

**CHAPTER 17—RAILROAD REVITALIZATION  
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**SUBCHAPTER I—GENERAL PROVISIONS**

**§ 801. Declaration of policy**

**(a) Purpose**

It is the purpose of the Congress in this Act to provide the means to rehabilitate and maintain the physical facilities, improve the operations and structure, and restore the financial stability of the railway system of the United States, and to promote the revitalization of such railway system, so that this mode of transportation will remain viable in the private sector of the economy and will be able to provide energy-efficient, ecologically compatible transportation services with greater efficiency, effectiveness, and economy, through—

- (1) ratemaking and regulatory reform;
- (2) the encouragement of efforts to restructure the system on a more economically justified basis, including planning authority in the Secretary of Transportation, an expedited procedure for determining whether merger and consolidation applications are in the public interest, and continuing reorganization authority;
- (3) financing mechanisms that will assure adequate rehabilitation and improvement of facilities and equipment, implementation of the final system plan, and implementation of the Northeast Corridor project;
- (4) transitional continuation of service on light-density rail lines that are necessary to continued employment and community well-being throughout the United States;
- (5) auditing, accounting, reporting, and other requirements to protect Federal funds and to assure repayment of loans and financial responsibility; and
- (6) necessary studies.

**(b) Policy**

It is declared to be the policy of the Congress in this Act to—

- (1) balance the needs of carriers, shippers, and the public;
- (2) foster competition among all carriers by railroad and other modes of transportation, to promote more adequate and efficient transportation services, and to increase the attractiveness of investing in railroads and rail-service-related enterprises;

(3) permit railroads greater freedom to raise or lower rates for rail services in competitive markets;

(4) promote the establishment of railroad rate structures which are more sensitive to changes in the level of seasonal, regional, and shipper demand;

(5) promote separate pricing of distinct rail and rail-related services;

(6) formulate standards and guidelines for determining adequate revenue levels for railroads; and

(7) modernize and clarify the functions of railroad rate bureaus.

(Pub. L. 94-210, title I, §101, Feb. 5, 1976, 90 Stat. 33.)

**REFERENCES IN TEXT**

This Act, referred to in text, means Pub. L. 94-210, Feb. 5, 1976, 90 Stat. 31, as amended, known as the Railroad Revitalization and Regulatory Reform Act of 1976. For complete classification of this Act to the Code, see Short Title note set out below and Tables.

**SHORT TITLE OF 2015 AMENDMENT**

Pub. L. 114-94, div. A, title XI, §11601(a), Dec. 4, 2015, 129 Stat. 1693, provided that: "This subtitle [subtitle F (§§11601-11611) of title XI of div. A of Pub. L. 114-94, amending sections 821 to 823 of this title and enacting provisions set out as notes under section 821 of this title] may be cited as the 'Railroad Infrastructure Financing Improvement Act'."

**SHORT TITLE**

Pub. L. 94-210, §1, Feb. 5, 1976, 90 Stat. 31, provided in part that this Act [enacting this chapter and sections 726 and 745 to 747 of this title, and sections 1a, 5c, 26b, 26c, 1613, 1653a, 1654, and 1657a of former Title 49, Transportation, amending sections 543, 545, 546, 562 to 564, 702, 711 to 713, 715, 716, 718 to 721, 724, 725, 741, 743, 744, 762, 763, 771, 772, 774, 775, 778, 779, and 791 of this title, sections 77c, 77s, 78m, and 80a-3 of Title 15, Commerce and Trade, sections 11 and 856 of former Title 31, Money and Finance, and sections 1, 1a, 5, 5b, 6, 12, 13, 15, 15a, 17, 20, 27, 314, 1653, 1658, and 1659 of former Title 49, repealing sections 761 to 762 of this title, enacting provisions set out as notes under sections 745, 761, 791, and 793 of this title, sections 77c and 80a-3 of Title 15, and sections 1, 1a, 5b, 5c, 17, and 1654 of former Title 49, and amending notes set out under section 1651 of former Title 49] may be cited as the "Railroad Revitalization and Regulatory Reform Act of 1976".

**§ 802. Definitions**

As used in this Act, unless the context otherwise indicates, the term—

- (1) "Association" means the United States Railway Association;
- (2) "Commission" means the Interstate Commerce Commission;
- (3) "Corporation" means the Consolidated Rail Corporation;
- (4) "final system plan" means the final system plan and any additions thereto adopted by the Association pursuant to the Regional Rail Reorganization Act of 1973 (45 U.S.C. 701 et seq.);
- (5) "includes" and variants thereof should be read as if the phrase "but is not limited to" were also set forth;
- (6) "Office" means the Rail Services Planning Office of the Commission;
- (7) "railroad" has the meaning given that term in section 20102 of title 49; and

(8) “Secretary” means the Secretary of Transportation or his designated representative.

(Pub. L. 94-210, title I, §102, Feb. 5, 1976, 90 Stat. 33; Pub. L. 97-468, title VI, §615(b)(2), Jan. 14, 1983, 96 Stat. 2578; Pub. L. 104-88, title III, §330(1), Dec. 29, 1995, 109 Stat. 953; Pub. L. 109-59, title IX, §9003(a), Aug. 10, 2005, 119 Stat. 1921.)

#### REFERENCES IN TEXT

This Act, referred to in text, means Pub. L. 94-210, Feb. 5, 1976, 90 Stat. 31, as amended, known as the Railroad Revitalization and Regulatory Reform Act of 1976. For complete classification of this Act to the Code, see Short Title note set out under section 801 of this title and Tables.

The Regional Rail Reorganization Act of 1973, referred to in par. (4), is Pub. L. 93-236, Jan. 2, 1974, 87 Stat. 985, as amended, which is classified principally to chapter 16 (§701 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 701 of this title and Tables.

#### AMENDMENTS

2005—Par. (7). Pub. L. 109-59 amended par. (7) generally. Prior to amendment, par. (7) read as follows: “‘railroad’ means a rail carrier subject to part A of subtitle IV of title 49, and includes the National Railroad Passenger Corporation; and”.

1995—Par. (7). Pub. L. 104-88 substituted “rail carrier subject to part A of subtitle IV of title 49” for “common carrier by railroad or express, as defined in section 1(3) of the Interstate Commerce Act (49 U.S.C. 1(3))”.

1983—Par. (7). Pub. L. 97-468 struck out “and the Alaska Railroad” before the semicolon at end.

#### EFFECTIVE DATE OF 1995 AMENDMENT

Amendment by Pub. L. 104-88 effective Jan. 1, 1996, see section 2 of Pub. L. 104-88, set out as an Effective Date note under section 1301 of Title 49, Transportation.

#### EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97-468 effective on date of transfer of Alaska Railroad to the State [Jan. 5, 1985], pursuant to section 1203 of this title, see section 615(b) of Pub. L. 97-468.

#### ABOLITION OF INTERSTATE COMMERCE COMMISSION AND TRANSFER OF FUNCTIONS

Interstate Commerce Commission abolished and functions of Commission transferred, except as otherwise provided in Pub. L. 104-88, to Surface Transportation Board effective Jan. 1, 1996, by section 1302 of Title 49, Transportation, and section 101 of Pub. L. 104-88, set out as a note under section 1301 of Title 49. References to Interstate Commerce Commission deemed to refer to Surface Transportation Board, a member or employee of the Board, or Secretary of Transportation, as appropriate, see section 205 of Pub. L. 104-88, set out as a note under section 1301 of Title 49.

#### ABOLITION OF UNITED STATES RAILWAY ASSOCIATION AND TRANSFER OF FUNCTIONS AND SECURITIES

See section 1341 of this title.

### § 803. Repealed. Pub. L. 97-449, §7(b), Jan. 12, 1983, 96 Stat. 2443

Section, Pub. L. 94-210, title IX, §905, Feb. 5, 1976, 90 Stat. 148, directed that no person in the United States be discriminated against on the basis of race, color, national origin, or sex with regard to any activity funded in whole or in part under this Act and provided for cutoff of funds to and civil action against any person who persisted in failure to comply. See section 306 of Title 49, Transportation.

