

TITLE 7 - AGRICULTURE
CHAPTER 50 - AGRICULTURAL CREDIT
SUBCHAPTER IV - ADMINISTRATIVE PROVISIONS

§ 1983. Special conditions and limitations on loans

In connection with loans made or insured under this chapter, the Secretary shall require—

- (1) the applicant
 - (A) to certify in writing, and the Secretary shall determine, that he is unable to obtain sufficient credit elsewhere to finance his actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time, and
 - (B) to furnish an appropriate written financial statement;
- (2) except with respect to a loan under section 1926, 1932, or 1944 of this title—
 - (A) an annual review of the credit history and business operation of the borrower; and
 - (B) an annual review of the continued eligibility of the borrower for the loan;
- (3) except for guaranteed loans, an agreement by the borrower that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source (or, in the case of a borrower under section 1934 of this title, the borrower may be able to obtain a loan under section 1922 of this title), at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, upon request by the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan;
- (4) such provision for supervision of the borrower's operations as the Secretary shall deem necessary to achieve the objectives of the loan and protect the interests of the United States; and
- (5) the application of a person who is a veteran of any war, as defined in section 101 (12) of title 38, for a loan under subchapter I or II of this chapter to be given preference over a similar application from a person who is not a veteran of any war, if the applications are on file in a county or area office at the same time.

(Pub. L. 87–128, title III, § 333, Aug. 8, 1961, 75 Stat. 314; Pub. L. 90–488, § 12, Aug. 15, 1968, 82 Stat. 771; Pub. L. 91–620, § 3, Dec. 31, 1970, 84 Stat. 1862; Pub. L. 92–419, title I, §§ 118(b), 125, 126, Aug. 30, 1972, 86 Stat. 664, 666; Pub. L. 95–334, title I, § 123, Aug. 4, 1978, 92 Stat. 428; Pub. L. 96–438, § 3(c), Oct. 13, 1980, 94 Stat. 1875; Pub. L. 97–98, title XVI, § 1604, Dec. 22, 1981, 95 Stat. 1346; Pub. L. 101–624, title XVIII, § 1810, title XXIII, § 2388(e), Nov. 28, 1990, 104 Stat. 3820, 4053; Pub. L. 102–237, title V, § 501(e), Dec. 13, 1991, 105 Stat. 1867; Pub. L. 102–554, § 12, Oct. 28, 1992, 106 Stat. 4151; Pub. L. 103–354, title II, § 227(b)(2), Oct. 13, 1994, 108 Stat. 3218; Pub. L. 104–127, title VI, §§ 634, 635 (a), 636, Apr. 4, 1996, 110 Stat. 1093; Pub. L. 107–171, title V, § 5306, May 13, 2002, 116 Stat. 345.)

References in Text

For definition of “this chapter”, referred to in introductory provisions, see note set out under section 1921 of this title.

Amendments

2002—Par. (2). Pub. L. 107–171 amended par. (2) generally. Prior to amendment, par. (2) read as follows: “except with respect to a loan under section 1926, 1932, or 1944 of this title, the county or area committee established under section 590h (b)(5)(B) of title 16 to certify in writing—

“(A) that an annual review of the credit history and business operation of the borrower has been conducted; and

“(B) that a review of the continued eligibility of the borrower for the loan has been conducted;”.

NB: This unofficial compilation of the U.S. Code is current as of Jan. 8, 2008 (see <http://www.law.cornell.edu/uscode/uscp.html>).

1996—Par. (1)(B). Pub. L. 104–127, § 634, substituted “an appropriate written financial statement” for “a written statement showing the applicant’s net worth”.

Pars. (2) to (4). Pub. L. 104–127, § 635(a), added par. (2) and redesignated former pars. (2) and (3) as (3) and (4), respectively. Former par. (4) redesignated (5).

