

such agency is first obtained. In a State in which there is no such agency or regulatory body legally authorized to issue such certificates to the applicant, no loan shall be made under this section unless the Secretary shall determine (and set forth his reasons therefor in writing) that no duplication" in last sentence.

Pub. L. 115-334, § 6211, substituted "furnishing telephone service in rural areas, including indebtedness of recipients on another telecommunications loan made under this chapter." for "furnishing telephone service in rural areas: *Provided*, That such refinancing shall be determined by the Secretary to be necessary in order to furnish and improve telephone service in rural areas: *And provided further*, That such refinancing shall constitute not more than 40 per centum of any loan made under this subchapter."

1994—Pub. L. 103-354 substituted "Secretary" for "Administrator" wherever appearing.

1971—Pub. L. 92-12 inserted ", to public bodies now providing telephone service in rural areas" after "areas" in first sentence and after "areas" in first proviso of second sentence.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 92-12 effective May 7, 1971, see section 7 of Pub. L. 92-12, set out as an Effective Date note under section 931 of this title.

#### § 923. State regulation of telephone service

Nothing contained in this chapter shall be construed to deprive any State commission, board, or other agency of jurisdiction, under any State law, now or hereafter effective, to regulate telephone service which is not subject to regulation by the Federal Communications Commission, under the Communications Act of 1934 [47 U.S.C. 151 et seq.], including the rates for such service.

(May 20, 1936, ch. 432, title II, § 202, as added Oct. 28, 1949, ch. 776, § 5, 63 Stat. 948.)

#### Editorial Notes

##### REFERENCES IN TEXT

The Communications Act of 1934, referred to in text, is act June 19, 1934, ch. 652, 48 Stat. 1064, which is classified principally to chapter 5 (§151 et seq.) of Title 47, Telecommunications. For complete classification of this Act to the Code, see section 609 of Title 47 and Tables.

#### § 924. Definition of telephone service and rural area

(a) As used in this subchapter, the term "telephone service" shall be deemed to mean any communication service for the transmission or reception of voice, data, sounds, signals, pictures, writing, or signs of all kinds by wire, fiber, radio, light, or other visual or electromagnetic means, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean message telegram service or community antenna television system services or facilities other than those intended exclusively for educational purposes, or radio broadcasting services or facilities within the meaning of section 153(o)<sup>1</sup> of title 47.

(b) As used in this subchapter, the term "rural area" shall be deemed to mean any area of the

<sup>1</sup> See References in Text note below.

United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 5,000 inhabitants.

(May 20, 1936, ch. 432, title II, § 203, as added Oct. 28, 1949, ch. 776, § 5, 63 Stat. 948; amended Pub. L. 87-862, Oct. 23, 1962, 76 Stat. 1140; Pub. L. 101-624, title XXIII, § 2354, Nov. 28, 1990, 104 Stat. 4039; Pub. L. 103-129, § 2(c)(5), Nov. 1, 1993, 107 Stat. 1364.)

#### Editorial Notes

##### REFERENCES IN TEXT

Section 153 of title 47, referred to in subsec. (a), was subsequently amended and no longer contains a subsec. (o). However, the term "broadcasting" is defined elsewhere in that section.

##### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-129 substituted "5,000" for "one thousand five hundred".

1990—Subsec. (a). Pub. L. 101-624 inserted "or reception" after "transmission" and "data," after "voice," and substituted "by wire, fiber, radio, light, or other visual or electromagnetic means" for "through the use of electricity between the transmitting and receiving apparatus".

1962—Subsec. (a). Pub. L. 87-862 included the transmission of sounds, signals, pictures, writing, or signs of all kinds within "telephone service", and substituted "message telegram service or community antenna television system services or facilities other than those intended exclusively for educational purposes" for "telegraph services or facilities".

#### § 925. Loan feasibility

The Secretary may not, as a condition of making a telephone loan to an applicant therefor, require the applicant to—

- (1) increase the rates charged to the applicant's customers or subscribers; or
- (2) increase the applicant's ratio of—
  - (A) net income or margins before interest; to
  - (B) the interest requirements on all of the applicant's outstanding and proposed loans.

(May 20, 1936, ch. 432, title II, § 204, as added Pub. L. 101-624, title XXIII, § 2355, Nov. 28, 1990, 104 Stat. 4039; amended Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 115-334, title VI, § 6602(b)(2), Dec. 20, 2018, 132 Stat. 4776.)

#### Editorial Notes

##### AMENDMENTS

2018—Pub. L. 115-334 struck out "and the Governor of the telephone bank" after "The Secretary" in introductory provisions.

1994—Pub. L. 103-354 substituted "Secretary" for "Administrator".

#### § 926. Certain rural development investments by qualified telephone borrowers not treated as dividends or distributions

##### (a) In general

The Secretary shall not—

- (1) treat any amount invested by any qualified telephone borrower for any purpose described in section 2204b(c)(2) of this title (including any investment in, or extension of

credit, guarantee, or advance made to, an affiliated company of the borrower, that is used by such company for such a purpose) as a dividend or distribution of capital to the extent that, immediately after such investment, the aggregate of such investments does not exceed 1/3 of the net worth of the borrower; or

(2) require a qualified telephone borrower to obtain the approval of the Secretary in order to make an investment described in paragraph (1).