## SUBCHAPTER II—RAILROAD REHABILITATION AND IMPROVEMENT FINANCING

### § 821. Definitions

For purposes of this subchapter:

(1)(A) The term “cost” means the estimated long-term cost to the Government of a direct loan or loan guarantee or modification thereof, calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays.

(B) The cost of a direct loan shall be the net present value, at the time when the direct loan is disbursed, of the following estimated cash flows:

(i) Loan disbursements.

(ii) Repayments of principal.

(iii) Payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries.

Calculation of the cost of a direct loan shall include the effects of changes in loan terms resulting from the exercise by the borrower of an option included in the loan contract.

(C) The cost of a loan guarantee shall be the net present value, at the time when the guaranteed loan is disbursed, of the following estimated cash flows:

(i) Payments by the Government to cover defaults and delinquencies, interest subsidies, or other payments.

(ii) Payments to the Government, including origination and other fees, penalties, and recoveries.

Calculation of the cost of a loan guarantee shall include the effects of changes in loan terms resulting from the exercise by the guaranteed lender of an option included in the loan guarantee contract, or by the borrower of an option included in the guaranteed loan contract.

(D) The cost of a modification is the difference between the current estimate of the net present value of the remaining cash flows under the terms of a direct loan or loan guarantee contract, and the current estimate of the net present value of the remaining cash flows under the terms of the contract, as modified.

(E) In estimating net present values, the discount rate shall be the average interest rate on marketable Treasury securities of similar maturity to the cash flows of the direct loan or loan guarantee for which the estimate is being made.

(F) When funds are obligated for a direct loan or loan guarantee, the estimated cost shall be based on the current assumptions, adjusted to incorporate the terms of the loan contract, for the fiscal year in which the funds are obligated.

(2) The term “current” has the same meaning as in section 900(c)(9) of title 2.

(3) The term “direct loan” means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds. The term

includes the purchase of, or participation in, a loan made by another lender and financing arrangements that defer payment for more than 90 days, including the sale of a Government asset on credit terms. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims.

(4) The term “direct loan obligation” means a binding agreement by the Secretary to make a direct loan when specified conditions are fulfilled by the borrower.

(5) The term “intermodal” means of or relating to the connection between rail service and other modes of transportation, including all parts of facilities at which such connection is made.

(6) The term “investment-grade rating” means a rating of BBB minus, Baa 3, bbb minus, BBB(low), or higher assigned by a rating agency.

(7) The term “loan guarantee” means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

(8) The term “loan guarantee commitment” means a binding agreement by the Secretary to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

(9) The term “master credit agreement” means an agreement to make 1 or more direct loans or loan guarantees at future dates for a program of related projects on terms acceptable to the Secretary.

(10) The term “modification” means any Government action that alters the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment) from the current estimate of cash flows. This includes the sale of loan assets, with or without recourse, and the purchase of guaranteed loans. This also includes any action resulting from new legislation, or from the exercise of administrative discretion under existing law, that directly or indirectly alters the estimated cost of outstanding direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) such as a change in collection procedures.

(11) The term “project obligation” means a note, bond, debenture, or other debt obligation issued by a borrower in connection with the financing of a project, other than a direct loan or loan guarantee under this subchapter.

(12) The term “railroad” has the meaning given the term “railroad carrier” in section 20102 of title 49.

(13) The term “rating agency” means a credit rating agency registered with the Securities and Exchange Commission as a nationally recognized statistical rating organization (as defined in section 78c(a) of title 15).

(14) The term “substantial completion” means—

(A) the opening of a project to passenger or freight traffic; or

(B) a comparable event, as determined by the Secretary and specified in the terms of the direct loan or loan guarantee provided by the Secretary.

(Pub. L. 94-210, title V, §501, as added Pub. L. 105-178, title VII, §7203(a)(1), June 9, 1998, 112 Stat. 471; amended Pub. L. 114-94, div. A, title XI, §11602, Dec. 4, 2015, 129 Stat. 1693.)

#### PRIOR PROVISIONS

A prior section 821, Pub. L. 94-210, title V, §501, Feb. 5, 1976, 90 Stat. 66; Pub. L. 95-620, title VIII, §803(c)(1), Nov. 9, 1978, 92 Stat. 3347; Pub. L. 96-101, §24(b), Nov. 4, 1979, 93 Stat. 747; Pub. L. 96-448, title IV, §405(d), Oct. 14, 1980, 94 Stat. 1947; Pub. L. 97-35, title XI, §1162(b), Aug. 13, 1981, 95 Stat. 684; Pub. L. 99-509, title IV, §4033(c)(2), Oct. 21, 1986, 100 Stat. 1908, defined terms for purposes of this subchapter, prior to repeal by Pub. L. 105-178, title VII, §7203(a)(1), June 9, 1998, 112 Stat. 471.

#### AMENDMENTS

2015—Pars. (6) to (8). Pub. L. 114-94, §11602(2), (3), added par. (6) and redesignated former pars. (6) and (7) as (7) and (8), respectively. Former par. (8) redesignated (10).

Par. (9). Pub. L. 114-94, §11602(4), added par. (9).

Par. (10). Pub. L. 114-94, §11602(1), redesignated par. (8) as (10).

Pars. (11) to (14). Pub. L. 114-94, §11602(5), added pars. (11) to (14).

#### EFFECTIVE DATE OF 2015 AMENDMENT

Amendment by Pub. L. 114-94 effective Oct. 1, 2015, see section 1003 of Pub. L. 114-94, set out as a note under section 5313 of Title 5, Government Organization and Employees.

#### SAVINGS PROVISION

Pub. L. 114-94, div. A, title XI, §11607(b), Dec. 4, 2015, 129 Stat. 1699, provided that: “All provisions under sections 502 through 504 [45 U.S.C. 822, 823, 836] of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 801 et seq.) as they existed on the day before enactment of this Act shall apply to direct loans provided by the Secretary [of Transportation] prior to the date of enactment of this Act [Dec. 4, 2015], and nothing in this title [see Tables for classification] may be construed to limit the payback of a credit risk premium, with interest accrued thereon, if a direct loan provided by the Secretary under such sections has been paid back in full, prior to the date of enactment of this Act.”

Pub. L. 114-94, div. A, title XI, §11610, Dec. 4, 2015, 129 Stat. 1700, provided that:

“(a) IN GENERAL.—Except as provided in subsection (b) and section 11607(b) [set out above], this subtitle [see Short Title of 2015 Amendment note set out under section 801 of this title], and the amendments made by this subtitle, shall not affect any direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment) that was in effect prior to the date of enactment of this Act [Dec. 4, 2015]. Any such transaction entered into before the date of enactment of this Act shall be administered until completion under its terms as if this Act [div. A of Pub. L. 114-94, see Tables for classification] were not enacted.

“(b) MODIFICATION COSTS.—At the discretion of the Secretary [of Transportation], the authority to accept modification costs on behalf of an applicant under section 502(f) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 822(f)), as amended by section 11607 of this Act, may apply with respect to any direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment) that was in effect prior to the date of enactment of this Act.”

Pub. L. 105-178, title VII, §7203(b)(2), June 9, 1998, 112 Stat. 477, provided that: “A transaction entered into

under the authority of title V of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 821 et seq.) before the date of enactment of this Act [June 9, 1998] shall be administered until completion under its terms as if this Act [see Tables for classification] were not enacted.”

## § 822. Direct loans and loan guarantees

### (a) General authority

The Secretary shall provide direct loans and loan guarantees to—

- (1) State and local governments;
- (2) interstate compacts consented to by Congress under section 410(a) of the Amtrak Reform and Accountability Act of 1997 (49 U.S.C. 24101 note);
- (3) government sponsored authorities and corporations;
- (4) railroads;
- (5) joint ventures that include at least 1 of the entities described in paragraph (1), (2), (3), (4), or (6); and
- (6) solely for the purpose of constructing a rail connection between a plant or facility and a railroad, limited option freight shippers that own or operate a plant or other facility.

