

§ 2015. Lending authority**(a) Real estate loans and related assistance****(1) Real estate loans**

The Farm Credit Banks may make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by the Farm Credit Administration, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, for a term of not less than 5 nor more than 40 years.

(2) Financial assistance

The Farm Credit Banks may provide and extend financial assistance to, and discount for, or purchase from, a Federal land bank association any note, draft, or other obligation with the endorsement or guarantee of the association, the proceeds of which have been advanced to persons eligible and for purposes of financing by the association, as authorized under section 2279b(a) of this title.

(b) Intermediate credit**(1) In general**

The Farm Credit Banks are authorized to make loans and extend other similar financial assistance to and to discount for or purchase from—

(A) any production credit association, or

(B) any national bank, State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, credit union, or any association of agricultural producers engaged in the making of loans to farmers and ranchers, and any corporation engaged in the making of loans to producers or harvesters of aquatic products,

any note, draft, or other obligation with the institution's endorsement or guarantee, the proceeds of which note, draft, or other obligation have been advanced to persons and for purposes eligible for financing by production credit associations as authorized by this chapter.

(2) Participation with other entities

The Farm Credit Banks may participate with one or more production credit associations or other Farm Credit Banks in the making of loans to eligible borrowers and may participate with one or more other Farm Credit System institutions in loans made under this subchapter or other subchapters of this chapter on the basis prescribed in section 2206 of this title.

(3) Limitations on extension of financial services**(A) General rule**

No paper shall be purchased from or discounted for, and no loans shall be made or other similar financial assistance extended by a Farm Credit Bank to any entity identified in paragraph (1)(B) of this subsection if the amount of such paper added to the aggregate liabilities of such entity, whether direct or contingent (other than bona fide deposit liabilities), exceeds ten times the paid-

in and unimpaired capital and surplus of such entity or the amount of such liabilities permitted under the laws of the jurisdiction creating such institution, whichever is the lesser.

(B) Limitation on national bank

It shall be unlawful for any national bank which is indebted to any Farm Credit Bank, on paper discounted or purchased under paragraph (1), to incur any additional indebtedness, if by virtue of such additional indebtedness its aggregate liabilities direct or contingent, will exceed the limitation described in subparagraph (A).

(4) FCA regulations**(A) In general**

All of the loans, financial assistance, discounts and purchases authorized by this subsection shall be subject to regulations of the Farm Credit Administration and shall be secured by collateral, if any, as may be required in such regulations.

(B) Requirement of regulations

The regulations shall assure that such loans, financial assistance, discounts, and purchases are available on a reasonable basis to any financing institution authorized to receive such services under paragraph (1)(B) of this subsection, and that—

(i) is significantly involved in lending for agricultural or aquatic purposes;

(ii) demonstrates a continuing need for supplementary sources of funds to meet the credit requirements of its agricultural or aquatic borrowers;

(iii) has limited access to national or regional capital markets; and

(iv) does not use such services to expand its financing activities to persons and for purposes other than those authorized under subchapter II of this chapter.

(C) Fees

The regulations may authorize a Farm Credit Bank to charge reasonable fees for any commitment to extend service under this section to such a financing institution.

(D) Subsidiaries and affiliates

For purposes of this subsection, a financing institution together with the subsidiaries and affiliates of such may be considered as one, but such determination to consider such institution together with the subsidiaries and affiliates of such as one shall be made in the first instance by the bank and in the event of a denial by the bank of its services to a financial institution, then by the Farm Credit Administration on a case-by-case basis with due regard to the total relationship of the financing institution, its subsidiaries, and affiliates.

(5) Effective date

Nothing in this section shall require termination of discount relationships in existence on December 24, 1980.

(Pub. L. 92-181, title I, §1.7, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1625;

amended Pub. L. 100-399, title IV, §401(e), (f), Aug. 17, 1988, 102 Stat. 995, 996.)

CODIFICATION

In subsec. (b)(5), “December 24, 1980” substituted for “the effective date of the Farm Credit Act Amendments of 1980”.

PRIOR PROVISIONS

A prior section 2015, Pub. L. 92-181, title I, §1.7, Dec. 10, 1971, 85 Stat. 585; Pub. L. 96-592, title I, §104, Dec. 24, 1980, 94 Stat. 3438; Pub. L. 99-509, title I, §1033(a), Oct. 21, 1986, 100 Stat. 1877, related to interest rates and other charges, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1988—Subsec. (a). Pub. L. 100-399, §401(e), inserted in heading “and related assistance” and amended text generally. Prior to amendment, text read as follows: “The Farm Credit Banks are authorized to make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by the Farm Credit Administration, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, for a term of not less than 5 nor more than 40 years.”

Subsec. (b)(2). Pub. L. 100-399, §401(f)(1), struck out provision that banks may own and lease or lease with an option to purchase to persons eligible for assistance under this subchapter, equipment needed in the operations of such persons.

Subsec. (b)(3). Pub. L. 100-399, §401(f)(2), substituted in heading “services” for “assistance” and in subpar. (B) “described in subparagraph (A)” for “herein contained”.

Subsec. (b)(4)(A). Pub. L. 100-399, §401(f)(3), substituted “subsection” for “section”.

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.

§ 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.)

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”.

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.

§ 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.)

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.

§ 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.