
CONFERENCE COMMITTEE PRINT

Title V – Credit

**Comparing H.R. 2419, As Passed by the House
And the Senate Amendment Thereto**

HOUSE BILL (H.R. 2419)

SENATE AMENDMENT

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Subtitle A—Farm ownership loans	
<p style="text-align: center;">NO COMPARABLE PROVISION</p>	<p style="text-align: center;">SEC. 5001. DIRECT LOANS.</p> <p>Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended--</p> <p>(1) by striking the section designation and heading and all that follows through `a) The Secretary is authorized to' and inserting the following:</p> <p style="text-align: center;">`SEC. 302. PERSONS ELIGIBLE FOR REAL ESTATE LOANS.</p> <p>`a) In General- The Secretary may'; and</p> <p>(2) in subsection (a)(2), by inserting `, taking into consideration all farming experience of the applicant, without regard to any lapse between farming experiences' after `farming operations'.</p>
<p style="text-align: center;">NO COMPARABLE PROVISION</p>	<p style="text-align: center;">SEC. 5002. PURPOSES OF LOANS.</p> <p>Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—</p> <p>(1) in subparagraph (D), by striking `or' at the end;</p> <p>(2) in subparagraph (E), by striking the period at the end and inserting `; or'; and</p> <p>(3) by adding at the end the following:</p> <p style="text-align: center;">`(F) refinancing guaranteed farm ownership loans of qualified beginning farmers and ranchers under this subtitle that were used to carry out purposes described in subparagraphs (A) through (E).'</p>
<p style="text-align: center;">SEC. 5001. CONSERVATION LOAN GUARANTEE PROGRAM.</p> <p>Section 304 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924) is amended to read as follows:</p> <p style="text-align: center;">“SEC. 304. CONSERVATION LOAN GUARANTEE PROGRAM.</p> <p>“(a) IN GENERAL.—The Secretary may provide a loan guarantee, an interest subsidy, or both, to enable an eligible borrower to obtain a qualified conservation loan.</p>	<p style="text-align: center;">SEC. 5003. SOIL AND WATER CONSERVATION AND PROTECTION.</p> <p>Section 304 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924) is amended--</p> <p>(1) in subsection (a)--</p> <p>(A) in paragraph (4), by inserting `or conversion to a certified organic farm in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.)' after `systems';</p>

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“(b) **PRIORITY.**—In providing loan guarantees under this section, the Secretary shall give priority to—

“(1) qualified beginning farmers or ranchers;

“(2) socially disadvantaged farmers or ranchers (as defined in section 355(e)(2));

“(3) owners or tenants who use the loans to convert to sustainable or organic agricultural production systems; and

“(4) 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.

“(c) **DEFINITIONS.**—In this section:

“(1) **ELIGIBLE BORROWER.**—The term ‘eligible borrower’ means a farmer, rancher, farm cooperative, private domestic corporation, partnership, joint operation, trust, or limited liability company, that is engaged primarily and directly in agricultural production in the United States.

“(2) **QUALIFIED CONSERVATION LOAN.**—The term ‘qualified conservation loan’ means a loan that meets the following requirements:

“(A) **PURPOSE.**—The loan proceeds are required to be used to cover the costs to the borrower of carrying out a qualified conservation project.

“(B) **PRINCIPAL AMOUNT.**—The principal amount of the loan is not more than \$1,000,000,000.

“(C) **REPAYMENT PERIOD.**—The loan repayment period shall not exceed 10 years.

“(D) **LIMITED PROCESSING FEE.**—The total of all processing fees charged with respect to the loan does not exceed such amount as shall be prescribed by the Secretary.

“(3) **QUALIFIED CONSERVATION PROJECT.**—The term ‘qualified conservation project’ means, with respect to an eligible borrower, conservation measures that address provisions of a conservation plan of the borrower.

“(4) **CONSERVATION PLAN.**—The term ‘conservation plan’ means a plan, approved by the Secretary, that, for a farming or ranching operation, identifies

(B) in paragraph (5), by striking ‘and’ at the end;

(C) by redesignating paragraph (6) as paragraph (7); and

(D) by inserting after paragraph (5) the following:

“(6) the implementation of 1 or more practices under the environmental quality section of the comprehensive stewardship incentives program established under subchapter A of chapter 6 of subtitle D of title XII of the Food Security Act of 1985; and’; and

(2) by striking subsections (b) and (c) and inserting the following:

“(b) **Priority-** In making or guaranteeing loans under this section, the Secretary shall give priority to—

“(1) qualified beginning farmers or ranchers and socially disadvantaged farmers or ranchers;

“(2) owners or tenants who use the loans to convert to sustainable or organic agricultural production systems;

“(3) 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 (16 U.S.C. 3812); and

“(4) producers who have a certification from the Natural Resources Conservation Service issued pursuant to section 1240B(d) of the Food Security Act of 1985.’.

the conservation activities that will be addressed with guaranteed loan funds provided under this section, including—

- “(A) the installation of conservation structures;
- “(B) the establishment of forest cover for sustained yield timber management, erosion control, or shelter belt purposes;
- “(C) the installation of water conservation measures;
- “(D) the installation of waste management systems;
- “(E) the establishment or improvement of permanent pasture;
- “(F) compliance with section 1212 of the Food Security Act of 1985;
- “(G) other purposes consistent with the plan; and
- “(H) any other emerging or existing conservation practices, techniques, or technologies approved by the Secretary.

“(d) **LIMITATIONS APPLICABLE TO LOAN GUARANTEES.**—

“(1) **LIMITATION ON AMOUNT OF GUARANTEE.**—The portion of a loan that the Secretary may guarantee under this section shall be not less than 80 percent and not more than 90 percent of the principal amount of the loan.

“(2) **LIMITATION ON TOTAL AMOUNT OUTSTANDING.**—The aggregate principal amount of outstanding loans guaranteed by the Secretary under this section shall not exceed \$1,000,000.

“(e) **LIMITATION ON AMOUNT OF INTEREST SUBSIDY.**—The interest subsidy which the Secretary may provide under this section with respect to a loan shall result in a reduction of the interest rate agreed upon by the borrower and the lender (but to not less than zero) by—

“(1) 500 basis points, if the principal amount of the loan is less than \$100,000;

“(2) 400 basis points, if the principal amount of the loan is not less than \$100,000 and is less than \$500,000; and

“(3) 300 basis points, in any other case.

“(f) **ADMINISTRATIVE PROVISIONS.**—

“(1) **AUTHORITY TO COLLECT PROCESSING FEE.**—The Secretary may assess

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a fee to cover the cost of processing an application under this section equal to not more than 1 percent of the principal amount of the loan sought by the applicant, as described in the application.

“(2) **APPROVAL OF APPLICATION.**—The Secretary shall not approve an application submitted pursuant to this section, unless the Secretary has determined that—

“(A) the loan sought by the applicant, as described in the application, would be a qualified conservation loan; and

“(B) the project for which the loan is sought is likely to result in a net benefit to the environment.

“(3) **EQUITABLE DISTRIBUTION OF LOAN GUARANTEES AND INTEREST SUBSIDIES.**—The Secretary shall ensure that loan guarantees and interest subsidies under this section are equitably distributed among agricultural producers according to the scale of the operations.

“(g) **RELATIONSHIP WITH OTHER CONSERVATION PROGRAMS.**—Neither the application for, nor the receipt of, a loan guarantee or an interest subsidy under this section shall affect the eligibility of the recipient for assistance under title XII of the Food Security Act of 1985 or the Watershed Protection and Flood Prevention Act.

“(h) **AUTHORIZATION OF APPROPRIATIONS.**—For each of fiscal years 2008 through 2012, there are authorized to be appropriated to the Secretary such funds as are necessary to carry out this section.”.

SEC. 5002. LIMITATIONS ON AMOUNT OF OWNERSHIP LOANS.

Section 305 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925) is amended—

(1) in subsection (a)(2), by striking “\$200,000” and inserting “\$300,000”; and

(2) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and inserting after subsection (a) the following:

“(b) **GRADUATION PLAN.**—The Secretary shall establish a plan, in coordination with activities under sections 359, 360, 361, and 362, to encourage each borrower with an outstanding loan under this subtitle to graduate to private commercial or other sources of credit.”.

SEC. 5004. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP LOANS.

Section 305(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925(a)(2)) is amended by striking ‘\$200,000’ and inserting ‘\$300,000’.

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SEC. 5003. DOWN PAYMENT LOAN PROGRAM.

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

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

(2) in subsection (b)—

(A) by striking paragraph (1) and inserting the following:

“(1) **PRINCIPAL.**—Each loan made under this section shall be in an amount that does not exceed 45 percent of the least of—

“(A) the purchase price of the farm or ranch to be acquired;

“(B) the appraised value of the farm or ranch to be acquired; or

“(C) \$500,000.

