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**CONFERENCE COMMITTEE ON H.R. 2419**

**Title V – Credit**

**Section-by-Section Comparison of House Bill,  
Senate Amendment, and Current Law**

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Item		CURRENT LAW	HOUSE BILL (H.R. 2419)	SENATE AMENDMENT	CONF. AGREEMENT
T5-1	<p align="center"><b><u>Farming Experience</u></b></p> <p align="center"><b>Sec.5001 of the Senate Amendment</b></p>	<p>Sec 302. of the Consolidated Farm and Rural Development Act authorizes the Secretary to make real estate loans.</p> <p>Sec. 302(a)(2) requires to be eligible for direct farm ownership loans the borrower must have training or farming experience the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations.</p>	<p align="center"><b>NO COMPARABLE PROVISION</b></p>	<p><b>SEC.5001</b> Amends section 302(a)(2) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1922] by clarifying that the Secretary may take into consideration all farming experience of a loan applicant when considering eligibility for farm ownership loans.</p>	
T5-2	<p align="center"><b><u>Refinancing of Guaranteed Farm Ownership Loans for Beginning Farmers and Ranchers</u></b></p> <p align="center"><b>Sec.5002 of the Senate Amendment</b></p>	<p>Sec. 303 of the Consolidated Farm and Rural Development Act authorizes what direct farm ownership loans can be used for.</p>	<p align="center"><b>NO COMPARABLE PROVISION</b></p>	<p><b>SEC.5002</b> Amends Section 303 of the Consolidated Farm and Rural Development Act [7 U.S.C. 1923(a)(1)] by adding a new paragraph (F) that allows beginning farmers and ranchers the ability to refinance a delinquent guaranteed farm ownership loan with a direct farm ownership loan.</p>	
T5-3	<p align="center"><b><u>Conservation loan guarantee program</u></b></p> <p align="center"><b>Sec. 5001 of H.R. 2419, Sec.5003 of the Senate Amendment</b></p>	<p>Sec. 304 of the Con Act authorizes loans to be made or insured for soil and water conservation and protection.</p> <p>Sec.304(a) of the Con Act mandates that loans can be made to farm owners or tenants who are eligible borrowers for:</p> <p>(1) the installation of conservation structures, including terraces, sod waterways, permanently vegetated stream borders and filter strips, windbreaks (tree or grass), shelterbelts, and living snow fences;</p> <p>(2) the establishment of forest cover for sustained yield timber management, erosion control, or shelterbelt purposes;</p> <p>(3) the establishment or improvement of permanent pasture;</p> <p>(4) the conversion to and maintenance of sustainable agricultural production systems, as described by USDA technical guides and handbooks;</p>	<p><b>SEC.5001.</b> Amends section 304 of the Consolidated Farm and Rural Development Act (Con Act) by creating a conservation loan guarantee program. The Secretary is authorized to provide loan guarantees and interest subsidies, or both, to farmers, ranchers, and other entities primarily and directly engaged in agricultural production to carry out qualified conservation projects.</p>	<p><b>SEC.5003.</b> Amends section 304 of the Consolidated Farm and Rural Development Act [7 U.S.C. 1924]. Subsection (a)(4) allows for the transition to organic and sustainable farming practices as eligible loan purpose. Paragraph (6) allows for the implementation of one or more practices under the environmental quality section of the Food Security Act of 1985 as an eligible loan purpose.</p>	

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		<p>(5) the payment of costs of complying with section 1212 of the Food Security Act of 1985; and  (6) other purposes consistent with plans for soil and water conservation, integrated farm management, water quality protection and enhancement, and wildlife habitat improvement.</p> <p>Sec.304(b) of the Con Act mandates that the Secretary is required to give priority, when making or guaranteeing these loans, to producers who will use the loans to build conservation structures or establish conservation practices to comply with section 1212 of the Food Security Act of 1985.</p> <p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p>	<p>The Secretary is to give priority to: qualified beginning farmers or ranchers; socially disadvantaged farmers or ranchers; owners or tenants who use the loans to convert to sustainable or organic agricultural production systems; and producers who use the loans to build conservation structures or establish conservation practices to comply with section 1212 of the Food Security Act of 1985.</p> <p>The term “qualified conservation loan” is defined to mean a loan in which: the proceeds are to be used to cover the costs of the borrower in carrying out a qualified conservation project; the principal amount of the loan is not more than \$1 million; the loan repayment period is 10 years; and, the total amount of all processing fees does not exceed an amount to be prescribed by the Secretary.</p> <p>The term “qualified conservation project” is defined to mean, with respect to an eligible borrower: conservation measures that address provisions of the borrower’s conservation plan.</p> <p>The term “conservation plan” is defined to mean: a plan, approved by the Secretary, that, for a farming or ranching operation, identifies the conservation activities that will be addressed with the conservation loan,</p>	<p>Subsection (b) is amended by establishing that beginning farmers and ranchers and socially disadvantaged farmers and ranchers shall be given priority for soil and water conservation and protection loans.</p> <p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p>	

