

VV adopted

AMENDMENT TO H.R. 6083**OFFERED BY MS. FUDGE OF OHIO***AND Mr. Fortenberry of Nebraska*

At the appropriate place in title V, insert the fol-

lowing:

1 **SEC. ____ . MICROLOANS.**

2 (a) IN GENERAL.—Section 313 of the Consolidated
3 Farm and Rural Development Act (7 U.S.C. 1943) is
4 amended by adding at the end the following:

5 “(c) MICROLOANS.—

6 “(1) IN GENERAL.—Subject to paragraph (2),
7 the Secretary may establish a program to make or
8 guarantee microloans.

9 “(2) LIMITATION.—The Secretary shall not
10 make or guarantee a microloan under this chapter
11 that exceeds \$35,000 or that would cause the total
12 principal indebtedness outstanding at any 1 time for
13 microloans made under this chapter to any 1 bor-
14 rower to exceed \$70,000.

15 “(3) APPLICATIONS.—To the maximum extent
16 practicable, the Secretary shall limit the administra-
17 tive burdens and streamline the application and ap-
18 proval process for microloans under this subsection.

19 “(4) COOPERATIVE LENDING PROJECTS.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), the Secretary may contract with
3 community-based and nongovernmental organi-
4 zations, State entities, or other intermediaries,
5 as the Secretary determines appropriate—

6 “(i) to make or guarantee a microloan
7 under this subsection; and

8 “(ii) to provide business, financial,
9 marketing, and credit management services
10 to borrowers.

11 “(B) REQUIREMENTS.—Before contracting
12 with an entity described in subparagraph (A),
13 the Secretary—

14 “(i) shall review and approve—

15 “(I) the loan loss reserve fund
16 for microloans established by the enti-
17 ty; and

18 “(II) the underwriting standards
19 for microloans of the entity; and

20 “(ii) establish such other requirements
21 for contracting with the entity as the Sec-
22 retary determines necessary.”.

23 (b) EXCEPTIONS FOR DIRECT LOANS.—Section
24 311(c)(2) of such Act (7 U.S.C. 1941(c)(2)) is amended
25 to read as follows:

1 “(2) EXCEPTIONS.—In this subsection, the
2 term ‘direct operating loan’ shall not include—

3 “(A) a loan made to a youth under sub-
4 section (d); or

5 “(B) a microloan made to a young begin-
6 ning farmer or rancher or a military veteran
7 farmer, as defined by the Secretary.”.

8 (c) Section 312(a) of such Act (7 U.S.C. 1942(a))
9 is amended by inserting “(including a microloan, as de-
10 fined by the Secretary)” after “A direct loan”.

11 (d) Section 316(a)(2) of such Act (7 U.S.C.
12 1946(a)(2)) is amended by inserting “a microloan to a be-
13 ginning farmer or rancher or military veteran farmer or”
14 after “The interest rate on”.



Fudge-Fortenberry Microloan Program Amendment

This amendment would improve federal agricultural credit programs to better meet the needs of small, young, beginning, veteran and urban farmers and ranchers. Capital is the number one need of non-traditional farmers and ranchers in the United States. The Fudge-Fortenberry Amendment will establish a microloan program that would enable these farmers to access capital that meets their needs and reflects the scale of their operations.

- This amendment would allow FSA to make smaller loans for up to \$35,000, tailored to meet the needs of small, young, beginning, veteran and urban farmers and ranchers.
- This amendment is a no-cost policy that would authorize a microloan program that would be funded out of the existing direct and guaranteed operating loan portfolios.
- This amendment would streamline the application process and minimize the administrative burden on loan applicants in order to facilitate participation and increase program efficiency.

