amended Pub. L. 101–624, title XXIII, § 2360, Nov. 28, 1990, 104 Stat. 4042; Pub. L. 103–129, § 2(b)(2), Nov. 1, 1993, 107 Stat. 1363; Pub. L. 104–127, title VII, § 779, Apr. 4, 1996, 110 Stat. 1151; Pub. L. 115–334, title VI, § 6602(b)(11), Dec. 20, 2018, 132 Stat. 4777.)

Editorial Notes

AMENDMENTS

2018—Pub. L. 115–334 struck out at end ''The preceding sentence shall not be construed to make section 948(b)(2) or 950b of this title applicable to this subchapter.''

1996—Pub. L. 104–127 struck out subsec. (a) designation and heading ''In general'' and heading and text of subsec. (b). Prior to amendment, text read as follows: ''The term of any telephone loan made under this subchapter shall be determined by the borrower at the time the loan application is submitted.''

1993—Subsec. (a). Pub. L. 103–129 inserted at end ''The preceding sentence shall not be construed to make section 948(b)(2) or 950b of this title applicable to this subchapter.''

1990—Pub. L. 101–624 designated existing provisions as subsec. (a) and added subsec. (b).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective May 11, 1973, see section 12 of Pub. L. 93–32, set out as a note under section 930 of this title.

§ 940. Refinancing of rural development loans

At the request of the borrower, the Secretary is authorized and directed to refinance with loans which will be insured under this chapter at the interest rates provided in section 935 of this title any loans made for rural electric and telephone facilities under any provision of the Consolidated Farm and Rural Development Act [7 U.S.C. 1921 et seq.].

(May 20, 1936, ch. 432, title III, § 310, as added Pub. L. 93–32, § 2, May 11, 1973, 87 Stat. 70; amended Pub. L. 103–354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes

REFERENCES IN TEXT

The Consolidated Farm and Rural Development Act, referred to in text, is title III of Pub. L. 87–128, Aug. 8, 1961, 75 Stat. 307, which is classified principally to chapter 50 (§ 1921 et seq.) of this title. For complete classification of the Act to the Code, see Short Title note set out under section 1921 of this title and Tables.

AMENDMENTS

1994—Pub. L. 103–354 substituted ''Secretary'' for ''Administrator''.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective May 11, 1973, see section 12 of Pub. L. 93–32, set out as a note under section 930 of this title.

§ 940a. Repealed. Pub. L. 104–127, title VII, § 780, Apr. 4, 1996, 110 Stat. 1151

Section, act May 20, 1936, ch. 432, title III, § 311, as added Oct. 18, 1986, Pub. L. 99–500, § 101(m) [title VI, § 623], 100 Stat. 1783–308, 1783–333, and Oct. 30, 1986, Pub. L. 99–591, § 101(m) [title VI, § 623], 100 Stat. 3341–308, 3341–333; amended Oct. 13, 1994, Pub. L. 103–354, title II, § 235(a)(7), (13), 108 Stat. 3221, related to privatization demonstration program.

§ 940b. Use of funds

A borrower of an insured or guaranteed electric loan under this chapter may, without restriction or prior approval of the Secretary, invest its own funds or make loans or guarantees, not in excess of 15 percent of its total utility plant.

(May 20, 1936, ch. 432, title III, § 312, as added Pub. L. 100–203, title I, § 1402, Dec. 22, 1987, 101 Stat. 1330–21; amended Pub. L. 103–354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes

AMENDMENTS

1994—Pub. L. 103–354 substituted ''Secretary'' for ''Administrator''.

§ 940c. Cushion of credit payments program

(a) Establishment

(1) In general

(A) Development and promotion of program

The Secretary shall develop and promote a program to encourage borrowers to voluntarily make deposits into cushion of credit accounts established within the Rural Electrification and Telephone Revolving Fund.

(B) Termination

Effective on December 20, 2018, no deposits may be made under subparagraph (A).

(2) Interest

(A) In general

Amounts in each cushion of credit account shall accrue interest to the borrower at a rate of 5 percent per annum.

(B) Reduction

Notwithstanding subparagraph (A), amounts in each cushion of credit account shall accrue interest to the borrower at a rate equal to—

(i) 4 percent per annum in fiscal year 2021; and

(ii) the then applicable 1-year Treasury rate thereafter.

(3) Balance

(A) In general

A borrower may reduce the balance of its cushion of credit account only if the amount obtained from the reduction is used to make scheduled payments on loans made or guaranteed under this chapter.

(B) Prepayment

Notwithstanding subparagraph (A) and subject to subparagraph (C), beginning on December 20, 2018, and ending with September 30, 2020, a borrower may, at the sole discretion of the borrower, reduce the balance of its cushion of credit account if the amount obtained from the reduction is used to prepay loans made or guaranteed under this chapter.