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		<p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p> <p>Sec.304(c) of the Con Act prohibits the Secretary from making or insuring a loan under this section that exceeds the lesser of: the value of the farm or other security for the loan; or \$50,000.</p>	<p>including—the instillation of conservation structures; the establishment of forest cover for sustained yield timber management, erosion control, or shelter belt purposes; the installation of water conservation measures; the installation of waste management systems; the establishment of improvement or permanent pasture; compliance with section 1212 of the Food Security Act of 1985; and any other emerging or existing conservation practices, techniques, or technologies approved by the Secretary.</p> <p>The amount of the interest subsidies the Secretary may provide is: limited to 500 basis points if the principal amount of the loan is less than \$100,000; 400 basis points, if the principal amount of the loan is not less than \$100,000 and is less than \$500,000; and, 300 basis points in all other cases.</p> <p>The Secretary is prohibited from approving any application for the program unless the Secretary determines that the loan sought by the applicant, as described in the application, would be a qualified conservation loan, and the project for which the loan is sought is likely to result in a net benefit to the environment.</p> <p>An appropriation of such sums as necessary is authorized for each of the fiscal years 2008 through 2012 to carry out the program.</p> <p><b>NO COMPARABLE PROVISION</b></p>	<p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p> <p>Subsection (c) eliminates the loan restriction of \$50,000.</p>	

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T5-4	<p><b><u>Limitations on amount of ownership loans</u></b></p> <p><b>Sec. 5002 of H.R. 2419, Sec.5004 of the Senate Amendment</b></p>	<p>Sec 305(a)(2) of the Con Act sets the farm ownership loan limit at \$200,000.</p>	<p><b>SEC.5002.</b> Amends section 305(a)(2) of the Con Act by setting the farm ownership loan limit at \$300,000.</p> <p>The Secretary is required to establish a plan, in coordination with the activities under section 359, 360, 361, and 362 of the Con Act, to encourage borrowers to graduate to private commercial or other sources of credit.</p>	<p><b>SEC.5004.</b> <b>SAME AS HOUSE BILL</b></p> <p><b>NO COMPARABLE PROVISION</b></p>	
T5-5	<p><b><u>Down payment loan program</u></b></p> <p><b>Sec. 5003 of H.R. 2419, Sec. 5005 of the Senate Amendment</b></p>	<p>Sec. 310E(a)(1) of the Con Act authorizes the Secretary to establish, within the farm ownership loan program, a loan program for qualified beginning farmers and ranchers for down payments on farm ownership loans.</p> <p>Sec.310E(b)(1) of the Con Act sets the Farm Services Administration portion of the loan at 40 percent.</p> <p>Sec.310E(b)(2) of the Con Act sets the interest rate any loan made by the Secretary under this section at 4 percent.</p> <p>Sec.310E(b)(3) of the Con Act mandates that the duration of a loan made under this section is to be 15 years.</p> <p>Sec.310E(c)(1) sets the borrower down payment requirement at 10 percent.</p> <p>Sec.310E(c)(2) of the Con Act sets the maximum price for the farm or ranch to be acquired at \$250,000.</p>	<p><b>SEC.5003.</b> Amends section 310E of the Con Act, by including socially disadvantaged farmers and ranchers in the down payment loan program.</p> <p>The Farm Services Administration portion of the loan is set at 45 percent.</p> <p>The interest rate for the program is fixed at 4 percent below the regular direct farm ownership interest rate or 1 percent, whichever is greater.</p> <p>The duration of the loan made under this section is set at 20 years.</p> <p>The borrower down payment requirement is set at 5 percent.</p> <p>The maximum price for the farm or ranch is set at \$500,000.</p>	<p><b>SEC. 5005.</b> Amends section 310E of the Consolidated Farm and Rural Investment Act [7 U.S.C 1935]. Subsection (a)(1) allows socially disadvantaged farmers and ranchers to be eligible for the down payment loan program.</p> <p><b>SAME AS HOUSE BILL</b></p> <p>Subsection (b)(2) adjusts the interest rate for the down payment loan to the greater of four percent below the interest rate for the regular farm ownership loan or two percent.</p> <p><b>SAME AS HOUSE BILL</b></p> <p><b>SAME AS HOUSE BILL</b></p> <p><b>SAME AS HOUSE BILL</b></p>	

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		NO COMPARABLE PROVISION	The Secretary is authorized to establish annual performance goals to promote the use of the down payment loan program and other joint financing participation loans as the preferred choice for direct real estate loans made by lenders to qualified beginning farmers or ranchers or socially disadvantaged farmers or ranchers.	Subsection (b) is amended by adding a new paragraph (4) that requires the Secretary to establish annual performance goals to promote the use of the down payment loan program and joint financing participation loans.	
T5-6	<p><b><u>Beginning farmer and rancher contract land sales program</u></b></p> <p><b>Sec. 5004 of H.R. 2419, Sec.5006 of the Senate Amendment</b></p>	<p>Sec. 310F of the Con Act authorizes the Secretary to establish a pilot program in not fewer than 5 States, as determined by the Secretary, to guarantee up to 5 loans per State, in each of the fiscal years 2003 through 2007 made by a private seller of farm or ranch to a beginning farmer or rancher on a contract land sales basis.</p> <p>NO COMPARABLE PROVISION</p> <p>NO COMPARABLE PROVISION</p> <p>NO COMPARABLE PROVISION</p> <p>NO COMPARABLE PROVISION</p> <p>NO COMPARABLE PROVISION</p>	<p><b>SEC.5004.</b> Amends section 310F of the Con Act, by expanding the beginning farmer and rancher contract land sales program to include socially disadvantaged farmer or ranchers.</p> <p>The program is made permanent and is expanded nationwide.</p> <p>The qualified beginning farmer or rancher or socially disadvantaged farmer or rancher is required to put a down payment of 5 percent of the purchase price of the farm or ranch.</p> <p>The maximum purchase price for the farm or ranch that is the subject of the contract land sale is set at \$500,000.</p> <p>The loan guarantee period, for a loan provided under this program, is set at 10 years.</p> <p>The land seller is given the option of choosing either a 3-year guarantee plan or a standard guarantee plan, which is to cover an amount equal to 90 percent of the outstanding principal of the loan.</p>	<p><b>SEC. 5006.</b> <b>NO COMPARABLE PROVISION</b></p> <p><b>SAME AS HOUSE BILL</b></p> <p><b>SAME AS HOUSE BILL</b></p> <p><b>SAME AS HOUSE BILL</b></p> <p><b>SAME AS HOUSE BILL</b></p> <p>The land seller is given the option of choosing either three amortized installments or an amount equal to three annual installments (including an amount equal to the total cost of any tax and insurance incurred during the period covered by the annual installments).</p>	
T5-7	<p><b><u>Loans to purchase highly fractioned</u></b></p>	<p>Sec. 1 of PL 91-229 (25 U.S.C. 488) authorizes the Secretary to make loans from</p>	<p><b>SEC.5005.</b> Amends section 1 of Public Law 91-229 (25</p>	<p><b>Sec.5401.</b> Amends the Indian Land Consolidation Act</p>	

