

103^D CONGRESS
1ST SESSION

H. R. 3514

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

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 16, 1993

Mr. DE LA GARZA (for himself and Mr. ROBERTS) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ADMINISTRATIVE PROHIBITIONS APPLICABLE**

4 **TO CERTAIN ELECTRIC BORROWERS.**

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

7 **“SEC. 306E. ADMINISTRATIVE PROHIBITIONS APPLICABLE**

8 **TO CERTAIN ELECTRIC BORROWERS.**

9 “(a) IN GENERAL.—For the purpose of relieving bor-
10 rowers of unnecessary and burdensome requirements, the

1 Administrator, guided by the practices of private lenders
2 with respect to similar credit risks, shall issue regulations,
3 applicable to any electric borrower under this Act whose
4 net worth exceeds 110 percent of the outstanding principal
5 balance on all loans made or guaranteed to the borrower
6 by the Administrator, to minimize those approval rights,
7 requirements, restrictions, and prohibitions that the Ad-
8 ministrator otherwise may establish with respect to the op-
9 erations of such a borrower.

10 “(b) SUBORDINATION OR SHARING OF LIENS.—At
11 the request of a private lender providing financing to such
12 a borrower for a capital investment, the Administrator
13 shall, expeditiously, either offer to share the government’s
14 lien on the borrower’s system or offer to subordinate the
15 government’s lien on that property financed by the private
16 lender.

17 “(c) ISSUANCE OF REGULATIONS.—In issuing regu-
18 lations implementing this section, the Administrator may
19 establish requirements, guided by the practices of private
20 lenders, to ensure that the security for any loan made or
21 guaranteed under this Act is reasonably adequate.

22 “(d) AUTHORITY OF THE ADMINISTRATOR.—Nothing
23 in this section limits the authority of the Administrator
24 to establish terms and conditions with respect to the use
25 by borrowers of the proceeds of loans made or guaranteed

1 under this Act or to take any other action specifically au-
2 thorized by law.”.

3 **SEC. 2. ISSUANCE OF REGULATIONS.**

4 The Administrator of the Rural Electrification Ad-
5 ministration shall issue interim final regulations imple-
6 menting this Act not later than 180 days after enactment.
7 If the regulations are not issued within such period of
8 time, the Administrator may not, until the Administrator
9 issues such regulations, require prior approval of, establish
10 any requirement, restriction, or prohibition, with respect
11 to the operations of any electric borrower under the Rural
12 Electrification Act of 1936 whose net worth exceeds 100
13 percent of the outstanding principal balance on all loans
14 made or guaranteed to the borrower by the Administrator.

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