

1524; amended Pub. L. 101-624, title XVIII, § 1811, title XXIII, § 2388(f), Nov. 28, 1990, 104 Stat. 3821, 4053; Pub. L. 102-554, §§ 13-15, Oct. 28, 1992, 106 Stat. 4152, 4153; Pub. L. 104-127, title VI, § 637, Apr. 4, 1996, 110 Stat. 1093; Pub. L. 107-171, title V, § 5307, title VI, § 6019, May 13, 2002, 116 Stat. 345, 362; Pub. L. 110-234, title VI, § 6012(b)(3), May 22, 2008, 122 Stat. 1165; Pub. L. 110-246, § 4(a), title VI, § 6012(b)(3), June 18, 2008, 122 Stat. 1664, 1927; Pub. L. 113-79, title VI, § 6020(a), Feb. 7, 2014, 128 Stat. 847.)

REFERENCES IN TEXT

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

Section 1989 of this title, referred to in subsec. (f)(1)(A), was in the original “section 114”, and was translated as meaning section 339 of Pub. L. 87-128, which is classified to section 1989 of this title, to reflect the probable intent of Congress, because Pub. L. 87-128 does not contain a section 114 and section 1989 provides for a lender certification program.

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 L. 110-234 were repealed by section 4(a) of Pub.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.

AMENDMENTS

2014—Subsec. (h). Pub. L. 113-79 added subsec. (h).

2008—Subsec. (g)(1)(B). Pub. L. 110-246, § 6012(b)(3), substituted “1932(a)(2)(A)” for “1932(a)(1)” in introductory provisions.

2002—Subsec. (g). Pub. L. 107-171, § 6019, added subsec. (g) and struck out former subsec. (g) which read as follows:

“(1) The Secretary shall provide to lenders a short, simplified application form for guarantees under this chapter of loans the principal amount of which is \$125,000 or less.

“(2) In developing the application, the Secretary shall—

“(A) consult with commercial and cooperative lenders; and

“(B) ensure that—

“(i) the form can be completed manually or electronically, at the option of the lender;

“(ii) the form minimizes the documentation required to accompany the form;

“(iii) the cost of completing and processing the form is minimal; and

“(iv) the form can be completed and processed in an expeditious manner.”

Subsec. (g)(1). Pub. L. 107-171, § 5307, substituted “\$125,000” for “\$50,000”.

1996—Subsec. (f)(4). Pub. L. 104-127, § 637(1), inserted heading.

Subsec. (f)(4)(A). Pub. L. 104-127, § 637(1), designated first sentence of par. (4) as subpar. (A), inserted heading, and directed the substitution of “The Secretary shall provide a prospectus of a seasoned” for “With” and all that follows through “seasoned”, which was executed by making the substitution for all that follows through “seasoned” the first place appearing resulting in making the substitution for “With the approval of the borrower, the Secretary shall provide the prospectus of the seasoned”, to reflect the probable intent of Congress.

Subsec. (f)(4)(B), (C). Pub. L. 104-127, § 637(2), added subpar. (B), designated second sentence of par. (4) as subpar. (C), and inserted heading.

1992—Subsec. (a)(2). Pub. L. 102-554, § 13, designated existing provisions as subpar. (A), inserted “(other than under subchapter II of this chapter)” after “under this chapter”, and added subpar. (B).

Subsec. (f). Pub. L. 102-554, § 14, added subsec. (f).

Subsec. (g). Pub. L. 102-554, § 15, added subsec. (g).
1990—Subsec. (a)(4). Pub. L. 101-624, § 1811, added par. (4).

Subsec. (c). Pub. L. 101-624, § 2388(f), substituted “If” for “In”.

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

Pub. L. 99-198, title XIII, § 1312(b), Dec. 23, 1985, 99 Stat. 1525, provided that: “The amendment made by subsection (a) [enacting this section] shall be effective with respect to applications for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act [Dec. 23, 1985].”

§ 1983b. Beginning farmer and rancher individual development accounts pilot program

(a) Definitions

In this section:

(1) Demonstration program

The term “demonstration program” means a demonstration program carried out by a qualified entity under the pilot program established in subsection (b)(1).

