

§ 2006a. Borrower training**(a) In general**

The Secretary shall enter into contracts to provide educational training to all borrowers of farmer program direct loans made under this chapter in financial and farm management concepts associated with commercial farming.

(b) Contract**(1) In general**

The Secretary may contract with State or private providers of farm management and credit counseling services (including a community college, the extension service of a State, a State department of agriculture, or a nonprofit organization) to carry out this section.

(2) Consultation

The Secretary may consult with the chief executive officer of a State concerning the identity of the contracting organization and the process for contracting.

(c) Eligibility for loans**(1) In general**

Subject to paragraph (2), to be eligible to obtain a direct loan under this chapter, a borrower must obtain management assistance under this section, appropriate to the management ability of the borrower (as determined by the appropriate county committee during the determination of eligibility for the loan).

(2) Loan conditions

The need of a borrower who satisfies the criteria set out in section 1922(a)(1)(B) or 1941(a)(1)(B) of this title for management assistance under this section shall not be cause for denial of eligibility of the borrower for a direct loan under this chapter.

(d) Guidelines and curriculum

The Secretary shall issue regulations establishing guidelines and curriculum for the borrower training program established under this section.

(e) Payment

A borrower shall pay for training received under this section, and may use funds from operating loans made under subchapter II to pay for the training.

(f) Waivers**(1) In general**

The Secretary may waive the requirements of this section for an individual borrower if the Secretary determines that the borrower demonstrates adequate knowledge in areas described in this section.

(2) Criteria

The Secretary shall establish criteria providing for the application of paragraph (1) consistently in all counties nationwide.

(Pub. L. 87-128, title III, §359, as added Pub. L. 101-624, title XVIII, §1818(a), Nov. 28, 1990, 104 Stat. 3829; amended Pub. L. 105-277, div. A, §101(a) [title VIII, §805(3)], Oct. 21, 1998, 112 Stat. 2681, 2681-39; Pub. L. 107-171, title V, §5316,

5501(c), May 13, 2002, 116 Stat. 348, 351; Pub. L. 113-79, title V, §5306, Feb. 7, 2014, 128 Stat. 840.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a) and (c), 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.

AMENDMENTS

2014—Subsec. (c)(2). Pub. L. 113-79 substituted “section 1922(a)(1)(B) or 1941(a)(1)(B)” for “section 1922(a)(2) or 1941(a)(2)”.

2002—Subsec. (c)(1). Pub. L. 107-171, §5501(c), struck out “established pursuant to section 1982 of this title,” after “appropriate county committee”.

Subsec. (f). Pub. L. 107-171, §5316, added subsec. (f) and struck out heading and text of former subsec. (f). Text read as follows: “The Secretary may waive the requirements of this section for an individual borrower on a determination by the county committee that the borrower demonstrates adequate knowledge in areas described in this section.”

1998—Subsec. (a). Pub. L. 105-277, §101(a) [title VIII, §805(3)(A)], struck out “and guaranteed” after “direct”.

Subsec. (c). Pub. L. 105-277, §101(a) [title VIII, §805(3)(B)], struck out “or guaranteed” after “direct” in pars. (1) and (2).

§ 2006b. Loan assessments**(a) In general**

The Secretary shall evaluate, in accordance with regulations issued by the Secretary, the farming plan and financial situation of each qualified farmer or rancher applicant.

(b) Determinations

In evaluating the farming plan and financial situation of an applicant under this section, the Secretary shall determine—

(1) the amount that the applicant will need to borrow to carry out the proposed farming plan;

(2) the rate of interest that the applicant would need to be able to cover expenses and build an adequate equity base;

(3) the goals of the proposed farming plan of the applicant;

(4) the financial viability of the plan and any changes that are necessary to make the plan viable; and

(5) whether assistance is necessary under this chapter and, if so, the amount of the assistance.

(c) Contract

The Secretary may contract with a third party (including those entities eligible to provide borrower training under section 2006a(b) of this title) to conduct loan assessments under this section.