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	<p align="center"><b><u>lands</u></b></p> <p align="center"><b>Sec. 5005 of H.R. 2419, Sec. 5401 of the Senate Amendment</b></p>	<p>the Farmers Home Administration Direct Loan Account, and to make and insure loans, as provided in section 1928 and 1929 of Title 7, to any Indian Tribe or tribal corporation, which does not have adequate uncommitted funds, to acquire lands or interests in them within the tribe's reservation or within a community in Alaska, for use of the tribe or the corporation or the members of either.</p> <p>Loans are to be limited to Indian tribes or tribal corporations that have reasonable prospects of success in their proposed operations and as are unable to obtain sufficient credit elsewhere at reasonable rates and terms.</p>	<p>U.S.C. 488) by giving the Secretary of Agriculture the discretionary authority to make and insure loans, as provided in section 309 of the Con Act, to eligible purchasers of highly fractionated lands, pursuant to section 204(c) of the Indian Land Consolidation Act.</p>	<p>[25 U.S.C. 488] by giving the Secretary of Agriculture the discretionary authority to make and insure loans for the purpose of consolidating highly fractionated lands, as provided in section 309 of the Con Act, to Native American Indian farmers or ranchers, pursuant to section 205(c) of the Indian Land Consolidation Act. .</p>	
T5-8	<p align="center"><b><u>Farming Experience; Direct operating loan term limitations.</u></b></p> <p align="center"><b>Sec.5101 of the Senate Amendment</b></p>	<p>Sec.311 of the Consolidated Farm and Rural Development Act authorizes the Secretary to make operating loans.</p> <p>Sec. 302(a)(2) requires to be eligible for direct farm operating loans the borrower must have training or farming experience the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations.</p>	<p align="center"><b>NO COMPARABLE PROVISION</b></p>	<p><b>SEC.5101</b> Amends section 311(a) of the Consolidated Farm and Rural Investment Act [7 U.S.C. 1941] by clarifying that the Secretary may take into consideration all farming experience of a loan applicant when considering eligibility for farm operating loans.</p> <p>Subsection (c)(1)(C) extends by one year the period a participant is eligible for direct operating loan assistance.</p>	
T5-9	<p align="center"><b><u>Limitations on amount of operating loans</u></b></p> <p align="center"><b>Sec. 5011 of H.R. 2419, Sec.5102 of the Senate Amendment</b></p>	<p>Sec. 313(a)(1) of the Con Act limits the amount of an operating loan, other than one guaranteed by the Secretary, to \$200,000.</p>	<p><b>SEC.5011.</b> Amends section 313(a)(1) of the Con Act by limiting the amount of an operating loan, other than one guaranteed by the Secretary, to \$300,000.</p>	<p><b>SEC.5102</b> <b>SAME AS HOUSE PROVISION</b></p>	
T5-10	<p align="center"><b><u>Suspension of limitation on period for which</u></b></p>	<p>Sec. 5012 of the Farm Security and Rural Investment Act of 2002 suspends a limitation placed on the number of years that borrowers</p>	<p><b>SEC.5012.</b> Amends section 5102 of the Farm Security and Rural Investment Act of 2002 by</p>	<p><b>SEC. 5103.</b> Repeals section 319 of the Consolidated Farm and Rural Development Act [7 U.S.C. 1949].</p>	