“(2) **INTEREST RATE.**—The interest rate on any loan made by the Secretary under this section shall be a rate equal to the greater of—

“(A) the difference obtained by subtracting 4 percent from the interest rate for farm ownership loans under this subtitle; or

“(B) 1 percent.”; and

(B) in paragraph (3), by striking “15” and inserting “20”;

(3) in subsection (c)—

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

(B) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(C) in paragraph (2)(B) (as so redesignated), by striking “15-year” and inserting “20-year”; and

(4) in subsection (d)—

(A) in paragraph (3)—

(i) by inserting “and socially disadvantaged farmers and ranchers (as

SEC. 5005. DOWN PAYMENT LOAN PROGRAM.

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

(1) in subsection (a)(1), by inserting “and socially disadvantaged farmers and ranchers” after “ranchers”;

(2) in subsection (b)—

(A) by striking paragraph (1) and inserting the following:

“(1) **PRINCIPAL-**

“(A) **PURCHASE PRICE OF \$500,000 OR LESS-** Each loan made under this section for a purchase price that is \$500,000 or less, shall be in an amount that does not exceed 45 percent of the lesser of—

“(i) the purchase price; or

“(ii) the appraised value of the farm or ranch to be acquired.

“(B) **PURCHASE PRICE GREATER THAN \$500,000-** Each loan made under this section for a purchase price that is greater than \$500,000, shall be in an amount that does not exceed 45 percent of the lesser of—

“(i) \$500,000; or

“(ii) the appraised value of the farm or ranch to be acquired.”;

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

“(2) **INTEREST RATE-** The interest rate on any loan made by the Secretary under this section shall be a rate equal to the greater of—

“(A) the difference obtained by subtracting 400 basis points from the interest rate for regular farm ownership loans under this subtitle; or

“(B) 2 percent.”; and

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<p>defined in section 355(e)(2))” after “ranchers”; and</p> <p>(ii) by striking “and” at the end;</p> <p>(B) in paragraph (4), by striking “ranchers.” and inserting “ranchers and socially disadvantaged farmers and ranchers (as defined in section 355(e)(2)); and”; and</p> <p>(C) by adding at the end the following:</p> <p>“(5) 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 any lender to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher (as so defined).”.</p>	<p>(C) in paragraph (3), by striking `15' and inserting `20';</p> <p>(3) in subsection (c)—</p> <p>(A) in paragraph (1), by striking `10 percent' and inserting `5 percent';</p> <p>(B) by striking paragraph (2);</p> <p>(C) by redesignating paragraph (3) as paragraph (2); and</p> <p>(D) in subparagraph (B) of paragraph (2) (as so redesignated), by striking `15-year' and inserting `20-year'; and</p> <p>(4) in subsection (d)—</p> <p>(A) in paragraph (3), by striking the `and' at the end;</p> <p>(B) in paragraph (4), by striking the period at the end and inserting `; and'; and</p> <p>(C) by adding at the end the following:</p> <p>`(5) 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 any lender to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher.'</p>
<p>SEC. 5004. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.</p> <p>Section 310F of the Consolidated Farm and Rural Development Act (7 U.S.C. 1936) is amended to read as follows:</p> <p>“SEC. 310F. BEGINNING FARMER AND RANCHER AND SOCIALLY DISADVANTAGED FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.</p> <p>“(a) IN GENERAL.—The Secretary shall, in accordance with this section, guarantee a loan made by a private seller of a farm or ranch to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher (as defined in section 355(e)(2)) on a contract land sales basis.</p>	<p>SEC. 5006. BEGINNING FARMER OR RANCHER CONTRACT LAND SALES PROGRAM.</p> <p>Section 310F of the Consolidated Farm and Rural Development Act (7 U.S.C. 1936) is amended to read as follows:</p> <p>“SEC. 310F. BEGINNING FARMER OR RANCHER CONTRACT LAND SALES PROGRAM.</p> <p>“(a) In General- Subject to subsection (c), the Secretary shall, in accordance with each condition described in subsection (b), provide a prompt payment guarantee for any loan made by a private seller of farmland or ranch land to a qualified beginning farmer or rancher on a contract land sale basis.</p> <p>“(b) Conditions for Guarantee- To receive a guarantee for a loan by the Secretary</p>

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“(b) **ELIGIBILITY.**—In order to be eligible for a loan guarantee under subsection (a)—

“(1) the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher shall—

“(A) on the date the contract land sale that is subject of the loan is complete, own or operate the farm or ranch that is the subject of the contract land sale;

“(B) have a credit history that—

“(i) includes a record of satisfactory debt repayment, as determined by the Secretary; and

“(ii) is acceptable to the Secretary; and

“(C) demonstrate to the Secretary that the farmer or rancher, as the case may be, is unable to obtain sufficient credit without a guarantee to finance any actual need of the farmer or rancher, as the case may be, at a reasonable rate or term;

“(2) the loan shall meet applicable underwriting criteria, as determined by the Secretary; and

“(3) to carry out the loan—

“(A) a commercial lending institution shall agree to serve as an escrow agent; or

“(B) the private seller, in cooperation with the farmer or rancher, shall use an appropriate alternate arrangement, as determined by the Secretary.

“(c) **LIMITATIONS.**—

“(1) **DOWN PAYMENT.**—The Secretary shall not provide a loan guarantee under subsection (a) if the contribution of the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher to the down payment for the farm or ranch that is the subject of the contract land sale would be less than 5 percent of the purchase price of the farm or ranch.

“(2) **MAXIMUM PURCHASE PRICE.**—The Secretary shall not provide a loan guarantee under subsection (a) if the purchase price or the appraisal value of the farm or ranch that is the subject of the contract land sale is greater than \$500,000.

“(d) **PERIOD OF GUARANTEE.**—The period during which a loan guarantee under this

under subsection (a)—

“(1) the qualified beginning farmer or rancher shall—

“(A) on the date on which the contract land sale that is the subject of the loan is complete, own and operate the farmland or ranch land that is the subject of the contract land sale;

“(B) on the date on which the contract land sale that is the subject of the loan is commenced—

“(i) have a credit history that—

“(I) includes a record of satisfactory debt repayment, as determined by the Secretary; and

“(II) is acceptable to the Secretary; and

“(ii) demonstrate to the Secretary that the qualified beginning farmer or rancher is unable to obtain sufficient credit without a guarantee to finance any actual need of the qualified beginning farmer or rancher at a reasonable rate or term;

“(2) the loan made by the private seller of farmland or ranch land to the qualified beginning farmer or rancher on a contract land sale basis shall meet applicable underwriting criteria, as determined by the Secretary; and

“(3) to carry out the loan—

“(A) a commercial lending institution shall agree to serve as an escrow agent; or

“(B) the private seller of farmland or ranch land, in cooperation with the qualified beginning farmer or rancher, shall use an appropriate alternate arrangement, as determined by the Secretary.

“(c) **Limitations-**

“(1) **DOWN PAYMENT-** The Secretary shall not guarantee a loan made by a private seller of farmland or ranch land to a qualified beginning farmer or rancher

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section is in effect shall be the 10-year period beginning with the date the guarantee is provided.

“(e) **GUARANTEE PLAN.**—A private seller of a farm or ranch who makes a loan that is guaranteed by the Secretary under subsection (a) may select—

“(1) a prompt payment guarantee plan, which shall cover—

“(A) 3 amortized annual installments; or

“(B) an amount equal to 3 annual installments (including an amount equal to the total cost of any tax and insurance incurred during the period covered by the annual installments); or

“(2) a standard guarantee plan, which shall cover an amount equal to 90 percent of the outstanding principal of the loan.”.

under subsection (a) if the contribution of the qualified beginning farmer or rancher to the down payment for the farmland or ranch land that is the subject of the contract land sale would be an amount less than 5 percent of the purchase price of the farmland or ranch land.

“(2) **MAXIMUM PURCHASE PRICE-** The Secretary shall not guarantee a loan made by a private seller of farmland or ranch land to a qualified beginning farmer or rancher under subsection (a) if the purchase price or the appraisal value of the farmland or ranch land that is the subject of the contract land sale is an amount greater than \$500,000.

“(d) **Period of Guarantee-** The Secretary shall guarantee a loan made by a private seller of farmland or ranch land to a qualified beginning farmer or rancher under subsection (a) for a 10-year period beginning on the date on which the Secretary guarantees the loan.

“(e) **Prompt Payment Guarantee-** The Secretary shall provide to a private seller of farmland or ranch land who makes a loan to a qualified beginning farmer or rancher that is guaranteed by the Secretary, a prompt payment guarantee, which shall cover—

“(1) 3 amortized annual installments; or

“(2) an amount equal to 3 annual installments (including an amount equal to the total cost of any tax and insurance incurred during the period covered by the annual installments).’.

SEC. 5005. LOANS TO PURCHASERS OF HIGHLY FRACTIONED LANDS.

Section 1 of Public Law 91–229 (25 U.S.C. 488) is amended by adding at the end the following: “The Secretary of Agriculture may make and insure loans as provided in section 309 of the Consolidated Farm and Rural Development Act to eligible purchasers of highly fractionated land pursuant to section 204(c) of the Indian Land Consolidation Act. Section 4 of this Act shall not apply to trust or restricted tribal or tribal corporation property mortgaged pursuant to the preceding sentence.”.

