

**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.

**§ 1936a. Use of rural development loans and grants for other purposes**

If, after making a loan or a grant described in section 2009d(d) of this title, the Secretary determines that the circumstances under which the loan or grant was made have sufficiently changed to make the project or activity for which the loan or grant was made available no longer appropriate, the Secretary may allow the loan borrower or grant recipient to use property (real and personal) purchased or improved with the loan or grant funds, or proceeds from the sale of property (real and personal) purchased with such funds, for another project or activity that (as determined by the Secretary)—

- (1) will be carried out in the same area as the original project or activity;
- (2) meets the criteria for a loan or a grant described in section 2009d(d) of this title; and
- (3) satisfies such additional requirements as are established by the Secretary.

(Pub. L. 87-128, title III, §310G, as added Pub. L. 107-171, title VI, §6018, May 13, 2002, 116 Stat. 361.)

**§ 1936b. Intermediary relending program****(a) In general**

The Secretary may make or guarantee loans to eligible entities described in subsection (b) so that the eligible entities may relend the funds to individuals and entities for the purposes described in subsection (c).

**(b) Eligible entities**

Entities eligible for loans and loan guarantees described in subsection (a) are—

- (1) public agencies;
- (2) Indian tribes;
- (3) cooperatives; and
- (4) nonprofit corporations.

**(c) Eligible purposes**

The proceeds from loans made or guaranteed by the Secretary pursuant to subsection (a) may be relented by eligible entities for projects that—

- (1) predominately serve communities in rural areas; and
- (2) as determined by the Secretary—
  - (A) promote community development;
  - (B) establish new businesses;
  - (C) establish and support microlending programs; and
  - (D) create or retain employment opportunities.

**(d) Limitation**

The Secretary shall not make loans under section 9812(a) of title 42.

**(e) Limitation on loan amounts**

The maximum amount of a loan by an eligible entity described in subsection (b) to individuals and entities for a project under subsection (c),

including the unpaid balance of any existing loans, shall be the lesser of—

- (1) \$400,000; and
- (2) 50 percent of the loan to the eligible entity under subsection (a).

**(f) Applications****(1) In general**

To be eligible to receive a loan or loan guarantee under subsection (a), an eligible entity described in subsection (b) shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

**(2) Evaluation**

In evaluating applications submitted under paragraph (1), the Secretary shall—

- (A)(i) take into consideration the previous performance of an eligible entity in carrying out projects under subsection (c); and
- (ii) in the case of satisfactory performance under clause (i), require the eligible entity to contribute less equity for subsequent loans without modifying the priority given to subsequent applications; and
- (B) in assigning priorities to applications, require an eligible entity to demonstrate that it has a governing or advisory board made up of business, civic, and community leaders who are representative of the communities of the service area, without limitation to the size of the service area.

**(g) Return of equity**

The Secretary shall establish a schedule that is consistent with the amortization schedules of the portfolio of loans made or guaranteed under subsection (a) for the return of any equity contribution made under this section by an eligible entity described in subsection (b), if the eligible entity is—

- (1) current on all principal and interest payments; and
- (2) in compliance with loan covenants.

**(h) Regulations**

The Secretary shall promulgate regulations and establish procedures reducing the administrative requirements on eligible entities described in subsection (b), including regulations to carry out the amendments made to this section by the Agriculture Improvement Act of 2018.

**(i) Authorization of appropriations**

There is authorized to be appropriated to carry out this subsection \$25,000,000 for each of fiscal years 2014 through 2023.

(Pub. L. 87-128, title III, §310H, as added Pub. L. 113-79, title VI, §6017(a), Feb. 7, 2014, 128 Stat. 845; amended Pub. L. 115-334, title VI, §6416, Dec. 20, 2018, 132 Stat. 4762.)

**Editorial Notes****REFERENCES IN TEXT**

The amendments made to this section by the Agriculture Improvement Act of 2018, referred to in subsec. (h), means the amendments made to this section by Pub. L. 115-334.

**AMENDMENTS**

2018—Subsecs. (e) to (h). Pub. L. 115-334, §6416(2), added subsecs. (e) to (h). Former subsec. (e) redesignated (i).