

**Statutory Notes and Related Subsidiaries**

## EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by 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, see section 1101(b)(3) 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.

**§ 1983a. Prompt approval of loans and loan guarantees****(a) Applications; time for action by Secretary; notice; statement of reasons**

(1) The Secretary shall approve or disapprove an application for a loan or loan guarantee made under this chapter, and notify the applicant of such action, not later than 60 days after the Secretary has received a complete application for such loan or loan guarantee.

(2)(A) If an application for a loan or loan guarantee under this chapter (other than under subchapter II) is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete not later than 20 days after the Secretary has received such application.

(B)(i) Not later than 10 calendar days after the Secretary receives an application for an operating loan or loan guarantee under subchapter II, the Secretary shall notify the applicant of any information required before a decision may be made on the application. On receipt of an application, the Secretary shall request from other parties such information as may be needed in connection with the application.

(ii) Not later than 15 calendar days after the date an agency of the Department of Agriculture receives a request for information made pursuant to clause (i), the agency shall provide the Secretary with the requested information.

(iii) If, not later than 20 calendar days after the date a request is made pursuant to clause (i) with respect to an application, the Secretary has not received the information requested, the Secretary shall notify the applicant and the district office of the Farmers Home Administration, in writing, of the outstanding information.

(iv) A county office shall notify the district office of the Farmers Home Administration of each application for an operating loan or loan guarantee under subchapter II that is pending more than 45 days after receipt, and the reasons the application is pending.

(v) A district office that receives a notice provided under clause (iv) with respect to an application shall immediately take steps to ensure that final action is taken on the application not later than 15 days after the date of the receipt of the notice.

(vi) The district office shall report to the State office of the Farmers Home Administration on each application for an operating loan or loan guarantee under subchapter II that is pending more than 45 days after receipt by the county committee, and the reasons the application is pending.

(vii) Each month, the Secretary shall notify the Committee on Agriculture of the House of

Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, on a State-by-State basis, as to each application for an operating loan or loan guarantee under subchapter II of this chapter on which final action had not been taken within 60 calendar days after receipt by the Secretary, and the reasons final action had not been taken.

(3) If an application for a loan or loan guarantee under this chapter is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

(4)(A) Notwithstanding paragraph (1), each application for a loan or loan guarantee under section 1932(a) of this title, or for a loan under section 1926(a) of this title, that is to be disapproved by the Secretary solely because the Secretary lacks the necessary amount of funds to make the loan or guarantee shall not be disapproved but shall be placed in pending status.

(B) The Secretary shall retain the pending application and reconsider the application beginning on the date that sufficient funds become available.

(C) Not later than 60 days after funds become available regarding each pending application, the Secretary shall notify the applicant of the approval or disapproval of funding for the application.

**(b) Loan proceeds; time for receipt**

(1) Except as provided in paragraph (2), if an application for an insured loan under this chapter is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant not later than 15 days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary.

(2) If the Secretary is unable to provide the loan proceeds to the applicant within such 15-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event later than 15 days unless the applicant agrees to a longer period) after sufficient funds for such purpose become available to the Secretary.

**(c) Reconsideration of applications; time for action by Secretary**

If an application for a loan or loan guarantee under this chapter is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the Department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action within 15 days after return of the application to the Secretary.

**(d) Approved lender designation applications; time for decision by Secretary**

In carrying out the approved lender program established by exhibit A to subpart B of part 1980 of title 7, Code of Federal Regulations, the Secretary shall ensure that each request of a lending institution for designation as an approved lender under such program is reviewed, and a decision made on the application, not

later than 15 days after the Secretary has received a complete application for such designation.

**(e) Processing loan applications; personnel and other resources made available; use of authorities of law**

(1) As soon as practicable after December 23, 1985, the Secretary shall take such steps as are necessary to make personnel, including the payment of overtime for such personnel, and other resources of the Department of Agriculture available to the Farmers Home Administration as are sufficient to enable the Farmers Home Administration to expeditiously process loan applications that are submitted by farmers and ranchers.

(2) In carrying out paragraph (1), the Secretary may use any authority of law provided to the Secretary, including—

(A) the Agricultural Credit Insurance Fund established under section 1929 of this title; and

(B) the employment procedures used in connection with the emergency loan program established under subchapter III.

**(f) Graduation of seasoned direct loan borrowers to loan guarantee program**

(1) As used in this subsection:

(A) The term “approved lender” means a lender approved prior to October 28, 1992, by the Secretary under the approved lender program established by exhibit A to subpart B of part 1980 of title 7, Code of Federal Regulations (as in effect on January 1, 1991), or a lender certified under section 1989 of this title.