### (b) Eligible purposes

#### (1) In general

Direct loans and loan guarantees under this section shall be used to—

- (A) acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings, and shops, and costs related to these activities, including pre-construction costs;
- (B) refinance outstanding debt incurred for the purposes described in subparagraph (A) or (C);
- (C) develop or establish new intermodal or railroad facilities;
- (D) reimburse planning and design expenses relating to activities described in subparagraph (A) or (C); or
- (E) finance economic development, including commercial and residential development, and related infrastructure and activities, that—
  - (i) incorporates private investment;
  - (ii) is physically or functionally related to a passenger rail station or multimodal station that includes rail service;
  - (iii) has a high probability of the applicant commencing the contracting process for construction not later than 90 days after the date on which the direct loan or loan guarantee is obligated for the project under this subchapter; and
  - (iv) has a high probability of reducing the need for financial assistance under any other Federal program for the relevant passenger rail station or service by increasing ridership, tenant lease payments, or other activities that generate revenue exceeding costs.

#### (2) Operating expenses not eligible

Direct loans and loan guarantees under this section shall not be used for railroad operating expenses.

### (3) Sunset

The Secretary may provide a direct loan or loan guarantee under this section for a project described in paragraph (1)(E) only during the 4-year period beginning on December 4, 2015.

### (c) Priority projects

In granting applications for direct loans or guaranteed loans under this section, the Secretary shall give priority to projects that—

- (1) enhance public safety, including projects for the installation of a positive train control system (as defined in section 20157(i) of title 49);
- (2) promote economic development;
- (3) enhance the environment;
- (4) enable United States companies to be more competitive in international markets;
- (5) are endorsed by the plans prepared under section 135 of title 23 or chapter 227 of title 49 by the State or States in which they are located;
- (6) improve railroad stations and passenger facilities and increase transit-oriented development;
- (7) preserve or enhance rail or intermodal service to small communities or rural areas;
- (8) enhance service and capacity in the national rail system; or
- (9) would materially alleviate rail capacity problems which degrade the provision of service to shippers and would fulfill a need in the national transportation system.

### (d) Extent of authority

The aggregate unpaid principal amounts of obligations under direct loans and loan guarantees made under this section shall not exceed \$35,000,000,000 at any one time. Of this amount, not less than \$7,000,000,000 shall be available solely for projects primarily benefiting freight railroads other than Class I carriers. The Secretary shall not establish any limit on the proportion of the unused amount authorized under this subsection that may be used for 1 loan or loan guarantee.

### (e) Rates of interest

#### (1) Direct loans

The Secretary shall require interest to be paid on a direct loan made under this section at a rate not less than that necessary to recover the cost of making the loan.

#### (2) Loan guarantees

The Secretary shall not make a loan guarantee under this section if the interest rate for the loan exceeds that which the Secretary determines to be reasonable, taking into consideration the prevailing interest rates and customary fees incurred under similar obligations in the private capital market.

### (f) Infrastructure partners

#### (1) Authority of Secretary

In lieu of or in combination with appropriations of budget authority to cover the costs of direct loans and loan guarantees as required under section 661c(b)(1) of title 2, including the cost of a modification thereof, the Secretary may accept on behalf of an applicant for assistance under this section a commitment

from a non-Federal source, including a State or local government or agency or public benefit corporation or public authority thereof, to fund in whole or in part credit risk premiums and modification costs with respect to the loan that is the subject of the application or modification. In no event shall the aggregate of appropriations of budget authority and credit risk premiums described in this paragraph with respect to a direct loan or loan guarantee be less than the cost of that direct loan or loan guarantee.

**(2) Credit risk premium amount**

The Secretary shall determine the amount required for credit risk premiums under this subsection on the basis of—

- (A) the circumstances of the applicant, including the amount of collateral offered, if any;
- (B) the proposed schedule of loan disbursements;
- (C) historical data on the repayment history of similar borrowers;
- (D) consultation with the Congressional Budget Office; and
- (E) any other factors the Secretary considers relevant.

**(3) Creditworthiness**

An applicant may propose and the Secretary shall accept as a basis for determining the amount of the credit risk premium under paragraph (2) any of the following in addition to the value of any tangible asset:

- (A) The net present value of a future stream of State or local subsidy income or other dedicated revenues to secure the direct loan or loan guarantee.
- (B) Adequate coverage requirements to ensure repayment, on a non-recourse basis, from cash flows generated by the project or any other dedicated revenue source, including—
  - (i) tolls;
  - (ii) user fees; or
  - (iii) payments owing to the obligor under a public-private partnership.
- (C) An investment-grade rating on the direct loan or loan guarantee, as applicable, except that if the total amount of the direct loan or loan guarantee is greater than \$75,000,000, the applicant shall have an investment-grade rating from at least 2 rating agencies on the direct loan or loan guarantee.

**(4) Payment of premiums**

Credit risk premiums under this subsection shall be paid to the Secretary before the disbursement of loan amounts (and in the case of a modification, before the modification is executed), to the extent appropriations are not available to the Secretary to meet the costs of direct loans and loan guarantees, including costs of modifications thereof.

**(g) Prerequisites for assistance**

The Secretary shall not make a direct loan or loan guarantee under this section unless the Secretary has made a finding in writing that—

- (1) repayment of the obligation is required to be made within a term of not more than the lesser of—

- (A) 35 years after the date of substantial completion of the project; or

- (B) the estimated useful life of the rail equipment or facilities to be acquired, rehabilitated, improved, developed, or established;

- (2) the direct loan or loan guarantee is justified by the present and probable future demand for rail services or intermodal facilities;

- (3) the applicant has given reasonable assurances that the facilities or equipment to be acquired, rehabilitated, improved, developed, or established with the proceeds of the obligation will be economically and efficiently utilized;

- (4) the obligation can reasonably be repaid, using an appropriate combination of credit risk premiums and collateral offered by the applicant to protect the Federal Government; and

- (5) the purposes of the direct loan or loan guarantee are consistent with subsection (b).

**(h) Conditions of assistance**

(1) The Secretary shall, before granting assistance under this section, require the applicant to agree to such terms and conditions as are sufficient, in the judgment of the Secretary, to ensure that, as long as any principal or interest is due and payable on such obligation, the applicant, and any railroad or railroad partner for whose benefit the assistance is intended—

- (A) will not use any funds or assets from railroad or intermodal operations for purposes not related to such operations, if such use would impair the ability of the applicant, railroad, or railroad partner to provide rail or intermodal services in an efficient and economic manner, or would adversely affect the ability of the applicant, railroad, or railroad partner to perform any obligation entered into by the applicant under this section;

- (B) will, consistent with its capital resources, maintain its capital program, equipment, facilities, and operations on a continuing basis; and

- (C) will not make any discretionary dividend payments that unreasonably conflict with the purposes stated in subsection (b).

(2) The Secretary shall not require an applicant for a direct loan or loan guarantee under this section to provide collateral. Any collateral provided or thereafter enhanced shall be valued as a going concern after giving effect to the present value of improvements contemplated by the completion and operation of the project, if applicable. The Secretary shall not require that an applicant for a direct loan or loan guarantee under this section have previously sought the financial assistance requested from another source.

(3) The Secretary shall require recipients of direct loans or loan guarantees under this section to comply with—

- (A) the standards of section 24312 of title 49, as in effect on September 1, 2002, with respect to the project in the same manner that the National Railroad Passenger Corporation is required to comply with such standards for construction work financed under an agreement made under section 24308(a) of that title; and

(B) the protective arrangements established under section 836 of this title, with respect to employees affected by actions taken in connection with the project to be financed by the loan or loan guarantee.

(4) The Secretary shall require each recipient of a direct loan or loan guarantee under this section for a project described in subsection (b)(1)(E) to provide a non-Federal match of not less than 25 percent of the total amount expended by the recipient for such project.

**(i) Application processing procedures**

**(1) Application status notices**

Not later than 30 days after the date that the Secretary receives an application under this section, or additional information and material under paragraph (2)(B), the Secretary shall provide the applicant written notice as to whether the application is complete or incomplete.

**(2) Incomplete applications**

If the Secretary determines that an application is incomplete, the Secretary shall—

(A) provide the applicant with a description of all of the specific information or material that is needed to complete the application, including any information required by an independent financial analyst; and

(B) allow the applicant to resubmit the application with the information and material described under subparagraph (A) to complete the application.

