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ACTS OF CONGRESS ADMINISTERED BY THE
FARMERS HOME ADMINISTRATION

(Approved through the 89th Congress, 2nd Session)



Codified for this purpose by the
Budget Division

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1. Section 1 and 2 of the Farmers Home Administration Act of 1946 (P.L. 731, 79th Congress; 7 U.S.C. 1001 Note, 1958 basic edition).
2. The Debt Settlement Act of December 20, 1944 (P.L. 518, 78th Congress; 12 U.S.C. 1150).
3. Appropriation Acts and P.L. 979, 84th Congress; (7 U.S.C. 1040) with respect thereto.
4. To provide assistance to States of Florida, Louisiana and Mississippi for damages suffered by Hurricane "Betsy". P.L. 89-339, approved November 8, 1965.
5. Assignment of income under Section 8(g) of the Soil Conservation and Domestic Allotment Act, as amended. P.L. 89-742, approved November 2, 1966 (16 U.S.C. 590h(g)).

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED

This is Title III of the Agricultural Act of 1961

(P.L. 87-128, as amended)

Sec. 301. (a) (U.S.C. 1921 Note) This title may be cited Citation
as the "Consolidated Farmers Home Administration Act of 1961". of title.

(b) (7 U.S.C. 1921) The Congress hereby finds that the
statutory authority of the Secretary of Agriculture, hereinafter
referred to in this title as the "Secretary," for making and
insuring loans to farmers and ranchers should be revised and
consolidated to provide for more effective credit services to farmers.

Subtitle A -- Real Estate Loans

Sec. 302. (7 U.S.C. 1922) The Secretary is authorized to make and
insure loans under this subtitle to farmers and ranchers in the United
States and in Puerto Rico and the Virgin Islands who (1) are citizens of
the United States, (2) have a farm background and either training or
farming experience which the Secretary determines is sufficient to assure
reasonable prospects of success in the proposed farming operations, (3)
are or will become owner-operators of not larger than family farms, and
(4) are unable to obtain sufficient credit elsewhere to finance their
actual needs at reasonable rates and terms, taking into consideration
prevailing private and cooperative rates and terms in the community in
or near which the applicant resides for loans for similar purposes and
periods of time.

Sec. 303. (7U.S.C. 1923) Loans may be made or insured under this
subtitle for acquiring, enlarging, or improving farms, including farm
buildings, land and water development, use and conservation, including
recreational uses and facilities, refinancing existing indebtedness,
and for loan closing costs. In making or insuring loans for farm
purchase, the Secretary shall give preference to persons who are married
or have dependent families and, wherever practicable, to persons who are
able to make initial downpayments, or who are owners of livestock and
farm implements necessary successfully to carry on farming operations.

Land and
Water de-
velopment.

Sec. 304. (7U.S.C. 1924) Loans may also be made or insured
under this subtitle to any farmowners or tenants without regard
to the requirements of section 302(1), (2), and (3) for the
purposes only of land and water development, use and conservation.

Loan limi-
tation.

Sec. 305. (7 U.S.C. 1925) The Secretary shall make or insure
no loan under sections 302, 303, and 304 which would cause (a) the
unpaid indebtedness against the farm or other security at the time
the loan is made to exceed \$60,000 or the normal value of the farm
or other security, or (b) the loan to exceed the amount certified
by the county committee. In determining the normal value of the
farm, the Secretary shall consider appraisals made by competent
appraisers under rules established by the Secretary. Such ap-
praisals shall take into consideration both the normal agricul-
tural value and the normal market value of the farm.

Sec. 306. (7 U.S.C. 1926) (a) (1) The Secretary is also authorized to make or insure loans to associations, including corporations not operated for profit, and public and quasi-public agencies to provide for the application or establishment of soil conservation practices, shifts in land use, the conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities, and recreational developments, all primarily serving farmers, ranchers, farm tenants, farm laborers, and other rural residents, and to furnish financial assistance or other aid in planning projects for such purposes.

(2) The Secretary is authorized to make grants aggregating not to exceed \$50,000,000 in any fiscal year to such associations to finance specific projects for works for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The amount of any grant made under the authority of this paragraph shall not exceed 50 per centum of the development cost of the project to serve the area which the association determines can be feasibly served by the facility and to adequately serve the reasonably foreseeable growth needs of the area.

(3) No grant shall be made under paragraph 2 of this subsection in connection with any facility unless the Secretary determines that the project (i) will serve a rural area which is not likely to decline in population below that for which the facility was designed, (ii) is designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area, or (iii) is necessary for orderly community development consistent with a comprehensive community water or sewer development plan of the rural area and not inconsistent with any planned development under State, county, or municipal plans approved as official plans by competent authority for the area in which the rural community is located and the Secretary shall establish regulations requiring the submission of all applications for financial assistance under this Act to the county or municipal government in which the proposed project is to be located for review and comment by such agency within a designated period of time. Until October 1, 1968, the Secretary may make grants prior to the completion of the comprehensive plan, if the preparation of such plan has been undertaken for the area.

(4) (A) The term "development cost" means the cost of construction of a facility and the land, easements, and rights-of-way, and water rights necessary to the construction and operation of the facility.

(B) The term "project" shall include facilities providing central service of facilities serving individual properties, or both.

(5) No loan or grant shall be made under this subsection which would cause the unpaid principal indebtedness of any association under this Act and under the Act of August 28, 1937, as amended, together with the amount of any assistance in the form of a grant to exceed \$4,000,000 at any one time.

50 Stat. 869;
75 Stat. 318.
16 USC 590r-
590x-4

(6) The Secretary may make grants aggregating not to exceed \$5,000,000 in any fiscal year to public bodies or such other agencies as the Secretary may determine having authority to prepare official comprehensive plans for the development of water or sewer systems in rural areas which do not have funds available for immediate undertaking of the preparation of such plans.

50 Stat. 869;
75 Stat. 318.
16 USC 590r-
590x-4

(7) Rural areas, for the purposes of water and waste disposal projects shall not include any area in any city or town which has a population in excess of 5,500 inhabitants.

(8) In each instance where the Secretary receives two or more applications for financial assistance for projects that would serve substantially the same group of residents within a single rural area, and one such application is submitted by a city, town, county or other unit of general local government, he shall, in the absence of substantial reasons to the contrary, provide such assistance to such city, town, county or other unit of general local government.

(9) No Federal funds shall be authorized for use unless it be certified by the appropriate State water pollution control agency that the water supply system authorized will not result in pollution of waters of the State in excess of standards established by that agency.

(10) In the case of sewers and waste disposal systems, no Federal funds shall be advanced hereunder unless the appropriate State water pollution control agency shall certify that the effluent therefrom shall conform with appropriate State and Federal water pollution control standards when and where established.

(b) The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

50 Stat. 869;
68 Stat. 735;
72 Stat. 841.
16 USC
590r-590x-4.

(c) In areas which have suffered major disasters the Secretary is authorized, without regard to the annual grant limitation in subsection (a)(2), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged

75 Stat. 308;
79 Stat. 931.

by a disaster, and to make grants not to exceed 50 per centum of the cost of repair, reconstruction, or replacement of waste disposal systems, water systems, and other public facilities damaged or destroyed as a result of a major disaster providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost of such services in comparable communities in the State.

Repayment period. Sec. 307. (7 U.S.C. 1927) (a) The period for repayment of loans under this subtitle shall not exceed forty years. The Secretary shall from time to time establish the interest rate or rates at which loans for various purposes will be made or insured under this subtitle but not in excess of 5 per centum per annum. The borrower shall pay such fees and other charges as the Secretary may require.

Security. (b) The Secretary shall take as security for the obligations entered into in connection with loans, mortgages on farms with respect to which such loans are made or such other security as the Secretary may require, and for obligations in connection with loans to associations under section 306, shall take liens on the facility or such other security as he may determine to be necessary. Such security instruments shall constitute liens running to the United States notwithstanding the fact that the notes may be held by lenders other than the United States.

Sec. 308. (7 U.S.C. 1928) Loans under this subtitle may be insured by the Secretary aggregating not more than \$450,000,000 in any one year, whenever funds are advanced or a loan is purchased by a lender other than the United States. In connection with insurance of loans, the Secretary --

(a) is authorized to make agreements with respect to the servicing of loans insured hereunder and to purchase such loans on such terms and conditions as he may prescribe; and

(b) may retain out of payments by the borrower a charge at a rate specified in the insurance agreement applicable to the loans.

Any contract of insurance executed by the Secretary under this subtitle shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.

Agri-cultural Credit Insurance Fund. 60 Stat. 1072. 7USC 1005a. Sec. 309. (7 U.S.C. 1929) (a) The fund established pursuant to section 11(a) of the Bankhead-Jones Farm Tenant Act, as amended, shall hereafter be called the Agricultural Credit Insurance Fund and is hereinafter in this subtitle referred to as the "fund". The fund shall remain available as a revolving fund for the discharge of the obligations of the Secretary under agreements insuring loans under this subtitle and loans and mortgages insured under prior authority.

(b) Moneys in the fund not needed for current operations shall be deposited in the Treasury of the United States to the credit of the fund or invested in direct obligations of the United States or obligations guaranteed by the United States. The Secretary may purchase with money in the fund any notes issued by the Secretary to the Secretary of the Treasury for the purpose of obtaining money for the fund.

(c) The Secretary is authorized to make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds necessary for discharging obligations under this section and for authorized expenditures out of the fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yield of outstanding marketable obligations of the United States having maturities comparable to the notes issued by the Secretary under this subtitle. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and, for that purpose, the Secretary of the Treasury 40 is authorized to use as a public debt transaction the proceeds from Stat. the sale of any securities issued under the Second Liberty Bond Act, 288. as amended, and the purpose for which such securities may be issued under such Act, as amended, are extended to include the purchase of 31 USC notes issued by the Secretary. All redemptions, purchases, and sales 774. by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

(d) Notes and security acquired by the Secretary in connection with loans insured under this subtitle and under prior authority shall become a part of the fund. Notes may be held in the fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof at the balance due thereon, or on such other basis as the Secretary may determine from time to time. All net proceeds from such collections, including sales of notes or property, shall be deposited in and become a part of the fund.

(e) The Secretary shall deposit in the fund all or a portion, not to exceed one-half of 1 per centum of the unpaid principal balance of the loan, of any charge collected in connection with the insurance of loans; and any remainder of any such charge shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually and become merged with any appropriation for administrative expenses.

(f) The Secretary may utilize the fund--

(1) To make loans which could be insured under this subtitle whenever the Secretary has reasonable assurance that they can be sold without undue delay, and may sell and insure such loans. The aggregate of the principal of such loans made and not disposed of shall not exceed \$50,000,000 at any one time;

(2) to pay the interest to which the holder of the note is entitled on loans heretofore or hereafter insured accruing between the date of any prepayments made by the borrower and the date of transmittal of

any such prepayments to the lender. In the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

(3) to pay to the holder of the notes any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, the entire balance due on the loans;

(4) to purchase notes in accordance with agreements previously entered into; and

(5) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections and other expenses and advances authorized in section 335(a) in connection with insured loans.

Subtitle B -- Operating Loans

Sec. 311. (7 U.S.C. 1941) The Secretary is authorized to make loans under this subtitle to farmers and ranchers in the United States and in Puerto Rico and the Virgin Islands who (1) are citizens of the United States, (2) have a farm background and training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operation, (3) are or will become operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

Sec. 312. (7 U.S.C. 1942) Loans may be made under this subtitle for (1) paying costs incident to reorganizing the farming system for more profitable operation, (2) purchasing livestock, poultry, and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (4) financing land and water development, use and conservation including recreational uses and facilities, (5) refinancing existing indebtedness, (6) other farm and home needs including but not limited to family subsistence, and (7) for loan closing costs.

Sec. 313. (7 U.S.C. 1943) The Secretary shall make no loan under this subtitle (1) which would cause the total principal indebtedness outstanding at any one time for loans made under this subtitle and under section 21 of the 70 Stat. Bankhead-Jones Farm Tenant Act, as amended, to exceed \$35,000: 602. 7 Provided, however, That not more than 25 per centum of the sums USC 1007. made available for loans under this subtitle may be used for loans which would cause such indebtedness of any borrower under said Acts to exceed \$15,000, (2) for the purchasing or leasing of land other than for cash rent, or for carrying on any land leasing or land purchasing program, or (3) in excess of an amount certified by the county committee.

Sec. 314. (7 U.S.C. 1944) Loans aggregating not more than \$500,000 in any one year may also be made to soil conservation districts which cannot obtain necessary credit elsewhere upon reasonable terms and conditions for the purchase of equipment customarily used for soil conservation purposes.