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	<p><b><u>borrowers are eligible for guaranteed assistance</u></b></p> <p><b>Sec. 5012 of H.R. 2419, Sec.5103 of the Senate Amendment</b></p>	<p>are eligible to received guaranteed assistance on operating loans to September 30, 2007.</p> <p>Note: The fiscal year 2008 omnibus package extended the waiver on guaranteed operating loan term limits through March 15, 2008.</p>	<p>suspending, until January 1, 2008, a limitation placed on the number of years that borrowers are eligible to receive guaranteed assistance on operating loans.</p>	<p>This section provided a limitation on the number of years a borrower is eligible to receive guaranteed assistance on operating loans.</p>	
T5-11	<p><b><u>Beginning Farmer and Rancher Individual Development Accounts</u></b></p> <p><b>Sec.5201 of the Senate Amendment</b></p>	NO COMPARABLE PROVISION	NO COMPARABLE PROVISION	<p><b>SEC.5201</b></p> <p>The Consolidated Farm and Rural Development Act is amended by adding after section 333A [7 U.S.C. 1983(a)] a new section 333B. This section establishes the beginning farmer and rancher individual development accounts pilot program that will provide a matched savings for the purpose of assisting beginning farmers and ranchers establish a patter of savings that will help them establish successful farms.</p> <p>Subsection (a) creates definitions that will be used within throughout this section.</p> <p>Subsection (b) establishes that the Secretary shall establish a pilot program to be administered by the Farm Service Agency, in at least 15 states. Each qualified entity that receives a grant under this pilot program must come up with a 25 percent non-Federal match of the grant awarded. The qualified entity will enter into a contract with an eligible participant. The contract requires a monthly deposit into a personal savings by an eligible participant; an agreement on the eligible expenditure for which the savings will be used when the contract is completed; a match of between to 3 to 1 for every dollar saved by the eligible participant is provided by the eligible entity; and a participant is limited to \$9,000 in</p>	



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				<p>matching funds for each fiscal year of the contract.</p> <p>Subsection (c) sets up the application process for eligible entities to receive a grant to administer the program. Eligible entities must provide a 25 percent non-Federal match of the awarded grant amount. When considering applications for the program the Secretary shall give preference to qualified entities that have a track record of serving eligible participants and expertise in dealing with financial management aspects of farming.</p> <p>Subsection (d) allows the Secretary to issue grants of not more than \$300,000 to qualified entities to carry out the demonstration program.</p> <p>Subsection (e) requires qualified entities that receive a grant to submit an annual report to the Secretary that includes an evaluation of progress of the demonstration; amounts in the reserve fund; amounts deposited in each individual development account; amounts withdrawn from the individual development account and the purpose for why the money was withdrawn; and information regarding the demonstration program and participants.</p> <p>Subsection (f) allows the Secretary to promulgate regulations to ensure that the program includes provisions for the termination of demonstration programs; control of the reserve fund in case of termination of the demonstration program; transfer of demonstration programs to other qualified entities; and remissions from a reserve fund in which a demonstration program terminates without transfer to a new qualified entity.</p>	

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				Subsection (g) authorizes an appropriation of \$10,000,000 in funding for each fiscal year 2008 through 2012. The Secretary shall use not more than 10 percent of the funds available to administer the program and provide technical assistance to qualified entities.	
T5-12	<p align="center"><b><u>Inventory sales preferences</u></b></p> <p align="center"><b>Sec. 5021 of H.R. 2419, Sec.5202 of the Senate Amendment</b></p>	Sec. 335(c) of the Con Act requires that the Secretary ensure that beginning farmers and ranchers are included in the process, whenever the Secretary sells or leases property.	<p><b>SEC.5021.</b></p> <p>Amends section 335(c) of the Con Act by restoring the first priority given to socially disadvantaged farmers and ranchers whenever the Secretary sells or leases property. Also requires the Secretary, whenever selling or leasing property, to ensure that socially disadvantaged farmers and ranchers are included in the process.</p>	<p><b>SEC.5202.</b></p> <p>Amends section 335(c) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1985(c)] by making socially disadvantaged farmers and ranchers eligible for inventory property in the first 135 days the Secretary is able to sell the inventory property. If one or more eligible socially disadvantaged or beginning farmers offer to purchase the same property in the first 135 days, the committee expects that the buyer should be chosen randomly.</p>	
T5-13	<p align="center"><b><u>Loan Authorization Levels</u></b></p> <p align="center"><b>Sec.5204 of the Senate Amendment</b></p>	<p>Sec 346(b) of the Consolidated Farm and Rural Development Act authorizes funding levels of the direct ownership and operating loan programs and guaranteed ownership and operating loan programs.</p> <p>Sec. 346(b)(1) authorizes the FSA loan programs at \$3,796,000,000.</p> <p>Sec. 346(b)(A) authorizes the direct loan program at \$770,000,000 of which \$205,000,000 shall be for the farmer ownership loans and \$565,000,000 shall be for operating loans.</p>	<b>NO COMPARABLE PROVISION</b>	<p><b>SEC.5204</b></p> <p>Amends section 346(b)(1) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1994(b)(1)] by increasing the loan authorization for FSA loan programs to \$4,226,000,000.</p> <p>Section 346(b)(2)(A) increases the loan authorization for direct loans to \$1,200,000,000. The authorization for the direct farm ownership loan is increased to \$350,000,000 and the direct operating loan increased to \$850,000,000.</p>	
T5-14	<p align="center"><b><u>Loan fund set-asides</u></b></p>	Sec. 346(b)(2)(A)(i)(I) of the Con Act authorizes the Secretary to reserve 70 percent of the total amount authorized for loans for	<p><b>SEC.5022.</b></p> <p>Amends section 346(b)(2)(A)(i)(I) of the Con Act by increasing to 75 percent for the</p>	<p><b>SEC.5202.</b></p> <p><b>SAME AS HOUSE BILL</b></p>	