SEC. 5401. LOANS TO PURCHASERS OF HIGHLY FRACTIONED LAND.

The first section of Public Law 91-229 (25 U.S.C. 488) is amended--

(1) by striking ‘That the Secretary’ and inserting the following:

‘SECTION 1. LOANS TO PURCHASERS OF HIGHLY FRACTIONED LAND.

“(a) **In General-** The Secretary’; and

(2) by adding at the end the following:

“(b) **Highly Fractionated Land-**

“(1) **IN GENERAL-** Subject to paragraph (2), the Secretary of Agriculture may make and insure loans in accordance with section 309 of the Consolidated Farm

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	<p>and Rural Development Act (7 U.S.C. 1929) to eligible purchasers of highly fractionated land pursuant to section 205(c) of the Indian Land Consolidation Act (25 U.S.C. 2204(c)).</p> <p>`(2) EXCLUSION- Section 4 shall not apply to trust land, restricted tribal land, or tribal corporation land that is mortgaged in accordance with paragraph (1).'</p>
<p>Subtitle B—Operating loans</p>	
<p>NO COMPARABLE PROVISION</p>	<p>SEC. 5101. FARMING EXPERIENCE AS ELIGIBILITY REQUIREMENT. Section 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941) is amended—</p> <p>(1) by striking the section designation and all that follows through `(a) The Secretary is authorized to' and inserting the following:</p> <p style="text-align: center;">`SEC. 311. PERSONS ELIGIBLE FOR LOANS.</p> <p>`(a) In General- The Secretary may';</p> <p>(2) in subsection (a)(2), by inserting `, taking into consideration all farming experience of the applicant, without regard to any lapse between farming experiences' after `farming operations'; and</p> <p>(3) in subsection (c)(1)(C), by striking `6' and inserting `7'.</p>
<p>SEC. 5011. LIMITATIONS ON AMOUNT OF OPERATING LOANS. Section 313(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943(a)(1)) is amended by striking “\$200,000” and inserting “\$300,000”.</p>	<p>SEC. 5102. LIMITATIONS ON AMOUNT OF OPERATING LOANS. Section 313(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943(a)(1)) is amended by striking `\$200,000' and inserting `\$300,000'</p>
<p>SEC. 5012. SUSPENSION OF LIMITATION ON PERIOD FOR WHICH BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE. Section 5102 of the Farm Security And Rural Investment Act of 2002 (7 U.S.C. 1949 note; Public Law 107–171) is amended by striking “September 30, 2007” and inserting “January 1, 2008”.</p>	<p>SEC. 5103. LIMITATION ON PERIOD BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE. Section 319 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1949) is repealed.</p>
<p>Subtitle C—Administrative provisions</p>	
<p>NO COMPARABLE PROVISION</p>	<p>SEC. 5201. BEGINNING FARMER AND RANCHER INDIVIDUAL DEVELOPMENT ACCOUNTS</p>

PILOT PROGRAM.

The Consolidated Farm and Rural Development Act is amended by adding after section 333A (7 U.S.C. 1983a) the following:

SEC. 333B. BEGINNING FARMER AND RANCHER INDIVIDUAL DEVELOPMENT ACCOUNTS PILOT PROGRAM.

(a) **Definitions-** In this section:

(1) **DEMONSTRATION PROGRAM-** The term 'demonstration program' means a demonstration program carried out by a qualified entity under the pilot program established in subsection (b)(1).

(2) **ELIGIBLE PARTICIPANT-** The term 'eligible participant' means a qualified beginning farmer or rancher that—

(A) lacks significant financial resources or assets; and

(B) has an income that is less than—

(i) 80 percent of the median income of the area in which the eligible participant is located; or

(ii) 200 percent of the most recent annual Federal Poverty Income Guidelines published by the Department of Health and Human Services for that area.

(3) **INDIVIDUAL DEVELOPMENT ACCOUNT-** The term 'individual development account' means a savings account described in subsection (b)(4)(A).

(4) **QUALIFIED ENTITY-**

(A) **IN GENERAL-** The term 'qualified entity' means—

(i) 1 or more organizations—

(I) described in section 501(c)(3) of the Internal Revenue Code of 1986; and

(II) exempt from taxation under section 501(a) of such Code;

or

`(ii) a State, local, or tribal government submitting an application jointly with an organization described in clause (i).

`(B) **NO PROHIBITION ON COLLABORATION**- An organization described in subparagraph (A)(i) may collaborate with a financial institution or for-profit community development corporation to carry out the purposes of this section.

`(b) Pilot Program-

`(1) **IN GENERAL**- The Secretary shall establish a pilot program to be known as the 'New Farmer Individual Development Accounts Pilot Program' under which the Secretary shall work through qualified entities to establish demonstration programs—

`(A) of at least 5 years in duration; and

`(B) in at least 15 States.

`(2) **COORDINATION**- The Secretary shall operate the pilot program through, and in coordination with the farm loan programs of, the Farm Service Agency.

`(3) RESERVE FUNDS-

`(A) **IN GENERAL**- Each demonstration program shall establish a reserve fund consisting of a non-Federal match of 25 percent of the total amount of the grant awarded to the demonstration program under this section.

`(B) **FEDERAL FUNDS**- After a demonstration program has deposited in the reserve fund the non-Federal matching funds described in subparagraph (A), the Secretary shall provide to the demonstration program for deposit in the reserve fund the total amount of the grant awarded under this section.

`(C) **USE OF FUNDS**- Of funds deposited in a reserve fund under subparagraphs (A) and (B), a demonstration program—

`(i) may use up to 20 percent for administrative expenses; and

`(ii) shall use the remainder to make matching awards described in paragraph (4)(B)(ii)(I).

`(D) INTEREST- Any interest earned on amounts in a reserve fund established under subparagraph (A) may be used as additional matching funds for, or to administer, the demonstration program.

`(E) GUIDANCE- The Secretary shall implement guidance regarding the investment requirements of reserve funds established under this paragraph.

`(4) INDIVIDUAL DEVELOPMENT ACCOUNTS-

`(A) IN GENERAL- A qualified entity receiving a grant under this section shall establish and administer an individual development account for each eligible participant.

`(B) CONTRACT REQUIREMENTS- To be eligible to receive funds under this section from a qualified entity, each eligible participant shall enter into a contract with a qualified entity under which—

 `(i) the eligible participant shall agree—

 `(I) to deposit a certain amount of funds of the eligible participant in a personal savings account, as prescribed by the contractual agreement between the eligible participant and the qualified entity; and

 `(II) to use the funds described in subclause (I) only for 1 or more eligible expenditures described in paragraph (5)(A); and

 `(ii) the qualified entity shall agree—

 `(I) to deposit not later than 1 month after a deposit described in clause (i)(I) at least a 100-percent, and up to a 300-percent, match of that amount into the individual development account established for the eligible participant;

 `(II) with uses of funds proposed by the eligible participant; and

`(III) to complete qualified financial training.

`(C) LIMITATION-

`(i) **IN GENERAL-** A qualified entity administering a demonstration program may provide not more than \$9,000 for each fiscal year in matching funds to any eligible participant.

`(ii) **TREATMENT OF AMOUNT-** An amount provided under clause (i) shall not be considered to be a gift or loan for mortgage purposes.

`(D) **INTEREST-** Any interest earned on amounts in an individual development account shall be compounded with amounts otherwise deposited in the individual development account.

`(5) ELIGIBLE EXPENDITURES-

`(A) **IN GENERAL-** An eligible expenditure described in this subparagraph is an expenditure—

`(i) to purchase farmland or make a down payment on an accepted purchase offer for farmland;

`(ii) to make mortgage payments for up to 180 days after the date of purchase of farmland;

`(iii) to purchase farm equipment or production, storage, or marketing infrastructure or buy into an existing value-added business;

`(iv) to purchase breeding stock or fruit or nut trees or trees to harvest for timber;

`(v) to pay training or mentorship expenses to facilitate specific entrepreneurial agricultural activities; and

`(vi) for other **COMPARABLE** expenditures, as determined by the Secretary.

“(B) TIMING-

“(i) IN GENERAL- An eligible expenditure may be made at any time during the 2-year period beginning on the date on which the last matching funds are provided under paragraph (4)(B)(ii)(I).

“(ii) UNEXPENDED FUNDS- Funds remaining in an individual development account after the period described in clause (i) shall revert to the reserve fund of the demonstration program.

“(C) PROHIBITION- An eligible participant that uses funds in an individual development account for an eligible expenditure described in subparagraph (A)(viii) shall not be eligible to receive funds for a substantially COMPARABLE purpose (as determined by the Secretary) under the national organic program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

“(c) Applications-

“(1) ANNOUNCEMENT OF DEMONSTRATION PROGRAMS- Not later than 180 days after the date of enactment of this section, the Secretary shall—

“(A) publicly announce the availability of funding under this section for demonstration programs; and

“(B) ensure that applications to carry out demonstration programs are widely available to qualified entities.

