

culture shall have the power, after due notice and opportunity for hearing, to enter into marketing agreements with manufacturers and others engaged in the handling of anti-hog-cholera serum and hog-cholera virus only with respect to such handling as is in the current of interstate or foreign commerce or which directly burdens, obstructs, or affects interstate or foreign commerce in such serum and virus. Such persons are in section 854 of this title referred to as "handlers." The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful.

(Aug. 24, 1935, ch. 641, § 57, 49 Stat. 781.)

§ 853. Terms and conditions of marketing agreements

Marketing agreements entered into pursuant to section 852 of this title shall contain such one or more of the following terms and conditions and no others as the Secretary finds, upon the basis of the hearing provided for in section 852 of this title, will tend to effectuate the policy declared in section 851 of this title:

(a) One or more of the terms and conditions specified in subsection (7) of section 608c of this title.

(b) Terms and conditions requiring each manufacturer to have in inventory in his own possession on April 1 of each year a reserve supply of completed serum equivalent to not less than 40 per centum of his previous year's sales of all serum, except that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such actions will tend to effectuate the purposes of section 851 of this title. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of section 851 of this title. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer.

(Aug. 24, 1935, ch. 641, § 58, 49 Stat. 781; Pub. L. 85-574, July 31, 1958, 72 Stat. 454.)

Editorial Notes

REFERENCES IN TEXT

Section 851 of this title, referred to in clause (b), was in the original "this Act", meaning act Aug. 24, 1935. For complete classification of act Aug. 24, 1935, to the Code, see Tables.

AMENDMENTS

1958—Cl. (b). Pub. L. 85-574 substituted "in inventory in his own possession on April 1" for "available on May 1", inserted exception provision for changing minimum inventory date under certain terms and conditions, and inserted prohibition against reusing serum in computation of required reserve supply for different manufacturers.

§ 854. Order regulating handlers; issuance and terms

Whenever all the handlers of not less than 75 per centum of the volume of anti-hog-cholera

serum and hog-cholera virus which is handled in the current of interstate or foreign commerce, or so as directly to burden, obstruct, or affect interstate or foreign commerce, have signed a marketing agreement entered into with the Secretary of Agriculture pursuant to section 852 of this title, the Secretary of Agriculture shall issue an order which shall regulate only such handling in the same manner as, and contain only such terms and conditions as are contained in such marketing agreement, and shall from time to time amend such order in conformance with amendments to such marketing agreement. Such order shall terminate upon termination of such marketing agreement as provided in such marketing agreement.

(Aug. 24, 1935, ch. 641, § 59, 49 Stat. 781.)

§ 855. Applicability of other laws

Subject to the policy declared in section 851 of this title, the provisions of subsections (6) to (9) of section 608a and of subsections (14) and (15) of section 608c of this title, are made applicable in connection with orders issued pursuant to section 854 of this title, and the provisions of section 608d of this title are made applicable in connection with marketing agreements entered into pursuant to section 852 of this title and orders issued pursuant to section 854 of this title. The provisions of subsections (a), (b)(2), (c), (f), (h), and (i) of section 610 of this title, are made applicable in connection with the administration of this chapter.

(Aug. 24, 1935, ch. 641, § 60, 49 Stat. 782.)

CHAPTER 31—RURAL ELECTRIFICATION AND TELEPHONE SERVICE

SUBCHAPTER I—RURAL ELECTRIFICATION

Sec.	
901.	Short title.
902.	General authority of Secretary of Agriculture.
903.	Authorization of appropriations.
904.	Loans for electrical plants and transmission lines.
905.	Fees for certain loan guarantees.
906.	Funding for administrative expenses.
906a.	Use of funds outside the United States or its territories prohibited.
907.	Acquisition of property pledged for loans; disposition; sale of pledged property by borrower.
908.	Limitations on use of assistance.
909.	Administration on nonpolitical basis; dismissal of officers or employees for violating provision.
910.	Repealed.
911.	Acceptance of services of Federal or State officers; application of civil service laws; expenditures for supplies and equipment.
911a.	Repealed.
912.	Extension of time for repayment of loans.
912a.	Rescheduling and refinancing of loans.
913.	Definitions.
914.	Separability.
915.	Purchase of financial and credit reports.
916.	Criteria for loans.
917.	Prohibition on restricting water and waste facility services to electric customers.
918.	General prohibitions.
918a.	Energy generation, transmission, and distribution facilities efficiency grants and loans in rural communities with extremely high energy costs.

- Sec.
918b. Acquisition of existing systems in rural communities with high energy costs.
918c. Rural and remote communities electrification grants.

SUBCHAPTER II—RURAL TELEPHONE SERVICE

921. Congressional declaration of policy.
921a, 921b. Repealed.
922. Loans for telephone service.
923. State regulation of telephone service.
924. Definition of telephone service and rural area.
925. Loan feasibility.
926. Certain rural development investments by qualified telephone borrowers not treated as dividends or distributions.
927. General duties and prohibitions.
928. Prompt processing of telephone loans.

SUBCHAPTER III—RURAL ELECTRIC AND TELEPHONE DIRECT LOAN PROGRAMS

930. Congressional declaration of policy.
931. Rural Electrification and Telephone Revolving Fund.
931a. Level of loan programs under Rural Electrification and Telephone Revolving Fund.
932. Liabilities and uses of Rural Electrification and Telephone Revolving Fund.
933. Moneys in the Rural Electrification and Telephone Revolving Fund.
934. Authorized financial transactions; interim notes; purchase of obligations for resale; sale of notes and certificates; liens.
935. Insured loans; interest rates and lending levels.
936. Guaranteed loans; accommodation and subordination of liens; interest rates; assignability of guaranteed loans and related guarantees.
936a. Prepayment of loans.
936b. Sale or prepayment of direct or insured loans.
936c. Refinancing and prepayment of FFB loans.
936d. Eligibility of distribution borrowers for loans, loan guarantees, and lien accommodations.
936e. Administrative prohibitions applicable to certain electric borrowers.
936f. Substantially underserved trust areas.
937. Loans from other credit sources.
938. Full faith and credit of the United States.
939. Loan terms and conditions.
940. Refinancing of rural development loans.
940a. Repealed.
940b. Use of funds.
940c. Cushion of credit payments program.
940c-1. Guarantees for bonds and notes issued for electrification or telephone purposes.
940c-2. Rural development loans and grants.
940d. Repealed.
940e. Expansion of 911 access.
940f. Extension of period of existing guarantee.
940g. Electric loans for renewable energy.
940h. Bonding requirements.
940i. Cybersecurity and grid security improvements.

SUBCHAPTER IV—RURAL TELEPHONE BANK

- 941 to 950b. Repealed.

SUBCHAPTER V—RURAL ECONOMIC DEVELOPMENT

- 950aa. Additional powers and duties.
950aa-1. Repealed.

SUBCHAPTER VI—RURAL BROADBAND ACCESS

- 950bb. Access to broadband telecommunications services in rural areas.
950bb-1. Expansion of middle mile infrastructure into rural areas.

- Sec.
950bb-2. Innovative Broadband Advancement Program.
950bb-3. Community Connect Grant Program.
950bb-4. Outdated broadband systems.
950bb-5. Default and deobligation; deferral.
950bb-6. Federal broadband program coordination.

SUBCHAPTER VII—GENERAL AND ADMINISTRATIVE PROVISIONS

- 950cc. Public notice, assessments, and reporting requirements.
950cc-1. Environmental reviews.
950cc-2. Use of loan proceeds to refinance loans for deployment of broadband service.

SUBCHAPTER I—RURAL ELECTRIFICATION

§ 901. Short title

This chapter may be cited as the “Rural Electrification Act of 1936”.

(May 20, 1936, ch. 432, title I, §1, 49 Stat. 1363; 1939 Reorg. Plan No. II, §5, eff. July 1, 1939, 4 F.R. 2732, 53 Stat. 1434; Oct. 28, 1949, ch. 776, §2, 63 Stat. 948; Pub. L. 103-354, title II, §235(a)(1), Oct. 13, 1994, 108 Stat. 3220.)

Editorial Notes

AMENDMENTS

1994—Pub. L. 103-354 added section catchline and text and struck out former text which read as follows: “There is hereby created and established an agency of the United States to be known as the ‘Rural Electrification Administration’, all of the powers of which shall be exercised by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of ten years, and who shall receive a salary of \$10,000 per year. This chapter may be cited as the ‘Rural Electrification Act of 1936’.”
1949—Act Oct. 28, 1949, inserted “title I,” in credit of act May 20, 1936.

Statutory Notes and Related Subsidiaries

SHORT TITLE OF 1993 AMENDMENT

Pub. L. 103-129, §1, Nov. 1, 1993, 107 Stat. 1356, provided that: “This Act [enacting sections 936d, 936e, and 2008e of this title, amending sections 902, 904, 913, 918, 924, 935, 936c, 937, 939, 940d, 946, 948, 1926, and 2006f of this title, and enacting provisions set out as a note below] may be cited as the ‘Rural Electrification Loan Restructuring Act of 1993’.”

SHORT TITLE OF 1992 AMENDMENT

Pub. L. 102-428, §1, Oct. 21, 1992, 106 Stat. 2183, provided that: “This Act [amending section 936b of this title] may be cited as the ‘Rural Electrification Administration Improvement Act of 1992’.”

SHORT TITLE OF 1990 AMENDMENT

Pub. L. 101-624, title XXIII, §2351(a), Nov. 28, 1990, 104 Stat. 4038, provided that: “This subtitle [subtitle F (§§2351-2368) of title XXIII of Pub. L. 101-624, enacting sections 918 and 925 to 928 of this title, amending sections 924, 932, 935, 936, 939, 945, 946, 948, and 950 of this title, and enacting provisions set out as notes under this section and section 946 of this title] may be cited as the ‘Rural Telecommunications Improvements Act of 1990’.”

SHORT TITLE OF 1976 AMENDMENT

Pub. L. 94-570, §1, Oct. 20, 1976, 90 Stat. 2701, provided: “That this Act [amending sections 931 and 935 of this title and enacting provisions set out as a note under section 935 of this title] may be cited as the ‘Rural

Electrification Administration Technical Amendments Act of 1976’.”

REGULATIONS

Pub. L. 103-129, §6, Nov. 1, 1993, 107 Stat. 1367, provided that: “Except as provided in section 2(b) of the Rural Electrification Act of 1936 [7 U.S.C. 902(b)] and section 370 of the Consolidated Farm and Rural Development Act [7 U.S.C. 2008e], as added by sections 2(c)(1)(C) and 5 of this Act, not later than 45 days after the date of enactment of this Act [Nov. 1, 1993], interim final regulations shall be issued by—

“(1) the Administrator of the Rural Electrification Administration to carry out the amendments made by this Act [see Short Title of 1993 Amendment note above] to programs administered by the Administrator;

“(2) the Administrator of the Rural Development Administration to carry out the amendments made by this Act to programs administered by the Administrator; and

“(3) the Secretary of Agriculture to carry out the amendments made by this Act to programs administered by the Farmers Home Administration.”

FINDINGS; STATEMENT OF POLICY

Pub. L. 101-624, title XXIII, §2352, Nov. 28, 1990, 104 Stat. 4038, as amended by Pub. L. 115-334, title VI, §6602(b)(12), Dec. 20, 2018, 132 Stat. 4777, provided that:

“(a) FINDINGS.—The Congress finds that—

“(1) making modern telecommunications technology and services available in rural areas in the United States promotes economic development and improves the quality of life in rural areas; and

“(2) the efficient operation of the Rural Telephone Bank and the Rural Electrification Administration telephone loan programs is essential to the continued development of the telecommunications infrastructure in rural areas in the United States.

“(b) STATEMENT OF POLICY.—It is the policy of the Congress that the Rural Electrification Administration make loans that facilitate the development and enhancement of the rural telecommunications infrastructure in order to make modern telecommunications technology and services available at reasonable rates to the greatest practicable number of people in rural areas in the United States.”

[Title IV of the Rural Electrification Act of 1936 (former 7 U.S.C. 941-950b), which established the Rural Telephone Bank, was repealed by Pub. L. 115-334, title VI, §6602(a), Dec. 20, 2018, 132 Stat. 4776.]

Executive Documents

TRANSFER OF FUNCTIONS

Functions of all officers, agencies, and employees of Department of Agriculture transferred with certain exceptions, to Secretary of Agriculture by 1953 Reorg. Plan No. 2, §1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out as a note under section 2201 of this title.

Rural Electrification Administration and its functions and activities transferred to Department of Agriculture, to be administered therein by Administrator under general direction and supervision of Secretary of Agriculture, by 1939 Reorg. Plan No. II, set out in the Appendix to Title 5, Government Organization and Employees. See also sections 401 to 404 of that plan for provisions relating to transfer of functions, records, property, personnel, and funds.

§ 902. General authority of Secretary of Agriculture

(a) Loans

The Secretary of Agriculture (referred to in this chapter as the “Secretary”) is authorized and empowered to make loans, or refinance loans made or guaranteed by the Secretary

under this chapter, in the several States and Territories of the United States for rural electrification and for the purpose of furnishing and improving electric and telephone service in rural areas, as provided in this chapter, and for the purpose of assisting electric borrowers to implement demand side management, energy efficiency and conservation programs, and on-grid and off-grid renewable energy systems.

(b) Investigations and reports

The Secretary may make, or cause to be made, studies, investigations, and reports regarding matters, including financial, technological, and regulatory matters, affecting the condition and progress of electric, telecommunications, and economic development in rural areas, and publish and disseminate information with respect to the matters.

(c) Technical assistance

Not later than 180 days after December 20, 2018, the Secretary shall enter into a memorandum of understanding with the Secretary of Energy under which the Secretary of Energy shall provide technical assistance to the Rural Utilities Service on loans to be made under subsection (a) of this section and section 904(a) of this title.

(May 20, 1936, ch. 432, title I, §2, 49 Stat. 1363; Oct. 28, 1949, ch. 776, §§2, 3, 63 Stat. 948; Pub. L. 103-129, §2(c)(1), Nov. 1, 1993, 107 Stat. 1363; Pub. L. 103-354, title II, §235(a)(2), (13), Oct. 13, 1994, 108 Stat. 3220, 3221; Pub. L. 104-127, title VII, §771, Apr. 4, 1996, 110 Stat. 1149; Pub. L. 110-234, title VI, §6101, May 22, 2008, 122 Stat. 1195; Pub. L. 110-246, §4(a), title VI, §6101, June 18, 2008, 122 Stat. 1664, 1956; Pub. L. 115-334, title VI, §6501, Dec. 20, 2018, 132 Stat. 4771; Pub. L. 116-94, div. B, title VII, §765, Dec. 20, 2019, 133 Stat. 2655.)

Editorial Notes

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

2019—Subsec. (a). Pub. L. 116-94 substituted “made or guaranteed by the Secretary” for “made by the Secretary”.

2018—Subsec. (a). Pub. L. 115-334, §6501(a), substituted “loans, or refinance loans made by the Secretary under this chapter, in” for “loans in”.

Subsec. (c). Pub. L. 115-334, §6501(b), added subsec. (c).

2008—Subsec. (a). Pub. L. 110-246, §6101, inserted “efficiency and” before “conservation”.

1996—Pub. L. 104-127, §771(1), inserted section catchline.

Subsec. (a). Pub. L. 104-127, §771(1), (2), inserted heading, substituted “The Secretary of Agriculture (referred to in this chapter as the ‘Secretary’) is” for “The Secretary of Agriculture is”, struck out “and the furnishing of electric energy to persons in rural areas who are not receiving central station service” after “rural electrification”, and substituted “systems,” for “systems; to make, or cause to be made, studies, investigations, and reports concerning the condition and progress of the electrification of and the furnishing of adequate telephone service in rural areas in the several States and Territories; and to publish and disseminate information with respect thereto.”

Subsec. (b). Pub. L. 104-127, §771(3), added subsec. (b) and struck out former subsec. (b) which read as follows: "By January 1, 1994, the Secretary shall issue interim regulations to implement the authority contained in subsection (a) of this section to make loans for the purpose of assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems. If the regulations are not issued by January 1, 1994, the Secretary shall consider any demand side management, energy conservation, or renewable energy program, system, or activity that is approved by a State agency to be eligible for the loans."

1994—Pub. L. 103-354 substituted "Secretary of Agriculture" for "Administrator" in subsec. (a) and "Secretary" for "Administrator" in two places in subsec. (b).

1993—Pub. L. 103-129 designated existing provisions as subsec. (a), substituted "electric and telephone service in rural areas, as provided in this chapter, and for the purpose of assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems;" for "telephone service in rural areas, as herein-after provided;," and added subsec. (b).

1949—Act Oct. 28, 1949, authorized loans to furnish and improve rural telephone service; and inserted "title I," in credit of act May 20, 1936.

Statutory Notes and Related Subsidiaries

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.

§ 903. Authorization of appropriations

There are authorized to be appropriated such sums as are necessary to carry out this chapter.

(May 20, 1936, ch. 432, title I, §3, 49 Stat. 1364; June 21, 1938, ch. 554, title IV, §401, 52 Stat. 818; Sept. 21, 1944, ch. 412, title V, §§501, 503, 504, 58 Stat. 739, 740; July 30, 1947, ch. 356, title I, §1, 61 Stat. 546; Oct. 28, 1949, ch. 776, §§2, 4(a)-(d), 63 Stat. 948; June 15, 1955, ch. 139, §1, 69 Stat. 131; Pub. L. 92-12, §3(a), May 7, 1971, 85 Stat. 37; Pub. L. 93-32, §3, May 11, 1973, 87 Stat. 70; Pub. L. 103-354, title II, §235(a)(3), (13), Oct. 13, 1994, 108 Stat. 3220, 3221; Pub. L. 104-127, title VII, §772(a), Apr. 4, 1996, 110 Stat. 1149.)

Editorial Notes

AMENDMENTS

1996—Pub. L. 104-127 amended section generally, inserting section catchline and substituting current provisions for provisions relating to funds of Secretary, including provisions for loans by Secretary of the Treasury, authorization of appropriations, allotment of funds for loans in States, loans of unallotted funds, and unexpended funds and limitation on use.

1994—Pub. L. 103-354 substituted "Secretary" for "Administrator, upon the request and approval of the Secretary of Agriculture," and for "Administrator appointed pursuant to the provisions of this chapter or from the Administrator of the Rural Electrification Administration established by Executive Order Numbered 7037" in first sentence of subsec. (a) and substituted "Secretary" for "Administrator" wherever appearing.

1973—Subsec. (f). Pub. L. 93-32 struck out subsec. (f) which made provision for the disposition of payments on loans that had been made by the Administrator.

1971—Subsec. (f). Pub. L. 92-12 inserted introductory text "Except as otherwise provided in sections 931 and 946(a) of this title".

1955—Subsec. (c). Act June 15, 1955, reduced the funds which may be allotted for loans from fifty to twenty-five per centum of the available or appropriated sum, and inserted two provisos.

Subsec. (d). Act June 15, 1955, substituted "75 per centum" for "50 per centum", and "25 per centum" for "10 per centum".

Subsec. (e). Act June 15, 1955, substituted "25 per centum" for "10 per centum".

1949—Act Oct. 28, 1949, §2, inserted "title I," in credit of act May 20, 1936.

Subsec. (a). Act Oct. 28, 1949, §4(a), authorized loans for financing facilities to render telephone service.

Subsec. (c). Act Oct. 28, 1949, §4(b), substituted "for loans for rural electrification pursuant to sections 904 and 905 of this title" for "for the purposes of this chapter".

Subsec. (d). Act Oct. 28, 1949, §4(c), inserted "rural electrification" after "available for".

Subsec. (e). Act Oct. 28, 1949, §4(d), inserted "for rural electrification loans" after "sums" in proviso.

1947—Subsec. (a). Act July 30, 1947, amended subsec. (a) generally, and among other things transferred from the Reconstruction Finance Corporation to the Secretary of the Treasury the power to make loans.

Subsec. (f). Act July 30, 1947, substituted Secretary of the Treasury for Reconstruction Finance Corporation.

1944—Subsec. (a). Act Sept. 21, 1944, struck out "The Reconstruction Finance Corporation is hereby authorized and directed to make loans to the Administrator, upon his request approved by the President, not exceeding in aggregate amounts \$50,000,000 for the fiscal year ending June 30, 1937, and \$100,000,000 for the fiscal year ending June 30, 1939, with interest at 3 per centum per annum" and inserted in lieu thereof "The Reconstruction Finance Corporation is hereby authorized and directed to make loans to the Administrator, upon the request and approval of the Secretary of Agriculture, in such amounts in the aggregate for each fiscal year commencing with the fiscal year ending June 30, 1945, as the Congress may from time to time determine to be necessary, with interest at a rate of 1¼ per centum per annum", changed colon to period following "numbered 70037", inserted "Interest rates on the unpaid balance of any loans made by the Reconstruction Finance Corporation to the Administrator prior to the effective date of this amendment shall be adjusted to a rate of 1¼ per centum per annum", inserted sentence "The amount of the notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions hereof", and substituted "thirty-five years" for "twenty-five years" in second proviso.

Subsec. (b). Act Sept. 21, 1944, struck out subsec. (b) limiting amount of appropriation and renewal of appropriations to eight years after June 30, 1938, and inserted a new subsec. (b).

Subsec. (e). Act Sept. 21, 1944, struck out "and provided further, that no loans shall be made by the Reconstruction Finance Corporation to the Administrator after June 30, 1939", and changed colon to period after "territories".

1938—Subsecs. (a), (e). Act June 21, 1938, inserted "and \$100,000,000 for the fiscal year ending June 30, 1939" after "June 30, 1937," in subsec. (a), and substituted "June 30, 1939" for "June 30, 1937" in subsec. (e).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1973 AMENDMENT

Amendment by Pub. L. 93-32 effective May 11, 1973, see section 12 of Pub. L. 93-32, set out as an Effective Date note under section 930 of this title.

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.

RESTRICTIONS ON BORROWER

Act June 21, 1938, ch. 554, title IV, § 401, 52 Stat. 818, as amended by Pub. L. 103-182, title III, § 381(d), Dec. 8, 1993, 107 Stat. 2129; Pub. L. 103-354, title II, § 235(b)(3), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 103-465, title III, § 342(g), Dec. 8, 1994, 108 Stat. 4954, in addition to amending subsecs. (a) and (e), provided in part as follows: “In making loans pursuant to this title [title IV of such act] and pursuant to the Rural Electrification Act of 1936 [this chapter], the Secretary of Agriculture shall require that, to the extent practicable and the cost of which is not unreasonable, the borrower agree to use in connection with the expenditure of such funds only such unmanufactured articles, materials, and supplies, as have been mined or produced in the United States or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States or in any eligible country. For purposes of this section, an ‘eligible country’ is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and United States suppliers to the markets of that country, as determined by the United States Trade Representative.”

[Amendment by section 342(g) of Pub. L. 103-465 to section 401 of act June 21, 1938, set out above, effective on the date on which the WTO Agreement enters into force with respect to the United States (Jan. 1, 1995), see section 344(b) of Pub. L. 103-465, set out as an Effective Date of 1994 Amendment note under section 2512 of Title 19, Customs Duties.]

[Amendment by section 381(d) of Pub. L. 103-182 to section 401 of act June 21, 1938, set out above, effective on the date the North American Free Trade Agreement enters into force with respect to the United States (Jan. 1, 1994), see section 381(e) of Pub. L. 103-182, formerly set out as an Effective Date of 1993 Amendment note under section 2511 of Title 19, Customs Duties.]

§ 904. Loans for electrical plants and transmission lines

(a) In general

The Secretary is authorized and empowered, from the sums hereinbefore authorized, to make loans for rural electrification to persons, corporations, States, Territories, and subdivisions and agencies thereof, municipalities, peoples' utility districts and cooperative, nonprofit, or limited-dividend associations, organized under the laws of any State or Territory of the United States, for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing and improving of electric service to persons in rural areas, including by assisting electric borrowers to implement demand side management, energy efficiency and conservation programs, and on-grid and off-grid renewable energy systems, and loans, from funds available under section 903 of this title, to cooperative associations and municipalities for the purpose of enabling said cooperative associations, and municipalities to the extent that such indebtedness was incurred with respect to electric transmission and distribution lines or systems or portions thereof serving persons in rural areas, to discharge or refinance long-term debts owed by them to the Tennessee Valley Authority on account of loans made or credit extended under the terms of the Tennessee Valley Authority Act of 1933, as amended [16 U.S.C. 831 et seq.]:

Provided, That the Secretary, in making such loans, shall give preference to States, Territories, and subdivisions and agencies thereof, municipalities, peoples' utility districts, and cooperative, nonprofit, or limited-dividend associations, the projects of which comply with the requirements of this chapter.

(b) Terms and conditions

Such loans shall be on such terms and conditions relating to the expenditure of the moneys loaned and the security therefor as the Secretary shall determine and may be made payable in whole or in part out of the income, except that no loan for the construction, operation, or enlargement of any generating plant shall be made unless the consent of the State authority having jurisdiction in the premises is first obtained.

(c) Direct loans

(1) Direct hardship loans

Direct hardship loans under this section shall be for the same purposes and on the same terms and conditions as hardship loans made under section 935(c)(1) of this title.

(2) Other direct loans

All other direct loans under this section shall bear interest at a rate equal to the then current cost of money to the Government of the United States for loans of similar maturity, plus $\frac{1}{8}$ of 1 percent.

(d) Certification

Loans under this section shall not be made unless the Secretary finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed.

(May 20, 1936, ch. 432, title I, § 4, 49 Stat. 1365; Sept. 21, 1944, ch. 412, title V, §§ 502(a), 503, 58 Stat. 739, 740; Dec. 23, 1944, ch. 725, 58 Stat. 925; June 29, 1948, ch. 703, 62 Stat. 1070; Oct. 28, 1949, ch. 776, §§ 2, 4(e), 63 Stat. 948; June 15, 1955, ch. 139, § 2, 69 Stat. 132; Pub. L. 103-129, § 2(c)(2), Nov. 1, 1993, 107 Stat. 1363; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-127, title VII, § 773, Apr. 4, 1996, 110 Stat. 1149; Pub. L. 110-234, title VI, §§ 6101, 6102(a), May 22, 2008, 122 Stat. 1195; Pub. L. 110-246, § 4(a), title VI, §§ 6101, 6102(a), June 18, 2008, 122 Stat. 1664, 1956.)

