

of exercising such option, pay a fee equal to 1 percent of the outstanding principal balance of such loan or loan advance, or portion thereof, for which such option is exercised. Such fee shall be in addition to the penalties and other payments required under subsection (b).

(4) Sunset

The option provided under paragraph (1) shall not be available in the case of any loan or loan advance, or portion thereof, unless a written request to exercise such option is sent to the Secretary not later than 1 year after the effective date of regulations issued to carry out the Rural Electrification Loan Restructuring Act of 1993.

(May 20, 1936, ch. 432, title III, §306C, as added Pub. L. 103-66, title I, §1201(a), Aug. 10, 1993, 107 Stat. 327; amended Pub. L. 103-129, §2(c)(10), Nov. 1, 1993, 107 Stat. 1365; Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

REFERENCES IN TEXT

The Rural Electrification Loan Restructuring Act of 1993, referred to in subsec. (d)(4), is Pub. L. 103-129, Nov. 1, 1993, 107 Stat. 1356. Section 6 of Pub. L. 103-129 relates to the issuance of regulations to carry out amendments made by the Act and is set out as a note under section 901 of this title. For complete classification of this Act to the Code, see Short Title of 1993 Amendment note set out under section 901 of this title and Tables.

AMENDMENTS

1994—Subsecs. (b)(3)(A)(ii), (d)(4). Pub. L. 103-354 substituted “Secretary” for “Administrator”.

1993—Subsec. (c)(2). Pub. L. 103-129, §2(c)(10)(A), inserted before period at end “, except that such rate shall not be greater than 7 percent per year, subject to subsection (d) of this section”.

Subsec. (d). Pub. L. 103-129, §2(c)(10)(B), added subsec. (d).

REGULATIONS

Pub. L. 103-66, title I, §1201(b), Aug. 10, 1993, 107 Stat. 330, provided that: “Not later than 45 days after the date of enactment of this section [Aug. 10, 1993], the Administrator of the Rural Electrification Administration shall issue interim final regulations to carry out the amendment made by subsection (a) [enacting this section].”

§ 936d. Eligibility of distribution borrowers for loans, loan guarantees, and lien accommodations

For the purpose of determining the eligibility of a distribution borrower not in default on the repayment of a loan made or guaranteed under this chapter for a loan, loan guarantee, or lien accommodation under this subchapter, a default by a borrower from which the distribution borrower purchases wholesale power shall not—

(1) be considered a default by the distribution borrower;

(2) reduce the eligibility of the distribution borrower for assistance under this chapter; or

(3) be the cause, directly or indirectly, of imposing any requirement or restriction on the borrower as a condition of the assistance, except such requirements or restrictions as are necessary to implement a debt restructuring agreed on by the power supply borrower and the Government.

(May 20, 1936, ch. 432, title III, §306D, as added Pub. L. 103-129, §2(c)(7), Nov. 1, 1993, 107 Stat. 1364.)

§ 936e. Administrative prohibitions applicable to certain electric borrowers

(a) In general

For the purpose of relieving borrowers of unnecessary and burdensome requirements, the Secretary, guided by the practices of private lenders with respect to similar credit risks, shall issue regulations, applicable to any electric borrower under this chapter whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Secretary, to minimize those approval rights, requirements, restrictions, and prohibitions that the Secretary otherwise may establish with respect to the operations of such a borrower.

(b) Subordination or sharing of liens

At the request of a private lender providing financing to such a borrower for a capital investment, the Secretary shall, expeditiously, either offer to share the government’s lien on the borrower’s system or offer to subordinate the government’s lien on that property financed by the private lender.

(c) Issuance of regulations

In issuing regulations implementing this section, the Secretary may establish requirements, guided by the practices of private lenders, to ensure that the security for any loan made or guaranteed under this chapter is reasonably adequate.

(d) Authority of Secretary

Nothing in this section limits the authority of the Secretary to establish terms and conditions with respect to the use by borrowers of the proceeds of loans made or guaranteed under this chapter or to take any other action specifically authorized by law.

(May 20, 1936, ch. 432, title III, §306E, as added Pub. L. 103-129, §2(c)(7), Nov. 1, 1993, 107 Stat. 1365; amended Pub. L. 103-201, §1, Dec. 17, 1993, 107 Stat. 2342; Pub. L. 103-354, title II, §235(a)(8), (13), Oct. 13, 1994, 108 Stat. 3221.)

AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator” in heading of subsec. (d) and wherever appearing in text.

1993—Pub. L. 103-201 inserted “certain” before “electric” in section catchline and amended text generally. Prior to amendment, text read as follows: “The Administrator may not require prior approval of, impose any requirement, restriction, or prohibition with respect to the operations of, or deny or delay the granting of a lien accommodation to, any electric borrower under this chapter whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Administrator.”

REGULATIONS

Pub. L. 103-201, §2, Dec. 17, 1993, 107 Stat. 2342, provided that: “The Administrator of the Rural Electrification Administration shall issue interim final regulations implementing this Act [amending this section] not later than 180 days after enactment [Dec. 17, 1993]. If the regulations are not issued within such period of time, the Administrator may not, until the Administrator issues such regulations, require prior approval of, establish any requirement, restriction, or prohibition, with respect to the operations of any electric bor-