

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.

EVALUATIONS OF DIRECT AND GUARANTEED LOAN PROGRAMS

Pub. L. 107-171, title V, §5301, May 13, 2002, 116 Stat. 344, directed the Secretary of Agriculture to conduct two 1-year studies of the direct and guaranteed loan programs under this section and section 1941 of this title, with each study examining the number, average principal amount, and delinquency and default rates of loans provided or guaranteed during the periods beginning 1 year after May 13, 2002, and 3 years after that date, and to submit a final evaluation report at the end of each study.

§ 1923. Purposes of loans**(a) Allowed purposes****(1) Direct loans**

A farmer or rancher may use a direct loan made under this subchapter only for—

- (A) acquiring or enlarging a farm or ranch;
- (B) making capital improvements to a farm or ranch;
- (C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch;
- (D) paying for activities to promote soil and water conservation and protection described in section 1924 of this title on a farm or ranch; or
- (E) refinancing a temporary bridge loan made by a commercial or cooperative lender to a farmer or rancher for the acquisition of land for a farm or ranch, if—
 - (i) the Secretary approved an application for a direct farm ownership loan to the farmer or rancher for acquisition of the land; and
 - (ii) funds for direct farm ownership loans under section 1994(b) of this title were not available at the time at which the application was approved.

(2) Guaranteed loans

A farmer or rancher may use a loan guaranteed under this subchapter only for—

- (A) acquiring or enlarging a farm or ranch;
- (B) making capital improvements to a farm or ranch;
- (C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch;
- (D) paying for activities to promote soil and water conservation and protection described in section 1924 of this title on a farm or ranch; or
- (E) refinancing indebtedness.

(b) Preferences

In making or guaranteeing a loan under this subchapter for purchase of a farm or ranch, the Secretary shall give preference to a person who—

- (1) has a dependent family;
- (2) to the extent practicable, is able to make an initial down payment on the farm or ranch; or
- (3) is an owner of livestock or farm or ranch equipment that is necessary to successfully carry out farming or ranching operations.

(c) Hazard insurance requirement**(1) In general**

After the Secretary makes the determination required by paragraph (2), the Secretary may not make a loan to a farmer or rancher under this subchapter unless the farmer or rancher has, or agrees to obtain, hazard insurance on any real property to be acquired or improved with the loan.

(2) Determination

Not later than 180 days after April 4, 1996, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

(Pub. L. 87-128, title III, §303, Aug. 8, 1961, 75 Stat. 307; Pub. L. 87-703, title IV, §401(1), Sept. 27, 1962, 76 Stat. 631; Pub. L. 90-488, §1, Aug. 15, 1968, 82 Stat. 770; Pub. L. 95-113, title XIV, §1448(a), Sept. 29, 1977, 91 Stat. 1011; Pub. L. 96-438, §1(1), Oct. 13, 1980, 94 Stat. 1871; Pub. L. 97-98, title XVI, §1602, Dec. 22, 1981, 95 Stat. 1346; Pub. L. 104-127, title VI, §602(a), Apr. 4, 1996, 110 Stat. 1085; Pub. L. 107-171, title V, §5002, May 13, 2002, 116 Stat. 341.)

Editorial Notes

AMENDMENTS

2002—Subsec. (a)(1)(E). Pub. L. 107-171 added subpar. (E).

1996—Pub. L. 104-127 amended section generally, substituting present provisions for provisions outlining preferences for loans made or insured under this subchapter and defining terms “improving farms” and “qualified non-fossil energy system”.

1981—Subsec. (a). Pub. L. 97-98 substituted “who have dependent families” for “who are married or have dependent families”.

1980—Subsec. (b)(1). Pub. L. 96-438 substituted “the acquisition, installation, and modification” for “the acquisition and installation” and struck out “in any residential structure” after “energy system”.

1977—Pub. L. 95-113 designated existing provisions as subsec. (a) and added subsec. (b).

1968—Pub. L. 90-488 designated existing provisions as cls. (1), (2), (4), (5), and added cl. (3).

1962—Pub. L. 87-703 authorized loans to be made or insured for recreational uses and facilities.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1996 AMENDMENT

Pub. L. 104-127, title VI, §602(b), Apr. 4, 1996, 110 Stat. 1085, provided that: “Section 303(c)(1) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1923(c)(1)] shall not apply until the Secretary of Agriculture makes the determination required by section 303(c)(2) of the Act.” [The Secretary’s determination relating to hazard insurance under this provision was contained in interim rules published Mar. 3, 1997, and effective Mar. 24, 1997, see 62 F.R. 9351.]

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.

EFFECTIVE DATE OF 1977 AMENDMENT

Amendment by Pub. L. 95-113 effective Oct. 1, 1977, see section 1901 of Pub. L. 95-113, set out as a note under section 1307 of this title.