Sec. 315. (7 U.S.C. 1945) The Secretary is authorized to participate in loans which could otherwise be made by the Secretary under this subtitle which are made by commercial banks, cooperative lending agencies, or other legally organized agricultural lending agencies up to 80 per centum of the amount of the loan.

Sec. 316. (7 U.S.C. 1946) The Secretary shall make all loans under this subtitle at an interest rate not to exceed 5 per centum per annum, upon the full personal liability of the borrower and upon such security as the Secretary may prescribe. Such loans shall be payable in not more than seven years, but may be renewed for not more than five additional years.

Subtitle C-- Emergency Loans

Sec. 321. (7 U.S.C. 1961) (a) The Secretary may designate any area in the United States and in Puerto Rico and the Virgin Islands as an emergency area if he finds (1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including loans the Secretary is authorized to make under subtitle B or to make or insure under subtitle A of this title or any other Act of Congress), at reasonable rates and terms for loans for similar purposes and periods of time, and (2) that the need for such credit in such area is the result of a natural disaster.

(b) The Secretary is authorized to make loans in any such area (1) to established farmers, ranchers, or oyster planters who are citizens of the United States and (2) to private domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting provided they have experience and resources necessary to assure a reasonable prospect for successful operation with the assistance of such loan, and are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

Sec. 322. (7 U.S.C. 1962) Loans may be made under this subtitle for any of the purposes authorized for loans under subtitle A or B of this title.

Sec. 323. (7 U.S.C. 1963) The Secretary shall make no loan under this subtitle in excess of an amount certified by the county committee.

Sec. 324. (7 U.S.C. 1964) The Secretary shall make all loans under this subtitle at a rate of interest not in excess of 3 per centum per annum repayable at such times as the Secretary may determine, taking into account the purpose of the loan and the nature and effect of the emergency, but not later than provided for loans for similar purposes under subtitles A and B of this title, and upon the full personal liability of the borrower and upon such security as the Secretary may prescribe.

Sec. 325. (7 U.S.C. 1965) The Secretary may make loans without regard to the designation of emergency areas under section 321 (a) to persons or corporations (1) who have suffered severe production losses not general to the area or (?) who are indebted to the Secretary for loans under the Act of April 6, 1946, as amended, or the Act of August 31, 1954, as amended, to the extent necessary to permit the orderly repayment or liquidation of said prior indebtedness.

63 Stat. 43.
12 USC 1148a-1 and note 1148a-2, 1148a-3
68 Stat. 909;
70 Stat. 804.

Sec. 326. (7 U.S.C. 1966) The Secretary is authorized to utilize the revolving fund created by section 84 of the Farm Credit Act of 1933, as amended (hereinafter in this subtitle referred to as the "Emergency Credit Revolving Fund"), for carrying out the purpose of this subtitle.

48 Stat. 273. 12 USC 1148a

Sec. 327. (7 U.S.C. 1967) (a) All sums received by the Secretary from the liquidation of loans made under the provisions of this subtitle or under the Act of April 6, 1949, as amended, or the Act of August 31, 1954, and from the liquidation of any other assets acquired with money from the Emergency Credit Revolving Fund shall be added to and become a part of such fund.

68 Stat. 999; 70 Stat. 804. 12 USC 1148a-1 and note, 1148a-2

(b) There are authorized to be appropriated to the Emergency Credit Revolving Fund such additional sums as the Congress shall from time to time determine to be necessary.

Subtitle D -- Administrative Provisions

Sec. 331. (7 U.S.C. 1981) For the purposes of this title and for the administration of assets under the jurisdiction of the Secretary of Agriculture pursuant to the Farmers Home Administration Act of 1946, as amended, the Bankhead-Jones Farm Tenant Act, as amended, the Act of August 28, 1937, as amended, the Act of April 6, 1949, as amended, the Act of August 31, 1954, as amended, and the powers and duties of the Secretary under any other Act authorizing agricultural credit, the Secretary may assign and transfer such powers, duties, and assets to the Farmers Home Administration, to be headed by an Administrator, appointed by the President, by and with the advice and consent of the Senate, without regard to the civil service laws or the Classification Act of 1949, as amended, who shall receive basic compensation as provided by law for that office.

60 Stat. 1062. 7 USC 1001 note. 50 Stat. 522. 7 USC 1000 50 Stat. 869. 16 USC 590r-590x-4. 63 Stat. 954. 5 USC 1071 note.

The Secretary may --

(a) administer his powers and duties through such national, area, State, or local offices and employees in the United States and in Puerto Rico and the Virgin Islands as he determines to be necessary and may authorize an office to serve the area composed of two or more States if he determines that the volume of business in the area is not sufficient to justify separate State offices;

(b) accept and utilize voluntary and uncompensated services, and, with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, territory, or political subdivision;

(c) within the limits of appropriations made therefor, make necessary expenditures for purchase or hire of passenger vehicles, and such other facilities and services as he may from time to time find necessary for the proper administration of this Act;

(d) compromise, adjust, or reduce claims, and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require, but compromises, adjustments, or reductions of claims of \$15,000 or more shall not be made without the approval of the Administrator: Provided, however, That --

(1) compromise, adjustment, or reduction of claims shall be based on the value of the security and a determination by the Secretary of the debtor's reasonable ability to pay considering his other assets and income at the time of the action and with or without the payment of any consideration at the time of such adjustment or reduction;

(2) releases from personal liability may also be made with or without payment of any consideration at the time of adjustment of claims against--

(A) borrowers who have transferred the security property to approved applicants under agreements assuming the outstanding secured indebtedness;

(B) borrowers who have transferred the security property to approved applicants under agreements assuming that portion of the secured indebtedness equal to the current market value of the security property or transferred the security property to the Secretary;

(C) borrowers who have transferred the security property to other than approved applicants under agreements assuming the full amount of, or that portion of the secured indebtedness equal to, the current market value of the security property on terms not to exceed five annual installments with interest on the unpaid balance at a rate determined by the Secretary; and

(D) borrowers who transfer security property under subparagraphs (B) and (C) above for amounts less than the indebtedness secured thereby may be released from personal liability only on a determination by the Secretary that each such borrower has no reasonable debt-paying ability considering his assets and income at the time of the transfer and the county committee certifies that the borrower has cooperated in good faith, used due diligence to maintain the security property against loss, and has otherwise fulfilled the covenants incident to his loan to the best of his ability;

(3) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee utilized pursuant to section 332 of this title; and

(4) any claim which has been due and payable for five years or more, and where the debtor has no assets or no apparent future debt-paying ability from which the claim could be collected, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the county committee and of the employee having charge of the claim, and any claim involving a principal balance of \$150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical; and

(5) partial releases and subordination of mortgages may be granted either where the secured indebtedness remaining after the transaction will be adequately secured or the security interest of the Secretary will not be adversely affected, and the transaction and use of proceeds will further the purposes for which the loan was made, improve the borrower's debt-paying ability, permit payments on indebtedness owed to or insured by the Secretary, or permit payment of reasonable costs and expenses incident to the transaction, including taxes incident to or resulting from the transaction which the borrower is unable to pay from other sources:

Provided further, That no such compromise, adjustment, or reduction shall be made hereunder after the claim has been referred to the Attorney General unless agreed to by the Attorney General

(e) collect all claims and obligations arising or administered under this title, or under any mortgage, lease, contract, or agreement entered into or administered pursuant to this title and, if in his judgment necessary and advisable, pursue the same to final collection in any court having jurisdiction.

County Section 332. (7 U.S.C. 1982) (a) The Secretary is authorized and directed to appoint in each county or area in which activities are carried on under this title, a county committee composed of three individuals residing in the county or area, at least two of whom at the time of appointment shall be farmers deriving the principal part of their income from farming. Committee appointments shall be for a term of three years except that the first appointments for any new committee shall be for one-, two-, and three-year periods, respectively, so as to provide continuity of committee membership. The Secretary may appoint alternate committeemen. The members of the committee and their alternates shall be removable for cause by the Secretary.

(b) The rates of compensation, the number of days per month each member may be paid, and the amount to be allowed for necessary travel and subsistence expenses, shall be determined and paid by the Secretary.

(c) The committee, shall meet on the call of the chairman elected by the committee or on the call of such other person as the Secretary may designate. Two members of the committee shall constitute a quorum. The Secretary shall prescribe rules governing the procedure of the committees and their duties, furnish forms and equipment necessary, and authorize and provide for the compensation of such clerical assistance as he finds may be required by any committee.

Loans; Sec. 333. (7U.S.C. 1983) In connection with loans made or insured require- sured under this title, the Secretary shall require--
ments.

(a) the applicant to certify in writing that he is unable to obtain sufficient credit elsewhere to finance his actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time;

(b) except for loans under sections 306, 314 and 321(b)(2), the county committee to certify in writing that the applicant meets the eligibility requirements for the loan, and has the character, industry, and ability to carry out the proposed farming operations, and will, in the opinion of the committee, honestly endeavor to carry out his undertakings and obligations; and for loans under section 306, 314 and 321(b)(2), the Secretary shall require the recommendation of the county committee as to the making of or insuring of the loan;

(c) an agreement by the borrower that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, upon request by the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan;

(d) such provision for supervision of the borrower's operations as the Secretary shall deem necessary to achieve the objectives of the loan and protect the interests of the United States; and

(e) the applications of veterans for loans under subtitle A or B of this title to be given preference over similar applications of nonveterans on file in any county or area office at the same time. Veterans, as used herein shall mean persons who served in the Armed Forces of the United States during any war between the United States and any other nation or during the Korean conflict and who were discharged or released therefrom under conditions other than dishonorable.

Sec. 334. (7 U.S.C. 1984) All property subject to a lien held by the United States or the title to which is acquired or held by the Secretary under this title other than property used for administrative purposes shall be subject to taxation by State, territory, district, and local political sub-divisions in the same manner and to the same extent as other property is taxed; Provided, however, That no tax shall be imposed or collected on or with respect to any instrument if the tax is based on--

(1) the value of any notes or mortgages or other lien instruments held by or transferred to the Secretary;

(2) any notes or lien instruments administered under this title which are made, assigned, or held by a person otherwise liable for such tax; or

(3) the value of any property conveyed or transferred to the Secretary, whether as a tax on the instrument, the privilege of conveying or transferring or the recordation thereof; nor shall the failure to pay or collect any such tax be a ground for refusal to record or file such instruments, or for failure to impart notice, or prevent the enforcement of its provisions in any State or Federal Court..

Sec. 335. (7 U.S.C. 1965) (a) The Secretary is authorized and empowered to make advances, without regard to any loan or total indebtedness limitation, to preserve and protect the security for or the lien or priority of the lien securing any loan or other indebtedness owing to, insured by, or acquired by the Secretary under this title or under any other programs administered by the Farmers Home Administration; to bid for and purchase at any execution, foreclosure, or other sale or otherwise to acquire property upon which the United States has a lien by reason of a judgment or execution arising from, or which is pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of, any such indebtedness whether or not such property is subject to other liens, to accept title to any property so purchased or acquired; and to sell, manage, or otherwise dispose of such property as hereinafter provided.

(b) Real property administered under the provisions of this title may be operated or leased by the Secretary for such period or periods as the Secretary may deem necessary to protect the Government's investment therein.

(c) The Secretary may determine whether real property administered under this title is suitable for disposition to persons eligible for assistance under subtitle A. Any property which the Secretary determines to be suitable for such purposes shall, whenever practicable, be sold by the Secretary as expeditiously as possible to such eligible persons in a manner consistent with the provisions of subtitle A hereof. Real property which is not determined suitable for sale to such eligible persons or which has not been purchased by such persons within a period of three years from the date of acquisition, shall be sold by the Secretary after public notice at public sale and, if no acceptable bid is received then by negotiated sale, at the best price obtainable for cash or on secured credit without regard to the laws governing the disposition of excess or surplus property of the United States. The terms of such sale shall require an initial downpayment of at least 20 per centum and the remainder of the sales price payable in not more than five annual installments with interest on unpaid balance at the rate determined by the Secretary. Any conveyances under this section shall include all of the interest of the United States, including mineral rights.

(d) With respect to any real property administered under this title, the Secretary is authorized to grant or sell easements or rights-of-way for roads, utilities, and other appurtenances not inconsistent with the public interest. With respect to any rights-of-way over land on which the United States has a lien administered under this title, the Secretary may release said lien upon

payment to the United States of adequate consideration, and the interest of the United States arising under any such lien may be acquired for highway purposes by any State or political subdivision thereof in condemnation proceedings under State law by service by certified mail upon the United States attorney for the district, the State Director of the Farmers Home Administration for the State in which the farm is located, and the Attorney General of the United States: Provided, however, That the United States shall not be required to appear, answer, or respond to any notice or writ sooner than ninety days from the time such notice or writ is returnable or purports to be effective, and the taking or vesting of title to the interest of the United States shall not become final under any proceeding order, or decree until adequate compensation and damages have been finally determined and paid to the United States or into the registry of the court.

