

**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).

Subsec. (i). Pub. L. 115-334, §6416(1), (3), redesignated subsec. (e) as (i) and substituted “2023” for “2018”.

**§ 1936c. Relending program to resolve ownership and succession on farmland**

**(a) In general**

The Secretary may make 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 described in subsection (a) are cooperatives, credit unions, and nonprofit organizations with—

(1) certification under section 1805.201 of title 12, Code of Federal Regulations (or successor regulations), to operate as a lender;

(2) experience assisting socially disadvantaged farmers and ranchers (as defined in subsection (a) of section 2279 of this title) or limited resource or new and beginning farmers and ranchers, rural businesses, cooperatives, or credit unions, including experience in making and servicing agricultural and commercial loans; and

(3) the ability to provide adequate assurance of the repayment of a loan.

**(c) Eligible purposes**

The proceeds from loans made by the Secretary pursuant to subsection (a) shall be re-lent by eligible entities for projects that assist heirs with undivided ownership interests to resolve ownership and succession on farmland that has multiple owners.

**(d) Preference**

In making loans under subsection (a), the Secretary shall give preference to eligible entities—

(1) with not less than 10 years of experience serving socially disadvantaged farmers and ranchers; and

(2) in States that have adopted a statute consisting of an enactment or adoption of the Uniform Partition of Heirs Property Act, as approved and recommended for enactment in all States by the National Conference of Commissioners on Uniform State Laws in 2010, that relend to owners of heirs property (as defined in that Act).

**(e) Loan terms and conditions**

The following terms and conditions shall apply to loans made under this section:

(1) The interest rate at which intermediaries may borrow funds under this section shall be determined by the Secretary.

(2) The rates, terms, and payment structure for borrowers to which intermediaries lend shall be—

(A) determined by the intermediary in an amount sufficient to cover the cost of operating and sustaining the revolving loan fund; and

(B) clearly and publicly disclosed to qualified ultimate borrowers.

(3) Borrowers to which intermediaries lend shall be—

(A) required to complete a succession plan as a condition of the loan; and

(B) be offered the opportunity to borrow sufficient funds to cover costs associated with the succession plan under subparagraph (A) and other associated legal and closing costs.

**(f) Report**

Not later than 1 year after December 20, 2018, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the operation and outcomes of the program under this section, with recommendations on how to strengthen the program.

**(g) Authorization of appropriations**

There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2019 through 2023.

(Pub. L. 87-128, title III, §310I, as added Pub. L. 115-334, title V, §5104, Dec. 20, 2018, 132 Stat. 4669.)

**SUBCHAPTER II—OPERATING LOANS**

**§ 1941. Persons eligible for loans**

**(a) In general**

**(1) Eligibility requirements**

The Secretary may make and insure loans under this subchapter to farmers and ranchers in the United States, and to farm cooperatives and private domestic corporations, partnerships, joint operations, trusts, limited liability companies, and such other legal entities as the Secretary considers appropriate, that are controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States, subject to the conditions specified in this section. To be eligible for such loans, applicants who are individuals, or, in the case of cooperatives, corporations, partnerships, joint operations, trusts, limited liability companies, and such other legal entities, individuals holding a majority interest in such entity, must (A) be citizens of the United States, (B) for direct loans only, have either training or farming experience that the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations, taking into consideration all farming experience of the applicant, without regard to any lapse between farming experiences, (C) be or will become operators of not larger than family farms (or in the case of cooperatives, corporations, partnerships, joint operations, trusts, limited liability companies, and such other legal entities in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be or will become either owners or operators of not larger than a family farm and at least one such individual must be or will become an operator of not larger than a family farm or, in the case of holders of the entire interest who are related by blood or marriage and all of whom are or will become farm operators, the ownership interest of each such holder separately constitutes not larger