TRANSFER OF FUNCTIONS

Powers, duties, and assets of agencies, offices, and other entities within Department of Agriculture relat-

ing to rural development functions transferred to Rural Development Administration by section 2302(b) of Pub. L. 101-624.

§ 1924. Conservation loan and loan guarantee program

(a) In general

The Secretary may make or guarantee qualified conservation loans to eligible borrowers under this section.

(b) Definitions

In this section:

(1) Qualified conservation loan

The term “qualified conservation loan” means a loan, the proceeds of which are used to cover the costs to the borrower of carrying out a qualified conservation project.

(2) Qualified conservation project

The term “qualified conservation project” means conservation measures that address provisions of a conservation plan of the eligible borrower.

(3) Conservation plan

The term “conservation plan” means a plan, approved by the Secretary, that, for a farming or ranching operation, identifies the conservation activities that will be addressed with loan funds provided under this section, including—

(A) the installation of conservation structures to address soil, water, and related resources;

(B) the establishment of forest cover for sustained yield timber management, erosion control, or shelter belt purposes;

(C) the installation of water conservation measures;

(D) the installation of waste management systems;

(E) the establishment or improvement of permanent pasture;

(F) compliance with section 3812 of title 16; and

(G) other purposes consistent with the plan, including the adoption of any other emerging or existing conservation practices, techniques, or technologies approved by the Secretary.

(c) Eligibility

(1) In general

The Secretary may make or guarantee loans to farmers or ranchers in the United States, farm cooperatives, private domestic corporations, partnerships, joint operations, trusts, limited liability companies, or such other legal entities as the Secretary considers appropriate that are controlled by farmers or ranchers and engaged primarily and directly in agricultural production in the United States.

(2) Requirements

To be eligible for a loan under this section, applicants shall meet the requirements in subparagraphs (A) and (B) of section 1922(a)(1) of this title.

(d) Priority

In making or guaranteeing loans under this section, the Secretary shall give priority to—

(1) qualified beginning farmers or ranchers and socially disadvantaged farmers or ranchers;

(2) owners or tenants who use the loans to convert to sustainable or organic agricultural production systems; and

(3) producers who use the loans to build conservation structures or establish conservation practices to comply with section 3812 of title 16.

(e) Limitations applicable to loan guarantees

The portion of a loan that the Secretary may guarantee under this section shall be—

(1) 80 percent of the principal amount of the loan; or

(2) in the case of a producer that is a qualified socially disadvantaged farmer or rancher or a beginning farmer or rancher, 90 percent of the principal amount of the loan.

(f) Administrative provisions

The Secretary shall ensure, to the maximum extent practicable, that loans made or guaranteed under this section are distributed across diverse geographic regions.

(g) Credit eligibility

The provisions of paragraphs (1) and (3) of section 1983 of this title shall not apply to loans made or guaranteed under this section.

(h) Authorization of appropriations

There is authorized to be appropriated to the Secretary to carry out this section \$150,000,000 for each of fiscal years 2014 through 2023.

(Pub. L. 87-128, title III, §304, Aug. 8, 1961, 75 Stat. 308; Pub. L. 90-488, §2, Aug. 15, 1968, 82 Stat. 770; Pub. L. 92-419, title I, §102, Aug. 30, 1972, 86 Stat. 657; Pub. L. 95-334, title I, §102, Aug. 4, 1978, 92 Stat. 421; Pub. L. 101-624, title XVIII, §1802(a), Nov. 28, 1990, 104 Stat. 3817; Pub. L. 102-237, title V, §501(a), Dec. 13, 1991, 105 Stat. 1865; Pub. L. 104-127, title VI, §603, Apr. 4, 1996, 110 Stat. 1085; Pub. L. 110-234, title V, §5002, May 22, 2008, 122 Stat. 1142; Pub. L. 110-246, §4(a), title V, §5002, June 18, 2008, 122 Stat. 1664, 1904; Pub. L. 113-79, title V, §§5001(c)(1), 5002, Feb. 7, 2014, 128 Stat. 833; Pub. L. 115-334, title V, §5102, Dec. 20, 2018, 132 Stat. 4669.)

Editorial Notes

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.

AMENDMENTS

2018—Subsec. (h). Pub. L. 115-334 substituted “2023” for “2018”.

2014—Subsec. (c)(1). Pub. L. 113-79, §5002(a), substituted “limited liability companies, or such other legal entities as the Secretary considers appropriate” for “or limited liability companies”.

Subsec. (c)(2). Pub. L. 113-79, §5001(c)(1), substituted “subparagraphs (A) and (B) of section 1922(a)(1)” for “paragraphs (1) and (2) of section 1922(a)”.

Subsec. (e). Pub. L. 113-79, §5002(b), substituted “shall be—” for “shall be 75 percent of the principal amount of the loan.” and added pars. (1) and (2).

Subsec. (h). Pub. L. 113-79, §5002(c), added subsec. (h) and struck out former subsec. (h). Prior to amendment,