

(B) the interest requirements on all of the applicant's outstanding and proposed loans. (May 20, 1936, ch. 432, title II, § 204, as added Pub. L. 101-624, title XXIII, § 2355, Nov. 28, 1990, 104 Stat. 4039; amended Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

## AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator”.

**§ 926. Certain rural development investments by qualified telephone borrowers not treated as dividends or distributions**

**(a) In general**

The Secretary and the Governor of the telephone bank shall not—

(1) treat any amount invested by any qualified telephone borrower for any purpose described in section 2204b(c)(2) of this title (including any investment in, or extension of credit, guarantee, or advance made to, an affiliated company of the borrower, that is used by such company for such a purpose) as a dividend or distribution of capital to the extent that, immediately after such investment, the aggregate of such investments does not exceed  $\frac{1}{3}$  of the net worth of the borrower; or

(2) require a qualified telephone borrower to obtain the approval of the Secretary or the Governor of the telephone bank in order to make an investment described in paragraph (1).

**(b) “Qualified telephone borrower” defined**

As used in subsection (a), the term “qualified telephone borrower” means a person—

(1) to whom a telephone loan has been made or guaranteed under this chapter; and

(2) whose net worth is at least 20 percent of the total assets of such person.

(May 20, 1936, ch. 432, title II, § 205, as added Pub. L. 101-624, title XXIII, § 2356, Nov. 28, 1990, 104 Stat. 4039; amended Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

## AMENDMENTS

1994—Subsec. (a). Pub. L. 103-354 substituted “Secretary” for “Administrator” in two places.

**§ 927. General duties and prohibitions**

**(a) Duties**

The Secretary and the Governor of the telephone bank shall—

(1) notwithstanding section 553(a)(2) of title 5, cause to be published in the Federal Register, in accordance with subsections (b) through (e) of section 553 of such title, all rules, regulations, bulletins, and other written policy standards governing the operations of the telephone loan and loan guarantee programs administered under this chapter other than those relating to agency management and personnel;

(2) in evaluating the feasibility of a telephone loan to be made to a borrower for telephone services, use—

(A) with respect to items for which the regulatory authority with jurisdiction over the provision of such services has approved

the depreciation rates used by the borrower, such approved rates; and

(B) with respect to other items, the average of the depreciation rates used by borrowers of telephone loans made under this chapter;

(3) annually determine and publish the average described in paragraph (2)(B); and

(4) make loans for all purposes for which telephone loans are authorized under section 922 or 948 of this title, to the extent of qualifying applications therefor.

**(b) Prohibitions**

The Secretary and the Governor of the telephone bank shall not—

(1) rescind an insured telephone loan, or a Rural Telephone Bank loan, made under this chapter without the consent of the borrower, unless all of the purposes for which telephone loans have been made to the borrower under this chapter have been accomplished with funds provided under this chapter;

(2) regulate the order or sequence of advances of funds under telephone loans made under this chapter to any borrower who has received any combination of telephone loans from the Secretary, the Rural Telephone Bank, or the Federal Financing Bank; or

(3) deny a loan or advance to, or take any other adverse action against, an applicant for, or a borrower of, a telephone loan under this chapter for any reason that is not based on a rule, regulation, bulletin, or other written policy standard that has not been published pursuant to section 553 of title 5.

(May 20, 1936, ch. 432, title II, § 206, as added Pub. L. 101-624, title XXIII, § 2357, Nov. 28, 1990, 104 Stat. 4040; amended Pub. L. 103-354, title II, § 235(a)(7), (13), Oct. 13, 1994, 108 Stat. 3221.)

## AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator” in subsecs. (a) and (b) and “Secretary” for “Rural Electrification Administration” in subsec. (b)(2).

**§ 928. Prompt processing of telephone loans**

Within ten days after the end of the second and fourth calendar quarters of each year, the Secretary shall submit to the Committee on Agriculture and the Committee on Appropriations of the House of Representatives, and to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate, a report—

(1) identifying each completed application for a telephone loan under section 935 of this title, a guarantee of a telephone loan under section 936 of this title, or a loan under section 948 of this title, that has not been finally acted upon within ninety days after the date the completed application is submitted; and

(2) stating the reasons for the failure to finally act upon the completed applications within such ninety-day period.

(May 20, 1936, ch. 432, title II, § 207, as added Pub. L. 101-624, title XXIII, § 2358, Nov. 28, 1990, 104 Stat. 4041; amended Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

## AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator”.

## SUBCHAPTER III—RURAL ELECTRIC AND TELEPHONE DIRECT LOAN PROGRAMS

**§ 930. Congressional declaration of policy**

It is hereby declared to be the policy of the Congress that adequate funds should be made available to rural electric and telephone systems through direct, insured and guaranteed loans at interest rates which will allow them to achieve the objectives of this chapter and that such rural electric and telephone systems should be encouraged and assisted to develop their resources and ability to achieve the financial strength needed to enable them to satisfy their credit needs from their own financial organizations and other sources at reasonable rates and terms consistent with the loan applicant's ability to pay and achievement of this chapter's objectives.

