

Mortgage Corporation to establish other policies and procedures.

§ 2279aa-8. Standards for qualified loans

(a) Standards

(1) In general

The Corporation shall establish underwriting, security appraisal, and repayment standards for qualified loans taking into account the nature, risk profile, and other differences between different categories of qualified loans.

(2) Supervision, examination, and report of condition

The standards shall be subject to the authorities of the Farm Credit Administration under section 2279aa-11 of this title.

(3) Mortgage loans

In establishing standards for qualified loans, the Corporation shall confine corporate operations, so far as practicable, to mortgage loans that are deemed by the Board to be of such quality so as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors.

(b) Minimum criteria

To further the purpose of this subchapter to provide a new source of long-term fixed rate financing to assist farmers and ranchers to purchase agricultural real estate, the standards established by the Board pursuant to subsection (a) with respect to loans secured by agricultural real estate shall, at a minimum—

(1) provide that no agricultural mortgage loan with a loan-to-value ratio in excess of 80 percent may be treated as a qualified loan;

(2) require each borrower to demonstrate sufficient cash-flow to adequately service the agricultural mortgage loan;

(3) contain sufficient documentation standards;

(4) contain adequate standards to protect the integrity of the appraisal process with respect to any agricultural mortgage loans;

(5) contain adequate standards to ensure that the farmer or rancher is or will be actively engaged in agricultural production, and require the borrower to certify to the originator that the borrower intends to continue agricultural production on the farm or ranch involved;

(6) minimize speculation in agricultural real estate for nonagricultural purposes; and

(7) in establishing the value of agricultural real estate, consider the purpose for which the real estate is taxed.

(c) Loan amount limitation

(1) In general

A loan secured by agricultural real estate may not be treated as a qualified loan if the principal amount of such loan exceeds \$2,500,000, adjusted for inflation, except as provided in paragraph (2).

(2) Acreage exception

Paragraph (1) shall not apply with respect to any agricultural mortgage loan described in such paragraph if such loan is secured by agricultural real estate that, in the aggregate, comprises not more than 1,000 acres.

(d) Nondiscrimination requirement

The standards established under subsection (a) shall not discriminate against small originators or small agricultural mortgage loans that are at least \$50,000. The Board shall promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market.

(Pub. L. 92-181, title VIII, § 8.8, as added Pub. L. 100-233, title VII, § 702, Jan. 6, 1988, 101 Stat. 1700; amended Pub. L. 100-399, title VI, § 601(i), Aug. 17, 1988, 102 Stat. 1005; Pub. L. 104-105, title I, § 110, Feb. 10, 1996, 110 Stat. 165; Pub. L. 110-234, title V, § 5406(c), May 22, 2008, 122 Stat. 1158; Pub. L. 110-246, § 4(a), title V, § 5406(c), June 18, 2008, 122 Stat. 1664, 1920.)

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2008—Subsec. (a). Pub. L. 110-246, § 5406(c)(1), added pars. (1) and (2), designated last sentence as par. (3) and inserted heading, and struck out former first sentence which read as follows: “Not later than 120 days after the appointment and election of the permanent Board, the Corporation, in consultation with originators, shall establish uniform underwriting, security appraisal, and repayment standards for qualified loans.”

Subsec. (b). Pub. L. 110-246, § 5406(c)(2)(A), inserted “with respect to loans secured by agricultural real estate” after “subsection (a)” in introductory provisions.

Subsec. (b)(5). Pub. L. 110-246, § 5406(c)(2)(B), substituted “ensure that the farmer or rancher” for “ensure that the borrower” and “farm or ranch” for “site”.

Subsec. (c)(1). Pub. L. 110-246, § 5406(c)(3), inserted “secured by agricultural real estate” after “A loan”.

Subsecs. (d), (e). Pub. L. 110-246, § 5406(c)(4), (5), redesignated subsec. (e) as (d) and struck out former subsec. (d). Prior to amendment, text read as follows: “No standard prescribed under subsection (a) shall take effect before the later of—

“(1) the end of a period consisting of 30 legislative days and beginning on the date such standards are submitted to the Congress; or

“(2) the end of a period consisting of 90 calendar days and beginning on such date.”

1996—Subsec. (e). Pub. L. 104-105 inserted at end “The Board shall promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market.”

1988—Subsec. (a). Pub. L. 100-399 inserted “permanent” after “appointment and election of the”.

