

ity companies, and such other legal entities as the Secretary considers appropriate," for "and limited liability companies", in second sentence, redesignated pars. (1) to (4) as subpars. (A) to (D), respectively, and substituted "limited liability companies, and such other legal entities" for "and limited liability companies" in two places, and, in third sentence, substituted "limited liability companies, and such other legal entities" for "and limited liability companies" in two places, "subparagraph (C)" for "clause (3)", and "subparagraph (D)" for "clause (4)".

Subsec. (a)(2). Pub. L. 113-79, §5001(a)(6), added par. (2).

Subsec. (b)(1). Pub. L. 113-79, §5001(b), in introductory provisions, inserted "or has other acceptable experience for a period of time, as determined by the Secretary," after "3 years".

2008—Pub. L. 110-246, §5001(1), inserted "real estate" before "loans" in section catchline.

Subsec. (a). Pub. L. 110-246, §5001, inserted subsec. heading, substituted "The Secretary may" for "The Secretary is authorized to" in introductory provisions, and inserted " , taking into consideration all farming experience of the applicant, without regard to any lapse between farming experiences" after "farming operations" in cl. (2).

2002—Subsec. (a). Pub. L. 107-171, §5302(a), substituted "joint operations, trusts, and limited liability companies" for "and joint operations" wherever appearing.

Subsec. (b)(1). Pub. L. 107-171, §5001, substituted "participated in the business operations of" for "operated" in introductory provisions.

1998—Subsec. (a). Pub. L. 105-277, §101(a) [title VIII, §805(1)], inserted "for direct loans only," before "have either" in cl. (2).

Subsec. (b)(3)(D). Pub. L. 105-277, §101(a) [title VIII, §804], added subpar. (D).

1996—Subsec. (b). Pub. L. 104-127 added subsec. (b) and struck out former subsec. (b) which read as follows: "The Secretary may not restrict eligibility for loans made or insured under this subchapter for purposes set forth in section 1923 of this title solely to borrowers of loans that are outstanding on December 23, 1985."

1985—Subsec. (a). Pub. L. 99-198, §§1301(a), 1302(a)(1), designated existing provisions as subsec. (a) and substituted—

(1) " , partnerships, and joint operations" for "and partnerships" wherever appearing after "corporations";

(2) " , partnerships, and joint operations" for " , and partnerships" wherever appearing after "corporations"; and

(3) "individuals" for "members, stockholders, or partners, as applicable," wherever appearing.

Pub. L. 99-198, §1303, in cl. (3) parenthetical, inserted provision treating blood or marriage related owner-operators of the entire farm interest as separate interest holders of not larger than family farms though collective ownership constitutes a larger than a family farm.

Subsec. (b). Pub. L. 99-198, §1302(a)(2), added subsec. (b).

1981—Pub. L. 97-98 substituted "corporations and partnerships, the family farm" for "cooperatives, corporations, and partnerships, the family farm", and inserted "in the case of cooperatives, corporations, and partnerships" at end.

1978—Pub. L. 95-334 substituted provisions setting forth eligibility criteria for loans to farmers and ranchers in the United States, and to farm cooperatives and private domestic corporations and partnerships controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States, for provisions setting forth eligibility criteria for loans to farmers and ranchers in the United States, Puerto Rico, and the Virgin Islands.

1970—Pub. L. 91-620 provided that with respect to veterans as defined in section 1983(e) of this title, a farm background shall not be required as a condition precedent to obtaining any loan.

## 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 OF 1996 AMENDMENT

Pub. L. 104-127, title VI, §663, Apr. 4, 1996, 110 Stat. 1108, provided that:

"(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title [enacting sections 2008g to 2008i of this title, amending this section and sections 1631, 1923, 1924, 1927, 1928, 1929, 1929a, 1932, 1934, 1941, 1942, 1946, 1949, 1961 to 1964, 1981, 1981d, 1983, 1983a, 1985, 1991, 1992, 1994, 1997, 1999, 2000, 2001, 2002, and 2003 of this title, repealing sections 1936, 1945, 1947, 1948, and 1968 of this title, and repealing provisions set out as a note under section 1999 of this title] shall become effective on the date of enactment of this Act [Apr. 4, 1996].

