

104TH CONGRESS
1ST SESSION

H. R. 2590

To better target loans to family farmers and income-producing activities, to provide for the improved management of the portfolio of loans made under the Consolidated Farm and Rural Development Act, to assure the prompt repayment of such loans, and to consolidate Federal rural development programs into a single program of capitalization grants to States for rural development, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 1995

Mr. ALLARD (for himself and Mr. ROBERTS) introduced the following bill;
which was referred to the Committee on Agriculture

A BILL

To better target loans to family farmers and income-producing activities, to provide for the improved management of the portfolio of loans made under the Consolidated Farm and Rural Development Act, to assure the prompt repayment of such loans, and to consolidate Federal rural development programs into a single program of capitalization grants to States for rural development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION. 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Farm Credit and Rural Development Reform Act of
4 1995”.

5 (b) TABLE OF CONTENTS.—The table of contents of
6 this Act is as follows:

Sec. 1. Short title; table of contents.

Subtitle A—Agricultural Credit

CHAPTER 1—AMENDMENTS TO THE CONSOLIDATED FARM AND
RURAL DEVELOPMENT ACT

- Sec. 101. References.
- Sec. 102. Redirection of resources to family farmers.
- Sec. 103. Redirection of resources to income-producing activities.
- Sec. 104. Improvement of loan portfolio management.
- Sec. 105. Assuring prompt repayment of loans.
- Sec. 106. Modification of programs for beginning farmers.
- Sec. 107. Elimination of target participation rates.
- Sec. 108. Miscellaneous and conforming amendments.

CHAPTER 2—AMENDMENTS TO THE FARM CREDIT ACT OF 1971

- Sec. 151. References.
- Sec. 152. Repeal of requirements relating to review of decisions to deny or reduce the amount of a loan.
- Sec. 153. Prohibition against restructuring of restructured loans or loans involved in bankruptcy proceedings.
- Sec. 154. Repeal of rules governing effect of restructuring on borrower stock.
- Sec. 155. Repeal of rules governing review of restructuring denials.
- Sec. 156. Elimination of certain requirements relating to loans placed in nonaccrual status.
- Sec. 157. Limitations on the right of first refusal.

Subtitle B—Rural Development

- Sec. 201. Capitalization grants to States for rural development.
- Sec. 202. Elimination of other rural development programs.
- Sec. 203. Conforming amendments.
- Sec. 204. Savings provision.
- Sec. 205. Effective date.

1 **Subtitle A—Agricultural Credit**
2 **CHAPTER 1—AMENDMENTS TO THE CON-**
3 **SOLIDATED FARM AND RURAL DEVEL-**
4 **OPMENT ACT**

5 **SEC. 101. REFERENCES.**

6 Except as otherwise expressly provided, wherever in
7 this chapter an amendment or repeal is expressed in terms
8 of an amendment to, or repeal of, a section or other provi-
9 sion, the reference shall be considered to be made to a
10 section or other provision of the Consolidated Farm and
11 Rural Development Act.

12 **SEC. 102. REDIRECTION OF RESOURCES TO FAMILY FARM-**
13 **ERS.**

14 (a) OWNERSHIP LOANS.—

15 (1) TARGETING TO FAMILY FARMERS.—

16 (A) IN GENERAL.—Section 302(a) (7
17 U.S.C. 1922(a)) is amended to read as follows:

18 “(a)(1) The Secretary may make loans under this
19 subtitle to any eligible applicant for such a loan.

20 “(2) For purposes of paragraph (1), an individual
21 who has applied for a loan under this subtitle is an eligible
22 applicant if the individual—

23 “(A) is a citizen of the United States;

24 “(B) has training or farming experience that
25 the Secretary determines is sufficient to assure rea-

1 sonable prospects of success in the proposed farming
2 operation;

3 “(C) is or will become an owner-operator of a
4 not larger than family farm in the United States;
5 and

6 “(D) is unable to obtain sufficient credit else-
7 where to finance the needs of the individual relating
8 to the proposed farming operation at reasonable
9 rates and terms, taking into consideration prevailing
10 private and cooperative rates and terms in the com-
11 munity in or near which the individual resides for
12 loans for similar purposes and periods of time.

13 “(3) For purposes of paragraph (1), a person (other
14 than an individual) who has applied for a loan under this
15 subtitle is an eligible applicant if—

16 “(A) the person—

17 “(i) is controlled by farmers and ranchers;

18 “(ii) is engaged primarily and directly in
19 farming or ranching in the United States;

20 “(iii) is or will become an owner-operator
21 of a not larger than family farm; and

22 “(iv) is unable to obtain sufficient credit
23 elsewhere to finance the needs of the person re-
24 lating to the proposed farming operation at rea-
25 sonable rates and terms, taking into consider-

1 ation prevailing private and cooperative rates
2 and terms in the community in or near which
3 the person is located for loans for similar pur-
4 poses and periods of time; and

5 “(B) each individual who has greater than a 5
6 percent ownership interest in the person meets the
7 requirements of paragraph (2).

8 “(4) As used in this subsection, the term ‘person’
9 means an individual, a corporation, a partnership, a joint
10 venture, or any combination thereof.”.

11 (B) CONFORMING AMENDMENTS.—

12 (i) Section 304(b) (7 U.S.C. 1924(b))
13 is amended by striking “clauses (2) and
14 (3) of section 302” and inserting “sub-
15 paragraphs (B) and (C) of section
16 302(a)(2)”.

17 (ii) Section 310D(a) (7 U.S.C.
18 1934(a)) is amended by striking “para-
19 graphs (2) through (4) of section 302” and
20 inserting “subparagraphs (B), (C), and
21 (D) of section 302(a)(2)”.

22 (iii) Section 359(c)(2) (7 U.S.C.
23 2006a(c)(2)) is amended by striking
24 “302(a)(2)” and inserting “302(a)(2)(B)”.

1 (2) ELIMINATION OF LOANS FOR REC-
2 REATIONAL USES AND FACILITIES.—

3 (A) IN GENERAL.—Section 303(a) (7
4 U.S.C. 1923(a)) is amended by striking clause
5 (2) and redesignating clauses (3), (4), and (5)
6 as clauses (2), (3), and (4), respectively.

7 (B) CONFORMING AMENDMENTS.—Section
8 307(a)(6)(B) (7 U.S.C. 1927(a)(6)(B)) is
9 amended in each of clauses (i) and (vii) by
10 striking “clauses (2) and (3) of section 303(a)”
11 and inserting “section 303(a)(2)”.

12 (3) REFINANCING LIMITED TO LOANS RELATED
13 TO FARM OPERATIONS.—Section 303(a)(3) (7
14 U.S.C. 1923(a)(3)), as so redesignated by paragraph
15 (2)(A) of this subsection, is amended by inserting
16 “with respect to farming, ranching, or aquaculture
17 operations if such refinancing enhances significantly
18 the likelihood of repayment of such indebtedness”
19 before the comma.

20 (b) OPERATING LOANS.—

21 (1) TARGETING TO FAMILY FARMERS.—

22 (A) IN GENERAL.—Section 311(a) (7
23 U.S.C. 1941(a)) is amended to read as follows:

24 “(a)(1) The Secretary may make loans under this
25 subtitle to any eligible applicant for such a loan.

1 “(2) For purposes of paragraph (1), an individual
2 who has applied for a loan under this subtitle is an eligible
3 applicant if the individual—

4 “(A) is a citizen of the United States;

5 “(B) has training or farming experience that
6 the Secretary determines is sufficient to assure rea-
7 sonable prospects of success in the proposed farming
8 operation;

9 “(C) is or will become an operator of a not
10 larger than family farm in the United States; and

11 “(D) is unable to obtain sufficient credit else-
12 where to finance the needs of the individual relating
13 to the farming operation at reasonable rates and
14 terms, taking into consideration prevailing private
15 and cooperative rates and terms in the community
16 in or near which the individual resides for loans for
17 similar purposes and periods of time.

18 “(3) For purposes of paragraph (1), a person (other
19 than an individual) who has applied for a loan under this
20 subtitle is an eligible applicant if—

21 “(A) the person—

22 “(i) is controlled by farmers and ranchers;

23 “(ii) is engaged primarily and directly in
24 farming or ranching in the United States;

1 “(iii) is or will become an owner-operator
2 of a not larger than family farm; and

3 “(iv) is unable to obtain sufficient credit
4 elsewhere to finance the needs of the person re-
5 lating to the proposed farming operation at rea-
6 sonable rates and terms, taking into consider-
7 ation prevailing private and cooperative rates
8 and terms in the community in or near which
9 the person is located for loans for similar pur-
10 poses and periods of time; and

11 “(B) each individual who has greater than a 5
12 percent ownership interest in the person meets the
13 requirements of paragraph (2).

14 “(4) As used in this subsection, the term ‘person’
15 means an individual, a corporation, a partnership, a joint
16 venture, or any combination thereof.”.

17 (B) CONFORMING AMENDMENTS.—

18 (i) Section 312(a)(5) (7 U.S.C.
19 1924(a)(5)) is amended by striking “sec-
20 tion 311 (2) and (3)” and inserting “sub-
21 paragraphs (B) and (C) of section
22 311(a)(2)”.

23 (ii) Section 312(b) (7 U.S.C. 1924(b))
24 is amended by striking “clauses (2) and
25 (3) of section 311(a)” and inserting “sub-

1 paragraphs (B) and (C) of section
2 311(a)(2)”.

3 (iii) Section 359(c)(2) (7 U.S.C.
4 2006a(c)(2)) is amended by striking
5 “311(a)(2)” and inserting “311(a)(2)(B)”.

6 (2) REFINANCING LIMITED TO LOANS RELATED
7 TO FARM OPERATIONS.—Section 312(a)(7) (7
8 U.S.C. 1942(a)(7)) is amended by inserting “with
9 respect to farming, ranching, or aquaculture oper-
10 ations if such refinancing enhances significantly the
11 likelihood of repayment of such indebtedness” before
12 the comma.

13 (3) ELIMINATION OF LOANS FOR OSHA COMPLI-
14 ANCE.—Section 312(a) (7 U.S.C. 1942(a)) is
15 amended by striking clause (10) and redesignating
16 clauses (11), (12), and (13) as clauses (10), (11),
17 and (12), respectively.

18 (c) EMERGENCY LOANS.—

19 (1) TARGETING TO FAMILY FARMERS.—Section
20 321(a) (7 U.S.C. 1961(a)) is amended to read as
21 follows:

22 “(a)(1) The Secretary shall make loans under this
23 subtitle to any eligible applicant for such a loan.