Editorial Notes

REFERENCES IN TEXT

The Tennessee Valley Authority Act of 1933, referred to in subsec. (a), is act May 18, 1933, ch. 32, 48 Stat. 58, which is classified generally to chapter 12A (§ 831 et seq.) of Title 16, Conservation. For complete classification of this Act to the Code, see section 831 of Title 16 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

2008—Pub. L. 110-246, § 6102(a), designated first, second, and third sentences as subsecs. (a), (b), and (d), respectively, and added subsec. (c).

Pub. L. 110-246, §6101, inserted “efficiency and” before “conservation” in first sentence.

1996—Pub. L. 104-127, in first sentence, struck out “for the furnishing of electric energy to persons in rural areas who are not receiving central station service and” after “transmission and distribution lines or systems” and substituted “section 903 of this title,” for “the provisions of sections 903(d) and 903(e) of this title but without regard to the 25 per centum limitation therein contained.”, in second sentence, substituted “, except that” for “: *Provided, further*, That all such loans shall be self-liquidating within a period of not to exceed thirty-five years, and shall bear interest at the rate of 2 per centum per annum; interest rates on the unmatured and unpaid balance of any loans made pursuant to this section prior to September 21, 1944, shall be adjusted to 2 per centum per annum, and the maturity date of any such loans may be readjusted to occur at a date not beyond thirty-five years from the date of such loan: *And provided further*, That”, and in third sentence, struck out “and section 905 of this title” before “shall not be made”.

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

1993—Pub. L. 103-129 inserted “and for the furnishing and improving of electric service to persons in rural areas, including by assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems” after “central station service”.

1955—Act June 15, 1955, substituted “25 per centum” for “10 per centum”.

1949—Act Oct. 28, 1949, inserted “for rural electrification” after “to make loans” in first sentence, and inserted “title I,” in credit of act May 20, 1936.

1948—Act June 29, 1948, permitted certain municipalities to refinance with R.E.A. their indebtedness with T.V.A.

1944—Act Dec. 23, 1944, inserted provision authorizing loans to cooperative associations to enable them to discharge or refinance debts owed to the Tennessee Valley Authority.

Act Sept. 21, 1944, extended limit of self-liquidating period from 25 to 35 years and changing the rate of interest.

Statutory Notes and Related Subsidiaries

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.

§ 905. Fees for certain loan guarantees

(a) In general

For electrification baseload generation loan guarantees, the Secretary shall, at the request of the borrower, charge an upfront fee to cover the costs of the loan guarantee.

(b) Fee

The fee described in subsection (a) for a loan guarantee shall be equal to the costs of the loan guarantee (within the meaning of section 661a(5)(C) of title 2).

(c) Limitation

Funds received from a borrower to pay the fee described in this section shall not be derived from a loan or other debt obligation that is made or guaranteed by the Federal Government.

(May 20, 1936, ch. 432, title I, §5, as added Pub. L. 113-79, title VI, §6101, Feb. 7, 2014, 128 Stat. 850.)

Editorial Notes

PRIOR PROVISIONS

A prior section 905, acts May 20, 1936, ch. 432, title I, §5, 49 Stat. 1365; Sept. 21, 1944, ch. 412, title V, §502(b), 58 Stat. 739; Oct. 28, 1949, ch. 776, §2, 63 Stat. 948; Oct. 13, 1994, Pub. L. 103-354, title II, §235(a)(13), 108 Stat. 3221, related to loans for electrical and plumbing equipment and persons eligible for such loans, prior to repeal by Pub. L. 104-127, title VII, §774(a), Apr. 4, 1996, 110 Stat. 1150.

§ 906. Funding for administrative expenses

For the purpose of administering this chapter and for the purpose of making the studies, investigations, publications, and reports herein provided for, there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as shall be necessary.

(May 20, 1936, ch. 432, title I, §6, 49 Stat. 1365; Oct. 28, 1949, ch. 776, §2, 63 Stat. 948; Pub. L. 94-124, §3, Nov. 4, 1975, 89 Stat. 677; Pub. L. 103-437, §4(a)(3), Nov. 2, 1994, 108 Stat. 4581; Pub. L. 104-127, title VII, §775, Apr. 4, 1996, 110 Stat. 1150.)

Editorial Notes

AMENDMENTS

1996—Pub. L. 104-127 struck out at end “On or before February 15, of each calendar year beginning with calendar year 1976, or such other date as may be specified by the appropriate committee, the Secretary of Agriculture shall testify before the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry and provide justification in detail of the amount requested in the budget to be appropriated for the next fiscal year for the purpose of administering this chapter and for the purpose of making the studies, investigations, publications, and reports herein authorized.”

1994—Pub. L. 103-437 substituted “Committee on Agriculture, Nutrition, and Forestry” for “Committee on Agriculture and Forestry”.

1975—Pub. L. 94-124 inserted requirement that the Secretary of Agriculture testify before the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry each calendar year on or before February 15th or other date specified by the Committees to provide justification in detail of the amount requested in the budget to be appropriated for the next fiscal year.

1949—Act Oct. 28, 1949, inserted “title I,” in credit of act May 20, 1936.

§ 906a. Use of funds outside the United States or its territories prohibited

No funds provided under the Rural Electrification Act of 1936, as amended [7 U.S.C. 901 et seq.], shall be used outside the United States or any of its territories.

(Pub. L. 93-32, §10, May 11, 1973, 87 Stat. 71.)

Editorial Notes

REFERENCES IN TEXT

The Rural Electrification Act of 1936, referred to in text, is act May 20, 1936, ch. 432, 49 Stat. 1363, which is classified generally to this chapter. For complete classification of this Act to the Code, see section 901 of this title and Tables.

CODIFICATION

Section was not enacted as part of the Rural Electrification Act of 1936 which comprises this chapter.

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.

§ 907. Acquisition of property pledged for loans; disposition; sale of pledged property by borrower

The Secretary is authorized and empowered to bid for and purchase at any foreclosure or other sale, or otherwise to acquire, property pledged or mortgaged to secure any loan made pursuant to this chapter; to pay the purchase price and any costs and expenses incurred in connection therewith from the sums authorized in section 903 of this title; to accept title to any property so purchased or acquired in the name of the United States of America; to operate or lease such property for such period as may be deemed necessary or advisable to protect the investment therein, but not to exceed five years after the acquisition thereof; and to sell such property so purchased or acquired, upon such terms and for such consideration as the Secretary shall determine to be reasonable.

No borrower of funds under sections 904 or 922 of this title shall, without the approval of the Secretary, sell or dispose of its property, rights, or franchises, acquired under the provisions of this chapter, until any loan obtained from the Rural Electrification Administration, including all interest and charges, shall have been repaid.

(May 20, 1936, ch. 432, title I, § 7, 49 Stat. 1365; Oct. 28, 1949, ch. 776, §§ 2, 4(f), 63 Stat. 948; 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” wherever appearing.

1949—Act Oct. 28, 1949, inserted “or section 922” after “904” in second par., and inserted “title I,” in credit of act May 20, 1936.

§ 908. Limitations on use of assistance

(a) Subject to subsections (b) and (c) of this section, the Secretary may allow a recipient of a grant, loan, or loan guarantee under this subchapter to set aside not more than 10 percent of the amount so received to provide retail broadband service.

(b) A recipient who sets aside funds under subsection (a) of this section may use the funds only in an area that is not being provided with the minimum acceptable level of broadband service established under section 950bb(e) of this title, unless the recipient meets the requirements of section 950bb(d) of this title.

(c) Nothing in this section shall be construed to limit the ability of any borrower to finance or deploy services authorized under this chapter.

(d) The Secretary shall not provide funding under subsection (a) if the funding would result in competitive harm to any grant, loan, or loan guarantee referred to in subsection (a).

(May 20, 1936, ch. 432, title I, § 8, as added Pub. L. 115-334, title VI, § 6210(b), Dec. 20, 2018, 132 Stat. 4744.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 908, acts May 20, 1936, ch. 432, title I, §§ 8, 49 Stat. 1366; Oct. 28, 1949, ch. 776, § 2, 63 Stat. 948; Oct. 13, 1994, Pub. L. 103-354, title II, § 235(a)(4), 108 Stat. 3221, related to transfer of functions of Rural Electrification Administration created by Executive Order No. 7037, prior to repeal by Pub. L. 104-127, title VII, § 776, Apr. 4, 1996, 110 Stat. 1150.

§ 909. Administration on nonpolitical basis; dismissal of officers or employees for violating provision

This chapter shall be administered entirely on a nonpartisan basis, and in the appointment of officials, the selection of employees, and in the promotion of any such officials or employees, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. If the Secretary herein provided for is found by the President of the United States to be guilty of a violation of this section, he shall be removed from office by the President, and any appointee or selection of officials or employees made by the Secretary who is found guilty of a violation of this chapter shall be removed by the Secretary.

(May 20, 1936, ch. 432, title I, § 9, 49 Stat. 1366; Oct. 28, 1949, ch. 776, § 2, 63 Stat. 948; 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” wherever appearing.

1949—Act Oct. 28, 1949, inserted “title I,” in credit of act May 20, 1936.

§ 910. Repealed. Pub. L. 104-127, title VII, § 777, Apr. 4, 1996, 110 Stat. 1150

Section, acts May 20, 1936, ch. 432, title I, § 10, 49 Stat. 1366; Oct. 28, 1949, ch. 776, § 2, 63 Stat. 948; Apr. 21, 1976, Pub. L. 94-273, § 11(1), 90 Stat. 378; Oct. 13, 1994, Pub. L. 103-354, title II, § 235(a)(13), 108 Stat. 3221, required Secretary to present annually to Congress, not later than Apr. 20, report of Secretary’s activities under this chapter.

§ 911. Acceptance of services of Federal or State officers; application of civil service laws; expenditures for supplies and equipment

In order to carry out the provisions of this chapter the Secretary may accept and utilize such voluntary and uncompensated services of Federal, State, and local officers and employees as are available, and he may appoint and fix the compensation of attorneys, engineers, and experts and he may, subject to the civil-service laws, appoint such other officers and employees as he may find necessary and prescribe their duties. The Secretary is authorized, from sums appropriated pursuant to section 906 of this title, to make such expenditures (including expenditures for personal services; supplies and equipment; lawbooks and books of reference; directories and periodicals; travel expenses; rental at the seat of government and elsewhere; the purchase, operation, or maintenance of passenger-

carrying vehicles; and printing and binding) as are appropriate and necessary to carry out the provisions of this chapter.

(May 20, 1936, ch. 432, title I, § 11, 49 Stat. 1366; Oct. 28, 1949, ch. 776, § 2, 63 Stat. 948; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes

CODIFICATION

Provisions which authorized the appointment and fixing of compensation of attorneys, engineers, and experts “without regard to the provisions of the civil service laws applicable to officers and employees of the United States” were omitted from the Code as obsolete and superseded. Such appointments are now subject to the civil service laws unless specifically excepted by those laws or by laws enacted subsequent to Executive Order 8743, Apr. 23, 1941, issued by the President pursuant to act Nov. 26, 1940, ch. 919, title I, § 1, 54 Stat. 1211, which covered most excepted positions into the classified (competitive) civil service. The Order is set out as a note under section 3301 of Title 5, Government Organization and Employees. As to the compensation of such personnel, sections 1202 and 1204 of the Classification Act of 1949, 63 Stat. 972, 973, repealed the Classification Act of 1923 and all other laws or parts of laws inconsistent with the 1949 Act. The Classification Act of 1949 was repealed by Pub. L. 89-554, Sept. 6, 1966, § 8(a), 80 Stat. 632, and reenacted as chapter 51 and subchapter III of chapter 53 of Title 5. Section 5102 of Title 5 now contains the applicability provisions of the 1949 Act, and section 5103 of Title 5 authorizes the Office of Personnel Management to determine the applicability to specific positions and employees.

AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator” in two places.

1949—Act Oct. 28, 1949, inserted “title I,” in credit of act May 20, 1936.

§ 911a. Repealed. Pub. L. 103-354, title II, § 235(a)(5), Oct. 13, 1994, 108 Stat. 3221

Section, act May 20, 1936, ch. 432, title I, § 11A, as added Nov. 28, 1990, Pub. L. 101-624, title XXIII, § 2350, 104 Stat. 4037; amended Dec. 13, 1991, Pub. L. 102-237, title VII, § 703(a), 105 Stat. 1881, related to Assistant Administrator for Economic Development.

§ 912. Extension of time for repayment of loans

(a) In general

The Secretary is authorized and empowered to extend the time of payment of interest or principal of any loans made by the Secretary pursuant to this chapter, except that, with respect to any loan made under section 904 or 922 of this title, the payment of interest or principal shall not be extended more than five years after such payment shall have become due.

(b) Terms of deferment

(1) Subject to limitations established in appropriations Acts, the Secretary shall permit any borrower to defer the payment of principal and interest on any insured or direct loan made under this chapter under circumstances described in this subsection, notwithstanding any limitation contained in subsection (a), except that such deferment shall not be permitted based on the determination of the Secretary of the financial hardship of the borrower.

(2)(A) In the case of deferments made to enable the borrower to provide financing to local busi-

nesses, the deferment shall be repaid in equal installments, without the accrual of interest, over the 60-month period beginning on the date of the deferment, and the total amount of such payments shall be equal to the amount of the payment deferred.

(B) In the case of deferments made to enable the borrower to provide community development assistance, technical assistance to businesses, and for other community, business, or economic development projects not included under subparagraph (A), the deferment shall be repaid in equal installments, without the accrual of interest, over the 120-month period beginning on the date of the deferment, and the total amount of such payments shall be equal to the amount of the payment deferred.

(3)(A) A borrower may defer its debt service payments only in an amount equal to an investment made by such borrower as described in paragraph (2).

(B) The amount of the deferment shall not exceed 50 percent of the total cost of a community or economic development project for which a deferment is provided under this subsection.

(C) The total amount of deferments under this subsection during each of the fiscal years 1990 through 1993 shall not exceed 3 percent of the total payments due during such fiscal year from all borrowers on direct and insured loans made under this chapter and shall not exceed 5 percent of such total payments due in each subsequent fiscal year.

(D) At the time of a deferment, the borrower shall make a payment to a cushion of credit account established and maintained pursuant to section 940c of this title in an amount equal to the amount of the payment deferred. The balance of such account shall not be reduced by the borrower below the level of the unpaid balance of the payment deferred. Subject to limitations established in annual appropriations Acts, such cushion of credit amounts and any other cushion of credit and advance payments of any borrower shall be included in the interest differential calculation under section 940c(b)(2) of this title.

(4) The Secretary shall undertake all reasonable efforts to permit the full amount of deferments authorized by this subsection during each fiscal year.

(c) Deferment of payments on loans

(1) In general

The Secretary shall allow borrowers to defer payment of principal and interest on any direct loan made under this chapter to enable the borrower to make loans to residential, commercial, and industrial consumers—

(A) to conduct energy efficiency and use audits; and

(B) to install energy efficient measures or devices that reduce the demand on electric systems.

(2) Amount

The total amount of a deferment under this subsection shall not exceed the sum of the principal and interest on the loans made to a customer of the borrower, as determined by the Secretary.

(3) Term

The term of a deferment under this subsection shall not exceed 60 months.

(May 20, 1936, ch. 432, title I, § 12, 49 Stat. 1366; Oct. 28, 1949, ch. 776, §§ 2, 4(f), 63 Stat. 948; Pub. L. 101-624, title XXIII, § 2344, Nov. 28, 1990, 104 Stat. 4028; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-127, title VII, § 774(b), Apr. 4, 1996, 110 Stat. 1150; Pub. L. 110-234, title VI, § 6103, May 22, 2008, 122 Stat. 1195; Pub. L. 110-246, § 4(a), title VI, § 6103, June 18, 2008, 122 Stat. 1664, 1956; Pub. L. 115-334, title VI, § 6504(a), Dec. 20, 2018, 132 Stat. 4773.)

Editorial Notes

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. (b)(3)(D). Pub. L. 115-334 substituted “940c(b)(2) of this title” for “940c(b)(2)(A) of this title”.

2008—Subsec. (c). Pub. L. 110-246, § 6103, added subsec. (c).

1996—Subsec. (a). Pub. L. 104-127 substituted “, except that, with respect to any loan” for “: *Provided, however,* That with respect to any loan” and struck out “, and with respect to any loan made under section 905 of this title, the payment of principal or interest shall not be extended more than two years after such payment shall have become due: *And provided further,* That the provisions of this section shall not apply to any obligations or the security therefor which may be held by the Reconstruction Finance Corporation under the provisions of section 903 of this title” after “such payment shall have become due”.

1994—Subsecs. (a), (b)(1), (4). Pub. L. 103-354 substituted “Secretary” for “Administrator” wherever appearing.

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

1949—Act Oct. 28, 1949, inserted “or section 922” after “904” in first proviso, and inserted “title I,” in credit of act May 20, 1936.

Statutory Notes and Related Subsidiaries

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.

§ 912a. Rescheduling and refinancing of loans

In addition to the loan extension authority provided in section 912 of this title, the Secretary of Agriculture is authorized to adjust and readjust the schedules for payment of principal and interest on loans to borrowers under programs administered by the Secretary under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), and to extend the maturity date of any such loan to a date not beyond forty years from the date of such loan where he determines such action is necessary because of the impairment of the economic feasibility of the system, or the loss, destruction, or damage of the property of such borrowers as a result of a major disaster.

(Pub. L. 91-606, title II, § 236(a), Dec. 31, 1970, 84 Stat. 1754; Pub. L. 103-354, title II, § 235(b)(1), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes

REFERENCES IN TEXT

The Rural Electrification Act of 1936, referred to in text, is act May 20, 1936, ch. 432, 49 Stat. 1363, which is classified generally to this chapter. For complete classification of this Act to the Code, see section 901 of this title and Tables.

CODIFICATION

Section was enacted as part of the Disaster Relief Act of 1970, and not as part of the Rural Electrification Act of 1936 which constitutes this chapter. Section was formerly classified to section 4455(a) of Title 42, The Public Health and Welfare.

AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.)” for “Rural Electrification Administration”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective Dec. 31, 1970, see section 304 of Pub. L. 91-606, set out as an Effective Date of 1970 Amendment note under section 165 of Title 26, Internal Revenue Code.

§ 913. Definitions

In this chapter:

(1) Farm

The term “farm” means a farm, as defined by the Bureau of the Census.

(2) Indian tribe

The term “Indian tribe” has the meaning given the term in section 5304 of title 25.

(3) Rural area

Except as provided otherwise in this chapter, the term “rural area” means the farm and nonfarm population of—

(A) any area described in section 1991(a)(13)(C) of this title; and

(B) any area within a service area of a borrower for which a borrower has an outstanding loan made under subchapters I through V as of the date of enactment of this paragraph.

(4) Territory

The term “territory” includes any insular possession of the United States.

(5) Secretary

The term “Secretary” means the Secretary of Agriculture.

(May 20, 1936, ch. 432, title I, § 13, 49 Stat. 1367; Oct. 28, 1949, ch. 776, § 2, 63 Stat. 948; Pub. L. 103-129, § 2(c)(3), Nov. 1, 1993, 107 Stat. 1363; Pub. L. 103-354, title II, § 235(a)(6), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 110-234, title VI, § 6104, May 22, 2008, 122 Stat. 1195; Pub. L. 110-246, § 4(a), title VI, § 6104, June 18, 2008, 122 Stat. 1664, 1957.)

Editorial Notes

REFERENCES IN TEXT

The date of enactment of this paragraph, referred to in par. (3)(B), is the date of enactment of Pub. L. 110-246, which was approved June 18, 2008.

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

2008—Pub. L. 110-246, §6104, amended section generally. Prior to amendment, text read as follows: “As used in this chapter the term ‘rural area’, except as provided in section 924(b) of this title, shall be deemed to mean any area of the United States not included within the boundaries of any urban area, as defined by the Bureau of the Census, and such term shall be deemed to include both the farm and nonfarm population thereof; the term ‘farm’ shall be deemed to mean a farm as defined in the publications of the Bureau of the Census; the term ‘person’ shall be deemed to mean any natural person, firm, corporation, or association; the term ‘Territory’ shall be deemed to include any insular possession of the United States; and the term ‘Secretary’ shall be deemed to mean the Secretary of Agriculture.”

1994—Pub. L. 103-354 inserted before period at end “; and the term ‘Secretary’ shall be deemed to mean the Secretary of Agriculture”.

1993—Pub. L. 103-129 inserted “, except as provided in section 924(b) of this title,” before “shall be deemed to mean” and substituted “urban area, as defined by the Bureau of the Census” for “city, village, or borough having a population in excess of fifteen hundred inhabitants.”.

1949—Act Oct. 28, 1949, inserted “title I,” in credit of act May 20, 1936.

Statutory Notes and Related Subsidiaries

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.

§ 914. Separability

If any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

(May 20, 1936, ch. 432, title I, §14, 49 Stat. 1367; Oct. 28, 1949, ch. 776, §2, 63 Stat. 948.)

Editorial Notes

AMENDMENTS

1949—Act Oct. 28, 1949, inserted “title I,” in credit of act May 20, 1936.

§ 915. Purchase of financial and credit reports

The Secretary of Agriculture is authorized to purchase such financial and credit reports as may be necessary to carry out the Secretary's authorized work: *Provided*, That purchases under this authority shall not be made unless provision is made therefor in the applicable appropriation and the cost thereof is not in excess of limitations prescribed therein.

(Sept. 21, 1944, ch. 412, title V, §505, 58 Stat. 740; Pub. L. 103-354, title II, §235(b)(2), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes

CODIFICATION

Section was enacted as part of the Department of Agriculture Organic Act of 1944, and not as part of the

Rural Electrification Act of 1936 which constitutes this chapter.

AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary of Agriculture” for “Rural Electrification Administration” and “the Secretary's” for “its”.

§ 916. Criteria for loans

In order to insure coordination of electric generation and transmission financing under this chapter with the national energy policy, the Secretary in making or guaranteeing loans for the construction, operation, or enlargement of generating plants or electric transmission lines or systems, shall consider such general criteria consistent with the provisions of this chapter as may be published by the Secretary of Energy.

(May 20, 1936, ch. 432, title I, §16, as added Pub. L. 95-91, title VII, §709(f), Aug. 4, 1977, 91 Stat. 608; 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” before “in making”.

§ 917. Prohibition on restricting water and waste facility services to electric customers

(a) Prohibition

Assistance under any rural development program administered by the Secretary or any agency of the Department of Agriculture shall not be conditioned on any requirement that the recipient of the assistance accept or receive electric service from any particular utility, supplier, or cooperative.

(b) Ensuring compliance

The Secretary shall establish, by regulation, adequate safeguards to ensure that assistance under any rural development program is not subject to such a condition. The safeguards shall include periodic certifications and audits, and appropriate measures and sanctions against any person violating, or attempting to violate subsection (a).

(c) “Rural development programs” defined

In this section, the term “rural development program” means the following:

(1) Sections 304(b), 306, 306A, 306C, 306D, 310B, and 375¹ and subtitle E [7 U.S.C. 2009 et seq.] of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(b), 1926, 1926a, 1926c, 1926d, and 1932).

(2) Subtitle G¹ of title XVI and sections 2281 [42 U.S.C. 5177a], 2333, and 2381 [7 U.S.C. 950aaa-2, 3125b] of the Food, Agriculture, Conservation, and Trade Act of 1990.

(3) Subtitle C of title IX of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102-237; 7 U.S.C. 5930 note).

(4) Section 1323(b) of the Food Security Act of 1985 (Public Law 99-198; 7 U.S.C. 1932 note).

(5) Title V [7 U.S.C. 2661 et seq.] and section 603(c) [7 U.S.C. 2204a] of the Rural Development Act of 1972.

¹ See References in Text note below.

(6) Sections 905 and 940a¹ of this title and subchapter IV of this chapter.

(d) Regulations

Not later than 60 days after April 4, 1996, the Secretary shall issue final regulations to ensure compliance with subsection (a).

(May 20, 1936, ch. 432, title I, § 17, as added Pub. L. 104-127, title VII, § 778, Apr. 4, 1996, 110 Stat. 1150.)

Editorial Notes

REFERENCES IN TEXT

Section 375 of the Consolidated Farm and Rural Development Act, referred to in subsec. (c)(1), was classified to section 2008j of this title prior to repeal by Pub. L. 87-128, title III, § 375(j)(7), as added Pub. L. 106-78, title VIII, § 816(d), Oct. 22, 1999, 113 Stat. 1182.

The Consolidated Farm and Rural Development Act, referred to in subsec. (c)(1), is Pub. L. 87-128, title III, Aug. 8, 1961, 75 Stat. 307. Subtitle E of the Act is classified generally to subchapter V (§2009 et seq.) of chapter 50 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 1921 of this title and Tables.

The Food, Agriculture, Conservation, and Trade Act of 1990, referred to in subsec. (c)(2), is Pub. L. 101-624, Nov. 28, 1990, 104 Stat. 3359. Subtitle G of title XVI of the Act, known as the Alternative Agricultural Research and Commercialization Act of 1990, was classified generally to subchapter VI (§5901 et seq.) of chapter 88 of this title prior to repeal by Pub. L. 107-171, title VI, § 6201(a), May 13, 2002, 116 Stat. 418. For complete classification of this Act to the Code, see Short Title of 1990 Amendments note set out under section 1421 of this title and Tables.

The Rural Development Act of 1972, referred to in subsec. (c)(5), is Pub. L. 92-419, Aug. 30, 1972, 86 Stat. 657. Title V of the Act is classified generally to subchapter II (§2661 et seq.) of chapter 59 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 1921 of this title and Tables.

Sections 905 and 940a of this title, referred to in subsec. (c)(6), were repealed by Pub. L. 104-127, title VII, § 774(a), 780, Apr. 4, 1996, 110 Stat. 1150, 1151.