**(3) Application approvals and disapprovals**

**(A) In general**

Not later than 60 days after the date the Secretary notifies an applicant that an application is complete under paragraph (1), the Secretary shall provide the applicant written notice as to whether the Secretary has approved or disapproved the application.

**(B) Actions by the Office of Management and Budget**

In order to enable compliance with the time limit under subparagraph (A), the Office of Management and Budget shall take any action required with respect to the application within that 60-day period.

**(4) Expedited processing**

The Secretary shall implement procedures and measures to economize the time and cost involved in obtaining an approval or a disapproval of an application for a direct loan or loan guarantee under this subchapter.

**(5) Dashboard**

The Secretary shall post on the Department of Transportation's Internet Web site a monthly report that includes, for each application—

- (A) the applicant type;
- (B) the location of the project;
- (C) a brief description of the project, including its purpose;
- (D) the requested direct loan or loan guarantee amount;
- (E) the date on which the Secretary provided application status notice under paragraph (1); and

(F) the date that the Secretary provided notice of approval or disapproval under paragraph (3).

**(j) Repayment schedules**

**(1) In general**

The Secretary shall establish a repayment schedule requiring payments to commence not later than 5 years after the date of substantial completion.

**(2) Accrual**

Interest shall accrue as of the date of disbursement, and shall be amortized over the remaining term of the loan beginning at the time the payments begin.

**(3) Deferred payments**

**(A) In general**

If at any time after the date of substantial completion the obligor is unable to pay the scheduled loan repayments of principal and interest on a direct loan provided under this section, the Secretary, subject to subparagraph (B), may allow, for a maximum aggregate time of 1 year over the duration of the direct loan, the obligor to add unpaid principal and interest to the outstanding balance of the direct loan.

**(B) Interest**

A payment deferred under subparagraph (A) shall—

- (i) continue to accrue interest under paragraph (2) until the loan is fully repaid; and
- (ii) be scheduled to be amortized over the remaining term of the loan.

**(4) Prepayments**

**(A) Use of excess revenues**

With respect to a direct loan provided by the Secretary under this section, any excess revenues that remain after satisfying scheduled debt service requirements on the project obligations and direct loan and all deposit requirements under the terms of any trust agreement, bond resolution, or similar agreement securing project obligations may be applied annually to prepay the direct loan without penalty.

**(B) Use of proceeds of refinancing**

The direct loan may be prepaid at any time without penalty from the proceeds of refinancing from non-Federal funding sources.

**(k) Sale of direct loans**

**(1) In general**

Subject to paragraph (2) and as soon as practicable after substantial completion of a project, the Secretary, after notifying the obligor, may sell to another entity or reoffer into the capital markets a direct loan for the project if the Secretary determines that the sale or reoffering has a high probability of being made on favorable terms.

**(2) Consent of obligor**

In making a sale or reoffering under paragraph (1), the Secretary may not change the

original terms and conditions of the secured loan without the prior written consent of the obligor.

**(l) Nonsubordination**

**(1) In general**

Except as provided in paragraph (2), a direct loan provided by the Secretary under this section shall not be subordinated to the claims of any holder of project obligations in the event of bankruptcy, insolvency, or liquidation of the obligor.

**(2) Preexisting indentures**

**(A) In general**

The Secretary may waive the requirement under paragraph (1) for a public agency borrower that is financing ongoing capital programs and has outstanding senior bonds under a preexisting indenture if—

- (i) the direct loan is rated in the A category or higher;
- (ii) the direct loan is secured and payable from pledged revenues not affected by project performance, such as a tax-based revenue pledge or a system-backed pledge of project revenues; and
- (iii) the program share, under this subchapter, of eligible project costs is 50 percent or less.

**(B) Limitation**

The Secretary may impose limitations for the waiver of the nonsubordination requirement under this paragraph if the Secretary determines that such limitations would be in the financial interest of the Federal Government.

**(m) Master credit agreements**

**(1) In general**

Subject to subsection (d) and paragraph (2) of this subsection, the Secretary may enter into a master credit agreement that is contingent on all of the conditions for the provision of a direct loan or loan guarantee, as applicable, under this subchapter and other applicable requirements being satisfied prior to the issuance of the direct loan or loan guarantee.

**(2) Conditions**

Each master credit agreement shall—

- (A) establish the maximum amount and general terms and conditions of each applicable direct loan or loan guarantee;
- (B) identify 1 or more dedicated non-Federal revenue sources that will secure the repayment of each applicable direct loan or loan guarantee;
- (C) provide for the obligation of funds for the direct loans or loan guarantees contingent on and after all requirements have been met for the projects subject to the master credit agreement; and
- (D) provide 1 or more dates, as determined by the Secretary, before which the master credit agreement results in each of the direct loans or loan guarantees or in the release of the master credit agreement.

(Pub. L. 94-210, title V, § 502, as added Pub. L. 105-178, title VII, § 7203(a)(1), June 9, 1998, 112

Stat. 473; amended Pub. L. 109-59, title IX, § 9003(b)-(g), Aug. 10, 2005, 119 Stat. 1921-1923; Pub. L. 110-432, div. A, title VII, § 701(e), Oct. 16, 2008, 122 Stat. 4906; Pub. L. 114-94, div. A, title XI, §§ 11603-11605(a), 11606, 11607(a), 11608, 11609, Dec. 4, 2015, 129 Stat. 1694, 1695, 1697-1700.)

REFERENCES IN TEXT

Section 410(a) of the Amtrak Reform and Accountability Act of 1997, referred to in subsec. (a)(2), is section 410(a) of Pub. L. 105-134, which is set out as a note under section 24101 of Title 49, Transportation.

PRIOR PROVISIONS

A prior section 822, Pub. L. 94-210, title V, § 502, Feb. 5, 1976, 90 Stat. 67; Pub. L. 95-620, title VIII, § 803(c)(2)-(4), Nov. 9, 1978, 92 Stat. 3347, related to the Rail Fund, prior to repeal by Pub. L. 105-178, title VII, § 7203(a)(1), June 9, 1998, 112 Stat. 471.

AMENDMENTS

2015—Subsec. (a)(5). Pub. L. 114-94, § 11603(1), substituted “1 of the entities described in paragraph (1), (2), (3), (4), or (6)” for “one railroad”.

Subsec. (a)(6). Pub. L. 114-94, § 11603(2), amended par. (6) generally. Prior to amendment, par (6) read as follows: “solely for the purpose of constructing a rail connection between a plant or facility and a second rail carrier, limited option rail freight shippers that own or operate a plant or other facility that is served by no more than a single railroad.”

Subsec. (b)(1)(A). Pub. L. 114-94, § 11604(a)(1), inserted “, and costs related to these activities, including pre-construction costs” after “shops”.

Subsec. (b)(1)(B). Pub. L. 114-94, § 11604(a)(2), substituted “subparagraph (A) or (C);” for “subparagraph (A); or”.

Subsec. (b)(1)(D), (E). Pub. L. 114-94, § 11604(a)(3), (4), added subpars. (D) and (E).

Subsec. (b)(3). Pub. L. 114-94, § 11604(c), added par. (3).

Subsec. (c)(1). Pub. L. 114-94, § 11609(a)(1), inserted “, including projects for the installation of a positive train control system (as defined in section 20157(i) of title 49)” after “public safety”.

Subsec. (c)(2), (3). Pub. L. 114-94, § 11609(a)(2), redesignated pars. (2) and (3) as (3) and (2), respectively.

Subsec. (c)(5). Pub. L. 114-94, § 11609(a)(3), inserted “or chapter 227 of title 49” after “section 135 of title 23”.

Subsec. (c)(6) to (9). Pub. L. 114-94, § 11609(a)(4), (5), added par. (6) and redesignated former pars. (6) to (8) as (7) to (9), respectively.