(d) Review of loans**(1) In general**

Loan assessments conducted under this section shall include annual review of direct loans, and periodic review (as determined necessary by the Secretary) of guaranteed loans, made under this chapter to assess the progress

of a borrower in meeting the goals for the farm or ranch operation.

(2) Contracts

The Secretary may contract with an entity that is eligible to provide borrower training under section 2006a(b) of this title to conduct loan reviews under paragraph (1).

(3) Problem assessments

If a borrower is delinquent in payments on a direct or guaranteed loan made under this chapter, the Secretary or the contracting entity shall determine the cause of, and action necessary to correct, the delinquency.

(e) Guidelines

The Secretary shall issue regulations providing guidelines for loan assessments conducted under this section.

(Pub. L. 87-128, title III, §360, as added Pub. L. 101-624, title XVIII, §1819, Nov. 28, 1990, 104 Stat. 3830; amended Pub. L. 107-171, title V, §§5317, 5318, May 13, 2002, 116 Stat. 348.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a), (b)(5), and (d)(1), (3), 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.

AMENDMENTS

2002—Subsec. (a). Pub. L. 107-171, §5317, substituted “The Secretary” for “After an applicant is determined eligible for assistance under this chapter by the appropriate county committee established pursuant to section 1982 of this title, the Secretary”.

Subsec. (d)(1). Pub. L. 107-171, §5318, substituted “annual review” for “biannual review”.

§ 2006c. Supervised credit

The Secretary shall provide adequate training to employees of the Farmers Home Administration on credit analysis and financial and farm management to—

(1) better acquaint the employees with what constitutes adequate financial data on which to base a direct or guaranteed loan approval decision; and

(2) ensure proper supervision of farmer program loans.

(Pub. L. 87-128, title III, §361, as added Pub. L. 101-624, title XVIII, §1820, Nov. 28, 1990, 104 Stat. 3830.)

§ 2006d. Market placement

The Secretary shall establish a market placement program for qualified beginning farmers and ranchers and other borrowers of farmer program loans that the Secretary believes have a reasonable chance of qualifying for commercial credit with a guarantee provided under this chapter.

(Pub. L. 87-128, title III, §362, as added Pub. L. 101-624, title XVIII, §1821, Nov. 28, 1990, 104 Stat. 3831.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in text, 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.

§ 2006e. Prohibition on use of loans for certain purposes

The Secretary shall not approve any loan under this chapter to drain, dredge, fill, level, or otherwise manipulate a wetland (as defined in section 3801(a)(16)¹ of title 16), or to engage in any activity that results in impairing or reducing the flow, circulation, or reach of water, except in the case of activity related to the maintenance of previously converted wetlands, or in the case of such activity that is already commenced before November 28, 1990. This section shall not apply to a loan made or guaranteed under this chapter for a utility line.

(Pub. L. 87-128, title III, §363, as added Pub. L. 101-624, title XVIII, §1824, Nov. 28, 1990, 104 Stat. 3831; amended Pub. L. 102-237, title V, §501(i), Dec. 13, 1991, 105 Stat. 1868; Pub. L. 104-127, title VII, §751, Apr. 4, 1996, 110 Stat. 1129.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in text, 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.

Section 3801(a) of title 16, referred to in text, was subsequently amended, and section 3801(a)(16) no longer defines the term “wetland”. However, such term is defined elsewhere in that section.

AMENDMENTS

1996—Pub. L. 104-127 inserted at end “This section shall not apply to a loan made or guaranteed under this chapter for a utility line.”

1991—Pub. L. 102-237 inserted a closing parenthesis after “3801(a)(16) of title 16” and substituted “before November 28, 1990” for “prior to the date of enactment of this section”.

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.

§ 2006f. Rural development certified lenders program

(a) Certified lenders program

(1) In general

The Secretary may establish a program under which the Secretary may guarantee a loan for any rural development program that is made by a lender certified by the Secretary.

¹ See References in Text note below.