(2) Eligible participant

The term “eligible participant” means a qualified beginning farmer or rancher that—

(A) lacks significant financial resources or assets; and

(B) has an income that is less than—

(i) 80 percent of the median income of the State in which the farmer or rancher resides; or

(ii) 200 percent of the most recent annual Federal Poverty Income Guidelines published by the Department of Health and Human Services for the State.

(3) Individual development account

The term “individual development account” means a savings account described in subsection (b)(4)(A).

(4) Qualified entity

(A) In general

The term “qualified entity” means—

(i) 1 or more organizations—

(I) described in section 501(c)(3) of title 26; and

(II) exempt from taxation under section 501(a) of such title; or

(ii) a State, local, or tribal government submitting an application jointly with an organization described in clause (i).

(B) No prohibition on collaboration

An organization described in subparagraph (A)(i) may collaborate with a financial institution or for-profit community development corporation to carry out the purposes of this section.

(b) Pilot program

(1) In general

The Secretary shall establish a pilot program to be known as the “New Farmer Indi-

vidual Development Accounts Pilot Program” under which the Secretary shall work through qualified entities to establish demonstration programs—

- (A) of at least 5 years in duration; and
- (B) in at least 15 States.

(2) Coordination

The Secretary shall operate the pilot program through, and in coordination with the farm loan programs of, the Farm Service Agency.

(3) Reserve funds

(A) In general

A qualified entity carrying out a demonstration program under this section shall establish a reserve fund consisting of a non-Federal match of 50 percent of the total amount of the grant awarded to the demonstration program under this section.

(B) Federal funds

After the qualified entity has deposited the non-Federal matching funds described in subparagraph (A) in the reserve fund, the Secretary shall provide the total amount of the grant awarded under this section to the demonstration program for deposit in the reserve fund.

(C) Use of funds

Of the funds deposited under subparagraph (B) in the reserve fund established for a demonstration program, the qualified entity carrying out the demonstration program—

- (i) may use up to 10 percent for administrative expenses; and
- (ii) shall use the remainder in making matching awards described in paragraph (4)(B)(ii)(I).

(D) Interest

Any interest earned on amounts in a reserve fund established under subparagraph (A) may be used by the qualified entity as additional matching funds for, or to administer, the demonstration program.

(E) Guidance

The Secretary shall issue guidance regarding the investment requirements of reserve funds established under this paragraph.

(F) Reversion

On the date on which all funds remaining in any individual development account established by a qualified entity have reverted under paragraph (5)(B)(ii) to the reserve fund established by the qualified entity, there shall revert to the Treasury of the United States a percentage of the amount (if any) in the reserve fund equal to—

- (i) the amount of Federal funds deposited in the reserve fund under subparagraph (B) that were not used for administrative expenses; divided by
- (ii) the total amount of funds deposited in the reserve fund.

(4) Individual development accounts

(A) In general

A qualified entity receiving a grant under this section shall establish and administer

individual development accounts for eligible participants.

(B) Contract requirements

To be eligible to receive funds under this section from a qualified entity, an eligible participant shall enter into a contract with only 1 qualified entity under which—

- (i) the eligible participant agrees—
 - (I) to deposit a certain amount of funds of the eligible participant in a personal savings account, as prescribed by the contractual agreement between the eligible participant and the qualified entity;
 - (II) to use the funds described in subclause (I) only for 1 or more eligible expenditures described in paragraph (5)(A); and
 - (III) to complete financial training; and
- (ii) the qualified entity agrees—
 - (I) to deposit, not later than 1 month after an amount is deposited pursuant to clause (i)(I), at least a 100-percent, and up to a 200-percent, match of that amount into the individual development account established for the eligible participant; and
 - (II) with uses of funds proposed by the eligible participant.

(C) Limitation

(i) In general

A qualified entity administering a demonstration program under this section may provide not more than \$6,000 for each fiscal year in matching funds to the individual development account established by the qualified entity for an eligible participant.

(ii) Treatment of amount

An amount provided under clause (i) shall not be considered to be a gift or loan for mortgage purposes.

(5) Eligible expenditures

(A) In general

An eligible expenditure described in this subparagraph is an expenditure—

- (i) to purchase farmland or make a down payment on an accepted purchase offer for farmland;
- (ii) to make mortgage payments on farmland purchased pursuant to clause (i), for up to 180 days after the date of the purchase;
- (iii) to purchase breeding stock, fruit or nut trees, or trees to harvest for timber; and
- (iv) for other similar expenditures, as determined by the Secretary.

