

§ 2018. Security; terms**(a) Real estate loans****(1) Maximum level of loans****(A) In general**

Real estate mortgage loans originated by a Farm Credit Bank, or in which a Farm Credit Bank participates in with a lender that is not a System institution, shall not exceed 85 percent of the appraised value of the real estate security, except as provided for in subparagraphs (C) and (D).

(B) Regulation

The Farm Credit Administration may, by regulation, require that loans not exceed 75 percent of the appraised value of the real estate security.

(C) Guaranteed loans

If the loan is guaranteed by Federal, State, or other governmental agencies, the loan may not exceed 97 percent of the appraised value of the real estate security, as may be authorized under regulations of the Farm Credit Administration.

(D) Private mortgage insurance

A loan on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of such 85 percent is covered by the insurance.

(2) Security

All loans originated or participated in by a bank under this section shall be secured by first liens on interests in real estate of such classes as may be prescribed by regulations of the Farm Credit Administration.

(3) Value of security

To adequately secure the loan, the value of security shall be determined by appraisal under standards prescribed by the bank in accordance with regulations of the Farm Credit Administration.

(4) Additional security

Additional security for any loan may be required by the bank to supplement real estate security. Credit factors, other than the ratio between the amount of the loan and the security value, shall be given due consideration.

(b) Intermediate credit

Loans, other than real estate loans, and discounts made under the provisions of this subchapter shall be repayable in not more than 7 years (15 years if made to producers or harvesters of aquatic products) from the time that such are made or discounted by the Farm Credit Bank, except that the Board of Directors, under regulations of the Farm Credit Administration, may approve policies permitting loans, advances, or discounts (other than those made to producers or harvesters of aquatic products) to be repayable in not more than 10 years from the time that such are made or discounted by such bank.

(Pub. L. 92-181, title I, §1.10, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1627;

amended Pub. L. 100-399, title IV, §401(h), (i), Aug. 17, 1988, 102 Stat. 996; Pub. L. 104-105, title II, §§202, 203, Feb. 10, 1996, 110 Stat. 172.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 2018, Pub. L. 92-181, title I, §1.10, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §107, Dec. 24, 1980, 94 Stat. 3438, related to purposes, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1996—Subsec. (a)(1)(A). Pub. L. 104-105, §202(b), substituted “subparagraphs (C) and (D)” for “paragraphs (2) and (3)”.

Subsec. (a)(1)(D). Pub. L. 104-105, §202(a), added subpar. (D).

Subsec. (a)(5). Pub. L. 104-105, §203, struck out heading and text of par. (5). Text read as follows: “Each Farm Credit Bank shall require a financial statement from each borrower at least once every 3 years, or during such shorter period of time as may be required under regulations of the Farm Credit Administration.”

1988—Subsec. (a)(2). Pub. L. 100-399, §401(h)(1), substituted “prescribed by regulations of” for “approved by”.

Subsec. (a)(3). Pub. L. 100-399, §401(h)(2), substituted “under standards” for “under appraisal standards” and “in accordance with regulations of” for “and approved by”.

Subsec. (b). Pub. L. 100-399, §401(i), substituted “harvesters of aquatic products) from” for “harvester of aquatic products) from”.

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

EFFECTIVE DATE

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

§ 2019. Purposes for extensions of credit**(a) Agricultural or aquatic purposes****(1) In general**

Loans made by a Farm Credit Bank to farmers, ranchers, and producers or harvesters of aquatic products may be for any agricultural or aquatic purpose and other credit needs of the applicant, including financing for basic processing and marketing directly related to the applicant's operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products, except that the operations of the applicant shall supply some portion of the total processing or marketing for which financing is extended.

(2) Limitation on loans for basic processing and marketing operations

The aggregate of the financing provided by any Farm Credit Bank for basic processing and marketing directly related to the operations of farmers, ranchers, and producers or harvesters of aquatic products, if the operations of the applicant supply less than 20 per-