"(b) DELAYED EFFECTIVE DATES.—The amendments made by sections 601, 606, 611, 612, 622, 623, 625, 633, 640(1), 642, 645(1), 648(a), and 649 [enacting sections 2008g and 2008i of this title and amending this section and sections 1929, 1941, 1942, 1962, 1963, 1964, 1981d, 1991, 1997, and 2001 of this title] shall become effective 90 days after the date of enactment of this Act [Apr. 4, 1996].

"(c) TRANSITION PROVISION.—The amendments made by sections 638 and 644 [amending sections 1985 and 2000 of this title] shall not apply with respect to a complete application to acquire inventory property submitted prior to the date of enactment of this Act [Apr. 4, 1996].

"(d) REGULATIONS.—Notwithstanding any other provision of law, regulations to implement the amendments made by this title shall be published as interim final rules with request for comments and may be made effective immediately on publication."

## EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-98 effective Dec. 22, 1981, see section 1801 of Pub. L. 97-98, set out as an Effective Date note under section 4301 of this title.

## EVALUATIONS OF DIRECT AND GUARANTEED LOAN PROGRAMS

Pub. L. 107-171, title V, §5301, May 13, 2002, 116 Stat. 344, provided that:

"(a) STUDIES.—The Secretary of Agriculture shall conduct 2 studies of the direct and guaranteed loan programs [sic] under sections 302 and 311 of the Consolidated Farm and Rural Development Act [7 U.S.C. 1922 and 1941], each of which shall include an examination of the number, average principal amount, and delinquency and default rates of loans provided or guaranteed during the period covered by the study.

"(b) PERIODS COVERED.—

"(1) FIRST STUDY.—One study under subsection (a) shall cover the 1-year period that begins 1 year after the date of the enactment of this section [May 13, 2002].

"(2) SECOND STUDY.—One study under subsection (a) shall cover the 1-year period that begins 3 years after such date of enactment.

"(c) REPORTS TO THE CONGRESS.—At the end of the period covered by each study under this section, the Secretary of Agriculture shall submit to the Congress a report that contains an evaluation of the results of the study, including an analysis of the effectiveness of loan programs referred to in subsection (a) in meeting the credit needs of agricultural producers in an efficient and fiscally responsible manner."

## § 1923. Purposes of loans

## (a) Allowed purposes

## (1) Direct loans

A farmer or rancher may use a direct loan made under this subchapter only for—

(A) acquiring or enlarging a farm or ranch;  
 (B) making capital improvements to a farm or ranch;

(C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch;

(D) paying for activities to promote soil and water conservation and protection described in section 1924 of this title on a farm or ranch; or

(E) refinancing a temporary bridge loan made by a commercial or cooperative lender to a farmer or rancher for the acquisition of land for a farm or ranch, if—

(i) the Secretary approved an application for a direct farm ownership loan to the farmer or rancher for acquisition of the land; and

(ii) funds for direct farm ownership loans under section 1994(b) of this title were not available at the time at which the application was approved.

## (2) Guaranteed loans

A farmer or rancher may use a loan guaranteed under this subchapter only for—

(A) acquiring or enlarging a farm or ranch;  
 (B) making capital improvements to a farm or ranch;

(C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch;

(D) paying for activities to promote soil and water conservation and protection described in section 1924 of this title on a farm or ranch; or

(E) refinancing indebtedness.

## (b) Preferences

In making or guaranteeing a loan under this subchapter for purchase of a farm or ranch, the Secretary shall give preference to a person who—

(1) has a dependent family;

(2) to the extent practicable, is able to make an initial down payment on the farm or ranch; or

(3) is an owner of livestock or farm or ranch equipment that is necessary to successfully carry out farming or ranching operations.