1 “(2) For purposes of paragraph (1), an individual
2 who has applied for a loan under this subtitle is an eligible
3 applicant if—

4 “(A) the individual—

5 “(i) is a citizen of the United States;

6 “(ii) has training or farming experience
7 that the Secretary determines is sufficient to
8 assure reasonable prospects of success in the
9 proposed farming operation;

10 “(iii) is or will become an owner-operator
11 (in the case of loans for a purpose under sub-
12 title A) or operator (in the case of loans for a
13 purpose under subtitle B) of a not larger than
14 family farm in the United States; and

15 “(iv) is unable to obtain sufficient credit
16 elsewhere to finance the needs of the individual
17 relating to the proposed farming operation at
18 reasonable rates and terms, taking into consid-
19 eration prevailing private and cooperative rates
20 and terms in the community in or near which
21 the individual resides for loans for similar pur-
22 poses and periods of time; and

23 “(B) the Secretary finds that the farming,
24 ranching, or aquaculture operations of the individual
25 have been substantially affected by—

1 “(i) a natural disaster in the United
2 States; or

3 “(ii) a major disaster or emergency des-
4 igned by the President under the Disaster Re-
5 lief and Emergency Assistance Act.

6 “(3) For purposes of paragraph (1), a person (other
7 than an individual) who has applied for a loan under this
8 subtitle is an eligible applicant if—

9 “(A) the person—

10 “(i) is controlled by farmers, ranchers, and
11 persons engaged in aquaculture;

12 “(ii) is primarily engaged in farming,
13 ranching, or aquaculture in the United States;

14 “(iii) is or will become an owner-operator
15 (in the case of loans for a purpose under sub-
16 title A) or operator (in the case of loans for a
17 purpose under subtitle B) of a not larger than
18 family farm in the United States; and

19 “(iv) is unable to obtain sufficient credit
20 elsewhere to finance the needs of the person re-
21 lating to the proposed farming operation at rea-
22 sonable rates and terms, taking into consider-
23 ation prevailing private and cooperative rates
24 and terms in the community in or near which

1 the person is located for loans for similar pur-
2 poses and periods of time;

3 “(B) each individual who has greater than a 5
4 percent ownership interest in the person meets the
5 requirements of paragraph (2)(A); and

6 “(C) the Secretary finds that the farming,
7 ranching, or aquaculture operations of the person
8 have been substantially affected by—

9 “(i) a natural disaster in the United
10 States; or

11 “(ii) a major disaster or emergency des-
12 igned by the President under the Disaster Re-
13 lief and Emergency Assistance Act.

14 “(4)(A) The Secretary shall accept applications from,
15 and make loans pursuant to this subtitle to, applicants
16 otherwise eligible for such a loan, that conduct farming,
17 ranching, or aquaculture operations in any county contig-
18 uous to a county where the Secretary has found that farm-
19 ing, ranching, or aquaculture operations have been sub-
20 stantially affected by—

21 “(i) a natural disaster in the United States; or

22 “(ii) a major disaster or emergency designated
23 by the President under the Disaster Relief and
24 Emergency Assistance Act.

1 “(B) The Secretary shall accept applications for as-
2 sistance under this subtitle from applicants affected by a
3 natural disaster at any time during the 8-month period
4 beginning on—

5 “(i) the date on which the Secretary determines
6 that farming, ranching, or aquaculture operations
7 have been substantially affected by the natural dis-
8 aster; or

9 “(ii) the date on which the President makes the
10 major disaster or emergency designation with re-
11 spect to the natural disaster.

12 “(5) The authority provided by this subsection shall
13 be effective only to the extent or in such amounts as are
14 provided in advance in appropriations Acts.

15 “(6) As used in this subsection, the term ‘person’
16 means an individual, a corporation, a partnership, a joint
17 venture, or any combination thereof.”.

18 (2) CONFORMING AMENDMENT.—Section 329
19 (7 U.S.C. 1970) is amended by striking “a single
20 enterprise which constitutes a basic part of”.

21 **SEC. 103. REDIRECTION OF RESOURCES TO INCOME-PRO-**
22 **DUCING ACTIVITIES.**

23 (a) ELIMINATION OF OWNERSHIP LOANS FOR THE
24 ACQUISITION, INSTALLATION, OR MODIFICATION OF
25 QUALIFIED NON-FOSSIL ENERGY SYSTEMS.—

1 (1) IN GENERAL.—Section 303 (7 U.S.C. 1923)
2 is amended—

3 (A) by striking “(a)”; and

4 (B) by striking subsection (b).

5 (2) CONFORMING AMENDMENTS.—Section
6 307(a)(6)(B) (7 U.S.C. 1927(a)(6)(B)), as amended
7 by section 102(a)(2)(B) of this Act, is amended in
8 each of clauses (i) and (vii) by striking “section
9 303(a)(2)” and inserting “section 303(2)”.

10 (b) ELIMINATING OF OWNERSHIP LOANS FOR THE
11 CONSTRUCTION OF CONSERVATION STRUCTURES OR
12 NON-INCOME-PRODUCING CONSERVATION PRACTICES.—
13 Section 304 (7 U.S.C. 1924) is amended—

14 (1) by striking subsection (a) and inserting
15 “(a)(1) Loans may be made to farm owners or ten-
16 ants who are eligible borrowers under this subtitle
17 for—

18 “(A) the establishment of forest cover for sus-
19 tained yield timber management;

20 “(B) the establishment of permanent pasture;
21 or

22 “(C) the construction of environmental struc-
23 tures or systems required by Federal statute.

24 “(2) The Secretary shall not make a loan under this
25 section that exceeds the lesser of—

1 “(A) the value of the farm or other security for
2 such loan; or

3 “(B) \$50,000.”; and

4 (2) by striking subsection (c).

5 (c) ELIMINATION OF OPERATING LOANS FOR THE
6 DEVELOPMENT AND CONSTRUCTION OF SOLAR ENERGY
7 SYSTEMS.—Section 312(a) (7 U.S.C. 1942(a)), as amend-
8 ed by section 102(b)(3) of this Act, is amended—

9 (1) by striking clause (10) and redesignating
10 clauses (11) and (12) as clauses (10) and (11), re-
11 spectively; and

12 (2) by striking the 2nd sentence.

13 (d) ELIMINATION OF AUTHORITY TO ACQUIRE EASE-
14 MENTS FOR CONSERVATION, RECREATIONAL, OR WILD-
15 LIFE PURPOSES.—Section 349 (7 U.S.C. 1997) is re-
16 pealed.

17 (e) CONFORMING AMENDMENTS.—Section 335 (7
18 U.S.C. 1985) is amended—

19 (1) in subsection (c)(1)—

20 (A) by striking “, other than easements ac-
21 quired under section 349”; and

22 (B) by striking the last sentence and in-
23 serting “Notwithstanding the preceding sen-
24 tence, the Secretary may grant or sell an ease-
25 ment, restriction, development rights, or the

1 equivalent thereof, to a unit of local or State
2 government or a private nonprofit organization
3 for conservation purposes at its fair market
4 value.”;

5 (2) in subsection (e)(7), by striking “sale or”;

6 and

7 (3) by striking subsection (g).

8 **SEC. 104. IMPROVEMENT OF LOAN PORTFOLIO MANAGE-**
9 **MENT.**

10 (a) EXPANSION OF AUTHORITY TO REQUIRE ADDI-
11 TIONAL COLLATERAL TO SECURE A FARMER PROGRAM
12 LOAN.—Section 307(e)(1) (7 U.S.C. 1927(e)(1)) is
13 amended by striking “, if the borrower is current in the
14 payment of principal and interest on the loan” and insert-
15 ing “unless the fair market value of the collateral securing
16 the loan is less than 80 percent of the total of the principal
17 and any unpaid accrued interest on the loan”.

18 (b) LINKING OF EMERGENCY LOANS FOR CROP OR
19 LIVESTOCK CHANGES TO NATURAL DISASTERS.—Section
20 323 (7 U.S.C. 1963) is amended by inserting “which are
21 necessitated by a natural disaster, major disaster, or
22 emergency and which are” after “livestock changes”.

23 (c) ESTABLISHMENT OF DATE CERTAIN FOR EMER-
24 GENCY LOAN ASSET VALUATION.—Section 324(d) (7
25 U.S.C. 1962(d)) is amended in the last sentence by strik-

1 ing all that follows “shall” and inserting “establish the
2 value of the assets as of the day before the occurrence
3 of the natural disaster, major disaster, or emergency
4 which gave rise to the request for assistance under this
5 subtitle or under the Disaster Relief and Emergency As-
6 sistance Act.”.

7 (d) CREATION OF MEASURABLE STANDARD FOR DE-
8 FERRAL OF LOAN PRINCIPAL AND FOREGOING FORE-
9 CLOSURE.—Section 331A (7 U.S.C. 1981a) is amended
10 to read as follows:

11 **“SEC. 331A. ADDITIONAL AUTHORITY TO DEFER PRINCIPAL**
12 **PAYMENTS AND FOREGO FORECLOSURE.**

13 “In addition to any other authority that the Secretary
14 may have to defer principal and forego foreclosure, the
15 Secretary may, at the request of the borrower, permit the
16 deferral of principal only on any outstanding loan made,
17 insured, or held by the Secretary under this title or under
18 any other law administered by the Consolidated Farm
19 Services Agency, and may forego foreclosure on any such
20 loan for such period as the Secretary deems necessary,
21 upon a showing by the borrower that—

22 “(1) due to circumstances beyond the borrow-
23 er’s control that could not have been anticipated by
24 the borrower, the borrower is temporarily unable to
25 continue making payments of such principal when

1 due without using funds needed to provide for the
2 basic family needs of the borrower and the imme-
3 diate family of the borrower; and

4 “(2) the borrower has the ability to continue
5 making interest payments on such loan when due
6 throughout the anticipated deferral period.”.

7 (e) ELIMINATION OF NOTIFICATION OF LOAN SERV-
8 ICING PROGRAMS.—

9 (1) IN GENERAL.—Section 331D (7 U.S.C.
10 1981d) is repealed.

11 (2) CONFORMING AMENDMENT.—Section
12 343(b) (7 U.S.C. 1991(b)) is amended by striking
13 “331D,”.

14 (f) PROVIDING AN ANNUAL REVIEW OF THE CREDIT
15 HISTORY, BUSINESS OPERATION AND CONTINUED ELIGI-
16 BILITY OF A BORROWER.—

17 (1) IN GENERAL.—Section 333 (7 U.S.C. 1983)
18 is amended by redesignating paragraphs (2), (3),
19 and (4) as paragraphs (3), (4), and (5), respectively,
20 and by inserting after paragraph (1) the following:

21 “(2) the county or area committee, as appro-
22 priate, under section 8(b) of the Soil Conservation
23 and Domestic Allotment Act (16 U.S.C. 590h(b)) to
24 certify in writing that it has performed an annual
25 review of the credit history and business operation

1 of a borrower (other than a borrower under section
2 306, 310B, or 314), and its opinion as to the contin-
3 ued eligibility of that borrower for such a loan;”.

