

Subsec. (b)(1), (2). Pub. L. 110-246, §5004(2)(A), added par. (1) and par. (2) consisting of subpars. (A) and (B) and struck out former par. (1). Prior to amendment, text of par. (1) read as follows: “Each loan made under this section shall be in an amount equal to 40 percent of the purchase price or appraisal value, whichever is lower, of the farm or ranch to be acquired, unless the borrower requests a lesser amount.”

Subsec. (b)(3). Pub. L. 110-246, §5004(2)(B), substituted “20” for “15”.

Subsec. (c)(1). Pub. L. 110-246, §5004(3)(A), substituted “5” for “10”.

Subsec. (c)(2), (3). Pub. L. 110-246, §5004(3)(B), (C), redesignated par. (3) as (2), in subpar. (B), substituted “20-year” for “15-year”, and struck out former par. (2). Prior to amendment, text read as follows: “The Secretary shall not make a loan under this section with respect to a farm or ranch for which the purchase price or appraisal value, whichever is lower, exceeds \$250,000.”

Subsec. (d)(3). Pub. L. 110-246, §5004(4)(A)(ii), struck out “and” at end.

Pub. L. 110-246, §5004(4)(A)(i), which directed the insertion of “and socially disadvantaged farmers or ranchers” after “ranchers”, was executed by making the insertion after “ranchers” the second place it appeared to reflect the probable intent of Congress.

Subsec. (d)(4). Pub. L. 110-246, §5004(4)(B), substituted “or ranchers or socially disadvantaged farmers or ranchers; and” for “and ranchers.”

Subsec. (d)(5). Pub. L. 110-246, §5004(4)(C), added par. (5).

Subsec. (e). Pub. L. 110-246, §5004(5), added subsec. (e). 2002—Subsec. (b)(1). Pub. L. 107-171, §5005(1)(A), substituted “40 percent” for “30 percent”.

Subsec. (b)(3). Pub. L. 107-171, §5005(1)(B), substituted “15 years” for “10 years”.

Subsec. (c)(3)(B). Pub. L. 107-171, §5005(2), substituted “15-year” for “10-year”.

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.

§ 1936. Beginning farmer or rancher and socially disadvantaged farmer or rancher contract land sales program

(a) In general

The Secretary shall, in accordance with this section, guarantee a loan made by a private seller of a farm or ranch to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher (as defined in section 2003(e)(2) of this title) on a contract land sales basis.

(b) Eligibility

In order to be eligible for a loan guarantee under subsection (a)—

(1) the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher shall—

(A) on the date the contract land sale that is subject of the loan is complete, own and operate the farm or ranch that is the subject of the contract land sale;

(B) have a credit history that—

(i) includes a record of satisfactory debt repayment, as determined by the Secretary; and

(ii) is acceptable to the Secretary; and

(C) demonstrate to the Secretary that the farmer or rancher, as the case may be, is un-

able to obtain sufficient credit without a guarantee to finance any actual need of the farmer or rancher, as the case may be, at a reasonable rate or term; and

(2) the loan shall meet applicable underwriting criteria, as determined by the Secretary.

(c) Limitations

(1) Down payment

The Secretary shall not provide a loan guarantee under subsection (a) if the contribution of the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher to the down payment for the farm or ranch that is the subject of the contract land sale would be less than 5 percent of the purchase price of the farm or ranch.

(2) Maximum purchase price

The Secretary shall not provide a loan guarantee under subsection (a) if the purchase price or the appraisal value of the farm or ranch that is the subject of the contract land sale is greater than \$500,000.

(d) Period of guarantee

The period during which a loan guarantee under this section is in effect shall be the 10-year period beginning with the date the guarantee is provided.

(e) Guarantee plan

(1) Selection of plan

A private seller of a farm or ranch who makes a loan that is guaranteed by the Secretary under subsection (a) may select—

(A) a prompt payment guarantee plan, which shall cover—

(i) 3 amortized annual installments; or

(ii) an amount equal to 3 annual installments (including an amount equal to the total cost of any tax and insurance incurred during the period covered by the annual installments); or

(B) a standard guarantee plan, which shall cover an amount equal to 90 percent of the outstanding principal of the loan.

(2) Eligibility¹ for standard guarantee plan

In order for a private seller to be eligible for a standard guarantee plan referred to in paragraph (1)(B), the private seller shall—

(A) secure a commercial lending institution or similar entity, as determined by the Secretary, to serve as an escrow agent; or

(B) in cooperation with the farmer or rancher, use an appropriate alternate arrangement, as determined by the Secretary.

