

plicants, or for amounts less than the indebtedness secured thereby, struck out provisions that compromise, adjustment, or reduction of the claim shall be based on the value of the security and a determination of the debtor's reasonable ability to pay considering his other assets and income, and struck out provisions relating to any claim due and payable for five years or more and to partial releases and subordination of mortgages.

1981—Par. (i). Pub. L. 97-98 designated existing provisions following “consent to” as cl. (2) and added cl. (1).

1978—Pub. L. 95-334 in par. (a) struck out references to Puerto Rico and the Virgin Islands, in par. (d) substituted “\$25,000” for “\$15,000”, and added par. (j).

1972—Par. (a). Pub. L. 92-419, §124(1), authorized the Secretary of Agriculture, until Jan. 1, 1975, to make contracts for services incident to making, insuring, collecting, and servicing loans and property as determined by the Secretary to be necessary for carrying out the purposes of this chapter, and required the Secretary, prior to June 30, 1974, to report to Congress through the President on the experience in using such contracts, together with recommendations for such legislation as he may see fit.

Pars. (d) to (i). Pub. L. 92-419, §124(2), substituted a semicolon for a period at end of lettered pars. (d), (e) and (f) and added pars. (g) to (i).

1968—Par. (f). Pub. L. 90-488 added par. (f).

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

Consolidated Farm Service Agency effectively renamed Farm Service Agency by the amendments made to section 6932 of this title by Pub. L. 115-334, title XII, §12404(a), Dec. 20, 2018, 132 Stat. 4974.

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-171, title V, §5304(b), May 13, 2002, 116 Stat. 345, provided that: “The amendment made by subsection (a) [amending this section] shall not apply to a contract entered into before the effective date of this Act [May 13, 2002].”

EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by section 501(c) of Pub. L. 102-237 effective as if included in the provision of the Food, Agriculture, Conservation, and Trade Act of 1990, Pub. L. 101-624, to which the amendment relates, and amendment by section 701(h)(1)(E) of Pub. L. 102-237 to any provision specified therein effective as if included in act that added provision so specified at the time such act became law, see section 1101(b)(3), (c) of Pub. L. 102-237, set out as a note under section 1421 of this title.

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.

CONTINUATION OF SMALL FARMER TRAINING AND TECHNICAL ASSISTANCE PROGRAM

Pub. L. 99-198, title XIII, §1328, Dec. 23, 1985, 99 Stat. 1541, provided that: “The Secretary of Agriculture shall, during the period beginning on the date of enactment of this Act [Dec. 23, 1985] and ending on September 30, 1988, maintain at substantially current levels the small farmer training and technical assistance program in the office of the Administrator of the Farmers Home Administration.”

REAMORTIZATION OF DISTRESSED FARMERS HOME ADMINISTRATION LOANS FROM REVENUES FROM SOFTWOOD TIMBER CROP PLANTINGS ON MARGINAL LAND

Pub. L. 98-258, title VI, §608, Apr. 10, 1984, 98 Stat. 140, as amended by Pub. L. 99-198, title XII, §1254, Dec. 23, 1985, 99 Stat. 1517, provided that:

“(a)(1) Notwithstanding any other provision of law, the Secretary of Agriculture (hereinafter in this sec-

tion referred to as the ‘Secretary’) may implement a program, pursuant to the recommendations contained in the study mandated by section 608 of the Agricultural Programs Adjustment Act of 1984 (7 U.S.C. 1421 [1981] note), under which a distressed loan (as determined by the Secretary) made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), or a portion thereof, may be reamortized with the use of future revenue produced from the planting of softwood timber crops on marginal land (as determined by the Secretary) that—

“(A) was previously used to produce an agricultural commodity or as pasture; and

“(B) secures a loan made or insured under such Act.

“(2) Accrued interest on a loan reamortized under this section may be capitalized and interest charged on such interest.

“(3) All or a portion of the payments on such reamortized loan may be deferred until such softwood timber crop produces revenue or for a term of 45 years, whichever comes first.

“(4) Repayment of such reamortized loan shall be made not later than 50 years after the date of reamortization.

“(b) The interest rate on such reamortized loans shall be determined by the Secretary, but not in excess of the current average yield on outstanding marketable obligations of the United States with periods to maturity comparable to the average maturities of such loans, plus not to exceed 1 percent, as determined by the Secretary and adjusted to the nearest one-eighth of 1 percent.

“(c) To be eligible for such program—

“(1) the borrower of such reamortized loan must place not less than 50 acres of such land in softwood timber production;

“(2) such land (including timber) may not have any lien against such land other than a lien for—

“(A) a loan made or insured under the Consolidated Farm and Rural Development Act [7 U.S.C. 1921 et seq.] to secure such reamortized loan; or

“(B) a loan made under this section, at the time of reamortization or thereafter, that is subject to a lien on such land (including timber) in favor of the Secretary; and

“(3) the total amount of loans secured by such land (including timber) may not exceed \$1,000 per acre.

“(d)(1) To assist such borrowers to place such land in softwood timber production, the Secretary may make loans to such borrowers for such purpose in an aggregate amount not to exceed the actual cost of tree planting for land placed in the program.

“(2) Any such loan shall be secured by the land (including timber) on which the trees are planted.

“(3) Such loans shall be made on the same terms and conditions as are provided in this section for reamortized loans.