4 (2) CONFORMING AMENDMENT.—Section
5 310B(a) (7 U.S.C. 1932(a)) is amended in the 3rd
6 sentence by striking “(3)” and inserting “(4)”.

7 (g) ELIMINATION OF THE SALES RESTRICTIONS ON
8 INVENTORY PROPERTY.—

9 (1) IN GENERAL.—Section 335 (7 U.S.C.
10 1985), as amended by sections 103(e)(2) and
11 108(f)(33) of this Act, is amended—

12 (A) in subsection (b), by striking “Except
13 as provided in subsection (e), real” and insert-
14 ing “Real”;

15 (B) in subsection (c)—

16 (i) by striking “(1) Except as pro-
17 vided in subsection (e), the” and inserting
18 “The”;

19 (ii) by striking the 2nd sentence; and

20 (iii) by striking paragraph (2); and

21 (C) by striking subsections (e) and (f).

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 602(5) of the Agricultural Act
24 of 1949 (7 U.S.C. 1471(5)) is amended by in-
25 serting “(as in effect before the date of the en-

1 actment of the Farm Credit and Rural Develop-
2 ment Reform Act of 1995)” before the last
3 close parenthesis.

4 (B) Section 343(b) (7 U.S.C. 1991(b)) is
5 amended by striking “335 (e) and (f),”.

6 (h) ELIMINATION OF DEBT RESTRUCTURING AND
7 LOAN SERVICING.—

8 (1) GENERAL PROVISIONS.—Section 353 (7
9 U.S.C. 2001) is repealed.

10 (2) PROVISIONS APPLICABLE TO COMMUNITY
11 FACILITY LOANS.—Section 353A (7 U.S.C. 2001a)
12 is repealed.

13 (3) CONFORMING AMENDMENTS.—

14 (A) Section 343(b) (7 U.S.C. 1991(b)) is
15 amended by striking “353,”.

16 (B) Section 357(b) (7 U.S.C. 2005(b)) is
17 amended by striking paragraph (3).

18 (i) SHORT FORM CERTIFICATION OF PROGRAM COM-
19 PLIANCE.—Subtitle D (7 U.S.C. 1981–2008f) is amended
20 by adding at the end the following:

21 **“SEC. 372. SHORT FORM CERTIFICATION OF FARM PRO-**
22 **GRAM BORROWER COMPLIANCE.**

23 “The Secretary shall develop and utilize a consoli-
24 dated short form for farm program borrowers to use in
25 certifying compliance with any and all applicable statutes

1 and regulations which serve as eligibility prerequisites for
2 loans made under this title.”.

3 (j) EFFECT OF PRIOR DEFAULT, DEFERRAL, DEBT
4 RESTRUCTURING, OR LOAN SERVICING ON ELIGIBILITY
5 FOR LOANS.—Subtitle D (7 U.S.C. 1981–2008f), as
6 amended by subsection (i) of this section, is amended by
7 adding at the end the following:

8 **“SEC. 373. EFFECT OF PRIOR DEFAULT, DEFERRAL, DEBT**
9 **RESTRUCTURING, OR LOAN SERVICING ON**
10 **ELIGIBILITY FOR LOANS.**

11 “Notwithstanding any other section of this title, the
12 Secretary shall not make any loan under this title to an
13 applicant if the applicant (or, in the case of a legal entity
14 which is an applicant, an individual who has greater than
15 a 5 percent ownership interest in the applicant) has de-
16 faulted on a loan made or insured under this title, had
17 the principal or interest on a loan made or insured under
18 this title deferred under section 331A, or had a loan made
19 or insured under this title restructured or serviced under
20 section 353, unless the default, deferral, restructuring, or
21 servicing resulted from circumstances that were beyond
22 the control of the applicant or individual, and that could
23 not have been reasonably anticipated by the applicant or
24 individual.”.

1 **SEC. 105. ASSURING PROMPT REPAYMENT OF LOANS.**

2 (a) NARROWING OF USE OF NONSUPERVISED BANK
3 ACCOUNTS.—Section 312(e) (7 U.S.C. 1942(e)) is amend-
4 ed to read as follows:

5 “(e)(1) Notwithstanding any other provision of this
6 title, the Secretary shall reserve a portion of any loan
7 made under this subtitle to be placed in a nonsupervised
8 bank account which may be used at the discretion of the
9 borrower for the basic family needs of the borrower and
10 the immediate family of the borrower.

11 “(2) The size of any such reserve shall be limited to
12 the least of—

13 “(A) 10 percent of the loan;

14 “(B) \$5,000; or

15 “(C) the amount needed to provide for the basic
16 family needs of the borrower and the borrower’s im-
17 mediate family for 3 calendar months.”.

18 (b) REDUCTION OF THE LIMIT ON EMERGENCY
19 LOANS.—Section 324(a) (7 U.S.C. 1964(a)) is amended
20 by striking “\$500,000” and inserting “\$300,000”.

21 (c) ELIMINATION OF AUTHORITY TO WAIVE APPLI-
22 CATION OF THE CREDIT ELSEWHERE TEST.—Section
23 322(b) (7 U.S.C. 1962(b)) is amended by striking “: *Pro-*
24 *vided further*, That for loans of \$300,000 or less, the Sec-
25 retary may waive the requirement of this subsection if the

1 Secretary determines that it would impose an undue bur-
2 den on the applicant”.

3 **SEC. 106. MODIFICATION OF PROGRAMS FOR BEGINNING**
4 **FARMERS.**

5 (a) ESTABLISHMENT OF LOAN GUARANTEE PRO-
6 GRAM.—Section 309(h)(1) (7 U.S.C. 1929(a)(1)) is
7 amended by adding at the end the following: “In the case
8 of a loan made to a beginning farmer (as defined by the
9 Secretary in regulations), the guarantee shall be for the
10 payment of 98 percent of loan principal and interest.”.

11 (b) ENHANCEMENT OF INTEREST RATE BUYDOWN
12 PROGRAM.—Section 351(c) (7 U.S.C. 1999(c)) is amend-
13 ed by inserting “(or 6 percent, in the case of a loan made
14 to a beginning farmer, as defined by the Secretary)” be-
15 fore the period.

16 (c) ELIMINATION OF DOWN PAYMENT LOAN PRO-
17 GRAM.—Section 310E (7 U.S.C. 1935) is repealed.

18 (d) ELIMINATION OF LIMITATIONS ON THE AVAIL-
19 ABILITY OF FARM OWNERSHIP LOANS AND LOAN GUAR-
20 ANTEES.—Section 310F (7 U.S.C. 1936) is repealed.

21 (e) ELIMINATION OF SPECIAL ASSISTANCE PRO-
22 GRAM.—Section 318 (7 U.S.C. 1948) is repealed.

23 (f) CONFORMING AMENDMENTS.—

1 (1) Section 305 (7 U.S.C. 1925) is amended by
2 striking “310D, and 310E” and inserting “or
3 310D”.

4 (2) Section 309 (7 U.S.C. 1929) is amended by
5 striking subsections (h)(3) and (i).

6 (3) Section 346(b) (7 U.S.C. 1994(b)) is
7 amended—

8 (A) in paragraph (3), by striking subpara-
9 graphs (E) and (F) and redesignating subpara-
10 graph (G) as subparagraph (E); and

11 (B) by striking paragraphs (5) and (6).

12 **SEC. 107. ELIMINATION OF TARGET PARTICIPATION RATES.**

13 (a) REPEAL.—Section 355 (7 U.S.C. 2003) is re-
14 pealed.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 346(b)(3)(D) (7 U.S.C.
17 1994(b)(3)(D)) is amended by striking “To the ex-
18 tent that it is not inconsistent with an exercise of
19 authority under section 355, in” and inserting “In”.

20 (2) Section 2501(c)(2)(D) of the Food, Agri-
21 culture, Conservation, and Trade Act of 1990 (7
22 U.S.C. 2279(c)(2)(D)) is amended by striking “com-
23 pared to the target participation rates established
24 pursuant to sections 355(a)(1) and 355(c) of the

1 Consolidated Farm and Rural Development Act (7
2 U.S.C. 2003(a)(1)),”.

3 (3) Section 8(b)(5)(B)(iv) of the Soil Conserva-
4 tion and Domestic Allotment Act (16 U.S.C.
5 590h(b)(5)(B)(iv)) is amended by striking “groups”
6 and all that follows and inserting “groups. For pur-
7 poses of the preceding sentence, the term ‘socially
8 disadvantaged groups’ means groups whose members
9 have been subjected to racial, ethnic, or gender prej-
10 udice because of their identity as members of a
11 group without regard to their individual qualities.”.

12 **SEC. 108. MISCELLANEOUS AND CONFORMING AMEND-**
13 **MENTS.**

14 (a) CLARIFICATION OF WRITTEN STATEMENT RE-
15 QUIRED OF BORROWERS.—Section 333(1) (7 U.S.C.
16 1983(1)) is amended by striking “a written statement
17 showing the applicant’s net worth” and inserting “an ap-
18 propriate written financial statement”.

19 (b) EXTENSION OF VETERANS PREFERENCE TO
20 VETERANS OF THE GULF WAR.—Section 333(5) (7
21 U.S.C. 1983(5)), as so redesignated by section 104(f)(1)
22 of this Act, is amended by striking “or the Vietnam era”
23 and inserting “, during the Vietnam era, or during the
24 liberation of Kuwait under Project Desert Shield or
25 Project Desert Storm,”.

1 (c) VERIFICATION OF THE CREDIT ELSEWHERE
2 TEST.—Section 333A(e)(4) (7 U.S.C. 1983a(e)(4)) is
3 amended by striking “With the approval of the borrower,
4 the” and inserting “The”.

5 (d) ELIMINATION OF REQUIREMENT TO TESTIFY
6 AND REPORT ON BUDGET REQUEST.—Section 345 (7
7 U.S.C. 1993) is repealed.

8 (e) ELIMINATION OF REQUIREMENT TO DEVELOP
9 AND REPORT ON LONG-TERM COST PROJECTIONS.—Sec-
10 tion 346(c) (7 U.S.C. 1994(c)) is repealed.

11 (f) ELIMINATION OF AUTHORITY TO INSURE
12 LOANS.—

13 (1) Section 302(b) (7 U.S.C. 1922(b)) is
14 amended by striking “or insured”.

15 (2) Section 303 (7 U.S.C. 1923), as amended
16 by section 103(a)(1) of this Act, is amended by
17 striking “or insured”.

18 (3) Section 304(b) (7 U.S.C. 1924(b)) is
19 amended by striking “or insured”.

20 (4) Section 305 (7 U.S.C. 1925) is amended by
21 striking “or insure”.

22 (5) Section 306(a)(1) (7 U.S.C. 1926(a)(1)) is
23 amended—

24 (A) by striking “or insure”; and

25 (B) by striking “or insured”.

1 (6) Section 306(a)(15)(A) (7 U.S.C.
2 1926(a)(15)(A)) is amended—

3 (A) by striking “or insure”; and

4 (B) by striking “or insured”.

