

structuring” for “Rights of Applicants” as part C heading.

§ 2199. Disclosure

(a) In general

In accordance with regulations of the Farm Credit Administration, qualified lenders shall provide to borrowers, for all loans that are not subject to the Truth in Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure not later than the time of the loan closing, of—

(1) the current rate of interest on the loan;

(2) in the case of an adjustable or variable rate loan, the amount and frequency by which the interest rate can be increased during the term of the loan or, if there are no such limitations, a statement to that effect, and the factors (including the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by the qualified lender in determining adjustments to the interest rate;

(3) the effect, as shown by a representative example or examples, of any loan origination charges or purchases of stock or participation certificates on the effective rate of interest;

(4) any change in the interest rate applicable to the borrower’s loan, and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate;

(5) except with respect to stock guaranteed under section 2162 of this title, a statement indicating that stock that is purchased is at risk; and

(6) a statement indicating the various types of loan options available to borrowers, with an explanation of the terms and borrowers’ rights that apply to each type of loan.

(b) Differential interest rates

A qualified lender offering more than one rate of interest to borrowers shall, at the request of a borrower of a loan—

(1) provide a review of the loan to determine if the proper interest rate has been established;

(2) explain to the borrower in writing the basis for the interest rate charged; and

(3) explain to the borrower in writing how the credit status of the borrower may be improved to receive a lower interest rate on the loan.

(Pub. L. 92-181, title IV, §4.13, as added Pub. L. 99-205, title III, §301(b), Dec. 23, 1985, 99 Stat. 1707; amended Pub. L. 100-233, title I, §§103, 109, Jan. 6, 1988, 101 Stat. 1579, 1584; Pub. L. 104-105, title II, §207, Feb. 10, 1996, 110 Stat. 173.)

REFERENCES IN TEXT

The Truth in Lending Act, referred to in subsec. (a), is title I of Pub. L. 90-321, May 29, 1968, 82 Stat. 146, as amended, which is classified generally to subchapter I (§1601 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

PRIOR PROVISIONS

A prior section 4.13 of Pub. L. 92-181, title IV, Dec. 10, 1971, 85 Stat. 613, was renumbered section 4.13B by Pub.

L. 99-205, title III, §301(a), Dec. 23, 1985, 99 Stat. 1707, and is classified to section 2201 of this title.

AMENDMENTS

1996—Subsec. (a)(4). Pub. L. 104-105 inserted before semicolon at end “, and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate”.

1988—Pub. L. 100-233, §109, designated existing provisions as subsec. (a), inserted heading, and added subsec. (b).

Pub. L. 100-233, §103, amended section generally, substituting introductory provisions and cls. (1) to (6) for former subsecs. (a) and (b).

EFFECTIVE DATE

Section effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as an Effective Date of 1985 Amendment note under section 2001 of this title.

§ 2200. Access to documents and information

In accordance with regulations of the Farm Credit Administration, qualified lenders shall provide their borrowers, at the time of execution of loans, copies of all documents signed by the borrower and at any time thereafter, on a borrower’s request, copies of all documents signed or delivered by the borrower and at any time, on request, a copy of the institution’s articles of incorporation or charter and bylaws and copies of each appraisal of the borrower’s assets made or used by the qualified lender.

(Pub. L. 92-181, title IV, §4.13A, as added Pub. L. 99-205, title III, §301(b), Dec. 23, 1985, 99 Stat. 1707; amended Pub. L. 100-233, title I, §104, Jan. 6, 1988, 101 Stat. 1579.)

AMENDMENTS

1988—Pub. L. 100-233 substituted “qualified lenders” for “System institutions” and inserted “and copies of each appraisal of the borrower’s assets made or used by the qualified lender” before period at end.

EFFECTIVE DATE

Section effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as an Effective Date of 1985 Amendment note under section 2001 of this title.

§ 2201. Notice of action on application

(a) Loan applications

Each qualified lender to which a person has applied for a loan shall provide the person with prompt written notice of—

(1) the action on the application;

(2) if the loan applied for is reduced or denied, the reasons for such action; and

(3) the applicant’s right to review under section 2202 of this title.

(b) Distressed loans

Each qualified lender that has a distressed loan outstanding that is subject to restructuring requirements under this chapter shall provide, in accordance with regulations prescribed by the Farm Credit Administration, the borrower with prompt written notice of—

(1) any action taken with respect to restructuring the loan under section 2202a of this title;

(2) if restructuring is denied, the reasons for such action; and

(3) the borrower's right to review under section 2202 of this title.