Conflict-of-interest. Sec. 336. (7 U.S.C. 1986) No officer, attorney, or other employee of the Secretary shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this title other than such salary, fee, or other compensation as he may receive as such officer, attorney, or employee. No member of a county committee shall knowingly make or join in making any certification with respect to a loan to purchase any land in which he or any person related to him within the second degree of consanguinity or affinity has or may acquire any interest or with respect to any applicant related to him within the second degree of consanguinity or affinity. Any persons violating any provision of this section shall, upon conviction thereof, be punished by a fine of not more than \$2,000 or imprisonment for not more than two years, or both.

Debt adjustment. Sec. 337. (7 U.S.C. 1987) The Secretary may provide voluntary debt adjustment assistance between farmers and their creditors and may cooperate with State, territorial, and local agencies and committees engaged in such debt adjustment, and may give credit counseling.

Appropriation. Sec. 338. (7 U.S.C. 1988) (a) There is authorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to enable the Secretary to carry out the purposes of this title and for the administration of assets transferred to the Farmers Home Administration.

(b) When authorized by Congress, the Secretary is authorized to make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds in such amounts as the Congress may approve annually in appropriation Acts for making direct loans under this title. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the notes issued by the Secretary under this title. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the

proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

40 Stat.
288. 21,
USC 774c

(c) The appropriations for loans made under the authority of subsection (a) and funds obtained in accordance with subsection (b) of this section, and the unexpended balances of any funds made available for loans under the item "Farmers Home Administration" in the Department of Agriculture Appropriation Acts current on the date of enactment of this title, shall be merged into a single account known as the "Farmers Home Administration direct loan account", hereafter in this section called the "direct loan account". All claims, notes, mortgages, property, including those now held by the Secretary on behalf of the Secretary of the Treasury, and all collections therefrom, made or held under the direct loan provisions of (1) titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended; (2) the Farmers Home Administration Act of 1946, as amended, except the assets of the rural rehabilitation corporations; (3) the Act of August 28, 1937 (50 Stat. 869), as amended; (4) the item "Loans to Farmers--1948 Flood Damage" in the Act of June 25, 1948 (62 Stat. 1038); (5) the item "Loans to Farmers (Property Damage)" in the Act of May 24, 1949 (63 Stat. 82); (6) the Act of September 6, 1950 (64 Stat. 769); (7) the Act of July 11, 1956 (70 Stat. 525); (8) section 8 of the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1006a); (9) section 32(e) of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1011); and (10) under this title shall be held for and deposited in said account.

Direct
Loan
Account

50 Stat.
522, 524,
527. 7
USC 1001,
1007,
1010.
60 Stat.
1062. 7
USC 1001
note.
16 USC
590r-
590x-4.
75 Stat.
317. 7
USC 1988.
70 Stat.
1090.
7 USC
1033-
1039.

The notes of the Secretary issued to the Secretary of the Treasury under said Acts or under this title and all other liabilities against the appropriations or assets in the direct loan account shall be liabilities of said account, and all other obligations against such appropriations or assets shall be obligations of said account. Moneys in the direct loan account shall also be available for interest and principal repayments on notes issued by the Secretary to the Secretary of the Treasury. Otherwise, the balances in said account shall remain available to the Secretary for direct loans under subtitles A and B of this title, section 8 of the Watershed Protection and Flood Prevention Act, as amended, and section 32(e) of the Bankhead-Jones Farm Tenant Act, as amended, and for advances in connection therewith, not to exceed any existing appropriation or authorization limitations and in such further amounts as the Congress from time to time determines in appropriation Acts. The amounts so authorized for loans and advances shall remain available until expended. Subject to the foregoing limitations, the use of collections deposited in the account may be authorized by the Congress in lieu or partially in lieu of authorizing the issuing of additional notes by the Secretary to the Secretary of the Treasury, and the accounts shall be budgeted on a net expenditure basis.

76 Stat.
607.

(d) The Secretary may sell and assign any notes and mortgages in the direct loan account with the consent of the borrower or without such consent when the borrower has failed to comply with his agreement to refinance the indebtedness at the request of the Secretary. Such loans may be sold at the balance due thereon or on such other basis as the Secretary may determine from time to time.

(e) At least 25 per centum of the sums authorized in any fiscal year for direct loans to individuals to be made by the Secretary under subtitle A of this title shall be allocated equitably among the several States and territories on the basis of farm population and the prevalence of tenancy, as determined by the Secretary.

Rules and regulations. Sec. 339. (7 U.S.C. 1989) The Secretary is authorized to make such rules and regulations, prescribe the terms and conditions for making or insuring loans, security instruments and agreements, except as otherwise specified herein, and make such delegations of authority as he deems necessary to carry out this title.

Sec. 340. (7 U.S.C. 1990) The President may at any time in his discretion transfer to the Secretary any right, interest, or title held by the United States in any lands acquired in the program of national defense and no longer needed therefor, which the President shall find suitable for the purposes of this title, and the Secretary shall dispose of such lands in the manner and subject to the terms and conditions of the title.

Repeals. Sec. 341. (7 U.S.C. 1921 Note) (a) Reference to any provisions of the Bankhead-Jones Farm Tenant Act or the Act of August 28, 1937 (50 Stat. 869), as amended, superseded by any provision of this title shall be construed as referring to the appropriate provision of this title. Titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended, and the Act of August 28, 1937 (50 Stat. 869), as amended, the Act of April 6, 1949 (63 Stat. 43), as amended, and the Act of August 31, 1954 (68 Stat. 999), as amended, are hereby repealed effective one hundred and twenty days after enactment hereof, or such earlier date as the provisions of this title are made effective by the Secretary's regulations except that the repeal of section 2(c) of the Act of April 6, 1949, shall not be effective prior to January 1, 1962. The foregoing provisions shall not have the effect of repealing the amendments to section 24, chapter 6 of the Federal Reserve Act, as amended, section 5200 of the Revised Statutes, section 35 chapter III of the Act approved June 19, 1934 (D.C. Code, title 35 section 535), enacted by section 15 of the Bankhead-Jones Farm Tenant Act, as amended, and by section 10(f) of the Act of August 28, 1937 (50 Stat. 869), as amended.

(b) The repeal of any provision of law by this title shall not--
 (1) affect the validity of any action taken or obligation entered into pursuant to the authority of any of said Acts, or
 (2) prejudice the application of any person with respect to receiving assistance under the provisions of this title, solely because such person is obligated to the Secretary under authorization contained in any such repealed provision.

(c) If any provision of this title or the application thereof to any person or circumstance is held invalid, the remainder of the title and the application of such provision to other persons or circumstances shall not be affected thereby.

7 USC 1010-1013. Sec. 342. Title III of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by the following new section 35:

Not appli-
cable to
FHA

"Sec. 35. The provisions of this title shall extend to Puerto Rico and the Virgin Islands. In the case of Alaska, Puerto Rico, and the Virgin Islands, the term 'county' as used in this title may be the entire area, or any subdivision thereof as may be determined by the Secretary, and payments under section 33 of this title shall be made to the Governor or to the fiscal agent of such subdivision."

7 USC
1012.

Sec. 343. (7 U.S.C. 1991) as used in this title (1) the term "farmers" shall be deemed to include persons who are engaged in, or who, with assistance afforded under this title, intend to engage in, fish farming, (2) the term "farming shall be deemed to include fish farming, and (3) the term "owner-operator" shall in the State of Hawaii include the lessee-operator of real property in any case in which the Secretary determines that the land cannot be acquired in fee simple by the applicant, adequate security is provided for the loan, and there is a reasonable probability of accomplishing the objectives and repayment of the loan: Provided, That item (3) shall be applicable to lessee-operators of Hawaiian Homes Commission lands only when and to the extent that it is possible for such lessee-operators to meet the conditions therein set out.*

*Item (3) is effective only from September 19, 1966 through June 30, 1968 (P.L. 89-586, approved September 19, 1966).

PUBLIC LAW 361 - 81st CONGRESS, 1st SESSION

AN ACT TO EXTEND FINANCIAL ASSISTANCE TO HOMESTEAD ENTRYMEN

Sec. 1. (7 U.S.C. 1006a) The Secretary of Agriculture is authorized to make a loan or loans for any purpose authorized by and in accordance with the terms of the Bankhead-Jones Farm Tenant Act, as amended, or the Act of August 28, 1937, as amended, to any person eligible for assistance under said Acts who has made or makes a homestead entry on public land or who has contracted for or contracts for the purchase of other land of the United States in a reclamation project pursuant to the applicable provisions of the homestead and reclamation laws. Any such loans required by the Secretary of Agriculture or by law to be secured by a real-estate mortgage may be secured by a mortgage contract which shall create a lien against the land in favor of the United States acting through the Secretary of Agriculture and any patent thereafter issued shall recite the existence of such lien. The first installment for the repayment of any such loan or any other loan made under the Bankhead-Jones Farm Tenant Act, as amended, or the Act of August 28, 1937, as amended, to the owner of a newly irrigated farm in a reclamation project, may be deferred for a period of not to exceed two years from the date of the first advance under such loans.

Sec. 2. (7 U.S.C. 1006b) Any entry or purchase contract land with respect to which a loan is made under the authority of this Act shall be subject to cancellation by the Secretary of the Interior as provided by existing law or upon request of the Secretary of Agriculture whenever default occurs in the terms, conditions, covenants, or obligations contained in the mortgage. After cancellation or relinquishment of an entry or purchase contract, land on which there is a mortgage lien, pursuant to the provisions of this Act, shall thereafter, except as hereinafter provided, only be open to entry or resale to persons eligible for both an original entry or purchase contract and an original loan. Such entry or resale shall be subject to the outstanding balance of any amounts due the United States with respect to such land or such portion thereof as may be determined by the Secretary of Agriculture and the Secretary of the Interior, or their delegates, to be within the entryman's or purchaser's ability to pay on the basis of the longtime earning capacity of the land. If no entry or purchase is made within one year after the cancellation or relinquishment of a prior entry or purchase of land on which there is such a mortgage lien, the land shall be disposed of by the Secretary of Agriculture on terms consistent with the provisions of section 43 of the Bankhead-Jones Farm Tenant Act, as amended, for the satisfaction of the indebtedness secured by the mortgage, subject, however, to other outstanding charges on the land due the United States, and the purchaser of such land shall be entitled to the issuance of patent or deed upon the completion of all requirements with respect to the payment of such charges.

NOTE: Sec. 7 (43 U.S.C. 451f) of Public Law 258 (approved August 13, 1953 which permits the exchange and amendment of farm units on Federal irrigation projects) provides as follows: "Any exchange pursuant to this Act of land that is subject to a mortgage contract with the Secretary of Agriculture under the Act of October 19, 1949 (63 Stat. 883; 7 U.S.C., 1946 edition, secs. 1006a and 1006b), and any disposition pursuant to this Act of property that is subject to such a mortgage contract, shall be effected only in such form and manner and upon such terms and conditions as are consistent with the authority of the Secretary of Agriculture over such mortgage contract and such property under the Bankhead-Jones Farm Tenant Act (50 Stat. 522; 7 U.S.C., sec. 1000 et seq.), as amended, as supplemented by said Act of October 19, 1949."

PUBLIC LAW 270 - 84th CONGRESS, 1st SESSION

To authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the Act of August 11, 1939, as amended, and for other purposes.

(16 U.S.C. 590y Note)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of section 41(g), 43, and 51 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1015(g), 1017, and 1025), are hereby extended to apply on the obligations of settlers on the Agostura project in South Dakota developed under the Act of August 11, 1939, as amended (16 U.S.C. 590y-z).

RURAL HOUSING

TITLE V, HOUSING ACT OF 1949, AS AMENDED

FINANCIAL ASSISTANCE BY THE SECRETARY OF AGRICULTURE

Sec. 501. (42 U.S.C. 1471)

(a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, subject to the terms and conditions of this title, to extend financial assistance, through the Farmers Home Administration,

(1) to owners of farms in the United States and in Puerto Rico and the Virgin Islands, to enable them to construct, improve, alter, repair, or replace dwellings and other farm buildings on their farms, and to purchase buildings and land constituting a minimum adequate site, in order to provide them, their tenants, lessees, sharecroppers, and laborers with decent, safe, and sanitary living conditions and adequate farm buildings as specified in this title, and

(2) to owners of other real estate in rural areas for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of buildings and the purchase of land constituting a minimum adequate site, in order to enable them to provide dwellings and related facilities for their own use and buildings adequate for their farming operations, and

(3) to elderly persons who are or will be the owners of land in rural areas for the construction, improvement, alteration, or repair of dwellings and related facilities, the purchase of dwellings and related facilities and the purchase of land constituting a minimum adequate site, in order to provide them with adequate dwellings and related facilities for their own use, and

(4) to an owner described in clause (1), (2), or (3) for refinancing indebtedness which--

(A) was incurred for an eligible purpose described in such clause,

(B) if not refinanced, is likely to result at an early date in loss of the applicant's necessary dwelling or essential farm service buildings,

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(C) is not held or insured by the United States or any agency thereof, and

(D) was incurred prior to the enactment of this clause.