“(2) SUBMISSION- Not later than 270 days after the date of enactment of this section, a qualified entity may submit to the Secretary an application to carry out a demonstration program.

“(3) CRITERIA- In considering whether to approve an application to carry out a demonstration program, the Secretary shall assess—

“(A) the degree to which the demonstration program described in the application is likely to aid eligible participants in successfully pursuing new farming opportunities;

“(B) the experience and ability of the qualified entity to responsibly

administer the project;

`(C) the experience and ability of the qualified entity in recruiting, educating, and assisting eligible participants to increase economic independence and pursue or advance farming opportunities;

`(D) the aggregate amount of direct funds from non-Federal public sector and private sources that are formally committed to the demonstration program as matching contributions;

`(E) the adequacy of the plan for providing information relevant to an evaluation of the demonstration program; and

`(F) such other factors as the Secretary considers to be appropriate.

`(4) **PREFERENCES-** In considering an application to conduct a demonstration program under this part, the Secretary shall give preference to an application from a qualified entity that demonstrates—

`(A) a track record of serving clients targeted by the program, including, as appropriate, socially disadvantaged farmers and ranchers; and

`(B) expertise in dealing with financial management aspects of farming.

`(5) **APPROVAL-**

`(A) **IN GENERAL-** Not later than 1 year after the date of enactment of this section, in accordance with this section, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration programs as the Secretary considers appropriate.

`(B) **DIVERSITY-** The Secretary shall ensure, to the maximum extent practicable, that approved applications involve demonstration programs for a range of geographic areas and diverse populations.

`(6) **TERM OF AUTHORITY-** If the Secretary approves an application to carry out a demonstration program, the Secretary shall authorize the applying qualified entity to carry out the project for a period of 5 years, plus an additional 2 years for the making of eligible expenditures in accordance with subsection (b)(5)(B).

^ (d) Grant Authority-

^ (1) IN GENERAL- For each year during which a demonstration program is carried out under this section, the Secretary shall make a grant to the qualified entity authorized to carry out the demonstration program.

^ (2) MAXIMUM AMOUNT OF GRANTS- The aggregate amount of grant funds provided to a demonstration program carried out under this section shall not exceed \$300,000.

^ (e) Reports-

^ (1) ANNUAL PROGRESS REPORTS-

^ (A) IN GENERAL- Not later than 60 days after the end of the calendar year in which the Secretary authorizes a qualified entity to carry out a demonstration program, and annually thereafter until the conclusion of the demonstration program, the qualified entity shall prepare an annual report that includes, for the period covered by the report—

- ^ (i)** an evaluation of the progress of the demonstration program;
- ^ (ii)** information about the demonstration program and eligible participants;
- ^ (iii)** the number and characteristics of individuals that have made 1 or more deposits into an individual development account;
- ^ (iv)** the amounts in the reserve fund established with respect to the program;
- ^ (v)** the amounts deposited in the individual development accounts;
- ^ (vi)** the amounts withdrawn from the individual development accounts and the purposes for which the amounts were withdrawn;
- ^ (vii)** the balances remaining in the individual development accounts;
- ^ (viii)** such other information as the Secretary may require.

^(B) SUBMISSION OF REPORTS- A qualified entity shall submit each report required under subparagraph (A) to the Secretary.

^(2) REPORTS BY THE SECRETARY- Not later than 1 year after the date on which all demonstration programs under this section are concluded, the Secretary shall submit to Congress a final report that describes the results and findings of all reports and evaluations carried out under this section.

^(f) Regulations- In carrying out this section, the Secretary may promulgate regulations to ensure that the program includes provisions for—

^(1) the termination of demonstration programs;

^(2) control of the reserve funds in the case of such a termination;

^(3) transfer of demonstration programs to other qualified entities; and

^(4) remissions from a reserve fund to the Secretary in a case in which a demonstration program is terminated without transfer to a new qualified entity.

^(g) Funding-

^(1) AUTHORIZATION OF APPROPRIATIONS- There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2008 through 2012.

^(2) ADMINISTRATION AND TRAINING- Of the total funds made available under paragraph (1) and in addition to any other available funds, not more than 10 percent may be used by the Secretary—

^(A) to administer the pilot program; and

^(B) to provide training, or hire 1 or more consultants to provide training, to instruct qualified entities in carrying out demonstration programs, including payment of reasonable costs incurred with respect to that training for—

^(i) staff or consultant travel;

^(ii) lodging;

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	<p>(iii) meals; and</p> <p>(iv) materials.'</p>
<p>SEC. 5021. INVENTORY SALES PREFERENCES.</p> <p>Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—</p> <p>(1) in paragraph (1)—</p> <p>(A) in subparagraph (B)—</p> <p>(i) in the subparagraph heading, by inserting “; SOCIALLY DISADVANTAGED FARMER OR RANCHER” after “OR RANCHER”;</p> <p>(ii) in clause (i), by inserting “or a socially disadvantaged farmer or rancher” after “or rancher”;</p> <p>(iii) by redesignating clauses (ii) through (iv) as clauses (iii) through (v), respectively;</p> <p>(iv) by inserting after clause (i) the following:</p> <p>“(ii) PRIORITY TO BE GIVEN TO SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.—In carrying out this subparagraph, the Secretary shall give priority to socially disadvantaged farmers and ranchers.”;</p> <p>(v) in clause (iii) (as so redesignated)—</p> <p>(I) by inserting “or socially disadvantaged farmer or rancher” after “or rancher”; and</p> <p>(II) by inserting “, subject to clause (ii)” before the period;</p> <p>(vi) in clause (iv) (as so redesignated), by inserting “or a socially disadvantaged farmer or rancher” after “or rancher”; and</p> <p>(vii) in clause (v) (as so redesignated), by inserting “and socially disadvantaged farmers and ranchers” after “and ranchers”; and</p> <p>(B) in subparagraph (C), by inserting “or a socially disadvantaged farmer or rancher” after “or rancher”;</p>	<p>SEC. 5202. INVENTORY SALES PREFERENCES; LOAN FUND SET-ASIDES.</p> <p>(a) Inventory Sales Preferences- Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—</p> <p>(1) in paragraph (1)—</p> <p>(A) in subparagraph (B)—</p> <p>(i) in the subparagraph heading, by inserting `; SOCIALLY DISADVANTAGED FARMER OR RANCHER' after `OR RANCHER';</p> <p>(ii) in clause (i), by inserting ` or a socially disadvantaged farmer or rancher' after `or rancher';</p> <p>(iii) in clause (ii), by inserting `or socially disadvantaged farmer or rancher' after `or rancher';</p> <p>(iv) in clause (iii), by inserting `or a socially disadvantaged farmer or rancher' after `or rancher'; and</p> <p>(v) in clause (iv), by inserting `and socially disadvantaged farmers and ranchers' after `and ranchers'; and</p> <p>(B) in subparagraph (C), by inserting `or a socially disadvantaged farmer or rancher' after `or rancher';</p> <p>(2) in paragraph (5)(B)—</p> <p>(A) in clause (i)—</p> <p>(i) in the clause heading, by inserting `; SOCIALLY DISADVANTAGED FARMER OR RANCHER' after `OR</p>

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(2) in paragraph (5)(B)—

(A) in clause (i)—

(i) in the clause heading, by inserting “; **SOcially DISADVANTAGED FARMER OR RANCHER**” after “**OR RANCHER**”;

(ii) by inserting “or a socially disadvantaged farmer or rancher” after “a beginning farmer or rancher”; and

(iii) by inserting “or the socially disadvantaged farmer or rancher” after “the beginning farmer or rancher”;

(B) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively;

(C) by inserting after clause (i) the following:

“(ii) **PRIORITY TO BE GIVEN TO SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.**—In carrying out clause (i), the Secretary shall give priority to socially disadvantaged farmers and ranchers.”; and

(D) in clause (iii) (as so redesignated)—

(i) in the matter preceding subclause (I), by inserting “or a socially disadvantaged farmer or rancher” after “or rancher”; and

(ii) in subclause (II), by inserting “or the socially disadvantaged farmer or rancher” after “or rancher”;

(3) in paragraph (6)—

(A) in subparagraph (A), by inserting “or a socially disadvantaged farmer or rancher” after “or rancher”; and

(B) in subparagraph (C)—

(i) in clause (i)(I), by inserting “and socially disadvantaged farmers and ranchers” after “and ranchers”; and

(ii) in clause (ii), by inserting “or socially disadvantaged farmers or ranchers” after “or ranchers”; and

(4) by adding at the end the following:

“(7) In this subsection, the term ‘socially disadvantaged farmer or rancher’ has the meaning given in section 355(e)(2).”.

