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AGRICULTURE IN THE WAR ON POVERTY

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FARMERS HOME ADMINISTRATION

1961

1962

1963

1964

1965

1966

1967

1968

October 1968

February 8, 1961

Fifty million dollars in farm housing loan funds, frozen earlier by the previous Administration, made available by President Kennedy. At time of President Kennedy's action, FHA had exhausted its housing loan funds but had 4,300 applications for loans on hand and was receiving 1,000 new applications per month.

February 13, 1961

Thirty-five million dollars in farm operating loan funds frozen earlier by the previous Administration, made available by President Kennedy. At time of President's action, loan volume was running 20 percent ahead of previous year and the supply of funds for new borrowers was exhausted in 17 states.

March 3, 1961

Secretary Freeman announced the appointment of the first in a series of new FHA state directors--leaders interested in improving FHA services to family farmers--who would guide the agency's supervised credit services at the state level.

March 14, 1961

FHA revised its eligibility requirements for operating loans to include all small farmers who could profitably use the credit and repay their loans. Included in the group of small farmers not previously eligible were (1) young farmers who in the near future would be able to obtain additional land and other resources, (2) young and middle-aged farmers who might be able to obtain off-farm income in the near future, and (3) some farmers who were nearing retirement.

June 14, 1961

Farmers Home Administration was assigned the major responsibilities for coordinating the services of all Department agencies under the Rural Areas Development Program. As part of its responsibilities, FHA was to establish and serve as chairman of technical action panels at the state and county level.

June 30, 1961

President Kennedy signed the 1961 housing bill which contained legislation authorizing the Farmers Home Administration to make housing loans to families living in rural areas and small communities. Previously, only farmers were eligible for these loans. A new program of insured loans to provide housing for domestic farm laborers was also authorized. The legislation also made approximately \$430 million available for direct rural housing loans over the next four years.

July 26, 1961

President Kennedy signed the 1962 Agriculture Appropriation bill which provided the largest amount, \$321,000,000 ever appropriated for FHA loans. The 1962 Budget submitted by the previous Administration had called for an appropriation of \$186,000,000.

August 4, 1961

Secretary Freeman reported that the Farmers Home Administration made and insured a record \$395.7 million in loans during fiscal 1961. This compared with \$306.9 advanced to farmers in 1960. The release of additional loan funds in February plus heightened demand for loans accounted for the increase. Applications for farm housing loans increased 59 percent during the year, applications for operating loans went up 23 percent.

August 8, 1961

President Kennedy signed into law the Agricultural Act of 1961. The new legislation both expanded and improved the supervised credit services of the Farmers Home Administration:

- (1) Operating loans for equipment, livestock, feed, seed, fertilizer and similar items authorized in amounts up to \$35,000. Previous limit was \$20,000.
- (2) Loans to buy and enlarge farms authorized on any family farm up to \$60,000. Previously these loans limited to farms whose value was no greater than that of the average family farm in the county.
- (3) Small loans for farm real estate improvement authorized without taking a mortgage on the farm.
- (4) Loans for rural community water systems authorized to associations serving farmers and rural residents without the prior restriction that farmers be the main users of the water supply system.
- (5) Loans to groups of farmers and other rural families for water, irrigation and drainage systems authorized up to \$500,000 when made from appropriated funds and \$1 million when made from insured funds. Previous limit was \$250,000 on both direct and insured loans.
- (6) Emergency loans authorized to farmers needing credit as a result of natural disaster in area where the disaster--such as flash flood--is not widespread enough to warrant an emergency area designation.

September 15, 1961

Secretary Freeman announced that the return to lenders who invest in Farmers Home Administration insured loans had been increased from 4 to 4 1/2 percent. Farmers would continue to pay 5 percent interest. In addition, the Secretary said that the insurance endorsement on insured notes would carry a 3-year repurchase agreement. Previously the lender had to hold the note at least 5 years before he could exercise the option to sell it back to the Government. The changes were initiated to increase the amount of supplemental credit available to farmers and to encourage more participation by private lenders.

January 9, 1962

Records of the Farmers Home Administration showed that in 1961, farm families repaid approximately \$327 million in principal and interest on loans, an amount 7 percent above collections of the previous year.

April 19, 1962

Farmers Home Administration reported that during the 12-year operation of its rural housing loan program, losses on principal amounted to only two one-hundredths of one percent. The statement was based on the status of all loans obligated up to December 31, 1962. More than \$356,400,000 had been advanced, principal and interest payments totaled about \$136,500,000 and only \$82,000 had been written off as uncollectable.

May 7, 1962

Farmers Home Administration began a new forestry loan program. Loans will bear three percent interest, repayable over periods up to 40 years, and initial payments may be deferred up to 15 years. Maximum loan \$60,000. Loans will enable farmers to carry out better forestry management practices, expand their forest resources and convert cropland to forestry uses.

July 6, 1962

Farmers Home Administration in a public ceremony at Anson, Texas, presented 11 Texas tenant families with deeds to their own family farms; all the land was formerly part of a large 5,500-acre Texas estate. Secretary Freeman termed the undertaking "an outstanding example of how the FHA farm ownership loan program is promoting and expanding family owned and operated farm operations in areas long characterized by a heavy proportion of tenancy."

August 2, 1962

Farmers Home Administration reported that it loaned farm families and other rural people a record \$637 million in fiscal 1962. The volume of

loans, largest during any 12-month period in the agency's history, was 61 percent larger than the 1961 total of \$395.7 million, and 106 percent above the \$308.9 million loaned in 1960. Approximately 205,000 families used the agency's credit services during the year--12 percent more than the previous year.