(b)

(1) For the purpose of this title, the term "farm" shall mean a parcel or parcels of land operated as a single unit which is used for the production of one or more agricultural commodities and which customarily produces or is capable of producing such commodities for sale and for home use of a gross annual value of not less than the equivalent of a gross annual value of \$400 in 1944, as determined by the Secretary. The Secretary shall promptly determine whether any parcel or parcels of land constitute a farm for the purposes of this title whenever requested to do so by any interested Federal, State, or local public agency, and his determination shall be conclusive.

(2) For the purposes of this title, the terms "owner," "farm," and "mortgage" shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest which the Secretary determines has an unexpired term

(A) in the case of a loan, for a period sufficiently beyond the repayment period of the loan to provide adequate security and a reasonable probability of accomplishing the objectives for which the loan is made, and

(B) in the case of a grant for a period sufficient to accomplish the objectives for which the grant is made.

(3) For the purposes of this title, the term "elderly persons" means persons who are 62 years of age or over.

(c) In order to be eligible for the assistance authorized by paragraph (a), the applicant must show

(1) that he is the owner of a farm which is without a decent, safe, and sanitary dwelling for himself and his family and necessary resident farm labor, or for the family of the operating tenant, lessee, or sharecropper, or without other farm buildings adequate for the type of farming in which he engages or desires to engage, or that

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

he is the owner of other real estate in a rural area or a rural resident without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations, or that he is an elderly person in a rural area without an adequate dwelling or related facilities for his own use, or that he is the owner of a farm or other real estate in a rural area who needs refinancing of indebtedness described in clause (4) of subsection (a);

(2) that he is without sufficient resources to provide the necessary housing and buildings on his own account; and

(3) that he is unable to secure the credit necessary for such housing and buildings from other sources upon terms and conditions which he could reasonably be expected to fulfill.

(d) As used in this title (except in sections 503 and 504(b)), the terms "farm," "farm dwelling," and "farm housing" shall include dwellings or other essential buildings of eligible applicants.

LOANS FOR HOUSING AND BUILDINGS ON ADEQUATE FARMS

Sec. 502. (42 U.S.C. 1472)

(a) If the Secretary determines that an applicant is eligible for assistance as provided in section 501 and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and the occupants of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed thirty-three years from the making of the loan with interest, in the case of applicants described in clauses (1) and (2) of section 501(a), at a rate not to exceed 5 per centum per annum on the unpaid balance of principal, and, in the case of applicants described in clause (3) of section 501(a) and applicants under sections 503 and 504, at a rate not to exceed 4 per centum per annum on such unpaid balance. Loans made or insured under this title shall be conditioned on the borrower paying such fees and other charges as the Secretary may require. The Secretary may accept the personal liability of any person with adequate repayment ability who will cosign the applicant's note to compensate for any deficiency in the applicant's repayment ability.

(b) The instruments under which the loan is made and the security given shall--

(1) provide for security upon the applicant's equity in the farm or such other security or collateral, if any, as may be found necessary by the Secretary reasonably to assure repayment of the indebtedness;

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

- (2) provide for the repayment of principal and interest in accordance with schedules and repayment plans prescribed by the Secretary;
- (3) contain the agreement of the borrower that he will, at the request of the Secretary, proceed with diligence to refinance the balance of the indebtedness through cooperative or other responsible private credit sources whenever the Secretary determines, in the light of the borrower's circumstances, including his earning capacity and the income from the farm, that he is able to do so upon reasonable terms and conditions;
- (4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the loan with interest, protect the security, and assure that the farm will be maintained in repair and that waste and exhaustion of the farm will be prevented.

LOANS FOR HOUSING AND BUILDINGS ON POTENTIALLY ADEQUATE FARMS

Sec. 503. (42 U.S.C. 1473).

If the Secretary determines

- (a) that, because of the inadequacy of the income of an eligible applicant from the farm to be improved and from other sources, said applicant may not reasonably be expected to make annual repayments of principal and interest in an amount sufficient to repay the loan in full within the period of time prescribed by the Secretary as authorized in this title;
- (b) that the income of the applicant may be sufficiently increased within a period of not to exceed five years by improvement or enlargement of the farm or an adjustment of the farm practices or methods; and
- (c) that the applicant has adopted and may reasonably be expected to put into effect a plan of farm improvement, enlargement, or adjusted practices or production which, in the opinion of the Secretary, will increase the applicant's income from said farm within a period of not to exceed five years to the extent that the applicant may be expected thereafter to make annual repayments of principal and interest sufficient to repay the balance of the indebtedness less payments in cash and credits for the contributions to be made by the Secretary as hereinafter provided,

the Secretary may make a loan in an amount necessary to provide adequate farm dwellings and buildings on said farm under the terms and conditions

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

prescribed in section 502. In addition, the Secretary may agree with the borrower to make annual contributions during the said five-year period in the form of credits on the borrower's indebtedness in an amount not to exceed the annual installment of interest and 50 per centum of the principal payments accruing during any installment year up to and including the fifth installment year, subject to the conditions that the borrower's income is, in fact, insufficient to enable the borrower to make payments in accordance with the plan or schedule prescribed by the Secretary and that the borrower pursues his plan of farm reorganization and improvements or enlargement with due diligence.

This agreement with respect to credits of principal and interest upon the borrower's indebtedness shall not be assignable nor accrue to the benefit of any third party without the written consent of the Secretary and the Secretary shall have the right, at his option, to cancel the agreement upon the sale of the farm or the execution or creation of any liens thereon subsequent to the lien given to the Secretary, or to refuse to release the lien given to the Secretary except upon payment in cash of the entire original principal plus accrued interest thereon less actual cash payments of principal and interest when the Secretary determines that the release of the lien would permit the benefits of this section to accrue to a person not eligible to receive such benefits.

OTHER SPECIAL LOANS AND GRANTS FOR MINOR IMPROVEMENTS
TO RURAL HOUSING AND BUILDINGS

Sec. 504. (42 U.S.C. 1474).

(a) In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 502 and 503 and that repairs or improvements should be made to a farm dwelling occupied by him, in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe, the Secretary may make a grant or a combined loan and grant, to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making other similar repairs or improvements. No assistance shall be extended to any one individual under this subsection in the form of a loan, grant, or combined loan and grant in excess of \$1,500. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable in accordance with the principles and conditions set forth in this title.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

Sums made available by grant may be made subject to the conditions set out in this title for the protection of the Government with respect to contributions made on loans by the Secretary.

(b) In order to encourage adequate family-size farms the Secretary may make loans under this section and section 503 to any applicant whose farm needs enlargement or development in order to provide income sufficient to support decent, safe and sanitary housing and other farm buildings, and may use the funds made available under clause (b) of section 513 for such purposes.

MORATORIUM ON PAYMENTS UNDER LOANS

Sec. 505. (42 U.S.C. 1475). During any time that any such loan is outstanding, the Secretary is authorized under regulations to be prescribed by him to grant a moratorium upon the payment of interest and principal on such loan for so long a period as he deems necessary, upon a showing by the borrower that due to circumstances beyond his control, he is unable to continue making payments of such principal and interest when due without unduly impairing his standard of living. In cases of extreme hardship under the foregoing circumstances, the Secretary is further authorized to cancel interest due and payable on such loans during the moratorium. Should any foreclosure of such a mortgage securing such a loan upon which a moratorium has been granted occur, no deficiency judgment shall be taken against the mortgagor if he shall have faithfully tried to meet his obligation.

TECHNICAL SERVICES AND RESEARCH

Sec. 506. (42 U.S.C. 1476).

(a) In connection with financial assistance authorized in this title, the Secretary shall require that all new buildings and repairs financed under this title shall be substantially constructed and in accordance with such building plans and specifications as may be required by the Secretary. Buildings and repairs constructed with funds advanced pursuant to this title shall be supervised and inspected, as may be required by the Secretary, by competent employees of the Secretary. In addition to the financial assistance authorized in this title, the Secretary is authorized to furnish, through such agencies as he may determine, to any person, including a person eligible for financial assistance under this title, without charge or at such charges as the Secretary may determine, technical services such as building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(b) The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purpose of stimulating construction, improving the architectural design and utility of such dwellings and buildings, and utilizing new and native materials, economies in materials and construction methods, and new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

(c) The Secretary is further authorized to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on--

- (1) the adequacy of existing farm housing;
- (2) the nature and extent of current and prospective needs for farm housing, including needs for financing and for improved design, utility, and comfort, and the best methods of satisfying such needs;
- (3) problems faced by farmers and other persons eligible under section 501 in purchasing, constructing, improving, altering, repairing, and replacing farm housing;
- (4) the interrelation of farm housing problems and the problems of housing in urban and suburban areas; and
- (5) any other matters bearing upon the provision of adequate farm housing.

(d) To the extent determined by him to be advisable, the Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him on such terms, conditions, and standards as he may prescribe to land-grant colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301-308) or through such other agencies as he may select.

PREFERENCES FOR VETERANS AND FAMILIES OF DECEASED SERVICEMEN

Sec. 507. (42 U.S.C. 1477).

As between eligible applicants seeking assistance under sections 501 to 504, inclusive, the Secretary shall give preference to veterans and the families of deceased servicemen. As used herein, a "veteran" shall mean a person who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be

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determined by Presidential proclamation or concurrent resolution of Congress and who was discharged or released therefrom on conditions other than dishonorable. "Deceased servicemen" shall mean persons who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who died in service before the termination of such war or such period.

LOCAL COMMITTEES TO ASSIST SECRETARY

Sec. 508. (42 U.S.C. 1478).

(a) For the purposes of this subsection and subsection (b) of this section, the Secretary may use the services of any existing committee of farmers operating (pursuant to laws or regulations carried out by the Department of Agriculture) in any county or parish in which activities are carried on under this title. In any county or parish in which activities are carried on under this title and in which no existing satisfactory committee is available, the Secretary is authorized to appoint a committee composed of three persons residing in the county or parish. Each member of such existing or newly appointed committee shall be allowed compensation at the rate determined by the Secretary while engaged in the performance of duties under this title and, in addition, shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. One member of the committee shall be designated by the Secretary as chairman. The Secretary shall prescribe rules governing the procedures of the committees, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistance as he deems may be required by any committee.

(b) The committees utilized or appointed pursuant to this section shall examine applications of persons desiring to obtain the benefits of this title and shall submit recommendations to the Secretary with respect to each applicant as to whether the applicant is eligible to receive the benefits of this title, whether by reason of his character, ability, and experience, he is likely successfully to carry out undertakings required of him under a loan or grant under this title, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making of the loan or grant requested will carry out the purposes of this title. The committee shall also certify to the Secretary as to the amount of the loan or grant. The committees shall, in addition, perform such other duties under this title as the Secretary may require.

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GENERAL POWERS OF SECRETARY

Sec. 509. (42 U.S.C. 1479).

(a) The Secretary, for the purposes of this title, shall have the power to determine and prescribe the standards of adequate farm housing and other buildings, by farms or localities, taking into consideration, among other factors, the type of housing which will provide decent, safe, and sanitary dwelling for the needs of the family using the housing, the type and character of the farming operations to be conducted, and the size and earning capacity of the land.

(b) The Secretary may require any recipient of a loan or grant to agree that the availability of improvements constructed or repaired with the proceeds of the loan or grant under this title shall not be a justification for directly or indirectly changing the terms or conditions of the lease or occupancy agreement with the occupants of such farms to the latter's disadvantage without the approval of the Secretary.

ADMINISTRATIVE PROVISIONS

Sec. 510. (42 U.S.C. 1480).