“(e) The Secretary shall issue such rules as are necessary to carry out this section, including rules prescribing terms and conditions for—

“(1) reamortizing and making loans under this section;

“(2) entering into security instruments and agreements under this section; and

“(3) management and harvesting practices of the timber crop.

“(f) There are authorized to be appropriated such sums as are necessary to carry out this section.

“(g) No more than 50,000 acres may be placed in such program.”

§ 1981a. Loan moratorium and policy on foreclosures

(a) In general

In addition to any other authority that the Secretary may have to defer principal and interest and forego foreclosure, the Secretary may permit, at the request of the borrower, the de-

ferral of principal and interest on any outstanding loan made, insured, or held by the Secretary under this chapter, or under the provisions of any other law administered by the Farmers Home Administration or by the Rural Development Administration, and may forego foreclosure of any such loan, for such period as the Secretary deems necessary upon a showing by the borrower that due to circumstances beyond the borrower's control, the borrower is temporarily unable to continue making payments of such principal and interest when due without unduly impairing the standard of living of the borrower. The Secretary may permit interest that accrues during the deferral period on any loan deferred under this section to bear no interest during or after such period: *Provided*, That if the security instrument securing such loan is foreclosed such interest as is included in the purchase price at such foreclosure shall become part of the principal and draw interest from the date of foreclosure at the rate prescribed by law.

(b) Moratorium

(1) In general

Subject to the other provisions of this subsection, effective beginning on the date of the enactment of this subsection, there shall be in effect a moratorium, with respect to farmer program loans made under subchapter I, II, or III, on all acceleration and foreclosure proceedings instituted by the Department of Agriculture against any farmer or rancher who—

(A) has pending against the Department a claim of program discrimination that is accepted by the Department as valid; or

(B) files a claim of program discrimination that is accepted by the Department as valid.

(2) Waiver of interest and offsets

During the period of the moratorium, the Secretary shall waive the accrual of interest and offsets on all farmer program loans made under subchapter I, II, or III for which loan acceleration or foreclosure proceedings have been suspended under paragraph (1).

(3) Termination of moratorium

The moratorium shall terminate with respect to a claim of discrimination by a farmer or rancher on the earlier of—

(A) the date the Secretary resolves the claim; or

(B) if the farmer or rancher appeals the decision of the Secretary on the claim to a court of competent jurisdiction, the date that the court renders a final decision on the claim.

(4) Failure to prevail

If a farmer or rancher does not prevail on a claim of discrimination described in paragraph (1), the farmer or rancher shall be liable for any interest and offsets that accrued during the period that loan acceleration or foreclosure proceedings have been suspended under paragraph (1).

(Pub. L. 87-128, title III, §331A, as added Pub. L. 95-334, title I, §122, Aug. 4, 1978, 92 Stat. 427; amended Pub. L. 101-624, title XXIII, §2303(b), Nov. 28, 1990, 104 Stat. 3981; Pub. L. 110-234, title

XIV, §14002(a), May 22, 2008, 122 Stat. 1442; Pub. L. 110-246, §4(a), title XIV, §14002(a), June 18, 2008, 122 Stat. 1664, 2204.)

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.

The date of the enactment of this subsection, referred to in subsec. (b)(1), is the date of enactment of Pub. L. 110-246, which was approved June 18, 2008.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

PRIOR PROVISIONS

Provisions similar to those in this section were contained in the following appropriation acts:

Pub. L. 102-341, title III, Aug. 14, 1992, 106 Stat. 897.

Pub. L. 102-142, title III, Oct. 28, 1991, 105 Stat. 902.

Pub. L. 101-506, title II, Nov. 5, 1990, 104 Stat. 1333.

Pub. L. 101-161, title II, Nov. 21, 1989, 103 Stat. 969.

Pub. L. 100-460, title II, Oct. 1, 1988, 102 Stat. 2246.

Pub. L. 100-202, §101(k) [title II], Dec. 22, 1987, 101 Stat. 1329-322, 1329-340.

Pub. L. 99-500, §101(a) [title II], Oct. 18, 1986, 100 Stat. 1783, 1783-16, and Pub. L. 99-591, §101(a) [title II], Oct. 30, 1986, 100 Stat. 3341, 3341-16.

Pub. L. 99-190, §101(a) [H.R. 3037, title II], Dec. 19, 1985, 99 Stat. 1185; Pub. L. 100-202, §106, Dec. 22, 1987, 101 Stat. 1329-433.

Pub. L. 97-370, title II, Dec. 18, 1982, 96 Stat. 1800.

AMENDMENTS

2008—Pub. L. 110-246, §14002(a), designated existing provisions as subsec. (a) and added subsec. (b).

1990—Pub. L. 101-624 inserted "or by the Rural Development Administration" after "Farmers Home Administration".

Statutory Notes and Related Subsidiaries

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.

FORBEARANCE AND RESTRUCTURING FOR FARM LOANS

Pub. L. 100-387, title III, §313(a), Aug. 11, 1988, 102 Stat. 949, provided that: "It is the sense of Congress that the Secretary of Agriculture should, with respect to farmers and ranchers who suffer major losses due to drought, hail, excessive moisture, or related condition in 1988—

"(1) exercise forbearance in the collection of interest and principal on direct farmer program loans 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 Con-

solidated 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.