

ness of States and private organizations to sponsor and make funds available to such program.

“(4) Notwithstanding any other provision of law, for the fiscal year ending September 30, 1986, of the amounts available to guarantee loans in accordance with section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) from the Rural Development Insurance Fund, \$20,000,000 shall be used by the Secretary to guarantee loans under the national rural development and finance program established under this subsection, to remain available until expended.

“(5) Notwithstanding any provision to the contrary of subsection (4) above, the \$20,000,000 which was available pursuant to subsection (4) shall continue to be available and shall be used by the Secretary prior to September 30, 1988, to guarantee loans for the national rural development and finance program and shall remain available until expended.

“(b)(1) Prior to September 30, 1988, the Secretary shall make grants, from funds transferred under paragraph (2), to national rural development and finance corporations for the purpose of establishing a rural development program to provide financial and technical assistance to compliment [sic] the loan guarantees made or to be made to such corporations under subsection (a).

“(2) All funds in, appropriated to, or repaid to the Rural Development Loan Fund, including those on deposit and available upon date of enactment [Dec. 23, 1985], under sections 623 and 633 [42 U.S.C. 9812, 9822] of the Community Economic Development Act of 1981 (42 U.S.C. 9801 et seq.) shall be transferred to the Secretary provided that—

“(A) all funds on deposit and available on date of enactment shall be used for the purpose of making grants under paragraph (1) and shall remain available until expended; and

“(B) notwithstanding any other provision of law, all loans to intermediary borrowers made prior to date of enactment, shall upon date of enactment, for the life of such loan, bear a rate of interest not to exceed that in effect upon the date of issuance of such loans.”

Pub. L. 99-500, § 101(a) [title VI, § 641], Oct. 18, 1986, 100 Stat. 1783, 1783-35, and Pub. L. 99-591, § 101(a) [title VI, § 641], Oct. 30, 1986, 100 Stat. 3341, 3341-35, provided in part: “That such grant funds [probably means grant funds under section 1323(b)(1) of Pub. L. 99-198, set out above] may be used by such corporation to provide technical assistance and financial assistance, including capitalizing revolving loan programs, pursuant to the Act.”

LIMITS ON GRANTS FOR FISCAL YEARS 1982, 1983, AND 1984

Pub. L. 97-35, title I, § 120, Aug. 13, 1981, 95 Stat. 367, provided in part that, notwithstanding any other provision of law, there was authorized to be appropriated for grants pursuant to section 310B(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) not to exceed: \$5,007,000 for fiscal year 1982, \$5,280,000 for fiscal year 1983, and \$5,553,000 for fiscal year 1984.

§ 1933. Guaranteed rural housing loans; Hawaiian home lands

(a) Rural Housing Loans which (1) are guaranteed by the Secretary under section 517(a)(2)¹ of the Housing Act of 1949 [42 U.S.C. 1487(a)(2)], (2) are made by other lenders approved by the Secretary to provide dwellings in rural areas for the applicants' own use, and (3) bear interest and other charges at rates not above the maximum rates prescribed by the Secretary of Housing and Urban Development for loans made by private lenders for similar purposes and guaranteed by

the Secretary of Housing and Urban Development under the National Housing Act [12 U.S.C. 1701 et seq.] or superseding legislation shall not be subject to sections 501(c) and 502(b)(3) of the Housing Act of 1949 [42 U.S.C. 1471(c) and 1472(b)(3)].

(b) For the purposes of title V of the Housing Act of 1949 [42 U.S.C. 1471 et seq.] or this chapter, a guarantee of payment given under the color of law by the Department of Hawaiian Home Lands (or its successor in function) shall be found by the Secretary reasonably to assure repayment of any indebtedness so guaranteed.

(Pub. L. 87-128, title III, § 310C, as added Pub. L. 92-419, title I, § 119, Aug. 30, 1972, 86 Stat. 664; amended Pub. L. 101-624, title XVIII, § 1804, Nov. 28, 1990, 104 Stat. 3819.)

REFERENCES IN TEXT

Section 517(a) of the Housing Act of 1949 [42 U.S.C. 1487(a)], referred to in subsec. (a), was amended by Pub. L. 98-181, title I [title V, § 514(a)(1)], Nov. 30, 1983, 98 Stat. 1247, and, as so amended, does not contain a par. (2).

The National Housing Act, referred to in subsec. (a), is act June 27, 1934, ch. 847, 48 Stat. 1246, as amended, which is classified principally to chapter 13 (§ 1701 et seq.) of Title 12, Banks and Banking. For complete classification of this Act to the Code, see References in Text note set out under section 1701 of Title 12 and Tables.

Title V of the Housing Act of 1949, referred to in subsec. (b), is title V of act July 15, 1949, ch. 338, 63 Stat. 432, as amended, which is classified generally to subchapter III (§ 1471 et seq.) of chapter 8A of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see References in Text note set out under section 1441 of Title 42 and Tables.

This chapter, referred to in subsec. (b), was in the original “this title”, meaning title III of Pub. L. 87-128, Aug. 8, 1961, 75 Stat. 307, known as the Consolidated Farm and Rural Development Act, which is classified principally to this chapter. For complete classification of title III to the Code, see Short Title note set out under section 1921 of this title and Tables.

AMENDMENTS

1990—Subsec. (b). Pub. L. 101-624 substituted “or this chapter” for “, as amended”.