## (c) Hazard insurance requirement

### (1) In general

After the Secretary makes the determination required by paragraph (2), the Secretary may not make a loan to a farmer or rancher under this subchapter unless the farmer or rancher has, or agrees to obtain, hazard insurance on any real property to be acquired or improved with the loan.

### (2) Determination

Not later than 180 days after April 4, 1996, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

(Pub. L. 87-128, title III, § 303, Aug. 8, 1961, 75 Stat. 307; Pub. L. 87-703, title IV, § 401(1), Sept. 27, 1962, 76 Stat. 631; Pub. L. 90-488, § 1, Aug. 15, 1968, 82 Stat. 770; Pub. L. 95-113, title XIV, § 1448(a), Sept. 29, 1977, 91 Stat. 1011; Pub. L. 96-438, § 1(1), Oct. 13, 1980, 94 Stat. 1871; Pub. L.

97-98, title XVI, § 1602, Dec. 22, 1981, 95 Stat. 1346; Pub. L. 104-127, title VI, § 602(a), Apr. 4, 1996, 110 Stat. 1085; Pub. L. 107-171, title V, § 5002, May 13, 2002, 116 Stat. 341.)

## AMENDMENTS

2002—Subsec. (a)(1)(E). Pub. L. 107-171 added subpar. (E).

1996—Pub. L. 104-127 amended section generally, substituting present provisions for provisions outlining preferences for loans made or insured under this subchapter and defining terms “improving farms” and “qualified non-fossil energy system”.

1981—Subsec. (a). Pub. L. 97-98 substituted “who have dependent families” for “who are married or have dependent families”.

1980—Subsec. (b)(1). Pub. L. 96-438 substituted “the acquisition, installation, and modification” for “the acquisition and installation” and struck out “in any residential structure” after “energy system”.

1977—Pub. L. 95-113 designated existing provisions as subsec. (a) and added subsec. (b).

1968—Pub. L. 90-488 designated existing provisions as cls. (1), (2), (4), (5), and added cl. (3).

1962—Pub. L. 87-703 authorized loans to be made or insured for recreational uses and facilities.

## EFFECTIVE DATE OF 1996 AMENDMENT

Pub. L. 104-127, title VI, § 602(b), Apr. 4, 1996, 110 Stat. 1085, provided that: “Section 303(c)(1) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1923(c)(1)] shall not apply until the Secretary of Agriculture makes the determination required by section 303(c)(2) of the Act.” [The Secretary’s determination relating to hazard insurance under this provision was contained in interim rules published Mar. 3, 1997, and effective Mar. 24, 1997, see 62 F.R. 9351.]

## EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-98 effective Dec. 22, 1981, see section 1801 of Pub. L. 97-98, set out as an Effective Date note under section 4301 of this title.

## EFFECTIVE DATE OF 1977 AMENDMENT

Amendment by Pub. L. 95-113 effective Oct. 1, 1977, see section 1901 of Pub. L. 95-113, set out as a note under section 1307 of this title.

## TRANSFER OF FUNCTIONS

Powers, duties, and assets of agencies, offices, and other entities within Department of Agriculture relating to rural development functions transferred to Rural Development Administration by section 2302(b) of Pub. L. 101-624.

## § 1924. Conservation loan and loan guarantee program

### (a) In general

The Secretary may make or guarantee qualified conservation loans to eligible borrowers under this section.

### (b) Definitions

In this section:

#### (1) Qualified conservation loan

The term “qualified conservation loan” means a loan, the proceeds of which are used to cover the costs to the borrower of carrying out a qualified conservation project.

#### (2) Qualified conservation project

The term “qualified conservation project” means conservation measures that address provisions of a conservation plan of the eligible borrower.