PRIOR PROVISIONS

A prior section 917, act May 20, 1936, ch. 432, title I, § 17, as added Nov. 28, 1990, Pub. L. 101-624, title XXIII, § 2343, 104 Stat. 4027, related to establishment of technical assistance unit to provide advice and technical assistance to electric and telephone borrowers under this chapter, prior to repeal by Pub. L. 102-237, title VII, § 703(b), Dec. 13, 1991, 105 Stat. 1881.

§ 918. General prohibitions

(a) No consideration of borrower's level of general funds

The Secretary shall not deny or reduce any loan or loan advance under this chapter based on a borrower's level of general funds.

(b) Loan origination fees

The Secretary may not charge any fee or charge not expressly provided in this chapter in connection with any loan made or guaranteed under this chapter.

(c) Consultants

(1) In general

To facilitate timely action on applications by borrowers for financial assistance under this chapter and for approvals required of the

Rural Electrification Administration pursuant to the terms of outstanding loan or security instruments or otherwise, the Secretary may use consultants funded by the borrower, paid for out of the general funds of the borrower, for financial, legal, engineering, and other technical advice and services in connection with the review of the application by the Rural Electrification Administration.

(2) Conflicts of interest

The Secretary shall establish procedures for the selection and the provision of technical services by consultants to ensure that the consultants have no financial or other conflicts of interest in the outcome of the application of the borrower.

(3) Payment of costs

The Secretary may not, without the consent of the borrower, require, as a condition of processing an application for approval, that the borrower agree to pay the costs, fees, and expenses of consultants hired to provide technical or advisory services to the Secretary.

(4) Contracts, grants, and agreements

The Secretary may enter into such contracts, grants, or cooperative agreements as are necessary to carry out this section.

(5) Use of consultants

Nothing in this subsection shall limit the authority of the Secretary to retain the services of consultants from funds made available to the Secretary or otherwise.

(May 20, 1936, ch. 432, title I, § 18, as added Pub. L. 101-624, title XXIII, § 2353, Nov. 28, 1990, 104 Stat. 4039; amended Pub. L. 103-129, § 2(c)(4), Nov. 1, 1993, 107 Stat. 1364; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 115-334, title VI, § 6602(b)(1), Dec. 20, 2018, 132 Stat. 4776.)

Editorial Notes

AMENDMENTS

2018—Subsecs. (a), (b). Pub. L. 115-334 struck out “and the Governor of the telephone bank” after “The Secretary”.

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

1993—Pub. L. 103-129 designated existing provisions as subsec. (a), inserted heading, and added subsecs. (b) and (c).

§ 918a. Energy generation, transmission, and distribution facilities efficiency grants and loans in rural communities with extremely high energy costs

(a) In general

The Secretary, acting through the Rural Utilities Service, may—

(1) in coordination with State rural development initiatives, make grants and loans to persons, States, political subdivisions of States, and other entities organized under the laws of States to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities serving communities in which the average residential expenditure for home energy is at

least 275 percent of the national average residential expenditure for home energy (as determined by the Energy Information Agency using the most recent data available);

(2) make grants and loans to the Denali Commission established by the Denali Commission Act of 1998 (42 U.S.C. 3121 note; Public Law 105-277) to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities serving communities described in paragraph (1); and

(3) make grants to State entities, in existence as of November 9, 2000, to establish and support a revolving fund to provide a more cost-effective means of purchasing fuel where the fuel cannot be shipped by means of surface transportation.

(b) Authorization of appropriations

(1) In general

There are authorized to be appropriated to carry out this section \$50,000,000 for fiscal year 2001 and such sums as are necessary for each subsequent fiscal year.

(2) Limitation on planning and administrative expenses

Not more than 4 percent of the amounts made available under paragraph (1) may be used for planning and administrative expenses.

(May 20, 1936, ch. 432, title I, § 19, as added Pub. L. 106-472, title III, § 301, Nov. 9, 2000, 114 Stat. 2069.)

Editorial Notes

REFERENCES IN TEXT

The Denali Commission Act of 1998, referred to in subsec. (a)(2), is title III of div. C of Pub. L. 105-277, Oct. 21, 1998, 112 Stat. 2681-637, which is set out as a note under section 3121 of Title 42, The Public Health and Welfare.

§ 918b. Acquisition of existing systems in rural communities with high energy costs

On and after November 28, 2001, notwithstanding any other provision of law, the Secretary of Agriculture, acting through the Administrator of the Rural Utilities Service¹ shall use the authorities provided in the Rural Electrification Act of 1936 [7 U.S.C. 901 et seq.] to finance the acquisition of existing generation, transmission and distribution systems and facilities serving high cost, predominantly rural areas by entities capable of and dedicated to providing or improving service in such areas in an efficient and cost effective manner.

(Pub. L. 107-76, title VII, § 748, Nov. 28, 2001, 115 Stat. 738; Pub. L. 115-334, title XII, § 12408(b), Dec. 20, 2018, 132 Stat. 4977.)

Editorial Notes

REFERENCES IN TEXT

The Rural Electrification Act of 1936, referred to in text, is act May 20, 1936, ch. 432, 49 Stat. 1363, which is classified generally to this chapter (§ 901 et seq.). For complete classification of this Act to the Code, see section 901 of this title and Tables.

¹ So in original. Probably should be followed by a comma.

CODIFICATION

Section was enacted as part of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002, and not as part of the Rural Electrification Act of 1936 which comprises this chapter.

PRIOR PROVISIONS

Provisions similar to those in this section were contained in the following prior appropriation act:

Pub. L. 106-387, § 1(a) [title I, § 771], Oct. 28, 2000, 114 Stat. 1549, 1549A-45.

AMENDMENTS

2018—Pub. L. 115-334 inserted “the Secretary of Agriculture, acting through” before “the Administrator of the Rural Utilities Service”.

§ 918c. Rural and remote communities electrification grants

(a) Definitions

In this section:

(1) The term “eligible grantee” means a local government or municipality, peoples’ utility district, irrigation district, and cooperative, nonprofit, or limited-dividend association in a rural area.

(2) The term “incremental hydropower” means additional generation achieved from increased efficiency after January 1, 2005, at a hydroelectric dam that was placed in service before January 1, 2005.

(3) The term “renewable energy” means electricity generated from—

(A) a renewable energy source; or

(B) hydrogen, other than hydrogen produced from a fossil fuel, that is produced from a renewable energy source.

(4) The term “renewable energy source” means—

(A) wind;

(B) ocean waves;

(C) biomass;

(D) solar;

(E) landfill gas;

(F) incremental hydropower;

(G) livestock methane; or

(H) geothermal energy.

(5) The term “rural area” means a city, town, or unincorporated area that has a population of not more than 10,000 inhabitants.

(b) Grants

The Secretary, in consultation with the Secretary of Agriculture and the Secretary of the Interior, may provide grants under this section to eligible grantees for the purpose of—

(1) increasing energy efficiency, siting or upgrading transmission and distribution lines serving rural areas; or

(2) providing or modernizing electric generation facilities that serve rural areas.

(c) Grant administration

(1) The Secretary shall make grants under this section based on a determination of cost-effectiveness and the most effective use of the funds to achieve the purposes described in subsection (b).

(2) For each fiscal year, the Secretary shall allocate grant funds under this section equally be-

tween the purposes described in paragraphs (1) and (2) of subsection (b).

(3) In making grants for the purposes described in subsection (b)(2), the Secretary shall give preference to renewable energy facilities.

(d) Authorization of appropriations

There is authorized to be appropriated to the Secretary to carry out this section \$20,000,000 for each of fiscal years 2006 through 2012.

(Pub. L. 95-617, title VI, § 609, as added Pub. L. 109-58, title II, § 209, Aug. 8, 2005, 119 Stat. 657.)

Editorial Notes

CODIFICATION

Section was enacted as part of the Public Utility Regulatory Policies Act of 1978, and not as part of the Rural Electrification Act of 1936 which comprises this chapter.

Statutory Notes and Related Subsidiaries

DEFINITIONS

Secretary means the Secretary of Energy, see section 2602(14) of Title 16, Conservation.

SUBCHAPTER II—RURAL TELEPHONE SERVICE

§ 921. Congressional declaration of policy

It is declared to be the policy of the Congress that adequate telephone service be made generally available in rural areas through the improvement and expansion of existing telephone facilities and the construction and operation of such additional facilities as are required to assure the availability of adequate telephone service to the widest practicable number of rural users of such service.

(Oct. 28, 1949, ch. 776, § 1, 63 Stat. 948.)

Editorial Notes

CODIFICATION

Section is composed of the first sentence of section 1 of act Oct. 28, 1949. The second sentence of section 1 of that act, which provided that: "In order to effectuate this policy, the Rural Electrification Act of 1936 [this chapter] is amended as hereinafter provided", is omitted from the Code.

Section was not enacted as part of title II of the Rural Electrification Act of 1936 which comprises subchapter II of this chapter.

§§ 921a, 921b. Repealed. Pub. L. 115-334, title VI, § 6602(b)(13), (14), Dec. 20, 2018, 132 Stat. 4777

Section 921a, Pub. L. 92-12, § 1, May 7, 1971, 85 Stat. 29, related to policy of financing of rural telephone program.

Section 921b, Pub. L. 92-324, § 1, June 30, 1972, 86 Stat. 390, related to policy of expansion of markets for debentures.

§ 922. Loans for telephone service

From such sums as are from time to time made available by the Congress to the Secretary for such purpose, pursuant to section 903 of this title, the Secretary is authorized and empowered to make loans to persons now providing or who may hereafter provide telephone service in rural areas, to public bodies now providing tele-

phone service in rural areas and to cooperative, nonprofit, limited dividend, or mutual associations. Except as otherwise provided by this subchapter, such loans shall be made under the same terms and conditions as are provided in section 904 of this title, for the purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telephone service in rural areas: *Provided, however,* That the Secretary, in making such loans, shall give preference to persons providing telephone service in rural areas, to public bodies now providing telephone service in rural areas, and to cooperative, nonprofit, limited dividend, or mutual associations. The Secretary in making such loans shall, insofar as possible, obtain assurance that the telephone service to be furnished or improved thereby will be made available to the widest practical number of rural users. When it is determined by the Secretary to be necessary in order to furnish or improve telephone service in rural areas, such loans may be made for the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems without regard to their geographical location. The Secretary is further authorized and empowered to make loans for the purpose of refinancing outstanding indebtedness of persons furnishing telephone service in rural areas, including indebtedness of recipients on another telecommunications loan made under this chapter. Loans under this section shall not be made unless the Secretary finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed and that no duplication of lines, facilities, or systems, providing reasonably adequate services will result therefrom.

(May 20, 1936, ch. 432, title II, § 201, as added Oct. 28, 1949, ch. 776, § 5, 63 Stat. 948; amended Pub. L. 92-12, § 3(b), May 7, 1971, 85 Stat. 37; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 115-334, title VI, §§ 6211, 6502, 6702, Dec. 20, 2018, 132 Stat. 4744, 4772, 4779.)

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-334, § 6702(2), which directed substitution of "certifies" for "centifies" in sixth sentence, could not be executed because the word "centifies" did not appear.

Pub. L. 115-334, § 6702(1), which directed substitution of "widest" for "wildest" in third sentence, could not be executed because the word "wildest" did not appear.

Pub. L. 115-334, § 6502, inserted section catchline and substituted "associations." for "associations: *And provided further,* That for a period of one year from and after October 28, 1949, applications for loans received by the Secretary from persons who on October 28, 1949, are engaged in the operation of existing telephone service in rural areas shall be considered and acted upon before action is taken upon any application received from any other person for any loan to finance the furnishing or improvement of telephone service to substantially the same subscribers." in second sentence and "and that no duplication" for "nor shall such loan be made in any State which now has or may hereafter have a State regulatory body having authority to regulate telephone service and to require certificates of convenience and necessity to the applicant unless such certificate from

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 duplication¹ 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)¹ of title 47.

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

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

¹ See References in Text note below.

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 $\frac{1}{3}$ 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, § 6602(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

Stat. 4041; amended Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 115-334, title VI, §6602(b)(6), Dec. 20, 2018, 132 Stat. 4776.)

Editorial Notes

AMENDMENTS

2018—Par. (1). Pub. L. 115-334 substituted “935 of this title or” for “935 of this title,” and struck out “, or a loan under section 948 of this title,” after “a telephone loan under section 936 of this title”.

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

SUBCHAPTER III—RURAL ELECTRIC AND TELEPHONE DIRECT LOAN PROGRAMS

§ 930. Congressional declaration of policy

It is hereby declared to be the policy of the Congress that adequate funds should be made available to rural electric and telephone systems through direct, insured and guaranteed loans at interest rates which will allow them to achieve the objectives of the Rural Electrification Act of 1936, as amended [7 U.S.C. 901 et seq.], and that such rural electric and telephone systems should be encouraged and assisted to develop their resources and ability to achieve the financial strength needed to enable them to satisfy their credit needs from their own financial organizations and other sources at reasonable rates and terms consistent with the loan applicant's ability to pay and achievement of the Act's objectives.

(Pub. L. 93-32, §1, May 11, 1973, 87 Stat. 65.)

Editorial Notes

REFERENCES IN TEXT

The Rural Electrification Act of 1936 and the Act, referred to in text, are act May 20, 1936, ch. 432, 49 Stat. 1363, which is classified generally to this chapter. For complete classification of this Act to the Code, see section 901 of this title and Tables.

CODIFICATION

Section is comprised of the first sentence of section 1 of Pub. L. 93-32. The last sentence of section 1 of Pub. L. 93-32 provided that: “The Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), is therefore further amended as hereinafter provided.”

Section was not enacted as part of the Rural Electrification Act of 1936 which comprises this chapter.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Pub. L. 93-32, §12, May 14, 1973, 87 Stat. 71, provided that: “This Act [enacting sections 906a, 930, and 933 to 940 of this title, amending sections 903, 931, 932, 945, 946, 947, and 948 of this title, and enacting provisions set out as notes under this section] shall take effect upon enactment [May 11, 1973].”

RESERVATION OF RIGHT TO REPEAL, ALTER, OR AMEND PUB. L. 93-32

Pub. L. 93-32, §11, May 14, 1973, 87 Stat. 71, provided that: “The right to repeal, alter, or amend, this Act [enacting sections 906a, 930, and 933 to 940 of this title, amending sections 903, 931, 932, 945, 946, 947, and 948 of this title, and enacting provisions set out as notes under this section] is expressly reserved.”

§ 931. Rural Electrification and Telephone Revolving Fund

There is hereby established in the Treasury of the United States a fund, to be known as the Rural Electrification and Telephone Revolving Fund (hereinafter referred to as the “fund”), consisting of:

(1) all notes, bonds, obligations, liens, mortgages, and property delivered or assigned to the Secretary pursuant to loans heretofore or hereafter made under sections 904, 905,¹ and 922 of this title and under this subchapter, as of May 11, 1973, and all proceeds from the sales hereunder of such notes, bonds, obligations, liens, mortgages, and property, which shall be transferred to and be assets of the funds;

(2) undisbursed balances of electric and telephone loans made under sections 904, 905,¹ and 922 of this title, which as of May 11, 1973, shall be transferred to and be assets of the fund;

(3) all collections of principal and interest received on and after July 1, 1972, on notes, bonds, judgments, or other obligations made or held under subchapters I and II of this chapter and under this subchapter, which shall be paid into and be assets of the fund;

(4) all appropriations for interest subsidies and losses required under this subchapter which may hereafter be made by the Congress and the unobligated balances of any funds made available for loans under the item “Rural Electrification Administration” in the Department of Agriculture and Agriculture-Environmental and Consumer Protection Appropriations Acts; or

(5) moneys borrowed from the Secretary of the Treasury pursuant to section 934(a) of this title.

(May 20, 1936, ch. 432, title III, §301, as added Pub. L. 92-12, §2, May 7, 1971, 85 Stat. 29; amended Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 66; Pub. L. 94-570, §2, Oct. 20, 1976, 90 Stat. 2701; Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-127, title VII, §772(b)(1), Apr. 4, 1996, 110 Stat. 1149; Pub. L. 115-334, title VI, §6602(b)(7), Dec. 20, 2018, 132 Stat. 4776.)

Editorial Notes

REFERENCES IN TEXT

Section 905 of this title, referred to in pars. (1) and (2), was repealed by Pub. L. 104-127, title VII, §774(a), Apr. 4, 1996, 110 Stat. 1150.

AMENDMENTS

2018—Par. (3). Pub. L. 115-334, §6602(b)(7)(A), struck out “except for net collection proceeds previously appropriated for the purchase of class A stock in the Rural Telephone Bank,” after “under this subchapter.”

Par. (6). Pub. L. 115-334, §6602(b)(7)(B)-(D), struck out par. (6) which read as follows: “shares of the capital stock of the Rural Telephone Bank purchased by the United States pursuant to section 946(a) of this title and moneys received from said bank upon retirement of said shares of stock in accordance with the provisions of subchapter IV of this chapter, which said shares and moneys shall be assets of the fund.”

1996—Pub. L. 104-127 struck out “(a)” before “There is hereby” in introductory provisions and struck out

¹ See References in Text note below.

“notwithstanding section 903(a) of this title,” before “all collections” in par. (3).

1994—Subsec. (a)(1). Pub. L. 103-354 substituted “Secretary” for “Administrator”.

1976—Subsec. (a)(4). Pub. L. 94-570 provided for inclusion in the fund the unobligated balances of any funds made available for loans under item “Rural Electrification Administration” in the Department of Agriculture and Agriculture-Environmental and Consumer Protection Appropriation Acts.

1973—Pub. L. 93-32 substituted provisions establishing the Rural Electrification and Telephone Revolving Fund and enumerating its constituent parts, for provisions establishing a rural telephone account in the United States Treasury.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-570 effective Oct. 20, 1976, see section 4 of Pub. L. 94-570, set out as a note under section 935 of this title.

EFFECTIVE DATE OF 1973 AMENDMENT

Amendment by Pub. L. 93-32 effective May 11, 1973, see section 12 of Pub. L. 93-32, set out as an Effective Date note under section 930 of this title.

EFFECTIVE DATE

Pub. L. 92-12, § 7, May 14, 1971, 85 Stat. 37, provided that: “This Act [enacting this section and sections 921a, 932, and 941 to 950b of this title, amending sections 903 and 922 of this title and sections 856 and 868 of former Title 31, and enacting provisions set out as notes under sections 856 and 868 of former Title 31] shall take effect upon enactment [May 7, 1971].”

RESERVATION OF RIGHT TO REPEAL, ALTER, OR AMEND PUB. L. 92-12

Pub. L. 92-12, § 6, May 14, 1971, 85 Stat. 37, provided that: “The right to repeal, alter, or amend this Act [enacting this section and sections 921a, 932, and 941 to 950b of this title, amending sections 903 and 922 of this title and sections 856 and 868 of former Title 31, and enacting provisions set out as notes under sections 856 and 868 of former Title 31] is expressly reserved.”

§ 931a. Level of loan programs under Rural Electrification and Telephone Revolving Fund

On and after October 28, 1991, no funds in this Act or any other Act shall be available to carry out loan programs under the Rural Electrification and Telephone Revolving Fund at levels other than those provided for in advance in appropriations Acts.

(Pub. L. 102-142, title III, Oct. 28, 1991, 105 Stat. 903.)

Editorial Notes

CODIFICATION

Section was enacted as part of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1992, and not as part of the Rural Electrification Act of 1936 which comprises this chapter.

§ 932. Liabilities and uses of Rural Electrification and Telephone Revolving Fund

(a) Liabilities and obligations of fund

The notes of the Secretary to the Secretary of the Treasury to obtain funds for loans under sections 904, 905,¹ and 922 of this title, and all other

liabilities against the appropriations or assets in the fund in connection with electrification and telephone loan operations shall be liabilities of the fund, and all other obligations against such appropriations or assets in the fund arising out of electrification and telephone loan operations shall be obligations of the fund.

(b) Uses of fund assets

The assets of the fund shall be available only for the following purposes:

(1) loans which could be insured under this subchapter, and for advances in connection with such loans and loans previously made, as of May 11, 1973, under sections 904, 905,¹ and 922 of this title;

(2) payment of principal when due (without interest) on outstanding loans to the Secretary from the Secretary of the Treasury for electrification and telephone purposes and payment of principal and interest when due on loans to the Secretary from the Secretary of the Treasury pursuant to section 934(a) of this title;

(3) payment of amounts to which the holder of notes is entitled on insured loans: *Provided*, That payments other than final payments need not be remitted to the holder until due or until the next agreed annual, semiannual, or quarterly remittance date;

(4) payment to the holder of insured notes of any defaulted installment or, upon assignment of the note to the Secretary at his request, the entire balance due on the note;

(5) purchase of notes in accordance with contracts of insurance entered into by the Secretary;

(6) payment in compliance with contracts of guarantee;

(7) payment of taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application, and transmittal of collections or necessary to obtain credit reports on applicants or borrowers, expenses for necessary services, including construction inspections, commercial appraisals, loan servicing, consulting business advisory or other commercial and technical services, and other program services, and other expenses and advances authorized in section 907 of this title in connection with insured loans. Such items may be paid in connection with guaranteed loans after or in connection with the acquisition of such loans or security thereof after default, to the extent determined to be necessary to protect the interest of the Government, or in connection with any other activity authorized in this chapter;

(8) payment of the purchase price and any costs and expenses incurred in connection with the purchase, acquisition, or operation of property pursuant to section 907 of this title.

(c) Separate electric and telephone accounts

(1) The Secretary shall maintain two separate accounts within the fund, which shall be known as the electric account and the telephone account, respectively.

(2)(A) The Secretary shall account for the assets, liabilities, income, expenses, and equity of the fund attributable to electrification loan operations in the electric account.

¹ See References in Text note below.

(B) The Secretary shall account for the assets, liabilities, income, expenses, and equity of the fund attributable to telephone loan operations in the telephone account.

(3)(A) The assets accounted for in the electric account shall be available solely for electrification loan operations under this chapter.

(B) The assets accounted for in the telephone account shall be available solely for telephone loan operations under this chapter (other than under subchapter IV).

(May 20, 1936, ch. 432, title III, §302, as added Pub. L. 92-12, §2, May 7, 1971, 85 Stat. 30; amended Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 66; Pub. L. 101-624, title XXIII, §2359, Nov. 28, 1990, 104 Stat. 4041; Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-127, title VII, §772(b)(2), Apr. 4, 1996, 110 Stat. 1149.)

Editorial Notes

REFERENCES IN TEXT

Section 905 of this title, referred to in subsecs. (a) and (b)(1), was repealed by Pub. L. 104-127, title VII, §774(a), Apr. 4, 1996, 110 Stat. 1150.

AMENDMENTS

1996—Subsec. (b)(2). Pub. L. 104-127 struck out “pursuant to section 903(a) of this title” after “purposes”.

1994—Subsecs. (a), (b)(2), (4), (5), (c)(1), (2). Pub. L. 103-354 substituted “Secretary” for “Administrator” wherever appearing.

1990—Subsec. (c). Pub. L. 101-624 added subsec. (c).

1973—Pub. L. 93-32 substituted provisions setting out the liabilities of the Rural Electrification and Telephone Revolving Fund and the allowable purposes for which fund assets shall be available, for provisions, that the monies in the rural telephone account should remain on deposit in the Treasury of the United States until disbursed.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1973 AMENDMENT

Amendment by Pub. L. 93-32 effective May 11, 1973, see section 12 of Pub. L. 93-32, set out as an Effective Date note under section 930 of this title.

EFFECTIVE DATE

Section effective May 7, 1971, see section 7 of Pub. L. 92-12, set out as a note under section 931 of this title.

§ 933. Moneys in the Rural Electrification and Telephone Revolving Fund

Moneys in the fund shall remain on deposit in the Treasury of the United States until disbursed.

(May 20, 1936, ch. 432, title III, §303, as added Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 67.)

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.

§ 934. Authorized financial transactions; interim notes; purchase of obligations for resale; sale of notes and certificates; liens

(a) The Secretary is authorized to make and issue interim notes to the Secretary of the Treasury for the purpose of obtaining funds nec-

essary for discharging obligations of the fund and for making loans, advances and authorized expenditures out of the fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be agreed upon by the Secretary and the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yield of outstanding marketable obligations of the United States having maturities comparable to the notes issued by the Secretary under this section. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and, for that purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, and the purposes for which such securities may be issued under such chapter are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States: *Provided, however*, That such interim notes to the Secretary of the Treasury shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States.

(b) The Secretary of the Treasury is authorized and directed to purchase for resale obligations insured through the fund when offered by the Secretary. Such resales shall be upon such terms and conditions as the Secretary of the Treasury shall determine. Purchases and resales by the Secretary of the Treasury hereunder shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and not lending (budget outlays) of the United States.

(c) The Secretary may, on an insured basis or otherwise, sell and assign any notes in the fund or sell certificates of beneficial ownership therein to the Secretary of the Treasury or in the private market. Any sale by the Secretary of notes individually or in blocks shall be treated as a sale of assets for the purposes of chapter 11 of title 31, notwithstanding the fact that the Secretary, under an agreement with the purchaser or purchasers, holds the debt instruments evidencing the loans and holds or reinvests payments thereon as trustee and custodian for the purchaser or purchasers of the individual note or of the certificate of beneficial ownership in a number of such notes. Security instruments taken by the Secretary in connection with any notes in the fund may constitute liens running to the United States notwithstanding the fact that such notes may be thereafter held by purchasers thereof.

(May 20, 1936, ch. 432, title III, §304, as added Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 67; amended Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes**CODIFICATION**

In subsecs. (a) and (c), “chapter 31 of title 31”, “such chapter”, and “chapter 11 of title 31” substituted for “the Second Liberty Bond Act, as amended”, “such Act, as amended”, and “the Budget and Accounting Act, 1921 [31 U.S.C. 1 et seq.]”, respectively, on authority of Pub. L. 97-258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

AMENDMENTS

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

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.

§ 935. Insured loans; interest rates and lending levels**(a) In general**

The Secretary is authorized to make insured loans under this subchapter and at the interest rates hereinafter provided to the full extent of the assets available in the fund, subject only to limitations as to amounts authorized for loans and advances as may be from time to time imposed by the Congress of the United States for loans to be made in any one year, which amounts shall remain available until expended: *Provided*, That the Congress in the annual appropriation Act may also authorize the transfer of any excess cash in the fund for deposit into the Treasury as miscellaneous receipts: *And provided further*, That any such loans and advances shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States.