Subsec. (f)(1). Pub. L. 114-94, § 11607(a)(1), substituted “In lieu of or in combination with appropriations of budget authority to cover the costs of direct loans and loan guarantees as required under section 661c(b)(1) of title 2, including the cost of a modification thereof, the Secretary may accept on behalf of an applicant for assistance under this section a commitment from a non-Federal source, including a State or local government or agency or public benefit corporation or public authority thereof, to fund in whole or in part credit risk premiums and modification costs with respect to the loan that is the subject of the application or modification.” for “In lieu of or in combination with appropriations of budget authority to cover the costs of direct loans and loan guarantees as required under section 661c(b)(1) of title 2, the Secretary may accept on behalf of an applicant for assistance under this section a commitment from a non-Federal source to fund in whole or in part credit risk premiums with respect to the loan that is the subject of the application.”

Subsec. (f)(2)(D) to (F). Pub. L. 114-94, § 11607(a)(2), inserted “and” at end of subpar. (D), redesignated subpar. (F) as (E), and struck out former subpar. (E) which read as follows: “the size and characteristics of the cohort of which the loan or loan guarantee is a member; and”.

Subsec. (f)(3). Pub. L. 114-94, § 11607(a)(5), added par. (3). Former par. (3) redesignated (4).

Subsec. (f)(4). Pub. L. 114-94, § 11607(a)(4), (6), redesignated par. (3) as (4) and substituted “amounts (and in the case of a modification, before the modification is executed), to the extent appropriations are not available to the Secretary to meet the costs of direct loans and loan guarantees, including costs of modifications thereof” for “amounts”.

Pub. L. 114-94, § 11607(a)(3), struck out par. (4). Text read as follows: “In order to maintain sufficient balances of credit risk premiums to adequately protect the Federal Government from risk of default, while minimizing the length of time the Government retains possession of those balances, the Secretary shall establish cohorts of loans. When all obligations attached to a cohort of loans have been satisfied, credit risk premiums paid for the cohort, and interest accrued thereon, which were not used to mitigate losses shall be returned to the original source on a pro rata basis. A cohort may include loans and loan guarantees. The Secretary shall not establish any limit on the proportion of a cohort that may be used for 1 loan or loan guarantee.”

Subsec. (g)(1). Pub. L. 114-94, § 11606(a), substituted “the lesser of—” for “35 years from the date of its execution;” and added subpars. (A) and (B).

Subsec. (h)(2). Pub. L. 114-94, § 11609(b), inserted “, if applicable” after “project”.

Subsec. (h)(4). Pub. L. 114-94, § 11604(b), added par. (4).

Subsec. (i). Pub. L. 114-94, § 11605(a), amended subsec. (i) generally. Prior to amendment, text read as follows: “Not later than 90 days after receiving a complete application for a direct loan or loan guarantee under this section, the Secretary shall approve or disapprove the application.”

Subsec. (j)(1). Pub. L. 114-94, § 11606(b)(1), substituted “5 years after the date of substantial completion” for “the sixth anniversary date of the original loan disbursement”.

Subsec. (j)(3), (4). Pub. L. 114-94, § 11606(b)(2), added pars. (3) and (4).

Subsec. (k). Pub. L. 114-94, § 11606(c), added subsec. (k).

Subsec. (l). Pub. L. 114-94, § 11606(d), added subsec. (l).  
Subsec. (m). Pub. L. 114-94, § 11608, added subsec. (m).  
2008—Subsec. (g)(1). Pub. L. 110-432 substituted “35 years” for “25 years”.

2005—Subsec. (a). Pub. L. 109-59, § 9003(b), reenacted heading without change and amended text of subsec. (a) generally. Prior to amendment, text read as follows: “The Secretary may provide direct loans and loan guarantees to State and local governments, government sponsored authorities and corporations, railroads, and joint ventures that include at least 1 railroad.”

Subsec. (c)(7), (8). Pub. L. 109-59, § 9003(c), added pars. (7) and (8).

Subsec. (d). Pub. L. 109-59, § 9003(d), substituted “\$35,000,000,000” for “\$3,500,000,000” and “\$7,000,000,000” for “\$1,000,000,000” and inserted at end “The Secretary shall not establish any limit on the proportion of the unused amount authorized under this subsection that may be used for 1 loan or loan guarantee.”

Subsec. (f)(2)(A). Pub. L. 109-59, § 9003(f)(2), substituted “amount of collateral offered, if any;” for “amount of collateral offered;”

Subsec. (f)(2)(E), (F). Pub. L. 109-59, § 9003(e)(1)–(3), added subpar. (E) and redesignated former subpar. (E) as (F).

Subsec. (f)(4). Pub. L. 109-59, § 9003(e)(4), inserted at end “A cohort may include loans and loan guarantees. The Secretary shall not establish any limit on the proportion of a cohort that may be used for 1 loan or loan guarantee.”

Subsec. (h). Pub. L. 109-59, § 9003(f)(1), designated existing provisions as par. (1), redesignated former pars. (1) to (3) as subpars. (A) to (C) of par. (1), respectively, and added pars. (2) and (3).

Subsecs. (i), (j). Pub. L. 109-59, § 9003(g), added subsecs. (i) and (j).

#### EFFECTIVE DATE OF 2015 AMENDMENT

Amendment by Pub. L. 114-94 effective Oct. 1, 2015, see section 1003 of Pub. L. 114-94, set out as a note

under section 5313 of Title 5, Government Organization and Employees.

#### SUBSTANTIVE CRITERIA AND STANDARDS

Pub. L. 109-59, title IX, § 9003(j), Aug. 10, 2005, 119 Stat. 1923, provided that: “Not later than 30 days after the date of enactment of this Act [Aug. 10, 2005], the Secretary of Transportation shall publish in the Federal Register and post on the Department of Transportation Web site the substantive criteria and standards used by the Secretary to determine whether to approve or disapprove applications submitted under section 502 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 822). The Secretary of Transportation shall ensure adequate procedures and guidelines are in place to permit the filing of complete applications within 30 days of such publication.”

### § 823. Administration of direct loans and loan guarantees

#### (a) Applications

The Secretary shall prescribe the form and contents required of applications for assistance under section 822 of this title, to enable the Secretary to determine the eligibility of the applicant’s proposal, and shall establish terms and conditions for direct loans and loan guarantees made under that section, including a program guide, a standard term sheet, and specific time-tables.

#### (b) Full faith and credit

All guarantees entered into by the Secretary under section 822 of this title shall constitute general obligations of the United States of America backed by the full faith and credit of the United States of America.

#### (c) Assignment of loan guarantees

The holder of a loan guarantee made under section 822 of this title may assign the loan guarantee in whole or in part, subject to such requirements as the Secretary may prescribe.

#### (d) Modifications

The Secretary may approve the modification of any term or condition of a direct loan, loan guarantee, direct loan obligation, or loan guarantee commitment, including the rate of interest, time of payment of interest or principal, or security requirements, if the Secretary finds in writing that—

(1) the modification is equitable and is in the overall best interests of the United States;

(2) consent has been obtained from the applicant and, in the case of a loan guarantee or loan guarantee commitment, the holder of the obligation; and

(3) the modification cost has been covered under section 822(f) of this title.

#### (e) Compliance

The Secretary shall assure compliance, by an applicant, any other party to the loan, and any railroad or railroad partner for whose benefit assistance is intended, with the provisions of this subchapter, regulations issued hereunder, and the terms and conditions of the direct loan or loan guarantee, including through regular periodic inspections.

#### (f) Commercial validity

For purposes of claims by any party other than the Secretary, a loan guarantee or loan

guarantee commitment shall be conclusive evidence that the underlying obligation is in compliance with the provisions of this subchapter, and that such obligation has been approved and is legal as to principal, interest, and other terms. Such a guarantee or commitment shall be valid and incontestable in the hands of a holder thereof, including the original lender or any other holder, as of the date when the Secretary granted the application therefor, except as to fraud or material misrepresentation by such holder.

