Public Law 96-220
96th Congress

An Act

To extend the Emergency Agricultural Credit Adjustment Act of 1978, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. The Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. prec. 1961 note) is amended by—

(1)(A) amending clause (C) of section 202 to read as follows: "(C) is not able to obtain sufficient credit elsewhere due to economic stresses, such as a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities."; and

(B) in the last sentence of section 202, striking out "and" and inserting immediately before the period at the end of the sentence a semicolon and the following: "and the term 'able to obtain sufficient credit elsewhere' means able to obtain sufficient credit elsewhere to finance the applicant's actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. For the purpose of determining whether an applicant under this title is not able to obtain sufficient credit elsewhere, the Secretary shall require at least one written indication of declination of credit, from a legally organized lending institution within reasonable proximity to the applicant, that specifies the reasons for the declination: Provided, That for loans in excess of $300,000, the Secretary shall require at least two such written declinations: Provided further, That for loans of $300,000 or less, the Secretary may waive the requirement of this sentence if the Secretary determines that it would impose an undue burden on the applicant";

(2) in section 203(a)(1), inserting before the comma at the end thereof a colon and the following: "Provided, That no loan may be insured or guaranteed under this title for the purpose of refinancing outstanding indebtedness on farm or home real estate unless such real estate was purchased by the applicant at least one year prior to the date of the loan application";

(3) in section 205(d), adding at the end thereof a new sentence as follows: "For purposes of carrying out the agreements required under clause (2) of the preceding sentence, not later than three years after the loan is insured, and not later than at the end of every two-year period thereafter for the term of the loan, the Secretary shall review the loan; and if, based on such review, the Secretary determines that the borrower is able to obtain a loan from a credit source specified in clause (2) at reasonable rates and terms for loans for similar purposes and periods of time, the borrower shall, on request by the Secretary, apply for and accept such loan pursuant to the terms of the agreement and clause (2).";
94 STAT. 130 PUBLIC LAW 96-220—MAR. 30, 1980

(4) at the end of section 205, adding a new subsection (e) as follows:

"(e) No loan that is for more than $300,000 may be insured under this title, unless the Secretary determines that the applicant is not able to obtain from a private or cooperative lending agency a loan guaranteed by the Secretary under this title sufficient to finance the applicant’s actual needs at reasonable rates and terms;"

(5) in section 207(c), striking out "$4,000,000,000" and inserting in lieu thereof "$6,000,000,000";

(6) in section 211, striking out "May 15, 1980" and inserting in lieu thereof "September 30, 1981"; and

(7) adding at the end thereof a new section 212 as follows:

"STUDY AND REPORT

"Sec. 212. (a) The Secretary shall conduct a comprehensive study of the operation and effectiveness of the program of financial assistance authorized under this title. The study shall include, but shall not be limited to, an examination and analysis of the following items:

"(1) the effect of loans insured or guaranteed under this title on the overall financial condition of borrowers and their ability to maintain viable agricultural production operations;

"(2) the implementation and effect of the provisions of this title requiring, as a condition of eligibility, that loan applicants not be able to obtain sufficient credit elsewhere;

"(3) the loan repayment delinquency rate and the percentage of borrowers who subsequently are able to obtain credit from other sources and repay the loans extended to them under this title;

"(4) the use under this title of loan guarantees as compared with insured loans;

"(5) the purposes for which loans are actually insured or guaranteed under this title in relation to the purposes specified in section 203, and an evaluation of the family farm preference established under section 203(b);

"(6) the methods of servicing loans and encouraging the repayment of loans insured or guaranteed under this title; and

"(7) the need for extending beyond September 30, 1981, the authority for insuring and guaranteeing loans under this title.

(b) The Secretary shall complete the study required under this section and submit a report to Congress by March 31, 1981. Any recommendations by the Secretary for extending the authority to insure and guarantee loans under this title shall contain an evaluation of possible alternatives, such as (1) the merger of the program of financial assistance authorized under this title with the farm ownership and operating loan programs authorized under the Consolidated Farm and Rural Development Act, and (2) the combination of all farm loan programs into a single program."
Sec. 2. The provisions of sections 1(5), 1(6), and 1(7) of this Act shall become effective on the date of enactment of this Act. The other provisions of section 1 of this Act shall become effective upon promulgation by the Secretary of Agriculture of regulations implementing such provisions within a reasonable time after the date of enactment of this Act, but in no event shall such provisions become effective later than October 1, 1980.

Approved March 30, 1980.