5 (7) Section 306C(a)(1) (7 U.S.C. 1926c(a)(1))
6 is amended by striking “or insure”.

7 (8) Section 306C(b)(1) (7 U.S.C. 1926c(b)(1))
8 is amended by striking “or insure”.

9 (9) Section 307(a)(6)(A) (7 U.S.C.
10 1927(a)(6)(A)) is amended by striking “or insured”.

11 (10) Section 307(c) (7 U.S.C. 1927(c)) is
12 amended by striking “, insured,”.

13 (11) Section 308 (7 U.S.C. 1928) is amended
14 by striking the 1st sentence.

15 (12) Section 309(f)(1) (7 U.S.C. 1929(f)(1)) is
16 amended—

17 (A) by striking “could be” and inserting
18 “(before the date of the enactment of the Farm
19 Credit and Rural Development Reform Act of
20 1995) could have been”; and

21 (B) by striking “and insure”.

22 (13) Section 309(f)(2) (7 U.S.C. 1929(f)(2)) is
23 amended by striking “or hereafter”.

24 (14) Section 309A (7 U.S.C. 1929a) is amend-
25 ed in each of subsections (d) and (e) by striking “,

1 guaranteed, or insured” and inserting “or guaran-
2 teed”.

3 (15) Section 309A(g)(1) (7 U.S.C.
4 1929a(g)(1)) is amended—

5 (A) by striking “could be” and inserting
6 “(before the date of the enactment of the Farm
7 Credit and Rural Development Reform Act of
8 1995) could have been”; and

9 (B) by striking “and insure”.

10 (16) Section 309A(g) (7 U.S.C. 1929a(g)) is
11 amended in each of paragraphs (2) and (7) by strik-
12 ing “or hereafter”.

13 (17) Section 310A (7 U.S.C. 1931) is repealed.

14 (18) Section 310B(a) (7 U.S.C. 1932(a)) is
15 amended—

16 (A) by striking “and insure”; and

17 (B) by striking “, insured,”.

18 (19) Section 310B(e)(1) (7 U.S.C. 1932(e)(1))
19 is amended by striking “insure and”.

20 (20) Section 310B(e)(2) (7 U.S.C. 1932(e)(2))
21 is amended by striking “insure or”.

22 (21) Section 310D(a) (7 U.S.C. 1934(a)) is
23 amended by striking “and insure”.

24 (22) Section 311(c) (7 U.S.C. 1941(c)) is
25 amended by striking “or insured”.

1 (23) Section 313 (7 U.S.C. 1943) is amended
2 by striking “or insure”.

3 (24) Section 316(a)(3) (7 U.S.C. 1946(a)(3)) is
4 amended by striking “or insured”.

5 (25) Section 317 (7 U.S.C. 1947) is repealed.

6 (26) Section 322(a) (7 U.S.C. 1962(a)) is
7 amended by striking “or insure”.

8 (27) Section 323 (7 U.S.C. 1963) is amended
9 by striking “or insured”.

10 (28) Section 324(a) (7 U.S.C. 1964(a)) is
11 amended by striking “or insured”.

12 (29) Section 324(b)(2) (7 U.S.C. 1964(b)(2)) is
13 amended—

14 (A) by striking clause (A); and

15 (B) by striking “(B)”.

16 (30) Section 328 (7 U.S.C. 1968) is repealed.

17 (31) Section 333A (7 U.S.C. 1983a) is amend-
18 ed by striking subsection (b).

19 (32) Section 333A(f) (7 U.S.C. 1983a(f)) is
20 amended in each of paragraphs (4) and (5) by strik-
21 ing “an insured” and inserting “a”.

22 (33) Section 335(e)(5)(A) (7 U.S.C.
23 1985(e)(5)(A)) is amended by striking “made or in-
24 sured”.

1 (34) Section 343(a)(4) (7 U.S.C. 1991(a)(4)) is
2 amended by striking “word ‘insure’ as used in this
3 title includes guarantee, which means” and inserting
4 “term ‘guarantee’ means”.

5 (35) Section 343(a)(9) (7 U.S.C. 1991(a)(9)) is
6 amended by striking “or insured”.

7 (36) Section 344 (7 U.S.C. 1992) is amended
8 by striking “insured, or made to be sold and in-
9 sured,”.

10 (37) Section 346(a) (7 U.S.C. 1994(a)) is
11 amended by striking “and insured”.

12 (38) Section 346(b)(1) (7 U.S.C. 1994(b)(1)) is
13 amended by striking “insured, made to be sold and
14 insured, or”.

15 (39) Section 346(b)(3) (7 U.S.C. 1994(b)(3)),
16 as amended by sections 106(f)(3) and 107(b)(1) of
17 this Act, is amended by striking subparagraphs (B)
18 and (D) and redesignating subparagraphs (C) and
19 (E) as subparagraphs (B) and (C), respectively.

20 (40) Section 346(d)(1) (7 U.S.C. 1994(d)(1)) is
21 amended by striking “authorized to be insured, or
22 made to be sold and insured,” and inserting
23 “made”.

24 (41) Section 348 (7 U.S.C. 1996) is amended—
25 (A) by striking “and insuring”;

1 (B) by striking “and insure”; and

2 (C) by striking “or insured”.

3 (42) Section 351(h)(8)(C) (7 U.S.C.
4 1999(h)(8)(C)) is amended by striking “, insured, ”.

5 (43) Section 358 (7 U.S.C. 2006) is amended
6 by striking “, insure,”.

7 **CHAPTER 2—AMENDMENTS TO THE FARM**
8 **CREDIT ACT OF 1971**

9 **SEC. 151. REFERENCES.**

10 Except as otherwise expressly provided, wherever in
11 this chapter an amendment or repeal is expressed in terms
12 of an amendment to, or repeal of, a section or other provi-
13 sion, the reference shall be considered to be made to a
14 section or other provision of the Farm Credit Act of 1971.

15 **SEC. 152. REPEAL OF REQUIREMENTS RELATING TO RE-**
16 **VIEW OF DECISIONS TO DENY OR REDUCE**
17 **THE AMOUNT OF A LOAN.**

18 (a) REPEAL.—Section 4.14 (12 U.S.C. 2202) is re-
19 pealed.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Section 4.13B (12 U.S.C. 2201) is amended
22 in each of subsections (a) and (b)—

23 (A) by adding “and” at the end of para-
24 graph (1);

1 (B) by striking “; and” at the end of para-
2 graph (2) and inserting a period; and

3 (C) by striking paragraph (3).

4 (2) Section 8.9 (12 U.S.C. 2279aa–9) is
5 amended by striking “4.14,” each place such term
6 appears.

7 **SEC. 153. PROHIBITION AGAINST RESTRUCTURING OF RE-**
8 **STRUCTURED LOANS OR LOANS INVOLVED IN**
9 **BANKRUPTCY PROCEEDINGS.**

10 (a) IN GENERAL.—Section 4.14A(a)(5) (12 U.S.C.
11 2202a(a)(5)) is amended by inserting “, which has not
12 been restructured under this section and with respect to
13 which the borrower has not filed a petition for bankruptcy
14 under title 11, United States Code” before the period.

15 (b) ELIMINATION OF REQUIRED REPORTS TO THE
16 FARM CREDIT ADMINISTRATION.—Section 4.14A (12
17 U.S.C. 2202a) is amended by striking subsections (g) and
18 (h) and inserting the following:

19 “(g) RESTRUCTURING POLICY.—

20 “(1) ESTABLISHMENT.—Within 60 days after
21 the date of the enactment of this paragraph, the
22 board of directors of each qualified lender shall de-
23 velop a policy that is consistent with this section, to
24 govern the restructuring of distressed loans.

1 “(2) CONTENTS OF POLICY.—The policy estab-
2 lished under paragraph (1) shall include an expla-
3 nation of the procedure for submitting an applica-
4 tion for restructuring.”.

5 (c) RELATED AMENDMENTS.—Section 4.14A (12
6 U.S.C. 2202a) is amended by striking subsections (k) and
7 (l).

8 (d) CONFORMING AMENDMENTS.—

9 (1) Section 4.14A (12 U.S.C. 2202a) is amend-
10 ed by redesignating subsections (i) and (j) as sub-
11 sections (h) and (i), respectively.

12 (2) Section 5.31 (12 U.S.C. 2267) is amended
13 by striking “4.14A(i)” and inserting “4.14A(h)”.

14 (3) Section 5.32(h) (12 U.S.C. 2268(h)) is
15 amended by striking “4.14A(i)” and inserting
16 “4.14A(h)”.

17 **SEC. 154. REPEAL OF RULES GOVERNING EFFECT OF RE-**
18 **STRUCTURING ON BORROWER STOCK.**

19 (a) REPEAL.—Section 4.14B (12 U.S.C. 2202b) is
20 repealed.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 4.9A(b) (12 U.S.C. 2162(b)) is
23 amended—

24 (A) by adding “or” at the end of para-
25 graph (1);

1 (B) by striking paragraph (2); and

2 (C) by redesignating paragraph (3) as
3 paragraph (2).

4 (2) Section 8.9 (12 U.S.C. 2279aa–9) is
5 amended by striking “4.14B,” each place such term
6 appears.

7 **SEC. 155. REPEAL OF RULES GOVERNING REVIEW OF RE-**
8 **STRUCTURING DENIALS.**

9 (a) REPEAL.—Section 4.14C (12 U.S.C. 2202c) is re-
10 pealed.

11 (b) CONFORMING AMENDMENTS.—Section 8.9 (12
12 U.S.C. 2279aa–9) is amended by striking “4.14C,” each
13 place such term appears.

14 **SEC. 156. ELIMINATION OF CERTAIN REQUIREMENTS RE-**
15 **LATING TO LOANS PLACED IN NONACCRUAL**
16 **STATUS.**

17 Section 4.14D (12 U.S.C. 2202d) is amended by
18 striking subsection (d).

19 **SEC. 157. LIMITATIONS ON THE RIGHT OF FIRST REFUSAL.**

20 Section 4.36 (12 U.S.C. 2219a) is amended—

21 (1) in subsection (a), by striking “or lease”;

22 (2) in subsection (b)(1)—

23 (A) by striking “Within” and inserting
24 “Except as otherwise provided in subsection (c),
25 within”; and

1 (B) by inserting “by private sale,” after
2 “such real estate,”;

3 (3) by striking subsection (c) and redesignating
4 subsections (d) through (g) as subsections (c)
5 through (f), respectively;

6 (4) by redesignating subsections (h) and (i) as
7 subsections (j) and (k), respectively; and

8 (5) by inserting after subsection (f) (as so re-
9 designated by paragraph (3) of this section) the fol-
10 lowing:

11 “(g) PREVIOUS OWNER DEFINED.—As used in this
12 section, the term ‘previous owner’ does not include a mort-
13 gator or grantor of an equivalent lien interest in agricul-
14 tural real estate unless such person is also a borrower in
15 the transaction.