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	<p><b>Sec. 5022 of H.R. 2419, Sec.5202 of the Senate Amendment</b></p>	<p>direct farm ownership loans for qualified beginning farmers and ranchers.</p> <p>Sec.346(b)(2)(A)(i)(II) of the Con Act authorizes the Secretary to reserve 60 percent of the total amount made available for direct farm ownership loans for the down payment loan program for qualified beginning farmers and ranchers.</p> <p>Sec.346(b)(2)(A)(ii)(III) of the Con Act authorizes the Secretary to reserve 35 percent of the total amount made available for direct operating loans for direct operating loans for qualified beginning farmers and ranchers.</p> <p>Sec.346(b)(2)(B)(i) of the Con Act authorizes the Secretary to reserve 25 percent of the total amount to be made available for guaranteed farm ownership loans for guaranteed farm ownership loans for qualified beginning farmers and ranchers.</p>	<p>amount of direct farm ownership loans that the Secretary is to reserve for beginning farmers and ranchers. Participation loans, along with down payment loans, are mandated to be the type of loans that the Secretary is to reserve for beginning farmers and ranchers.</p> <p>Amends Sec.346(b)(2)(A)(i)(II) of the Con Act by increasing to 66 percent the amount of direct farm ownership loans that are to be reserved for down payment and participation loans for beginning farmers and ranchers.</p> <p>Amends Sec.346(b)(2)(A)(ii)(III) of the Con Act by increasing to 50 percent the amount of direct operating loans that are to be made available to beginning farmers and ranchers.</p> <p>Amends Sec.346(b)(2)(B)(i) of the Con Act by increasing to 40 percent the amount of guaranteed farm ownership loans to be reserved for beginning farmers and ranchers.</p>	<p>The amount of direct farm ownership loan funds set aside for the down payment loan program and joint financing arrangement is increase to 66%.</p> <p><b>SAME AS HOUSE BILL</b></p> <p><b>SAME AS HOUSE BILL</b></p>	
T5-15	<p><b><u>Transition to private commercial or other sources of credit</u></b></p> <p><b>Sec. 5023 of H.R. 2419, Sec.5203 of the Senate Amendment</b></p>	<p><b>NO COMPARABLE PROVISION</b></p>	<p><b>SEC.5023.</b> Amends section 344 of the Con Act by requiring the Secretary, when making or insuring a real estate or operating loans, to establish regulations that have as their goal, the transitioning of borrowers to sources of credit, including private commercial credit, in the shortest practicable period of time.</p>	<p><b>SEC.5203.</b> <b>SAME AS HOUSE BILL</b></p>	

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T5-16	<b>Sec.5205 of the Senate Amendment</b>	<p>Sec. 351 of the Consolidated Farm and Rural Development Act establishes the interest rate reduction program.</p> <p>Sec. 351(a) establishes that the interest rate reduction program shall be available for guaranteed loans.</p>	<b>NO COMPARABLE PROVISION</b>	<p><b>SEC.5205</b> Amends section 351(a) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1999(a)] to clarify that interest assistance shall be available for new guaranteed operating loans or restructured guaranteed operating loans.</p>	
T5-17	<p><b><u>Extension of the right of first refusal to reacquire homestead property to immediate family members of borrower-owner</u></b></p> <p><b>Sec. 5024 of H.R. 2419.</b></p>	<p><b>SEC.352.</b> Sec. 352(c)(4)(B) of the Con Act allows the borrower-owner, at any time during the period of occupancy, to have the right of first refusal to require a homestead property. Also allows for an independent appraisal to be conducted by an appraiser selected by the borrower-owner.</p>	<p><b>SEC.5024.</b> Amends section 352(c)(4)(B) of the Con Act by extending the right of first refusal to reacquire a homestead property to members of the immediate family of the borrower-owner—in the case of socially disadvantaged farmers and ranchers.</p> <p>Allows for an independent appraisal of the property by an appraiser selected by the immediate family member of the borrower-owner—in the case of socially disadvantaged farmers and ranchers.</p>	<b>NO COMPARABLE PROVISION</b>	
T5-18	<p><b>Deferral of shared appreciation recapture amortization.</b></p> <p><b>Sec.5206 of the Senate Amendment</b></p>	<p>Sec. 353 of the Consolidate Farm and Rural Development Act establishes debt restructuring and loan servicing.</p> <p>Section 353(e)(7)(D) allows the Secretary to modify the amortization of a recapture payment by using the loan servicing tools established in 343(b)(3).</p>	<b>NO COMPARABLE PROVISION</b>	<p><b>SEC.5206</b> Amends section 353(e)(7)(D) of the Consolidated Farm and Rural Development Act [ 7 U.S.C. 2001(e)(7)(D)] to clarify that deferral is an available servicing tool and limit any deferral to one year.</p>	