(b) Insured loans

Loans made under this section shall be insured by the Secretary when purchased by a lender. As used in this chapter, an insured loan is one which is made, held, and serviced by the Secretary, and sold and insured by the Secretary hereunder; such loans shall be sold and insured by the Secretary without undue delay.

(c) Insured electric loans**(1) Hardship loans****(A) In general**

The Secretary shall make insured electric loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per year to any applicant for a loan who meets each of the following requirements:

(i) The average revenue per kilowatt-hour sold by the applicant is not less than 120 percent of the average revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service.

(ii) The average residential revenue per kilowatt-hour sold by the applicant is not less than 120 percent of the average resi-

dential revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service.

(iii) The average per capita income of the residents receiving electric service from the applicant is less than the average per capita income of the residents of the State in which the applicant provides service, or the median household income of the households receiving electric service from the applicant is less than the median household income of the households in the State.

(B) Severe hardship loans

In addition to hardship loans that are made under subparagraph (A), the Secretary may make an insured electric loan at an interest rate of 5 percent per year to an applicant for a loan if, in the sole discretion of the Secretary, the applicant has experienced a severe hardship.

(C) Limitation

Except as provided in subparagraph (D), the Secretary may not make a loan under this paragraph to an applicant for the purpose of furnishing or improving electric service to a consumer located in an urban area (as defined by the Bureau of the Census) if the average number of consumers per mile of line of the total electric system of the applicant exceeds 17.

(D) Extremely high rates

In addition to hardship loans that are made under subparagraphs (A) and (B), the Secretary shall make insured electric loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per year to any applicant for a loan whose residential revenue exceeds 15.0 cents per kilowatt-hour sold. A qualifying application from such an applicant for the purpose of furnishing or improving electric service to a consumer located outside of an urbanized area shall not be subject to the conditions or limitation of subparagraph (A) or (C).

(2) Municipal rate loans**(A) In general**

The Secretary shall make insured electric loans, to the extent of qualifying applications for the loans, at the interest rate described in subparagraph (B) for the term or terms selected by the applicant pursuant to subparagraph (C).

(B) Interest rate**(i) In general**

Subject to clause (ii), the interest rate described in this subparagraph on a loan to a qualifying applicant shall be—

(I) the interest rate determined by the Secretary to be equal to the current market yield on outstanding municipal obligations with remaining periods to maturity similar to the term selected by the applicant pursuant to subparagraph (C), but not greater than the rate determined under section 1927(a)(3)(A) of this title that is based on the current market

yield on outstanding municipal obligations; plus

(II) if the applicant for the loan makes an election pursuant to subparagraph (D) to include in the loan agreement the right of the applicant to prepay the loan, a rate equal to the amount by which—

(aa) the interest rate on commercial loans for a similar period that afford the borrower such a right; exceeds

(bb) the interest rate on commercial loans for the period that do not afford the borrower such a right.

(ii) Maximum rate

The interest rate described in this subparagraph on a loan to an applicant for the loan shall not exceed 7 percent if—

(I) the average number of consumers per mile of line of the total electric system of the applicant is less than 5.50; or

(II)(aa) the average revenue per kilowatt-hour sold by the applicant is more than the average revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service; and

(bb) the average per capita income of the residents receiving electric service from the applicant is less than the average per capita income of the residents of the State in which the applicant provides service, or the median household income of the households receiving electric service from the applicant is less than the median household income of the households in the State.

(iii) Exception

Clause (ii) shall not apply to a loan to be made to an applicant for the purpose of furnishing or improving electric service to consumers located in an urban area (as defined by the Bureau of the Census) if the average number of consumers per mile of line of the total electric system of the applicant exceeds 17.

(C) Loan term

(i) In general

Subject to clause (ii), the applicant for a loan under this paragraph may select the term for which an interest rate shall be determined pursuant to subparagraph (B), and, at the end of the term (and any succeeding term selected by the applicant under this subparagraph), may renew the loan for another term selected by the applicant.

(ii) Maximum term

(I) Applicant

The applicant may not select a term that ends more than 35 years after the beginning of the first term the applicant selects under clause (i).

(II) Secretary

The Secretary may prohibit an applicant from selecting a term that would result in the total term of the loan being greater than the expected useful life of the assets being financed.

(D) Call provision

The Secretary shall offer any applicant for a loan under this paragraph the option to include in the loan agreement the right of the applicant to prepay the loan on terms consistent with similar provisions of commercial loans.

(3) Other source of credit not required in certain cases

The Secretary may not require any applicant for a loan made under this subsection who is eligible for a loan under paragraph (1) to obtain a loan from another source as a condition of approving the application for the loan or advancing any amount under the loan.

(d) Insured telephone loans

(1) Hardship loans

(A) In general

The Secretary shall make insured telephone loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per year, to any applicant who meets each of the following requirements:

(i) The average number of subscribers per mile of line in the service area of the applicant is not more than 4.

(ii) The applicant is capable of producing net income or margins before interest of not less than 100 percent (but not more than 300 percent) of the interest requirements on all of the outstanding and proposed loans of the applicant.

(iii) The Secretary has approved a telecommunications modernization plan for the State under paragraph (3) and, if the plan was developed by telephone borrowers under this subchapter, the applicant is a participant in the plan.

(iv) The average number of subscribers per mile of line in the area included in the proposed loan is not more than 17.

(B) Authority to waive tier requirement

The Secretary may waive the requirement of subparagraph (A)(ii) in any case in which the Secretary determines (and sets forth the reasons for the waiver in writing) that the requirement would prevent emergency restoration of the telephone system of the applicant or result in severe hardship to the applicant.

(C) Effect of lack of funds

On request of any applicant who is eligible for a loan under this paragraph for which funds are not available, the applicant shall be considered to have applied for a loan under subchapter IV.

(2) Cost-of-money loans

(A) In general

The Secretary may make insured telephone loans for the acquisition, purchase, and installation of telephone lines, systems, and facilities (other than buildings used primarily for administrative purposes, vehicles not used primarily in construction, and customer premise equipment) related to the furnishing, improvement, or extension of rural

telecommunications service, at an interest rate equal to the then current cost of money to the Government of the United States for loans of similar maturity, but not more than 7 percent per year, to any applicant for a loan who meets the following requirements:

(i) The average number of subscribers per mile of line in the service area of the applicant is not more than 15, or the applicant is capable of producing net income or margins before interest of not less than 100 percent (but not more than 500 percent) of the interest requirements on all of the outstanding and proposed loans of the applicant.

(ii) The Secretary has approved a telecommunications modernization plan for the State under paragraph (3) and, if the plan was developed by telephone borrowers under this subchapter, the applicant is a participant in the plan.

(B) Concurrent loan authority

On request of any applicant for a loan under this paragraph during any fiscal year, the Secretary shall—

(i) consider the application to be for a loan under this paragraph; and

(ii) if the applicant is eligible for a loan, make a loan to the applicant under this paragraph in an amount equal to the amount that bears the same ratio to the total amount of loans for which the applicant is eligible under this paragraph, as the amount made available for loans under this paragraph for the fiscal year bears to the total amount made available for loans under this paragraph for the fiscal year.

(C) Effect of lack of funds

On request of any applicant who is eligible for a loan under this paragraph for which funds are not available, the applicant shall be considered to have applied for a loan guarantee under section 936 of this title.

(3) State telecommunications modernization plans

(A) Approval

If, not later than 1 year after final regulations are promulgated to carry out this paragraph, any State, either by statute or through the public utility commission of the State, develops a telecommunications modernization plan that meets the requirements of subparagraph (B), the Secretary shall approve the plan for the State. If a State does not develop a plan in accordance with the requirements of the preceding sentence, the Secretary shall approve any telecommunications modernization plan for the State that meets the requirements that is developed by a majority of the borrowers of telephone loans made under this subchapter who are located in the State.

(B) Requirements

For purposes of subparagraph (A), a telecommunications modernization plan must, at a minimum, meet the following objectives:

(i) The plan must provide for the elimination of party line service.

(ii) The plan must provide for the availability of telecommunications services for improved business, educational, and medical services.

(iii) The plan must encourage and improve computer networks and information highways for subscribers in rural areas.

(iv) The plan must provide for—

(I) subscribers in rural areas to be able to receive through telephone lines—

(aa) conference calling;

(bb) video images; and

(cc) data at a rate of at least 1,000,000 bits of information per second; and

(II) the proper routing of information to subscribers.

(v) The plan must provide for uniform deployment schedules to ensure that advanced services are deployed at the same time in rural and nonrural areas.

(vi) The plan must provide for such additional requirements for service standards as may be required by the Secretary.

(C) Finality of approval

A telecommunications modernization plan approved under subparagraph (A) may not subsequently be disapproved. Notwithstanding paragraphs (1)(A)(iii) and (2)(A)(iii),¹ and the Secretary may make a loan to a borrower serving a State that does not have a telecommunication modernization plan approved by the Secretary if the loan is made less than 1 year after the Secretary has adopted final regulations implementing this paragraph.

(May 20, 1936, ch. 432, title III, §305, as added Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 68; amended Pub. L. 94-570, §3, Oct. 20, 1976, 90 Stat. 2701; Pub. L. 97-35, title I, §165(a), Aug. 13, 1981, 95 Stat. 379; Pub. L. 101-624, title XXIII, §2361, Nov. 28, 1990, 104 Stat. 4042; Pub. L. 103-129, §2(a)(1), (c)(6), Nov. 1, 1993, 107 Stat. 1356, 1364; Pub. L. 103-354, title II, §235(a)(8), (13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 115-334, title VI, §6602(b)(8), (9), Dec. 20, 2018, 132 Stat. 4776, 4777.)

Editorial Notes

AMENDMENTS

2018—Subsec. (d)(2)(B)(i). Pub. L. 115-334, §6602(b)(8)(A), struck out “and a loan under section 948 of this title” after “under this paragraph”.

Subsec. (d)(2)(B)(ii). Pub. L. 115-334, §6602(b)(8)(B), struck out “and under section 948 of this title” after “under this paragraph” in two places.

Subsec. (d)(3)(C). Pub. L. 115-334, §6602(b)(9), substituted “the Secretary” for “and section 948(b)(4)(C) of this title, the Secretary and the Governor of the telephone bank”.

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator” in heading for subsec. (c)(2)(C)(ii)(II) and wherever appearing in text.

1993—Pub. L. 103-129, §2(c)(6)(A), amended section catchline generally.

Subsec. (a). Pub. L. 103-129, §2(c)(6)(A), inserted heading.

Subsec. (b). Pub. L. 103-129, §2(a)(1)(A), (B), (c)(6)(B), redesignated subsec. (c) as (b), inserted heading, and struck out former subsec. (b) which read as follows:

¹ So in original. Probably should be paragraph “(2)(A)(ii)”.

“Insured loans made under this subchapter shall bear interest at 5 per centum per annum, except that the Administrator may make insured loans to electric or telephone borrowers at a lesser interest rate, but not less than 2 per centum per annum, if, in the Administrator’s sole discretion, the Administrator finds that the borrower—

“(1) has experienced extreme financial hardship; or

“(2) cannot, in accordance with generally accepted management and accounting principles and without charging rates to its customers or subscribers so high as to create a substantial disparity between such rates and the rates charged for similar service in the same or nearby areas by other suppliers, provide service consistent with the objectives of this chapter.”

Subsec. (c). Pub. L. 103–129, §2(a)(1)(C), added subsec. (c). Former subsec. (c) redesignated (b).

Subsec. (d). Pub. L. 103–129, §2(a)(1)(A), (C), added subsec. (d) and struck out former subsec. (d) which read as follows: “The Administrator shall make a telephone loan under this subchapter to an applicant therefor who is otherwise qualified to receive such a loan at the highest interest rate (but not less than the lowest interest rate, nor higher than the highest interest rate, specified in subsection (b) of this section) at which the borrower would be capable of producing net income or margins before interest payments of at least 100 percent (but not more than 150 percent) of the interest requirements on all of the applicant’s outstanding and proposed loans.”

1990—Subsec. (d). Pub. L. 101–624 added subsec. (d).

1981—Subsec. (b). Pub. L. 97–35 substituted provisions establishing an interest rate at 5 per centum per annum and a lower rate, but not less than 2 per cent, under the enumerated criteria, for provisions establishing standard and special rates, with special rates applicable under enumerated criteria.

1976—Subsec. (b). Pub. L. 94–570 struck out from introductory text “meets either of the following conditions” after “borrower which”; limited par. (1) to the telephone borrowers, substituting provision for an average subscriber density of three or fewer per mile at the end of the most recent calendar year ending at least six months before approval of the loan for prior provision for an average consumer or subscriber density of two or fewer per mile; substituted in par. (2) provision, limited to electric borrowers, respecting having an average consumer density of two or fewer per mile or an average adjusted plant revenue ratio of over 9.0 at end of the most recent calendar year ending at least six months before approval of the loan, determination of such ratio, and defining sum of distribution plant and general plant, gross revenue, and cost of power for prior provision for and average gross revenue per mile which is at least \$450 below the average gross revenue per mile of REA-financed electric systems, in the case of electric borrowers, or at least \$300 below the average gross revenue per mile of REA-financed telephone systems, in the case of telephone borrowers; and inserted in proviso of par. (2) “to a telephone or electric borrower” after “make a loan”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97–35, title I, §165(d), Aug. 13, 1981, 95 Stat. 379, provided that: “The amendments made by subsection (a) of this section [amending this section] shall apply to loans the applications for which are received by the Rural Electrification Administration after July 24, 1981.”

EFFECTIVE DATE OF 1976 AMENDMENT; INTEREST RATE

Pub. L. 94–570, §4, Oct. 20, 1976, 90 Stat. 2702, provided that: “This Act [amending this section and section 931 of this title and enacting provisions set out as a note under section 901 of this title] shall take effect upon enactment [Oct. 20, 1976] except that insured loans made pursuant to applications for such loans which would

otherwise lose eligibility for special rate financing upon such enactment, received by the Rural Electrification Administration and still pending on the date of enactment of this Act [Oct. 20, 1976], shall bear interest as determined under section 305(b) of the Rural Electrification Act of 1936 before its amendment by this Act [former provisions of subsec. (b) of this section].”

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.

§ 936. Guaranteed loans; accommodations and subordination of liens; interest rates; assignability of guaranteed loans and related guarantees

The Secretary may provide financial assistance to borrowers for purposes provided in this chapter by guaranteeing loans, in the full amount thereof, made by the National Rural Utilities Cooperative Finance Corporation and any other legally organized lending agency, or by accommodating or subordinating liens or mortgages in the fund held by the Secretary as owner or as trustee or custodian for purchases of notes from the fund, or by any combination of such guarantee, accommodation, or subordination. The Secretary shall not provide such assistance to any borrower of a telephone loan under this chapter unless the borrower specifically applies for such assistance. No fees or charges shall be assessed for any such accommodation or subordination. Guaranteed loans shall bear interest at the rate agreed upon by the borrower and the lender. Guaranteed loans, and accommodation and subordination of liens or mortgages, may be made concurrently with an insured loan. The amount of guaranteed loans shall be subject only to such limitations as to amounts as may be authorized from time to time by the Congress of the United States: *Provided*, That any amounts guaranteed hereunder shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States. As used in this subchapter a guaranteed loan is one which is initially made, held, and serviced by a legally organized lending agency and which is guaranteed by the Secretary hereunder. A guaranteed loan, including the related guarantee, may be assigned to the extent provided in the contract of guarantee executed by the Secretary under this subchapter; the assignability of such loan and guarantee shall be governed exclusively by said contract of guarantee.

(May 20, 1936, ch. 432, title III, §306, as added Pub. L. 93–32, §2, May 11, 1973, 87 Stat. 69; amended Pub. L. 94–124, §1, Nov. 4, 1975, 89 Stat. 677; Pub. L. 97–35, title I, §165(b), Aug. 13, 1981, 95 Stat. 379; Pub. L. 101–624, title XXIII, §2362, Nov. 28, 1990, 104 Stat. 4042; Pub. L. 103–354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 110–234, title VI, §6102(b), May 22, 2008, 122 Stat. 1195; Pub. L. 110–246, §4(a), title VI, §6102(b), June 18, 2008, 122 Stat. 1664, 1956; Pub. L. 115–334, title VI, §6602(b)(10), Dec. 20, 2018, 132 Stat. 4777.)

Editorial Notes**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—Pub. L. 115-334 substituted “the National Rural Utilities Cooperative Finance Corporation” for “the Rural Telephone Bank, National Rural Utilities Cooperative Finance Corporation.”

2008—Pub. L. 110-246, § 6102(b), substituted “No fees or charges shall be assessed for any such accommodation or subordination.” for “No fees or charges shall be assessed for any such guarantee, accommodation, or subordination. With respect to guarantees issued by the Secretary under this section, on the request of the borrower of any such loan so guaranteed, the loan shall be made by the Federal Financing Bank and at a rate of interest that is not more than the rate of interest applicable to other similar loans then being made or purchased by the Bank.”

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

1990—Pub. L. 101-624 inserted provisions prohibiting Administrator from providing assistance to telephone borrower unless borrower specifically applies therefor.

1981—Pub. L. 97-35 inserted provisions relating to loans made by Federal Financing Bank with respect to guarantees issued under this section, and substituted “an insured loan” for “a loan insured at the standard rate”.

1975—Pub. L. 94-124 authorized assignment of guaranteed loans and their related guarantees and inserted “initially” before “made, held, and serviced” in provision defining guaranteed loans as that term is used in this subchapter.

Statutory Notes and Related Subsidiaries**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

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

PREPAYMENT OF LOANS

Pub. L. 99-349, title I, July 2, 1986, 100 Stat. 713, related to the prepayment of loans made by the Federal Financing Bank, and guaranteed by the Administrator of the Rural Electrification Administration, prior to repeal by Pub. L. 99-509, title I, § 1011(b), Oct. 21, 1986, 100 Stat. 1876.

§ 936a. Prepayment of loans**(a) Conditions for prepayment**

Except as provided in subsection (c), a borrower of a loan made by the Federal Financing Bank and guaranteed under section 936 of this title may prepay such loan (or any loan advance thereunder) by paying the outstanding principal balance due on the loan (or advance), if—

- (1) the loan is outstanding on July 2, 1986;
- (2) private capital, with the existing loan guarantee, is used to replace the loan; and
- (3) the borrower certifies that any savings from such prepayment will be passed on to its customers or used to improve the financial strength of the borrower in cases of financial hardship.

(b) Charges on prepayment prohibited

No sums in addition to the payment of the outstanding principal balance due on the loan may be charged as the result of such prepayment against the borrower, the fund, or the Secretary.

(c) Disqualification for prepayment on finding of adverse affect on Federal Financing Bank

(1) A borrower will not qualify for prepayment under this section if, in the opinion of the Secretary of the Treasury, to prepay in such borrower's case would adversely affect the operation of the Federal Financing Bank.

(2) Paragraph (1) shall be effective in fiscal year 1987 only for any loan the prepayment of the principal amount of which will cause the cumulative amount of net proceeds from all such prepayments made during such year to exceed \$2,017,500,000.

(d) Amount of permissible prepayments; establishment of eligibility criteria

(1) The Secretary shall permit, subject to subsection (a), prepayments of principal on loans in fiscal year 1987 under this section or Public Law 99-349 in such amounts as to realize net proceeds from all such prepayments in fiscal year 1987 in an amount not less than \$2,017,500,000.

(2) The Secretary shall establish—

(A) eligibility criteria to ensure that any loan prepayment activity required to be carried out under this subsection will be directed to those cooperative borrowers in greatest need of the benefits associated with prepayment, as determined by the Secretary; and

(B) such other eligibility criteria as the Secretary determines are necessary to carry out this subsection.

(e) Assignability and transferability of guarantees of loans

Any guarantee of a loan prepaid under this section shall be fully assignable under the provisions of section 936 of this title and transferable. However, the Secretary may require that any such guarantee, if transferred¹ or assigned, be transferred or assigned to a loan or security that, if sold, will be grouped with nonguaranteed loans or securities and sold in a manner to ensure that such sale will not unreasonably compete with the marketing of obligations of the United States.

(May 20, 1936, ch. 432, title III, § 306A, as added Pub. L. 99-509, title I, § 1011(a), Oct. 21, 1986, 100 Stat. 1875; amended Pub. L. 103-354, title II, § 235(a)(7), (13), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes**REFERENCES IN TEXT**

Public Law 99-349, referred to in subsec. (d)(1), is Pub. L. 99-349, July 2, 1986, 100 Stat. 710, known as the Urgent Supplemental Appropriations Act, 1986. Provisions of title I of Pub. L. 99-349 relating to prepayment of loans were set out as a note under section 936 of this title and were repealed by Pub. L. 99-509, title I, § 1011(b), Oct. 21, 1986, 100 Stat. 1876. For complete classification of this Act to the Code, see Tables.

¹ So in original. Probably should be “transferred”.

AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary” for “Rural Electrification Administration” in subsec. (b) and “Secretary” for “Administrator” wherever appearing in subssecs. (d) and (e).

Statutory Notes and Related SubsidiariesPREPAYMENT OF RURAL ELECTRIFICATION LOANS
DURING FISCAL YEAR 1988

Pub. L. 100-203, title I, §1401, Dec. 22, 1987, 101 Stat. 1330-20, provided that:

“(a) **ELIGIBILITY TO PREPAY.**—Notwithstanding subsections (c), (d), and (e) of section 306A of the Rural Electrification Act of 1936 (7 U.S.C. 936a(c), (d), and (e)), during fiscal year 1988, a borrower of a loan made by the Federal Financing Bank and guaranteed under section 306 of such Act (7 U.S.C. 936) may, at the option of the borrower, prepay such loan (or any loan advance thereunder) in accordance with subsections (a) and (b) of section 306A of such Act, except that any prepayment that would cause the total amount of such prepayments during fiscal year 1988 to exceed \$2,000,000,000 shall be subject solely to the approval of the Secretary of the Treasury.

“(b) **PRIORITY FOR APPROVAL.**—In determining which borrowers shall be permitted to prepay loans under subsection (a):

“(1) The Administrator of the Rural Electrification Administration shall give priority to those 8 borrowers that were determined by the Administrator, prior to the date of the enactment of this Act [Dec. 22, 1987], to be eligible to prepay, or that prepaid, an advance under section 306A of such Act [7 U.S.C. 936a] (as in effect prior to the date of the enactment of this Act), except that to retain such priority a borrower shall—

“(A) notify the Administrator in writing, within 30 days after the issuance of regulations to carry out this section, of the intent of the borrower to prepay; and

“(B) complete such prepayment by disbursing funds to the Federal Financing Bank to prepay loan advances within 120 days after the issuance of such regulations.

“(2) In considering requests for prepayment under subsection (a) by borrowers not described in paragraph (1), the Administrator shall permit prepayment based on the order in which borrowers are prepared to disburse funds to the Federal Financing Bank to complete such prepayments. If more than 1 borrower is so prepared at the same time, and if the combined amount of such prepayments would cause the total amount of prepayments during fiscal year 1988, under this section, to exceed \$2,000,000,000, the Administrator shall—

“(A) base the determination on the date on which prepayment applications have been submitted; or

“(B) permit partial prepayment by two or more borrowers.

“(c) **REGULATIONS.**—Not later than 30 days after the date of enactment of this Act [Dec. 22, 1987], the Administrator of the Rural Electrification Administration shall issue such regulations as are necessary to carry at this section.

“(d) **STUDY.**—Not later than January 1, 1989, the Comptroller General of the United States shall—

“(1) study—

“(A) all benefits provided by Federal Financing Bank lending and the procedures and conditions for the prepayment of current Federal Financing Bank loans;

“(B) the benefits and costs to Federal Financing Bank borrowers of making prepayments; and

“(C) alternative conditions and procedures for prepayment of all Federal Financing Bank loans to balance Federal benefits with Federal costs; and

“(2) submit to Congress a report describing the results of such study, together with any appropriate recommendations.”

PREPAYMENT OF GUARANTEED LOANS; RESTRICTIONS

Pub. L. 100-202, §101(k) [title VI, §633], Dec. 22, 1987, 101 Stat. 1329-322, 1329-356, provided that: “Hereafter, notwithstanding section 306A(c), (d), and (e) of the Rural Electrification Act of 1936, as amended [7 U.S.C. 936a(c), (d), (e)], a borrower of a loan made by the Federal Financing Bank and guaranteed under section 306 of such Act (7 U.S.C. 936) may, at the option of the borrower, prepay such loan (or any loan advance thereunder) in accordance with section 306A(a) and (b) of such Act: *Provided*, That any prepayment in excess of \$2,500,000,000 shall be subject to the approval of the Secretary of the Treasury.”

Pub. L. 100-71, title I, July 11, 1987, 101 Stat. 429, provided in part that: “Hereafter, notwithstanding section 306A(d) of the Rural Electrification Act of 1936 (7 U.S.C. 936a(d)), a borrower of a loan made by the Federal Financing Bank and guaranteed under section 306 of such Act (7 U.S.C. 936) may, at the option of the borrower, prepay such loan (or any loan advance thereunder) in accordance with section 306A of such Act.”

REGULATIONS

Pub. L. 99-509, title I, §1011(c), Oct. 21, 1986, 100 Stat. 1876, provided that: “The Secretary of Agriculture shall issue regulations to implement this section [enacting sections 936a and 936b of this title and repealing provisions set out as a note under section 936 of this title] within 60 days after the date of enactment of this Act [Oct. 21, 1986]. Such regulations—

“(1) shall facilitate prepayment of loans under section 306A of the Rural Electrification Act of 1936 [this section], as added by subsection (a); and

“(2) may not require any rural utility that is a borrower of loans subject to section 306A to make unreasonable reductions in rates to its customers as a condition of such prepayment.”

§ 936b. Sale or prepayment of direct or insured loans**(a) Discounted prepayment by borrowers of electric loans****(1) In general**

Except as provided in paragraph (2), a direct or insured loan made under this chapter shall not be sold or prepaid at a value that is less than the outstanding principal balance on the loan.