(B) Timing

(i) In general

An eligible participant may make an eligible expenditure at any time during the 2-year period beginning on the date on which the last matching funds are provided under paragraph (4)(B)(ii)(I) to the individual development account established for the eligible participant.

(ii) Unexpended funds

At the end of the period described in clause (i), any funds remaining in an individual development account established for an eligible participant shall revert to the reserve fund of the demonstration program under which the account was established.

(c) Applications**(1) In general**

A qualified entity that seeks to carry out a demonstration program under this section may submit to the Secretary an application at such time, in such form, and containing such information as the Secretary may prescribe.

(2) Criteria

In considering whether to approve an application to carry out a demonstration program under this section, the Secretary shall assess—

(A) the degree to which the demonstration program described in the application is likely to aid eligible participants in successfully pursuing new farming opportunities;

(B) the experience and ability of the qualified entity to responsibly administer the demonstration program;

(C) the experience and ability of the qualified entity in recruiting, educating, and assisting eligible participants to increase economic independence and pursue or advance farming opportunities;

(D) the aggregate amount of direct funds from non-Federal public sector and private sources that are formally committed to the demonstration program as matching contributions;

(E) the adequacy of the plan of the qualified entity to provide information relevant to an evaluation of the demonstration program; and

(F) such other factors as the Secretary considers to be appropriate.

(3) Preferences

In considering an application to conduct a demonstration program under this section, the Secretary shall give preference to an application from a qualified entity that demonstrates—

(A) a track record of serving clients targeted by the program, including, as appropriate, socially disadvantaged farmers or ranchers (as defined in section 2003(e)(2) of this title); and

(B) expertise in dealing with financial management aspects of farming.

(4) Approval

Not later than 1 year after the date of enactment of this section, in accordance with this section, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration programs as the Secretary considers appropriate.

(5) Term of authority

If the Secretary approves an application to carry out a demonstration program, the Secretary shall authorize the applicant to carry out the project for a period of 5 years, plus an

additional 2 years to make eligible expenditures in accordance with subsection (b)(5)(B).

(d) Grant authority**(1) In general**

The Secretary shall make a grant to a qualified entity authorized to carry out a demonstration program under this section.

(2) Maximum amount of grants

The aggregate amount of grant funds provided to a demonstration program carried out under this section shall not exceed \$250,000.

(3) Timing of grant payments

The Secretary shall pay the amounts awarded under a grant made under this section—

(A) on the awarding of the grant; or

(B) pursuant to such payment plan as the qualified entity may specify.

(e) Reports**(1) Annual progress reports****(A) In general**

Not later than 60 days after the end of the calendar year in which the Secretary authorizes a qualified entity to carry out a demonstration program under this section, and annually thereafter until the conclusion of the demonstration program, the qualified entity shall prepare an annual report that includes, for the period covered by the report—

(i) an evaluation of the progress of the demonstration program;

(ii) information about the demonstration program, including the eligible participants and the individual development accounts that have been established; and

(iii) such other information as the Secretary may require.

(B) Submission of reports

A qualified entity shall submit each report required under subparagraph (A) to the Secretary.

(2) Reports by the Secretary

Not later than 1 year after the date on which all demonstration programs under this section are concluded, the Secretary shall submit to Congress a final report that describes the results and findings of all reports and evaluations carried out under this section.

(f) Annual review

The Secretary may conduct an annual review of the financial records of a qualified entity—

(1) to assess the financial soundness of the qualified entity; and

(2) to determine the use of grant funds made available to the qualified entity under this section.

(g) Regulations

In carrying out this section, the Secretary may promulgate regulations to ensure that the program includes provisions for—

(1) the termination of demonstration programs;

(2) control of the reserve funds in the case of such a termination;

(3) transfer of demonstration programs to other qualified entities; and

(4) remissions from a reserve fund to the Secretary in a case in which a demonstration program is terminated without transfer to a new qualified entity.

(h) Authorization of appropriations

There is authorized to be appropriated to carry out this section \$5,000,000 for each of fiscal years 2008 through 2018.

