

## CREDIT

### Subtitle A—Farm Ownership Loans

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1 CREDIT

2 Subtitle A—Farm Ownership Loans

3 **SEC. 5001. LIMITATIONS ON AMOUNT OF DIRECT FARM OWNERSHIP**  
4 **LOANS.**

5 Section 305(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C.  
6 1925(a)(2)) is amended by striking “\$200,000” and inserting “\$500,000 (reduced by the  
7 amount of any unpaid indebtedness of the borrower on direct operating loans under  
8 subtitle B made by the Secretary)”.

9 **SEC. 5002. DOWN PAYMENT LOAN PROGRAM FOR BEGINNING OR**  
10 **SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.**

11 Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is  
12 amended—

13 (1) in subsection (a)(1), by striking “farmers and ranchers” and inserting “farmers  
14 or ranchers or socially disadvantaged farmers or ranchers”;

15 (2) in subsection (b)—

16 (A) in paragraph (2), by striking “4 percent” and inserting “2 percent”;

17 (B) in paragraph (3), by striking “15 years” and inserting “16 years”; and

1 (C) in paragraph (4)—

2 (i) by striking “Each” and inserting the following:

3 “(A) IN GENERAL.—Each”; and

4 (ii) by adding at the end the following:

5 “(B) FIRST INSTALLMENT.—The first installment for a loan made under this  
6 section shall be due 2 years after the date on which the loan is made with  
7 annual installments being due thereafter.”;

8 (3) in subsection (c)—

9 (A) in paragraph (1), by striking “10 percent” and inserting “5 percent”; and

10 (B) by striking paragraph (2) and inserting the following:

11 “(2) MAXIMUM DOWN PAYMENT LOAN AMOUNT.—A loan for a down payment  
12 made under this section shall not exceed \$200,000.”; and

13 (4) in paragraphs (3) and (4) of subsection (d), by striking “beginning farmers  
14 and ranchers” each place it appears and inserting “beginning farmers or ranchers or  
15 socially disadvantaged farmers or ranchers”.

## 16 Subtitle B—Operating Loans

### 17 **SEC. 5101. LIMITATIONS ON AMOUNT OF DIRECT OPERATING LOANS.**

1 Section 313(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C.  
2 1943(a)(1)) is amended by striking “\$200,000” and inserting “\$500,000 (reduced by the  
3 amount of any unpaid indebtedness of the borrower on direct loans under the sections  
4 specified in section 305 made by the Secretary)”.

5 **SEC. 5102. SUSPENSION OF LIMITATION ON PERIOD FOR WHICH**  
6 **BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.**

7 Section 5102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C.  
8 1949 note; Public Law 107–171) is amended by striking “2007” and inserting “2012”.

9 **Subtitle C—Administrative Provisions**

10 **SEC. 5201. LOAN AUTHORIZATION LEVELS.**

11 Section 346(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C.  
12 1994(b)(1)) is amended by striking “2007” and inserting “2012”.

13 **SEC. 5202. RESERVATION OF FUNDS FOR LOANS FOR BEGINNING OR**  
14 **SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.**

15 (a) AUTHORIZATION OF LOANS.—Section 346(b) of the Consolidated Farm and Rural  
16 Development Act (7 U.S.C. 1994(b)) is amended—

17 (1) in paragraph (2)-

18 (A) in the paragraph heading, by striking “AND RANCHERS” and inserting  
19 “OR RANCHERS OR SOCIALLY DISADVANTAGED FARMERS OR RANCHERS”;

1 (B) in subparagraph (A)—

2 (i) in clauses (i)(I), (ii), and (iii), by striking “and ranchers” each  
3 place it appears and inserting “or ranchers or socially disadvantaged  
4 farmers or ranchers”;

5 (ii) in clause (i)(I), by striking “70 percent” and inserting “100  
6 percent”;

7 (iii) in clause (ii)—

8 (I) in subclause (II), by striking “and” at the end;

9 (II) in subclause (III), by striking the period at the end and  
10 inserting “; and”; and

11 (III) by adding at the end the following:

12 “(IV) for each of fiscal years 2008 through 2012, 70  
13 percent.”; and

14 (IV) in clause (iii)—

15 (aa) in the clause heading, by striking

16 “SEPTEMBER 1” and inserting “AUGUST 15”; and

17 (bb) by striking “September 1” and inserting

18 “August 15”;

19 (C) in clauses (i) and (ii) of subparagraph (B), by striking “farmers and  
20 ranchers” each place it appears and inserting “farmers or ranchers”; and

1 (D) in the subparagraph heading of subparagraph (C), by striking  
2 “FARMERS AND RANCHERS” and inserting “FARMERS OR RANCHERS”;  
3 (2) by striking paragraph (3); and  
4 (3) by redesignating paragraph (4) as paragraph (3).