RANCHER’;

(ii) by inserting ‘or a socially disadvantaged farmer or rancher’ after ‘a beginning farmer or rancher’; and

(iii) by inserting ‘or the socially disadvantaged farmer or rancher’ after ‘the beginning farmer or rancher’; and

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by inserting ‘or a socially disadvantaged farmer or rancher’ after ‘or rancher’; and

(ii) in subclause (II), by inserting ‘or the socially disadvantaged farmer or rancher’ after ‘or rancher’; and

(3) in paragraph (6)—

(A) in subparagraph (A), by inserting ‘or a socially disadvantaged farmer or rancher’ after ‘or rancher’; and

(B) in subparagraph (C)—

(i) in clause (i)(I), by inserting ‘and socially disadvantaged farmers and ranchers’ after ‘and ranchers’; and

(ii) in clause (ii), by inserting ‘or socially disadvantaged farmers or ranchers’ after ‘or ranchers’.

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SEC. 5204. LOAN AUTHORIZATION LEVELS.

Section 346(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking `3,796,000,000 for each of fiscal years 2003 through 2007' and inserting `4,226,000,000 for each of fiscal years 2008 through 2012'; and

(2) in subparagraph (A)—

(A) in the matter preceding clause (i), by striking `770,000,000' and inserting `1,200,000,000';

(B) in clause (i), by striking `205,000,000' and inserting `350,000,000'; and

(C) in clause (ii), by striking `565,000,000' and inserting `850,000,000'.

SEC. 5022. LOAN FUND SET-ASIDES.

Section 346(b)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i)—

(i) in subclause (I), by striking “70 percent” and inserting “not less than 75 percent of the total amount made available under paragraph (1)”; and

(ii) in subclause (II)—

(I) in the subclause heading, by inserting “; PARTICIPATION LOANS” after “PAYMENT LOANS”;

(II) by striking “60 percent” and inserting “not less than 2/3 of the amount reserved under subclause (I)”; and

(III) by inserting “and participation loans” after “section 310E”;

SEC. 5202. INVENTORY SALES PREFERENCES; LOAN FUND SET-ASIDES.

(b) Loan Fund Set-Asides- Section 346(b)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i)—

(i) in subclause (I), by striking `70 percent' and inserting `an amount that is not less than 75 percent of the total amount'; and

(ii) in subclause (II)—

(I) in the subclause heading, by inserting `; JOINT FINANCING ARRANGEMENTS' after `PAYMENT LOANS';

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<p>and</p> <p>(B) in clause (ii)(III), by striking “2003 through 2007, 35 percent” and inserting “2008 through 2012, not less than 50 percent of the total amount made available under paragraph (1)”;</p> <p>(2) in subparagraph (B)(i), by striking “25 percent” and inserting “not less than 40 percent of the total amount made available under paragraph (1)”.</p>	<p>(II) by striking `60 percent' and inserting `an amount not less than 2/3 of the amount'; and</p> <p>(III) by inserting `and joint financing arrangements under section 307(a)(3)(D)' after `section 310E'; and</p> <p>(B) in clause (ii)(III), by striking `2003 through 2007, 35 percent' and inserting `2008 through 2012, an amount that is not less than 50 percent of the total amount'; and</p> <p>(2) in subparagraph (B)(i), by striking `25 percent' and inserting `an amount that is not less than 40 percent of the total amount'.</p>
<p>SEC. 5023. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.</p> <p>Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r) is amended by inserting after section 344 the following:</p> <p>“SEC. 345. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.</p> <p>“(a) IN GENERAL.—In making or insuring a farm loan under subtitle A or B, the Secretary shall establish a plan and promulgate regulations (including performance criteria) that promote the goal of transitioning borrowers to private commercial credit and other sources of credit in the shortest practicable period of time.</p> <p>“(b) COORDINATION.—In carrying out this section, the Secretary shall integrate and coordinate the transition policy described in subsection (a) with—</p> <ul style="list-style-type: none"> “(1) the borrower training program established by section 359; “(2) the loan assessment process established by section 360; “(3) the supervised credit requirement established by section 361; “(4) the market placement program established by section 362; and “(5) other appropriate programs and authorities, as determined by the Secretary.”. 	<p>Sec. 5203. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT</p> <p>Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 344 (7 U.S.C. 1992) the following:</p> <p>`SEC. 345. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.</p> <p>`(a) In General- In making or insuring a farm loan under subtitle A or B, the Secretary shall establish a plan and promulgate regulations (including performance criteria) that promote the goal of transitioning borrowers to private commercial credit and other sources of credit in the shortest practicable period of time.</p> <p>`(b) Coordination- In carrying out this section, the Secretary shall integrate and coordinate the transition policy described in subsection (a) with—</p> <ul style="list-style-type: none"> `(1) the borrower training program established by section 359; `(2) the loan assessment process established by section 360; `(3) the supervised credit requirement established by section 361; `(4) the market placement program established by section 362; and `(5) other appropriate programs and authorities, as determined by the Secretary.'
<p>NO COMPARABLE PROVISION</p>	<p>SEC. 5205. INTEREST RATE REDUCTION PROGRAM.</p>

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	<p>Section 351(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999(a)) is amended—</p> <p>(1) in the subsection heading, by inserting `and Availability' after `Establishment';</p> <p>(2) by striking `The Secretary' and inserting the following:</p> <p>`(1) ESTABLISHMENT- The Secretary'; and</p> <p>(3) by adding at the end the following:</p> <p>`(2) AVAILABILITY- The program established under paragraph (1) shall be available with respect to new guaranteed operating loans or guaranteed operating loans restructured under this title after the date of enactment of this paragraph that meet the requirements of subsection (b).'</p>
<p>SEC. 5024. EXTENSION OF THE RIGHT OF FIRST REFUSAL TO REACQUIRE HOMESTEAD PROPERTY TO IMMEDIATE FAMILY MEMBERS OF BORROWER-OWNER.</p> <p>Section 352(c)(4)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2000(c)(4)(B)) is amended—</p> <p>(1) in the 1st sentence, by striking “, the borrower-owner” inserting “of a borrower-owner who is a socially disadvantaged farmer or rancher (as defined in section 355(e)(2)), the borrower-owner or a member of the immediate family of the borrower-owner”; and</p> <p>(2) in the 2nd sentence, by inserting “or immediate family member, as the case may be,” before “from”.</p>	<p>NO COMPARABLE PROVISION</p>
<p>NO COMPARABLE PROVISION</p>	<p>SEC. 5206. DEFERRAL OF SHARED APPRECIATION RECAPTURE AMORTIZATION.</p> <p>Section 353(e)(7)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)(D)) is amended—</p> <p>(1) in the subparagraph heading, by inserting `AND DEFERRAL' after `REAMORTIZATION'; and</p> <p>(2) in clause (ii)—</p> <p>(A) by redesignating subclause (II) as subclause (III); and</p>

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	<p>(A) by inserting after subclause (I) the following:</p> <p style="padding-left: 40px;">(II) TERM OF DEFERRAL- The term of a deferral under this subparagraph shall not exceed 1 year.'</p>
<p>SEC. 5025. RURAL DEVELOPMENT AND FARM LOAN PROGRAM ACTIVITIES.</p> <p>Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r) is amended by inserting after section 364 the following:</p> <p>“SEC. 365. RURAL DEVELOPMENT AND FARM LOAN PROGRAM ACTIVITIES.</p> <p>“The Secretary may not complete a study of, or enter into a contract with a private party to carry out, without specific authorization in a subsequent Act of Congress, a competitive sourcing activity of the Secretary, including support personnel of the Department of Agriculture, relating to rural development or farm loan programs.”.</p>	<p>SEC. 5207. RURAL DEVELOPMENT, HOUSING, AND FARM LOAN PROGRAM ACTIVITIES.</p> <p>Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 364 (7 U.S.C. 2006f) the following:</p> <p>“SEC. 365. RURAL DEVELOPMENT, HOUSING, AND FARM LOAN PROGRAM ACTIVITIES.</p> <p>“The Secretary may not complete a study of, or enter into a contract with a private party to carry out, without specific authorization in a subsequent Act of Congress, a competitive sourcing activity of the Secretary, including support personnel of the Department of Agriculture, relating to rural development, housing, or farm loan programs.’.</p>
<p>Subtitle D—Farm credit</p>	
<p>NO COMPARABLE PROVISION</p>	<p style="text-align: center;">SEC. 5302. TECHNICAL CORRECTION.</p> <p>Section 3.3(b) of the Farm Credit Act of 1971 (12 U.S.C. 2124(b)) is amended in the first sentence by striking ‘per’ and inserting ‘par’.</p>
<p style="text-align: center;">SEC. 5031. BANK FOR COOPERATIVES VOTING STOCK.</p> <p>(a) IN GENERAL.—Section 3.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2124(c)) is amended by striking “and (ii)” and inserting “(ii) other categories of persons and entities described in sections 3.7 and 3.8 eligible to borrow from the bank, as determined by the bank’s board of directors; and (iii)”.</p> <p>(b) CONFORMING AMENDMENTS.—Section 4.3A(c)(1)(D) of such Act (12 U.S.C. 2154a(c)(1)(D)) is amended by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and inserting after clause (i) the following:</p> <p style="padding-left: 40px;">“(ii) persons and entities eligible to borrow from the banks for cooperatives, as described in section 3.3(c)(ii);”.</p>	<p>NO COMPARABLE PROVISION</p>
<p>NO COMPARABLE PROVISION</p>	<p style="text-align: center;">SEC. 5303. CONFIRMATION OF CHAIRMAN.</p> <p>Section 5.8(a) of the Farm Credit Act of 1971 (12 U.S.C. 2242(a)) is amended in the</p>

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fifth sentence by inserting `by and with the advice and consent of the Senate,' after `designated by the President,'.