16 “(h) PERSONAL AND NONASSIGNABLE RIGHT.—The
17 right of first refusal arising under this section is personal
18 to, and not assignable by, the previous owner.

19 “(i) RULE OF INTERPRETATION.—This section shall
20 not be interpreted to preclude a borrower from voluntarily
21 waiving the right of first refusal arising under this section
22 in connection with a voluntary conveyance of agricultural
23 real estate in lieu of foreclosure.”.

1 **Subtitle B—Rural Development**

2 **SEC. 201. CAPITALIZATION GRANTS TO STATES FOR RURAL**
3 **DEVELOPMENT.**

4 The Rural Development Act of 1972 is amended by
5 adding at the end the following:

6 **“TITLE VII—CAPITALIZATION**
7 **GRANTS TO STATES FOR**
8 **RURAL DEVELOPMENT**

9 **“SEC. 701. PURPOSES.**

10 “The purpose of this title is to provide eligible States
11 and territories with a consolidated source of funding for
12 rural development, and to encourage States to establish
13 revolving funds through which rural development may be
14 financed permanently.

15 **“SEC. 702. GRANTS.**

16 “(a) GRANT AUTHORITY.—

17 “(1) IN GENERAL.—

18 “(A) GRANTS TO ELIGIBLE STATES.—Each
19 eligible State shall be entitled to receive from
20 the Secretary for each fiscal year a grant in an
21 amount equal to the applicable share of 99.25
22 percent of the amount (if any) appropriated
23 pursuant to this title for the fiscal year.

24 “(B) GRANTS TO ELIGIBLE TERRI-
25 TORIES.—Each eligible territory shall be enti-

1 tled to receive from the Secretary for each fiscal
2 year a grant in an amount equal to the applica-
3 ble share of 0.75 percent of the amount (if any)
4 appropriated pursuant to this title for the fiscal
5 year.

6 “(C) SPECIAL RULES FOR FISCAL YEARS
7 1997 AND 1998.—In lieu of any grant under sub-
8 paragraph (A) or (B) for fiscal year 1997 or
9 1998, each eligible State and each eligible terri-
10 tory shall be entitled to receive from the Sec-
11 retary for each of such fiscal years a grant in
12 an amount equal to the applicable share of the
13 amount (if any) appropriated pursuant to this
14 title for the fiscal year.

15 “(2) SCHEDULE OF PAYMENTS.—On the 1st
16 day of each calendar quarter in a fiscal year, the
17 Secretary shall pay each jurisdiction to which a
18 grant is payable under paragraph (1) for the fiscal
19 year an amount equal to $\frac{1}{4}$ of the amount of the
20 grant.

21 “(3) SUBJECT TO APPROPRIATIONS.—The au-
22 thority provided by this title shall be effective only
23 to such extent or in such amounts as are provided
24 in advance in appropriations Acts.

1 “(4) LIMITATIONS ON AUTHORIZATION OF AP-
2 PROPRIATIONS.—For grants under paragraph (1),
3 there are authorized to be appropriated to the Sec-
4 retary not more than \$836,025,000 for each fiscal
5 year.

6 “(b) LIMITATION ON FEDERAL AUTHORITY.—A ju-
7 risdiction to which funds are provided under subsection
8 (a) shall have sole discretion to determine how such funds
9 are to be expended and the entities to which such funds
10 are to be provided, subject to this title.

11 “(c) DEFINITIONS.—As used in this title:

12 “(1) ELIGIBLE STATE.—The term ‘eligible
13 State’ means a State that meets the following re-
14 quirements:

15 “(A) The State has established a rural de-
16 velopment revolving fund.

17 “(B) The State has established to the sat-
18 isfaction of the Secretary that the revolving
19 fund will be operated and administered in ac-
20 cordance with section 703(a).

21 “(C) The State has agreed that the State
22 agency responsible for administering the revolv-
23 ing fund shall—

24 “(i) consult with representatives of
25 local governments, businesses, nonprofit

1 organizations, and with the State agency
2 with expertise in rural development and
3 agriculture, in implementing this title; and

4 “(ii) consult with general purpose
5 local governments in developing priorities
6 for funding activities from the revolving
7 fund, criteria for selecting recipients of as-
8 sistance from the revolving fund, and the
9 method of distributing funds from the re-
10 volving fund.

11 “(D)(i) The State has agreed to submit to
12 the Secretary biennial reports which describe
13 the manner in which the amounts paid to the
14 State under subsection (a) are used, and in-
15 clude evidence that, in each fiscal year covered
16 by the report, the State has expended for rural
17 development from State sources an amount
18 equal to not less than 20 percent of the total
19 amount paid to the State under subsection (a)
20 during the fiscal year.

21 “(ii) As used in clause (i), the term ‘rural
22 development’ includes—

23 “(I) rural infrastructure, including
24 water and sewer systems, highways, roads,
25 and bridges;

1 “(II) rural education and job training,
2 including vocational and technical training;

3 “(III) rural health services; and

4 “(IV) rural housing assistance.

5 “(2) ELIGIBLE TERRITORY.—The term ‘eligible
6 territory’ means a territory that meets the following
7 requirements:

8 “(A) The territory has agreed to use the
9 funds provided to the territory under subsection
10 (a) only for qualified rural development pur-
11 poses.

12 “(B) The territory has agreed to submit to
13 the Secretary biennial reports which describe
14 the manner in which the amounts paid to the
15 territory under subsection (a) are used, and in-
16 clude evidence that, in each fiscal year covered
17 by the report, the territory has expended for
18 rural development from territory sources an
19 amount equal to not less than 20 percent of the
20 total amount paid to the territory under sub-
21 section (a) during the fiscal year.

22 “(3) STATE.—The term ‘State’ means the 50
23 States.

24 “(4) TERRITORY.—The term ‘territory’ means
25 the Commonwealth of Puerto Rico, the United

1 States Virgin Islands, the Commonwealth of the
2 Northern Mariana Islands, Guam, American Samoa,
3 and the Trust Territory of the Pacific Islands.

4 “(5) SECRETARY.—The term ‘Secretary’ means
5 the Secretary of Agriculture.

6 “(6) APPLICABLE SHARE.—

7 “(A) IN GENERAL.—The term ‘applicable
8 share’ means, with respect to a jurisdiction, the
9 sum of—

10 “(i) $\frac{1}{2}$ of the rural population per-
11 centage of the jurisdiction;

12 “(ii) $\frac{1}{4}$ of the rural poverty percent-
13 age of the jurisdiction; and

14 “(iii) $\frac{1}{4}$ of the rural unemployment
15 percentage of the jurisdiction.

16 “(B) SPECIAL RULE FOR FISCAL YEARS
17 1997 AND 1998.—Notwithstanding subparagraph
18 (A), for purposes of grants under this title for
19 fiscal years 1997 and 1998, the term ‘applica-
20 ble share’ means, with respect to a jurisdic-
21 tion—

22 “(i) the total amount paid to the ju-
23 risdiction for fiscal year 1995 under the
24 provisions of law stricken or repealed by
25 sections 104(h)(2), 108(f)(25), and 202 of

1 the Farm Credit and Rural Development
2 Reform Act of 1995; divided by

3 “(ii) the total amount paid to all
4 States and territories for fiscal year 1995
5 under such provisions of law.

6 “(7) RURAL POPULATION PERCENTAGE.—

7 “(A) FOR STATES.—The term ‘rural popu-
8 lation percentage’ means, with respect to a
9 State—

10 “(i) the number of individuals who re-
11 side in a rural area in the State (as deter-
12 mined by the Secretary on the basis of the
13 latest census data available); divided by

14 “(ii) the total number of individuals
15 who reside in a rural area in the States (as
16 determined by the Secretary on the basis
17 of the latest census data available).

18 “(B) FOR TERRITORIES.—The term ‘rural
19 population percentage’ means, with respect to a
20 territory—

21 “(i) the number of individuals who re-
22 side in a rural area in the territory (as de-
23 termined by the Secretary on the basis of
24 the latest census data available); divided by

1 “(ii) the total number of individuals
2 who reside in a rural area in the territories
3 (as determined by the Secretary on the
4 basis of the latest census data available).

5 “(8) RURAL POVERTY PERCENTAGE.—

6 “(A) FOR STATES.—The term ‘rural pov-
7 erty percentage’ means, with respect to a
8 State—

9 “(i) the number of individuals residing
10 in a rural area in the State whose income
11 is at or below the poverty line (as deter-
12 mined by the Secretary on the basis of the
13 latest census data available); divided by

14 “(ii) the total number of individuals
15 residing in a rural area in the States
16 whose income is at or below the poverty
17 line (as determined by the Secretary on the
18 basis of the latest census data available).

19 “(B) FOR TERRITORIES.—The term ‘rural
20 poverty percentage’ means, with respect to a
21 territory—

22 “(i) the number of individuals residing
23 in a rural area in the territory whose in-
24 come is at or below the poverty line (as de-

1 terminated by the Secretary on the basis of
2 the latest census data available); divided by

3 “(ii) the total number of individuals
4 residing in a rural area in the territories
5 whose income is at or below the poverty
6 line (as determined by the Secretary on the
7 basis of the latest census data available).

8 “(9) RURAL UNEMPLOYMENT PERCENTAGE.—

9 “(A) FOR STATES.—The term ‘rural un-
10 employment percentage’ means, with respect to
11 a State—

12 “(i) the number of individuals residing
13 in a rural area in the State who are unem-
14 ployed (as determined by the Secretary on
15 the basis of the latest census data avail-
16 able); divided by

17 “(ii) the total number of individuals
18 residing in a rural area in the States who
19 are unemployed (as determined by the Sec-
20 retary on the basis of the latest census
21 data available).

22 “(B) FOR TERRITORIES.—The term ‘rural
23 unemployment percentage’ means, with respect
24 to a territory—

1 “(i) the number of individuals residing
2 in a rural area in the territory who are un-
3 employed (as determined by the Secretary
4 on the basis of the latest census data avail-
5 able); divided by

6 “(ii) the total number of individuals
7 residing in a rural area in the territories
8 who are unemployed (as determined by the
9 Secretary on the basis of the latest census
10 data available).

11 **“SEC. 703. STATE RURAL DEVELOPMENT REVOLVING**
12 **FUNDS.**

13 “(a) REQUIREMENTS.—A State rural development
14 revolving fund shall be operated and administered in ac-
15 cordance with the following requirements:

16 “(1) GRANTS TO BE DEPOSITED INTO THE
17 FUND.—Any amount paid to the State under section
18 702(a) shall be immediately deposited into the fund.

19 “(2) USE OF AMOUNTS.—The amounts in the
20 fund may be used only for qualified rural develop-
21 ment purposes, except that amounts not immediately
22 to be so used may be invested in interest-bearing se-
23 curities.

