

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

**EFFECTIVE DATE**

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

**§ 2016. Interest rates and other charges****(a) In general**

Loans and discounts made by a Farm Credit Bank shall bear such rate or rates of interest or discount, and be on such terms and conditions, as may be determined by the board of directors of the bank from time to time.

**(b) Setting rates and charges**

In setting rates and charges, it shall be the objective to provide the types of credit needed by eligible borrowers at the lowest reasonable costs on a sound business basis taking into consideration the cost of money to the bank, necessary reserve and expenses of the bank and associations, and providing services to members. The loan documents or discounting and financing agreements, may provide for the interest rate or rates to vary from time to time during the repayment period of the loan or agreement.

(Pub. L. 92-181, title I, §1.8, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1626; amended Pub. L. 100-399, title IV, §401(g), Aug. 17, 1988, 102 Stat. 996.)

**Editorial Notes****PRIOR PROVISIONS**

A prior section 2016, Pub. L. 92-181, title I, §1.8, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §105, Dec. 24, 1980, 94 Stat. 3438, related to eligibility, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

**AMENDMENTS**

1988—Subsec. (a). Pub. L. 100-399 substituted “such rate or rates of interest or discount, and be” for “interest at a rate or rates, and”.

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**EFFECTIVE DATE**

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

**§ 2017. Eligibility**

The credit and financial services authorized in this subchapter may be made available to persons who are or become stockholders or members of the bank or associations in the district, and who are—

- (1) bona fide farmers, ranchers, or producers or harvesters of aquatic products;
- (2) persons furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs; or
- (3) owners of rural homes.

(Pub. L. 92-181, title I, §1.9, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1626.)

**Editorial Notes****PRIOR PROVISIONS**

A prior section 2017, Pub. L. 92-181, title I, §1.9, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §106, Dec. 24, 1980, 94 Stat. 3438; Pub. L. 100-233, title IV, §426, title VIII, §802(d), Jan. 6, 1988, 101 Stat. 1657, 1710; Pub. L. 100-399, title IV, §412, title VII, §701, Aug. 17, 1988, 102 Stat. 1004, 1006, related to security, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE**

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

**§ 2018. Security; terms****(a) Real estate loans****(1) Maximum level of loans****(A) In general**

Real estate mortgage loans originated by a Farm Credit Bank, or in which a Farm Credit Bank participates in with a lender that is not a System institution, shall not exceed 85 percent of the appraised value of the real estate security, except as provided for in subparagraphs (C) and (D).

**(B) Regulation**

The Farm Credit Administration may, by regulation, require that loans not exceed 75 percent of the appraised value of the real estate security.

**(C) Guaranteed loans**

If the loan is guaranteed by Federal, State, or other governmental agencies, the loan may not exceed 97 percent of the appraised value of the real estate security, as may be authorized under regulations of the Farm Credit Administration.

**(D) Private mortgage insurance**

A loan on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of such 85 percent is covered by the insurance.

**(2) Security**

All loans originated or participated in by a bank under this section shall be secured by first liens on interests in real estate of such classes as may be prescribed by regulations of the Farm Credit Administration.

**(3) Value of security**

To adequately secure the loan, the value of security shall be determined by appraisal under standards prescribed by the bank in ac-

cordance with regulations of the Farm Credit Administration.

**(4) Additional security**

Additional security for any loan may be required by the bank to supplement real estate security. Credit factors, other than the ratio between the amount of the loan and the security value, shall be given due consideration.

**(b) Intermediate credit**

Loans, other than real estate loans, and discounts made under the provisions of this subchapter shall be repayable in not more than 7 years (15 years if made to producers or harvesters of aquatic products) from the time that such are made or discounted by the Farm Credit Bank, except that the Board of Directors, under regulations of the Farm Credit Administration, may approve policies permitting loans, advances, or discounts (other than those made to producers or harvesters of aquatic products) to be repayable in not more than 10 years from the time that such are made or discounted by such bank.

(Pub. L. 92-181, title I, §1.10, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1627; amended Pub. L. 100-399, title IV, §401(h), (i), Aug. 17, 1988, 102 Stat. 996; Pub. L. 104-105, title II, §§202, 203, Feb. 10, 1996, 110 Stat. 172.)

**Editorial Notes**

**PRIOR PROVISIONS**

A prior section 2018, Pub. L. 92-181, title I, §1.10, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §107, Dec. 24, 1980, 94 Stat. 3438, related to purposes, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

**AMENDMENTS**

1996—Subsec. (a)(1)(A). Pub. L. 104-105, §202(b), substituted “subparagraphs (C) and (D)” for “paragraphs (2) and (3)”.

Subsec. (a)(1)(D). Pub. L. 104-105, §202(a), added subpar. (D).

Subsec. (a)(5). Pub. L. 104-105, §203, struck out heading and text of par. (5). Text read as follows: “Each Farm Credit Bank shall require a financial statement from each borrower at least once every 3 years, or during such shorter period of time as may be required under regulations of the Farm Credit Administration.”

1988—Subsec. (a)(2). Pub. L. 100-399, §401(h)(1), substituted “prescribed by regulations of” for “approved by”.

Subsec. (a)(3). Pub. L. 100-399, §401(h)(2), substituted “under standards” for “under appraisal standards” and “in accordance with regulations of” for “and approved by”.

Subsec. (b). Pub. L. 100-399, §401(i), substituted “harvesters of aquatic products) from” for “harvester of aquatic products) from”.

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**EFFECTIVE DATE**

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

**§ 2019. Purposes for extensions of credit**

**(a) Agricultural or aquatic purposes**

**(1) In general**

Loans made by a Farm Credit Bank to farmers, ranchers, and producers or harvesters of aquatic products may be for any agricultural or aquatic purpose and other credit needs of the applicant, including financing for basic processing and marketing directly related to the applicant's operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products, except that the operations of the applicant shall supply some portion of the total processing or marketing for which financing is extended.

**(2) Limitation on loans for basic processing and marketing operations**

The aggregate of the financing provided by any Farm Credit Bank for basic processing and marketing directly related to the operations of farmers, ranchers, and producers or harvesters of aquatic products, if the operations of the applicant supply less than 20 percent of the total processing or marketing for which financing is extended, shall not exceed 15 percent of the total of all outstanding loans of such bank.

**(b) Rural housing financing**

**(1) In general**

Loans and discounts may be made to rural residents for rural housing financing under regulations of the Farm Credit Administration.

**(2) Limitations**

Rural housing financed under this subchapter shall be for single-family, moderate-priced dwellings and their appurtenances not inconsistent with the general quality and standards of housing existing in, or planned or recommended for, the rural area where it is located, except that a Farm Credit Bank may not at any one time have a total amount of loans outstanding for such rural housing to persons other than farmers or ranchers in amounts exceeding 15 percent of the total of all loans outstanding in such bank.

**(3) Rural areas**

For rural housing purposes under this section the term “rural areas” shall not be defined to include any city or village having a population in excess of 2,500 inhabitants.

**(c) Farm-related services**

**(1) In general**

Loans to persons furnishing farm-related services to farmers and ranchers directly related to their on-farm operating needs may be made for the necessary capital structures and equipment and initial working capital for such services.

**(2) Facilities**

The banks may own and lease, or lease with option to purchase, to persons eligible for credit under this subchapter or subchapter II, equipment or facilities needed in the operations of such persons.