In carrying out the provisions of this title, the Secretary shall have the power to--

(a) make contracts for services and supplies without regard to the provisions of section 3709 of the Revised Statutes, as amended, when the aggregate amount involved is less than \$300;

(b) enter into subordination, subrogation, or other agreements satisfactory to the Secretary;

(c) compromise claims and obligations arising out of sections 502 to 505, inclusive, of this title and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into as circumstances may require, including the release from personal liability, without payments of further consideration, of--

(1) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume the outstanding indebtedness to the Secretary under this title; and

(2) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume that portion of the outstanding indebtedness to the

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Secretary under this title which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the Secretary determines that the original borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

(d) collect all claims and obligations arising out of or under any mortgage, lease, contract, or agreement entered into pursuant to this title and, if in his judgment necessary and advisable, to pursue the same to final collection in any court having jurisdiction: Provided, That the prosecution and defense of all litigation under this title shall be conducted under the supervision of the Attorney General and the legal representation shall be by the United States attorneys for the districts, respectively, in which such litigation may arise and by such other attorney or attorneys as may, under law, be designated by the Attorney General;

(e) bid for and purchase at any foreclosure or other sale or otherwise to acquire the property pledged or mortgaged to secure a loan or other indebtedness owing under this title, to accept title to any property so purchased or acquired, to operate or lease such property for such period as may be necessary or advisable, to protect the interest of the United States therein and to sell or otherwise dispose of the property so purchased or acquired by such terms and for such considerations as the Secretary shall determine to be reasonable and to make loans as provided herein to provide adequate farm dwellings and buildings for the purchasers of such property;

(f) utilize with respect to the indebtedness arising from loans and payments made under this title, all the powers and authorities given to him under the Act approved December 20, 1944, entitled "An Act to authorize the Secretary of Agriculture to compromise, adjust, or cancel certain indebtedness, and for other purposes" (58 Stat. 836), as such Act now provides or may hereafter be amended;

(g) make such rules and regulations as he deems necessary to carry out the purposes of this title.

LOAN FUNDS

Sec. 511. (42 U.S.C. 1481).

The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making direct loans under

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

this title. The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending October 1, 1969, shall not exceed \$850,000,000. The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each such note or other obligation shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or obligations shall be treated as public debt transactions of the United States.

CONTRIBUTIONS

Sec. 512. (42 U.S.C. 1482).

In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending October 1, 1969.

Sec. 513. (42 U.S.C. 1483).

There is hereby authorized to be appropriated to the Secretary

(a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary;

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- (b) not to exceed \$50,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending October 1, 1969;
- (c) not to exceed \$50,000,000 for financial assistance pursuant to section 516 for the period ending October 1, 1969;
- (d) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending October 1, 1969; and
- (e) such further sums as may be necessary to enable the Secretary to carry out the provisions of this title.

INSURANCE OF LOANS FOR THE PROVISION OF HOUSING AND RELATED FACILITIES FOR DOMESTIC FARM LABOR

Sec. 514. (42 U.S.C. 1484).

(a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm, any association of farmers, any State or political subdivision thereof, or any public or private non-profit organization for the purpose of providing housing and related facilities for domestic farm labor in accordance with terms and conditions substantially identical with those specified in section 502; except that--

- (1) no such loan shall be insured in an amount in excess of the value of the farm involved less any prior liens in the case of a loan to an individual owner of a farm, or the total estimated value of the structures and facilities with respect to which the loan is made in the case of any other loan;
- (2) no such loan shall be insured if it bears interest at a rate in excess of 5 per centum per annum;
- (3) out of interest payments by the borrower the Secretary shall retain a charge in an amount not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan;
- (4) the insurance contracts and agreements with respect to any loan may contain provisions for servicing the loan by the Secretary or by the lender, and for the purchase by the Secretary of the loan if it is not in default, on such terms and conditions as the Secretary may prescribe; and

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

- (5) the Secretary may take mortgages creating a lien running to the United States for the benefit of the insurance fund referred to in subsection (b) notwithstanding the fact that the note may be held by the lender or his assignee.
- (b) The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1005a) and the provisions of section 13 (a), (b), and (c) of such Act (7 U.S.C. 1005c (a), (b), and (c)) to discharge obligations under insurance contracts made pursuant to this section, and
- (1) the Secretary may utilize the insurance fund to pay taxes, insurance, prior liens, and other expenses to protect the security for loans which have been insured hereunder and to acquire such security property at foreclosure sale or otherwise;
- (2) the notes and security therefor acquired by the Secretary under insurance contracts made pursuant to this section shall become a part of the insurance fund. Loans insured under this section may be held in the fund and collected in accordance with their terms or may be sold and reinsured. All proceeds from such collections, including the liquidation of security and the proceeds of sales, shall become a part of the insurance fund; and
- (3) of the charges retained by the Secretary out of interest payments by the borrower, amounts not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan shall be deposited in and become a part of the insurance fund. The remainder of such charges shall be deposited in the Treasury of the United States and shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually to and become merged with any appropriation for such expenses.
- (c) Any contract of insurance executed by the Secretary under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.
- (d) The aggregate amount of the principal obligations of the loans insured under this section shall not exceed \$25,000,000 in any one fiscal year.
- (e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(f) As used in this section--

(1) The term "housing" means

(A) new structures suitable for dwelling use by domestic farm labor, and

(B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement; and

(2) The term "related facilities" means

(A) new structures suitable for use as dining halls, community rooms or buildings, or infirmaries, or for other essential services facilities, and

(B) existing structures which can be made suitable for the above uses by rehabilitation, alteration, conversion, or improvement; and

(3) the term "domestic farm labor" means persons who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States and either

(A) are citizens of the United States or

(B) reside in the United States after being legally admitted for permanent residence therein.

DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED FACILITIES
FOR ELDERLY PERSONS AND FAMILIES IN RURAL AREAS

Sec. 515. (42 U.S.C. 1485).

(a) The Secretary is authorized to make loans to private nonprofit corporations and consumer cooperatives to provide rental or cooperative housing and related facilities for elderly persons and elderly families of low or moderate income or other persons and families of low income in rural areas, in accordance with terms and conditions substantially identical with those specified in section 502; except that--

(1) no such loan shall exceed the development cost or the value of the security, whichever is less;

(2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 202(a)(3) of the Housing Act of 1959; and

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(3) such a loan may be made for a period of up to fifty years from the making of the loan.

There is authorized to be appropriated not to exceed \$50,000,000, which shall constitute a revolving fund to be used by the Secretary in carrying out this subsection.

(b) The Secretary is authorized to insure and make commitments to insure loans made to any individual, corporation, association, trust, or partnership to provide rental or cooperative housing and related facilities for elderly persons and elderly families or other persons and families of moderate income in rural areas, in accordance with terms and conditions substantially identical with those specified in section 502; except that--

(1) no such loan shall exceed \$300,000 or the development cost or the value of the security, whichever is least;

(2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 203 (b) (5) of the National Housing Act;

(3) provide for complete amortization by periodic payments within such terms as the Secretary may prescribe;

(4) for insuring such loans, the Secretary shall utilize the Agricultural Credit Insurance Fund subject to all the provisions of section 309 and the second and third sentences of section 308 of the Consolidated Farmers Home Administration Act of 1961, including the authority in section 309 (f) (1) of that Act to utilize the insurance fund to make, sell, and insure loans which could be insured under this subsection; but the aggregate of the principal amounts of such loans made by the Secretary and not disposed of shall not exceed \$10,000,000 outstanding at any one time; and the Secretary may take liens running to the United States though the notes may be held by other lenders; and

(5) no loan shall be insured under this subsection after October 1, 1969.

(c) No loan shall be made or insured under subsection (a) or (b) unless the Secretary finds that the construction involved will be undertaken in an economical manner and will not be of elaborate or extravagant design or materials.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(c) As used in this section--

- (1) the term "housing" means new or existing housing suitable for dwelling use by occupants eligible under this section;
 - (2) the term "related facilities" includes cafeterias or dining halls, community rooms or buildings, appropriate recreation facilities, and other essential service facilities;
 - (3) the term "elderly persons" means persons who are 62 years of age or over; and the term "elderly families" means families the head of which (or his spouse) is 62 years of age or over; and
 - (4) the term "development cost" means the costs of constructing, purchasing, improving, altering, or repairing new or existing housing and related facilities and purchasing and improving the necessary land, including necessary and appropriate fees and charges approved by the Secretary. Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities.
- (e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

FINANCIAL ASSISTANCE TO PROVIDE LOW-RENT HOUSING
FOR DOMESTIC FARM LABOR

Sec. 516. (42 U.S.C. 1486).

- (a) Upon the application of any State or political subdivision thereof, or any public or private non-profit organization, the Secretary is authorized to provide financial assistance for the provision of low-rent housing and related facilities for domestic farm labor, if he finds that--
- (1) the housing and related facilities for which financial assistance is requested will fulfill a pressing need in the area in which such housing and facilities will be located, and there is reasonable doubt that the same can be provided without financial assistance under this section;
 - (2) the applicant will contribute, from its own resources or from funds borrowed under section 514 or elsewhere, at least one-third of the total development cost;

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

- (3) the types of housing and related facilities to be provided are most practical, giving due consideration to the purposes to be served thereby and the needs of the occupants thereof; and
- (4) the construction will be undertaken in an economical manner, and the housing and related facilities will not be of elaborate or extravagant design or material.
- (b) The amount of any financial assistance provided under this section for low-rent housing and related facilities shall not exceed two-thirds of the total development cost thereof, as determined by the Secretary, less such amount as the Secretary determines can be practicably obtained from other sources (including a loan under Section 514).
- (c) No financial assistance for low-rent housing and related facilities shall be made available under this section unless, to any extent and for any periods required by the Secretary, the applicant agrees--
- (1) that the rentals charged domestic farm labor shall not exceed such amounts as may be approved by the Secretary, giving due consideration to the income and earning capacity of the tenants, and the necessary costs of operating and maintaining such housing;
- (2) that such housing shall be maintained at all times in a safe and sanitary condition in accordance with such standards as may be prescribed by State or local law, or, in the absence of such standards, in accordance with such minimum requirements as the Secretary shall prescribe; and
- (3) an absolute priority will be given at all times in granting occupancy of such housing and facilities to domestic farm labor.
- (d) The Secretary may make payments pursuant to any contract for financial assistance under this section at such times and in such manner as may be specified in the contract. In each contract, the Secretary shall include such covenants, conditions, or provisions as he deems necessary to insure that the housing and related facilities, for which financial assistance is made available, be used only in conformity with the provisions of this section.
- (e) The Secretary shall prescribe regulations to insure that Federal funds expended under this section are not wasted or dissipated.
- (f) All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary which are undertaken by approved applicants under this section shall be paid wages at rates not less than those prevailing on similar construction in

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary shall not extend any financial assistance under this section for any project without first obtaining adequate assurance that these labor standards will be maintained on the construction work; except that compliance with such standards may be waived by the Secretary in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts thereby saved are fully credited to the person, corporation, association, organization, or other entity undertaking the project. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1964, as amended (40 U.S.C. 276c).

(g) As used in this section---

(1) the term "low-rent housing" means rental housing within the financial reach of families of low-income consisting of

(A) new structures suitable for dwelling use by domestic farm labor, and

(B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement;

(2) the terms "related facilities" and "domestic farm labor" shall have the meaning assigned to them in section 514(f); and

(3) the term "development cost" shall have the meaning assigned to it in section 515(d) (4).

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

INSURED RURAL HOUSING LOANS

Sec. 517. (42 U.S.C. 1487).

(a) The Secretary may insure loans meeting the requirements of section 502, and may make loans in accordance with the requirements of such section to be sold and insured; except that such loans shall--

(1) if the borrowers are persons of low or moderate income (as defined by the Secretary), (A) not exceed amounts necessary to provide adequate housing, modest in size, design, and cost (as determined by the Secretary), and (B) bear interest at a rate not to exceed 5 per centum per annum; but no loan under this paragraph shall be insured or made after October 1, 1969, except pursuant to a commitment entered into before that date; and

(2) if the borrowers are persons other than those described in clause (1), bear interest and provide for insurance or service charges at rates comparable to the combined rate of interest and premium charges in effect under section 203 of the National Housing Act, as determined by the Secretary.

(b) The Secretary may insure loans in accordance with the requirements of sections 514 (exclusive of subsections (a)(3), (a)(5), and (b)) and 515 (exclusive of subsections (a) and (b)(4)), and may make loans meeting such requirements to be sold and insured. Upon the expiration of ninety days after the original capitalization of the Rural Housing Insurance Fund, created by subsection (e) of this section, no new loans shall be made or insured under section 514 or 515(b), except in conformity with this section.

(c) The Secretary may use the Rural Housing Insurance Fund for the purpose of making loans to be sold and insured under this section, but the aggregate of such loans which are held by the Secretary at any one time shall not exceed \$100,000,000.

(d) The Secretary may, in conformity with subsections (a) and (b), insure the payment of principal and interest as it becomes due on loans made by lenders other than the United States, and on loans made from the Rural Housing Insurance Fund which are sold by the Secretary. Any contract of insurance executed by the Secretary hereunder shall be an obligation supported by the full faith and credit of the United States, and shall be incontestable except for fraud or misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section, the Secretary may take liens running to the United States notwithstanding the fact that

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

The notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable, but the Secretary shall not be bound by any such assignment until notice thereof is given to and acknowledged by him.

