

TITLE 7 - AGRICULTURE**CHAPTER 50 - AGRICULTURAL CREDIT****SUBCHAPTER I - REAL ESTATE LOANS****§ 1936. Beginning farmer or rancher and socially disadvantaged farmer or rancher contract land sales program****(a) In general**

The Secretary shall, in accordance with this section, guarantee a loan made by a private seller of a farm or ranch to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher (as defined in section 2003 (e)(2) of this title) on a contract land sales basis.

(b) Eligibility

In order to be eligible for a loan guarantee under subsection (a)—

- (1) the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher shall—
 - (A) on the date the contract land sale that is subject of the loan is complete, own and operate the farm or ranch that is the subject of the contract land sale;
 - (B) have a credit history that—
 - (i) includes a record of satisfactory debt repayment, as determined by the Secretary; and
 - (ii) is acceptable to the Secretary; and
 - (C) demonstrate to the Secretary that the farmer or rancher, as the case may be, is unable to obtain sufficient credit without a guarantee to finance any actual need of the farmer or rancher, as the case may be, at a reasonable rate or term; and
- (2) the loan shall meet applicable underwriting criteria, as determined by the Secretary.

(c) Limitations**(1) Down payment**

The Secretary shall not provide a loan guarantee under subsection (a) if the contribution of the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher to the down payment for the farm or ranch that is the subject of the contract land sale would be less than 5 percent of the purchase price of the farm or ranch.

(2) Maximum purchase price

The Secretary shall not provide a loan guarantee under subsection (a) if the purchase price or the appraisal value of the farm or ranch that is the subject of the contract land sale is greater than \$500,000.

(d) Period of guarantee

The period during which a loan guarantee under this section is in effect shall be the 10-year period beginning with the date the guarantee is provided.

(e) Guarantee plan**(1) Selection of plan**

A private seller of a farm or ranch who makes a loan that is guaranteed by the Secretary under subsection (a) may select—

- (A) a prompt payment guarantee plan, which shall cover—
 - (i) 3 amortized annual installments; or
 - (ii) an amount equal to 3 annual installments (including an amount equal to the total cost of any tax and insurance incurred during the period covered by the annual installments); or
- (B) a standard guarantee plan, which shall cover an amount equal to 90 percent of the outstanding principal of the loan.

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

(2) Eligibility¹ for standard guarantee plan

In order for a private seller to be eligible for a standard guarantee plan referred to in paragraph (1)(B), the private seller shall—

- (A) secure a commercial lending institution or similar entity, as determined by the Secretary, to serve as an escrow agent; or
- (B) in cooperation with the farmer or rancher, use an appropriate alternate arrangement, as determined by the Secretary.

(f) Transition from pilot program

(1) In general

The Secretary may phase-in the implementation of the changes to the Beginning Farmer and Rancher and Socially Disadvantaged Farmer or Rancher Contract Land Sales Program provided for in this section.

(2) Limitation

All changes to the Beginning Farmer and Rancher and Socially Disadvantaged Farmer or Rancher Contract Land Sales Program must be implemented for the 2011 Fiscal Year.

Footnotes

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

(Pub. L. 87–128, title III, § 310F, as added Pub. L. 107–171, title V, § 5006, May 13, 2002, 116 Stat. 342; amended Pub. L. 110–234, title V, § 5005, May 22, 2008, 122 Stat. 1145; Pub. L. 110–246, § 4(a), title V, § 5005, June 18, 2008, 122 Stat. 1664, 1906.)

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.

Prior Provisions

A prior section 1936, Pub. L. 87–128, title III, § 310F, as added Pub. L. 102–554, § 7(b), Oct. 28, 1992, 106 Stat. 4146, related to availability of farm ownership loans and loan guarantees for certain qualified beginning farmers and ranchers, prior to repeal by Pub. L. 104–127, title VI, § 616(b), Apr. 4, 1996, 110 Stat. 1090.

Amendments

2008—Pub. L. 110–246, § 5005, amended section generally, substituting provisions relating to guarantee of a loan made by a private seller of a farm or ranch to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher on a contract land sales basis, for similar provisions relating to a pilot program in fiscal years 2003 through 2007.

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.