**(b) "Qualified telephone borrower" defined**

As used in subsection (a), the term "qualified telephone borrower" means a person—

(1) to whom a telephone loan has been made or guaranteed under this chapter; and

(2) whose net worth is at least 20 percent of the total assets of such person.

(May 20, 1936, ch. 432, title II, § 205, as added Pub. L. 101-624, title XXIII, § 2356, Nov. 28, 1990, 104 Stat. 4039; amended Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 115-334, title VI, § 6602(b)(3), Dec. 20, 2018, 132 Stat. 4776.)

**Editorial Notes**

AMENDMENTS

2018—Subsec. (a). Pub. L. 115-334, § 6602(b)(3)(A), struck out "and the Governor of the telephone bank" after "The Secretary" in introductory provisions.

Subsec. (a)(2). Pub. L. 115-334, § 6602(b)(3)(B), struck out "or the Governor of the telephone bank" after "the Secretary".

1994—Subsec. (a). Pub. L. 103-354 substituted "Secretary" for "Administrator" in two places.

**§ 927. General duties and prohibitions**

**(a) Duties**

The Secretary shall—

(1) in evaluating the feasibility of a telephone loan to be made to a borrower for telephone services, use—

(A) with respect to items for which the regulatory authority with jurisdiction over the provision of such services has approved the depreciation rates used by the borrower, such approved rates; and

(B) with respect to other items, the average of the depreciation rates used by borrowers of telephone loans made under this chapter;

(2) annually determine and publish the average described in paragraph (2)(B); and

(3) make loans for all purposes for which telephone loans are authorized under section 922 of this title, to the extent of qualifying applications therefor.

**(b) Prohibitions**

The Secretary shall not—

(1) rescind an insured telephone loan made under this chapter without the consent of the borrower, unless all of the purposes for which telephone loans have been made to the borrower under this chapter have been accomplished with funds provided under this chapter;

(2) regulate the order or sequence of advances of funds under telephone loans made

under this chapter to any borrower who has received any combination of telephone loans from the Secretary or the Federal Financing Bank; or

(3) deny a loan or advance to, or take any other adverse action against, an applicant for, or a borrower of, a telephone loan under this chapter for any reason that is not based on a rule, regulation, bulletin, or other written policy standard that has not been published pursuant to section 553 of title 5.

(May 20, 1936, ch. 432, title II, § 206, as added Pub. L. 101-624, title XXIII, § 2357, Nov. 28, 1990, 104 Stat. 4040; amended Pub. L. 103-354, title II, § 235(a)(7), (13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 115-334, title VI, § 6602(b)(4), (5), Dec. 20, 2018, 132 Stat. 4776.)

**Editorial Notes**

AMENDMENTS

2018—Subsec. (a). Pub. L. 115-334, § 6602(b)(4)(A), struck out "and the Governor of the telephone bank" after "The Secretary" in introductory provisions.

Subsec. (a)(1), (2). Pub. L. 115-334, § 602(b)(4)(B), (D), redesignated pars. (2) and (3) as (1) and (2), respectively, and struck out par. (1) which read as follows: "notwithstanding section 553(a)(2) of title 5, cause to be published in the Federal Register, in accordance with subsections (b) through (e) of section 553 of such title, all rules, regulations, bulletins, and other written policy standards governing the operations of the telephone loan and loan guarantee programs administered under this chapter other than those relating to agency management and personnel;".

Subsec. (a)(3), (4). Pub. L. 115-334, § 6602(b)(4)(C), (D), redesignated par. (4) as (3) and struck out "or 948" after "section 922". Former par. (3) redesignated (2).

Subsec. (b). Pub. L. 115-334, § 6602(b)(5)(A), struck out "and the Governor of the telephone bank" after "The Secretary" in introductory provisions.

Subsec. (b)(1). Pub. L. 115-334, § 6602(b)(5)(B), struck out "or a Rural Telephone Bank loan," after "an insured telephone loan".

Subsec. (b)(2). Pub. L. 115-334, § 6602(b)(5)(C), struck out "the Rural Telephone Bank," after "from the Secretary".

1994—Pub. L. 103-354 substituted "Secretary" for "Administrator" in subsecs. (a) and (b) and "Secretary" for "Rural Electrification Administration" in subsec. (b)(2).

**§ 928. Prompt processing of telephone loans**

Within ten days after the end of the second and fourth calendar quarters of each year, the Secretary shall submit to the Committee on Agriculture and the Committee on Appropriations of the House of Representatives, and to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate, a report—

(1) identifying each completed application for a telephone loan under section 935 of this title or a guarantee of a telephone loan under section 936 of this title that has not been finally acted upon within ninety days after the date the completed application is submitted; and

(2) stating the reasons for the failure to finally act upon the completed applications within such ninety-day period.

(May 20, 1936, ch. 432, title II, § 207, as added Pub. L. 101-624, title XXIII, § 2358, Nov. 28, 1990, 104