(Pub. L. 92-181, title IV, § 4.13B, formerly § 4.13, Dec. 10, 1971, 85 Stat. 613, renumbered § 4.13B and amended Pub. L. 99-205, title III, §§ 301(a), 302, Dec. 23, 1985, 99 Stat. 1707, 1708; Pub. L. 100-233, title I, § 105, Jan. 6, 1988, 101 Stat. 1579.)

AMENDMENTS

1988—Pub. L. 100-233 amended section generally. Prior to amendment, section read as follows: "Every applicant for a loan from an institution of the System shall be entitled to prompt written notice of action on his application, and, if the loan applied for is reduced or denied, the reason for such action, and of the applicant's right to review under section 2202 of this title."

1985—Pub. L. 99-205, § 302, provided for a "written" notice and for the applicant's right to review under section 2202 of this title.

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

§ 2202. Reconsideration of actions

(a) Credit review committees

(1) In general

The board of directors of each qualified lender shall establish one or more credit review committees, which shall include farmer board representation.

(2) Membership

In no case shall a loan officer involved in the initial decision on a loan serve on the credit review committee when the committee reviews such loan.

(b) Review of decisions

(1) Denials or reductions

Any applicant for a loan from a qualified lender that has received a written notice issued under section 2201 of this title of a decision to deny or reduce the loan applied for may submit a written request, not later than 30 days after receiving a notice denying or reducing the amount of the loan application, to obtain a review of the decision before the credit review committee.

(2) Denials of restructuring

A borrower of a loan from a qualified lender that has received notice, under section 2201 of this title, of a decision to deny loan restructuring with respect to a loan made to the borrower, if the borrower so requests in writing within 7 days after receiving such notice, may obtain a review of such decision in person before the credit review committee.

(c) Personal appearance

An applicant for a loan or for restructuring, who is entitled to and has requested a review under this section, may appear in person before the credit review committee, and may be accompanied by counsel or by any other representative of such person's choice, to seek a reversal of the decision on the application under review.

(d) Independent appraisal

(1) In general

An appeal filed with a credit review committee under this section may include, as a part of the request for a review of the decision filed under subsection (b)(1) or (2), a request for an independent appraisal, by an accredited appraiser, of any interests in property securing the loan (other than the stock or participation certificates of the qualified lender held by the borrower).

(2) Arrangement and cost

Within 30 days after a request for an appraisal under paragraph (1), the credit review committee shall present the borrower with a list of three appraisers approved by the appropriate qualified lender from which the borrower shall select an appraiser to conduct the appraisal the cost of which shall be borne by the borrower, and shall consider the results of such appraisal in any final determination with respect to the loan.

(3) Copy to borrower

A copy of any appraisal made under this subsection shall be provided to the borrower.

(4) Additional collateral

An independent appraisal shall be permitted if additional collateral for a loan is demanded by the qualified lender when determining whether to restructure the loan.

(e) Notification of applicant

Promptly after a review by the credit review committee, the committee shall notify the applicant or borrower, as the case may be, in writing of the decision of the committee and the reasons for the decision.

(Pub. L. 92-181, title IV, § 4.14, Dec. 10, 1971, 85 Stat. 613; Pub. L. 99-205, title III, § 303, Dec. 23, 1985, 99 Stat. 1708; Pub. L. 100-233, title I, § 106, title VIII, § 805(s), Jan. 6, 1988, 101 Stat. 1580, 1716; Pub. L. 100-399, title I, § 103, title VII, § 702(b), Aug. 17, 1988, 102 Stat. 990, 1006.)

AMENDMENTS

1988—Pub. L. 100-233, § 805(s), which directed amendment of this section by substituting "committees" for "committee(s)", "2201" for "2199", and "review" for "reviews", was repealed by Pub. L. 100-399, § 702(b). See Construction of 1988 Amendment note below.

Pub. L. 100-233, § 106, amended section generally. Prior to amendment, section read as follows: "The board of directors of each Farm Credit System institution shall establish one or more credit review committee(s), which shall include farmer board representation. [sic] Any loan applicant who has received written notice, under section 2199 of this title, of a decision to deny or reduce the loan applied for, if the applicant so requests in writing within thirty days after receiving such notice, may obtain a review of such decision in person before the credit review committee. When a loan applicant requests review of an adverse credit decision, a majority of persons serving on such reviews committee must be persons who were not involved in making the adverse decision. Promptly after any such review, the applicant shall be notified in writing of the credit review committee's decision and the reasons therefor."

Subsec. (b)(1). Pub. L. 100-399, § 103(a), substituted "before the" for "by a".

Subsec. (d)(1). Pub. L. 100-399, § 103(b), inserted "or (2)".