

provisions relating to construction of irrigation systems, and inserted provisions setting forth the type of drainage systems subject to coverage of sections 421a to 421h of this title.

**§ 421b. Loans for construction of distribution and drainage systems; repayment contract; time period for repayment of loan; “irrigation district or other public agency” defined**

To assist financially in the construction of the aforesaid local distribution and drainage systems by irrigation districts and other public agencies the Secretary is authorized, on application therefor by such irrigation districts or other public agencies, to make funds available on a loan basis from moneys appropriated for the construction of such distribution and drainage systems to any irrigation district or other public agency in an amount equal to the estimated construction cost of such system, contingent upon a finding by the Secretary that the loan can be returned to the United States in accordance with the general repayment provisions of sections 485a(d) and 485h(d) of this title and upon a showing that such district or agency already holds or can acquire all lands and interests in land (except public and other lands or interests in land owned by the United States which are within the administrative jurisdiction of the Secretary and subject to disposition by him) necessary for the construction, operation, and maintenance of the project. The Secretary shall, upon approval of a loan, including any loan for a distribution and drainage system receiving water from the San Luis unit, Central Valley project, authorized by the Act of June 3, 1960 (74 Stat. 156), enter into a repayment contract which includes such provisions as the Secretary shall deem necessary and proper to provide assurance of prompt repayment of the loan within not to exceed forty years plus a development period not to exceed ten years. The term “irrigation district or other public agency” shall for the purposes of sections 421a to 421h of this title mean any conservancy district, irrigation district, water users’ organization, or other organization, which is organized under State law and which has capacity to enter into contracts with the United States pursuant to the Federal reclamation laws.

(July 4, 1955, ch. 271, § 2, 69 Stat. 245; Pub. L. 92-487, Oct. 13, 1972, 86 Stat. 804.)

REFERENCES IN TEXT

Act of June 3, 1960, referred to in text, is Pub. L. 86-488, June 3, 1960, 74 Stat. 156, which is not classified to the Code.

AMENDMENTS

1972—Pub. L. 92-487 substituted provisions relating to financial assistance in the construction of local distribution and drainage systems, for provisions relating to financial assistance in the construction of local irrigation distribution systems, and inserted provisions relating to loans for a distribution and drainage system receiving water from the San Luis unit, Central Valley project, and provisions setting forth a specified time period for repayment of loans.

SALE OF BUREAU OF RECLAMATION LOANS

Pub. L. 100-203, title V, § 5301, Dec. 22, 1987, 101 Stat. 1330-268, provided that:

“(a) SALE.—The Secretary of the Interior (hereinafter in this section referred to as the ‘Secretary’), under such terms as the Secretary shall prescribe, shall sell or otherwise dispose of loans made pursuant to the Distribution System Loans Act (43 U.S.C. 421a-421d) [43 U.S.C. 421a to 421h], the Small Reclamation Projects Act [of 1956] (43 U.S.C. 422a-422i) [43 U.S.C. 422a et seq.], and the Rehabilitation and Betterment Act (43 U.S.C. 504-505) [43 U.S.C. 504 and note] in such amounts as to realize net proceeds to the Federal Government of not less than \$130,000,000 in the fiscal year ending September 30, 1988. In the conduct of such sales, the Secretary shall take such actions as he deems appropriate to accommodate, effectuate, and otherwise protect the rights and obligations of the United States and the borrowers under the contracts executed to provide for repayment of such loans.

“(b) SAVINGS PROVISIONS.—Nothing in this section, including the prepayment or other disposition of any loan or loans, shall—

“(1) except to the extent that prepayment may have been authorized heretofore, relieve the borrower from the application of the provisions of Federal Reclamation law (Act of June 17, 1902 [32 Stat. 388, see Short Title note under section 371 of this title], and Acts amendatory thereof or supplementary thereto, including the Reclamation Reform Act of 1982 [43 U.S.C. 390aa et seq.]), including acreage limitations, to the extent such provisions would apply absent such prepayment, or

“(2) authorize the transfer of title to any federally owned facilities funded by the loans specified in subsection (a) of this section without a specific Act of Congress.

“(c) FEES AND EXPENSES OF PROGRAM.—Proceeds from the conduct of the program authorized by this section shall be first used to pay the fees and expenses of such program and the net proceeds shall be deposited in the Treasury of the United States as miscellaneous receipts.

“(d) TERMINATION.—The authority granted by this section to sell or otherwise dispose of loans shall terminate on December 31, 1988.”

**§ 421c. Conditions of loan for distribution and drainage systems; reconveyance by Secretary of lands, interests in lands, and distribution works heretofore conveyed to the United States; conditions of reconveyance; rights of way**

The Secretary shall require, as conditions to any such loan, that the borrower contribute in money or materials, labor, lands, or interests in land, computed at their reasonable value, a portion not in excess of 10 per centum, of the construction cost of the distribution and drainage system (including all costs of acquiring lands and interests in land), that the plans for the system be in accord with sound engineering practices and be such as will achieve the purposes for which the system was authorized, and that the borrower agree to account in full in regard to all disbursements of borrowed funds and to return at once for application toward amortization of the loan all funds which are not expended in the construction of the distribution and drainage system. Every organization contracting for repayment of a loan under sections 421a to 421h of this title shall operate and maintain its distribution and drainage works in conformity with reasonable contractual requirements determined to be appropriate for the protection of the United States. The Secretary is hereby authorized to reconvey to borrowers all lands or interests in lands and distribution works trans-