**(g) Default**

The Secretary shall prescribe regulations setting forth procedures in the event of default on a loan made or guaranteed under section 822 of this title. The Secretary shall ensure that each loan guarantee made under that section contains terms and conditions that provide that—

(1) if a payment of principal or interest under the loan is in default for more than 30 days, the Secretary shall pay to the holder of the obligation, or the holder's agent, the amount of unpaid guaranteed interest;

(2) if the default has continued for more than 90 days, the Secretary shall pay to the holder of the obligation, or the holder's agent, 90 percent of the unpaid guaranteed principal;

(3) after final resolution of the default, through liquidation or otherwise, the Secretary shall pay to the holder of the obligation, or the holder's agent, any remaining amounts guaranteed but which were not recovered through the default's resolution;

(4) the Secretary shall not be required to make any payment under paragraphs (1) through (3) if the Secretary finds, before the expiration of the periods described in such paragraphs, that the default has been remedied; and

(5) the holder of the obligation shall not receive payment or be entitled to retain payment in a total amount which, together with all other recoveries (including any recovery based upon a security interest in equipment or facilities) exceeds the actual loss of such holder.

**(h) Rights of the Secretary**

**(1) Subrogation**

If the Secretary makes payment to a holder, or a holder's agent, under subsection (g) in connection with a loan guarantee made under section 822 of this title, the Secretary shall be subrogated to all of the rights of the holder with respect to the obligor under the loan.

**(2) Disposition of property**

The Secretary may complete, recondition, reconstruct, renovate, repair, maintain, operate, charter, rent, sell, or otherwise dispose of any property or other interests obtained pursuant to this section. The Secretary shall not be subject to any Federal or State regulatory requirements when carrying out this paragraph.

**(i) Action against obligor**

The Secretary may bring a civil action in an appropriate Federal court in the name of the United States in the event of a default on a di-

rect loan made under section 822 of this title, or in the name of the United States or of the holder of the obligation in the event of a default on a loan guaranteed under section 822 of this title. The holder of a guarantee shall make available to the Secretary all records and evidence necessary to prosecute the civil action. The Secretary may accept property in full or partial satisfaction of any sums owed as a result of a default. If the Secretary receives, through the sale or other disposition of such property, an amount greater than the aggregate of—

(1) the amount paid to the holder of a guarantee under subsection (g) of this section; and

(2) any other cost to the United States of remedying the default,

the Secretary shall pay such excess to the obligor.

**(j) Breach of conditions**

The Attorney General shall commence a civil action in an appropriate Federal court to enjoin any activity which the Secretary finds is in violation of this subchapter, regulations issued hereunder, or any conditions which were duly agreed to, and to secure any other appropriate relief.

**(k) Attachment**

No attachment or execution may be issued against the Secretary, or any property in the control of the Secretary, prior to the entry of final judgment to such effect in any State, Federal, or other court.

**(l) Charges and loan servicing**

**(1) Purposes**

The Secretary may collect from each applicant, obligor, or loan party a reasonable charge for—

(A) the cost of evaluating the application, amendments, modifications, and waivers, including for evaluating project viability, applicant creditworthiness, and the appraisal of the value of the equipment or facilities for which the direct loan or loan guarantee is sought, and for making necessary determinations and findings;

(B) the cost of award management and project management oversight;

(C) the cost of services from expert firms, including counsel, and independent financial advisors to assist in the underwriting, auditing, servicing, and exercise of rights with respect to direct loans and loan guarantees; and

(D) the cost of all other expenses incurred as a result of a breach of any term or condition or any event of default on a direct loan or loan guarantee.

**(2) Standards**

The Secretary may charge different amounts under this subsection based on the different costs incurred under paragraph (1).

**(3) Servicer**

**(A) In general**

The Secretary may appoint a financial entity to assist the Secretary in servicing a direct loan or loan guarantee under this subchapter.

**(B) Duties**

A servicer appointed under subparagraph (A) shall act as the agent of the Secretary in serving a direct loan or loan guarantee under this subchapter.

**(C) Fees**

A servicer appointed under subparagraph (A) shall receive a servicing fee from the obligor or other loan party, subject to approval by the Secretary.

**(4) Safety and operations account**

Amounts collected under this subsection shall—

(A) be credited directly to the Safety and Operations account of the Federal Railroad Administration; and

(B) remain available until expended to pay for the costs described in this subsection.

**(m) Fees and charges**

Except as provided in this subchapter, the Secretary may not assess any fees, including user fees, or charges in connection with a direct loan or loan guarantee provided under section 822 of this title.

(Pub. L. 94-210, title V, §503, as added and amended Pub. L. 105-178, title VII, §7203(a)(1), (4), June 9, 1998, 112 Stat. 475, 477; Pub. L. 109-59, title IX, §9003(h), (i), Aug. 10, 2005, 119 Stat. 1923; Pub. L. 114-94, div. A, title XI, §11605(b), Dec. 4, 2015, 129 Stat. 1695.)

## CODIFICATION

The text of section 831(c) of this title, which was transferred to subsec. (b) of this section, relating to full faith and credit backing of guarantees entered into by Secretary, by Pub. L. 105-178, title VII, §7203(a)(4), June 9, 1998, 112 Stat. 477, was based on Pub. L. 94-210, title V, §511, Feb. 5, 1976, 90 Stat. 76; Pub. L. 94-555, title II, §215(a), Oct. 19, 1976, 90 Stat. 2625; Pub. L. 105-178, title VII, §7203(a)(2), (3), June 9, 1998, 112 Stat. 477.

## PRIOR PROVISIONS

A prior section 823, Pub. L. 94-210, title V, §503, Feb. 5, 1976, 90 Stat. 69; Pub. L. 94-555, title II, §216(b), Oct. 19, 1976, 90 Stat. 2627, related to classification and designation of rail lines, prior to repeal by Pub. L. 105-178, title VII, §7203(a)(1), June 9, 1998, 112 Stat. 471.

## AMENDMENTS

2015—Subsec. (a). Pub. L. 114-94, §11605(b)(1), inserted “, including a program guide, a standard term sheet, and specific timetables” before period at end.

Subsecs. (b), (c). Pub. L. 114-94, §11605(b)(3), redesignated subsec. (b), relating to assignment of loan guarantees, as (c). Former subsec. (c) redesignated (d).

Subsec. (d). Pub. L. 114-94, §11605(b)(2), redesignated subsec. (c) as (d). Former subsec. (d) redesignated (e).

Subsec. (d)(3). Pub. L. 114-94, §11605(b)(4), added par. (3).

Subsecs. (e) to (k). Pub. L. 114-94, §11605(b)(2), redesignated subsecs. (d) to (j) as (e) to (k), respectively. Former subsec. (k) redesignated (l).

Subsec. (l). Pub. L. 114-94, §11605(b)(5), added subsec. (l) and struck out former subsec. (l). Prior to amendment, text read as follows: “The Secretary may charge and collect from each applicant a reasonable charge for the cost of evaluating the application, including appraisal of the value of the equipment or facilities for which the direct loan or loan guarantee is sought, and for making necessary determinations and findings. Such charge shall not aggregate more than one-half of 1 percent of the principal amount of the obligation.

Amounts collected under this subsection shall be credited directly to the Safety and Operations account of the Federal Railroad Administration, and shall remain available until expended to pay for the evaluation costs described in this subsection.”

Pub. L. 114-94, §11605(b)(2), redesignated subsec. (k) as (l). Former subsec. (l) redesignated (m).

Subsec. (m). Pub. L. 114-94, §11605(b)(2), redesignated subsec. (l) as (m).

2005—Subsec. (k). Pub. L. 109-59, §9003(h), in heading, substituted “Evaluation” for “Investigation” and, in text, inserted “the cost of evaluating the application, including” after “reasonable charge for” and inserted at end “Amounts collected under this subsection shall be credited directly to the Safety and Operations account of the Federal Railroad Administration, and shall remain available until expended to pay for the evaluation costs described in this subsection.”

Subsec. (l). Pub. L. 109-59, §9003(i), added subsec. (l). 1998—Subsec. (b). Pub. L. 105-178, §7203(a)(4), redesignated subsec. (c) of section 831 of this title as subsec. (b) of this section, relating to full faith and credit backing of guarantees entered into by Secretary. See Codification note above.

## EFFECTIVE DATE OF 2015 AMENDMENT

Amendment by Pub. L. 114-94 effective Oct. 1, 2015, see section 1003 of Pub. L. 114-94, set out as a note under section 5313 of Title 5, Government Organization and Employees.