(B) The term “seasoned direct loan borrower” means a borrower receiving a direct loan under this chapter who has been classified as “commercial” or “standard” under subpart W of part 2006 of the Instruction Manual (as in effect on January 1, 1991).

(2) The Secretary, or a contracting third party, shall annually review under section 2006b of this title the loans of each seasoned loan borrower. If, based on the review, it is determined that a borrower would be able to obtain a loan, guaranteed by the Secretary, from a commercial or cooperative lender at reasonable rates and terms for loans for similar purposes and periods of time, the Secretary shall assist the borrower in applying for the commercial or cooperative loan.

(3) In accordance with section 2006d of this title, the Secretary shall prepare a prospectus on each seasoned direct loan borrower determined eligible to obtain a guaranteed loan. The prospectus shall contain a description of the amounts of loan guarantee and interest assistance that the Secretary will provide to the seasoned direct loan borrower to enable the seasoned direct loan borrower to carry out a financially viable farming plan if a guaranteed loan is made.

(4) VERIFICATION.—

(A) IN GENERAL.—The Secretary shall provide a prospectus of a seasoned direct loan borrower to each approved lender whose lending area includes the location of the seasoned direct loan borrower.

(B) NOTIFICATION.—The Secretary shall notify each borrower of a loan that a prospectus

has been provided to a lender under subparagraph (A).

(C) CREDIT EXTENDED.—If the Secretary receives an offer from an approved lender to extend credit to the seasoned direct loan borrower under terms and conditions contained in the prospectus, the seasoned direct loan borrower shall not be eligible for an insured loan from the Secretary under subchapter I or II, except as otherwise provided in this subsection.

(5) If the Secretary is unable to provide loan guarantees and, if necessary, interest assistance to the seasoned direct loan borrower under this subsection in amounts sufficient to enable the seasoned direct loan borrower to borrow from commercial sources the amount required to carry out a financially viable farming plan, or if the Secretary does not receive an offer from an approved lender to extend credit to a seasoned direct loan borrower under the terms and conditions contained in the prospectus, the Secretary shall make an insured loan to the seasoned direct loan borrower under subchapter I or II, whichever is applicable.

(6) To the extent necessary for the borrower to obtain a loan, guaranteed by the Secretary, from a commercial or cooperative lender, the Secretary shall provide interest rate reductions as provided for under section 1999 of this title.

**(g) Simplified application forms for loan guarantees**

**(1) In general**

The Secretary shall provide to lenders a short, simplified application form for guarantees under this chapter of—

(A) farmer program loans the principal amount of which is \$125,000 or less; and

(B) business and industry guaranteed loans under section 1932(a)(2)(A) of this title the principal amount of which is—

(i) in the case of a loan guarantee made during fiscal year 2002 or 2003, \$400,000 or less; and

(ii) in the case of a loan guarantee made during any subsequent fiscal year—

(I) \$400,000 or less; or

(II) if the Secretary determines that there is not a significant increased risk of a default on the loan, \$600,000 or less.

**(2) Water and waste disposal grants and loans**

The Secretary shall develop an application process that accelerates, to the maximum extent practicable, the processing of applications for water and waste disposal grants or direct or guaranteed loans under paragraph (1) or (2) of section 1926(a) of this title the grant award amount or principal loan amount, respectively, of which is \$300,000 or less.

**(3) Administration**

In developing an application under this subsection, the Secretary shall—

(A) consult with commercial and cooperative lenders; and

(B) ensure that—

(i) the form can be completed manually or electronically, at the option of the lender;

- (ii) the form minimizes the documentation required to accompany the form;
- (iii) the cost of completing and processing the form is minimal; and
- (iv) the form can be completed and processed in an expeditious manner.

#### (h) Simplified application forms

Except as provided in subsection (g)(2), the Secretary shall, to the maximum extent practicable, develop a simplified application process, including a single page application if practicable, for grants and relending authorized under sections 1926, 1926c, 1926d, 1926e, 1932(b), 1932(c), 1932(e), 1936b, 2008p, and 2008s of this title.

