

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.

(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 accordance 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.)

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”.