

under the Consolidated Farm and Rural Development Act [7 U.S.C. 1921 et seq.] outstanding for such farmers and ranchers:

“(2) expedite the use of credit restructuring and other credit relief mechanisms authorized under the Agricultural Credit Act of 1987 [Pub. L. 100-233, Jan. 6, 1988, 101 Stat. 1568, see Tables for classification] and similar provisions of law for such farmers and ranchers; and

“(3) encourage commercial lenders participating in guaranteed farmer lending programs under the Consolidated Farm and Rural Development Act to exercise forbearance before declaring loans to such farmers and ranchers under such programs in default.”

#### § 1981b. Farm loan interest rates

Any loan for farm ownership purposes under subchapter I of this chapter, farm operating purposes under subchapter II of this chapter, or disaster emergency purposes under subchapter III of this chapter, other than a guaranteed loan, that is deferred, consolidated, rescheduled, or reamortized under this chapter shall, notwithstanding any other provision of this chapter, bear interest on the balance of the original loan and for the term of the original loan at a rate that is the lowest of—

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

(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time at which the borrower applies for a deferral, consolidation, rescheduling, or reamortization; or

(3) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time of the deferral, consolidation, rescheduling, or reamortization.

(Pub. L. 87-128, title III, §331B, as added Pub. L. 98-258, title VI, §605, Apr. 10, 1984, 98 Stat. 139; amended Pub. L. 107-171, title V, §5305, May 13, 2002, 116 Stat. 345.)

#### Editorial Notes

##### REFERENCES IN TEXT

This chapter, referred to in text, 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

2002—Pub. L. 107-171 substituted “lowest of—” for “lower of”, realigned margins for pars., substituted “original loan;” for “original loan or (2) the”, added par. (2), and redesignated former par. (2) as (3).

#### Statutory Notes and Related Subsidiaries

##### ADJUSTMENT OF INTEREST RATES

Pub. L. 100-71, title I, July 11, 1987, 101 Stat. 428, provided that: “The Secretary may adjust interest rates on existing nonsubsidized loans if he determines such interest rates are excessive in relation to prevailing commercial rates for comparable loans: *Provided*, That such rate adjustments shall constitute a change in the loan agreement and not a new loan.”

#### § 1981c. Oil and gas royalty payments on loans

(a) The Secretary shall permit a borrower of a loan made or insured under this chapter to

make a prospective payment on such loan with proceeds from—

(1) the leasing of oil, gas, or other mineral rights to real property used to secure such loan; or

(2) the sale of oil, gas, or other minerals removed from real property used to secure such loan, if the value of the rights to such oil, gas, or other minerals has not been used to secure such loan.

(b) Subsection (a) shall not apply to a borrower of a loan made or insured under this chapter with respect to which a liquidation or foreclosure proceeding is pending on December 23, 1985.

(Pub. L. 87-128, title III, §331C, as added Pub. L. 99-198, title XIII, §1310(a), Dec. 23, 1985, 99 Stat. 1523.)

#### Editorial Notes

##### REFERENCES IN TEXT

This chapter, referred to in text, 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.

#### § 1981d. Notice of loan service programs

##### (a) Requirement

The Secretary shall provide notice by certified mail to each borrower who is at least 90 days past due on the payment of principal or interest on a loan made or insured under this chapter.

##### (b) Contents

The notice required under subsection (a) shall—

(1) include a summary of all primary loan service programs, preservation loan service programs, debt settlement programs, and appeal procedures, including the eligibility criteria, and terms and conditions of such programs and procedures;

(2) include a summary of the manner in which the borrower may apply, and be considered, for all such programs, except that the Secretary shall not require the borrower to select among such programs or waive any right in order to be considered for any program carried out by the Secretary;

(3) advise the borrower regarding all filing requirements and any deadlines that must be met for requesting loan servicing;

(4) provide any relevant forms, including applicable response forms;

(5) advise the borrower that a copy of regulations is available on request; and

(6) be designed to be readable and understandable by the borrower.

##### (c) Contained in regulations

All notices required by this section shall be contained in the regulations implementing this chapter.

##### (d) Timing

The notice described in subsection (b) shall be provided—

- (1) at the time an application is made for participation in a loan service program;
- (2) on written request of the borrower; and
- (3) before the earliest of—
  - (A) initiating any liquidation;
  - (B) requesting the conveyance of security property;
  - (C) accelerating the loan;
  - (D) repossessing property;
  - (E) foreclosing on property; or
  - (F) taking any other collection action.