SEC. 5032. RURAL UTILITY LOANS.

Section 8.0(9) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)) is amended—

- (1) by striking “or” at the end of subparagraph (A)(iii);
- (2) by striking the period at the end of subparagraph (B) and inserting “; or”; and
- (3) by adding at the end the following:

“(C) that is a loan or interest in a loan for electric or telephone facilities by a cooperative lender to a borrower who has received or is eligible to receive a loan under the Rural Electrification Act (7 U.S.C. 901 et seq.), except that—

“(i) subsections (c) and (d) of section 8.6, and sections 8.8 and 8.9 shall not apply to the loan or interest in the loan or to an obligation backed by a pool of obligations relating to the loan or interest in the loan; and

“(ii) the loan or interest in the loan shall be considered to meet all standards for qualified loans for all purposes under this Act, subject to reasonable underwriting, security appraisal, and repayment standards established by the Corporation.”.

SEC. 5306. RURAL UTILITY LOANS.

(a) Definition of Qualified Loan- Section 8.0(9) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)) is amended—

- (1) in subparagraph (A)(iii), by striking `or' at the end;
- (2) in subparagraph (B)(ii), by striking the period at the end and inserting `; or'; and
- (3) by adding at the end the following:

`(C) that is a loan, or an interest in a loan, for an electric or telephone facility by a cooperative lender to a borrower that has received, or is eligible to receive, a loan under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.).'

(b) Guarantee of Qualified Loans- Section 8.6(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6(a)(1)) is amended by inserting `applicable' before `standards' each place it appears in subparagraphs (A) and (B)(i).

(c) Standards for Qualified Loans- Section 8.8 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-8) is amended—

- (1) in subsection (a)—

(A) by striking the first sentence and inserting the following:

`(1) IN GENERAL- The Corporation shall establish underwriting, security appraisal, and repayment standards for qualified loans taking into account the nature, risk profile, and other differences between different categories of qualified loans.

`(2) SUPERVISION, EXAMINATION, AND REPORT OF CONDITION- The standards shall be subject to the authorities of the Farm Credit Administration under section 8.11.'; and

(B) in the last sentence, by striking 'In establishing' and inserting the following:

`(3) MORTGAGE LOANS- In establishing';

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by inserting 'with respect to loans secured by agricultural real estate' after 'subsection (a)'; and

(B) in paragraph (5)—

(i) by striking 'borrower' the first place it appears and inserting 'farmer or rancher'; and

(ii) by striking 'site' and inserting 'farm or ranch';

(3) in subsection (c)(1), by inserting 'secured by agricultural real estate' after 'A loan';

(4) by striking subsection (d); and

(5) by redesignating subsection (e) as subsection (d).

(d) Risk-Based Capital Levels- Section 8.32(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1(a)(1)) is amended—

(1) by striking 'With respect' and inserting the following:

`(A) IN GENERAL- With respect'; and

(2) by adding at the end the following:

`(B) RURAL UTILITY LOANS- With respect to securities representing an interest in, or obligation backed by, a pool of qualified loans described in section 8.0(9)(C) owned or guaranteed by the Corporation, losses occur at a rate of default and severity reasonably related to risks in electric and telephone facility loans (as applicable), as determined by the Director.'

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SEC. 5033. FARM CREDIT SYSTEM INSURANCE CORPORATION.

(a) **AUTHORITY TO PASS ALONG COST OF INSURANCE PREMIUMS.**—Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended by striking the last sentence and inserting “The assessment on any such association or other financing institution for any period shall be computed in an equitable manner.”.

(b) **PREMIUMS; AMOUNT IN FUND NOT EXCEEDING SECURE BASE AMOUNT.**—Section 5.55(a) of such Act (12 U.S.C. 2277a-4(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking “(2), the annual” and inserting “(3), the”;

(B) by striking subparagraphs (A) through (D) and inserting the following:

“(A) the average outstanding insured obligations issued by the bank for the calendar year, after deducting therefrom the percentages of the guaranteed portions of loans and investments described in paragraph (2), multiplied by 0.0020;

“(B) the average principal outstanding for the calendar year on loans made by the bank that are in nonaccrual status, multiplied by 0.0010; and

“(C) the average amount outstanding for the calendar year of other-than-temporarily impaired investments made by the bank, multiplied by 0.0010.”;

(2) in paragraph (2), by striking “annual”;

(3) in paragraph (3), in the matter preceding subparagraph (A), by striking “As used” and all that follows through “that” and inserting “As used in this section, the term ‘government-guaranteed’ when applied to loans or investments, means loans, credits, or investments, or portions of loans, credits, or investments, that”; and

(4) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and inserting after paragraph (1) the following:

“(2) **DEDUCTIONS FROM AVERAGE OUTSTANDING INSURED OBLIGATIONS.**—The average outstanding insured obligations issued by the bank for the calendar year referred to in subsection (a)(1)(A) of this section shall be reduced by

SEC. 5301. AUTHORITY TO PASS ALONG COST OF INSURANCE PREMIUMS.

(a) In General- Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended—

(1) in the first sentence, by striking ‘Each Farm’ and inserting the following;

‘(1) **IN GENERAL**- Each Farm’; and

(2) by striking the second sentence and inserting the following:

‘(2) **COMPUTATION**- The assessment on any association or other financing institution described in paragraph (1) for any period shall be computed in an equitable manner, as determined by the Corporation.’.

(b) Rules and Regulations- Section 5.58(10) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-7(10)) is amended by inserting ‘and section 1.12(b)’ after ‘part’.

SEC. 5304. PREMIUMS.

(a) Amount in Fund Not Exceeding Secure Base Amount- Section 5.55(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A)—

(i) by striking ‘paragraph (2)’ and inserting ‘paragraph (3)’; and

(ii) by striking ‘annual’ ; and

(B) by striking subparagraphs (A) through (D) and inserting the following:
‘(A) the average outstanding insured obligations issued by the bank for the calendar year, after deducting from the obligations the percentages of the guaranteed portions of loans and investments described in paragraph (2), multiplied by 0.0020; and

‘(B) the product obtained by multiplying—

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deducting therefrom the sum of—

“(A) 90 percent of the sum of—

“(i) the average principal outstanding for such calendar year on the guaranteed portions of Federal government-guaranteed loans made by the bank that are in accrual status; and

“(ii) the average amount outstanding for the calendar year of the guaranteed portions of Federal government-guaranteed investments made by the bank that are not permanently impaired, as determined by the Corporation; and

“(B) 80 percent of the sum of—

“(i) the average principal outstanding for the calendar year on the guaranteed portions of State government-guaranteed loans made by the bank that are in accrual status; and

“(ii) the average amount outstanding for the calendar year of the guaranteed portions of State government-guaranteed investments made by the bank that are not permanently impaired, as determined by the Corporation.”.

(c) **PREMIUMS; AMOUNT IN FUND EXCEEDING SECURE BASE AMOUNT.**—Section 5.55(b) of such Act (12 U.S.C. 2277a–4(b)) is amended by striking “annual”.

(d) **SECURE BASE AMOUNT.**—Section 5.55(c) of such Act (12 U.S.C. 2277a–4(c)) is amended by striking the parenthetical phrase and inserting “(adjusted downward to exclude an amount equal to the sum of: (1) 90 percent of: (A) the guaranteed portions of principal outstanding on Federal government-guaranteed loans in accrual status made by the banks; and (B) the guaranteed portions of the amount of Federal government-guaranteed investments made by the banks that are not permanently impaired; and (2) 80 percent of: (A) the guaranteed portions of principal outstanding on State government-guaranteed loans in accrual status made by the banks; and (B) the guaranteed portions of the amount of State government-guaranteed investments made by the banks that are not permanently impaired, as determined by the Corporation)”.

