

**TITLE 12 - BANKS AND BANKING****CHAPTER 8 - ADJUSTMENT AND CANCELLATION OF FARM LOANS****§ 1150. Compromise, adjustment, and cancellation of farm loans; conditions; delegation of powers and duties by Secretary of Agriculture**

The Secretary of Agriculture, hereinafter referred to as the Secretary, is authorized and directed to compromise, adjust, or cancel indebtedness arising from loans and payments made or credit extended to farmers under the provisions of the several Acts of Congress or programs enumerated in section 1150a of this title: Provided, That the Secretary finds, after such investigation as he deems sufficient to establish the facts, that

- (1) said indebtedness has been due and payable for five years or more;
- (2) the debtor is unable to pay said indebtedness in full and has no reasonable prospect of being able to do so;
- (3) the debtor has acted in good faith in an effort to meet his obligation; and
- (4) the principal amount of said indebtedness is not in excess of \$1,000. The Secretary is further authorized at his discretion to cancel and discharge indebtedness arising under said Acts of Congress or programs when the amount of said indebtedness is less than \$10, or the debtor is deceased and there is no reasonable prospect of recovering from his estate, or his whereabouts has remained unknown for two years and there is no reasonable prospect of obtaining collection, or he has been discharged of the indebtedness in any proceeding under the Bankruptcy Act or under title 11. The compromises, adjustments, or cancellations<sup>1</sup> authorized by this section shall be effected through such agencies, upon such terms and conditions, and subject to such regulations, as the Secretary may prescribe, and the Secretary may delegate the exercise of any such powers and functions to such officers or employees of the Department of Agriculture as he may designate.

**Footnotes**

<sup>1</sup> So in original. Probably should be "cancellations".

(Dec. 20, 1944, ch. 623, § 1, 58 Stat. 836; Pub. L. 95-598, title III, § 305, Nov. 6, 1978, 92 Stat. 2674.)

**References in Text**

The Bankruptcy Act, referred to in text, is act July 1, 1898, ch. 541, 30 Stat. 544, as amended, which was classified generally to Title 11, Bankruptcy. The Act was repealed effective Oct. 1, 1979, by Pub. L. 95-598, §§ 401(a), 402 (a), Nov. 6, 1978, 92 Stat. 2682, section 101 of which enacted revised Title 11.

**Amendments**

1978—Pub. L. 95-598 substituted "Bankruptcy Act or under title 11" for "Act entitled 'An Act to establish a uniform system of bankruptcy throughout the United States'".

**Effective Date of 1978 Amendment**

Amendment effective Oct. 1, 1979, see section 402(a) of Pub. L. 95-598, set out as an Effective Date note preceding section 101 of Title 11, Bankruptcy.

**Transfer of Functions**

All functions of all officers, agencies, and employees of the Department of Agriculture were transferred, with certain exceptions, to the Secretary of Agriculture by Reorg. Plan No. 2 of 1953, § 1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.

### **Exceptions From Transfer of Functions**

Functions of Corporations of Department of Agriculture, boards of directors and officers of such corporations, Advisory Board of Commodity Credit Corporation, and Farm Credit Administration or any agency, officer, or entity of, under, or subject to supervision of said Administration excepted from functions of officers, agencies, and employees transferred to Secretary of Agriculture by Reorg. Plan No. 2 of 1953, § 1, eff. June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out in the Appendix to Title 5, Government Organization and Employees.