**(e) Consideration of borrowers for loan service programs**

The Secretary shall consider a farmer program borrower for all loan service programs if, within 60 days after receipt of the notice required in this section or, in extraordinary circumstances as determined by the applicable State director, after the 60-day period, the borrower requests such consideration in writing. In considering a borrower for loan service programs, the Secretary shall place the highest priority on the preservation of the borrower's farming operations.

(Pub. L. 87-128, title III, §331D, as added Pub. L. 100-233, title VI, §605, Jan. 6, 1988, 101 Stat. 1666; amended Pub. L. 101-624, title XVIII, §1807, Nov. 28, 1990, 104 Stat. 3819; Pub. L. 102-554, §10, Oct. 28, 1992, 106 Stat. 4151; Pub. L. 104-127, title VI, §633, Apr. 4, 1996, 110 Stat. 1092; Pub. L. 115-334, title V, §5401(b)(1), Dec. 20, 2018, 132 Stat. 4674.)

**Editorial Notes**

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a) and (c), 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

2018—Subsec. (e). Pub. L. 115-334 inserted "or, in extraordinary circumstances as determined by the applicable State director, after the 60-day period" after "within 60 days after receipt of the notice required in this section".

1996—Subsec. (a). Pub. L. 104-127 substituted "90 days past due on" for "180 days delinquent in".

1992—Subsec. (e). Pub. L. 102-554, which directed the insertion of "or, in extraordinary circumstances as determined by the applicable State director, after the 60-day period" after "not later than 60 days after receipt of the notice required in this section", could not be executed because the phrase "not later than 60 days after receipt of the notice required in this section" did not appear in text. Corrected amendment was made by Pub. L. 115-334, effective as if included in Pub. L. 102-554. See 2018 Amendment note above and Effective Date of 2018 Amendment note below.

1990—Subsec. (b)(1). Pub. L. 101-624, §1807(1), inserted "debt settlement programs," after "preservation loan service programs".

Subsec. (e). Pub. L. 101-624, §1807(2), substituted "60 days" for "45 days".

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF 2018 AMENDMENT

Pub. L. 115-334, title V, §5401(b)(2), Dec. 20, 2018, 132 Stat. 4674, provided that: "The amendment made by

this subsection [amending this section] shall take effect as if included in the enactment of section 10 of the Agricultural Credit Improvement Act of 1992 (Public Law 102-554)."

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-127 effective 90 days after Apr. 4, 1996, see section 663(b) of Pub. L. 104-127, set out as a note under section 1922 of this title.

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 1807(1) of Pub. L. 101-624 effective 120 days after Nov. 28, 1990, see section 1861(b) of Pub. L. 101-624, set out as a note under section 2001 of this title.

**§ 1981e. Planting and production history guidelines**

**(a) In general**

The Secretary shall ensure that appropriate procedures, including to the extent practicable onsite inspections, or use of county or State yield averages, are used in calculating future yields for an applicant for a loan, when an accurate projection cannot be made because the applicant's past production history has been affected by natural disasters declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

**(b) Calculation of yields**

**(1) In general**

For purposes of averaging past yields of the farm of a borrower or applicant over a period of crop years to calculate future yields for the farm under this chapter (except for loans under subchapter III), the Secretary shall permit the borrower or applicant to exclude the crop year with the lowest actual or county average yield for the farm from the calculation, if the borrower or applicant was affected by a disaster during at least 2 of the crop years during the period.

**(2) Affected by a disaster**

For purposes of paragraph (1), a borrower or applicant was affected by a disaster if the Secretary finds that the borrower or applicant's farming operations have been substantially affected by a natural disaster in the United States or by a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), including a borrower or applicant who has a qualifying loss but is not located in a designated or declared disaster area.

**(3) Application of subsection**

Paragraph (1) shall apply to all actions taken by the Secretary to carry out this chapter (except for loans under subchapter III) that involve the yields of a farm of a borrower or applicant, including making loans and loan guarantees, servicing loans, and making credit sales.

(Pub. L. 87-128, title III, §331E, as added Pub. L. 100-233, title VI, §606, Jan. 6, 1988, 101 Stat. 1667; amended Pub. L. 102-237, title V, §501(d)(1), Dec. 13, 1991, 105 Stat. 1866; Pub. L. 102-552, title V, §516(g)(1), Oct. 28, 1992, 106 Stat. 4138.)