

**§ 936e. Administrative prohibitions applicable to certain electric borrowers**

**(a) In general**

For the purpose of relieving borrowers of unnecessary and burdensome requirements, the Secretary, guided by the practices of private lenders with respect to similar credit risks, shall issue regulations, applicable to any electric borrower under this chapter whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Secretary, to minimize those approval rights, requirements, restrictions, and prohibitions that the Secretary otherwise may establish with respect to the operations of such a borrower.

**(b) Subordination or sharing of liens**

At the request of a private lender providing financing to such a borrower for a capital investment, the Secretary shall, expeditiously, either offer to share the government's lien on the borrower's system or offer to subordinate the government's lien on that property financed by the private lender.

**(c) Issuance of regulations**

In issuing regulations implementing this section, the Secretary may establish requirements, guided by the practices of private lenders, to ensure that the security for any loan made or guaranteed under this chapter is reasonably adequate.

**(d) Authority of Secretary**

Nothing in this section limits the authority of the Secretary to establish terms and conditions with respect to the use by borrowers of the proceeds of loans made or guaranteed under this chapter or to take any other action specifically authorized by law.

(May 20, 1936, ch. 432, title III, §306E, as added Pub. L. 103-129, §2(c)(7), Nov. 1, 1993, 107 Stat. 1365; amended Pub. L. 103-201, §1, Dec. 17, 1993, 107 Stat. 2342; Pub. L. 103-354, title II, §235(a)(8), (13), Oct. 13, 1994, 108 Stat. 3221.)

**Editorial Notes**

**AMENDMENTS**

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator” in heading of subsec. (d) and wherever appearing in text.

1993—Pub. L. 103-201 inserted “certain” before “electric” in section catchline and amended text generally. Prior to amendment, text read as follows: “The Administrator may not require prior approval of, impose any requirement, restriction, or prohibition with respect to the operations of, or deny or delay the granting of a lien accommodation to, any electric borrower under this chapter whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Administrator.”

**Statutory Notes and Related Subsidiaries**

**REGULATIONS**

Pub. L. 103-201, §2, Dec. 17, 1993, 107 Stat. 2342, provided that: “The Administrator of the Rural Electrification Administration shall issue interim final regulations implementing this Act [amending this section] not later than 180 days after enactment [Dec. 17, 1993]. If the regulations are not issued within such period of

time, the Administrator may not, until the Administrator issues such regulations, require prior approval of, establish any requirement, restriction, or prohibition, with respect to the operations of any electric borrower under the Rural Electrification Act of 1936 [7 U.S.C. 90 et seq.] whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Administrator.”

**§ 936f. Substantially underserved trust areas**

**(a) Definitions**

In this section:

**(1) Eligible program**

The term “eligible program” means a program administered by the Rural Utilities Service and authorized in—

(A) this chapter; or

(B) paragraph (1), (2), (14), (22), or (24) of section 1926(a) of this title or section 1926a, 1926c, 1926d, or 1926e of this title.

**(2) Substantially underserved trust area**

The term “substantially underserved trust area” means a community in “trust land” (as defined in section 3765 of title 38) with respect to which the Secretary determines has a high need for the benefits of an eligible program.

**(b) Initiative**

The Secretary, in consultation with local governments and Federal agencies, may implement an initiative to identify and improve the availability of eligible programs in communities in substantially underserved trust areas.

**(c) Authority of Secretary**

In carrying out subsection (b), the Secretary—

(1) may make available from loan or loan guarantee programs administered by the Rural Utilities Service to qualified utilities or applicants financing with an interest rate as low as 2 percent, and with extended repayment terms;

(2) may waive nonduplication restrictions, matching fund requirements, or credit support requirements from any loan or grant program administered by the Rural Utilities Service to facilitate the construction, acquisition, or improvement of infrastructure;

(3) may give the highest funding priority to designated projects in substantially underserved trust areas; and

(4) shall only make loans or loan guarantees that are found to be financially feasible and that provide eligible program benefits to substantially underserved trust areas.

**(d) Report**

Not later than 1 year after the date of enactment of this section and annually thereafter, the Secretary shall submit to Congress a report that describes—

(1) the progress of the initiative implemented under subsection (b); and

(2) recommendations for any regulatory or legislative changes that would be appropriate to improve services to substantially underserved trust areas.

(May 20, 1936, ch. 432, title III, §306F, as added Pub. L. 110-234, title VI, §6105, May 22, 2008, 122 Stat. 1196, and Pub. L. 110-246, §4(a), title VI, §6105, June 18, 2008, 122 Stat. 1664, 1957.)