(e) **DETERMINATION OF LOAN AND INVESTMENT AMOUNTS.**—Section 5.55(d) of such Act (12 U.S.C. 2277a–4(d)) is amended—

(1) in the subsection heading, by striking “**PRINCIPAL OUTSTANDING**” and inserting “**LOAN AND INVESTMENT AMOUNTS**”;

“(i) the sum of—

“(I) the average principal outstanding for the calendar year on loans made by the bank that are in nonaccrual status; and

“(II) the average amount outstanding for the calendar year of other-than-temporarily impaired investments made by the bank; by

“(ii) 0.0010.”;

(2) by striking paragraph (4);

(3) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(4) by inserting after paragraph (1) the following:

“(2) **DEDUCTIONS FROM AVERAGE OUTSTANDING INSURED OBLIGATIONS.**—The average outstanding insured obligations issued by the bank for the calendar year referred to in paragraph (1)(A) shall be reduced by deducting from the obligations the sum of (as determined by the Corporation)—

“(A) 90 percent of each of—

“(i) the average principal outstanding for the calendar year on the guaranteed portions of Federal government-guaranteed loans made by the bank that are in accrual status; and

“(ii) the average amount outstanding for the calendar year of the guaranteed portions of Federal government-guaranteed investments made by the bank that are not permanently impaired; and

“(B) 80 percent of each of—

“(i) the average principal outstanding for the calendar year on the guaranteed portions of State government-guaranteed loans made by the bank that are in accrual status; and

“(ii) the average amount outstanding for the calendar year of the

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(2) in the matter preceding paragraph (1), by striking “For” and all that follows through “—” and inserting “For the purpose of subsections (a) and (c) of this section, the principal outstanding on all loans made by an insured System bank or the amount outstanding on all investments made by an insured System bank shall be determined based on all loans or investments made—”; and

(3) in each of paragraphs (1) and (2), by inserting “or investments” before “because”.

(f) **ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.**—Section 5.55(e) of such Act (12 U.S.C. 2277a-4(e)) is amended—

(1) in paragraph (3), by striking “the average secure base amount for the calendar year (as calculated on an average daily balance basis)” and inserting “the secure base amount”;

(2) in paragraph (4), by striking subparagraph (B) and inserting the following:

“(B) there shall be credited to the Allocated Insurance Reserves Account of each insured System bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A) of this paragraph) as the average principal outstanding for the calendar year on insured obligations issued by the bank (after deducting therefrom the percentages of the guaranteed portions of loans and investments described in subsection (a)(2) of this section), bears to the average principal outstanding for the calendar year on insured obligations issued by all insured System banks (after deducting therefrom the percentages of the guaranteed portions of loans and investments so described).”; and

(3) in paragraph (6)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by striking “beginning” and all that follows through “2005”;

(ii) by striking clause (i) and inserting the following:

“(i) subject to subparagraph (D), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the balance in its Allocated Insurance Reserves Account; and”; and

guaranteed portions of State government-guaranteed investments made by the bank that are not permanently impaired.’;

(5) in paragraph (3) (as redesignated by paragraph (3)), by striking ‘annual’; and

(6) in paragraph (4) (as redesignated by paragraph (3))—

(A) in the paragraph heading, by inserting ‘OR INVESTMENTS’ after ‘LOANS’; and

(B) in the matter preceding subparagraph (A), by striking ‘As used’ and all that follows through ‘guaranteed--’ and inserting ‘In this section, the term ‘government-guaranteed’, when applied to a loan or an investment, means a loan, credit, or investment, or portion of a loan, credit, or investments, that is guaranteed--’.

(b) Amount in Fund Exceeding Secure Base Amount- Section 5.55(b) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(b)) is amended by striking ‘annual’.

(c) Secure Base Amount- Section 5.55(c) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(c)) is amended--

(1) by striking ‘For purposes’ and inserting the following:

‘(1) IN GENERAL- For purposes’;

(2) by striking ‘(adjusted downward’ and all that follows through ‘by the Corporation)’ and inserting ‘(as adjusted under paragraph (2))’; and

(3) by adding at the end the following:

‘(2) ADJUSTMENT- The aggregate outstanding insured obligations of all insured System banks under paragraph (1) shall be adjusted downward to exclude an amount equal to the sum of (as determined by the Corporation)—

‘(A) 90 percent of each of—

‘(i) the guaranteed portions of principal outstanding on Federal government-guaranteed loans in accrual status made by the banks; and

‘(ii) the guaranteed portions of the amount of Federal government-

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(iii) in clause (ii)—

(I) by striking “(C), (E), and (F)” and inserting “(C) and (E)”; and

(II) by striking “outstanding,” and all that follows and inserting “at the time of the termination of the Financial Assistance Corporation, of the balance in the Allocated Insurance Reserves Account established under subparagraph (1)(B).”;

(B) in subparagraph (C)—

(i) in clause (i), by striking “(in addition to the amounts described in subparagraph (F)(ii))”; and

(ii) by striking clause (ii) and inserting the following:

“(ii) **TERMINATION OF ACCOUNT.**—On disbursement of \$56,000,000, the Corporation shall close the Account established under paragraph (1)(B) and transfer any remaining funds in the Account to the remaining Allocated Insurance Reserves Accounts in accordance with paragraph (4)(B) for the calendar year in which the transfer occurs.”; and

(C) by striking subparagraph (F).

(g) **CERTIFICATION OF PREMIUMS.**—

(1) **FILING CERTIFIED STATEMENT.**—Section 5.56(a) of such Act (12 U.S.C. 2277a–5(a)) is amended to read as follows:

“(a) **FILING CERTIFIED STATEMENT.**—On a date to be determined in the sole discretion of the Corporation’s Board of Directors, each insured System bank that became insured before the beginning of the period for which premiums are being assessed (in this section referred to as the ‘period’) shall file with the Corporation a certified statement showing—

“(1) the average outstanding insured obligations for the period issued by the bank;

“(2) the average principal outstanding for the period on the guaranteed portion of Federal government-guaranteed loans that are in accrual status and the average amount outstanding for the period of Federal government-guaranteed

guaranteed investments made by the banks that are not permanently impaired; and

“(B) 80 percent of each of—

“(i) the guaranteed portions of principal outstanding on State government-guaranteed loans in accrual status made by the banks; and

“(ii) the guaranteed portions of the amount of State government-guaranteed investments made by the banks that are not permanently impaired.”

(d) **Determination of Loan and Investment Amounts-** Section 5.55(d) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(d)) is amended—

(1) in the paragraph heading, by striking ‘Principal Outstanding’ and inserting ‘Loan and Investment Amounts’;

(2) in the matter preceding paragraph (1), by striking ‘For the purpose’ and all that follows through ‘made--’ and inserting ‘For the purpose of subsections (a) and (c), the principal outstanding on all loans made by an insured System bank, and the amount outstanding on all investments made by an insured System bank, shall be determined based on--’;

(3) by inserting ‘all loans or investments made’ before ‘by’ the first place it appears in each of paragraph (1), (2), and (3); and

(4) in paragraphs (1) and (2), by inserting ‘or investments’ after ‘that is able to make such loans’ each place it appears.

(e) **Allocation to System Institutions of Excess Reserves-** Section 5.55(e) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(e)) is amended—

(1) in paragraph (3), by striking ‘the average secure base amount for the calendar year (as calculated on an average daily balance basis)’ and inserting ‘the secure base amount’;

(2) in paragraph (4), by striking subparagraph (B) and inserting the following:
“(B) there shall be credited to the Allocated Insurance Reserves Account of

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investments that are not permanently impaired (as defined in section 5.55(a)(4));

“(3) the average principal outstanding for the period on State government-guaranteed loans that are in accrual status and the average amount outstanding for the period of State government-guaranteed investments that are not permanently impaired (as defined in section 5.55(a)(4));

“(4) the average principal outstanding for the period on loans that are in nonaccrual status and the average amount outstanding for the period of other-than-temporarily impaired investments; and

“(5) the amount of the premium due the Corporation from the bank for the period.”.

(2) **PREMIUM PAYMENTS.**—Section 5.56(c) of such Act (12 U.S.C. 2277a–5(c)) is amended to read as follows:

“(c) **PREMIUM PAYMENTS.**—Each insured System bank shall pay to the Corporation the premium payments required under subsection (a), not more frequently than once in each calendar quarter, in such manner and at such time or times as the Board of Directors shall prescribe, except that the amount of the premium shall be established not later than 60 days after filing the certified statement setting forth the amount of the premium.”.

(3) **CONFORMING AMENDMENTS.**—Section 5.56 of such Act (12 U.S.C. 2277a–5) is amended by striking subsection (d) and redesignating subsection (e) as subsection (d).

(h) **RULES AND REGULATIONS.**—Section 5.58(10) of such Act (12 U.S.C. 2277a–7(10)) is amended by inserting “and section 1.12(b)” after “part”.