(2) Exception

On request of the borrower, an electric loan made under this chapter, or a portion of such a loan, that was advanced before May 1, 1992, or has been advanced for not less than 2 years, shall be sold to or prepaid by the borrower at the lesser of—

(A) the outstanding principal balance on the loan; or

(B) the present value of the loan discounted from the face value at maturity at the rate established by the Secretary.

(3) Discount rate

The discount rate applicable to the prepayment under this subsection of a loan or loan advance shall be the then current cost of funds to the Department of the Treasury for obligations of comparable maturity to the remaining term of the loan.

(4) Tax exempt financing

If a borrower prepays a loan under this subsection using tax exempt financing, the discount shall be adjusted to ensure that the bor-

rower receives a benefit that is equal to the benefit the borrower would receive if the borrower used fully taxable financing. The borrower shall certify in writing whether the financing will be tax exempt and shall comply with such other terms and conditions as the Secretary may establish that are reasonable and necessary to carry out this subsection.

(5) Eligibility

(A) In general

A borrower that has prepaid an insured or direct loan shall remain eligible for assistance under this chapter in the same manner as other borrowers, except that—

(i) a borrower that has prepaid a loan, either before or after October 21, 1992, at a discount rate as provided by paragraph (3), shall not be eligible, except at the discretion of the Secretary, to apply for or receive direct or insured loans under this chapter during the 120-month period beginning on the date of the prepayment; and

(ii) a borrower that prepaid a loan before October 21, 1992, at a discount rate greater than that provided by paragraph (3), shall not be eligible—

(I) except at the discretion of the Secretary, to apply for or receive direct or insured loans described in clause (i) during the 180-month period beginning on the date of the prepayment; or

(II) to apply for or receive direct or insured loans described in clause (i) until the borrower has repaid to the Federal Government the sum of—

(aa) the amount (if any) by which the discount the borrower received by reason of the prepayment exceeds the discount the borrower would have received had the discount been based on the cost of funds to the Department of the Treasury at the time of the prepayment; and

(bb) interest on the amount described in item (aa), for the period beginning on the date of the prepayment and ending on the date of the repayment, at a rate equal to the average annual cost of borrowing by the Department of the Treasury.

(B) Effect on existing agreements

If a borrower and the Secretary have entered into an agreement with respect to a prepayment occurring before October 21, 1992, this paragraph shall supersede any provision in the agreement relating to the restoration of eligibility for loans under this chapter.

(C) Distribution borrowers

A distribution borrower not in default on the repayment of loans made or insured under this chapter shall be eligible for discounted prepayment as provided in this subsection. For the purpose of determining eligibility for discounted prepayment under this subsection or eligibility for assistance under this chapter, a default by a borrower from which a distribution borrower purchases wholesale power shall not be considered a default by the distribution borrower.

(6) Definitions

As used in this subsection:

(A) Direct loan

The term “direct loan” means a loan made under section 904 of this title.

(B) Insured loan

The term “insured loan” means a loan made under section 935 of this title.

(b) Mergers of electric borrowers

Notwithstanding subsection (a), a direct or insured loan may be prepaid by an electric borrower at the lesser of the outstanding principal balance due thereon or the present value thereof discounted from the face value at maturity at the rate set by the Secretary if the borrower is an electrical organization which resulted from a merger or consolidation between a borrower and an organization which, prior to October 1, 1987, prepaid its direct or insured loans pursuant to this section. Prepayments by a borrower hereunder shall be made not later than one year after the effective date of the merger, consolidation, or other transaction. The discount rate to be set by the Secretary for direct or insured loans prepayments hereunder shall be based on the current cost of funds to the Department of the Treasury for obligations of comparable maturity to those being prepaid. If a borrower prepaies using tax exempt financing, the discount shall be adjusted to make the discount equivalent to fully taxable financing. The borrower shall certify in writing whether the financing will be tax exempt and shall comply with such other terms and conditions as the Secretary may establish which are reasonable and necessary to implement this provision. As used in this section, the term “direct loan” means a loan made under section 904 of this title.

(May 20, 1936, ch. 432, title III, §306B, as added Pub. L. 99-509, title I, §1011(a), Oct. 21, 1986, 100 Stat. 1876; amended Pub. L. 101-624, title XXIII, §2387, Nov. 28, 1990, 104 Stat. 4051; Pub. L. 102-428, §2, Oct. 21, 1992, 106 Stat. 2183; Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes

CODIFICATION

October 21, 1992, referred to in subsec. (a)(5)(A), (B), was in the original “the date of enactment of this subsection”, which was translated as meaning the date of enactment of Pub. L. 102-428, which amended subsec. (a) generally, to reflect the probable intent of Congress.

AMENDMENTS

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

1992—Subsec. (a). Pub. L. 102-428, §2(a), amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: “A direct or insured loan made under this chapter shall not be sold or prepaid at a value less than the face value of any outstanding principal balance on such loan, except when sold to or prepaid by the borrower at the lesser of the outstanding principal balance due on the loan or the loan’s present value discounted from the face value at maturity at the rate set by the Administrator. The exception contained in the preceding sentence shall be effective for the period ending September 30, 1987.”

Subsec. (b). Pub. L. 102-428, §2(b), inserted heading.

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

§ 936c. Refinancing and prepayment of FFB loans

(a) In general

A borrower of a loan made by the Federal Financing Bank and guaranteed under section 936 of this title may, at the option of the borrower, refinance or prepay the loan or an advance on the loan, or any portion of the loan or advance.

(b) Penalty

(1) Determination of penalty

A penalty shall be assessed against a borrower that refinances or prepays a loan or loan advance, or any portion of a loan or advance, under this section. Except as provided in paragraph (2), the penalty shall be equal to the lesser of—

(A) the difference between the outstanding principal balance of the loan being refinanced and the present value of the loan discounted at a rate equal to the then current cost of funds to the Department of the Treasury for obligations of comparable maturity to the loan being refinanced or prepaid;

(B) 100 percent of the amount of interest for 1 year on the outstanding principal balance of the loan or loan advance, or any portion of the loan or advance, being refinanced, multiplied by the ratio that—

(i) the number of quarterly payment dates between the date of the refinancing or prepayment and the maturity date for the loan advance; bears to

(ii) the number of quarterly payment dates between the first quarterly payment date that occurs 12 years after the end of the year in which the amount being refinanced was advanced and the maturity date of the loan advance; and

(C)(i) the present value of 100 percent of the amount of interest for 1 year on the outstanding principal balance of the loan or loan advance, or any portion of the loan or advance, being refinanced or prepaid; plus

(ii) for the interval between the date of the refinancing or prepayment and the first quarterly payment date that occurs 12 years after the end of the year in which the amount being refinanced or prepaid was advanced, the present value of the difference between—

(I) each payment scheduled for the interval on the loan amount being refinanced or prepaid; and

(II) the payment amounts that would be required during the interval on the amounts being refinanced or prepaid if the interest rate on the loan were equal to the then current cost of funds to the Department of the Treasury for obligations of comparable maturity to the loan being refinanced or prepaid.

(2) Limitation

(A) In general

Except as provided in subparagraph (B), the penalty provided by paragraph (1)(A)

shall be required for refinancing or prepayment under this section.

(B) Exception

In the case of a loan advanced under an agreement that permits the refinancing or prepayment of the loan advance based on the payment of 1 year of interest on the outstanding principal balance of the loan advance, a borrower may, in lieu of the penalty required by paragraph (1)(A), pay a penalty as provided by—

(i) paragraph (1)(B), if the loan advance has reached the 12-year maturity required under the loan agreement for the refinancing or prepayment; or

(ii) paragraph (1)(C), if the loan advance has not reached the 12-year maturity required under the loan agreement for the refinancing or prepayment.

(3) Financing of penalty

(A) In general

In the case of a refinancing under this section, a borrower may, at the option of the borrower, meet the penalty requirements of paragraph (1) by—

(i) making a payment in the amount of the required penalty at the time of the refinancing; or

(ii) increasing the outstanding principal balance of the loan advance guaranteed by the Secretary that is being refinanced under this section by the amount of the penalty.

(B) Increased principal

If a borrower meets the penalty requirements of paragraph (1) by increasing the outstanding principal balance of the loan advance that is being refinanced, the borrower shall make a payment at the time of the refinancing equal to 2.5 percent of the amount of the penalty that is added to the outstanding principal balance of the loan.

(c) Loan terms and conditions after refinancing

(1) In general

On the payment of a penalty as provided by subsection (b), the loan or loan advance, or any portion of the loan or advance, shall be refinanced at the interest rate described in paragraph (2) for a term selected by the borrower pursuant to paragraph (3), except that this paragraph shall not apply if the loan advance, or any portion of the advance, is prepaid by the borrower.

(2) Interest rate

The interest rate on a loan refinanced under this section shall be determined to be equal to the then current cost of funds to the Department of the Treasury for obligations of comparable maturity to a term selected by the borrower pursuant to paragraph (3), except that such rate shall not be greater than 7 percent per year, subject to subsection (d).

(3) Loan term

Subject to paragraph (4), the borrower of a loan that is refinanced under this section—

(A) shall select the term for which an interest rate shall be determined pursuant to paragraph (2); and

(B) at the end of the term (and any succeeding term selected by the borrower under this paragraph), may renew the loan for another term selected by the borrower.

(4) Maximum term

The borrower may not select a term pursuant to paragraph (3) that ends after the maturity date set for the loan before the refinancing of the loan under this section.

(5) Existing loans

In the case of the refinancing of a loan of a borrower pursuant to this section and the inclusion of a penalty in the outstanding principal balance of the refinanced loan pursuant to subsection (b)(3)—

(A) the refinancing and inclusion of the penalty shall not be subject to appropriations or limited by the amount provided during a fiscal year for new loans, loan guarantees, or other credit activity;

(B) the request of the borrower for the refinancing under this section may not be denied or delayed; and

(C) the borrower may not be limited in the selection of any refinancing or prepayment option provided by this section to the borrower.

(d) Maximum rate option

(1) In general

Except as provided in paragraphs (2), (3), and (4), a borrower of a loan or loan advance, or any portion of the loan or advance, that is refinanced under this section shall have the option of ensuring that the interest rate on such loan, loan advance, or portion thereof does not exceed 7 percent per year.

(2) Limitation

A borrower may not exercise the option under paragraph (1) in the case of a loan or loan advance, or portion thereof, if the total amount of such loans for which such option would be exercised exceeds 50 percent of the outstanding principal balance of the loans made to such borrower and guaranteed under section 936 of this title.

(3) Fee

A borrower that exercises the maximum rate option under paragraph (1) shall, at the time of exercising such option, pay a fee equal to 1 percent of the outstanding principal balance of such loan or loan advance, or portion thereof, for which such option is exercised. Such fee shall be in addition to the penalties and other payments required under subsection (b).

(4) Sunset

The option provided under paragraph (1) shall not be available in the case of any loan or loan advance, or portion thereof, unless a written request to exercise such option is sent to the Secretary not later than 1 year after the effective date of regulations issued to carry out the Rural Electrification Loan Restructuring Act of 1993.

(May 20, 1936, ch. 432, title III, §306C, as added Pub. L. 103-66, title I, §1201(a), Aug. 10, 1993, 107 Stat. 327; amended Pub. L. 103-129, §2(c)(10), Nov.

1, 1993, 107 Stat. 1365; Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

Editorial Notes

REFERENCES IN TEXT

The Rural Electrification Loan Restructuring Act of 1993, referred to in subsec. (d)(4), is Pub. L. 103-129, Nov. 1, 1993, 107 Stat. 1356. Section 6 of Pub. L. 103-129 relates to the issuance of regulations to carry out amendments made by the Act and is set out as a note under section 901 of this title. For complete classification of this Act to the Code, see Short Title of 1993 Amendment note set out under section 901 of this title and Tables.

AMENDMENTS

1994—Subsecs. (b)(3)(A)(ii), (d)(4). Pub. L. 103-354 substituted “Secretary” for “Administrator”.

1993—Subsec. (c)(2). Pub. L. 103-129, §2(c)(10)(A), inserted before period at end “, except that such rate shall not be greater than 7 percent per year, subject to subsection (d) of this section”.

Subsec. (d). Pub. L. 103-129, §2(c)(10)(B), added subsec. (d).

Statutory Notes and Related Subsidiaries

REGULATIONS

Pub. L. 103-66, title I, §1201(b), Aug. 10, 1993, 107 Stat. 330, provided that: “Not later than 45 days after the date of enactment of this section [Aug. 10, 1993], the Administrator of the Rural Electrification Administration shall issue interim final regulations to carry out the amendment made by subsection (a) [enacting this section].”

PILOT PROGRAM FOR FUNDS TO REFINANCE DEBT

Pub. L. 115-31, div. A, title VII, §749, May 5, 2017, 131 Stat. 177, authorized the Secretary of Agriculture to conduct a pilot program that authorized not more than \$600,000,000 in funds from rural electrification loans made by the Federal Financing Bank that were guaranteed under section 306 of the Rural Electrification Act of 1936 (7 U.S.C. 936) to be used for refinancing debt pursuant to this section, with the authority for the pilot program to remain in effect through Sept. 30, 2019.

§ 936d. Eligibility of distribution borrowers for loans, loan guarantees, and lien accommodations

For the purpose of determining the eligibility of a distribution borrower not in default on the repayment of a loan made or guaranteed under this chapter for a loan, loan guarantee, or lien accommodation under this subchapter, a default by a borrower from which the distribution borrower purchases wholesale power shall not—

(1) be considered a default by the distribution borrower;

(2) reduce the eligibility of the distribution borrower for assistance under this chapter; or

(3) be the cause, directly or indirectly, of imposing any requirement or restriction on the borrower as a condition of the assistance, except such requirements or restrictions as are necessary to implement a debt restructuring agreed on by the power supply borrower and the Government.

(May 20, 1936, ch. 432, title III, §306D, as added Pub. L. 103-129, §2(c)(7), Nov. 1, 1993, 107 Stat. 1364.)

§ 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.)

Editorial Notes

REFERENCES IN TEXT

The date of enactment of this section, referred to in subsec. (d), is the date of enactment of Pub. L. 110-246, which was approved June 18, 2008.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 enacted identical sections. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Enactment 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 a note under section 8701 of this title.

§ 937. Loans from other credit sources

When it appears to the Secretary that the loan applicant is able to obtain a loan for part of his credit needs from a responsible cooperative or other credit source at reasonable rates and terms consistent with the loan applicant's ability to pay and the achievement of this chapter's objectives, he may request the loan applicant to apply for and accept such a loan concurrently with an insured loan, subject, however, to full use being made by the Secretary of the funds made available hereunder for such insured loans under this subchapter. The Secretary may not request any applicant for an electric loan under this chapter to apply for and accept a loan in an amount exceeding 30 percent of the credit needs of the applicant.

(May 20, 1936, ch. 432, title III, §307, as added Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 70; amended Pub. L. 97-35, title I, §165(c), Aug. 13, 1981, 95 Stat. 379; Pub. L. 103-129, §2(c)(8), Nov. 1, 1993, 107 Stat. 1365; 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” wherever appearing.

1993—Pub. L. 103-129 inserted at end “The Administrator may not request any applicant for an electric loan under this chapter to apply for and accept a loan in an amount exceeding 30 percent of the credit needs of the applicant.”

1981—Pub. L. 97-35 substituted “an insured loan” for “a loan insured at the standard rate”.

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.

§ 938. Full faith and credit of the United States

Any contract of insurance or guarantee executed by the Secretary under this subchapter shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder had actual knowledge at the time it became a holder.

(May 20, 1936, ch. 432, title III, §308, as added Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 70; amended Pub. L. 94-124, §2, Nov. 4, 1975, 89 Stat. 677; 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”.

1975—Pub. L. 94-124 substituted “of which the holder had actual knowledge at the time it became a holder” for “of which the holder has actual knowledge”.

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.

§ 939. Loan terms and conditions

Loans made from or insured through the fund shall be for the same purposes and on the same terms and conditions as are provided for loans in subchapters I and II of this chapter except as otherwise provided in sections 933 to 938 inclusive.

(May 20, 1936, ch. 432, title III, §309, as added Pub. L. 93-32, §2, May 11, 1973, 87 Stat. 70; 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.

(C) No prepayment premium

Notwithstanding any other provision of this chapter, no prepayment premium shall be imposed or collected with respect to that portion of a loan that is prepaid by a borrower in accordance with subparagraph (B).

(D) Mandatory funding

Notwithstanding section 661c of title 2, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall make available such sums as necessary to cover any loan modification costs as defined in section 661a of title 2.

(b) Uses of cushion of credit payments

(1) In general

(A) Cash balance

Cushion of credit payments shall be held in the Rural Electrification and Telephone Revolving Fund as a cash balance in the cushion of credit accounts of borrowers.

(B) Interest

All cash balance amounts (obtained from cushion of credit payments, loan payments, and other sources) held by the Fund shall bear interest to the Fund at a rate equal to the weighted average rate on outstanding certificates of beneficial ownership issued by the Fund.

(C) Credits

The amount of interest accrued on the cash balances shall be credited to the Fund as an offsetting reduction to the amount of interest paid by the Fund on its certificates of beneficial ownership.

(2) Rural economic development subaccount

The Secretary shall maintain a subaccount within the Rural Electrification and Telephone Revolving Fund to which shall be credited, on a monthly basis, a sum determined by multiplying the outstanding cushion of credit payments made after October 1, 1987, by the difference (converted to a monthly basis) be-

tween the average weighted interest rate paid on outstanding certificates of beneficial ownership issued by the Fund and 5 percent.

(May 20, 1936, ch. 432, title III, §313, as added Pub. L. 100-203, title I, §1403, Dec. 22, 1987, 101 Stat. 1330-21; amended Pub. L. 103-354, title II, §235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 115-334, title VI, §§6503, 6504(b), Dec. 20, 2018, 132 Stat. 4772, 4773.)

Editorial Notes

AMENDMENTS

2018—Subsec. (a)(1). Pub. L. 115-334, §6503(1), designated existing provisions as subpar. (A), inserted heading, and added subpar. (B).

Subsec. (a)(2). Pub. L. 115-334, §6503(2), designated existing provisions as subpar. (A), inserted heading, and added subpar. (B).

Subsec. (a)(3). Pub. L. 115-334, §6503(3), designated existing provisions as subpar. (A), inserted heading, and added subpar. (B).

Subsec. (b)(2). Pub. L. 115-334, §6504(b), struck out subpar. (A) designation and heading before “The Secretary shall”, substituted “5 percent.” for “the 5 percent rate of interest provided to borrowers on cushion of credit payments.”, and struck out subpars. (B) to (E) which related to grants, repayments, proceeds, and number of grants, respectively.

1994—Subsecs. (a)(1), (b)(2)(A) to (C). Pub. L. 103-354 substituted “Secretary” for “Administrator”.

§ 940c-1. Guarantees for bonds and notes issued for electrification or telephone purposes

(a) In general

(1) Guarantees

Subject to subsection (b), the Secretary shall guarantee payments on bonds or notes issued by cooperative or other lenders organized on a not-for-profit basis, if the proceeds of the bonds or notes are used to make utility infrastructure loans, or refinance bonds or notes issued for those purposes, to a borrower that has at any time received, or is eligible to receive, a loan under this chapter.

(2) Terms

A bond or note guaranteed under this section shall, by agreement between the Secretary and the borrower—

(A) be for a term of 30 years (or another term of years that the Secretary determines is appropriate); and

(B) be repaid by the borrower—

(i) in periodic installments of principal and interest;

(ii) in periodic installments of interest and, at the end of the term of the bond or note, as applicable, by the repayment of the outstanding principal; or

(iii) through a combination of the methods described in clauses (i) and (ii).

(b) Limitations

(1) Outstanding loans

A lender shall not receive a guarantee under this section for a bond or note if, at the time of the guarantee, the total principal amount of such guaranteed bonds or notes outstanding of the lender would exceed the principal amount of outstanding loans of the lender for eligible purposes described in subsection (a)(1).

(2) Qualifications

The Secretary may deny the request of a lender for the guarantee of a bond or note under this section if the Secretary determines that—

(A) the lender does not have appropriate expertise or experience or is otherwise not qualified to make loans for eligible purposes described in subsection (a)(1);

(B) the bond or note issued by the lender would not be investment grade quality without a guarantee; or

(C) the lender has not provided to the Secretary a list of loan amounts approved by the lender that the lender certifies are for eligible purposes described in subsection (a)(1).

(3) Annual amount

The total amount of guarantees provided by the Secretary under this section during a fiscal year shall not exceed \$1,000,000,000, subject to the availability of funds under subsection (e).

(c) Fees

(1) In general

A lender that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary.

(2) Amount

(A) In general

The amount of the annual fee paid for the guarantee of a bond or note under this section shall be equal to 30 basis points of the amount of the unpaid principal of the bond or note guaranteed under this section.

(B) Prohibition

Except as otherwise provided in this subsection and subsection (e)(2), no other fees shall be assessed.

(3) Payment

(A) In general

A lender shall pay the fees required under this subsection on a semiannual basis.

(B) Structured schedule

The Secretary shall, with the consent of the lender, structure the schedule for payment of the fee to ensure that sufficient funds are available to pay the subsidy costs for note or bond guarantees as provided for in subsection (e)(2).

(4) Rural economic development subaccount

Subject to subsection (e)(2), fees collected under this subsection shall be—

(A) deposited into the rural economic development subaccount that shall be maintained as required by sections 940c(b)(2) and 940c-2(f) of this title, to remain available until expended; and

(B) used for the purposes described in section 940c(b)(2) of this title.

(d) Guarantees

(1) In general

A guarantee issued under this section shall—

(A) be for the full amount of a bond or note, including the amount of principal, interest, and call premiums;

(B) be fully assignable and transferable; and

(C) represent the full faith and credit of the United States.

(2) Limitation

To ensure that the Secretary has the resources necessary to properly examine the proposed guarantees, the Secretary may limit the number of guarantees issued under this section to 5 per year.

(3) Department opinion

On the timely request of a lender, the General Counsel of the Department of Agriculture shall provide the Secretary with an opinion regarding the validity and authority of a guarantee issued to the lender under this section.

(e) Authorization of appropriations

(1) In general

There are authorized to be appropriated such sums as are necessary to carry out this section.

(2) Fees

To the extent that the amount of funds appropriated for a fiscal year under paragraph (1) are not sufficient to carry out this section, the Secretary may use up to $\frac{1}{3}$ of the fees collected under subsection (c) for the cost of providing guarantees of bonds and notes under this section before depositing the remainder of the fees into the rural economic development subaccount required to be maintained by sections 940c(b)(2) and 940c-2(f) of this title.

(f) Termination

The authority provided under this section shall terminate on September 30, 2023.

(May 20, 1936, ch. 432, title III, § 313A, as added Pub. L. 107-171, title VI, § 6101(a), May 13, 2002, 116 Stat. 413; amended Pub. L. 110-234, title VI, § 6106(a), May 22, 2008, 122 Stat. 1197; Pub. L. 110-246, § 4(a), title VI, § 6106(a), June 18, 2008, 122 Stat. 1664, 1958; Pub. L. 113-79, title VI, § 6102, Feb. 7, 2014, 128 Stat. 851; Pub. L. 115-334, title VI, § 6504(d), 6505(a), Dec. 20, 2018, 132 Stat. 4774.)

Editorial Notes

CODIFICATION

The authorities provided by each provision of, and each amendment made by, Pub. L. 115-334, as in effect on Sept. 30, 2023, to continue, and authorities to be carried out, until the later of Sept. 30, 2024, or the date specified in the provision of, or amendment made by, Pub. L. 115-334, see section 102(a) of Pub. L. 118-22, set out in an Extension of Agricultural Programs note under section 9001 of this title.

The authorities provided by each provision of, and each amendment made by, Pub. L. 110-246, as in effect on Sept. 30, 2012, to continue, and the Secretary of Agriculture to carry out the authorities, until the later of Sept. 30, 2013, or the date specified in the provision of, or amendment made by, Pub. L. 110-246, see section 701(a) of Pub. L. 112-240, set out in a 1-Year Extension of Agricultural Programs note under section 8701 of this title.

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. (a). Pub. L. 115-334, § 6505(a)(1), designated existing provisions as par. (1), inserted heading,

substituted “basis, if the proceeds of the bonds or notes are used to make utility infrastructure loans, or refinancing bonds or notes issued for those purposes, to a borrower that has at any time received, or is eligible to receive, a loan under this chapter.” for “basis if the proceeds of the bonds or notes are used to make loans for any electrification or telephone purpose eligible for assistance under this chapter, including section 904 or 922 of this title or to refinance bonds or notes issued for such purposes.”, and added par. (2).

Subsec. (b)(1). Pub. L. 115-334, § 6505(a)(2)(A), substituted “purposes described in subsection (a)(1).” for “electrification or telephone purposes consistent with this chapter.”

Subsec. (b)(2). Pub. L. 115-334, § 6505(a)(2)(B), (C), redesignated par. (3) as (2) and struck out former par. (2). Prior to amendment, text of par. (2) read as follows: “The Secretary shall not guarantee payment on a bond or note issued by a lender, the proceeds of which are used for the generation of electricity.”

Subsec. (b)(2)(A). Pub. L. 115-334, § 6505(a)(2)(D)(i), substituted “for eligible purposes described in subsection (a)(1)” for “for electrification or telephone purposes”.

Subsec. (b)(2)(C). Pub. L. 115-334, § 6505(a)(2)(D)(ii), substituted “subsection (a)(1)” for “subsection (a)”.

Subsec. (b)(3), (4). Pub. L. 115-334, § 6505(a)(2)(C), redesignated par. (4) as (3). Former par. (3) redesignated (2).

Subsec. (c)(4)(A). Pub. L. 115-334, § 6504(d)(1)(A), substituted “that shall be maintained as required by sections 940c(b)(2) and 940c-2(f) of this title” for “maintained under section 940c(b)(2)(A) of this title”.

Subsec. (c)(4)(B). Pub. L. 115-334, § 6504(d)(1)(B), substituted “940c(b)(2) of this title” for “940c(b)(2)(B) of this title”.