(Pub. L. 87–128, title III, §333A, as added Pub. L. 99–198, title XIII, §1312(a), Dec. 23, 1985, 99 Stat. 1524; amended Pub. L. 101–624, title XVIII, §1811, title XXIII, §2388(f), Nov. 28, 1990, 104 Stat. 3821, 4053; Pub. L. 102–554, §§13–15, Oct. 28, 1992, 106 Stat. 4152, 4153; Pub. L. 104–127, title VI, §637, Apr. 4, 1996, 110 Stat. 1093; Pub. L. 107–171, title V, §5307, title VI, §6019, May 13, 2002, 116 Stat. 345, 362; Pub. L. 110–234, title VI, §6012(b)(3), May 22, 2008, 122 Stat. 1165; Pub. L. 110–246, §4(a), title VI, §6012(b)(3), June 18, 2008, 122 Stat. 1664, 1927; Pub. L. 113–79, title VI, §6020(a), Feb. 7, 2014, 128 Stat. 847; Pub. L. 115–334, title V, §5401(c)(1), title VI, §6601(a)(2), Dec. 20, 2018, 132 Stat. 4674, 4776.)

#### Editorial Notes

##### REFERENCES IN TEXT

This chapter, referred to in subsecs. (a), (b)(1), (c), (f)(1)(B), and (g)(1), 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.

##### 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. (f)(1)(A). Pub. L. 115–334, §5401(c)(1), made technical amendment to reference in original act which appears in text as reference to section 1989 of this title.

Subsec. (h). Pub. L. 115–334, §6601(a)(2), struck out “1932(f),” after “1932(e).”

2014—Subsec. (h). Pub. L. 113–79 added subsec. (h).

2008—Subsec. (g)(1)(B). Pub. L. 110–246, §6012(b)(3), substituted “1932(a)(2)(A)” for “1932(a)(1)” in introductory provisions.

2002—Subsec. (g). Pub. L. 107–171, §6019, added subsec. (g) and struck out former subsec. (g) which read as follows:

“(1) The Secretary shall provide to lenders a short, simplified application form for guarantees under this chapter of loans the principal amount of which is \$125,000 or less.

“(2) In developing the application, the Secretary shall—

“(A) consult with commercial and cooperative lenders; and

“(B) ensure that—

“(i) the form can be completed manually or electronically, at the option of the lender;

“(ii) the form minimizes the documentation required to accompany the form;

“(iii) the cost of completing and processing the form is minimal; and

“(iv) the form can be completed and processed in an expeditious manner.”

Subsec. (g)(1). Pub. L. 107–171, §5307, substituted “\$125,000” for “\$50,000”.

1996—Subsec. (f)(4). Pub. L. 104–127, §637(1), inserted heading.

Subsec. (f)(4)(A). Pub. L. 104–127, §637(1), designated first sentence of par. (4) as subpar. (A), inserted heading, and directed the substitution of “The Secretary shall provide a prospectus of a seasoned” for “With” and all that follows through “seasoned”, which was executed by making the substitution for all that follows through “seasoned” the first place appearing resulting in making the substitution for “With the approval of the borrower, the Secretary shall provide the prospectus of the seasoned”, to reflect the probable intent of Congress.

Subsec. (f)(4)(B), (C). Pub. L. 104–127, §637(2), added subpar. (B), designated second sentence of par. (4) as subpar. (C), and inserted heading.

1992—Subsec. (a)(2). Pub. L. 102–554, §13, designated existing provisions as subpar. (A), inserted “(other than under subchapter II of this chapter)” after “under this chapter”, and added subpar. (B).

Subsec. (f). Pub. L. 102–554, §14, added subsec. (f).

Subsec. (g). Pub. L. 102–554, §15, added subsec. (g).

1990—Subsec. (a)(4). Pub. L. 101–624, §1811, added par. (4).

Subsec. (c). Pub. L. 101–624, §2388(f), substituted “If” for “In”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2018 AMENDMENT

Pub. L. 115–334, title V, §5401(c)(2), Dec. 20, 2018, 132 Stat. 4674, provided that: “The amendment made by this subsection [amending this section] shall take effect as if included in the enactment of section 14 of the Agricultural Credit Improvement Act of 1992 (Public Law 102–554).”

##### 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.

##### EFFECTIVE DATE

Pub. L. 99–198, title XIII, §1312(b), Dec. 23, 1985, 99 Stat. 1525, provided that: “The amendment made by subsection (a) [enacting this section] shall be effective with respect to applications for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act [Dec. 23, 1985].”

#### § 1983b. Beginning farmer and rancher individual development accounts pilot program

##### (a) Definitions

In this section:

##### (1) Demonstration program

The term “demonstration program” means a demonstration program carried out by a qualified entity under the pilot program established in subsection (b)(1).

##### (2) Eligible participant

The term “eligible participant” means a qualified beginning farmer or rancher that—

- (A) lacks significant financial resources or assets; and