(e) There is hereby created the Rural Housing Insurance Fund (hereinafter referred to as the "Fund") which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.

(f) Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund. Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. The Secretary is authorized to make agreements with respect to servicing loans held or insured by him under this section and purchasing such insured loans on such terms and conditions as he may prescribe.

(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but, except as may be authorized in Appropriation Acts, not for the original or any additional capital of the Fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.

(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this title, to be transferred annually, and become merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in Appropriation Acts.

(j) The Secretary may also utilize the Fund--

(1) to pay amounts to which the holder of the note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of any such prepayments to the holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, or pursuant to a purchase agreement, the entire balance outstanding on the note; and

(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise.

RURAL HOUSING DIRECT LOAN ACCOUNT

Sec. 518. (42 U.S.C. 1488).

(a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the 'Account') which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

(b) There are transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515(a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 or this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended.

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SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND
OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

Sec. 519. (42 U.S.C. 1489).

(a) Any sums in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund or Account shall be returned to miscellaneous receipts of the Treasury.

DEFINITION OF RURAL AREA

Sec. 520. (42 U.S.C. 1490). As used in this title the terms "rural" and "rural area" mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 5,500 if it is rural in character.

NOTE:

Sec. 804 (c), Housing Act of 1961, reads as follows:

The first paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended by inserting after "the Act of August 28, 1937, as amended" the following:", or title V of the Housing Act of 1949, as amended".

Sec. 4 (c) (4), Senior Citizens Housing Act of 1962, reads as follows:

Paragraph (12) of section 5200 of the Revised Statutes (12 U.S.C. 84) is amended by inserting "or title V of the Housing Act of 1949," immediately before "shall be subject under this section".

Sec. 1004 of the Housing and Urban Development Act of 1965 reads as follows:

FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY MARKET
OPERATIONS FOR INSURED RURAL HOUSING LOANS

Sec. 1004. (a) Section 302 (b) of the National Housing Act is amended--

- (1) by inserting immediately after "which are insured under the National Housing Act" the following:
"or title V of the Housing Act of 1949";

TITLE V, HOUSING ACT OF 1949, as amended (Continued)

- (2) by inserting after "any mortgage" in clause (2) of the proviso the following:", except a mortgage insured under title V of the Housing Act of 1949,"; and
 - (3) by inserting before the period in the last sentence the following: "or title V of the Housing Act of 1949".
- (b) Section 303 (b) of such Act is amended by inserting "and other" after "private" in the first sentence.

PUBLIC LAW 499 - 81st CONGRESS, 2nd SESSION

RURAL REHABILITATION CORPORATION TRUST LIQUIDATION ACT

Sec. 1. (40 U.S.C. 440 Note) This Act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act".

Sec. 2 (40 U.S.C. 440) (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within three years from May 3, 1950, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

(b) The Secretary, insofar as is necessary to protect the interest of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

(c) An application for the return of such properties may be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the applicant when accepted by the Secretary on behalf of the United States, that the applicant will abide by the determinations and apportionments of the Secretary provided for in this Act and the payments made by the Secretary pursuant to this Act, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the applicant and the Secretary; and that not to exceed 3 per centum of the book value of the corporation's assets will be expended by the applicant for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements (conforming to the second sentence of this subsection) may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this Act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on May 3, 1950, by the Secretary as trustee for the

account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: Provided, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

(e) In the event no application is made, as provided for in this Act, within three years from May 3, 1950, or upon receipt of a disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

(f) The Secretary is authorized to enter into agreements with any State rural rehabilitation corporation or other State agency or official having jurisdiction of the trust assets which have been returned pursuant to application made therefor under section 2(c) hereof, and upon such terms and conditions and for such periods of time as may be mutually agreeable, to accept, administer, expend and use in such State all or any part of such trust assets or any other funds of such State rural rehabilitation corporation or State agency, which are transferred to the Secretary for carrying out the purposes of titles I and II of the Bankhead-Jones Farm Tenant Act and in accordance with the applicable provisions of title IV thereof as now or hereafter amended. Funds appropriated for the administration of said Act shall also be available for carrying out such agreements.

Sec. 3. (40 U.S.C. 441) The provisions of this Act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order Numbered 9070, or otherwise. For the purposes of this Act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as part of the trust property of the State rural rehabilitation corporations in their respective States.

Sec. 4 (40 U.S.C. 442) For the purposes of this Act, the Secretary shall have the power to--

(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accounts, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this Act, and in the entering into of agreements

with the corporations, or other agencies or officials designated pursuant to section 2(c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2(c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.

Sec. 5. (40 U.S.C. 443) None of the properties or assets held on May 3, 1950, by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after May 3, 1950, except for the purposes authorized under section 2(d) of this Act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C.A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

Sec. 6. (40 U.S.C. 444) (a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2(c) hereof including, but not limited to interest in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2(c) hereof, and upon all officers and agencies of the United States.

(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this Act.

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED

Public Law 566, 83rd Congress, 2nd Session, as amended

To authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes.

(16 U.S.C. 1001)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That erosion, floodwater, and sediment damages in the watersheds of the rivers and streams of the United States, causing loss of life and damage to property, constitute a menace to the national welfare; and that it is the sense of Congress that the Federal Government should cooperate with States and their political subdivisions, soil or water conservation districts, flood prevention or control districts, and other local public agencies for the purpose of preventing such damages and of furthering the conservation, development, utilization, and disposal of water and thereby of preserving and protecting the Nation's land and water resources.

Sec. 2. (16 U.S.C. 1002) For the purposes of this Act, the following terms shall mean:

The "Secretary"--the Secretary of Agriculture of the United States.

"Works of improvement"--any undertaking for--

- (1) flood prevention (including structural and land-treatment measures) or
- (2) the conservation, development, utilization, and disposal of water in watershed or subwatershed areas not exceeding two hundred fifty thousand acres and not including any single structure which provides more than twelve thousand five hundred acre-feet of floodwater detention capacity, and more than twenty-five thousand acre-feet of total capacity. No appropriation shall be made for any plan involving an estimated Federal contribution to construction costs in excess of \$250,000, or which includes any structure which provides more than twenty-five hundred acre-feet of total capacity unless such plan has been approved by resolutions adopted by the appropriate committees of the Senate and House of Representatives: Provided, That in the case of any plan involving no single structure providing more than 4,000 acre-feet of total capacity the appropriate committees shall be the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives and in the case of any plan involving any single structure of more than 4,000 acre-feet of total capacity and appropriate committees shall be the Committee on Public Works of the Senate and the Committee on Public Works of the House of Representatives, respectively. A number of such subwatersheds when they are component part of a larger watershed may be planned together when the local sponsoring organizations so desire.

"Local Organization"--any State, political subdivision thereof, soil or water conservation district, flood prevention or control district, or combinations thereof, or any other agency having authority under State law to carry out, maintain and operate the works of improvement; or any irrigation or reservoir company, water users' association, or similar organization having such authority and not being operated for profit that may be approved by the Secretary.

As amended through
November 8, 1965

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566, 83rd Congress, 2nd Session, as amended - Continued

Sec. 3. (16 U.S.C. 1003) In order to assist local organizations in preparing and carrying out plans for works of improvement, the Secretary is authorized, upon application of local organizations if such application has been submitted to, and not disapproved within 45 days by, the State agency having supervisory responsibility over programs provided for in this Act, or by the Governor if there is no State agency having such responsibility--

(1) to conduct such investigations and surveys as may be necessary to prepare plans for works of improvement;

(2) to prepare plans and estimates required for adequate engineering evaluation;

(3) to make allocations of costs to the various purposes to show the basis of such allocations and to determine whether benefits exceed costs;

(4) to cooperate and enter into agreements with and to furnish financial and other assistance to local organizations: Provided, That, for the land-treatment measures, the Federal assistance shall not exceed the rate of assistance for similar practices under existing national programs;

(5) to obtain the cooperation and assistance of other Federal agencies in carrying out the purposes of this section.

Sec. 4. (16 U.S.C. 1004) The Secretary shall require as a condition to providing Federal assistance for the installation of works of improvement that local organizations shall--

(1) acquire, or with respect to interests in land to be acquired by condemnation provide assurances satisfactory to the Secretary that they will acquire, without costs to the Federal Government, such land, easements, or rights-of-way as will be needed in connection with works of improvement installed with Federal assistance: Provided, That when a local organization agrees to operate and maintain any reservoir or other area included in a plan for public fish and wildlife or recreational development, the Secretary shall be authorized to bear not to exceed one-half of the costs of (a) the land, easements, or rights-of-way acquired or to be acquired by the local organization for such reservoir or other area, and (b) minimum basic facilities needed for public health and safety, access to, and use of such reservoir or other area for such purposes: Provided further, That the Secretary shall be authorized to participate in recreational development in any watershed project only to the extent that the need therefor is demonstrated in accordance with standards established by him, taking into account the anticipated man-days of use of the projected recreational development and giving consideration to the availability within the region of existing water-based outdoor recreational developments: Provided further, That the Secretary shall be authorized to participate in not more than one recreational development in a watershed project containing less than seventy-five thousand acres, or two such developments in a project containing between seventy-five thousand and one hundred and fifty thousand acres, or three such developments in projects exceeding one hundred and fifty thousand acres: Provided further, That when the Secretary and a local organization have agreed that the immediate acquisition by the local organization of land, easements, or rights-of-way is advisable for the preservation of sites for works of improvement included in a plan from

WATER PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

encroachment by residential, commercial, industrial, or other development, the Secretary shall be authorized to advance to the local organization from funds appropriated for construction of works of improvement the amounts required for the acquisition of such land, easements or rights-of-way; and except where such costs are to be borne by the Secretary, such advance shall be repaid by the local organization, with interest, prior to construction of the works of improvement, for credit to such construction funds.

(2) assume (A) such proportionate share, as is determined by the Secretary to be equitable in consideration of national needs and assistance authorized for similar purposes under other Federal programs, of the costs of installing any works of improvement, involving Federal assistance (excluding engineering costs), which is applicable to the agricultural phases of the conservation, development, utilization, and disposal of water or for fish and wildlife or recreational development, and (B) all of the cost of installing any portion of such works applicable to other purposes except that any part of the construction cost (including engineering costs) applicable to flood prevention and features relating thereto shall be borne by the Federal Government and paid for by the Secretary out of funds appropriated for the purposes of this Act: Provided, That, in addition to and without limitation on the authority of the Secretary to make loans or advancements under section 8, the Secretary may pay for any storage of water for anticipated future demands or needs for municipal or industrial water included in any reservoir structure constructed or modified under the provisions of this Act not to exceed 30 per centum of the total estimated cost of such reservoir structure where the local organization gives reasonable assurances, and there is evidence, that such demands for the use of such storage will be made within a period of time which will permit repayment of the cost of such water supply storage within the life of the reservoir structure: Provided further, That the local organization shall agree prior to initiation of construction or modification of any reservoir structure including such water supply storage to repay the cost of such water supply storage for anticipated future demands; And provided further, That the entire amount of the cost paid by the Secretary for such water supply storage for anticipated future demands shall be repaid within the life of the reservoir structure but in no event to exceed fifty years after the reservoir structure is first used for the storage of water for supply purposes, except that (1) no repayment of the cost of such water supply storage for anticipated future demands need be made until such supply is first used, and (2) no interest shall be charged on the cost of such water supply storage for anticipated future demands until such supply is first used, but in no case shall the interest-free period exceed ten years. The interest rate used for purposes of computing the interest on the unpaid balance shall be determined in accordance with the provisions of section 8.

(3) make arrangements satisfactory to the Secretary for defraying costs of operating and maintaining such works of improvement, in accordance with regulations presented by the Secretary of Agriculture.

(4) acquire, or provide assurance that landowners or water users have acquired, such water rights, pursuant to State law, as may be needed in the installation and operation of the work of improvement.

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

(5) obtain agreements to carry out recommended soil conservation measures and proper farm plans from owners of not less than 50 per centum of the lands situated in the drainage area above each retention reservoir to be installed with Federal assistance; and

(6) submit a plan of repayment satisfactory to the Secretary for any loan or advancement made under the provisions of section 8.

Sec. 5. (16 U.S.C. 1005) (1) At such time as the Secretary and the interested local organization have agreed on a plan for works of improvement, and the Secretary has determined that the benefits exceed the costs, and the local organization has met the requirements for participation in carrying out the works of improvement as set forth in section 4, the local organization may secure engineering and other services, including the design, preparation of contracts and specifications, awarding of contracts, and supervision of construction, in connection with such works of improvement, by retaining or employing a professional engineer or engineers satisfactory to the Secretary or may request the Secretary to provide such services: Provided, That if the local organization elects to employ a professional engineer or engineers, the Secretary shall reimburse the local organization for the costs of such engineering and other services secured by the local organization as are properly chargeable to such works of improvement in an amount not to exceed the amount agreed upon in the plan for works of improvement or any modification thereof: Provided further, That the Secretary may advance such amounts as may be necessary to pay for such services, but such advances with respect to any works of improvement shall not exceed 5 per centum of the estimated installation cost of such works.

