

CHAPTER 837

S.B. No. 1184

An Act relating to the Family Farm and Ranch Security Program and the powers and duties of the Commissioner of Agriculture; the administrator of the program; and the Family Farm and Ranch Advisory Council; amending the Agriculture Code by amending Sections 252.012 and 252.027; Subsections (a), (b), and (c), Section 252.023; Subsection (a), Section 252.025; and Subsection (d), Section 252.028; by adding Subsection (d) to Section 252.024; amending Subsection (a) and adding Subsection (b) to Section 252.021; and adding Subdivision (1) and amending other subdivisions of Section 252.001.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 252.001, Agriculture Code, is amended to read as follows:

“Section 252.001. Definitions. In this chapter:

“(1) ‘Advisory council’ means the Family Farm and Ranch Advisory Council created under Section 252.01 of this chapter.

“(2) ‘Applicant’ means an individual who applies for a family farm and ranch security loan.

“(3) [~~2~~] ‘Borrower’ means an individual who borrows money under this chapter.

“(4) [~~3~~] ‘Commissioner’ means the commissioner of agriculture.

“(5) [~~4~~] ‘Family farm and ranch security loan’ means a loan guaranteed by the state under this chapter.

“(6) [(5)] ‘Farmland or ranchland’ means land in Texas that is capable of supporting the commercial production of agricultural crops, livestock or livestock products, poultry or poultry products, milk or dairy products, or horticultural products, including fruit.”

SECTION 2. Section 252.012, Agriculture Code, is amended to read as follows:

“Section 252.012. **REPORTS.** Before January 1 of each year, the commissioner shall submit a report to the legislature, *the Legislative Budget Board, and the State Auditor*, concerning his or her actions *and those of the advisory council and the administrator of the program* under this chapter during the preceding year and the status of loans guaranteed, *and the State Auditor shall audit the program for compliance with statute.*

SECTION 3. Section 252.021, Agriculture Code, as amended, is amended to read as follows:

“Section 252.021. **Eligibility for Loans.** (a) To be eligible for a family farm and ranch security loan, an applicant must:

“(1) be a citizen of the United States;

“(2) be a bona fide resident of the State of Texas;

“(3) have education, training, or experience in the type of farming or ranching for which the applicant wishes the loan;

“(4) together with the applicant’s spouse and their dependents have a total net worth of less than \$200,000 [~~\$100,000~~], *excluding up to \$100,000 of [not including] the value of a residential homestead owned by the applicant, and demonstrate the need for the loan;*

“(5) intend to purchase farmland or ranchland to be used by the applicant and family for agricultural purposes as the applicant’s primary occupation; and

“(6) be worthy of credit according to standards established by the commissioner.”

“(b) *A family farm and ranch security loan shall not exceed \$250,000.*”

SECTION 4. Subsections (a), (b), and (c), Section 252.023, Agriculture Code, as amended, are amended to read as follows:

“(a) An individual desiring to acquire farmland or ranchland may apply to an eligible lender for a family farm and ranch security loan. On completion of the appropriate forms by the applicant and the lender, the lender shall forward the application to the commissioner [~~for approval~~]. *The administrator of the program [commissioner] shall determine eligibility and shall recommend the approval or denial of the application to the advisory council. The advisory council [;] shall approve the application if the requirements of this chapter and the rules adopted under this chapter are met. The administrator [; and] shall notify the lender and the applicant of the decision.*

“(b) If the application is denied, the *administrator of the program [commissioner]* shall return the application to the lender with a written statement of the reasons for denial. The lender shall give a copy of those reasons to the applicant. If the circumstances of the applicant change so that he or she becomes eligible, the applicant may reapply.

“(c) *If the advisory council [commissioner] approves the loan application, the administrator [commissioner] shall file a copy of the application and return the original to the lender. The applicant and the lender may then complete the loan transaction, subject to compliance with the rules adopted under this chapter.*”

SECTION 5. Section 252.024, Agriculture Code, is amended by adding Subsection (d) to read as follows:

“(d) *Loan repayment agreements may include provisions for graduated payment mortgages and rollover balloons, in accordance with the rules of the commissioner.*”

SECTION 6. Subsection (a), Section 252.025, Agriculture Code, as amended, is amended to read as follows:

“(a) If a family farm and ranch security loan has a term of not more than 20 years and provides for payments at least annually [~~so that the loan is amortized over its term with equal annual payments of principal and interest~~], an applicant or borrower may apply for a payment adjustment. If the application is approved by the advisory council, the commissioner, subject to the availability of funds, may annually pay to the lender an amount not to exceed four percent of the outstanding balance due on the loan at the beginning of the year during the first 10 years of the loan. Beginning with the 11th year of the loan, the borrower shall reimburse the commissioner for the sums paid in his or her behalf plus six percent simple interest. A borrower may petition the commissioner for one 10-year renewal of the payment adjustment. If the commissioner and advisory council approve the renewal, the borrower shall reimburse the commissioner beginning with the 21st year after the loan was granted for all the sums paid in his or her behalf plus six percent simple interest. A borrower is entitled to make reimbursements for payment adjustments in equal annual payments over a term not to exceed 10 years.”

SECTION 7. Section 252.027, Agriculture Code, as amended, is amended to read as follows:

"Section 252.027. Sale or Conveyance. Except as provided by rule of the commissioner, a borrower who sells or conveys the property for which a family farm and ranch security loan was issued shall immediately retire the entire indebtedness owed to the lender and the state. A family farm and ranch security loan may ~~not~~ be assumed by a new owner, *in accordance with rules adopted under this chapter*. This section does not prohibit a borrower from granting a security interest in the property for the purposes of securing an additional loan approved by the commissioner in accordance with rules adopted under this chapter."

SECTION 8. Subsection (d), Section 252.028, Agriculture Code, as amended, is amended to read as follows:

"(d) If the state acquires the mortgage or deed of trust on the property, the commissioner shall undertake to sell the property after all appeals are concluded. *The commissioner shall take the necessary steps to maintain the property in good condition before the sale.* The commissioner shall publish notice of the impending sale at least once each week for four consecutive weeks in a newspaper of general circulation in the county in which the property is located and in a publication having general statewide circulation. The notice shall specify the time and place in the county at which the sale will be held and give a description of the lots or tracts to be offered and a general statement of the terms of sale. The commissioner shall sell the property ~~to the highest bidder as determined~~ by taking sealed bids or by public auction. In either case, the commissioner shall determine the successful bidder *or reject any and all bids* within 15 days of the date of the last published notice of sale. *If all bids are rejected, the commissioner shall restart the sale process within 180 days.* Each bidder shall submit bid security in the form of a certified check or bid bond in the amount of two percent of the bid price. The successful bidder shall remit the balance of the purchase price to the commissioner within 90 days of the date of sale. On remittance of the balance, the commissioner shall transfer all right, title, and interest of the state in the property to the purchaser. If the purchaser fails to remit any part of the balance within the 90 days, the purchaser forfeits all rights to the property and any money paid for it, and the commissioner shall restart the sale process."

SECTION 9. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on May 17, 1985, by the following vote: Yeas 30, Nays 0; Senate concurred in House amendments on May 27, 1985, by a viva-voce vote; passed the House, with amendments, on May 24, 1985, by a non-record vote.

Approved: June 15, 1985

Effective: August 26, 1985