

One Hundred Third Congress
of the
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday,
the fifth day of January, one thousand nine hundred and ninety-three*

An Act

To clarify the regulatory oversight exercised by the Rural Electrification Administration with respect to certain electric borrowers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ADMINISTRATIVE PROHIBITIONS APPLICABLE TO CERTAIN ELECTRIC BORROWERS.

Section 306E of the Rural Electrification Act of 1936 is amended to read as follows:

“SEC. 306E. ADMINISTRATIVE PROHIBITIONS APPLICABLE TO CERTAIN ELECTRIC BORROWERS.

“(a) IN GENERAL.—For the purpose of relieving borrowers of unnecessary and burdensome requirements, the Administrator, guided by the practices of private lenders with respect to similar credit risks, shall issue regulations, applicable to any electric borrower under this Act whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Administrator, to minimize those approval rights, requirements, restrictions, and prohibitions that the Administrator 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 Administrator 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 Administrator may establish requirements, guided by the practices of private lenders, to ensure that the security for any loan made or guaranteed under this Act is reasonably adequate.

“(d) AUTHORITY OF THE ADMINISTRATOR.—Nothing in this section limits the authority of the Administrator to establish terms and conditions with respect to the use by borrowers of the proceeds of loans made or guaranteed under this Act or to take any other action specifically authorized by law.”.

SEC. 2. ISSUANCE OF REGULATIONS.

The Administrator of the Rural Electrification Administration shall issue interim final regulations implementing this Act not later than 180 days after enactment. If the regulations are not issued within such period of time, the Administrator may not,

H. R. 3514—2

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 whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Administrator.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*