(Pub. L. 87-128, title III, §333B, as added Pub. L. 110-234, title V, §5301, May 22, 2008, 122 Stat. 1147, and Pub. L. 110-246, §4(a), title V, §5301, June 18, 2008, 122 Stat. 1664, 1908; Pub. L. 113-79, title V, §5301, Feb. 7, 2014, 128 Stat. 839.)

REFERENCES IN TEXT

The date of enactment of this section, referred to in subsec. (c)(4), is the date of enactment of Pub. L. 110-246, which was approved June 18, 2008.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 enacted identical sections. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246.

PRIOR PROVISIONS

A prior section 1983b, Pub. L. 87-128, title III, §333B, as added Pub. L. 99-198, title XIII, §1313(a), Dec. 23, 1985, 99 Stat. 1525; amended Pub. L. 100-233, title VI, §608, Jan. 6, 1988, 101 Stat. 1667; Pub. L. 101-624, title XVIII, §1812, Nov. 28, 1990, 104 Stat. 3821, related to appeals from adverse decisions under the Consolidated Farm and Rural Development Act, prior to repeal by Pub. L. 103-354, title II, §281(c), Oct. 13, 1994, 108 Stat. 3233. See section 6991 et seq. of this title.

AMENDMENTS

2014—Subsec. (h). Pub. L. 113-79 substituted “2018” for “2012”.

EFFECTIVE DATE

Enactment 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 a note under section 8701 of this title.

§ 1983c. Provision of information to borrowers

(a) In general

On request of a farm borrower of a farmer program loan, the Secretary shall make available to the borrower the following:

(1) One copy of each document signed by the borrower.

(2) One copy of each appraisal performed with respect to the loan.

(3) All documents that the Secretary otherwise is required to provide to the borrower under any law or rule of law in effect on the date of such request.

(b) Construction of section

Subsection (a) shall not be construed to supersede any duty imposed on the Secretary by any law or rule of law in effect immediately before January 6, 1988, unless such duty is in direct conflict with any duty imposed by subsection (a).

(Pub. L. 87-128, title III, §333C, as added Pub. L. 100-233, title VI, §609, Jan. 6, 1988, 101 Stat. 1668.)

§ 1983d. Farmer loan pilot projects

(a) In general

The Secretary may conduct pilot projects of limited scope and duration that are consistent

with subchapter I through this subchapter to evaluate processes and techniques that may improve the efficiency and effectiveness of the programs carried out under subchapter I through this subchapter.

(b) Notification

The Secretary shall—

(1) not less than 60 days before the date on which the Secretary initiates a pilot project under subsection (a), submit notice of the proposed pilot project to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(2) consider any recommendations or feedback provided to the Secretary in response to the notice provided under paragraph (1).

(Pub. L. 87-128, title III, §333D, as added Pub. L. 113-79, title V, §5302, Feb. 7, 2014, 128 Stat. 839.)

§ 1984. Taxation

All property subject to a lien held by the United States or the title to which is acquired or held by the Secretary under this chapter other than property used for administrative purposes shall be subject to taxation by State, territory, district, and local political subdivisions in the same manner and to the same extent as other property is taxed: *Provided, however,* That no tax shall be imposed or collected on or with respect to any instrument if the tax is based on—

(1) the value of any notes or mortgages or other lien instruments held by or transferred to the Secretary;

(2) any notes or lien instruments administered under this chapter which are made, assigned, or held by a person otherwise liable for such tax; or

(3) the value of any property conveyed or transferred to the Secretary,

whether as a tax on the instrument, the privilege of conveying or transferring or the recordation thereof; nor shall the failure to pay or collect any such tax be a ground for refusal to record or file such instruments, or for failure to impart notice, or prevent the enforcement of its provisions in any State or Federal court.

(Pub. L. 87-128, title III, §334, Aug. 8, 1961, 75 Stat. 315.)

REFERENCES IN TEXT

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

§ 1985. Security servicing

(a) Preservation and protection of security, lien, or priority of lien securing loan

The Secretary is authorized and empowered to make advances, without regard to any loan or total indebtedness limitation, to preserve and protect the security for or the lien or priority of the lien securing any loan or other indebtedness owing to, insured by, or acquired by the Secretary under this chapter or under any other programs administered by the Farmers Home Administration or the Rural Development Administration; to bid for and purchase at any exe-