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each insured System bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A)) as—

“(i) the average principal outstanding for the calendar year on insured obligations issued by the bank (after deducting from the principal the percentages of the guaranteed portions of loans and investments described in subsection (a)(2)); bears to

“(ii) the average principal outstanding for the calendar year on insured obligations issued by all insured System banks (after deducting from the principal the percentages of the guaranteed portions of loans and investments described in subsection (a)(2)).”; and

(3) in paragraph (6)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by striking “beginning more” and all that follows through “January 1, 2005”;

(ii) by striking clause (i) and inserting the following:

“(i) subject to subparagraph (D), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the balance in the Allocated Insurance Reserves Account of the System bank; and”; and

(iii) in clause (ii)—

(I) by striking “subparagraphs (C), (E), and (F)” and inserting “subparagraphs (C) and (E)”; and

(II) by striking “, of the lesser of--” and all that follows through the end of subclause (II) and inserting “at the time of the termination of the Financial Assistance Corporation, of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B).”; and

(B) in subparagraph (C)—

(i) in clause (i), by striking '(in addition to the amounts described in subparagraph (F)(ii))'; and

(ii) by striking clause (ii) and inserting the following:

(iii) **TERMINATION OF ACCOUNT-** On disbursement of amount equal to \$56,000,000, the Corporation shall—

(I) close the Account established under paragraph (1)(B); and

(II) transfer any remaining funds in the Account to the remaining Allocated Insurance Reserves Accounts in accordance with paragraph (4)(B) for the calendar year in which the transfer occurs.'

(C) by striking subparagraph (F).

SEC. 5305. CERTIFICATION OF PREMIUMS.

(a) **Filing Certified Statement-** Section 5.56 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-5) is amended by striking subsection (a) and inserting the following:

(a) **Filing Certified Statement-** On a date to be determined in the sole discretion of the Board of Directors of the Corporation, each insured System bank that became insured before the beginning of the period for which premiums are being assessed (referred to in this section as the 'period') shall file with the Corporation a certified statement showing-

(1) the average outstanding insured obligations for the period issued by the bank;

(2)(A) the average principal outstanding for the period on the guaranteed portion of Federal government-guaranteed loans that are in accrual status; and

(B) the average amount outstanding for the period of Federal government-guaranteed investments that are not permanently impaired (as defined in section 5.55(a)(4));

(3)(A) the average principal outstanding for the period on State government-guaranteed loans that are in accrual status; and

(B) the average amount outstanding for the period of State government-guaranteed investments that are not permanently impaired (as defined in section 5.55(a)(4));

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- `(4)(A) the average principal outstanding for the period on loans that are in nonaccrual status; and
- `(B) the average amount outstanding for the period of other-than-temporarily impaired investments; and
- `(5) the amount of the premium due the Corporation from the bank for the period.'

(b) Premium Payments- Section 5.56 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-5(c)) is amended by striking subsection (c) and inserting the following:

`(c) Premium Payments-

`(1) IN GENERAL- Except as provided in paragraph (2), each insured System bank shall pay to the Corporation the premium payments required under subsection (a), not more frequently than once in each calendar quarter, in such manner and at such 1 or more times as the Board of Directors shall prescribe.

`(2) PREMIUM AMOUNT- The amount of the premium shall be established not later than 60 days after filing the certified statement specifying the amount of the premium.'

(c) Subsequent Premium Payments- Section 5.56 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-5) is amended—

- (1) by striking subsection (d); and
- (2) by redesignating subsection (e) as subsection (d).

SEC. 5034. RISK-BASED CAPITAL LEVELS.

Section 8.32(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1(a)(1)) is amended by striking all through “a pool of” and inserting the following:

“(1) **CREDIT RISK.**—

“(A) With respect to securities representing an interest in, or obligations backed by, a pool of qualified loans (as defined in section 8.0(9)(C)), owned or guaranteed by the Corporation, losses occur at a rate of default and severity reasonably related to risks in electric and telephone facility loans, respectively, as

SEC. 5306. Rural Utility Loans

(d) Risk-Based Capital Levels- Section 8.32(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1(a)(1)) is amended--

- (1) by striking `With respect' and inserting the following:
 - `(A) IN GENERAL- With respect'; and
- (2) by adding at the end the following:

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<p>determined by the Director.</p> <p>“(B) With respect to securities representing an interest in, or obligations backed by, a pool of other”.</p>	<p>“(B) RURAL UTILITY LOANS- With respect to securities representing an interest in, or obligation backed by, a pool of qualified loans described in section 8.0(9)(C) owned or guaranteed by the Corporation, losses occur at a rate of default and severity reasonably related to risks in electric and telephone facility loans (as applicable), as determined by the Director.’.</p>
<p>NO COMPARABLE PROVISION</p>	<p>SEC. 5307. EQUALIZATION OF LOAN-MAKING POWERS OF CERTAIN DISTRICT ASSOCIATIONS.</p> <p>(a) In General- The Farm Credit Act of 1971 is amended by inserting after section 7.6 (12 U.S.C. 2279b) the following:</p> <p>SEC. 7.7. EQUALIZATION OF LOAN-MAKING POWERS OF CERTAIN DISTRICT ASSOCIATIONS.</p> <p>“(a) Equalization of Loan-Making Powers-</p> <p>“(1) IN GENERAL-</p> <p>“(A) FEDERAL LAND BANK ASSOCIATIONS- Subject to paragraph (2), any association that owns a Federal land bank association authorized as of January 1, 2007, to make long-term loans under title I in its chartered territory within the geographic area described in subsection (b) may make short- and intermediate-term loans and otherwise operate as a production credit association under title II within that same chartered territory.</p> <p>“(B) PRODUCTION CREDIT ASSOCIATIONS- Subject to paragraph (2), any association that under its charter has title I lending authority and that owns a production credit association authorized as of January 1, 2007, to make short- and intermediate-term loans under title II in the geographic area described in subsection (b) may make long-term loans and otherwise operate, directly or through a subsidiary association, as a Federal land bank association or Federal land credit association under title I in the geographic area.</p> <p>“(C) FARM CREDIT BANK- Notwithstanding section 5.17(a), the Farm Credit Bank with which any association had a written financing agreement as of January 1, 2007, may make loans and extend other COMPARABLE financial assistance with respect to, and may purchase, any loans made</p>

under the new authority provided under subparagraph (A) or (B) by an association exercising such authority.

`(2) REQUIRED APPROVALS- An association may exercise the additional authority provided for in paragraph (1) only after the exercise of the authority is approved by—

`(A) the board of directors of the association; and

`(B) a majority of the voting stockholders of the association (or, if the association is a subsidiary of another association, the voting stockholders of the parent association) voting, in person or by proxy, at a duly authorized meeting of stockholders in accordance with the process described in section 7.11.

`(b) Applicability- This section applies only to associations the chartered territory of which was within the geographic area served by the Federal intermediate credit bank immediately prior to its merger with a Farm Credit Bank under section 410(e)(1) of the Agricultural Credit Act of 1987 (12 U.S.C. 2011 note; Public Law 100-233).'

(c) Charter Amendments- Section 5.17(a) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)) is amended by adding at the end the following:

`(15)(A) Approve amendments to the charters of institutions of the Farm Credit System to implement the equalization of loan-making powers of a Farm Credit System association under section 7.7.

`(B) Amendments described in subparagraph (A) to the charters of an association and the related Farm Credit Bank shall be approved by the Farm Credit Administration, subject to any conditions of approval imposed, by not later than 30 days after the date on which the Farm Credit Administration receives all approvals required by section 7.7 (a)(2).'

(d) Conforming Amendments-

(1) Section 5.17(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)) is amended—

(A) by striking `(2)(A)' and inserting `(2)'; and

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	<p>(B) by striking subparagraphs (B) and (C).</p> <p>(2) SECTION 410 OF THE 1987 ACT- Section 410(e)(1)(A)(iii) of the Agricultural Credit Act of 1987 (12 U.S.C. 2011 note; Public Law 100-233) is amended by inserting `(except section 7.7 of that Act)' after `(12 U.S.C. 2001 et seq.)'.</p> <p>(3) SECTION 401 OF THE 1992 ACT- Section 401(b) of the Farm Credit Banks and Associations Safety and Soundness Act of 1992 (12 U.S.C. 2011 note; Public Law 102-552) is amended—</p> <p>(A) by inserting `(except section 7.7 of the Farm Credit Act of 1971)' after `provision of law'; and</p> <p>(B) by striking `, subject to such limitations' and all that follows through the end of the paragraph and inserting a period.</p> <p>(e) Effective Date- The amendments made by this section take effect on January 1, 2010.</p>
<p>NO COMPARABLE PROVISION</p>	<p>SEC. 5404. ELIGIBILITY OF EQUINE FARMERS AND RANCHERS FOR EMERGENCY LOANS.</p> <p>Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—</p> <p>(1) in paragraph (1), by striking `farmers, ranchers' and inserting `farmers or ranchers (including equine farmers or ranchers)'; and</p> <p>(2) in paragraph (2)(A), by striking `farming, ranching,' and inserting `farming or ranching (including equine farming or ranching)'.</p>
<p>NO COMPARABLE PROVISION</p>	<p>SEC. 6020 DEFINITIONS</p> <p>Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended--</p> <p>(1) in subsection (a), by inserting `and, in the case of subtitle B, commercial fishing' before the period at the end of each of paragraphs (1) and (2); and</p> <p>(2) by adding at the end the following:</p>

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	“(c) Definition of Farm- In subtitle B, the term `farm' includes a commercial fishing enterprise the owner or operator of which is unable to obtain commercial credit from a bank or other lender, as determined by the Secretary.’.