### 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,  $\S401$ , 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".

### 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.

### § 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,  $\S1.9$ , Dec. 10, 1971, 85 Stat. 586; Pub. L. 96–592, title I,  $\S106$ , Dec. 24, 1980, 94 Stat. 3438; Pub. L. 100–233, title IV,  $\S426$ , title VIII,  $\S802(d)$ , Jan. 6, 1988, 101 Stat. 1657, 1710; Pub. L. 100–399, title IV,  $\S412$ , title VII,  $\S701$ , Aug. 17, 1988, 102 Stat. 1004, 1006, related to security, prior to the general amendment of this subchapter by Pub. L. 100–233,  $\S401$ .

### 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-