|  |  |
| --- | --- |
| **Type**:  | Statute |
| **Statute:** | 1971 ACT AS AMENDED |
| **Title:** | Title IV Provisions Applicable to Two or More Classes of Institutions of the System |
| **Part:** | Part C Rights of Borrowers; Loan Restructuring |
| **Subtitle:** | [Subtitle] |
| **Chapter Name:** | [Chapter Name] |
| **U.S. Code Citation** | 12 U.S.C. 2199 |
| **Date Created**:  | 12/17/2012 |
| **Date Modified**: | 1/16**/**2013 |

**Part C—Rights of Borrowers; Loan Restructuring**

12 U.S.C. 2199 **SEC. 4.13. DISCLOSURE.**

 **(a)** IN GENERAL. In accordance with regulations of the Farm Credit Administration, qualified lenders shall provide to borrowers, for all loans that are not subject to the Truth in Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure not later than the time of the loan closing, of**—**

 **(1)** the current rate of interest on the loan;

 **(2)** in the case of an adjustable or variable rate loan, the amount and frequency by which the interest rate can be increased during the term of the loan or, if there are no such limitations, a statement to that effect, and the factors (including the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by the qualified lender in determining adjustments to the interest rate;

 **(3)** the effect, as shown by a representative example or examples, of any loan origination charges or purchases of stock or participation certificates on the effective rate of interest;

 **(4)** any change in the interest rate applicable to the borrower's loan, and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate;

 **(5)** except with respect to stock guaranteed under section 4.9A, a statement indicating that stock that is purchased is at risk; and

 **(6)** a statement indicating the various types of loan options available to borrowers, with an explanation of the terms and borrowers' rights that apply to each type of loan.

 **(b)** DIFFERENTIAL INTEREST RATES. A qualified lender offering more than one rate of interest to borrowers shall, at the request of a borrower of a loan**—**

 **(1)** provide a review of the loan to determine if the proper interest rate has been established;

 **(2)** explain to the borrower in writing the basis for the interest rate charged; and

 **(3)** explain to the borrower in writing how the credit status of the borrower may be improved to receive a lower interest rate on the loan.