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T5-19	<p><b><u>Rural development and farm loan program activities</u></b></p> <p><b>Sec.5025 of H.R. 2419, Sec.5207 of the Senate Amendment</b></p>	<p><b>NO COMPARABLE PROVISION</b></p>	<p><b>SEC.5025.</b> Amends Subtitle D of the Con Act by prohibiting the Secretary from completing a study or entering a contract with any private party to carry out, without a specific authorization in an Act of Congress, a competitive source activity of the Secretary, including USDA support personnel, relating to rural development or farm loan programs.</p>	<p><b>SEC. 5207.</b> Amends the Consolidated Farm and Rural Development Act by adding a new section after section 364 [7 U.S.C. 20006f)]. Section 365 would prohibit the Secretary from completing or entering into a contract with a private party to carry out competitive sourcing activities relating to rural development, housing, and farm loan programs at the United State Department of Agriculture.</p>	
T5-20	<p><b><u>Technical Correction</u></b></p> <p><b>Sec.5302 of the Senate Amendment</b></p>	<p>Sec. 3.3(b) of the Farm Credit Act of 1971 sets the value of capital stock for each back.</p>	<p><b>NO COMPARABLE PROVISION</b></p>	<p><b>SEC.5302</b> Amends section 3.3(b) of the Farm Credit Act of 1971 [12 U.S.C. 2124(b)] by making a technical correction. In the first sentence “per” is struck and replaced by “par”.</p>	
T5-21	<p><b><u>Banks for cooperatives voting stock</u></b></p> <p><b>Sec. 5031 of H.R. 2419</b></p>	<p>Sec.3.3(c) of the Farm Credit Act (FCA) allows voting stock to be issued, transferred, or held only by:</p> <ul style="list-style-type: none"> <li>(i) cooperative associations that are eligible to borrow from the banks; and</li> <li>(ii) other banks for cooperatives – and prohibits the voting stock from being otherwise transferred, pledged, or hypothecated except as consented to by the issuing bank under the regulations of the Farm Credit Administration.</li> </ul> <p>Sec.4.3A(c)(1)(D) of the FCA mandates that the bylaws are to provide, with respect to the issuance of voting stock, that stock may only be held by:</p> <ul style="list-style-type: none"> <li>(i) borrowers who are farmers, ranchers, or producers or harvesters of aquatic products, and cooperative associations who are eligible to borrow from Farm Credit System institutions;</li> <li>(ii) in the case of a Central Bank for</li> </ul>	<p><b>SEC.5031.</b> Amends section 3.3(c) of the Farm Credit Act (FCA) by authorizing the board of a bank for cooperatives to determine the terms and conditions for the issuance and transfer of bank voting stock to bank for cooperatives customers and other farm Credit System associations.</p> <p>A conforming amendment is made to section 4.3A(c)(1)(D) of the FCA to add to the list of borrowers eligible to hold voting stock under the bylaws of the banks for cooperatives, persons and entities eligible to borrow from banks for cooperatives.</p>	<p><b>NO COMPARABLE PROVISION</b></p> <p><b>NO COMPARABLE PROVISION</b></p>	

Item		CURRENT LAW	HOUSE BILL (H.R. 2419)	SENATE AMENDMENT	CONF. AGREEMENT
		Cooperatives, other banks for cooperatives; and (iii) in the case of other banks for cooperatives, System associations.			
T5-22	<p><b><u>Confirmation of the Farm Credit Administration Chair</u></b></p> <p><b>Sec.5303 of the Senate Amendment</b></p>	<p>Sec. 5.8 of the Farm Credit Act of 1971 establishes the Farm Credit Administration Board and terms of office.</p> <p>Sec. 5.8(a) allows the President to appoint one member of the board to serve as chairman for the duration of the member’s term.</p>	<b>NO COMPARABLE PROVISION</b>	<p><b>SEC.5303</b></p> <p>Amends section 5.8(a) of the Farm Credit Act of 1971 [12 U.S.C. 2242(a)] by requiring the advice and consent of the Senate for the confirmation of chairman of the Farm Credit Administration.</p>	
T5-23	<p><b><u>Rural utility loans</u></b></p> <p><b>Sec. 5032 H.R. 2419, Sec. 5306 of the Senate Amendment</b></p>	<p>Sec. 8.09 defines the term “qualified loan” to mean an obligation:</p> <p>(A) (i) that is secured by a fee-simple or leasehold mortgage with the status of first lien, on agricultural real estate located in the U.S. that is not subject to any legal or equitable claims deriving from a preceding fee-simple or leasehold mortgage—</p> <p>(ii) of</p> <p>(I) a U.S. citizen or national or an alien lawfully admitted for permanent residence; or</p> <p>(II) a private corporation or partnership whose members, stockholders, or partners hold a majority interest in the corporation or partnership;</p> <p>(iii) a person, corporation, or partnership that has training or farming experience that, under criteria established by the Corporation, is sufficient to ensure a reasonable likelihood that the loan will be repaid according to its terms; or</p> <p>(B) that is the portion of a loan guaranteed by the Secretary pursuant to the Con Act.</p>	<p><b>SEC.5032.</b></p> <p>Amends section 8.0(9) of the FCA to allow rural utility loans (loans, or interest in a loan, for electric and telephone facilities) to be considered as “qualified loans”.</p>	<p><b>SEC.5306.</b></p> <p>Amends section 8.0(9) of the Farm Credit Act of 1971 [12 U.S.C. 2279aa(9)] by adding a new subparagraph to allow rural utility loans (loans, or interest in a loan, for electric and telephone facilities) to be considered as qualified loans for Federal Agricultural Mortgage Corporation financing.</p> <p>Amends Section 8.6(a)(1) of the Farm Credit Act of 1971 [12 U.S.C. 2279aa—6(a)(1)] by making conforming technical changes to standards established under section 8.8(a) related to agricultural real estate loans and rural utility loans.</p> <p>Amends Section 8.8(a) of the Farm Credit Act of 1971 [12 U.S.C. 2279aa –8] by authorizing the creation of appropriate underwriting, security and repayment standards for agricultural mortgage loans and rural utility loans.</p> <p>Subsection (b) sets minimum criteria standards for agricultural real-estate loans focused on individual borrower traits (loan to value ratio, sufficient cash flow, documentation standards, appraisal process,</p>	