§ 1934. Low-income farm ownership loan program; eligibility; repayment requirements

(a) The Secretary is authorized to make and insure loans for any of the purposes referred to in section 1923(a) of this title, or paragraphs (1) through (5) of section 1924(a) of this title, to farmers and ranchers in the United States who (1) are citizens of the United States, (2) meet the requirements of paragraphs (2) through (4) of section 1922 of this title, (3) are unable to obtain sufficient credit under section 1922 of this title to finance their actual needs, (4) are owners or operators of small or family farms (including new owners or operators), (5) are farmers or ranchers with a low income, and (6) demonstrate a need to maximize their income from farming or ranching operations. The Secretary is also authorized to make such loans to any farm cooperative or private domestic corporation or partnership, or such other legal entities as the Secretary considers appropriate, that is controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in

¹ See References in Text note below.

the United States if all of its members, stockholders, partners, or owners, as applicable, are citizens of the United States and the entity and all such members, stockholders, partners, or owners meet the requirements of paragraphs (2) through (6) of the preceding sentence.

(b) Each loan made or insured under this section shall be repayable in such installments as the Secretary determines will provide for reduced payments during the initial repayment period of the loan and larger payments during the remainder of the repayment period of the loan.

(Pub. L. 87-128, title III, §310D, as added Pub. L. 95-334, title I, §113, Aug. 4, 1978, 92 Stat. 424; amended Pub. L. 101-624, title XVIII, §1802(b), Nov. 28, 1990, 104 Stat. 3818; Pub. L. 102-552, title V, §516(e)(1), Oct. 28, 1992, 106 Stat. 4137; Pub. L. 104-127, title VI, §661(e), Apr. 4, 1996, 110 Stat. 1107; Pub. L. 113-79, title V, §5001(c)(2), Feb. 7, 2014, 128 Stat. 833.)

AMENDMENTS

2014—Subsec. (a). Pub. L. 113-79 inserted “, or such other legal entities as the Secretary considers appropriate,” after “partnership” and substituted “partners, or owners” for “or partners” in two places.

1996—Subsec. (a). Pub. L. 104-127 substituted “section 1923(a) of this title, or paragraphs (1) through (5) of section 1924(a) of this title” for “paragraphs (1) through (5) of section 1923(a) of this title, or subparagraphs (A) through (E) of section 1924(a)(1) of this title”.

1992—Subsec. (a). Pub. L. 102-552 substituted “1924(a)(1)” for “1924(d)(1)”.

1990—Subsec. (a). Pub. L. 101-624 substituted “paragraphs (1) through (5) of section 1923(a) of this title, or subparagraphs (A) through (E) of section 1924(d)(1) of this title,” for “clauses (1) through (5) of section 1923(a) of this title”, substituted “paragraphs” for “clauses” before “(2) through (4) of section”, made technical amendment to reference to section 1922 of this title which required no change in text, and substituted “paragraphs” for “clauses” before “(2) through (6) of the”.

EFFECTIVE DATE OF 1992 AMENDMENT

Pub. L. 102-552, title V, §516(e)(2), Oct. 28, 1992, 106 Stat. 4137, provided that: “The amendment made by paragraph (1) of this subsection [amending this section] shall take effect at the same time as the amendments made by section 501(a) of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102-237; 105 Stat. 1865) [amending section 1924 of this title] took effect.”

§ 1935. Down payment loan program

(a) In general

(1) Establishment

Notwithstanding any other section of this subchapter, the Secretary shall establish, within the farm ownership loan program established under this subchapter, a program under which loans shall be made under this section to eligible farmers or ranchers for down payments on farm ownership loans.

(2) Administration

The Secretary shall be the primary coordinator of credit supervision for the down payment loan program established under this section, in consultation with the commercial or cooperative lender and, if applicable, the contracting credit counseling service selected under section 2006b(c) of this title.

(b) Loan terms

(1) Principal

Each loan made under this section shall be in an amount that does not exceed 45 percent of the least of—

- (A) the purchase price of the farm or ranch to be acquired;
- (B) the appraised value of the farm or ranch to be acquired; or
- (C) \$667,000.

(2) Interest rate

The interest rate on any loan made by the Secretary under this section shall be a rate equal to the greater of—

- (A) the difference obtained by subtracting 4 percent from the interest rate for farm ownership loans under this subchapter; or
- (B) 1.5 percent.

(3) Duration

Each loan under this section shall be made for a period of 20 years or less, at the option of the borrower.

(4) Repayment

Each borrower of a loan under this section shall repay the loan to the Secretary in equal annual installments.

(5) Nature of retained security interest

The Secretary shall retain an interest in each farm or ranch acquired with a loan made under this section that shall—

- (A) be secured by the farm or ranch;
- (B) be junior only to such interests in the farm or ranch as may be conveyed at the time of acquisition to the person (including a lender) from whom the borrower obtained a loan used to acquire the farm or ranch; and
- (C) require the borrower to obtain the permission of the Secretary before the borrower may grant an additional security interest in the farm or ranch.

(c) Limitations

(1) Borrowers required to make minimum down payment

The Secretary shall not make a loan under this section to any borrower with respect to a farm or ranch if the contribution of the borrower to the down payment on the farm or ranch will be less than 5 percent of the purchase price of the farm or ranch.

(2) Prohibited types of financing

The Secretary shall not make a loan under this section with respect to a farm or ranch if the farm or ranch is to be acquired with other financing that contains any of the following conditions:

- (A) The financing is to be amortized over a period of less than 30 years.
- (B) A balloon payment will be due on the financing during the 20-year period beginning on the date the loan is to be made by the Secretary.

(d) Administration

In carrying out this section, the Secretary shall, to the maximum extent practicable—

- (1) facilitate the transfer of farms and ranches from retiring farmers and ranchers to