Subsec. (e)(2). Pub. L. 115-334, § 6504(d)(2), substituted “required to be maintained by sections 940c(b)(2) and 940c-2(f) of this title” for “maintained under section 940c(b)(2)(A) of this title”.

Subsec. (f). Pub. L. 115-334, § 6505(a)(3), substituted “2023” for “2018”.

2014—Subsec. (f). Pub. L. 113-79 substituted “2018” for “2012”.

2008—Subsec. (b)(1). Pub. L. 110-246, § 6106(a)(1)(A), substituted “for eligible electrification or telephone purposes consistent with this chapter” for “for electrification or telephone purposes that have been made concurrently with loans approved for such purposes under this chapter”.

Subsec. (b)(4). Pub. L. 110-246, § 6106(a)(1)(B), added par. (4) and struck out former par. (4) which related to prohibition on use of amounts from reduced funding costs for interest rate reduction except for certain concurrent loans.

Subsec. (c)(2), (3). Pub. L. 110-246, § 6106(a)(2), added pars. (2) and (3) and struck out former pars. (2) and (3) which provided that the amount of an annual fee paid for the guarantee would be equal to 30 basis points of the amount of the unpaid principal and directed payment of fees required under subsec. (c) on a semiannual basis.

Subsec. (f). Pub. L. 110-246, § 6106(a)(3), substituted “2012” for “2007”.

Statutory Notes and Related Subsidiaries

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.

REGULATIONS AND IMPLEMENTATION

Pub. L. 110-234, title VI, § 6106(b), May 22, 2008, 122 Stat. 1197, and Pub. L. 110-246, § 4(a), title VI, § 6106(b), June 18, 2008, 122 Stat. 1664, 1959, provided that: “The Secretary [of Agriculture] shall continue to carry out section 313A of the Rural Electrification Act of 1936 (7 U.S.C. 940c-1) in the same manner as on the day before

the date of enactment of this Act [June 18, 2008], except without regard to the limitations prescribed in subsection (b)(1) of that section, until such time as any regulations necessary to carry out the amendments made by this section [amending this section] are fully implemented.”

[Pub. L. 110–234 and Pub. L. 110–246 enacted identical provisions. Pub. L. 110–234 was repealed by section 4(a) of Pub. L. 110–246, set out as a note under section 8701 of this title.]

Pub. L. 108–199, div. A, title VII, §750(b), Jan. 23, 2004, 118 Stat. 38, provided that: “The Secretary shall publish a proposed rule to carry out section 313A of the Rural Electrification Act of 1936 [7 U.S.C. 940c–1] within 60 days of enactment of this Act [Jan. 23, 2004].”

Pub. L. 107–171, title VI, §6101(b), May 13, 2002, 116 Stat. 415, provided that:

“(1) REGULATIONS.—Not later than 180 days after the date of enactment of this Act [May 13, 2002], the Secretary of Agriculture shall promulgate regulations to carry out the amendments made by this section [enacting this section].

“(2) IMPLEMENTATION.—Not later than 240 days after the date of enactment of this Act [May 13, 2002], the Secretary shall implement the amendment made by this section [enacting this section].”

ADMINISTRATION OF GUARANTEES PRIOR TO IMPLEMENTATION OF REGULATIONS

Pub. L. 115–334, title VI, §6505(b), Dec. 20, 2018, 132 Stat. 4775, provided that: “Beginning on the date of enactment of the Agriculture Improvement Act of 2018 [Dec. 20, 2018], the Secretary [of Agriculture] shall continue to carry out section 313A of the Rural Electrification Act of 1936 (7 U.S.C. 940c–1) (as amended by subsection (a)) under a Notice of Solicitation of Applications until the date on which any regulations necessary to carry out the amendments made by subsection (a) [amending this section] are fully implemented.”

§ 940c–2. Rural development loans and grants

(a) In general

The Secretary shall provide grants or zero interest loans to borrowers under this chapter for the purpose of promoting rural economic development and job creation projects, including funding for project feasibility studies, start-up costs, incubator projects, and other reasonable expenses for the purpose of fostering rural development.¹

(b) Repayments

In the case of zero interest loans, the Secretary shall establish such reasonable repayment terms as will encourage borrower participation.

(c) Proceeds

All proceeds from the repayment of such loans made under this section shall be returned to the subaccount that the Secretary shall maintain in accordance with sections 940c(b)(2) and 940c–2(f) of this title.

(d) Number of grants

Loans and grants required under this section shall be made to the full extent of the amounts made available under subsection (e).

(e) Funding

(1) Discretionary funding

In addition to other funds that are available to carry out this section, there is authorized

to be appropriated not more than \$10,000,000 for each of fiscal years 2019 through 2023 to carry out this section, to remain available until expended.

(2) Mandatory funding

Of the funds of the Commodity Credit Corporation, the Secretary shall credit to the subaccount to use for the cost of grants and loans under this section \$5,000,000 for each of fiscal years 2022 through 2024, to remain available until expended.

(3) Other funds

In addition to the funds described in paragraphs (1) and (2), the Secretary shall use, without fiscal year limitation, to provide grants and loans under this section—

(A) the interest differential sums credited to the subaccount described in subsection (c); and

(B) subject to section 940c–1(e)(2) of this title, the fees described in subsection (c)(4) of such section.

(f) Maintenance of account

The Secretary shall maintain the subaccount described in section 940c(b)(2) of this title, as in effect in fiscal year 2017, for purposes of carrying out this section.

(May 20, 1936, ch. 432, title III, §313B, as added Pub. L. 115–334, title VI, §6504(c), Dec. 20, 2018, 132 Stat. 4773; amended Pub. L. 118–22, div. B, title I, §102(d)(4), Nov. 17, 2023, 137 Stat. 116.)

Editorial Notes

AMENDMENTS

2023—Subsec. (e)(2). Pub. L. 118–22 substituted “through 2024” for “and 2023”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2023 AMENDMENT

Amendment by Pub. L. 118–22 to be applied and administered as if enacted on Sept. 30, 2023, see section 102(g) of Pub. L. 118–22, set out in an Extension of Agricultural Programs note under section 9001 of this title.

ADDITIONAL FUNDING FOR FISCAL YEAR 2024

Pub. L. 118–42, div. B, title VII, §780, Mar. 9, 2024, 138 Stat. 118, provided that: “Section 313B(a) of the Rural Electrification Act of 1936 (7 U.S.C. 940c–2(a)), shall be applied for fiscal year 2024 and each fiscal year thereafter until the specified funding has been expended as if the following were inserted after the final period: ‘In addition, the Secretary shall use \$9,465,000 of the funds available to carry out this section in fiscal year 2024 for an additional amount for the same purpose and under the same terms and conditions as the Rural Business Development Grants authorized by section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(c)).’”

IMPLEMENTATION OF LOAN AND GRANT PROGRAM

Pub. L. 115–334, title VI, §6504(e), Dec. 20, 2018, 132 Stat. 4774, provided that:

“(1) Subject to section 313B(e) of the Rural Electrification Act of 1936 (as added by this section) [7 U.S.C. 940c–2(e)], the Secretary of Agriculture shall carry out the loan and grant program required under such section in the same manner as the loan and grant program under section 313(b)(2) of such Act [7 U.S.C. 940c(b)(2)] is carried out on the day before the date of the enactment of this Act [Dec. 20, 2018], until such

¹ See Additional Funding for Fiscal Year 2024 note below.

time as any regulations necessary to carry out the amendments made by this section [enacting this section and amending sections 912, 940c, and 940c-1 of this title] are fully implemented.

“(2) Paragraph (1) shall take effect on the date of the enactment of this Act.”

§ 940d. Repealed. Pub. L. 115-334, title VI, § 6601(b), Dec. 20, 2018, 132 Stat. 4776

Section, May 20, 1936, ch. 432, title III, § 314, as added Pub. L. 101-508, title I, § 1201, Nov. 5, 1990, 104 Stat. 1388-7; amended Pub. L. 103-129, § 2(b)(1), Nov. 1, 1993, 107 Stat. 1362; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221, related to limitations on authorization of appropriations.

§ 940e. Expansion of 911 access

(a) In general

Subject to subsection (c) and such terms and conditions as the Secretary may prescribe, the Secretary may make loans under this subchapter to entities eligible to borrow from the Rural Utilities Service, State or local governments, Indian tribes (as defined in section 5304 of title 25), or other public entities for facilities and equipment to expand or improve in rural areas—

- (1) 911 access;
- (2) integrated interoperable emergency communications, including multiuse networks that provide critical transportation-related information services in addition to emergency communications services;
- (3) homeland security communications;
- (4) transportation safety communications;
- or
- (5) location technologies used outside an urbanized area.

(b) Loan security

Government-imposed fees related to emergency communications (including State or local 911 fees) may be considered to be security for a loan under this section.

(c) Emergency communications equipment providers

The Secretary may make a loan under this section to an emergency communication equipment provider to expand or improve 911 access or other communications or technologies described in subsection (a) if the local government that has jurisdiction over the project is not allowed to acquire the debt resulting from the loan.

(d) Authorization of appropriations

The Secretary shall use to make loans under this section any funds otherwise made available for telephone loans for each of fiscal years 2008 through 2023.

(May 20, 1936, ch. 432, title III, § 315, as added Pub. L. 107-171, title VI, § 6102, May 13, 2002, 116 Stat. 415; amended Pub. L. 110-234, title VI, § 6107, May 22, 2008, 122 Stat. 1198; Pub. L. 110-246, § 4(a), title VI, § 6107, June 18, 2008, 122 Stat. 1664, 1959; Pub. L. 113-79, title VI, § 6103, Feb. 7, 2014, 128 Stat. 851; Pub. L. 115-334, title VI, § 6506, Dec. 20, 2018, 132 Stat. 4775.)

Editorial Notes

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. (a)(2). Pub. L. 115-334, § 6506(1), substituted “critical transportation-related” for “commercial or transportation”.

Subsec. (d). Pub. L. 115-334, § 6506(2), substituted “2023” for “2018”.

2014—Subsec. (d). Pub. L. 113-79 substituted “2018” for “2012”.

2008—Pub. L. 110-246, § 6107, amended section generally, substituting provisions relating to expansion of access, loan security, emergency communications equipment providers, and authorization of appropriations, consisting of subsecs. (a) to (d), for provisions relating to expansion of access and authorization of appropriations, consisting of subsecs. (a) and (b).

Statutory Notes and Related Subsidiaries

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.

§ 940f. Extension of period of existing guarantee

(a) In general

Subject to the limitations in this section and the provisions of the Federal Credit Reform Act of 1990 [2 U.S.C. 661 et seq.], as amended, a borrower of a loan made by the Federal Financing Bank and guaranteed under this chapter may request an extension of the final maturity of the outstanding principal balance of such loan or any loan advance thereunder. If the Secretary and the Federal Financing Bank approve such an extension, then the period of the existing guarantee shall also be considered extended.

(b) Limitations

(1) Feasibility and security

Extensions under this section shall not be made unless the Secretary first finds and certifies that, after giving effect to the extension, in his judgment the security for all loans to the borrower made or guaranteed under this chapter is reasonably adequate and that all such loans will be repaid within the time agreed.

(2) Extension of useful life or collateral

Extensions under this section shall not be granted unless the borrower first submits with its request either—

(A) evidence satisfactory to the Secretary that a Federal or State agency with jurisdiction and expertise has made an official determination, such as through a licensing proceeding, extending the useful life of a generating plant or transmission line pledged as collateral to or beyond the new final maturity date being requested by the borrower, or

(B) a certificate from an independent licensed engineer concluding, on the basis of a thorough engineering analysis satisfactory to the Secretary, that the useful life of the generating plant or transmission line pledged as collateral extends to or beyond the new final maturity date being requested by the borrower.

(3) Amount eligible for extension

Extensions under this section shall not be granted if the principal balance extended exceeds the appraised value of the generating plant or transmission line referred to in subsection paragraph (2).

(4) Period of extension

Extensions under this section shall in no case result in a final maturity greater than 55 years from the time of original disbursement and shall in no case result in a final maturity greater than the useful life of the plant.

(5) Number of extensions

Extensions under this section shall not be granted more than once per loan advance.

(c) Fees**(1) In general**

A borrower that receives an extension under this section shall pay a fee to the Secretary which shall be credited to the Rural Electrification and Telecommunications Loans Program account. Such fees shall remain available without fiscal year limitation to pay the modification costs for extensions.

(2) Amount

The amount of the fee paid shall be equal to the modification cost, calculated in accordance with section 502 of the Federal Credit Reform Act of 1990 [2 U.S.C. 661a], as amended, of such extension.

(3) Payment

The borrower shall pay the fee required under this section at the time the existing guarantee is extended by making a payment in the amount of the required fee.

(May 20, 1936, ch. 432, title III, §316, as added Pub. L. 109-97, title VII, §774, Nov. 10, 2005, 119 Stat. 2160.)

Editorial Notes**REFERENCES IN TEXT**

The Federal Credit Reform Act of 1990, referred to in subsec. (a), is title V of Pub. L. 93-344, as added by Pub. L. 101-508, title XIII, §13201(a), Nov. 5, 1990, 104 Stat. 1388-609, which is classified generally to subchapter III (§661 et seq.) of chapter 17A of Title 2, The Congress. For complete classification of this Act to the Code, see Short Title note set out under section 621 of Title 2 and Tables.

§ 940g. Electric loans for renewable energy**(a) Definition of renewable energy source**

In this section, the term “renewable energy source” means an energy conversion system fueled from a solar, wind, hydropower, biomass, or geothermal source of energy.

(b) Loans

In addition to any other funds or authorities otherwise made available under this chapter, the Secretary may make electric loans under this subchapter for electric generation from renewable energy resources for resale to rural and nonrural residents.

(c) Rate

The rate of a loan under this section shall be equal to the average tax-exempt municipal bond rate of similar maturities.

(May 20, 1936, ch. 432, title III, §317, as added Pub. L. 110-234, title VI, §6108, May 22, 2008, 122 Stat. 1198, and Pub. L. 110-246, §4(a), title VI, §6108, June 18, 2008, 122 Stat. 1664, 1959.)

Editorial Notes**CODIFICATION**

Pub. L. 110-234 and Pub. L. 110-246 enacted identical sections. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246.

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE**

Enactment 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 a note under section 8701 of this title.

§ 940h. Bonding requirements

The Secretary shall review the bonding requirements for all programs administered by the Rural Utilities Service under this chapter to ensure that bonds are not required if—

- (1) the interests of the Secretary are adequately protected by product warranties; or
- (2) the costs or conditions associated with a bond exceed the benefit of the bond.

(May 20, 1936, ch. 432, title III, §318, as added Pub. L. 110-234, title VI, §6109, May 22, 2008, 122 Stat. 1198, and Pub. L. 110-246, §4(a), title VI, §6109, June 18, 2008, 122 Stat. 1664, 1960.)

Editorial Notes**CODIFICATION**

Pub. L. 110-234 and Pub. L. 110-246 enacted identical sections. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246.

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE**

Enactment 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 a note under section 8701 of this title.

§ 940i. Cybersecurity and grid security improvements**(a) Definition of cybersecurity and grid security improvements**

In this section, the term “cybersecurity and grid security improvements” means investment in the development, expansion, and modernization of rural utility infrastructure that addresses known cybersecurity and grid security risks.

(b) Loans and loan guarantees

The Secretary may make or guarantee loans under this subchapter and subchapter I for cybersecurity and grid security improvements.

(May 20, 1936, ch. 432, title III, §319, as added Pub. L. 115-334, title VI, §6507, Dec. 20, 2018, 132 Stat. 4775.)

SUBCHAPTER IV—RURAL TELEPHONE BANK

§§ 941 to 950b. Repealed. Pub. L. 115-334, title VI, § 6602(a), (b)(15), Dec. 20, 2018, 132 Stat. 4776, 4777

Section 941, act May 20, 1936, ch. 432, title IV, § 401, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 30, established the Rural Telephone Bank and set out its status and purpose.

Section 942, act May 20, 1936, ch. 432, title IV, § 402, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 30, set out the general powers of the telephone bank.

Section 943, act May 20, 1936, ch. 432, title IV, § 403, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 31; amended Pub. L. 103-354, title II, § 235(a)(9), Oct. 13, 1994, 108 Stat. 3221, related to special provisions governing telephone bank as a Federal agency until conversion of ownership, control, and operation.

Section 944, act May 20, 1936, ch. 432, title IV, § 404, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 31; amended Pub. L. 103-354, title II, § 235(a)(10), Oct. 13, 1994, 108 Stat. 3221, required the the Secretary to designate an official of the Department of Agriculture to serve as the chief executive officer or governor of the telephone bank, who would perform all functions, powers, and duties of the telephone bank, except as otherwise provided.

Section 944a, Pub. L. 100-203, title I, § 1414, Dec. 22, 1987, 101 Stat. 1330-27, provided for publication of rural telephone bank policies and regulations.

Section 945, act May 20, 1936, ch. 432, title IV, § 405, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 32; amended Pub. L. 93-32, § 4, May 11, 1973, 87 Stat. 70; Pub. L. 101-624, title XXIII, § 2363(a), (b)(1), (c), Nov. 28, 1990, 104 Stat. 4042-4044; Pub. L. 103-354, title II, § 235(a)(7), Oct. 13, 1994, 108 Stat. 3221, created a board of directors for the telephone bank and set out its membership requirements.

Section 946, act May 20, 1936, ch. 432, title IV, § 406, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 33; amended Pub. L. 93-32, § 5, May 11, 1973, 87 Stat. 70; Pub. L. 94-273, § 2(2), Apr. 21, 1976, 90 Stat. 375; Pub. L. 97-98, title XVI, § 1607, Dec. 22, 1981, 95 Stat. 1347; Pub. L. 100-203, title I, § 1413(a), (c), Dec. 22, 1987, 101 Stat. 1330-26; Pub. L. 101-624, title XXIII, §§ 2364, 2367(a), Nov. 28, 1990, 104 Stat. 4044; Pub. L. 103-129, § 2(c)(9), Nov. 1, 1993, 107 Stat. 1365; Pub. L. 103-354, title II, § 235(a)(11), (13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-127, title VII, § 772(b)(3), Apr. 4, 1996, 110 Stat. 1149, related to capitalization of the telephone bank.

Section 947, act May 20, 1936, ch. 432, title IV, § 407, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 34; amended Pub. L. 92-324, § 2, June 30, 1972, 86 Stat. 390; Pub. L. 93-32, §§ 6, 7, May 11, 1973, 87 Stat. 70, authorized the telephone bank to obtain funds through the public or private sale of its bonds, debentures, notes, and other evidences of indebtedness.

Section 948, act May 20, 1936, ch. 432, title IV, § 408, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 35; amended Pub. L. 93-32, §§ 8, 9, May 11, 1973, 87 Stat. 70, 71; Pub. L. 100-203, title I, §§ 1411(b)(1), (c), 1412, Dec. 22, 1987, 101 Stat. 1330-22, 1330-23, 1330-26; Pub. L. 101-624, title XXIII, §§ 2365, 2366, 2367(b), Nov. 28, 1990, 104 Stat. 4044; Pub. L. 103-129, § 2(a)(2), Nov. 1, 1993, 107 Stat. 1361; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-66, title I, § 1011(y), Dec. 21, 1995, 109 Stat. 711, granted the telephone bank lending power subject to certain terms and conditions.

Section 949, act May 20, 1936, ch. 432, title IV, § 409, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 36, provided that receipts from telephone bank activities would be available for all obligations and expenditures of the telephone bank.

Section 950, act May 20, 1936, ch. 432, title IV, § 410, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 36; amended Pub. L. 94-273, § 2(2), Apr. 21, 1976, 90 Stat. 375; Pub. L. 101-624, title XXIII, § 2363(b)(2), Nov. 28, 1990, 104 Stat. 4043; Pub. L. 103-354, title II, § 235(a)(11), Oct. 13, 1994, 108

Stat. 3221, related to the transfer of ownership, control and power from the Secretary of Agriculture to the Telephone Bank Board.

Section 950a, act May 20, 1936, ch. 432, title IV, § 411, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 37, related to the liquidation or dissolution of the telephone bank.

Section 950b, act May 20, 1936, ch. 432, title IV, § 412, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 37; amended Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221, limited loans under section 922 of this title for any borrower with a net worth in excess of 20 percent of its assets.

Statutory Notes and Related Subsidiaries

CONGRESSIONAL FINDINGS COVERING INTEREST RATES AND LOAN PREPAYMENTS

Pub. L. 100-203, title I, § 1411(a), Dec. 22, 1987, 101 Stat. 1330-22, which set out congressional findings related to interest rates and loan prepayments and was formerly set out as a note under section 948 of this title, was repealed by Pub. L. 115-334, title VI, § 6602(b)(16), Dec. 20, 2018, 132 Stat. 4777.

PREPAYMENT REGULATIONS

Pub. L. 100-203, title I, § 1411(b)(2), Dec. 22, 1987, 101 Stat. 1330-23, which directed the Governor of the Rural Telephone Bank to issue regulations to carry out the amendment to this section by section 1411(b)(1) of Pub. L. 100-203 and was formerly set out as a note under section 948 of this title, was repealed by Pub. L. 115-334, title VI, § 6602(b)(16), Dec. 20, 2018, 132 Stat. 4777.

SUBCHAPTER V—RURAL ECONOMIC DEVELOPMENT

§ 950aa. Additional powers and duties

The Secretary shall—

(1) provide advice and guidance to electric borrowers under this chapter concerning the effective and prudent use by such borrowers of the investment authority under section 940b of this title to promote rural development;

(2) provide technical advice, troubleshooting, and guidance concerning the operation of programs or systems that receive assistance under this chapter;

(3) establish and administer various pilot projects through electric and telephone borrowers that the Secretary determines are useful or necessary, and recommend specific rural development projects for rural areas;

(4) act as an information clearinghouse and conduit to provide information to electric and telephone borrowers under this chapter concerning useful and effective rural development efforts that such borrowers may wish to apply in their areas of operation and concerning State, regional, or local plans for long-term rural economic development;

(5) provide information to electric and telephone borrowers under this chapter concerning the eligibility of such borrowers to apply for financial assistance, loans, or grants from other Federal agencies and non-Federal sources to enable such borrowers to expand their rural development efforts; and

(6) promote local partnerships and other coordination between borrowers under this chapter and community organizations, States, counties, or other entities, to improve rural development.

(May 20, 1936, ch. 432, title V, § 501, as added Pub. L. 101-624, title XXIII, § 2345, Nov. 28, 1990, 104

Stat. 4029; amended Pub. L. 102-237, title VII, §703(c), Dec. 13, 1991, 105 Stat. 1881; Pub. L. 103-354, title II, §235(a)(12), (13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104-127, title VII, §781(b), Apr. 4, 1996, 110 Stat. 1151.)

Editorial Notes

AMENDMENTS

1996—Par. (7). Pub. L. 104-127 struck out par. (7) which read as follows: “administer a Rural Business Incubator Fund (as established under section 950aa-1 of this title) that shall provide technical assistance, advice, loans, or capital to business incubator programs or for the creation or operation of small business incubators in rural areas.”

1994—Pub. L. 103-354 struck out “of REA Administrator” at end of section catchline and substituted “Secretary” for “Administrator” in introductory provisions and par. (3).

1991—Pars. (6) to (8). Pub. L. 102-237 inserted “and” at end of par. (6), redesignated par. (8) as (7), and struck out former par. (7) which read as follows: “review the advice and recommendations of the Rural Educational Opportunities Board as established under section 601(f); and”.

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)(8) of Pub. L. 102-237, set out as a note under section 1421 of this title.

§ 950aa-1. Repealed. Pub. L. 104-127, title VII, § 781(a), Apr. 4, 1996, 110 Stat. 1151

Section, act May 20, 1936, ch. 432, title V, §502, as added Nov. 28, 1990, Pub. L. 101-624, title XXIII, §2345, 104 Stat. 4030; amended Dec. 13, 1991, Pub. L. 102-237, title VII, §703(d), 105 Stat. 1881; Oct. 13, 1994, Pub. L. 103-354, title II, §235(a)(13), 108 Stat. 3221, provided for establishment of Rural Business Incubator Fund.

SUBCHAPTER VI—RURAL BROADBAND ACCESS

§ 950bb. Access to broadband telecommunications services in rural areas

(a) Purpose

The purpose of this section is to provide grants, provide loans, and provide loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas.

(b) Definitions

In this section:

(1) Broadband service

The term “broadband service” means any technology identified by the Secretary as having the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics, and video.

(2) Incumbent service provider

The term “incumbent service provider”, with respect to an application submitted under this section, means an entity that, as of the date of submission of the application, is

providing broadband service to not less than 5 percent of the households in the service territory proposed in the application.

(3) Rural area

(A) In general

The term “rural area” means any area other than—

- (i) an area described in clause (i) or (ii) of section 1991(a)(13)(A) of this title; and
- (ii) in the case of a grant or direct loan, a city, town, or incorporated area that has a population of greater than 20,000 inhabitants.

(B) Urban area growth

The Secretary may, by regulation only, consider an area described in section 1991(a)(13)(F)(i)(I) of this title to not be a rural area for purposes of this section.

(C) Exclusion of certain populations

Such term does not include any population described in subparagraph (H) or (I) of section 1991(a)(13) of this title.

(c) Grants, loans, and loan guarantees

(1) In general

The Secretary shall make grants, shall make loans, and shall guarantee loans to eligible entities described in subsection (d) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in rural areas.

(2) Priority

(A) In general

In making grants, making loans, and guaranteeing loans under paragraph (1), the Secretary shall—

- (i) give the highest priority to applications for projects to provide broadband service to unserved rural communities that do not have any residential broadband service of at least—

- (I) a 10-Mbps downstream transmission capacity; and
- (II) a 1-Mbps upstream transmission capacity;

- (ii) give priority to applications for projects to provide the maximum level of broadband service to the greatest proportion of rural households in the proposed service area identified in the application;

- (iii) provide equal consideration to all eligible entities, including those that have not previously received grants, loans, or loan guarantees under paragraph (1); and

- (iv) with respect to 2 or more applications that are given the same priority under clause (i), give priority to an application that requests less grant funding than loan funding.