**§§ 824, 825. Repealed. Pub. L. 105-178, title VII, § 7203(a)(1), (2), June 9, 1998, 112 Stat. 471, 477**

Section 824, Pub. L. 94-210, title V, §504, Feb. 5, 1976, 90 Stat. 70; Pub. L. 94-555, title II, §§216(c), 220(d), Oct. 19, 1976, 90 Stat. 2627, 2629, related to capital needs study to be submitted to Secretary.

Section 825, Pub. L. 94-210, title V, §505, Feb. 5, 1976, 90 Stat. 71; Pub. L. 94-555, title II, §§212, 216(a), Oct. 19, 1976, 90 Stat. 2624, 2626; Pub. L. 95-565, §5, Nov. 1, 1978, 92 Stat. 2400; Pub. L. 95-607, title III, §§301(a), 302, Nov. 8, 1978, 92 Stat. 3066; Pub. L. 95-620, title VIII, §803(c)(5), (6), Nov. 9, 1978, 92 Stat. 3347, 3348; Pub. L. 96-73, title IV, §401, Sept. 29, 1979, 93 Stat. 557; Pub. L. 96-101, §§16, 24(a), Nov. 4, 1979, 93 Stat. 744, 747; Pub. L. 96-254, title I, §112, May 30, 1980, 94 Stat. 404; Pub. L. 96-448, title IV, §§404, 405(a)(1), (c)(1), (2), (4), (5), 406, title VII, §701(d), Oct. 14, 1980, 94 Stat. 1945-1947, 1961; Pub. L. 97-35, title XI, §1162(a), (c), (d), Aug. 13, 1981, 95 Stat. 683, 684; Pub. L. 97-468, title IV, §§401, 403(b), Jan. 14, 1983, 96 Stat. 2550, 2551; Pub. L. 99-509, title IV, §4033(c)(3), Oct. 21, 1986, 100 Stat. 1908; Pub. L. 104-88, title III, §330(2), Dec. 29, 1995, 109 Stat. 953, related to rehabilitation and improvement financing.

**§ 825a. Repealed. Pub. L. 99-509, title IV, § 4033(c)(6), Oct. 21, 1986, 100 Stat. 1909**

Section, Pub. L. 97-468, title IV, §402, Jan. 14, 1983, 96 Stat. 2550, provided for financial assistance to responsible persons for purchase, lease, or rehabilitation of rail lines of Consolidated Rail Corporation.

**§§ 826 to 830. Repealed. Pub. L. 105-178, title VII, § 7203(a)(2), June 9, 1998, 112 Stat. 477**

Section 826, Pub. L. 94-210, title V, §506, Feb. 5, 1976, 90 Stat. 73; Pub. L. 94-555, title II, §§213, 214, Oct. 19, 1976, 90 Stat. 2624, 2625; Pub. L. 96-448, title IV, §405(c)(3)(A), (C), Oct. 14, 1980, 94 Stat. 1946, 1947, related to redeemable preference shares.

Section 827, Pub. L. 94-210, title V, §507, Feb. 5, 1976, 90 Stat. 74; Pub. L. 95-607, title III, §301(b), Nov. 8, 1978, 92 Stat. 3066; Pub. L. 96-73, title IV, §401, Sept. 29, 1979, 93 Stat. 557; Pub. L. 96-448, title IV, §§404, 405(a)(2), (c)(3)(B), Oct. 14, 1980, 94 Stat. 1945, 1946; Pub. L. 97-468, title IV, §401, Jan. 14, 1983, 96 Stat. 2550, related to fund anticipation notes.

Section 828, Pub. L. 94-210, title V, § 508, Feb. 5, 1976, 90 Stat. 74, related to fund bonds.

Section 829, Pub. L. 94-210, title V, § 509, Feb. 5, 1976, 90 Stat. 76; Pub. L. 94-555, title II, § 216(d), Oct. 19, 1976, 90 Stat. 2627; Pub. L. 95-607, title III, § 301(c), Nov. 8, 1978, 92 Stat. 3066; Pub. L. 96-73, title IV, § 401, Sept. 29, 1979, 93 Stat. 557; Pub. L. 96-448, title IV, §§ 404, 405(a)(2), (b)(1), Oct. 14, 1980, 94 Stat. 1945; Pub. L. 97-35, title XI, § 1162(e), (f), Aug. 13, 1981, 95 Stat. 684, 685; Pub. L. 97-468, title IV, §§ 401, 403(a), Jan. 14, 1983, 96 Stat. 2550, 2551; Pub. L. 99-509, title IV, § 4033(c)(4), Oct. 21, 1986, 100 Stat. 1909; Pub. L. 104-88, title III, § 330(3), Dec. 29, 1995, 109 Stat. 953, related to authorization of appropriations, purchases, transfer of funds, and restrictions.

Section 830, Pub. L. 94-210, title V, § 510, Feb. 5, 1976, 90 Stat. 76; Pub. L. 104-88, title III, § 330(4), Dec. 29, 1995, 109 Stat. 953, related to exemption of redeemable preference shares from certain Federal and State securities provisions.

### § 831. Transferred

#### CODIFICATION

Section, Pub. L. 94-210, title V, § 511, Feb. 5, 1976, 90 Stat. 76; Pub. L. 94-555, title II, §§ 215, 220(e), (f), Oct. 19, 1976, 90 Stat. 2625, 2629, 2630; Pub. L. 96-448, title IV, § 405(e), Oct. 14, 1980, 94 Stat. 1947; Pub. L. 99-509, title IV, § 4033(c)(5), Oct. 21, 1986, 100 Stat. 1909; Pub. L. 102-240, title I, § 1036(e), Dec. 18, 1991, 105 Stat. 1986, which related to guarantee of obligations, was repealed, except for subsec. (c), by Pub. L. 105-178, title VII, § 7203(a)(2), June 9, 1998, 112 Stat. 477. Subsec. (c) of section 831 was amended, redesignated, and transferred to section 823(b) of this title by Pub. L. 105-178, title VII, § 7203(a)(3), (4), June 9, 1998, 112 Stat. 477.

### §§ 832 to 834. Repealed. Pub. L. 105-178, title VII, § 7203(a)(2), June 9, 1998, 112 Stat. 477

Section 832, Pub. L. 94-210, title V, § 512, Feb. 5, 1976, 90 Stat. 79, related to issuance of notes or obligations.

Section 833, Pub. L. 94-210, title V, § 513, Feb. 5, 1976, 90 Stat. 80, related to default on guaranteed obligations.

Section 834, Pub. L. 94-210, title V, § 514, Feb. 5, 1976, 90 Stat. 81, related to audit of transactions.

### § 835. Repealed. Pub. L. 97-375, title I, § 111(d), Dec. 21, 1982, 96 Stat. 1821; Pub. L. 105-178, title VII, § 7203(a)(2), June 9, 1998, 112 Stat. 477

Section, Pub. L. 94-210, title V, § 515, Feb. 5, 1976, 90 Stat. 82, directed Secretary to report to Congress within 90 days following end of each fiscal year on financial condition and operations of Fund and of obligation guarantee fund during such fiscal year, and on anticipated condition and operations of Fund and of obligation guarantee fund during current fiscal year.

### § 836. Employee protection

#### (a) General

Fair and equitable arrangements shall be provided, in accordance with this section, to protect the interests of any employees not otherwise protected under title V of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 771 et seq.), who may be affected by actions taken pursuant to authorizations or approval obtained under this subchapter. Such arrangements shall be determined by the execution of an agreement between the representatives of the railroads and the representatives of their employees, within 120 days after February 5, 1976. In the absence of such an executed agreement, the Secretary of Labor shall prescribe the applicable protective arrangements, within 150 days after February 5, 1976.