24 “(3) LIMITATIONS ON TERM OF LOANS.—Loans
25 may be made from the fund at or below market in-

1 terest rates (including interest-free), and shall not
2 be made for a period that exceeds the lesser of—

3 “(A) the life of the activities so financed;

4 or

5 “(B) 40 years.

6 “(4) CREDITING OF REPAYMENTS.—The fund
7 will be credited with all repayments of principal and
8 interest on loans and investments made by the fund.

9 “(5) LIMIT ON PERCENTAGE OF FEDERAL
10 FUNDS USED FOR GRANTS.—During any fiscal year,
11 not more than 30 percent of the total amount paid
12 to the State under section 702(a) during the fiscal
13 year may be used to make grants.

14 “(6) MINIMUM PERCENTAGE OF FUNDS USED
15 FOR SMALL COMMUNITIES.—Not less than 60 per-
16 cent of the amounts in the fund shall be used for the
17 benefit of communities with a population of fewer
18 than 10,000 individuals.

19 “(7) LIMIT ON PERCENTAGE OF FUNDS USED
20 FOR LARGE COMMUNITIES.—Not more than 40 per-
21 cent of the amounts in the fund may be used for the
22 benefit of communities with a population of more
23 than 10,000 but fewer than 25,000 individuals.

24 “(8) MINIMUM PERCENTAGE OF FEDERAL
25 FUNDS USED FOR TECHNICAL ASSISTANCE RELATED

1 TO WATER AND WASTE DISPOSAL.—Not less than 1
2 percent of the amounts paid to the State under sec-
3 tion 702(a) during the fiscal year shall be used to
4 provide financing for technical assistance pursuant
5 to subsection (b)(2) of this section.

6 “(9) ACCOUNTING FOR FUNDS BY RECIPI-
7 ENTS.—An amount in the fund shall not be provided
8 to any entity unless, as a condition of providing the
9 amount, the entity agrees to account for the amount
10 in accordance with generally accepted accounting
11 principles.

12 “(10) REASONABLE ASSURANCE OF LOAN RE-
13 PAYMENT.—A loan shall not be made to an entity
14 from the fund unless the entity provides reasonable
15 assurance of a source of funds for repayment of the
16 loan.

17 “(11) CERTIFICATION BY LOCAL GOVERNMENTS
18 OF DIRECT BENEFIT TO LOCAL RESIDENTS.—An
19 amount in the fund shall not be provided to any en-
20 tity for any activity to be conducted in an area un-
21 less the entity has provided the State with a certifi-
22 cation from the unit of local government for the area
23 that the activity will directly benefit the residents of
24 the area.

1 “(12) POWERS OF FUND ADMINISTRATOR.—

2 The fund shall be administered by an instrumental-
3 ity of the State with such powers as may be required
4 to operate the fund in accordance with this title.

5 “(b) QUALIFIED RURAL DEVELOPMENT PURPOSE.—

6 As used in this title, the term ‘qualified rural development
7 purpose’ means any of the following:

8 “(1) WATER AND WASTE DISPOSAL PRO-

9 GRAMS.—To make loans or grants to associations,
10 including corporations not operated for profit, In-
11 dian tribes on Federal and State reservations and
12 other federally recognized Indian tribes, and public
13 and quasi-public agencies, all primarily serving
14 farmers, ranchers, farm tenants, farm laborers,
15 rural businesses, and other rural residents—

16 “(A) to provide for the conservation, devel-
17 opment, use, and control of water, and the in-
18 stallation or improvement of drainage or waste
19 disposal facilities, and essential community fa-
20 cilities including necessary related equipment,
21 and to furnish financial assistance or other aid
22 in planning projects for such purposes; or

23 “(B) to finance specific projects for works
24 for the development, storage, treatment, purifi-

1 cation, or distribution of water or the collection,
2 treatment, or disposal of waste in rural areas.

3 “(2) RURAL WATER AND WASTE DISPOSAL CIR-
4 CUIT RIDER TECHNICAL ASSISTANCE AND TRAINING
5 PROGRAM.—To make grants to associations de-
6 scribed in paragraph (1) for technical assistance and
7 training—

8 “(A) to identify, and evaluate alternative
9 solutions to, problems relating to the obtaining,
10 storage, treatment, purification, or distribution
11 of water or the collection, treatment, or disposal
12 of waste in rural areas;

13 “(B) to prepare applications to receive fi-
14 nancial assistance for any purpose specified in
15 paragraph (1) from any public or private
16 source; or

17 “(C) to improve the operation and mainte-
18 nance practices at any existing works for the
19 storage, treatment, purification, or distribution
20 of water or the collection, treatment, or disposal
21 of waste in rural areas.

22 “(3) RURAL BUSINESS AND INDUSTRY.—

23 “(A) IN GENERAL.—To make loans or
24 grants to public, private, or cooperative organi-
25 zations organized not for profit, to Indian tribes

1 on Federal and State reservations or other fed-
2 erally recognized Indian tribal groups, or to
3 guarantee the repayment of principal or interest
4 on loans made to private or cooperative organi-
5 zations organized for profit, for the purposes
6 of—

7 “(i) improving, developing, or financ-
8 ing business, industry, and employment
9 and improving the economic climate in
10 rural communities; or

11 “(ii) the conservation, development,
12 and use of water for aquaculture purposes
13 in rural areas.

14 “(B) INTERMEDIARY RELENDING.—To
15 make loans to nonprofit organizations for the
16 purpose of funding revolving loan funds oper-
17 ated in accordance with rules similar to the
18 rules governing the operation of the State rural
19 development revolving fund established pursu-
20 ant to section 702(c)(1)(A), or to guarantee the
21 repayment of principal or interest on loans
22 made by such revolving loan funds to organiza-
23 tions organized for profit for the purposes de-
24 scribed in subparagraph (A) of this paragraph.

1 “(4) SOLID WASTE MANAGEMENT.—To make
2 loans or grants to nonprofit organizations for the
3 provision of regional technical assistance to local and
4 regional governments and related agencies for the
5 purpose of improving the planning and management
6 of solid waste disposal facilities.

7 “(5) RURAL BUSINESS ENTERPRISE.—To make
8 loans or grants to public bodies and private non-
9 profit corporations for measures designed to finance
10 and facilitate development of small and emerging
11 private business enterprises or the creation, expan-
12 sion, and operation of rural distance learning net-
13 works or rural learning programs that provide edu-
14 cational instruction or job training instruction relat-
15 ed to potential employment or job advancement to
16 adult students, including the development, construc-
17 tion or acquisition of land, buildings, plants, equip-
18 ment, access streets and roads, parking areas, utility
19 extensions, necessary water supply and waste dis-
20 posal facilities, refinancing, services and fees, or for
21 the purpose of demonstrating the effectiveness of
22 statewide nonprofit public television systems whose
23 coverage area is primarily rural in providing infor-
24 mation on agriculture and other issues of impor-
25 tance to farmers and other rural residents.

1 “(6) RURAL TECHNOLOGY AND COOPERATIVE
2 DEVELOPMENT.—To make loans or grants to any
3 organization or institution, including an accredited
4 institution of higher education, no part of the net
5 earnings of which inures, or may lawfully inure, to
6 the benefit of any private shareholder or individual,
7 for the purpose of enabling the organization or insti-
8 tution to establish and operate centers for rural
9 technology or cooperative development—

10 “(A) the primary objective of which may
11 be to improve the economic condition of rural
12 areas by promoting the development (through
13 technological innovation, cooperative develop-
14 ment, and adaptation of existing technology)
15 and commercialization of—

16 “(i) new services and products that
17 can be produced or provided in rural areas;

18 “(ii) new processes that can be uti-
19 lized in the production of products in rural
20 areas; and

21 “(iii) new enterprises that can add
22 value to on-farm production through proc-
23 essing or marketing; and

24 “(B) the activities of which may include—

1 “(i) programs for technology research,
2 investigations, and basic feasibility studies
3 in any field or discipline for the purpose of
4 generating principles, facts, technical
5 knowledge, new technology, or other infor-
6 mation that may be useful to rural indus-
7 tries, cooperatives, agribusinesses, and
8 other persons or entities in rural areas
9 served by such centers in the development
10 and commercialization of new products,
11 processes, or services;

12 “(ii) programs for the collection, in-
13 terpretation, and dissemination of prin-
14 ciples, facts, technical knowledge, new
15 technology, or other information that may
16 be useful to rural industries, cooperatives,
17 agribusinesses, and other persons in rural
18 areas served by the center in the develop-
19 ment and commercialization of new prod-
20 ucts, processes, or services;

21 “(iii) programs providing training and
22 instruction for individuals residing in rural
23 areas served by the center with respect to
24 the development (through technological in-
25 novation, cooperative development, and ad-

1 adaptation of existing technology) and com-
2 mercialization of new products, processes,
3 or services;

4 “(iv) programs providing loans and
5 grants to individuals, small businesses, and
6 cooperatives in rural areas served by the
7 center for purposes of generating, evaluat-
8 ing, developing, and commercializing new
9 products, processes, or services;

10 “(v) programs providing technical as-
11 sistance and advisory services to individ-
12 uals, small businesses, cooperatives, and
13 industries in rural areas served by the cen-
14 ter for purposes of developing and commer-
15 cializing new products, processes, or serv-
16 ices; or

17 “(vi) programs providing research and
18 support to individuals, small businesses,
19 cooperatives, and industries in rural areas
20 served by the center for purposes of devel-
21 oping new agricultural enterprises to add
22 value to on-farm production through proc-
23 essing or marketing.

24 “(7) DISTANCE LEARNING AND MEDICAL
25 LINKS.—To make loans or grants to encourage and

1 improve the use of telecommunications, computer
2 networks, and related advanced technologies, by per-
3 sons associated with end users of such facilities, in-
4 cluding students and teachers, medical professionals,
5 small businesses, and other residents living in rural
6 areas associated with rural community facilities in
7 rural areas.

8 “(8) PROVISION OF SECURITY FOR CERTAIN
9 STATE OBLIGATIONS USED TO RAISE FUNDS FOR
10 RURAL DEVELOPMENT.—To provide security for, or
11 to make principal or interest payments on revenue
12 or general obligation bonds issued by the State if the
13 proceeds from the sale of such bonds is deposited in
14 the State rural development revolving fund estab-
15 lished pursuant to section 702(c)(1)(A).

16 “(9) RURAL COMMUNITY FIRE PROTECTION.—
17 To make loans or grants to public or nonprofit asso-
18 ciations to organize, train, and equip local firefight-
19 ing forces.

20 “(10) GENERAL TECHNICAL ASSISTANCE.—To
21 provide loans or grants to enable any entity (other
22 than a State or territory) receiving funds provided
23 under section 702(a) to obtain technical assistance.