(B) Other

After giving priority to the applications described in clauses (i) and (ii) of subparagraph (A), the Secretary shall then give priority to applications—

- (i) for projects to provide broadband service to rural communities—

(I) with a population of less than 10,000 permanent residents;

(II) that are experiencing outmigration and have adopted a strategic community investment plan under section 2008v(d) of this title that includes considerations for improving and expanding broadband service;

(III) with a high percentage of low income families or persons (as defined in section 1471(b) of title 42);

(IV) that are isolated from other significant population centers; or

(V) that provide rapid and expanded deployment of fixed and mobile broadband on cropland and rangeland within a service territory for use in various applications of precision agriculture; and

(ii) that were developed with the participation of, and will receive a substantial portion of the funding for the project from, 2 or more stakeholders, including—

(I) State, local, and tribal governments;

(II) nonprofit institutions;

(III) community anchor institutions, such as—

(aa) public libraries;

(bb) elementary schools and secondary schools (as defined in section 7801 of title 20);

(cc) institutions of higher education; and

(dd) health care facilities;

(IV) private entities;

(V) philanthropic organizations; and

(VI) cooperatives.

(3) Grant amounts

(A) Definition of development costs

In this paragraph, the term “development costs” means costs of—

(i) construction, including labor and materials;

(ii) project applications; and

(iii) other development activities, as determined by the Secretary.

(B) Eligibility

To be eligible for a grant under this section, in addition to the requirements of subsection (d), the project that is the subject of the grant shall—

(i) be carried out in a proposed service territory in which not less than 90 percent of the households are unserved; and

(ii) not concurrently receive any other broadband grant administered by the Rural Utilities Service.

(C) Maximum

Except as provided in subparagraph (D), the amount of any grant made under this section shall not exceed—

(i) 75 percent of the total project cost with respect to an area with a density of fewer than 7 people per square mile;

(ii) 50 percent of the total project cost with respect to an area with a density of 7 or more and fewer than 12 people per square mile; and

(iii) 25 percent of the total project cost with respect to an area with a density of 12 or more and 20 or fewer people per square mile.

(D) Secretarial authority to adjust

The Secretary may—

(i) make grants of up to 75 percent of the development costs of the project for which the grant is provided to an eligible entity if the Secretary determines that the project serves—

(I) an area of rural households described in paragraph (2)(A)(i); or

(II) a rural community described in any of subclauses (I) through (IV) of paragraph (2)(B)(i); and

(ii) make modifications of the density thresholds described in subparagraph (C), in order to ensure that funds provided under this section are best utilized to provide broadband service in communities that are the most rural in character.

(E) Applications

The Secretary shall establish an application process for grants under this section that—

(i) permits a single application for a grant and a loan under subchapter I, II, or this subchapter that is associated with such grant; and

(ii) provides a single decision to award such grant and such loan.

(F) Density determinations

When determining population density under this section, the Secretary shall prescribe a calculation method which—

(i) utilizes publicly available data; and

(ii) includes only those areas in which the applicant is able to meet the service requirements under this section, as determined by the Secretary.

(4) Fees

In the case of loan guarantees issued or modified under this section, the Secretary shall charge and collect from the lender fees in such amounts as to bring down the costs of subsidies for guaranteed loans, except that such fees shall not act as a bar to participation in the programs nor be inconsistent with current practices in the marketplace.

(d) Eligibility

(1) Eligible entities

(A) In general

To be eligible to obtain a grant, loan, or loan guarantee under this section, an entity shall—

(i) demonstrate the ability to furnish or improve service in order to meet the broadband buildout requirements established under subsection (e)(4) in all or part of an unserved or underserved rural area;

(ii) submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require; and

(iii) agree to complete buildout of the broadband infrastructure described in the

application by not later than 5 years after the initial date on which assistance under this section is made available.

(B) Limitation

An eligible entity that provides telecommunications or broadband service to at least 20 percent of the households in the United States may not receive an amount of funds under this section for a fiscal year in excess of 15 percent of the funds authorized and appropriated under subsection (j) for the fiscal year.

(2) Eligible projects

(A) In general

Except as provided in subparagraphs (B) and (C), assistance under this section may be used to carry out a project in a proposed service territory only if, as of the date on which the application of the eligible entity is submitted—

(i) not less than 50 percent (in the case of loans or loan guarantees provided in accordance with subsection (g)(1)(A)) of the households in the proposed service territory are unserved or have service levels below the minimum acceptable level of fixed broadband service, whether terrestrial or wireless, established under subsection (e); and

(ii) broadband service is not provided in any part of the proposed service territory by 3 or more incumbent service providers.

(B) Exception to percent requirement

Subparagraph (A)(i) shall not apply to the proposed service territory of a project if a loan or loan guarantee has been made under this section to the applicant to provide broadband service in the proposed service territory.

(C) Exception to incumbent service provider requirement

(i) In general

Except as provided in clause (ii), subparagraph (A)(ii) shall not apply to an incumbent service provider in the portion of a proposed service territory in which the provider is upgrading broadband service to meet the minimum acceptable level of broadband service established under subsection (e) for the existing territory of the incumbent service provider.

(ii) Exception

Clause (i) shall not apply if the applicant is eligible for funding under another subchapter of this chapter.

(3) Equity and market survey requirements

(A) In general

The Secretary may require an entity to provide a cost share in an amount not to exceed 10 percent of the amount of the grant, loan, or loan guarantee requested in the application of the entity, unless the Secretary determines that a higher percentage is required for financial feasibility.

(B) Market survey

(i) In general

The Secretary may require an entity that proposes to have a subscriber projec-

tion of more than 20 percent of the broadband service market in a rural area to submit to the Secretary a market survey.

(ii) Less than 20 percent

The Secretary may not require an entity that proposes to have a subscriber projection of less than 20 percent of the broadband service market in a rural area to submit to the Secretary a market survey.

(iii) Information

Information submitted under this subparagraph shall be—

(I) certified by the affected community, city, county, or designee; or

(II) demonstrated on—

(aa) the broadband map of the affected State if the map contains address-level data; or

(bb) the National Broadband Map if address-level data is unavailable.

(4) State and local governments and Indian tribes

Subject to paragraph (1), a State or local government (including any agency, subdivision, or instrumentality thereof (including consortia thereof)) and an Indian tribe shall be eligible for assistance under this section to provide broadband services to a rural area.

(5) Technical assistance and training

(A) In general

The Secretary may provide to eligible entities described in paragraph (1) that are applying for assistance under this section for a project described in subsection (c)(2)(A)(i) technical assistance and training—

(i) to prepare reports and surveys necessary to request grants, loans, and loan guarantees under this section for broadband deployment;

(ii) to improve management, including financial management, relating to the proposed broadband deployment;

(iii) to prepare applications for grants, loans, and loan guarantees under this section; or

(iv) to assist with other areas of need identified by the Secretary.

(B) Funding

Not less than 3 percent and not more than 5 percent of amounts appropriated to carry out this section for a fiscal year shall be used for technical assistance and training under this paragraph.

(e) Broadband service

(1) In general

Subject to paragraph (2), for purposes of this section, the minimum acceptable level of broadband service for a rural area shall be at least—

(A) a 25-Mbps downstream transmission capacity; and

(B) a 3-Mbps upstream transmission capacity.

(2) Adjustments

At least once every 2 years, the Secretary shall review, and may adjust through notice

published in the Federal Register, the minimum acceptable level of broadband service established under paragraph (1) and broadband buildout requirements under paragraph (4) to ensure that high quality, cost-effective broadband service is provided to rural areas over time.

(3) Prohibition

The Secretary shall not establish requirements for bandwidth or speed that have the effect of precluding the use of evolving technologies appropriate for rural areas.

(4) Broadband buildout requirements

(A) In general

The term “broadband buildout requirement” means the level of internet service an applicant receiving assistance under this section must agree, at the time the application is finalized, to provide for the duration of any project-related agreement between the applicant and the Department.

(B) Broadband buildout requirements further defined

Subject to subparagraph (C), the Secretary shall establish broadband buildout requirements for projects with agreement lengths of—

- (i) 5 to 10 years;
- (ii) 11 to 15 years;
- (iii) 16 to 20 years; and
- (iv) more than 20 years.

(C) Requirements

In establishing the broadband buildout requirements under subparagraph (B), the Secretary shall—

- (i) utilize the same metrics used to define the minimum acceptable level of broadband service under paragraph (1);¹
- (ii) establish such requirements to reasonably ensure—
 - (I) the repayment of all loans and loan guarantees; and
 - (II) the financed network is technically capable of providing broadband service for the lifetime of any project-related agreement.

(D) Substitute service standards for unique service territories

If an applicant shows that it would be cost prohibitive to meet the broadband buildout requirements established under this paragraph for the entirety of a proposed service territory due to the unique characteristics of the proposed service territory, the Secretary and the applicant may agree to utilize substitute standards for any unserved portion of the project. Any substitute service standards should continue to consider the best technology available to meet the needs of the residents in the unserved area.

(f) Technological neutrality

For purposes of determining whether to provide assistance for a project under this section, the Secretary shall use criteria that are technologically neutral.

(g) Terms and conditions for loans and loan guarantees

(1) In general

Notwithstanding any other provision of law, a loan or loan guarantee under this section shall—

(A) bear interest at an annual rate of, as determined by the Secretary—

(i) in the case of a direct loan, a rate equivalent to—

- (I) the cost of borrowing to the Department of the Treasury for obligations of comparable maturity; or
- (II) 4 percent; and

(ii) in the case of a guaranteed loan, the current applicable market rate for a loan of comparable maturity; and

(B) have a term of such length, not exceeding 35 years, as the borrower may request, if the Secretary determines that the loan is adequately secured.

(2) Recurring revenue

The Secretary shall consider the existing recurring revenues of the entity at the time of application in determining an adequate level of credit support.

(h) Adequacy of security

(1) In general

The Secretary shall ensure that the type and amount of, and method of security used to secure, any loan or loan guarantee under this section is commensurate to the risk involved with the loan or loan guarantee, particularly in any case in which the loan or loan guarantee is issued to a financially strong and stable entity, as determined by the Secretary.

(2) Determination of amount and method of security

In determining the amount of, and method of security used to secure, a loan or loan guarantee under this section, the Secretary shall consider reducing the security in a rural area that does not have broadband service.

(i) Payment assistance for certain loan and grant recipients

(1) Use of grant funds

The Secretary may use the funds appropriated for a grant under this subchapter for the cost (as defined by section 661a of title 2) of providing assistance under paragraph (2).

(2) Payment assistance

When providing a grant under this subchapter, the Secretary, at the sole discretion of the Secretary, may make—

(A) a subsidized loan, which shall bear a reduced interest rate at such a rate as the Secretary determines appropriate to meet the objectives of the program; or

(B) a payment assistance loan, which shall—

(i) require no interest and principal payments while the borrower is—

(I) in material compliance with the loan agreement; and

(II) meeting the milestones and objectives of the project agreed to under paragraph (3); and

¹ So in original. Probably should be followed by “and”.

(ii) require such nominal periodic payments as the Secretary determines to be appropriate.

(3) Agreement on milestones and objectives

With respect to payment assistance provided under paragraph (2), before entering into the agreement under which the payment assistance will be provided, the applicant and the Secretary shall agree to milestones and objectives of the project.

(4) Amendment of milestones and objectives

The Secretary and the applicant may jointly agree to amend the milestones and objectives agreed to under paragraph (3).

(5) Considerations

When deciding to utilize the payment assistance authority under paragraph (2) the Secretary shall consider whether or not the payment assistance will—

(A) improve the compliance of the grantee with any commitments made through the grant agreement;

(B) promote the completion of the broadband project;

(C) protect taxpayer resources; and

(D) support the integrity of the broadband programs administered by the Secretary.

(6) Limitations on payment assistance

The Secretary may not make a payment assistance loan under paragraph (2)(B) to an entity receiving a grant under this section that is also the recipient of a loan under subchapter I or II that is associated with such grant.

(j) Funding

(1) Authorization of appropriations

There is authorized to be appropriated to the Secretary to carry out this section \$350,000,000 for each of fiscal years 2019 through 2023, to remain available until expended.

(2) Allocation of funds

(A) In general

From amounts made available for each fiscal year under this subsection, the Secretary shall—

(i) establish a national reserve for loans and loan guarantees to eligible entities in States under this section; and

(ii) allocate amounts in the reserve to each State for each fiscal year for loans and loan guarantees to eligible entities in the State.

(B) Amount

The amount of an allocation made to a State for a fiscal year under subparagraph (A) shall bear the same ratio to the amount of allocations made for all States for the fiscal year as—

(i) the number of communities with a population of 2,500 inhabitants or less in the State; bears to

(ii) the number of communities with a population of 2,500 inhabitants or less in all States.

(C) Unobligated amounts

Any amounts in the reserve established for a State for a fiscal year under subparagraph

(B) that are not obligated by April 1 of the fiscal year shall be available to the Secretary to make loans and loan guarantees under this section to eligible entities in any State, as determined by the Secretary.

(k) Termination of authority

No grant, or loan, or loan guarantee may be made under this section after September 30, 2023.

(May 20, 1936, ch. 432, title VI, § 601, as added Pub. L. 107–171, title VI, § 6103(a), May 13, 2002, 116 Stat. 415; amended Pub. L. 108–199, div. A, title VII, § 772, Jan. 23, 2004, 118 Stat. 40; Pub. L. 110–234, title VI, § 6110(a), May 22, 2008, 122 Stat. 1199; Pub. L. 110–246, § 4(a), title VI, § 6110(a), June 18, 2008, 122 Stat. 1664, 1960; Pub. L. 113–79, title VI, § 6104(a), Feb. 7, 2014, 128 Stat. 851; Pub. L. 115–334, title VI, §§ 6201, 6301(b), Dec. 20, 2018, 132 Stat. 4729, 4748.)

Editorial Notes

CODIFICATION

The authorities provided by each provision of, and each amendment made by, Pub. L. 115–334, as in effect on Sept. 30, 2023, to continue, and authorities to be carried out, until the later of Sept. 30, 2024, or the date specified in the provision of, or amendment made by, Pub. L. 115–334, see section 102(a) of Pub. L. 118–22, set out in an Extension of Agricultural Programs note under section 9001 of this title.

The authorities provided by each provision of, and each amendment made by, Pub. L. 110–246, as in effect on Sept. 30, 2012, to continue, and the Secretary of Agriculture to carry out the authorities, until the later of Sept. 30, 2013, or the date specified in the provision of, or amendment made by, Pub. L. 110–246, see section 701(a) of Pub. L. 112–240, set out in a 1-Year Extension of Agricultural Programs note under section 8701 of this title.

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. (a). Pub. L. 115–334, § 6201(1), substituted “provide grants, provide loans, and provide loan guarantees” for “provide loans and loan guarantees”.

Subsec. (b)(3)(A)(ii). Pub. L. 115–334, § 6201(2), inserted “in the case of a grant or direct loan,” before “a city”.

Subsec. (b)(3)(C). Pub. L. 115–334, § 6301(b), added subpar. (C).

Subsec. (c). Pub. L. 115–334, § 6201(3)(A), substituted “Grants, loans, and” for “Loans and” in heading.

Subsec. (c)(1). Pub. L. 115–334, § 6201(3)(B), substituted “shall make grants, shall make loans, and shall guarantee loans” for “shall make or guarantee loans”.

Subsec. (c)(2) to (4). Pub. L. 115–334, § 6201(3)(C), added pars. (2) to (4) and struck out former par. (2) which related to priority in making loans or loan guarantees.

Subsec. (d)(1)(A). Pub. L. 115–334, § 6201(4)(A)(i)(I), substituted “grant, loan, or” for “loan or” in introductory provisions.

Subsec. (d)(1)(A)(i). Pub. L. 115–334, § 6201(4)(A)(i)(II), added cl. (i) and struck out former cl. (i) which read as follows: “demonstrate the ability to furnish, improve in order to meet the minimum acceptable level of broadband service established under subsection (e), or extend broadband service to all or part of an unserved rural area or an area below the minimum acceptable level of broadband service established under subsection (e);”.

Subsec. (d)(1)(A)(ii). Pub. L. 115–334, § 6201(4)(A)(i)(III), substituted “an application” for “a loan application”.

Subsec. (d)(1)(A)(iii). Pub. L. 115-334, § 6201(4)(A)(i)(IV), struck out “loan” before “application” and substituted “infrastructure” for “service”, “5” for “3”, and “assistance under this section is” for “proceeds from the loan made or guaranteed under this section are”.

Subsec. (d)(1)(B). Pub. L. 115-334, § 6201(4)(A)(ii), substituted “(j)” for “(k)”.

Subsec. (d)(2)(A). Pub. L. 115-334, § 6201(4)(B)(i), substituted “assistance” for “the proceeds of a loan made or guaranteed” and “of the eligible entity” for “for the loan or loan guarantee” in introductory provisions.

Subsec. (d)(2)(A)(i). Pub. L. 115-334, § 6201(4)(B)(ii), substituted “50 percent (in the case of loans or loan guarantees provided in accordance with subsection (g)(1)(A))” for “15 percent” and “level of fixed broadband service, whether terrestrial or wireless,” for “level of broadband service”.

Subsec. (d)(3)(A). Pub. L. 115-334, § 6201(4)(C), substituted “grant, loan, or” for “loan or”.

Subsec. (d)(4). Pub. L. 115-334, § 6201(4)(D), substituted “assistance” for “a loan or loan guarantee”.

Subsec. (d)(5) to (10). Pub. L. 115-334, § 6201(4)(E), added par. (5) and struck out former pars. (5) to (10), which related to notice requirements, paperwork reduction, preapplication process, reporting by entities receiving assistance under this section, loan default and deobligation of awards, and service area assessment, respectively.

Subsec. (e)(1)(A). Pub. L. 115-334, § 6201(5)(A)(i), substituted “25-Mbps” for “4-Mbps”.

Subsec. (e)(1)(B). Pub. L. 115-334, § 6201(5)(A)(ii), substituted “3-Mbps” for “1-Mbps”.

Subsec. (e)(2). Pub. L. 115-334, § 6201(5)(B), struck out subpar. (A) designation and heading before “At least once”, inserted “and broadband buildout requirements under paragraph (4)” after “(1)”, and struck out subpar. (B). Prior to amendment, text of subpar. (B) read as follows: “In making an adjustment to the minimum acceptable level of broadband service under subparagraph (A), the Secretary may consider establishing different transmission rates for fixed broadband service and mobile broadband service.”

Subsec. (e)(4). Pub. L. 115-334, § 6201(5)(C), added par. (4).

Subsec. (f). Pub. L. 115-334, § 6201(6), substituted “provide assistance” for “make a loan or loan guarantee”.

Subsec. (g)(2), (3). Pub. L. 115-334, § 6201(7), redesignated par. (3) as (2) and struck out former par. (2). Prior to amendment, text of par. (2) read as follows: “In determining the term and conditions of a loan or loan guarantee, the Secretary may—

“(A) consider whether the recipient is or would be serving an area that is unserved or has service levels below the minimum acceptable level of broadband service established under subsection (e); and

“(B) if the Secretary makes a determination in the affirmative under subparagraph (A), establish a limited initial deferral period or comparable terms necessary to achieve the financial feasibility and long-term sustainability of the project.”

Subsec. (i). Pub. L. 115-334, § 6201(8), added subsec. (i) and struck out former subsec. (i). Prior to amendment, text read as follows: “Notwithstanding any other provision of this chapter, the proceeds of any loan made or guaranteed by the Secretary under this chapter may be used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this chapter if the use of the proceeds for that purpose will support the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in rural areas.”

Subsec. (j). Pub. L. 115-334, § 6201(8), (11), redesignated subsec. (k) as (j) and struck out former subsec. (j) which related to reports to Congress on participation in loan and loan guarantee program.

Subsec. (k). Pub. L. 115-334, § 6201(11), redesignated subsec. (l) as (k). Former subsec. (k) redesignated (j).

Subsec. (k)(1). Pub. L. 115-334, § 6201(9), substituted “\$350,000,000” for “\$25,000,000” and “2019 through 2023” for “2008 through 2018”.

Subsec. (l). Pub. L. 115-334, § 6201(11), redesignated subsec. (l) as (k).

Pub. L. 115-334, § 6201(10), substituted “grant, or loan, or” for “loan or” and “2023” for “2018”.

2014—Subsec. (c)(2). Pub. L. 113-79, § 6104(a)(1), added par. (2) and struck out former par. (2). Prior to amendment, text read as follows: “In making or guaranteeing loans under paragraph (1), the Secretary shall give the highest priority to applicants that offer to provide broadband service to the greatest proportion of households that, prior to the provision of the broadband service, had no incumbent service provider.”

Subsec. (d)(1)(A)(i). Pub. L. 113-79, § 6104(a)(2)(A), added cl. (i) and struck out former cl. (i). Prior to amendment, text read as follows: “demonstrate the ability to furnish, improve, or extend a broadband service to a rural area;”.

Subsec. (d)(2)(A)(i). Pub. L. 113-79, § 6104(a)(2)(B)(i), added cl. (i) and struck out former cl. (i). Prior to amendment, text read as follows: “not less than 25 percent of the households in the proposed service territory is offered broadband service by not more than 1 incumbent service provider; and”.

Subsec. (d)(2)(B). Pub. L. 113-79, § 6104(a)(2)(B)(ii), struck out “25” before “percent” in heading.

Subsec. (d)(2)(C). Pub. L. 113-79, § 6104(a)(2)(B)(iii)(I), struck out “3 or more” before “incumbent” in heading.

Subsec. (d)(2)(C)(i). Pub. L. 113-79, § 6104(a)(2)(B)(iii)(II), added cl. (i) and struck out former cl. (i). Prior to amendment, text read as follows: “Except as provided in clause (ii), subparagraph (A)(ii) shall not apply to an incumbent service provider that is upgrading broadband service to the existing territory of the incumbent service provider.”

Subsec. (d)(3)(B)(iii). Pub. L. 113-79, § 6104(a)(2)(C), added cl. (iii).

Subsec. (d)(5). Pub. L. 113-79, § 6104(a)(2)(D), added par. (5) and struck out former par. (5) which related to notice requirement.

Subsec. (d)(8) to (10). Pub. L. 113-79, § 6104(a)(2)(E), added pars. (8) to (10).

Subsec. (e). Pub. L. 113-79, § 6104(a)(3), added pars. (1) and (2), redesignated former par. (2) as (3), and struck out former par. (1) which read as follows: “The Secretary shall, from time to time as advances in technology warrant, review and recommend modifications of rate-of-data transmission criteria for purposes of the identification of broadband service technologies under subsection (b)(1).”

Subsec. (g)(2). Pub. L. 113-79, § 6104(a)(4), added par. (2) and struck out former par. (2). Prior to amendment, text read as follows: “In determining the term of a loan or loan guarantee, the Secretary shall consider whether the recipient is or would be serving an area that is not receiving broadband services.”

Subsec. (j)(1). Pub. L. 113-79, § 6104(a)(5)(A), inserted “, including any loan terms or conditions for which the Secretary provided additional assistance to unserved areas” before semicolon at end.

Subsec. (j)(7). Pub. L. 113-79, § 6104(a)(5)(B)–(D), added par. (7).

Subsecs. (k)(1), (l). Pub. L. 113-79, § 6104(a)(6), substituted “2018” for “2012”.

2008—Pub. L. 110-246, § 6110(a), amended section generally, substituting provisions authorizing loans and loan guarantees for the costs of construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas and terminating such authority on Sept. 30, 2012, for provisions authorizing similar loans and loan guarantees and terminating such authority on Sept. 30, 2007.

2004—Subsec. (b)(2). Pub. L. 108-199 amended heading and text of subsec. (b)(2) generally. Prior to amendment, text read as follows: “The term ‘eligible rural community’ means any incorporated or unincorporated place that—

“(A) has not more than 20,000 inhabitants, based on the most recent available population statistics of the Bureau of the Census; and

“(B) is not located in an area designated as a standard metropolitan statistical area.”

Statutory Notes and Related Subsidiaries**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. 110–246, except as otherwise provided, see section 4 of Pub. L. 110–246, set out as an Effective Date note under section 8701 of this title.

Pub. L. 110–234, title VI, §6110(c), May 22, 2008, 122 Stat. 1203, and Pub. L. 110–246, §4(a), title VI, §6110(c), June 18, 2008, 122 Stat. 1664, 1964, provided that: “The amendment made by subsection (a) [amending this section] shall not apply to—

“(1) an application submitted under section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) (as it existed before the amendment made by subsection (a)) that—

“(A) was pending on the date that is 45 days prior to the date of enactment of this Act [June 18, 2008]; and

“(B) is pending on the date of enactment of this Act [June 18, 2008]; or

“(2) a petition for reconsideration of a decision on an application described in paragraph (1).”

[Pub. L. 110–234 and Pub. L. 110–246 enacted identical provisions. Pub. L. 110–234 was repealed by section 4(a) of Pub. L. 110–246, set out as a note under section 8701 of this title.]

REGULATIONS

Pub. L. 110–234, title VI, §6110(b), May 22, 2008, 122 Stat. 1203, and Pub. L. 110–246, §4(a), title VI, §6110(b), June 18, 2008, 122 Stat. 1664, 1964, provided that: “The Secretary [of Agriculture] may implement the amendment made by subsection (a) [amending this section] through the promulgation of an interim regulation.”

[Pub. L. 110–234 and Pub. L. 110–246 enacted identical provisions. Pub. L. 110–234 was repealed by section 4(a) of Pub. L. 110–246, set out as a note under section 8701 of this title.]

Pub. L. 107–171, title VI, §6103(b), May 13, 2002, 116 Stat. 418, provided that:

“(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act [May 13, 2002], the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendment made by subsection (a) [enacting this section].

“(2) PROCEDURE.—The promulgation of the regulations shall be made without regard to—

“(A) the notice and comment provisions of section 553 of title 5, United States Code;

“(B) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

“(C) chapter 35 of title 44, United States Code (commonly known as the ‘Paperwork Reduction Act’).

“(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.”

