

**§ 2005. Payment of losses on guaranteed loans****(a) Payments to lenders****(1) Requirement**

Within 3 months after a court of competent jurisdiction confirms a plan of reorganization under chapter 12 of title 11, for any borrower to whom a lender has made a loan guaranteed under this chapter, the Secretary shall pay the lender an amount estimated by the Secretary to be equal to the loss incurred by the lender for purposes of the guarantee.

**(2) Payment toward loan guarantee**

Any amount paid to a lender under this subsection with respect to a loan guaranteed under this chapter shall be treated as payment towards satisfaction of the loan guarantee.

**(b) Administration****(1) Loss by lender**

If the lender of a guaranteed farmer program loan takes any action described in section 1981(b)(4) of this title with respect to the loan and the Secretary approves such action, then, for purposes of the guarantee, the lender shall be treated as having sustained a loss equal to the amount by which—

(A) the outstanding balance of the loan immediately before such action, exceeds

(B) the outstanding balance of the loan immediately after such action.

**(2) Net present value of loan**

The Secretary shall approve the taking of an action described in section 1981(b)(4) of this title by the lender of a guaranteed farmer program loan with respect to the loan if such action reduces the net present value of the loan to an amount equal to not less than the greater of—

(A) the greatest net present value of a loan the borrower could reasonably be expected to repay; and

(B) the greatest amount that the lender of the loan could reasonably expect to recover from the borrower through bankruptcy, or liquidation of the property securing the loan, less all reasonable and necessary costs and expenses that the lender of the loan could reasonably expect to incur to preserve or dispose of such property (including all associated legal and property management costs) in the course of such a bankruptcy or liquidation.

**(3) Construction of subsection**

This subsection shall not be construed to limit the authority of the Secretary to enter into a shared appreciation arrangement with a borrower, or the terms and conditions which shall be required of a borrower, under section 2001(e) of this title.

(Pub. L. 87-128, title III, §357, as added Pub. L. 100-233, title VI, §619, Jan. 6, 1988, 101 Stat. 1683; amended Pub. L. 101-624, title XXIII, §2388(d)(2), Nov. 28, 1990, 104 Stat. 4053.)

**Editorial Notes**

## REFERENCES IN TEXT

This chapter, referred to in subsec. (a), 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)(1), (2). Pub. L. 101-624 substituted “1981(b)(4)” for “1981(d)”.

**§ 2006. Waiver of mediation rights by borrowers**

The Secretary may not make, insure, or guarantee any farmer program loan to a farm borrower on the condition that the borrower waive any right under the mediation program of any State.

(Pub. L. 87-128, title III, §358, as added Pub. L. 100-233, title V, §512, Jan. 6, 1988, 101 Stat. 1664; amended Pub. L. 103-354, title II, §282(f)(3), Oct. 13, 1994, 108 Stat. 3235.)

**Editorial Notes**

## AMENDMENTS

1994—Pub. L. 103-354 struck out “agricultural loan” before “mediation program”.

**§ 2006a. Borrower training****(a) In general**

The Secretary shall enter into contracts to provide educational training to all borrowers of farmer program direct loans made under this chapter in financial and farm management concepts associated with commercial farming.

**(b) Contract****(1) In general**

The Secretary may contract with State or private providers of farm management and credit counseling services (including a community college, the extension service of a State, a State department of agriculture, or a nonprofit organization) to carry out this section.

**(2) Consultation**

The Secretary may consult with the chief executive officer of a State concerning the identity of the contracting organization and the process for contracting.

**(c) Eligibility for loans****(1) In general**

Subject to paragraph (2), to be eligible to obtain a direct loan under this chapter, a borrower must obtain management assistance under this section, appropriate to the management ability of the borrower (as determined by the appropriate county committee during the determination of eligibility for the loan).

**(2) Loan conditions**

The need of a borrower who satisfies the criteria set out in section 1922(a)(1)(B) or 1941(a)(1)(B) of this title for management assistance under this section shall not be cause for denial of eligibility of the borrower for a direct loan under this chapter.

**(d) Guidelines and curriculum**

The Secretary shall issue regulations establishing guidelines and curriculum for the bor-