(f) Transition from pilot program

(1) In general

The Secretary may phase-in the implementation of the changes to the Beginning Farmer and Rancher and Socially Disadvantaged Farmer or Rancher Contract Land Sales Program provided for in this section.

(2) Limitation

All changes to the Beginning Farmer and Rancher and Socially Disadvantaged Farmer

¹ So in original. Probably should be “Eligibility”.

or Rancher Contract Land Sales Program must be implemented for the 2011 Fiscal Year. (Pub. L. 87-128, title III, §310F, as added Pub. L. 107-171, title V, §5006, May 13, 2002, 116 Stat. 342; amended Pub. L. 110-234, title V, §5005, May 22, 2008, 122 Stat. 1145; Pub. L. 110-246, §4(a), title V, §5005, June 18, 2008, 122 Stat. 1664, 1906.)

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

PRIOR PROVISIONS

A prior section 1936, Pub. L. 87-128, title III, §310F, as added Pub. L. 102-554, §7(b), Oct. 28, 1992, 106 Stat. 4146, related to availability of farm ownership loans and loan guarantees for certain qualified beginning farmers and ranchers, prior to repeal by Pub. L. 104-127, title VI, §616(b), Apr. 4, 1996, 110 Stat. 1090.

AMENDMENTS

2008—Pub. L. 110-246, §5005, amended section generally, substituting provisions relating to guarantee of a loan made by a private seller of a farm or ranch to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher on a contract land sales basis, for similar provisions relating to a pilot program in fiscal years 2003 through 2007.

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.

§ 1936a. Use of rural development loans and grants for other purposes

If, after making a loan or a grant described in section 2009d(d) of this title, the Secretary determines that the circumstances under which the loan or grant was made have sufficiently changed to make the project or activity for which the loan or grant was made available no longer appropriate, the Secretary may allow the loan borrower or grant recipient to use property (real and personal) purchased or improved with the loan or grant funds, or proceeds from the sale of property (real and personal) purchased with such funds, for another project or activity that (as determined by the Secretary)—

- (1) will be carried out in the same area as the original project or activity;
- (2) meets the criteria for a loan or a grant described in section 2009d(d) of this title; and
- (3) satisfies such additional requirements as are established by the Secretary.

(Pub. L. 87-128, title III, §310G, as added Pub. L. 107-171, title VI, §6018, May 13, 2002, 116 Stat. 361.)

§ 1936b. Intermediary relending program

(a) In general

The Secretary may make or guarantee loans to eligible entities described in subsection (b) so that the eligible entities may relend the funds to individuals and entities for the purposes described in subsection (c).

(b) Eligible entities

Entities eligible for loans and loan guarantees described in subsection (a) are—

- (1) public agencies;
- (2) Indian tribes;
- (3) cooperatives; and
- (4) nonprofit corporations.

(c) Eligible purposes

The proceeds from loans made or guaranteed by the Secretary pursuant to subsection (a) may be relent by eligible entities for projects that—

- (1) predominately serve communities in rural areas; and
- (2) as determined by the Secretary—
 - (A) promote community development;
 - (B) establish new businesses;
 - (C) establish and support microlending programs; and
 - (D) create or retain employment opportunities.

(d) Limitation

The Secretary shall not make loans under section 9812(a) of title 42.

(e) Authorization of appropriations

There is authorized to be appropriated to carry out this subsection \$25,000,000 for each of fiscal years 2014 through 2018.

(Pub. L. 87-128, title III, §310H, as added Pub. L. 113-79, title VI, §6017(a), Feb. 7, 2014, 128 Stat. 845.)

SUBCHAPTER II—OPERATING LOANS

§ 1941. Persons eligible for loans

(a) In general

(1) Eligibility requirements

The Secretary may make and insure loans under this subchapter to farmers and ranchers in the United States, and to farm cooperatives and private domestic corporations, partnerships, joint operations, trusts, limited liability companies, and such other legal entities as the Secretary considers appropriate, that are controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States, subject to the conditions specified in this section. To be eligible for such loans, applicants who are individuals, or, in the case of cooperatives, corporations, partnerships, joint operations, trusts, limited liability companies, and such other legal entities, individuals holding a majority interest in such entity, must (A) be citizens of the United States, (B) for direct loans only, have either training or farming experience that the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations, taking into consideration all farming experience of the applicant, without regard to any lapse between farming experiences, (C) be or will become operators of not larger than family farms (or in the case of cooperatives, corporations, partnerships, joint operations, trusts, limited liability companies, and such other legal entities in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be or will become either owners or operators of not larger than a family farm and at least one such individual must be