24 “(11) LIMITED ADMINISTRATIVE COSTS.—To
25 pay the costs of administering the State rural devel-

1 opment revolving fund established pursuant to sec-
2 tion 702(c)(1)(A), except that amounts expended
3 from the fund during any fiscal year for this purpose
4 may not exceed 3 percent of the total amount paid
5 to the State under section 702(a) for the fiscal year.

6 “(12) FINANCIAL SUPPORT FOR LOCAL FINANC-
7 ING OF RURAL DEVELOPMENT.—To guarantee, or
8 purchase insurance for, local obligations the pro-
9 ceeds of which shall be used for another qualified
10 rural development purpose.

11 “(13) LOCAL SHARE REQUIREMENTS OF OTHER
12 FEDERAL GRANT-IN-AID PROGRAMS RELATED TO
13 RURAL DEVELOPMENT.—To pay the local share re-
14 quirements of another Federal grant-in-aid program
15 related to rural development to the extent not ex-
16 pressly prohibited by the law providing for the
17 grant-in-aid program.

18 “(14) INTERSTATE RURAL DEVELOPMENT AC-
19 TIVITIES.—To participate with other States or terri-
20 tories in arrangements for the financing of a quali-
21 fied rural development purpose which is of interstate
22 character.

23 “(15) ASSISTANCE TO OTHER STATES FOR
24 RURAL DEVELOPMENT.—To make loans to another

1 State or territory for a qualified rural development
2 purpose.

3 “(c) OTHER DEFINITIONS.—

4 “(1) AQUACULTURE.—The term ‘aquaculture’
5 means the culture or husbandry of aquatic animals
6 or plants by private industry for commercial pur-
7 poses including the culture and growing of fish by
8 private industry for the purpose of creating or aug-
9 menting publicly owned and regulated stocks of fish.

10 “(2) RURAL; RURAL AREA.—

11 “(A) IN GENERAL.—The terms ‘rural’ and
12 ‘rural area’ means all area of a State or terri-
13 tory that is not within the outer boundary of
14 any city having a population of 50,000 or more
15 individuals and its immediately adjacent urban-
16 ized and urbanizing areas with a population
17 density of more than 100 individuals per square
18 mile, according to the latest census data avail-
19 able.

20 “(B) COLONIAS INCLUDED.—The terms
21 ‘rural’ and ‘rural area’ include any identifiable
22 community that—

23 “(i) is in the State of Arizona, Cali-
24 fornia, New Mexico, or Texas;

1 “(ii) is in the United States-Mexico
2 border region;

3 “(iii) is determined to be a colonia on
4 the basis of objective criteria, including
5 lack of potable water supply, lack of ade-
6 quate sewage systems, and lack of decent,
7 safe, and sanitary housing; and

8 “(iv) was in existence as a colonia be-
9 fore October 1, 1989.

10 **“SEC. 704. ENFORCEMENT PROVISIONS.**

11 “(a) REVIEW AND MONITORING.—The Rural Eco-
12 nomic and Community Development Director of a jurisdic-
13 tion to which a payment is made under section 702(a)
14 shall review and monitor compliance by the jurisdiction
15 with this title.

16 “(b) ENFORCEMENT RECOMMENDATIONS.—If the
17 Rural Economic and Community Development Director of
18 a jurisdiction, after reasonable notice to the jurisdiction,
19 finds that there has been a failure by the jurisdiction to
20 comply substantially with any provision or requirement of
21 this title, the Director shall notify the Secretary of the
22 noncompliance and recommend that the Secretary take 1
23 or more of the following actions:

24 “(1) Suspend payments to the jurisdiction
25 under section 702(a) until the Director is satisfied

1 that the noncompliance has ceased or that the non-
2 compliance will be corrected promptly.

3 “(2) Recover any funds expended in violation of
4 this title.

5 “(3) Limit further payment to the jurisdiction
6 under section 702(a) to activities not affected by the
7 noncompliance, until the Director is satisfied that
8 the noncompliance has ceased or that the noncompli-
9 ance will be corrected promptly.

10 “(4) Offset the amounts improperly expended
11 against any other amount that is or will be payable
12 to the jurisdiction under section 702(a).

13 “(5) Refer the matter to the Attorney General
14 of the United States.

15 “(6) Disqualify the jurisdiction from the receipt
16 of payments under section 702(a) for 12 months.

17 “(7) Reduce payments to the jurisdiction under
18 section 702(a) for 12 months.

19 “(c) IMPOSITION OF PENALTIES.—Within 90 days
20 after receiving notice and a recommendation from the
21 Rural Economic and Community Development Director of
22 a jurisdiction pursuant to subsection (b) and after provid-
23 ing reasonable notice to the jurisdiction and opportunity
24 for a hearing, the Secretary shall, pursuant to a written
25 ruling which shall be based on the recommendation of the

1 Director and the hearing, take any action described in
2 subsection (b) as the Secretary deems appropriate.

3 “(d) RURAL ECONOMIC AND COMMUNITY DEVELOP-
4 MENT DIRECTOR.—As used in this section, the term
5 ‘Rural Economic and Community Development Director’
6 means, with respect to a jurisdiction, the officer or em-
7 ployee of the United States Department of Agriculture
8 who is holding such position with respect to the jurisdic-
9 tion.”.

10 **SEC. 202. ELIMINATION OF OTHER RURAL DEVELOPMENT**
11 **PROGRAMS.**

12 (a) UNDER THE CONSOLIDATED FARM AND RURAL
13 DEVELOPMENT ACT.—

14 (1) Section 304 of the Consolidated Farm and
15 Rural Development Act (7 U.S.C. 1924), as amend-
16 ed by sections 102(a)(1)(B)(i) and 108(f)(3) of this
17 Act, is amended by striking subsection (b) and re-
18 designating subsection (c) as subsection (b).

19 (2) Section 306 of such Act (7 U.S.C. 1926),
20 as amended by sections 108(f)(5) and 108(f)(6) of
21 this Act, is repealed.

22 (3) Section 306A of such Act (7 U.S.C. 1926a)
23 is repealed.

24 (4) Section 306B of such Act (7 U.S.C. 1926b)
25 is repealed.

1 (5) Section 306C of such Act (7 U.S.C. 1926c),
2 as amended by sections 108(f)(7) and 108(f)(8) of
3 this Act, is repealed.

4 (6) Section 310A of such Act (7 U.S.C. 1931),
5 as amended by section 108(f)(17) of this Act, is re-
6 pealed.

7 (7) Section 310B of such Act (7 U.S.C. 1932),
8 as amended by section 103(f)(2) and paragraphs
9 (18), (19), and (20) of section 108(f) of this Act, is
10 repealed.

11 (8) Section 312 of such Act (7 U.S.C. 1942),
12 as amended by sections 102(b)(1)(B)(i),
13 102(b)(1)(B)(ii), 102(b)(3), 103(c)(1), and 105(a)
14 of this Act, is amended—

15 (A) in the 1st sentence of subsection (a)—

16 (i) by striking clauses (5), (6), (10),
17 and (11);

18 (ii) by adding “or” at the end of
19 clause (8);

20 (iii) by striking the comma at the end
21 of clause (9) and inserting a period; and

22 (iv) by redesignating clauses (7), (8),
23 and (9) as clauses (5), (6), and (7), respec-
24 tively; and

1 (B) by striking subsections (b), (c), and
2 (d) and redesignating subsection (e) as sub-
3 section (b).

4 (9) Section 365 of such Act (7 U.S.C. 2008) is
5 repealed.

6 (10) Section 366 of such Act (7 U.S.C. 2008a)
7 is repealed.

8 (11) Section 367 of such Act (7 U.S.C. 2008b)
9 is repealed.

10 (12) Section 368 of such Act (7 U.S.C. 2008c)
11 is repealed.

12 (b) UNDER THE FOOD, AGRICULTURE, CONSERVA-
13 TION, AND TRADE ACT OF 1990.—

14 (1) Section 2281 of the Food, Agriculture, Con-
15 servation, and Trade Act of 1990 (42 U.S.C. 5177a)
16 is repealed.

17 (2) Subtitle B of title XXIII of such Act (7
18 U.S.C. 2007–2007e) is repealed.

19 (3) Section 2322 of such Act (7 U.S.C.
20 1926–1) is repealed.

21 (4) Section 2324 of such Act (7 U.S.C. 1926
22 note) is repealed.

23 (5) Section 2348 of such Act (7 U.S.C. 2662a)
24 is repealed.

1 (6) Section 2381 of such Act (7 U.S.C. 3125b)
2 is repealed.

3 (7) Section 2382 of such Act (13 U.S.C. 141
4 note) is repealed.

5 (8) Section 2385 of such Act (7 U.S.C.
6 950aaa-4 note) is repealed.

7 (9) Section 2391 of such Act (7 U.S.C. 2662
8 note) is repealed.

9 (10) Section 2392 of such Act (13 U.S.C. 141
10 note) is repealed.

11 (11) Section 2517 of such Act (104 Stat. 4077)
12 is repealed.

13 (c) INDIAN SUBSISTENCE FARMING DEMONSTRA-
14 TION GRANT PROGRAM.—Subtitle C of title IX of the
15 Food, Agriculture, Conservation, and Trade Act Amend-
16 ments of 1991 (7 U.S.C. 5930 note) is repealed.

17 (d) INTERMEDIARY RELENDING PROGRAM.—Section
18 407 of the Human Services Reauthorization Act of 1986
19 (42 U.S.C. 9812a) is repealed.

20 (e) UNDER THE FOOD SECURITY ACT OF 1985.—
21 Section 1323 of the Food Security Act of 1985 (7 U.S.C.
22 1932 note) is repealed.

23 (f) UNDER THE RURAL DEVELOPMENT ACT OF
24 1972.—

1 (1) Title V of the Rural Development Act of
2 1972 (7 U.S.C. 2661–2669) is repealed.

3 (2) Section 603 of such Act (7 U.S.C. 2204a)
4 is amended by striking subsection (c).

5 (g) UNDER THE RURAL ELECTRIFICATION ACT OF
6 1936.—

7 (1) Section 3 of the Rural Electrification Act of
8 1936 (7 U.S.C. 903) is repealed.

9 (2) Section 5 of such Act (7 U.S.C. 905) is re-
10 pealed.

11 (3) Section 311 of such Act (7 U.S.C. 940a) is
12 repealed.

13 (4) Title V of such Act (7 U.S.C. 950aa–
14 950aa–1) is repealed.

15 **SEC. 203. CONFORMING AMENDMENTS.**

16 (a) CONSOLIDATED FARM AND RURAL DEVELOP-
17 MENT ACT AMENDMENTS.—

18 (1) Section 307(a)(3) of the Consolidated Farm
19 and Rural Development Act (7 U.S.C. 1927(a)(3))
20 is amended—

21 (A) by striking subparagraphs (A) and
22 (C); and

23 (B) in subparagraph (B)—

24 (i) by striking “(B)”;

1 (ii) by redesignating clauses (i) and
2 (ii) as subparagraphs (A) and (B), respec-
3 tively; and

4 (iii) by redesignating subclauses (I)
5 and (II) of subparagraph (A) (as so redesi-
6 gnated by clause (ii) of this subparagraph)
7 as clauses (i) and (ii), respectively.