Item		CURRENT LAW	HOUSE BILL (H.R. 2419)	SENATE AMENDMENT	CONF. AGREEMENT
				<p>actively engaged in farming, speculation in real estate and consideration of real estate tax purposes). These standards do not apply to rural utility loans.</p> <p>Subsection (c)(1) establishes loan amounts for agricultural production. This limitation does not apply to rural utilities loans.</p>	
T5-24	<p><b><u>Farm Credit System Insurance Corporation</u></b></p> <p><b>Sec. 5033 of H.R. 2419, Sec.5301, Sec. 5304, and Sec. 5305 of the Senate Amendment</b></p>	<p>Sec. 1.12(b) of the FCA allows each Farm Credit Bank to assess production associations, other associations making direct loans, and other financial institutions in the district in which the bank is located to cover the costs of making premium payments.</p> <p>The assessments are to be computed in a specific manner based on whether the loans are in accrual or nonaccrual status, and whether they are a Federal government-guaranteed loan, a State government-guaranteed loan, or a Government Sponsored Enterprise government-guaranteed loan.</p> <p>Sec.5.55(a) of the FCA provides a formula for the Farm Credit System Insurance Corporation (FSCIC) to collect annual premiums on System institutions when the aggregate amount in the Farm Credit Insurance Fund does not exceed the secure base amount.</p> <p>The annual premium due from any insured System institution is to be computed based on whether the loans are in accrual or nonaccrual status, and whether they are a Federal government-guaranteed loan, a State government-guaranteed loan, or a Government Sponsored Enterprise</p>	<p><b>SEC.5033</b></p> <p>Amends section 1.12(b) of the FCA to change the method that each Farm Credit System bank must use to assess associations and other financing institutions to cover the costs of making Farm Credit System Insurance Corporation (FCSIC) premium payments under Part E of Title V of the FCA. Farm Credit System Banks are to compute the assessments on lenders in an “equitable manner.”</p> <p>Amends section 5.55(a) of the FCA by mandating that the premiums due from System institutions when the aggregate amount in the Farm Credit Insurance Fund does not exceed the secure base amount are no longer to be collected annually. The premium due from any insured System institution is to be based on the average outstanding insured debt.</p>	<p><b>SEC.5301.</b></p> <p>Amends section 1.12 (b) of the Farm Credit Act of 1971 [12U.S.C. 2020(b)] to allow Farm Credit System banks the flexibility when deciding how to pass along insurance premiums to their affiliates. This section also specifies that premiums are to be computed in an equitable manner.</p> <p><b>SEC.5304.</b></p> <p>Amends section 5.55(a) of the Farm Credit Act of 1971 [12 U.S.C. 2277a –4(a)] to allow the total insured debt obligations on which premiums are assessed to be subtracted by 90-percent of Federal government guaranteed loans and investments and 80 percent of state government-guaranteed loans and investments.</p>	

Item		CURRENT LAW	HOUSE BILL (H.R. 2419)	SENATE AMENDMENT	CONF. AGREEMENT
		<p>government-guaranteed loan.</p> <p>The FSCIC is authorized to reduce by a percentage, uniformly applied to all System banks, the annual premium due from each insured System bank, during any calendar year.</p> <p>The term “Government-Guaranteed Loan” is defined to mean, loans, credits, or portions of loans or credits that are guaranteed—  (A) by the full faith and credit of the U.S. or any State government;  (B) an agency or other entity of the U.S. Government whose obligations are explicitly guaranteed by the U.S. government; or  (C) by an agency or other entity of a State government whose obligations are explicitly guaranteed by the State government.</p> <p>Sec.5.55(b) of the FCA provides that, any time the aggregate amounts in the Farm Credit Insurance Fund exceeds the secure base amount, the FCSIC is authorized to reduce the annual premiums due from each insured System bank.</p> <p>Sec.5.55(c) authorizes Farm Credit banks to deduct a percentage of federal government-guaranteed loans and a percentage of state government-guaranteed loans when calculating the secure base amount.</p> <p>Amends section 5.55(d) of the FCA by authorizing the FSCIC to use the principal outstanding on all loans made by an insured Farm Credit System bank for purposes of premium calculations and secure base amount</p>	<p>Amends section 5.55(b) of the FCA by allowing the FCSIC to collect premiums more frequently than annually.</p> <p>Amends section 5.55(c) of the FCA by authorizes Farm Credit System banks to deduct a percentage of federal government-guaranteed investments and a percentage of state government-guaranteed investments when calculating the secure base amount.</p> <p>Amends section 5.55(d) of the FCA by authorizing the FSCIC to use the principal outstanding on all loans made by an insured Farm Credit System bank or the amount outstanding on all investments made by an</p>	<p>Section 5.55(b) is amended to allow Farm Credit System Insurance Corporation to collect premiums more frequently than annually.</p> <p>Section 5.55(c) is amended to adjust the outstanding insured obligations of all insured Banks by excluding an amount equal to the sum of 90 percent of federal government guaranteed loans and investments, and 80 percent of state government-guaranteed loans and investments when calculating the “secure base amount”.</p> <p>Section 5.55(d) is amended to determine principal outstanding on all loans made by an insured System bank or the amount outstanding on all investments made by an insured System bank for the purpose of</p>	