TRANSITION RULE

Pub. L. 115–334, title VI, §6213, Dec. 20, 2018, 132 Stat. 4746, provided that: “For the period beginning on the date of the enactment of this Act [Dec. 20, 2018] and ending on the date that is one year after such date of enactment, with respect to the implementation of the rural broadband access program under section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) and the Community Connect Grant Program under section 604 of such Act [7 U.S.C. 950bb–3], as added by section 6204 of this Act, the Secretary [of Agriculture] shall use the regulations in existence as of the day before the date of enactment of this Act that are applicable to the program involved, until the Secretary issues a final rule implementing the provisions of, and amendments made by, this title [see Tables for classification] that apply to that program.”

§ 950bb–1. Expansion of middle mile infrastructure into rural areas**(a) Purpose**

The purpose of this section is to encourage the expansion and extension of middle mile broadband infrastructure to connect underserved rural areas to the backbone of the Internet.

(b) Middle mile infrastructure

For the purposes of this section, the term “middle mile infrastructure” means any broadband infrastructure that does not connect directly to end-user locations (including anchor institutions) and may include interoffice transport, backhaul, Internet connectivity, data centers, or special access transport to rural areas.

(c) Grants, loans, and loan guarantees

The Secretary shall make grants, loans, and loan guarantees to eligible applicants described in subsection (d) to provide funds for the construction, improvement, or acquisition of middle mile infrastructure to serve rural areas.

(d) Eligibility**(1) Eligible applicants****(A) In general**

To be eligible to obtain assistance under this section, an eligible entity shall—

(i) submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require;

(ii) agree to complete build-out of the middle mile infrastructure described in the application by not later than 5 years after the initial date on which proceeds from the assistance provided under this section are made available; and

(iii) submit to the Secretary a plan to ensure the viability of the project by—

(I) connecting, assisting with connecting, or enabling the connection of retail broadband systems that serve rural areas within the proposed service territory to the middle mile infrastructure project in an affordable and economically competitive manner;

(II) leasing or selling sufficient capacity prior to project approval; and

(III) complying with any other requirements imposed by the Secretary.

(B) Additional end user broadband programs

Entities that receive assistance to construct, improve, or acquire middle mile infrastructure under this section shall be eligible to apply for additional funds under this subchapter to provide for retail broadband service to end users.

(2) Eligible service territories

The proceeds of assistance provided under this section may be used to carry out a project in a proposed service territory only if, as of the date the application for assistance under this section is submitted, there is not adequate middle mile infrastructure available to support broadband service for eligible rural communities that would be provided access to the middle mile infrastructure.

(3) Eligible projects

A project shall be eligible for assistance under this section if at the time of the application—

(A) at least 75 percent of the interconnection points serve such eligible rural areas; and

(B) the Secretary determines that the proposed middle mile network will be capable of supporting retail broadband service meeting the maximum broadband buildout requirement established under section 950bb(e)(4) of this title for the residents within the proposed service territory.

(e) Limitation on grants

In making grants under this section, the Secretary shall—

(1) not provide any grant in excess of 20 percent of the total project cost; and

(2) provide grants only to those projects which serve rural areas where population density or geographic characteristics make it infeasible to construct middle mile broadband systems without grant assistance.

(f) Terms, conditions, and adequacy of security

All loans and loan guarantees provided under this section shall be made subject to such terms, conditions, and adequacy of security requirements as may be imposed by the Secretary. If the middle mile infrastructure would not provide adequate security due to long-term leasing arrangements, the Secretary shall require substitute security in such form and substance as are acceptable to the Secretary.

(g) Authorization of appropriations

There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2018 through 2023.

(May 20, 1936, ch. 432, title VI, § 602, as added Pub. L. 110-234, title VI, § 6111, May 22, 2008, 122 Stat. 1203, and Pub. L. 110-246, § 4(a), title VI, § 6111, June 18, 2008, 122 Stat. 1664, 1965; amended Pub. L. 115-334, title VI, § 6202, Dec. 20, 2018, 132 Stat. 4734.)

Editorial Notes**CODIFICATION**

Pub. L. 110-234 and Pub. L. 110-246 enacted identical sections. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2018—Pub. L. 115-334 amended section generally. Prior to amendment, section related to National Center for Rural Telecommunications Assessment.

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE**

Enactment 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 a note under section 8701 of this title.

§ 950bb-2. Innovative Broadband Advancement Program**(a) In general**

The Secretary shall establish a program to be known as the “Innovative Broadband Advance-

ment Program”, under which the Secretary may provide a grant, a loan, or both to an eligible entity for the purpose of demonstrating innovative broadband technologies or methods of broadband deployment that significantly decrease the cost of broadband deployment, and provide substantially faster broadband speeds than are available, in a rural area.

(b) Rural area

In this section, the term “rural area” has the meaning provided in section 950bb(b)(3) of this title.

(c) Eligibility

To be eligible to obtain assistance under this section for a project, an entity shall—

(1) submit to the Secretary an application—

(A) that describes a project designed to decrease the cost of broadband deployment, and substantially increase broadband speed to not less than the maximum¹ broadband buildout requirements established under section 950bb(e)(4) of this title, in a rural area to be served by the project; and

(B) at such time, in such manner, and containing such other information as the Secretary may require;

(2) demonstrate that the entity is able to carry out the project; and

(3) agree to complete the project build-out within 5 years after the date the assistance is first provided for the project.

(d) Prioritization

In awarding assistance under this section, the Secretary shall give priority to proposals for projects that—

(1) involve partnerships between or among multiple entities;

(2) would provide broadband service to the greatest number of rural entities at or above the broadband requirements referred to in subsection (c)(1)(A); and

(3) the Secretary determines could be replicated in rural areas described in paragraph (2).

(e) Authorization of appropriations

There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2019 through 2023.

(May 20, 1936, ch. 432, title VI, § 603, as added Pub. L. 113-79, title VI, § 6105, Feb. 7, 2014, 128 Stat. 856; amended Pub. L. 115-334, title VI, § 6203, Dec. 20, 2018, 132 Stat. 4736.)

Editorial Notes**AMENDMENTS**

2018—Pub. L. 115-334, § 6203(1), substituted “Innovative Broadband Advancement” for “Rural Gigabit Network Pilot” in section catchline.

Subsecs. (a) to (d). Pub. L. 115-334, § 6203(4), added subsecs. (a) to (d) and struck out former subsecs. (a) to (c) which defined “ultra-high speed service”, established the Rural Gigabit Network Pilot Program, and set out eligibility requirements for participation in Program, respectively. Former subsec. (d) redesignated (e).

Subsec. (e). Pub. L. 115-334, § 6203(2), (3), redesignated subsec. (d) as (e) and substituted “2019 through 2023” for “2014 through 2018”.

¹ So in original. Probably should be “minimum”.

§ 950bb-3. Community Connect Grant Program**(a) Definitions**

In this section:

(1) Eligible broadband service

The term “eligible broadband service” means broadband service that has the capability to transmit data at a speed specified by the Secretary, which may not be less than the applicable minimum download and upload speeds established by the Federal Communications Commission in defining the term “advanced telecommunications capability” for purposes of section 1302 of title 47.

(2) Eligible service area

The term “eligible service area” means an area in which broadband service capacity is less than—

(A) a 10-Mbps downstream transmission capacity; and

(B) a 1-Mbps upstream transmission capacity.

(3) Eligible entity**(A) In general**

The term “eligible entity” means a legally organized entity that—

(i) is—

(I) an incorporated organization;

(II) an Indian Tribe or Tribal organization;

(III) a State;

(IV) a unit of local government; or

(V) any other legal entity, including a cooperative, a private corporation, or a limited liability company, that is organized on a for-profit or a not-for-profit basis; and

(ii) has the legal capacity and authority to enter into a contract, to comply with applicable Federal laws, and to own and operate broadband facilities, as proposed in the application submitted by the entity for a grant under the Program.

(B) Exclusions

The term “eligible entity” does not include—

(i) an individual; or

(ii) a partnership.

(4) Rural area

The term “rural area” has the meaning given the term in section 950bb(b)(3)(A) of this title.

(b) Establishment

The Secretary shall establish a program, to be known as the “Community Connect Grant Program”, to provide grants to eligible entities to finance broadband transmission in rural areas.

(c) Eligible projects

An eligible entity that receives a grant under the Program shall use the grant to carry out a project that—

(1) provides eligible broadband service to, within the proposed eligible service area described in the application submitted by the eligible entity—

(A) each essential community facility as defined pursuant to section 1926(a) of this title; and

(B) any required facilities necessary to offer that eligible broadband service to each residential and business customer within such proposed eligible service area; and

(2) for not less than 2 years—

(A) furnishes free eligible broadband service to a community center described in subsection (d)(1)(B);

(B) provides not fewer than 2 computer access points for that free eligible broadband service; and

(C) covers the cost of bandwidth to provide free eligible broadband service to each essential community facility that requests broadband services within the proposed eligible service area described in the application submitted by the eligible entity.

(d) Uses of grant funds**(1) In general**

An eligible entity that receives a grant under the Program may use the grant for—

(A) the construction, acquisition, or leasing of facilities (including spectrum), land, or buildings to deploy eligible broadband service; and

(B) the improvement, expansion, construction, or acquisition of a community center within the proposed eligible service area described in the application submitted by the eligible entity.

(2) Ineligible uses

An eligible entity that receives a grant under the Program shall not use the grant for—

(A) the duplication of any existing eligible broadband service provided by another entity in the eligible service area; or

(B) operating expenses, except as provided in—

(i) subsection (c)(2)(C) with respect to free eligible broadband service; and

(ii) paragraph (1)(A) with respect to spectrum.

(3) Free access for community centers

Of the amounts provided to an eligible entity under a grant under the Program, the eligible entity shall use to carry out paragraph (1)(B) not greater than the lesser of—

(A) 10 percent; and

(B) \$150,000.

(e) Matching funds**(1) In general**

An eligible entity that receives a grant under the Program shall provide a cash contribution in an amount that is not less than 15 percent of the amount of the grant.

(2) Requirements

A cash contribution described in paragraph (1)—

(A) shall be used solely for the project for which the eligible entity receives a grant under the Program; and

(B) shall not include any Federal funds, unless a Federal statute specifically provides that those Federal funds may be considered to be from a non-Federal source.

(f) Applications**(1) In general**

To be eligible to receive a grant under the Program, an eligible entity shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(2) Requirement

An application submitted by an eligible entity under paragraph (1) shall include documentation sufficient to demonstrate the availability of funds to satisfy the requirement of subsection (e).

(g) Authorization of appropriations

There is authorized to be appropriated to carry out this section \$50,000,000 for each of fiscal years 2019 through 2023.

(May 20, 1936, ch. 432, title VI, § 604, as added Pub. L. 115-334, title VI, § 6204, Dec. 20, 2018, 132 Stat. 4737.)

§ 950bb-4. Outdated broadband systems**(a) In general**

Except as provided in subsection (b), the Secretary shall consider any portion of a service territory that is subject to an outstanding grant agreement between the Secretary and a broadband provider to be unserved for the purposes of all broadband assistance programs under this chapter, if the broadband service in that portion of a service territory is less than 10 Mbps downstream transmission capacity or less than 1 Mbps upstream transmission capacity.

(b) Exception

The Secretary shall not consider a portion of a service territory described in subsection (a) to be unserved if the broadband service provider has constructed or begun to construct broadband facilities that meet the minimum acceptable level of service established under section 950bb(e) of this title, in that portion of the service territory.

(May 20, 1936, ch. 432, title VI, § 605, as added Pub. L. 115-334, title VI, § 6205(a), Dec. 20, 2018, 132 Stat. 4739.)

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE**

Pub. L. 115-334, title VI, § 6205(b), Dec. 20, 2018, 132 Stat. 4739, provided that: “The amendment made by this section [enacting this section] shall not take effect until October 1, 2020.”

§ 950bb-5. Default and deobligation; deferral**(a) Default and deobligation**

In addition to other authority under applicable law, the Secretary shall establish written procedures for all broadband programs so that, to the maximum extent practicable, the programs are administered to—

- (1) recover funds from loan and grant defaults;
- (2) deobligate any awards, less allowable costs that demonstrate an insufficient level of performance (including metrics determined by the Secretary) or fraudulent spending, to the

extent funds with respect to the award are available in the account relating to the program established by this subchapter;

(3) award those funds, on a competitive basis, to new or existing applicants consistent with this subchapter; and

(4) minimize overlap among the programs.

(b) Deferral period

In determining the terms and conditions of assistance provided under this subchapter, the Secretary may establish a deferral period of not shorter than the buildout period established for the project involved in order to support the financial feasibility and long-term sustainability of the project.

(May 20, 1936, ch. 432, title VI, § 606, as added Pub. L. 115-334, title VI, § 6206, Dec. 20, 2018, 132 Stat. 4739.)

§ 950bb-6. Federal broadband program coordination**(a) Consultation between USDA and NTIA**

The Secretary shall consult with the Assistant Secretary to assist in the verification of eligibility of the broadband loan and grant programs of the Department of Agriculture. In providing assistance under the preceding sentence, the Assistant Secretary shall make available the broadband assessment and mapping capabilities of the National Telecommunications and Information Administration.

(b) Consultation between USDA and FCC**(1) By USDA**

The Secretary shall consult with the Commission before providing broadband assistance for a project to serve an area with respect to which another entity is receiving Connect America Fund or Mobility Fund support under the Federal universal service support mechanisms established under section 254 of title 47.

(2) By FCC

The Commission shall consult with the Secretary before offering or providing Connect America Fund or Mobility Fund support under the Federal universal service support mechanisms established under section 254 of title 47 to serve an area with respect to which another entity has received broadband assistance under a loan or grant program of the Department of Agriculture.

(c) Report to Congress

Not later than 1 year after December 20, 2018, the Secretary, the Commission, and the Assistant Secretary shall submit to the Committee on Agriculture and the Committee on Energy and Commerce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Commerce, Science, and Transportation of the Senate a report on how best to coordinate federally supported broadband programs and activities in order to achieve the following objectives:

- (1) Promote high-quality broadband service that meets the long-term needs of rural residents and businesses, by evaluating the broadband service needs in rural areas for each decade through 2050.

(2) Support the long-term viability, sustainability, and utility of federally supported rural broadband infrastructure, by analyzing the technical capabilities of the technologies currently available and reasonably expected to be available by 2035 to meet the broadband service needs of rural residents identified under paragraph (1), including by analyzing the following:

(A) The real-world performance of such technologies, including data rates, latency, data usage restrictions, and other aspects of service quality, as defined by the Commission.

(B) The suitability of each such technology for residential, agricultural, educational, healthcare, commercial, and industrial purposes in rural areas.

(C) The cost to deploy and support such technologies in several rural geographies.

(D) The costs associated with online platforms, specifically the resulting constraints on rural network bandwidth.

(3) Identify and quantify the availability of broadband service and ongoing broadband deployment in rural areas, including ways to do the following:

(A) Harmonize broadband notification and reporting requirements and develop common verification procedures across all federally supported broadband programs.

(B) Consolidate and utilize the existing broadband service data.

(C) Collect and share data on those projects in rural areas where Federal programs are currently supporting broadband deployment, including areas with respect to which an entity is receiving—

(i) support under a broadband assistance program of the Department of Agriculture; or

(ii) Connect America Fund or Mobility Fund support under the Federal universal service support mechanisms established under section 254 of title 47.

(D) Leverage support technologies and services from online platforms for providers of broadband service in rural areas.

(d) Definitions

In this section:

(1) Assistant Secretary

The term “Assistant Secretary” means the Assistant Secretary of Commerce for Communications and Information.

(2) Commission

The term “Commission” means the Federal Communications Commission.

(3) Rural area

The term “rural area” has the meaning given the term in section 950bb(b)(3) of this title.

(Pub. L. 115–334, title VI, § 6212, Dec. 20, 2018, 132 Stat. 4744.)

Editorial Notes

CODIFICATION

Section was enacted as part of the Agriculture Improvement Act of 2018, and not as part of the Rural

Electrification Act of 1936 which comprises this chapter.

Statutory Notes and Related Subsidiaries

DEFINITION OF “SECRETARY”

“Secretary” means the Secretary of Agriculture, see section 2 of Pub. L. 115–334, set out as a note under section 9001 of this title.

SUBCHAPTER VII—GENERAL AND ADMINISTRATIVE PROVISIONS

§ 950cc. Public notice, assessments, and reporting requirements

(a) Notice requirements

The Secretary shall promptly make available to the public,¹ a fully searchable database on the website of the Rural Utilities Service that contains information on all retail broadband projects provided assistance or for which assistance is sought that are administered by the Secretary, including, at a minimum—

(1) notice of each application for assistance describing the application, including—

(A) the identity of the applicant;

(B) a description of each application, including—

(i) a map of the proposed service area of the applicant; and

(ii) the amount and type of support requested by each applicant;

(C) the status of each application; and

(D) the estimated number and proportion of service points in the proposed service territory without fixed broadband service, whether terrestrial or wireless;

(2) notice of each entity receiving assistance administered by the Secretary, including—

(A) the name of the entity;

(B) the type of assistance being received;

(C) the purpose for which the entity is receiving the assistance; and

(D) each annual report submitted under subsection (c) (redacted to protect any proprietary information in the report); and

(3) such other information as is sufficient to allow the public to understand assistance provided.

(b) Service area assessment

(1) In general

The Secretary shall, with respect to a retail broadband application for assistance, which is outside an area in which the applicant receives Federal universal service support—

(A) after giving notice required by subsection (a)(1), afford service providers not less than 45 days to voluntarily submit information required by the Secretary onto the agency’s online mapping tool with respect to areas that are coterminous with the proposed service area of the application (or any parts thereof), such that the Secretary may assess whether the application submitted meets the eligibility requirements under this subchapter; and

(B) if no broadband service provider submits information under paragraph (1), con-

¹ So in original. The comma probably should not appear.

sider the number of providers in the proposed service area to be established by using any other data regarding the availability of broadband service that the Secretary may collect or obtain through reasonable efforts.

(2) Assessment of unserved communities

In the case of an application given the highest priority under section 950bb(c)(2)(A)(i) of this title, the Secretary shall confirm that each unserved rural community identified in the application is eligible for funding by—

(A) conferring with, and obtaining data from, the Chair of the Federal Communications Commission and the Administrator of the National Telecommunications and Information Administration with respect to the service level in the service area proposed in the application;

(B) reviewing any other source that is relevant to service data validation, as determined by the Secretary; and

(C) performing site-specific testing to verify the unavailability of any retail broadband service.

(3) FOIA exemption

For purposes of section 552 of title 5, information received by the Secretary pursuant to paragraph (1)(A) of this subsection shall be exempt from disclosure pursuant to subsection (b)(2)(B) of such section 552.

(c) Reporting broadband improvements to USDA

(1) In general

The Secretary shall require any entity receiving assistance for a project which provides retail broadband service to submit an annual report for 3 years after completion of the project, in a format specified by the Secretary, that describes—

(A) the use by the entity of the assistance, including new equipment and capacity enhancements that support high-speed broadband access for educational institutions, health care providers, and public safety service providers (including the estimated number of end users who are currently using or forecasted to use the new or upgraded infrastructure); and

(B) the progress towards fulfilling the objectives for which the assistance was granted, including—

(i) the number of service points that will receive new broadband service, existing network service improvements, and facility upgrades resulting from the Federal assistance;

(ii) the speed of broadband service;

(iii) the average price of the most subscribed tier of broadband service in a proposed service area;

(iv) new subscribers generated from the project; and

(v) any metrics the Secretary determines to be appropriate.

(2) Additional reporting

(A) Broadband buildout data

As a condition of receiving assistance under section 950bb of this title, a recipient of assistance shall provide to the Secretary

complete, reliable, and precise geolocation information that indicates the location of new broadband service that is being provided or upgraded within the service territory supported by the grant, loan, or loan guarantee not later than 30 days after the earlier of—

(i) the date of completion of any project milestone established by the Secretary; or

(ii) the date of completion of the project.

(B) Reporting for middle mile projects

The Secretary shall require any entity receiving assistance under section 950bb-1 of this title to submit a semiannual report for 5 years after completion of the project, in a format specified by the Secretary, that describes—

(i) the use by the entity of the assistance to construct, improve, or acquire middle mile infrastructure;

(ii) the progress towards meeting the end-user connection plan submitted under section 950bb-1(d)(1)(A)(iii) of this title; and

(iii) any additional metrics the Secretary determines to be appropriate.

(C) Additional reporting

The Secretary may require any additional reporting and information by any recipient of any broadband assistance under this chapter so as to ensure compliance with this section.

(d) Annual report on broadband projects and service to Congress

Each year, the Secretary shall submit to the Congress a report that describes the extent of participation in the broadband assistance programs administered by the Secretary for the preceding fiscal year, including a description of—

(1) the number of applications received and accepted, including any special loan terms or conditions for which the Secretary provided additional assistance to unserved areas;

(2)(A) the communities proposed to be served in each application submitted for the fiscal year; and

(B) the communities served by projects funded by broadband assistance programs;

(3) the period of time required to approve each loan application under broadband programs;

(4) any outreach activities carried out by the Secretary to encourage entities in rural areas without broadband service to submit applications under this chapter;

(5) the method by which the Secretary determines that a service enables a subscriber to originate and receive high-quality voice, data, graphics, and video for purposes of providing broadband service under this chapter;

(6) each broadband service, including the type and speed of broadband service, for which assistance was sought, and each broadband service for which assistance was provided, under this chapter; and

(7) the overall progress towards fulfilling the goal of improving the quality of rural life by expanding rural broadband access, as demonstrated by metrics, including—

- (A) the number of residences and businesses receiving new broadband services;
- (B) network improvements, including facility upgrades and equipment purchases;
- (C) average broadband speeds and prices on a local and statewide basis;
- (D) any changes in broadband adoption rates; and
- (E) any specific activities that increased high speed broadband access for educational institutions, health care providers, and public safety service providers.

(e) Limitations on reservation of funds

Not less than 3 but not more than 5 percent of program level amounts available pursuant to amounts appropriated to carry out subchapter VI shall be set aside to be used for—

- (1) conducting oversight under such subchapter;
- (2) implementing accountability measures and related activities authorized under such subchapter; and
- (3) carrying out this section.

(May 20, 1936, ch. 432, title VII, §701, as added Pub. L. 115–334, title VI, §6207, Dec. 20, 2018, 132 Stat. 4740.)

§ 950cc–1. Environmental reviews

The Secretary may obligate, but not disperse, funds under this chapter before the completion of otherwise required environmental, historical, or other types of reviews if the Secretary determines that a subsequent site-specific review shall be adequate and easily accomplished for the location of towers, poles, or other broadband facilities in the service area of the borrower without compromising the project or the required reviews.

(May 20, 1936, ch. 432, title VII, §702, as added Pub. L. 115–334, title VI, §6208, Dec. 20, 2018, 132 Stat. 4743.)

§ 950cc–2. Use of loan proceeds to refinance loans for deployment of broadband service

Notwithstanding any other provision of this chapter, the proceeds of any loan made or guaranteed by the Secretary under this chapter may be used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this chapter, or on any other loan if that loan would have been for an eligible telecommunications purpose under this chapter.

(May 20, 1936, ch. 432, title VII, §703, as added Pub. L. 115–334, title VI, §6209, Dec. 20, 2018, 132 Stat. 4743.)

CHAPTER 31A—TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS

Sec.	Purpose.
950aaa.	Definitions.
950aaa–1.	Telemedicine and distance learning services in rural areas.
950aaa–2.	Administration.
950aaa–3.	Regulations.
950aaa–4.	Authorization of appropriations.
950aaa–5.	

TERMINATION OF CHAPTER

For termination of chapter by section 1(b) of Pub. L. 102–551, see note set out under section 950aaa of this title.

§ 950aaa. Purpose

The purpose of this chapter is to encourage and improve telemedicine services and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents.

(Pub. L. 101–624, title XXIII, §2331, as added Pub. L. 104–127, title VII, §704, Apr. 4, 1996, 110 Stat. 1108.)

TERMINATION OF SECTION

For termination of section by section 1(b) of Pub. L. 102–551, see Termination of Chapter note set out below.

Editorial Notes

PRIOR PROVISIONS

A prior section 950aaa, Pub. L. 101–624, title XXIII, §2331, Nov. 28, 1990, 104 Stat. 4017, provided purposes of chapter, prior to the general amendment of this chapter by Pub. L. 104–127.

Statutory Notes and Related Subsidiaries

TERMINATION OF CHAPTER

Pub. L. 102–551, §1(b), Oct. 28, 1992, 106 Stat. 4100, as amended by Pub. L. 107–171, title VI, §6203(b), May 13, 2002, 116 Stat. 421; Pub. L. 110–234, title VI, §6201(c), May 22, 2008, 122 Stat. 1206, and Pub. L. 110–246, §4(a), title VI, §6201(c), June 18, 2008, 122 Stat. 1664, 1967; Pub. L. 113–79, title VI, §6201(b), Feb. 7, 2014, 128 Stat. 856; Pub. L. 115–334, title VI, §6102(b), Dec. 20, 2018, 132 Stat. 4728, provided that: “Notwithstanding any other provision of law, chapter 1 of subtitle D of title XXIII of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 950aaa et seq.), including the amendments made by this section [enacting section 950aaa–5 of this title and amending section 950aaa–4 of this title], shall be effective until September 30, 2023.”

[The authorities provided by each provision of, and each amendment made by, Pub. L. 115–334, as in effect on Sept. 30, 2024, to continue, and authorities to be carried out, until the later of Sept. 30, 2025, the date specified in the provision of, or amendment made by, Pub. L. 115–334, or the date in effect pursuant to section 102 of Pub. L. 118–22 (7 U.S.C. 9001 note), see section 4101(a) of Pub. L. 118–158, set out in an Extension of Agricultural Programs note under section 9001 of this title.]

§ 950aaa–1. Definitions

In this chapter:

(1) Construct

The term “construct” means to construct, acquire, install, improve, or extend a facility or system.

(2) Cost of money loan

The term “cost of money loan” means a loan made under this chapter bearing interest at a rate equal to the then current cost to the Federal Government of loans of similar maturity.

(3) Secretary

The term “Secretary” means the Secretary of Agriculture.