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2279aa-9. Exemption from restructuring and borrowers rights provisions for pooled loans

(a) Restructuring

Notwithstanding any other provision of law, sections 2202, 2202a, 2202b, 2202c, 2202d, and 2219a

of this title shall not apply to any loan included in a pool of qualified loans backing securities or obligations for which the Corporation provides guarantee. The loan servicing standards established by the Corporation shall be patterned after similar standards adopted by other federally sponsored secondary market facilities.

(b) Borrowers rights

At the time of application for a loan (as defined in section 2202a(a)(5) of this title), originators that are Farm Credit System institutions shall give written notice to each applicant of the terms and conditions of the loan, setting forth separately terms and conditions for pooled loans and loans that are not pooled. This notice shall include a statement, if applicable, that the loan may be pooled and that, if pooled, sections 2202, 2202a, 2202b, 2202c, 2202d, and 2219a of this title shall not apply. This notice also shall inform the applicant that he or she has the right not to have the loan pooled. Within 3 days from the time of commitment, an applicant has the right to refuse to allow the loan to be pooled, thereby retaining rights under sections 2202, 2202a, 2202b, 2202c, 2202d, and 2219a of this title, if applicable.

(Pub. L. 92-181, title VIII, §8.9, as added Pub. L. 100-233, title VII, §702, Jan. 6, 1988, 101 Stat. 1701; amended Pub. L. 100-399, title VI, §601(j), Aug. 17, 1988, 102 Stat. 1005; Pub. L. 104-105, title II, §208(b), Feb. 10, 1996, 110 Stat. 174.)

AMENDMENTS

1996—Subsec. (b). Pub. L. 104-105 inserted “(as defined in section 2202a(a)(5) of this title)” after “application for a loan”.

1988—Subsecs. (a), (b). Pub. L. 100-399 substituted “2202d, and 2219a” for “and 2219b” wherever appearing.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2279aa-10. Funding for guarantee; reserves of Corporation

(a) Guarantee

The Corporation shall provide guarantees for securities representing interests in, or obligations backed by, pools of qualified loans through commitments issued by the Corporation providing for guarantees.

(b) Guarantee fees

(1) Initial fee

At the time a guarantee is issued by the Corporation, the Corporation shall assess the certified facility a fee of not more than ½ of 1 percent of the initial principal amount of each pool of qualified loans.

(2) Annual fees

Beginning in the second year after the date the guarantee is issued under paragraph (1), the Corporation may, at the end of each year, assess the certified facility an annual fee of not more than ½ of 1 percent of the principal amount of the loans then constituting the pool.

(3) Determination of amount

The Corporation shall establish such fees on the amount of risk incurred by the Corporation in providing the guarantees with respect to which such fee is assessed, as determined by the Corporation. Fees assessed under paragraphs (1) and (2) shall be established on an actuarially sound basis.

(4) Review by GAO

The Comptroller General of the United States may review, and submit to the Congress a report regarding, the actuarial soundness and reasonableness of the fees established by the Corporation under this subsection.

(c) Corporation reserve against guarantees losses required

(1) In general

So much of the fees assessed under this section as the Board determines to be necessary shall be set aside by the Corporation in a segregated account as a reserve against losses arising out of the guarantee activities of the Corporation.

(2) Exhaustion of reserve required

The Corporation may not issue obligations to the Secretary of the Treasury under section 2279aa-13 of this title in order to meet the obligations of the Corporation with respect to any guarantees provided under this subchapter until the reserve established under paragraph (1) has been exhausted.

(d) Fees to cover administrative costs authorized

The Corporation may impose charges or fees in reasonable amounts in connection with the administration of its activities under this subchapter to recover its costs for performing such administration.

(Pub. L. 92-181, title VIII, §8.10, as added Pub. L. 100-233, title VII, §702, Jan. 6, 1988, 101 Stat. 1701; amended Pub. L. 104-316, title I, §106(f), Oct. 19, 1996, 110 Stat. 3831.)

AMENDMENTS

1996—Subsec. (b)(4). Pub. L. 104-316 substituted “Review” for “Annual review” in heading and “may review” for “shall annually review” in text.

§ 2279aa-11. Supervision, examination, and report of condition

(a) Regulation

(1) Authority

Notwithstanding any other provision of this chapter, the Farm Credit Administration shall have the authority to provide, acting through the Office of Secondary Market Oversight—

(A) for the examination of the Corporation and its affiliates; and

(B) for the general supervision of the safe and sound performance of the powers, functions, and duties vested in the Corporation and its affiliates by this subchapter, including through the use of the authorities granted to the Farm Credit Administration under—

(i) part C of subchapter V; and

(ii) beginning 6 months after December 13, 1991, section 2252(a)(9) of this title.