(2) Except as to the installation of works of improvement on Federal lands, the Secretary shall not construct or enter into any contract for the construction of any structure.

(3) Whenever the estimated Federal contribution to the construction cost of works of improvement in the plan for any watershed or subwatershed area shall exceed \$250,000 or the works of improvement include any structure having a total capacity in excess of twenty-five hundred acre-feet, the Secretary shall transmit a copy of the plan and the justification therefor to the Congress through the President.

(4) Any plan for works of improvement involving an estimated Federal contribution to construction costs in excess of \$250,000 or including any structure having a total capacity in excess of twenty-five hundred acre-feet (a) which includes reclamation or irrigation works or which affects public or other lands or wildlife under the jurisdiction of the Secretary of the Interior, (b) which includes Federal assistance for floodwater detention structures, shall be submitted to the Secretary of the Interior or the Secretary of the Army, respectively, for his views and recommendations at least thirty days prior to transmission of the plan to the Congress through the President. The views and recommendations of the Secretary of the Interior, and the Secretary of the Army, if received by the Secretary prior to the expiration of the above thirty-day period, shall accompany the plan transmitted by the Secretary to the Congress through the President.

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

(5) Prior to any Federal participation in the works of improvement under this Act, the President shall issue such rules and regulations as he deems necessary or desirable to carry out the purposes of this Act, and to assure the coordination of the work authorized under this Act and related work of other agencies, including the Department of the Interior and the Department of the Army.

Sec. 6. (16 U.S.C. 1006) The Secretary is authorized in cooperation with other Federal and with States and local agencies to make investigations and surveys of the watersheds of rivers and other waterways as a basis for the development of coordinated programs. In areas where the programs of the Secretary of Agriculture may affect public or other lands under the jurisdiction of the Secretary of the Interior, the Secretary of the Interior is authorized to cooperate with the Secretary of Agriculture in the planning and development of works or programs for such lands.

Sec. 7. (33 U.S.C. 701b Note) The provisions of the Act of June 22, 1936 (49 Stat. 1570), as amended and supplemented, conferring authority upon the Department of Agriculture under the direction of the Secretary of Agriculture to make preliminary examinations and surveys and to prosecute works of improvement for runoff and waterflow retardation and soil erosion prevention on the watersheds of rivers and other waterways are hereby repealed: Provided, That (a) the authority of the Department of Agriculture, under the direction of the Secretary, to prosecute the works of improvement for runoff and waterflow retardation and soil erosion prevention authorized to be carried out by the Department by the Act of December 22, 1944 (58 Stat. 887), as amended, and (b) the authority of the Secretary of Agriculture to undertake emergency measures for runoff retardation and soil erosion prevention authorized to be carried out by section 7 of the Act of June 28, 1938 (52 Stat. 1215), as amended by section 216 of the Act of May 17, 1950 (64 Stat. 163), shall not be affected by the provisions of this section: Provided further, That in connection with the eleven watershed improvement programs authorized by section 13 of the Act of December 22, 1944 (58 Stat. 887), as amended and supplemented, the Secretary of Agriculture is authorized to prosecute additional works of improvement for the conservation, development, utilization, and disposal of water in accordance with the provisions of section 4 of this Act or any amendments hereafter made thereto.

Sec. 8. (16 U.S.C. 1006a) The Secretary is authorized to make loans or advancements (a) to local organizations to finance the local share of costs of carrying out works of improvement provided for in this Act, and (b) to State and local agencies to finance the local share of costs of carrying out works of improvement (as defined in section 2 of this Act) in connection with the eleven watershed improvement programs authorized by section 13 of the Act of December 22, 1944 (58 Stat. 887), as amended and supplemented: Provided, That the works of improvement in connection with said eleven watershed improvement programs shall be integral parts of watershed or subwatershed work plans agreed upon by the Secretary of Agriculture and the concerned State and local agencies. Such loans or advancements shall be made under contracts or agreements which will provide, under such terms and conditions as the Secretary deems appropriate, for the repayment thereof in not more than fifty years from

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

the date when the principal benefits of the works of improvement first become available, with interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which the loan or advancement is made, which are neither due nor callable for redemption for fifteen years from date of issue. With respect to any single plan for works of improvement, the amount of any such loan or advancement shall not exceed five million dollars.

Sec. 9. (16 U.S.C. 1006b) The provisions of this Act shall be applicable to Hawaii, Alaska, Puerto Rico, and the Virgin Islands.

Sec. 10. (16 U.S.C. 1007) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act, such sums to remain available until expended. No appropriation hereafter available for assisting local organizations in preparing and carrying out plans for works of improvement under the provisions of section 3 or clause (a) of section 8 of this Act shall be available for any works of improvement pursuant to this Act or otherwise in connection with the eleven watershed improvement programs authorized by section 13 of the Act of December 22, 1944 (58 Stat. 887), as amended and supplemented, or for making loans or advancements to State and local agencies as authorized by clause (b) of section 8.

Sec. 11. (16 U.S.C. 1001 Note) This Act may be cited as the "Watershed Protection and Flood Prevention Act".

Sec. 12. (16 U.S.C. 1008) When the Secretary approves the furnishing of assistance to a local organization in preparing a plan for works of improvement as provided for in section 3:

(1) The Secretary shall so notify the Secretary of the Interior in order that the latter, as he desires, may make surveys and investigations and prepare a report with recommendations concerning the conservation and development of wildlife resources and participate, under arrangements satisfactory to the Secretary of Agriculture, in the preparation of a plan for works of improvement that is acceptable to the local organization and the Secretary of Agriculture.

(2) Full consideration shall be given to the recommendations contained in any such report of the Secretary of the Interior as he may submit to the Secretary of Agriculture prior to the time the local organization and the Secretary of Agriculture have agreed on a plan for works of improvement. The plan shall include such of the technically and economically feasible works of

WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED - PUBLIC LAW 566,
83rd Congress, 2nd Session, as amended - Continued

improvement for wildlife purposes recommended in the report by the Secretary of the Interior as are acceptable to, and agreed by, the local organization and the Secretary of Agriculture, and such report of the Secretary of the Interior shall, if requested by the Secretary of the Interior, accompany the plan for works of improvement when it is submitted to the Secretary of Agriculture for approval or transmitted to the Congress through the President.

(3) The cost of making surveys and investigations and of preparing reports concerning the conservation and development of wildlife resources shall be borne by the Secretary of the Interior out of funds appropriated to his Department.

PUBLIC LAW 692 - 84th CONGRESS, 2nd SESSION
PUERTO RICO HURRICANE RELIEF LOANS

(70 Stat. 525 - not codified)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the authority, functions, obligations, and documents relating to Puerto Rican hurricane relief loans to individual coffee planters, coconut planters, fruitgrowers, or other agriculturists (45 Stat. 1067, and 45 Stat. 1627, as modified by 49 Stat. 926 and 49 Stat. 928), heretofore transferred to the Division of Territories and Island Possessions, Department of the Interior, pursuant to the public resolution of June 3, 1935 (49 Stat. 320), and to the Secretary of the Interior pursuant to Reorganization Plan Numbered 3 of 1950 (64 Stat. 1262), are hereby transferred to the Secretary of Agriculture. The authority of the Secretary of Agriculture described in the Act of December 20, 1944, and in section 41(g) of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C., sec. 1015(g)), is hereby extended, as additional authority, to apply to the obligations and documents transferred by this section.

Sec. 2. The Secretary of Agriculture is hereby authorized to sell to the Commonwealth of Puerto Rico the obligations and documents transferred to him by section 1 hereof, for such consideration as may be consistent with the purposes of the resolution of Congress creating the Puerto Rico Hurricane Relief Commission.

Sec. 3. There are hereby transferred to the Public Housing Commissioner all right, title, and interest, including contractual rights and reversionary interests, held by the Federal Government in and with respect to the apartment development in San Juan, Puerto Rico, known as the Falansterio Apartments, heretofore administered by the Secretary of the Interior. All of the powers, duties, and responsibilities of the Secretary of the Interior under the private sales contract executed on July 1, 1948, by the United States, represented by the Assistant Administrator of the Puerto Rico Reconstruction Administration, and the Cooperative Association of the Falansterio, and transferred to the Secretary of the Interior pursuant to Reorganization Plan Numbered 3 of 1950 (64 Stat. 1262), are hereby transferred to the Public Housing Commissioner. If, under the terms of the private sales contract or otherwise the Public Housing Commissioner takes possession of the Falansterio Apartments, or any part thereof, he is authorized to improve and administer the property, to release, convey, or reconvey any part thereof, and to otherwise dispose of the remaining property. Notwithstanding any other provision of law, any funds collected by the Public Housing Commissioner under this section shall be available for expenses incurred by him hereunder.

Sec. 4. The Public Housing Commissioner is hereby authorized to sell to the Commonwealth of Puerto Rico, for such consideration mutually agreeable, the rights, title, and interest transferred to him by Section 3 hereof with respect to the Falansterio Apartments, and to transfer to the Commonwealth of Puerto Rico the powers, duties and responsibilities under the private sales contract executed on July 1, 1948 mentioned in Section 3 hereof.

PUBLIC LAW 692 - 84th CONGRESS, 2nd SESSION - PUERTO RICO HURRICANE RELIEF
LOANS - Continued

Sec. 5. Any funds collected by the Secretary of Agriculture under sections 1 and 2 hereof, may be credited to appropriations current at the time such funds are received, to the extent necessary to reimburse such appropriation for expenditures required in the administration of this Act.

Sec. 6. All deeds pertaining to property of the Puerto Rico Reconstruction Administration executed by the Secretary of the Interior or his designees subsequent to February 15, 1955, are hereby confirmed.

Sec. 7. This Act shall take effect upon its approval. Approved July 11, 1956.

Note: P.L. 89-348 approved November 8, 1965 discontinues the submission of the Annual Report to Congress on Puerto Rican Hurricane loans. This report was requested in Public Res. No 74 (70th Congress) December 21, 1928.

RURAL RENEWAL

PUBLIC LAW 87-703 FOOD AND AGRICULTURE ACT OF 1962

Sec. 102 (7 U.S.C. 1011 (e)) (This amends Title III of the Bankhead-Jones Farm Tenant Act)

Sec. 31 (7 U.S.C. 1010) Land conservation and land utilization.

The Secretary is authorized and directed to develop a program of land conservation and land utilization, in order thereby to correct maladjustments in land use, and thus assist in controlling soil erosion, reforestation, preserving natural resources, protecting fish and wildlife, developing and protecting recreational facilities, mitigating floods, preventing impairment of dams and reservoirs, conserving surface and subsurface moisture, protecting the watersheds of navigable streams, and protecting the public lands, health, safety, and welfare, but not to build industrial parks or establish private industrial or commercial enterprises.

Sec. 32 (7 U.S.C. 1011) Powers of the Secretary of Agriculture.

To effectuate the program provided for in section 31 of this title, the Secretary is authorized--

(e) to cooperate with Federal, State, territorial, and 50 Stat.
other public agencies and local nonprofit organizations in 525; 76
developing plans for a program of land conservation and land Stat. 607.
utilization, to assist in carrying out such plans by means 7 USC
of loans to State and local public agencies and local non- 1011.
profit organizations designated by the State legislature or the
Governor, to conduct surveys and investigations relating to conditions
and factors affecting, and the methods of accomplishing most effectively
the purposes of this title, and to disseminate information concerning
these activities. Loans to State and local public agencies and to local
nonprofit organizations shall be made only if such plans have been sub-
mitted to, and not disapproved within 45 days by, the State agency having
supervisory responsibility over such plans, or by the Governor if there
is no such State agency. No appropriation shall be made for any single
loan under this subsection in excess of \$250,000 unless such loan has
been approved by resolutions adopted by the Committee on Agriculture and
Forestry of the Senate and the Committee on Agriculture of the House of
Representatives. Loans under this subsection shall be made under con-
tracts which will provide, under such terms and conditions as the Sec-
retary deems appropriate, for the repayment thereof in not more than 30
years, with interest at the average rate, as determined by the Secretary
of the Treasury, payable by the Treasury on its marketable public obli-
gations outstanding at the beginning of the fiscal year in which the loan
is made, which are neither due nor callable for redemption for 15 years
from date of issue. Repayment of principal and interest on such loans
shall begin within 5 years.

