

gent upon a finding by the Secretary that the loan can be returned to the United States in accordance with the general repayment provisions of sections 485a(d) and 485h(d) of this title and upon a showing that such district or agency already holds or can acquire all lands and interests in land (except public and other lands or interests in land owned by the United States which are within the administrative jurisdiction of the Secretary and subject to disposition by him) necessary for the construction, operation, and maintenance of the project. The Secretary shall, upon approval of a loan, including any loan for a distribution and drainage system receiving water from the San Luis unit, Central Valley project, authorized by the Act of June 3, 1960 (74 Stat. 156), enter into a repayment contract which includes such provisions as the Secretary shall deem necessary and proper to provide assurance of prompt repayment of the loan within not to exceed forty years plus a development period not to exceed ten years. The term "irrigation district or other public agency" shall for the purposes of sections 421a to 421h of this title mean any conservancy district, irrigation district, water users' organization, or other organization, which is organized under State law and which has capacity to enter into contracts with the United States pursuant to the Federal reclamation laws.

(July 4, 1955, ch. 271, § 2, 69 Stat. 245; Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 804.)

#### Editorial Notes

##### REFERENCES IN TEXT

Act of June 3, 1960, referred to in text, is Pub. L. 86-488, June 3, 1960, 74 Stat. 156, which is not classified to the Code.

##### AMENDMENTS

1972—Pub. L. 92-487 substituted provisions relating to financial assistance in the construction of local distribution and drainage systems, for provisions relating to financial assistance in the construction of local irrigation distribution systems, and inserted provisions relating to loans for a distribution and drainage system receiving water from the San Luis unit, Central Valley project, and provisions setting forth a specified time period for repayment of loans.

#### Statutory Notes and Related Subsidiaries

##### SALE OF BUREAU OF RECLAMATION LOANS

Pub. L. 100-203, title V, § 5301, Dec. 22, 1987, 101 Stat. 1330-268, provided that:

"(a) SALE.—The Secretary of the Interior (hereinafter in this section referred to as the 'Secretary'), under such terms as the Secretary shall prescribe, shall sell or otherwise dispose of loans made pursuant to the Distribution System Loans Act (43 U.S.C. 421a-421d) [43 U.S.C. 421a to 421h], the Small Reclamation Projects Act [of 1956] (43 U.S.C. 422a-422l) [43 U.S.C. 422a et seq.], and the Rehabilitation and Betterment Act (43 U.S.C. 504-505) [43 U.S.C. 504 and note] in such amounts as to realize net proceeds to the Federal Government of not less than \$130,000,000 in the fiscal year ending September 30, 1988. In the conduct of such sales, the Secretary shall take such actions as he deems appropriate to accommodate, effectuate, and otherwise protect the rights and obligations of the United States and the borrowers under the contracts executed to provide for repayment of such loans.

"(b) SAVINGS PROVISIONS.—Nothing in this section, including the prepayment or other disposition of any loan or loans, shall—

"(1) except to the extent that prepayment may have been authorized heretofore, relieve the borrower from the application of the provisions of Federal Reclamation law (Act of June 17, 1902 [32 Stat. 388, see Short Title note under section 371 of this title], and Acts amendatory thereof or supplementary thereto, including the Reclamation Reform Act of 1982 [43 U.S.C. 390aa et seq.]), including acreage limitations, to the extent such provisions would apply absent such prepayment, or

"(2) authorize the transfer of title to any federally owned facilities funded by the loans specified in subsection (a) of this section without a specific Act of Congress.

"(c) FEES AND EXPENSES OF PROGRAM.—Proceeds from the conduct of the program authorized by this section shall be first used to pay the fees and expenses of such program and the net proceeds shall be deposited in the Treasury of the United States as miscellaneous receipts.

"(d) TERMINATION.—The authority granted by this section to sell or otherwise dispose of loans shall terminate on December 31, 1988."

#### § 421c. Conditions of loan for distribution and drainage systems; reconveyance by Secretary of lands, interests in lands, and distribution works heretofore conveyed to the United States; conditions of reconveyance; rights of way

The Secretary shall require, as conditions to any such loan, that the borrower contribute in money or materials, labor, lands, or interests in land, computed at their reasonable value, a portion not in excess of 10 per centum, of the construction cost of the distribution and drainage system (including all costs of acquiring lands and interests in land), that the plans for the system be in accord with sound engineering practices and be such as will achieve the purposes for which the system was authorized, and that the borrower agree to account in full in regard to all disbursements of borrowed funds and to return at once for application toward amortization of the loan all funds which are not expended in the construction of the distribution and drainage system. Every organization contracting for repayment of a loan under sections 421a to 421h of this title shall operate and maintain its distribution and drainage works in conformity with reasonable contractual requirements determined to be appropriate for the protection of the United States. The Secretary is hereby authorized to reconvey to borrowers all lands or interests in lands and distribution works transferred to the United States under the provisions of sections 421a to 421h of this title: *Provided*, That any reconveyance shall be upon the condition that the repayment contract of the borrower be amended to include such provisions as the Secretary shall deem necessary or proper to provide assurance of and security for prompt repayment of the loan. The head of any department or agency of the Government within whose administrative jurisdiction are lands owned by the United States the use of which is reasonably necessary for the construction, operation, and maintenance of distribution and drainage works under sections 421a to 421h of this title may grant to a borrower or prospective borrower under sections 421a to 421h of this title revocable permission for the use thereof in like

manner as under sections 79<sup>1</sup> and 524 of title 16, sections 323 to 328 of title 25, section 8124 of title 38, or sections 931a to 931d, 946 to 950, 956, and 959<sup>1</sup> of this title, or any other similar Act which is applicable to the lands involved: *Provided*, That no such permission shall be granted in the case of lands being administered for national park, national monument, or wildlife purposes.