(Pub. L. 93-32, § 1, May 11, 1973, 87 Stat. 65.)

## CODIFICATION

The last sentence of section 1 of Pub. L. 93-32 provided that: “The Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), is therefore further amended as hereinafter provided.”

Section was not enacted as part of the Rural Electrification Act of 1936 which comprises this chapter.

## EFFECTIVE DATE

Pub. L. 93-32, § 12, May 14, 1973, 87 Stat. 71, provided that: “This Act [enacting sections 906a, 930, and 933 to 940 of this title, amending sections 903, 931, 932, 945, 946, 947, and 948 of this title, and enacting provisions set out as notes under this section] shall take effect upon enactment [May 11, 1973].”

RESERVATION OF RIGHT TO REPEAL, ALTER, OR AMEND  
PUB. L. 93-32

Pub. L. 93-32, § 11, May 14, 1973, 87 Stat. 71, provided that: “The right to repeal, alter, or amend, this Act [enacting sections 906a, 930, and 933 to 940 of this title, amending sections 903, 931, 932, 945, 946, 947, and 948 of this title, and enacting provisions set out as notes under this section] is expressly reserved.”

**§ 931. Rural Electrification and Telephone Revolving Fund**

There is hereby established in the Treasury of the United States a fund, to be known as the Rural Electrification and Telephone Revolving Fund (hereinafter referred to as the “fund”), consisting of:

(1) all notes, bonds, obligations, liens, mortgages, and property delivered or assigned to the Secretary pursuant to loans heretofore or hereafter made under sections 904, 905,<sup>1</sup> and 922 of this title and under this subchapter, as of May 11, 1973, and all proceeds from the sales hereunder of such notes, bonds, obligations, liens, mortgages, and property, which shall be transferred to and be assets of the funds;

(2) undisbursed balances of electric and telephone loans made under sections 904, 905,<sup>1</sup> and 922 of this title, which as of May 11, 1973, shall be transferred to and be assets of the fund;

(3) all collections of principal and interest received on and after July 1, 1972, on notes, bonds, judgments, or other obligations made or held under subchapters I and II of this chapter and under this subchapter, except for net collection proceeds previously appropriated for the purchase of class A stock in the Rural Telephone Bank, which shall be paid into and be assets of the fund;

(4) all appropriations for interest subsidies and losses required under this subchapter which may hereafter be made by the Congress and the unobligated balances of any funds made available for loans under the item “Rural Electrification Administration” in the Department of Agriculture and Agriculture-Environmental and Consumer Protection Appropriations Acts;

(5) moneys borrowed from the Secretary of the Treasury pursuant to section 934(a) of this title; and

(6) shares of the capital stock of the Rural Telephone Bank purchased by the United States pursuant to section 946(a) of this title and moneys received from said bank upon retirement of said shares of stock in accordance with the provisions of subchapter IV of this chapter, which said shares and moneys shall be assets of the fund.

(May 20, 1936, ch. 432, title III, § 301, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 29; amended Pub. L. 93-32, § 2, May 11, 1973, 87 Stat. 66; Pub. L. 94-570, § 2, Oct. 20, 1976, 90 Stat. 2701; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-127, title VII, § 772(b)(1), Apr. 4, 1996, 110 Stat. 1149.)

## REFERENCES IN TEXT

Section 905 of this title, referred to in pars. (1) and (2), was repealed by Pub. L. 104-127, title VII, § 774(a), Apr. 4, 1996, 110 Stat. 1150.

## AMENDMENTS

1996—Pub. L. 104-127 struck out “(a)” before “There is hereby” in introductory provisions and struck out “notwithstanding section 903(a) of this title,” before “all collections” in par. (3).

1994—Subsec. (a)(1). Pub. L. 103-354 substituted “Secretary” for “Administrator”.

1976—Subsec. (a)(4). Pub. L. 94-570 provided for inclusion in the fund the unobligated balances of any funds made available for loans under item “Rural Electrification Administration” in the Department of Agriculture and Agriculture-Environmental and Consumer Protection Appropriation Acts.

1973—Pub. L. 93-32 substituted provisions establishing the Rural Electrification and Telephone Revolving Fund and enumerating its constituent parts, for provisions establishing a rural telephone account in the United States Treasury.

## EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-570 effective Oct. 20, 1976, see section 4 of Pub. L. 94-570, set out as a note under section 935 of this title.

## EFFECTIVE DATE OF 1973 AMENDMENT

Amendment by Pub. L. 93-32 effective May 11, 1973, see section 12 of Pub. L. 93-32, set out as an Effective Date note under section 930 of this title.

## EFFECTIVE DATE

Section effective May 7, 1971, see section 7 of Pub. L. 92-12, set out as a note under section 921a of this title.

<sup>1</sup> See References in Text note below.