amount repaid under the contract entered into under subsection (e)(1)(A) of this section) for issuers in the State would exceed an amount equal to 5 times the sum of the total amount of grants made to the State under section 2009f of this title.

**(d) Payment of principal, interest, and costs**

Notwithstanding any other provision of this subchapter, a State to which a grant is made under section 2009f of this title may use the grant (including program income derived from the grant) to pay principal and interest due (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) on any note or other obligation guaranteed under this section.

**(e) Repayment contract; security**

**(1) In general**

To ensure the repayment of notes or other obligations and charges incurred under this section and as a condition for receiving the guarantees, the Secretary shall require the issuer to—

(A) enter into a contract, in a form acceptable to the Secretary, for repayment of

notes or other obligations guaranteed under this section;

(B) pledge any grant for which the issuer may become eligible under this subchapter; and

(C) furnish, at the discretion of the Secretary, such other security as may be considered appropriate by the Secretary in making the guarantees.

**(2) Security**

To assist in ensuring the repayment of notes or other obligations and charges incurred under this section, a State shall pledge any grant for which the State may become eligible under this subchapter as security for notes or other obligations and charges issued under this section by any eligible public entity in the State.

**(f) Pledged grants for repayments**

Notwithstanding any other provision of this subchapter, the Secretary may apply grants pledged pursuant to paragraphs (1)(B) and (2) of subsection (e) of this section to any repayments due the United States as a result of the guarantees.

**(g) Outstanding obligations**

The total amount of outstanding obligations guaranteed on a cumulative basis by the Secretary pursuant to subsection (b) of this section shall not at any time exceed such amount as may be authorized to be appropriated for such purpose for any fiscal year.

**(h) Purchase of guaranteed obligations by Federal Financing Bank**

Notes or other obligations guaranteed under this section may not be purchased by the Federal Financing Bank.

**(i) Full faith and credit**

The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for the guarantee with respect to principal and interest. The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed obligations.

(Pub. L. 87-128, title III, §381H, as added Pub. L. 104-127, title VII, §761, Apr. 4, 1996, 110 Stat. 1145.)

**§ 2009h. Local involvement**

An application for assistance under this subchapter shall include evidence of significant community support for the project for which the assistance is requested. In the case of assistance for a community facilities or infrastructure project, the evidence shall be in the form of a certification of support for the project from each affected general purpose local government.

(Pub. L. 87-128, title III, §381I, as added Pub. L. 104-127, title VII, §761, Apr. 4, 1996, 110 Stat. 1146.)

**§ 2009i. Interstate collaboration**

The Secretary shall permit the establishment of voluntary pooling arrangements among