#### (b) Terms

The arrangements required by subsection (a) of this section shall apply to each employee who has an employment relationship with a railroad on the date on which such railroad first applies for applicable financial assistance under this subchapter. Such arrangements shall include such provisions as may be necessary for the negotiation and execution of agreements as to the manner in which the protective arrangements shall be applied, including notice requirements. Such agreements shall be executed prior to implementation of work funded from financial assistance under this subchapter. If such an agreement is not reached within 30 days after the date on which an application for such assistance is approved, either party to the dispute may submit the issue for final and binding arbitration. The decision on any such arbitration shall be rendered within 30 days after such submission. Such arbitration decision shall in no way modify the protection afforded in the protective arrangements established pursuant to this section, shall be final and binding on the parties thereto, and shall become a part of the agreement. Such arrangements shall also include such provisions as may be necessary—

(1) for the preservation of compensation (including subsequent general wage increases, vacation allowances, and monthly compensation guarantees), rights, privileges, and benefits (including fringe benefits such as pensions, hospitalization, and vacations, under the same conditions and so long as such benefits continue to be accorded to other employees of the employing railroad in active service or on furlough, as the case may be) to such employees under existing collective-bargaining agreements or otherwise;

(2) to provide for final and binding arbitration of any dispute which cannot be settled by the parties, with respect to the interpretation, application, or enforcement of the provisions of the protective arrangements;

(3) to provide that an employee who is unable to secure employment by the exercise of his or her seniority rights, as a result of actions taken with financial assistance obtained under this subchapter, shall be offered reassignment and, where necessary, retraining to fill a position comparable to the position held at the time of such adverse effect and for which he is, or by training and retraining can become, physically and mentally qualified, so long as such offer is not in contravention of collective bargaining agreements relating thereto; and

(4) to provide that the protection afforded pursuant to this section shall not be applicable to employees benefited solely as a result of the work which is financed by funds provided pursuant to this subchapter.

#### (c) Subcontracting

The arrangements which are required to be negotiated by the parties or prescribed by the Secretary of Labor, pursuant to subsections (a) and (b) of this section, shall include provisions regulating subcontracting by the railroads of work which is financed by funds provided pursuant to this subchapter.

(Pub. L. 94-210, title V, §504, formerly §516, Feb. 5, 1976, 90 Stat. 82; renumbered §504, Pub. L. 105-178, title VII, §7203(a)(5), June 9, 1998, 112 Stat. 477.)

## REFERENCES IN TEXT

The Regional Rail Reorganization Act of 1973, referred to in subsec. (a), is Pub. L. 93-236, Jan. 2, 1974, 87 Stat. 985, as amended. Title V of the Regional Rail Reorganization Act of 1973, which was classified generally to subchapter V (§771 et seq.) of chapter 16 of this title, was repealed by Pub. L. 97-35, title XI, §1144(a)(1), Aug. 13, 1981, 95 Stat. 669. For complete classification of this Act to the Code, see Short Title note set out under section 701 of this title and Tables.

## PRIOR PROVISIONS

A prior section 504 of Pub. L. 94-210 was classified to section 824 of this title prior to repeal by Pub. L. 105-178.

**§§ 837, 838. Repealed. Pub. L. 105-178, title VII, § 7203(a)(2), June 9, 1998, 112 Stat. 477**

Section 837, Pub. L. 94-210, title V, §517, Feb. 5, 1976, 90 Stat. 83, related to intercity rail passenger service. Section 838, Pub. L. 94-210, title V, §518, as added Pub. L. 102-533, §12(a), Oct. 27, 1992, 106 Stat. 3521, related to Columbus and Greenville Railway.

SUBCHAPTER III—NORTHEAST CORRIDOR  
PROJECT IMPLEMENTATION

**§ 851. Repealed. Pub. L. 103-272, § 7(b), July 5, 1994, 108 Stat. 1379**

Section, Pub. L. 94-210, title VII, §701, Feb. 5, 1976, 90 Stat. 119; Pub. L. 96-254, title II, §205, May 30, 1980, 94 Stat. 412, specified powers and duties of National Railroad Passenger Corporation with respect to implementing the Northeast Corridor improvement project. See sections 24102, 24305, 24315, 24902, and 24903 of Title 49, Transportation.

**§ 852. Repealed. Pub. L. 97-35, title XI, § 1188(e), Aug. 13, 1981, 95 Stat. 699**

Section, Pub. L. 94-210, title VII, §702, Feb. 5, 1976, 90 Stat. 120, set forth provisions relating to the Operations Review Panel.

## EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 1981, see section 1189 of Pub. L. 97-35.

**§§ 853 to 855. Repealed. Pub. L. 103-272, § 7(b), July 5, 1994, 108 Stat. 1379**

Section 853, Pub. L. 94-210, title VII, §703, Feb. 5, 1976, 90 Stat. 121; Pub. L. 95-421, §§5, 8, Oct. 5, 1978, 92 Stat. 926, 927; Pub. L. 96-254, title II, §§202, 203, 209, May 30, 1980, 94 Stat. 410, 414; Pub. L. 97-468, title III, §301(1), Jan. 14, 1983, 96 Stat. 2547; Pub. L. 99-272, title IV, §4007(d), Apr. 7, 1986, 100 Stat. 108, enumerated goals of Northeast Corridor improvement project. See section 24902 of Title 49, Transportation.

Section 854, Pub. L. 94-210, title VII, §704, Feb. 5, 1976, 90 Stat. 122; Pub. L. 94-555, title II, §217, Oct. 19, 1976, 90 Stat. 2627; Pub. L. 95-421, §9, Oct. 5, 1978, 92 Stat. 928; Pub. L. 96-254, title II, §§204(a), (b), 210, May 30, 1980, 94 Stat. 411, 414; Pub. L. 97-35, title XI, §1193, Aug. 13, 1981, 95 Stat. 701; Pub. L. 97-468, title III, §301(2)-(4), Jan. 14, 1983, 96 Stat. 2548, 2549; Pub. L. 100-342, §6, June 22, 1988, 102 Stat. 627, related to funding of Northeast Corridor improvement project. See sections 24902, 24903, 24907, and 24909 of Title 49.

Section 855, Pub. L. 94-210, title VII, §705, as added Pub. L. 96-254, title II, §206(a), May 30, 1980, 94 Stat. 412; amended Pub. L. 97-468, title III, §301(5), Jan. 14, 1983,

96 Stat. 2550, related to transfers of authority with respect to track improvements and implementation of Northeast Corridor improvement project goals. See sections 24902, 24903, and 24909 of Title 49.

**§ 856. Repealed. Pub. L. 103-429, § 7(a)(1), Oct. 31, 1994, 108 Stat. 4388**

Section, Pub. L. 94-210, title VII, §708, as added Pub. L. 102-533, §4(a), Oct. 27, 1992, 106 Stat. 3516, directed Secretary to develop and report to Congress within one year after Oct. 27, 1992, on a program master plan for improvements in passenger service between Boston and New York.

## EFFECTIVE DATE OF REPEAL

Pub. L. 103-429, §7(a)(1), Oct. 31, 1994, 108 Stat. 4388, provided that the repeal by section 7(a)(1) is effective July 5, 1994.

CHAPTER 18—MILWAUKEE RAILROAD  
RESTRUCTURING

Sec.	
901.	Congressional findings.
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919.	Publications and reports.
920.	Continuation of service.
921.	Office of Rail Public Counsel.
922.	Employee stock ownership plan for surviving portion of Milwaukee Railroad.

**§ 901. Congressional findings**

(a) Congress hereby finds that—

(1) the severe operating losses and the deteriorating plant and equipment of the Milwaukee Railroad threaten to cause cessation of its operations in the near future;

(2) a cessation of operations by the Milwaukee Railroad would have serious repercussions on the economies of the States in which such railroad principally operates (the States of Washington, Montana, Idaho, North Dakota, South Dakota, Illinois, Iowa, Missouri, Michigan, Indiana, Minnesota, and Wisconsin);

(3) a cessation of operations of the Milwaukee Railroad would result in the loss of many thousands of jobs of railroad workers and other workers whose employment is dependent upon rail service over the lines presently operated by the Milwaukee Railroad;

(4) experienced railroad employees make a valuable contribution toward strengthening the railroad industry; and other railroads have the ability and willingness to employ displaced employees of the Milwaukee Railroad;

(5) the ownership by employees or by employees and shippers of part or all of the Mil-