ECONOMIC OPPORTUNITY ACT OF 1964, AS AMENDED

PUBLIC LAW 88-452, AS AMENDED

TITLE III - Special Programs to Combat Poverty in
Rural Areas

Sec. 301 (42 U.S.C. 2841) STATEMENT OF PURPOSE

It is the purpose of this title to meet some of the special problems of rural poverty and thereby to raise and maintain the income and living standards of low-income rural families and migrant agricultural employees and their families.

PART A -- AUTHORITY TO MAKE LOANS

Sec. 302 (42 U.S.C. 2851)

42 (a) The Director is authorized to make loans having a maximum maturity
USC of 15 years and in amounts not resulting in an aggregate indebtedness of
2851. more than \$3,500 at any one time to any low-income rural family where, in
the judgment of the Director, such loans have a reasonable possibility of
effecting a permanent increase in the income of such families by assist-
ing or permitting them to -

(A) acquire or improve real estate or reduce encumbrances or
erect improvements thereon

(B) operate or improve the operation of farms not larger than
family sized, including but not limited to the purchase of feed,
seed, fertilizer, livestock, poultry, and equipment, or

(C) participate in cooperative associations; and/or to finance
nonagricultural enterprises which will enable such families to
supplement their income.

(b) Loans under this section shall be made only if the family is not
qualified to obtain such funds by loan under other Federal programs.

COOPERATIVE ASSOCIATIONS

Sec. 303 (42 U.S.C. 2852). The Director is authorized to make loans to local
cooperative associations furnishing essential processing, purchasing, or
marketing services, supplies, or facilities predominantly to low-income rural
families.

LIMITATIONS ON ASSISTANCE

Sec. 304 (42 U.S.C. 2853). No financial or other assistance shall be provided
under this part unless the Director determines that -

(a) the providing of such assistance will materially further the purposes
of this part, and

(b) in the case of assistance provided pursuant to section 303, the applicant is fulfilling or will fulfill a need for services, facilities, or activities which is not otherwise being met.

LOAN TERMS AND CONDITIONS

Sec. 305. (42 U.S.C. 2854). Loans pursuant to sections 302 and 303 shall have such terms and conditions as the Director shall determine, and subject to the following limitations:

(a) there is reasonable assurance of repayment of the loan;

(b) the credit is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

(c) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;

(d) the loan bears interest at a rate not less than --

(1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus

(2) such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes;

(e) with respect to loans made pursuant to section 303, the loan is repayable within not more than thirty years; and

(f) no financial or other assistance shall be provided under this part to or in connection with any corporation or cooperative organization for the production of agricultural commodities or for manufacturing purposes: Provided, That (1) packing, canning, cooking, freezing, or other processing used in preparing or marketing edible farm products, including dairy products, shall not be regarded as manufacturing merely by reason of the fact that it results in the creating of a new or different substance; and (2) a cooperative organization formed by and consisting of members of an Indian tribe (including any tribe with whom the special Federal relationship with Indians has been terminated) engaged in the production of agricultural commodities, or in manufacturing products, on an Indian reservation (or former reservation in the case of tribes with whom the special Federal relationship with Indians has been terminated) shall not be regarded as a cooperative organization within the purview of this clause. 80 Stat.
1465

PUBLIC LAW 88-452, AS AMENDED - Continued

PART B -- MIGRANTS AND SEASONALLY EMPLOYED AGRICULTURAL EMPLOYEES

Sec. 311. (42 U.S.C. 2861). The Director is authorized to develop and implement a program of loans, loan guarantees, and grants to assist State and local agencies, private nonprofit institutions, and cooperatives in establishing, administering, and operating programs which will meet, or substantially and primarily contribute to meeting, the special needs of migratory workers and seasonal farm laborers and their families in the fields of housing, sanitation, education, and day care of children.

PART C -- DURATION OF PROGRAM

Sec. 321. (42 U.S.C. 2871). The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the three succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

ALASKA OMNIBUS ACT

1964 Amendments to the Alaska Omnibus Act
Affecting Farmers Home Administration
as Authorized by Public Law 88-451, 88th Congress

Sec. 4. The Alaska Omnibus Act (73 Stat. 141) is amended by adding the following new sections at the end of section 50 thereof:

NEW FEDERAL LOAN ADJUSTMENTS

Sec. 51 (a). (48 U.S.C. Sec. 21 Note). The Secretary of Agriculture is authorized to compromise or release such portion of a borrower's indebtedness under programs administered by the Farmers Home Administration in Alaska as he finds necessary because of loss resulting from the 1964 earthquake and subsequent seismic waves, and he may refinance outstanding indebtedness of applicants in Alaska for loans under section 502 of the Housing Act of 1949 for the repair, reconstruction, or replacement of dwellings or farm buildings lost, destroyed, or damaged by such causes and securing such outstanding indebtedness. Such loans may also provide for the purchase of building sites, when the original sites cannot be utilized.

TERMINATION DATE

Sec. 6. (48 U.S.C. 21 Note). The authority contained in this Act shall expire on June 30, 1967, except that such expiration shall not affect the payment of expenditures for any obligation or commitment entered into under this Act prior to June 30, 1967.

REPORTING

Sec. 7. (48 U.S.C. 21 Note). The President shall report semiannually during the term of this Act to the President of the Senate and the Speaker of the House on the actions taken under this Act by the various Federal agencies. The first such report shall be submitted not later than February 1, 1965 and shall cover the period ending December 31, 1964.

APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

PUBLIC LAW 89-4

TITLE II - SPECIAL APPALACHIAN PROGRAMS

PART A - NEW PROGRAMS

TIMBER DEVELOPMENT ORGANIZATIONS

Sec. 204. (a) In order that the region shall more fully benefit from the timber stands that are one of its prime assets, the Secretary of Agriculture is authorized to--

(1) provide technical assistance in the organization and operation, under State law, of private timber development organizations having as their objective the carrying out of timber development programs to improve timber productivity and quality, and increase returns to landowners through establishment of private nonprofit corporations, which on a self-supporting basis may provide (A) continuity of management, good cutting practices, and marketing services, (B) physical consolidation of small holdings or administrative agreement, (C) management of forest lands, donated to the timber development organizations for demonstrating good forest management, on a profitable and taxpaying basis, and (D) establishment of a permanent fund for perpetuation of the work of the corporations to be composed of donations, real or personal, for educational purposes.

(2) provide not more than one-half of the initial capital requirements of such timber development organizations through loans under the applicable provisions of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1926 et seq.). Such loans shall not be used for the construction or acquisition of facilities for manufacturing, processing, or marketing forest products, or for physical consolidation of small timber holdings authorized by (1)(B) above except for the establishment of demonstration units.

(b) Not to exceed \$5,000,000 of the funds authorized in section 401 of this Act shall be available to carry out this section.

STATUTE OF LIMITATIONS ACT OF 1966

PUBLIC LAW 89-505

Title 28 of the United States Code is amended by adding two new sections as follows:

2415. Time for commencing actions brought by the United States

(a) Subject to the provisions of section 2416 of this title, and except as otherwise provided by Congress, every action for money damages brought by the United States or an officer or agency thereof which is founded upon any contract express or implied in law or fact, shall be barred unless the complaint is filed within six years after the right of action accrues or within one year after final decisions have been rendered in applicable administrative proceedings required by contract or by law, whichever is later: Provided, That in the event of later partial payment or written acknowledgment of debt, the right of action shall be deemed to accrue again at the time of each such payment or acknowledgment.

(b) Subject to the provisions of section 2416 of this title, and except as otherwise provided by Congress, every action for money damages brought by the United States or an officer or agency thereof which is founded upon a tort shall be barred unless the complaint is filed within three years after the right of action first accrues: Provided, That an action to recover damages resulting from a trespass on lands of the United States, including trust or restricted Indian lands; an action to recover damages resulting from fire to such lands; an action to recover for diversion of money paid under a grant program; and an action for conversion of property of the United States may be brought within six years after the right of action accrues.

(c) Nothing herein shall be deemed to limit the time for bringing an action to establish the title to, or right of possession of, real or personal property.

(d) Subject to the provisions of section 2416 of this title and except as otherwise provided by Congress, every action for the recovery of money erroneously paid to or on behalf of any civilian employee of any agency of the United States or to or on behalf of any member or dependent of any member of the uniformed services of the United States, incident to the employment or services of such employee or

STATUTE OF LIMITATIONS ACT OF 1966 (Continued)

member, shall be barred unless the complaint is filed within six years after the right of action accrues: Provided, That in the event of later partial payment or written acknowledgment of debt, the right of action shall be deemed to accrue again at the time of each such payment or acknowledgment.

(e) In the event that any action to which this section applies is timely brought and is thereafter dismissed without prejudice, the action may be recommenced within one year after such dismissal, regardless of whether the action would otherwise then be barred by this section. In any action so recommenced the defendant shall not be barred from interposing any claim which would not have been barred in the original action.

(f) The provisions of this section shall not prevent the assertion, in an action against the United States or an officer or agency thereof, of any claim of the United States or an officer or agency thereof against an opposing party, a co-party, or a third party that arises out of the transaction or occurrence that is the subject matter of the opposing party's claim. A claim of the United States or an officer or agency thereof that does not arise out of the transaction or occurrence that is the subject matter of the opposing party's claim may, if time-barred, be asserted only by way of offset and may be allowed in an amount not to exceed the amount of the opposing party's recovery.

(g) Any right of action subject to the provisions of this section which accrued prior to the date of enactment of this Act shall, for purposes of this section, be deemed to have accrued on the date of enactment of this Act.

(h) Nothing in this Act shall apply to actions brought under the Internal Revenue Code or incidental to the collection of taxes imposed by the United States.

2416. Time for commencing actions brought by the United States - Exclusions

For the purpose of computing the limitations periods established in section 2415, there shall be excluded all periods during which--

(a) the defendant or the res is outside the United States, its territories and possessions, the District of Columbia, or the Commonwealth of Puerto Rico; or

STATUTE OF LIMITATIONS ACT OF 1966 (Continued)

(b) the defendant is exempt from legal process because of infancy, mental incompetence, diplomatic immunity, or for any other reason; or

(c) facts material to the right of action are not known and reasonably could not be known by an official of the United States charged with the responsibility to act in the circumstances; or

(d) the United States is in a state of war declared pursuant to article I, section 8, of the Constitution of the United States.

FEDERAL CLAIMS COLLECTION ACT OF 1966

PUBLIC LAW 89-508

To avoid unnecessary litigation by providing for the collection of claims of the United States, and for other purposes.

This Act may be cited as the "Federal Claims Collection Act of 1966".

Sec. 2. In this Act--

(a) "agency" means any department, office, commission, board, service, Government corporation, instrumentality, or other establishment or body in either the executive or legislative branch of the Federal Government; 80 Stat. 308

(b) "head of an agency" includes, where applicable, commission, board, or other group of individuals having the decision-making responsibility for the agency. 80 Stat. 309

Sec. 3. (a) The head of an agency or his designee, pursuant to regulations prescribed by him and in conformity with such standards as may be promulgated jointly by the Attorney General and the Comptroller General, shall attempt collection of all claims of the United States for money or property arising out of the activities of, or referred to, his agency.

(b) with respect to such claims of the United States that have not been referred to another agency, including the General Accounting Office, for further collection action and that do not exceed \$20,000, exclusive of interest, the head of an agency or his designee, pursuant to regulations prescribed by him and in conformity with such standards as may be promulgated jointly by the Attorney General and the Comptroller General, may (1) compromise any such claim, or (2) cause collection action on any such claim to be terminated or suspended where it appears that no person liable on the claim has the present or prospective financial ability to pay any significant sum thereon or that the cost of collecting the claim is likely to exceed the amount of recovery. The Comptroller General or his designee shall have the foregoing authority with respect to claims referred to the General Accounting Office by another agency for further collection action. The head of an agency or his designee shall not exercise the foregoing authority with respect to a claim as to which there is an indication of fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any other party having an interest in the claim, or a claim based in whole or in part on conduct in violation of the antitrust laws; nor shall the head of an agency, other than the Comptroller General of the United States, have authority to compromise a claim that arises from an exception made by the General Accounting Office in the account of an accountable officer.

FEDERAL CLAIMS COLLECTION ACT OF 1966, PUBLIC LAW 89-508 - Continued

(c) A compromise effected pursuant to authority conferred by subsection (b) of this section shall be final and conclusive on the debtor and on all officials, agencies, and courts of the United States, except if procured by fraud, misrepresentation, the presentation of a false claim or mutual mistake of fact. No accountable officer shall be liable for any amount paid or for the value of property lost, damaged, or destroyed, where the recovery of such amount or value may not be had because of a compromise with a person primarily responsible under subsection (b).

Sec. 4. Nothing in this Act shall increase or diminish the existing authority of the head of an agency to litigate claims or diminish his existing authority to settle, compromise, or close claims.

Sec. 5. This Act shall become effective on the one hundred and eightieth day following the date of its enactment.

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