(July 4, 1955, ch. 271, §3, 69 Stat. 245; May 14, 1956, ch. 268, 70 Stat. 155; Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 804; Pub. L. 102-40, title IV, §402(d)(2), May 7, 1991, 105 Stat. 239.)

#### Editorial Notes

##### REFERENCES IN TEXT

The references in text to section 79 of title 16 and section 959 of this title are translations of a reference in the original to the act of "February 15, 1901 (31 Stat. 790), as amended (16 U.S.C. 79, 522; 43 U.S.C. 959)", meaning act of Feb. 15, 1901, ch. 372, which is classified to section 959 of Title 43, Public Lands. The Act, insofar as it related to National Park System units, was repealed and reenacted as section 100902(a) of Title 54, National Park Service and Related Programs, by Pub. L. 113-287, §§ 3, 7, Dec. 19, 2014, 128 Stat. 3094, 3272.

##### CODIFICATION

"Section 8124 of title 38" substituted in text (see 1991 Amendment note below) for "section 5024 of title 38", which previously had been substituted for "section 5014 of title 38" as the probable intent of Congress in view of the renumbering of section 5014 of title 38 as section 5024 by Pub. L. 96-22, title III, §301(b)(1), June 13, 1979, 93 Stat. 61. Previously, "section 5014 of title 38" had been substituted for "section 11i of title 38" on authority of Pub. L. 85-857, §5(a), Sept. 2, 1958, 72 Stat. 1281, the first section of which enacted Title 38, Veterans' Benefits.

##### AMENDMENTS

1991—Pub. L. 102-40 substituted "section 8124 of title 38" for "section 5024 of title 38". See Codification note above.

1972—Pub. L. 92-487 inserted provision subjecting drainage systems to the requirements of this section, substituted provisions authorizing the Secretary to reconvey to borrowers all land or interests in land and distribution works transferred to the United States under the provisions of sections 421a to 421h of this title, with the proviso relating to the amendment of the repayment contract, for provisions requiring borrowers, prior to the consummation of any loan, to transfer to the United States any lands or interests in lands presently held or acquired in the future which the Secretary finds necessary for the construction, operation, or maintenance of distribution systems, with title to all such lands, etc., subject to retransfer to the borrower by the Secretary upon repayment of the loan, to remain in the United States, and struck out provisions which restricted applicability of provisions to provisions relating to Federal reclamation laws.

1956—Act May 14, 1956, provided that the Secretary, as conditions to loan, require borrower to account for disbursements of borrowed funds and return for application toward amortization of the loan all funds not expended in the construction of the distribution system, required, prior to the consummation of any loan, the transfer to the United States of titles to lands or interests in lands held by the borrower, and that titles to such lands, interests, and distribution works remain in United States until repayment, and provided for issuance of revocable permits for the use of lands owned by United States, in lieu of the formerly author-

ized actual conveyance to the districts of the rights-of-way.

#### § 421d. Effect on existing laws

Except as otherwise provided in sections 421a to 421h of this title, the provisions of the Federal reclamation laws, and Acts amendatory thereto, are continued in full force and effect.

(July 4, 1955, ch. 271, §4, 69 Stat. 245; Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 805.)

#### Editorial Notes

##### AMENDMENTS

1972—Pub. L. 92-487 reenacted section without change.

#### § 421e. Municipal and industrial water supply delivery and distribution; allocation of loan funds; loan repayment contract requirements; rate of interest

Unless otherwise provided in the Act authorizing construction of the project, the delivery and distribution of municipal and industrial water supplies shall be deemed to be an authorized project purpose under sections 421a to 421h of this title, and where appropriate, an allocation of loan funds acceptable to the Secretary shall be made between irrigation and municipal and industrial purposes. Loan repayment contracts shall require that the borrower pay interest on that portion of the unamortized loan obligation (including interest during construction) allocated in each year to municipal and industrial purposes at the rate provided in the Act authorizing the project, or absent such an authorized rate, at a rate determined by the Secretary of the Treasury as of the beginning of the fiscal year in which the contract, or contract amendment entered into pursuant to section 421f of this title, is executed, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations which are neither due nor callable for redemption for fifteen years from date of issue, and by adjusting such average rate to the nearest one-eighth of 1 per centum.

(July 4, 1955, ch. 271, §5, as added Pub. L. 92-487, Oct. 3, 1972, 86 Stat. 805.)

#### § 421f. Existing loan contracts; negotiation by Secretary of amendments

The Secretary is hereby authorized to negotiate amendments to existing water service and irrigation distribution system loan contracts to conform said contracts to the provisions of sections 421a to 421h of this title.

(July 4, 1955, ch. 271, §6, as added Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 805.)

#### § 421g. Existing rights unaffected

Nothing in sections 421a to 421h of this title shall be construed to repeal or limit the procedural and substantive requirements of sections 372 and 383 of this title.

(July 4, 1955, ch. 271, §7, as added Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 806.)

<sup>1</sup> See References in Text note below.