5 (b) REALLOCATION.—Section 346(b) of the Consolidated Farm and Rural  
6 Development Act (7 U.S.C. 1994(b)) is amended by adding at the end the following:

7 “(5) REALLOCATION.—

8 “(A) QUALIFIED BEGINNING FARMERS OR RANCHERS.—Any funds  
9 reserved and allocated under paragraph (2) for qualified beginning farmers or  
10 ranchers in a State but not used within the State as of the applicable date  
11 specified in subparagraphs (A)(iii) or (B)(iii) of paragraph (2), shall be  
12 redistributed by the Secretary, in order of priority, to make or guarantee loans  
13 for—

14 “(i) pending applications from qualified beginning farmers or  
15 ranchers in other States for the same type and category of loan under  
16 this title as the unused funds were originally made available;

17 “(ii) pending applications from qualified beginning farmers or  
18 ranchers within the State or in other States for farm ownership

1 (including down payment loans) or operating loans or loan guarantees  
2 under this title;

3 “(iii) pending applications from socially disadvantaged farmers  
4 or ranchers within the State or in other States for farm ownership  
5 (including down payment loans) or operating loans or loan guarantees  
6 under this title;

7 “(iv) pending applications within the State for farm ownership  
8 (including down payment loans) or operating loans or loan guarantees  
9 under this title;

10 “(v) pending applications for farm ownership (including down  
11 payment loans) or operating loans or loan guarantees under this title in  
12 other States, as determined by the Secretary.

13 “(B) SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.—Any funds  
14 reserved and allocated under paragraph (2) for socially disadvantaged farmers  
15 or ranchers in a State but not used within the State as of the applicable date  
16 specified in subparagraphs (A)(iii) or (B)(iii) of paragraph (2), shall be  
17 redistributed by the Secretary, in order of priority, to make or guarantee loans  
18 for—

1                   “(i) pending applications from socially disadvantaged farmers or  
2 ranchers in other States for the same type and category of loan under this  
3 title as the unused funds were made available;

4                   “(ii) pending applications from socially disadvantaged farmers or  
5 ranchers within the State or in other States for farm ownership (including  
6 down payment loans) or operating loans or loan guarantees under this title;

7                   “(iii) pending applications from beginning farmers or ranchers  
8 within the State or in other States for farm ownership (including down  
9 payment loans) or operating loans or loan guarantees under this title;

10                   “(iv) pending applications within the State for farm ownership  
11 (including down payment loans) or operating loans or loan guarantees  
12 under this title;

13                   “(v) pending applications for farm ownership (including down  
14 payment loans) or operating loans or loan guarantees under this title in  
15 other States, as determined by the Secretary.”.

16           (c) TRANSITIONAL PERIOD.-In carrying out the amendments in subsection (a) with  
17 respect to operating loans, to ensure an orderly transition of the program, the Secretary  
18 may phase in the increases in the reservation of funds over a period of time that cannot  
19 exceed three years from the date of enactment of this Act.

20   **SEC. 5203. CONFORMING AMENDMENTS.**



1 (a) BEGINNING FARMERS OR RANCHERS.—Sections 309(i)(1), 335(c), and 362 of the  
2 Consolidated Farm and Rural Development Act (7 U.S.C. 1929(i)(1), 1985(c), 2006d) are  
3 amended by striking “beginning farmers and ranchers” each place it appears and inserting  
4 “beginning farmers or ranchers”.

5 (b) SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.—

6 (1) DEFINITION OF SOCIALLY DISADVANTAGED FARMER OR RANCHER.—Section  
7 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is  
8 amended by adding at the end the following:

9 “(14) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term ‘socially  
10 disadvantaged farmer or rancher’ has the meaning given the term in section 355(e).”.

11 (2) TARGET PARTICIPATION RATES.—Section 355 of the Consolidated Farm and  
12 Rural Development Act (7 U.S.C. 2003) is amended—

13 (A) in subsection (a)(3), by striking “socially disadvantaged farmers and  
14 ranchers” and inserting “socially disadvantaged farmers or ranchers”; and

15 (B) in subsection (c)(2), by striking the last sentence.