8 (2) Section 307(a) of such Act (7 U.S.C.
9 1927(a)) is amended by striking paragraph (4).

10 (3) Section 307(a)(5) of such Act (7 U.S.C.
11 1927(a)(5)) is amended—

12 (A) by striking “(A) Except as provided in
13 subparagraph (B), the” and inserting “The”;
14 and

15 (B) by striking subparagraph (B).

16 (4) Section 307(a)(6)(B) of such Act (7 U.S.C.
17 1927(a)(6)(B)) is amended—

18 (A) by adding “and” at the end of clause
19 (i); and

20 (B) by striking clauses (ii), (iii), (iv), (v),
21 and (vi) and redesignating clause (vii) as clause
22 (ii).

23 (5) Section 307(c) of such Act (7 U.S.C.
24 1927(c)) is amended by striking “, and for obliga-
25 tions in connection with loans to associations under

1 section 306, shall take liens on the facility or such
2 other security as he may determine to be necessary”.

3 (6) Section 309(g)(1) of such Act (7 U.S.C.
4 1929(g)(1)) is amended by striking “the last sen-
5 tence of section 306(a)(1),”.

6 (7) Section 309A(a) of such Act (7 U.S.C.
7 1929a(a)) is amended by inserting “(as in effect be-
8 fore the effective date of subtitle B of the Farm
9 Credit and Rural Development Reform Act of
10 1995)” after each of “304(b)”, “306(a)(1)”,
11 “306(a)(14)”, “310B”, and “312(b)”.

12 (8) Section 309A(a) of such Act (7 U.S.C.
13 1929a(a)) is amended by inserting “prior to the re-
14 peal of such sections by the Farm Credit and Rural
15 Development Reform Act of 1995,” after “312(b),”.

16 (9) Section 309A(g)(8) of such Act (7 U.S.C.
17 1929a(g)(8)) is amended—

18 (A) by striking “make grants under sec-
19 tions 306(a) and 310B of this title,”; and

20 (B) by striking “including costs of the Sec-
21 retary incidental to guaranteeing rural develop-
22 ment loans under this title,”.

23 (10) Section 310C(a) of such Act (7 U.S.C.
24 1933(a)) is amended—

1 (A) by redesignating clauses (1), (2), and
2 (3) as clauses (A), (B), and (C), respectively;
3 (B) by inserting “(1)” after “(a)”; and
4 (C) by adding after and below the end the
5 following:

6 “(2) As used in paragraph (1), the terms ‘rural’ and
7 ‘rural area’ shall not include any area in any city or town
8 which has a population in excess of 10,000 inhabitants.”.

9 (11) Section 316(a) of such Act (7 U.S.C.
10 1946(a)), as amended by section 108(f)(24) of this
11 Act, is amended by striking paragraph (3).

12 (12) Section 331(b) of such Act (7 U.S.C.
13 1981(b)) is amended—

14 (A) by adding “and” at the end of para-
15 graph (7);

16 (B) in paragraph (8), by striking “; and”
17 and inserting a period; and

18 (C) by striking paragraph (9).

19 (13) Section 333A(a) of such Act (7 U.S.C.
20 1983a(a)) is amended by striking paragraph (4).

21 (14) Section 344 of such Act (7 U.S.C. 1992),
22 as amended by section 108(f)(36) of this Act, is re-
23 pealed.

24 (b) DEPARTMENT OF AGRICULTURE REORGANIZA-
25 TION ACT OF 1994 AMENDMENTS.—

1 (1) Section 232(c) of the Department of Agri-
2 culture Reorganization Act of 1994 (7 U.S.C.
3 6942(c)) is amended by striking paragraphs (1) and
4 (2) and inserting the following:

5 “(1) Electric and telephone loan programs and
6 water and waste facility activities authorized by law,
7 including the Rural Electrification Act of 1936 (7
8 U.S.C. 901 et seq.).

9 “(2) Water and waste facility programs and ac-
10 tivities authorized by law, including the provisions of
11 sections 309 and 309A of the Consolidated Farm
12 and Rural Development Act (7 U.S.C. 1929 and
13 1929a) relating to assets, terms, and conditions of
14 water and sewer programs, and section 35 of the
15 Bankhead-Jones Farm Tenant Act (7 U.S.C.
16 1013a).”.

17 (2) Section 233(b) of such Act (7 U.S.C.
18 6943(b)) is amended—

19 (A) by striking paragraph (2); and

20 (B) in paragraph (3)—

21 (i) by striking “(3)” and inserting

22 “(2)”; and

23 (ii) by striking “programs authorized
24 by sections 365 through” and inserting
25 “activities under section”.

1 (3) Section 234(b) of such Act (7 U.S.C.
2 6944(b)) is amended—

3 (A) in paragraph (1)—

4 (i) by striking “and title V of”; and

5 (ii) by striking “and 950aa et seq.”;

6 and

7 (B) by striking paragraph (3).

8 (c) NORTH AMERICAN FREE TRADE AGREEMENT IM-
9 PLEMENTATION ACT AMENDMENT.—Section 321(h)(2) of
10 the North American Free Trade Agreement Implementa-
11 tion Act (19 U.S.C. 3391(h)(2)) is amended by inserting
12 “(as in effect before the effective date of subtitle B of the
13 Farm Credit and Rural Development Reform Act of
14 1995)” before the period.

15 (d) FOOD, AGRICULTURE, CONSERVATION, AND
16 TRADE ACT OF 1990 AMENDMENTS.—

17 (1) Section 2375(e) of the Food, Agriculture,
18 Conservation, and Trade Act of 1990 (7 U.S.C.
19 6613(e)) is amended by inserting “(as in effect be-
20 fore the effective date of subtitle B of the Farm
21 Credit and Rural Development Reform Act of
22 1995)” before the comma.

23 (2) Effective 5 years after the effective date of
24 this subtitle, section 2375 of the Food, Agriculture,

1 Conservation, and Trade Act of 1990 (7 U.S.C.
2 6613) is amended by striking subsection (e).

3 (e) COOPERATIVE FORESTRY ASSISTANCE ACT OF
4 1978 AMENDMENT.—Section 10(b)(3) of the Cooperative
5 Forestry Assistance Act of 1978 (7 U.S.C. 2106(b)(3))
6 is amended by striking “the first clause of section
7 306(a)(7)” and inserting “section 310C(a)(2)”.

8 (f) THE ROBERT T. STAFFORD DISASTER RELIEF
9 AND EMERGENCY ASSISTANCE ACT AMENDMENT.—Sec-
10 tion 310(a) of The Robert T. Stafford Disaster Relief and
11 Emergency Assistance Act (42 U.S.C. 5153(a)) is amend-
12 ed by striking paragraph (4) and redesignating para-
13 graphs (5) through (7) as paragraphs (4) through (6), re-
14 spectively.

15 (g) COMMUNITY ECONOMIC DEVELOPMENT ACT OF
16 1981 AMENDMENTS.—Section 628 of the Community
17 Economic Development Act of 1981 (42 U.S.C. 9817) is
18 amended—

19 (1) by striking “, as amended” and all that fol-
20 lows through “1972” and inserting “and the Con-
21 solidated Farm and Rural Development Act”; and

22 (2) by redesignating paragraph (3) as para-
23 graph (2).

24 (h) AGRICULTURAL ACT OF 1970 AMENDMENT.—
25 Section 901(b) of the Agricultural Act of 1970 (42 U.S.C.

1 3122(b)) is amended by striking “as defined in the private
2 business enterprise exception in section 306(a)(7) of the
3 Consolidated Farmers Home Administration Act of 1961,
4 as amended (7 U.S.C. 1926)” and inserting “(as defined
5 in section 703(c)(2)(A) of the Rural Development Act of
6 1972)”.

7 (i) RURAL ELECTRIFICATION ACT OF 1936 AMEND-
8 MENTS.—

9 (1) Section 4 of the Rural Electrification Act of
10 1936 (7 U.S.C. 904) is amended—

11 (A) by inserting “(as in effect before the
12 effective date of subtitle B of the Farm Credit
13 and Rural Development Reform Act of 1995)”
14 after “3(d) and 3(e)”; and

15 (B) by striking “and section 5”.

16 (2) Section 7 of such Act (7 U.S.C. 907) is
17 amended by striking “authorized in section 3 of”
18 and inserting “appropriated to carry out”.

19 (3) Section 12 of such Act (7 U.S.C. 912) is
20 amended—

21 (A) in subsection (a)—

22 (i) by inserting “(as in effect before
23 the effective date of subtitle B of the Farm
24 Credit and Rural Development Reform Act
25 of 1995)” after “section 5”; and

1 (ii) by inserting “(as in effect before
2 the effective date of subtitle B of the Farm
3 Credit and Rural Development Reform Act
4 of 1995)” before the period; and

5 (B) in subsection (b)(3)(D), by striking the
6 3rd sentence.

7 (4) Section 201 of such Act (7 U.S.C. 922) is
8 amended by striking “pursuant to section 3 of the
9 Rural Electrification Act of 1936, as amended,”.

10 (5) Section 301(a) of such Act (7 U.S.C.
11 931(a)) is amended—

12 (A) in paragraph (2), by inserting “(as in
13 effect before the effective date of subtitle B of
14 the Farm Credit and Rural Development Re-
15 form Act of 1995)” after “5”; and

16 (B) in paragraph (3), by striking “notwith-
17 standing section 3(a) of title I,”.

18 (6) Section 302 of such Act (7 U.S.C. 932) is
19 amended—

20 (A) in each of subsections (a) and (b)(1),
21 by inserting “(before the effective date of sub-
22 title B of the Farm Credit and Rural Develop-
23 ment Reform Act of 1995)” after “5”; and

24 (B) in subsection (b)(2), by striking “pur-
25 suant to section 3(a) of this Act” and inserting

1 “before the effective date of subtitle B of the
 2 Farm Credit and Rural Development Reform
 3 Act of 1995”.

4 (7) Section 406(a) of such Act (7 U.S.C.
 5 946(a)) is amended in the 2nd sentence by inserting
 6 “(as in effect before the effective date of subtitle B
 7 of the Farm Credit and Rural Development Reform
 8 Act of 1995)” before the period.

9 **SEC. 204. SAVINGS PROVISION.**

10 This subtitle and the amendments made by this sub-
 11 title shall not be construed to affect any obligation entered
 12 into before the effective date of this subtitle.

13 **SEC. 205. EFFECTIVE DATE.**

14 This subtitle and the amendments made by this sub-
 15 title shall take effect on October 1, 1996.

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