

(2) payment of principal when due (without interest) on outstanding loans to the Secretary from the Secretary of the Treasury for electrification and telephone purposes and payment of principal and interest when due on loans to the Secretary from the Secretary of the Treasury pursuant to section 934(a) of this title;

(3) payment of amounts to which the holder of notes is entitled on insured loans; *Provided*, That payments other than final payments need not be remitted to the holder until due or until the next agreed annual, semiannual, or quarterly remittance date;

(4) payment to the holder of insured notes of any defaulted installment or, upon assignment of the note to the Secretary at his request, the entire balance due on the note;

(5) purchase of notes in accordance with contracts of insurance entered into by the Secretary;

(6) payment in compliance with contracts of guarantee;

(7) payment of taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application, and transmittal of collections or necessary to obtain credit reports on applicants or borrowers, expenses for necessary services, including construction inspections, commercial appraisals, loan servicing, consulting business advisory or other commercial and technical services, and other program services, and other expenses and advances authorized in section 907 of this title in connection with insured loans. Such items may be paid in connection with guaranteed loans after or in connection with the acquisition of such loans or security thereof after default, to the extent determined to be necessary to protect the interest of the Government, or in connection with any other activity authorized in this chapter;

(8) payment of the purchase price and any costs and expenses incurred in connection with the purchase, acquisition, or operation of property pursuant to section 907 of this title.

(c) Separate electric and telephone accounts

(1) The Secretary shall maintain two separate accounts within the fund, which shall be known as the electric account and the telephone account, respectively.

(2)(A) The Secretary shall account for the assets, liabilities, income, expenses, and equity of the fund attributable to electrification loan operations in the electric account.

(B) The Secretary shall account for the assets, liabilities, income, expenses, and equity of the fund attributable to telephone loan operations in the telephone account.

(3)(A) The assets accounted for in the electric account shall be available solely for electrification loan operations under this chapter.

(B) The assets accounted for in the telephone account shall be available solely for telephone loan operations under this chapter (other than under subchapter IV).

(May 20, 1936, ch. 432, title III, §302, as added Pub. L. 92-12, §2, May 7, 1971, 85 Stat. 30; amended Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 66; Pub. L. 101-624, title XXIII, §2359, Nov. 28, 1990,

104 Stat. 4041; Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-127, title VII, §772(b)(2), Apr. 4, 1996, 110 Stat. 1149.)

REFERENCES IN TEXT

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

AMENDMENTS

1996—Subsec. (b)(2). Pub. L. 104-127 struck out “pursuant to section 903(a) of this title” after “purposes”.

1994—Subsecs. (a), (b)(2), (4), (5), (c)(1), (2). Pub. L. 103-354 substituted “Secretary” for “Administrator” wherever appearing.

1990—Subsec. (c). Pub. L. 101-624 added subsec. (c).

1973—Pub. L. 93-32 substituted provisions setting out the liabilities of the Rural Electrification and Telephone Revolving Fund and the allowable purposes for which fund assets shall be available, for provisions, that the monies in the rural telephone account should remain on deposit in the Treasury of the United States until disbursed.

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 931 of this title.

§ 933. Moneys in the Rural Electrification and Telephone Revolving Fund

Moneys in the fund shall remain on deposit in the Treasury of the United States until disbursed.

(May 20, 1936, ch. 432, title III, §303, as added Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 67.)

EFFECTIVE DATE

Section effective May 11, 1973, see section 12 of Pub. L. 93-32, set out as a note under section 930 of this title.

§ 934. Authorized financial transactions; interim notes; purchase of obligations for resale; sale of notes and certificates; liens

(a) The Secretary is authorized to make and issue interim notes to the Secretary of the Treasury for the purpose of obtaining funds necessary for discharging obligations of the fund and for making loans, advances and authorized expenditures out of the fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be agreed upon by the Secretary and the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yield of outstanding marketable obligations of the United States having maturities comparable to the notes issued by the Secretary under this section. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and, for that purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, and the purposes for which such securities may be issued under such chapter are ex-

tended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States: *Provided, however*, That such interim notes to the Secretary of the Treasury shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States.

(b) The Secretary of the Treasury is authorized and directed to purchase for resale obligations insured through the fund when offered by the Secretary. Such resales shall be upon such terms and conditions as the Secretary of the Treasury shall determine. Purchases and resales by the Secretary of the Treasury hereunder shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States.

(c) The Secretary may, on an insured basis or otherwise, sell and assign any notes in the fund or sell certificates of beneficial ownership therein to the Secretary of the Treasury or in the private market. Any sale by the Secretary of notes individually or in blocks shall be treated as a sale of assets for the purposes of chapter 11 of title 31, notwithstanding the fact that the Secretary, under an agreement with the purchaser or purchasers, holds the debt instruments evidencing the loans and holds or reinvests payments thereon as trustee and custodian for the purchaser or purchasers of the individual note or of the certificate of beneficial ownership in a number of such notes. Security instruments taken by the Secretary in connection with any notes in the fund may constitute liens running to the United States notwithstanding the fact that such notes may be thereafter held by purchasers thereof.

(May 20, 1936, ch. 432, title III, §304, as added Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 67; amended Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

CODIFICATION

In subsecs. (a) and (c), “chapter 31 of title 31”, “such chapter”, and “chapter 11 of title 31” substituted for “the Second Liberty Bond Act, as amended”, “such Act, as amended”, and “the Budget and Accounting Act, 1921 [31 U.S.C. 1 et seq.]”, respectively, on authority of Pub. L. 97-258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

AMENDMENTS

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

EFFECTIVE DATE

Section effective May 11, 1973, see section 12 of Pub. L. 93-32, set out as a note under section 930 of this title.

§ 935. Insured loans; interest rates and lending levels

(a) In general

The Secretary is authorized to make insured loans under this subchapter and at the interest

rates hereinafter provided to the full extent of the assets available in the fund, subject only to limitations as to amounts authorized for loans and advances as may be from time to time imposed by the Congress of the United States for loans to be made in any one year, which amounts shall remain available until expended: *Provided*, That the Congress in the annual appropriation Act may also authorize the transfer of any excess cash in the fund for deposit into the Treasury as miscellaneous receipts: *And provided further*, That any such loans and advances shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States.

(b) Insured loans

Loans made under this section shall be insured by the Secretary when purchased by a lender. As used in this chapter, an insured loan is one which is made, held, and serviced by the Secretary, and sold and insured by the Secretary hereunder; such loans shall be sold and insured by the Secretary without undue delay.

(c) Insured electric loans

(1) Hardship loans

(A) In general

The Secretary shall make insured electric loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per year to any applicant for a loan who meets each of the following requirements:

(i) The average revenue per kilowatt-hour sold by the applicant is not less than 120 percent of the average revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service.

(ii) The average residential revenue per kilowatt-hour sold by the applicant is not less than 120 percent of the average residential revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service.

(iii) The average per capita income of the residents receiving electric service from the applicant is less than the average per capita income of the residents of the State in which the applicant provides service, or the median household income of the households receiving electric service from the applicant is less than the median household income of the households in the State.

(B) Severe hardship loans

In addition to hardship loans that are made under subparagraph (A), the Secretary may make an insured electric loan at an interest rate of 5 percent per year to an applicant for a loan if, in the sole discretion of the Secretary, the applicant has experienced a severe hardship.

(C) Limitation

Except as provided in subparagraph (D), the Secretary may not make a loan under this paragraph to an applicant for the pur-