Item		CURRENT LAW	HOUSE BILL (H.R. 2419)	SENATE AMENDMENT	CONF. AGREEMENT
		<p>calculations.</p> <p>Sec.5.55(e) of the FCA authorizes the FSCIC to use the average daily balance in calculating excess funds, with respect to the secure base amount. The FSCIC is authorized to allocate to the Allocated Insurance Reserves Accounts the excess amount, less the amount the Corporation determines is needed to meet operating expenses and estimated insurance obligations for the immediately succeeding calendar year.</p> <p>Sec.5.56(a) of the FCA authorizes Farm Credit System Banks to file certified statements annually.</p> <p>Sec.5.58(10) of the FCA provides that FSCIC is authorized to prescribe, by its Board of Directors, rules and regulations that it considers necessary to carry out its general corporate powers.</p>	<p>insured system bank for purposes of premium calculations and secure base amount calculations.</p> <p>Amends section 5.55(e) of the FCA to require FCSIC to use year end numbers in calculating excess funds, with respect to the secure base amount. The formula concerning payments from the Farm Credit Insurance Fund Allocated Insurance Reserve Accounts is simplified.</p> <p>Amends section 5.56(a) of the FCA, by authorizing Farm Credit System banks to file certified statements quarterly.</p> <p>Amends section 5.58(10) of the FCA to clarify that FCSIC has the authority to adopt rules and regulations concerning section 1.12(b) of Title I of the FCA, the “Authority to Pass Along Cost of Insurance Premiums.”</p>	<p>premium calculations and “secure base amount” collections.</p> <p>Subsection (e) is amended to allow the Farm Credit System Insurance Fund to use end of the year numbers rather than the average daily balance when calculating excess funds and simplifies the current formula concerning payments from the Allocated Insurance Reserve Accounts.</p> <p><b>SEC.5305.</b> Amends section 5.56(a) of the Farm Credit Act of 1971 [12 U.S.C. 2277a—5] by allowing Farm Credit System banks to collect insurance premiums quarterly rather than annually.</p> <p><b>Sec. 5301.</b> Amends section 5.58(10) of the Farm Credit Act to clarify that the Farm Credit Insurance Corporation has the authority to adopt rules and regulations concerning section 1.12(b) the Farm Credit Act.</p>	
T5-25	<p><b><u>Risk-based capital levels</u></b></p> <p><b>Sec. 5034 of H.R. 2419, Sec.5306 of the Senate Amendment</b></p>	<p>Sec.8.32(a) of the FCA mandates that the FSCIC is to be subjected to a risk-based capital test, which determines the amount of regulatory capital that is sufficient for the Corporation to maintain positive capital.</p> <p>Sec.8.32(a)(1) of the FCA mandates how the FSCIC is to determine the credit risk for agriculture mortgage loan.</p>	<p><b>SEC.5034.</b> Amends section 8.32(a)(1) of the FCA by allowing the FSCIC to calculate risk-based capital level for rural electric and telephone loans.</p>	<p><b>SEC.5306</b> Section 8.32(a)(1) of the Farm Credit Act of 1971 [12 U.S.C. 2279bb—1(a)(1)] is amended by creating a new subparagraph (B) that directs the Farm Credit Administration to establish a risk based capital standard for rural utility loans.</p>	
T5-	<b><u>Farm Credit System</u></b>	<b>NO COMPARABLE PROVISION</b>	<b>NO COMPARABLE PROVISION</b>	<b>SEC.5307</b>	

Item		CURRENT LAW	HOUSE BILL (H.R. 2419)	SENATE AMENDMENT	CONF. AGREEMENT
26	<p align="center"><b><u>Equalization</u></b></p> <p align="center"><b>Sec.5307 of the Senate Amendment</b></p>			<p>Amends the Farm Credit Act of 1971 [12 U.S.C. 2279] by establishing a new section 7.7 which intends to equalize lending authorities among Farm Credit Associations in Alabama, Mississippi, and Louisiana.</p> <p>Subsection (a) allows Federal Land Banks or Credit Associations the ability to make short- and intermediate-term loans and allows Production Credit Associations the ability to make long-term loan term loans. These new authorities can only be exercised if the board of directors of the association and the majority of voting stockholders approve.</p> <p>Subsection (b) provides that Farm Credit Administration the authority issue charter amendments to reflect the new lending authority.</p>	
T5-27	<p align="center"><b><u>Emergency Loans for Equine Farmers and Ranchers</u></b></p> <p align="center"><b>Sec.5404 of the Senate Amendment</b></p>	<p>Sec. 321 authorizes the Secretary to make and insure emergency loans to eligible participants.</p> <p>Sec. 321(a) establishes eligibility for emergency loan assistance.</p>	NO COMPARABLE PROVISION	<p><b>SEC.5404</b></p> <p>Amends section 321(a) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1961(a)] by allowing equine farmers and ranchers to be eligible for Farm Service Agency emergency loans.</p>	
T-5 28	<p align="center"><b><u>Operating Loan Assistance for Commercial Fishermen</u></b></p> <p align="center"><b>Sec.6020 of the Senate Amendment</b></p>	<p>Sec. 343(1) defines the term “farmer” includes a person who is engaged in, or who, with assistance afforded under this title, intends to engage in, fish farming.</p> <p>Sec. 343(2) defines the term “farming” to include fish farming.</p>	NO COMPARABLE PROVISION	<p>SEC. 6020.</p> <p>Amends section 343(a)(1) of the Consolidated Farm and Rural Development Act [7 U.S.C. 1991] to amend the definition of farmer and farming to include commercial fishing in the case of operating loans.</p> <p>Amends section 343 by adding a new subsection (c) that defines farm to include a commercial fishing enterprise the owner or operator of which is unable to obtain credit from a bank or other lender, as determined by the Secretary.</p>	