
16. EMERGENCY LIVESTOCK CREDIT ACT OF 1974

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[As Amended Through P.L. 110–246, Effective May 22, 2008]

Public Law 93–357, July 25, 1974, 7 U.S.C. 1961 note prec

AN ACT To provide temporary emergency livestock financing through the establishment of a guaranteed loan program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the “Emergency Livestock Credit Act of 1974”.¹

SEC. 2. (a) The Secretary of Agriculture is authorized and directed to provide financial assistance to bona fide farmers and ranchers, including bona fide farmers or ranchers owning livestock that are fed in custom feedyards, who are primarily and directly engaged in agricultural production and who have substantial operations in breeding, raising, fattening, or marketing livestock. In the case of corporations or partnerships, such financial assistance shall be extended only when a majority interest in such corporations or partnerships is held by stockholders or partners who themselves are primarily and directly engaged in such agricultural production. For purposes of this Act, the term “livestock” shall mean beef cattle, dairy cattle, swine, sheep, goats, chickens, and turkeys including dairy cattle raised and maintained for the primary purpose of marketing dairy products.

(b) The Secretary shall guarantee loans, including both principal all interest, made by any legally organized lending agency which otherwise meet the purposes and conditions of this Act. As used here, a guaranteed loan is one which is made, held, and serviced by a legally organized lending agency and which is guaranteed by the Secretary hereunder: *Provided*, That the term “legally organized lending agency” shall be deemed to include the Federal Financing Bank only to the extent that such Bank may hold the guaranteed portion of such loans.

(c) No contract guaranteed any such loan by a lender shall require the Secretary to guarantee more than 90 per centum of the principal and interest on such loan.

(d) No fees or charges shall be assessed by the Secretary for any guarantee provided by him under this Act.

(e) Loans guaranteed under this Act shall bear interest at a rate to be agreed upon by the lender and borrower.

(f) Loans guaranteed under this Act shall be for the period reasonably required by the needs of the borrower, taking into consideration the security the borrower has available, but not exceeding an original term of seven years. Loans may be renewed for not more than three additional years.

SEC. 3. As a condition of the Secretary’s guaranteeing any loan under this Act—

(a) The lender shall certify that—

¹The authority to make new loan guarantees under the authority of this Act expired September 30, 1979. See section 8 and the note preceding 7 U.S.C. 1961.

(1) the lender is unwilling to provide credit to the loan applicant in the absence of the guarantee authorized by this Act;

(2) the loan applicant is directly and in good faith engaged in agricultural production, and the financing to be furnished the loan applicant is to be used for purposes related to the breeding, raising, fattening, or marketing of livestock;

(3) the loan is for the purpose of maintaining the operations of the loan applicant, and the total loans made to the loan applicant do not exceed the amount necessary to permit the continuation of his livestock operations at a level equal to its highest level during the eighteen months immediately preceding the date of enactment of this Act: *Provided*, That the total principal balance outstanding at any one time on loans guaranteed under this Act for any borrower shall not exceed \$350,000;

(b) The loan applicant shall certify that he will be unable to obtain financing in the absence of the guarantee authorized by this Act.

(c) The Secretary finds there is reasonable probability of accomplishing the objectives of the Act and repayment of the loan.

SEC. 4. Loans guaranteed under this Act shall be secured by collateral adequate to protect the Government's interests, as determined by the Secretary: *Provided*, That the Secretary may accept collateral which has depreciated in value owing to temporary economic conditions and which, in the opinion of the lender, together with his confidence in the repayment ability of the borrower, is adequate security for the loan.

SEC. 5. Loan guarantees outstanding under this Act shall not exceed \$1,500,000,000 at any one time. Subject to the provisions of section 2(c) of this Act, the fund created in section 309 of the Consolidated Farm and Rural Development Act shall be used by the Secretary for the discharge of the obligations of the Secretary under contracts of guarantee made pursuant to this Act. Such fund may also be utilized to pay administrative expenses of the Secretary necessary to carry out the provisions of this Act. The Secretary in his discretion is authorized to use the funds from the Agricultural Credit Insurance Fund to purchase, on such terms and conditions as he may deem appropriate, the guaranteed portion of any loan made pursuant to this Act and to pay such expenses and fees incident to such purchases.

SEC. 6. Contracts of guarantee under this Act shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States.

SEC. 7. Any contract of guarantee executed by the Secretary under this Act shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder had actual knowledge at the time it became a holder.

SEC. 8. The provisions of this Act shall become effective upon enactment, and the authority to make new guarantees shall expire September 30, 1979, except that, with respect to any loan for a line of credit guaranteed under this Act, if the lender advances loan funds within the line of credit at any time during the remaining term or authorized renewal period of the loan after September 30,

1979, the guarantee of such advances shall not be considered new guarantees.

SEC. 9. (a) the provisions of section 310B(d)(6) of the Consolidated Farm and Rural Development Act shall apply to loans guaranteed under this Act.

(b) Contracts of guarantee executed pursuant to the provisions of this Act shall be fully assignable.

SEC. 10. The Secretary is authorized to issue such regulations as he determines necessary to carry out this Act. The proposed regulations shall be issued as soon as possible, but in no event later than thirty days from the date of enactment of Act. Insofar as practicable, the Secretary shall complete action on each loan application within thirty days after its receipt.

SEC. 11. [Repealed.]

SEC. 12. Financial assistance may be made available under this Act throughout the "United States" as that term is defined in section 343 of the Consolidated Farm and Rural Development Act.