Par. (5). Pub. L. 104–127, § 636, added par. (5) and struck out former par. (5) which read as follows: “the applications of veterans for loans under subchapter I or II of this chapter to be given preference over similar applications of nonveterans on file in any county or area office at the same time. Veterans as used herein shall mean persons who served in the Armed Forces of the United States during any war between the United States and any other nation, during the Korean conflict or the Vietnam era and who were discharged or released therefrom under conditions other than dishonorable.”

Pub. L. 104–127, § 635(a)(1), redesignated par. (4) as (5).

1994—Pars. (2) to (5). Pub. L. 103–354 redesignated pars. (3) to (5) as (2) to (4), respectively, and struck out former par. (2) relating to certification by county committee of applicant’s eligibility for loan.

1992—Par. (2)(A)(iii). Pub. L. 102–554 substituted “5 years” for “2 years”.

1991—Par. (2)(A). Pub. L. 102–237 redesignated cls. (1) to (3) as (i) to (iii), respectively.

1990—Pub. L. 101–624, § 2388(e), redesignated pars. (a) to (e) as (1) to (5), respectively, and in par. (1) redesignated subpars. (1) and (2) as (A) and (B), respectively; in par. (2) redesignated subpars. (1) and (2) as (A) and (B), respectively, and in subpar. (A) redesignated cls. (A) to (C) as (1) to (3), respectively; in par. (3) made technical amendments to references to sections 1934 and 1922 of this title involving original act and requiring no change in text; and in par. (5) made technical amendments to reference to subchapter I or II of this chapter involving original act and requiring no change in text.

Pub. L. 101–624, § 1810, amended par. (b) generally. Prior to amendment, par. (b) read as follows: “except for loans under sections 1926, 1932, 1944 and 1961 (a)(2) of this title, the county committee to certify in writing that the applicant meets the eligibility requirements for the loan, and has the character, industry, and ability to carry out the proposed operations, and will, in the opinion of the committee, honestly endeavor to carry out his undertakings and obligations; and for loans under section 1961 (a)(2) of this title, the Secretary shall require the recommendation of the county committee as to the making or insuring of the loan: Provided, That the Secretary may provide a procedure for appeal and review of any determination relating to a certification or recommendation required to be made by the county committee, and for reversal or modification thereof should the facts warrant such action;”.

1981—Par. (a). Pub. L. 97–98 designated existing provisions after “the applicant” as cl. (1), and added cl. (2).

1980—Par. (b). Pub. L. 96–438 substituted “section 1961 (a)(2)” for “section 1961 (b)(2)” in two places.

1978—Par. (b). Pub. L. 95–334, § 123(1), inserted proviso relating to appeal and review procedure for any determination regarding a certification, etc.

Par. (c). Pub. L. 95–334, § 123(2), (3), inserted provisions excepting guaranteed loans and provisions relating to borrowers under section 1934 of this title obtaining loans under section 1922 of this title.

1972—Par. (a). Pub. L. 92–419, § 125, inserted “, and the Secretary shall determine,” after “in writing”.

Par. (b). Pub. L. 92–419, §§ 118(b), 126, inserted reference to section 1932 of this title and substituted “section 1961 (b)(2) of this title” for “said sections”, respectively.

1970—Pub. L. 91–620 included persons who served during the Vietnam era within the definition of “Veterans” in par. (e).

1968—Par. (b). Pub. L. 90–488 struck out “farming” from phrase “proposed farming operations”.

Effective Date of 1991 Amendment

Amendment by Pub. L. 102–237 effective as if included in the provision of the Food, Agriculture, Conservation, and Trade Act of 1990, Pub. L. 101–624, to which the amendment relates, see section 1101(b)(3) of Pub. L. 102–237, set out as a note under section 1421 of this title.

Effective Date of 1981 Amendment

Amendment by Pub. L. 97–98 effective Dec. 22, 1981, see section 1801 of Pub. L. 97–98, set out as an Effective Date note under section 4301 of this title.