September 27, 1962

President Kennedy signed the 1962 Food and Agriculture Act into law. Several provisions in the Act broadened and improved FHA's lending authority:

- loans for development of community recreation facilities and for farmers to develop recreation enterprises
- classified fish farming as an enterprise eligible for FHA loans
- established the Rural Renewal program

September 28, 1962

President Kennedy signed the Senior Citizens Housing Act into law. The Act authorized the following: (1) direct FHA loans in rural areas to senior citizens 62 and over at four percent interest over periods up to 33 years to buy previously occupied housing and housing sites as well as to build or improve their homes--when these applicants do not have enough repayment ability, they may use co-signers to assume loan payments; (2) new programs of direct and insured loans to provide rental housing and related facilities such as cafeterias, dining halls, community rooms and recreation facilities for the elderly in rural areas; (3) grants of up to \$1,000 to owner-occupants, whose incomes are so low that they cannot qualify for loans from any source, to make improvements to their homes necessary to insure the health and safety of the occupants. The grant provision, formerly limited to \$500 under a previous authorization, was available to all families--not only the elderly.

October 10, 1962

FHA closed a \$50,000 insured farm labor housing loan in Idaho to finance construction of 48 new dwelling units for seasonal workers who harvest fruit and vegetables in the area. Under this new program, private lenders advanced the funds and FHA processed the loan and guaranteed payment of both principal and interest.

October 15, 1962

President Kennedy signed legislation which authorized emergency loans to oyster planters suffering from a natural disaster.

October 24, 1962

President Kennedy signed the 1962 Agriculture Appropriation bill. It provided \$50 million for direct real estate loans, \$290 million for operating loans and \$5.2 million for watershed protection and flood prevention loans. This amount of loan funds in the Act was the largest amount ever authorized for these purposes.

October 30, 1962

The first rural housing loan to an elderly couple under the Senior Citizens Housing Act of 1962 was closed in Attalla, Alabama. The action which took place just one month after the Act became law, enabled a 64-year-old couple to replace their 100-year-old house with a modern one-story five-room structure, 24' X 48' equipped with a water and electrical system and carport.

January 3, 1963

Secretary Freeman announced that Farmers Home Administration lending in 1962 reached the highest level for any 12-month period in the agency's history. An estimated \$754 million in loans were made by FHA during the year--50 percent more than in 1961 and 120 percent more than in 1960.

January 18, 1963

President Kennedy in his 1964 Budget message to Congress singled out FHA as a Federal agency which has made a fine record of improved productivity and cost reduction. A thirty-five percent increase has been achieved by FHA in two years in the number of loans processed per employee, said the President.

February 1, 1963

President Kennedy in his farm message told Congress the "current housing program of the Farmers Home Administration has made a good start towards helping rural families who cannot otherwise obtain credit to improve their housing. But it falls far short of what should and could be done."

March 8, 1963

Six states were given authority to lay the groundwork for a rural renewal program by assigning a state staff member to work with the leaders in potential rural renewal areas. The states were: Missouri, Iowa, New Mexico, Arkansas, West Virginia and Florida.

April 12, 1963

Secretary Freeman announced the first insured loan for the construction of rental housing for senior citizens in rural areas. The \$100,000 loan financed the construction of 20 apartments in Ocean County, New Jersey.

April 22, 1963

The first loan to finance a shift in land use was made to a group of farmers near Lamar, Colorado. The \$375,000 enabled the Prowers County Grazing Association to develop 15,000 acres of land, of which 1,400 had been in wheat, into a grazing area. Association members estimated the project would bring \$100,000 annually into the area's economy.

May 17, 1963

The first advance of funds to assist a soil and water association in planning was made to a water development association in Jackson County, Missouri. The \$4,500 advance was used to pay preliminary engineering costs.

May 24, 1963

The first two houses were completed in a self-help housing program for farm labor families near Visalia, California. The families under the supervision of the Friends Service Committee contributed a large part of the labor, Farmers Home Administration provided funds for materials. The homes were completed at a cost several thousand dollars below normal.

June 30, 1963

A survey of the preceding 2 1/2 years activity showed many tangible signs of progress:

Rural Areas Development: Approximately \$250,000,000 was being advanced annually for rural development in approximately 800 designated redevelopment areas.

Rural Housing: In the 2 1/2 years more funds had been advanced for rural housing loans than in the previous 11 years. The \$326,800,000 loaned since January 1961 had helped 36,000 farmers and rural residents build or improve their homes and other buildings, provided 26,000 man-years of employment, utilized 490,000,000 board feet of lumber, \$75,000,000 of electrical, plumbing and heating materials, \$98,000,000 of other materials such as concrete, millwork, plaster and paint, and \$27,000,000 of home furnishings.

Rural Community Water Systems: Approximately 260 rural community water systems serving 100,000 people had been developed. The \$27,500,000 advanced for the construction of these projects provided 5,300 man-years of employment. Over 100,000,000 gallons of water per month will be available through modern distribution systems in communities that formerly had to haul their water. The program enabled some 21,000 families to have complete kitchens and bathrooms and fire protection for their homes.

Impact on Urban Areas: A survey of borrowers showed their farm and home operating expenses and capital expenditures averaged between \$10,000 and \$12,000 annually and were used for the most part to buy goods and services produced in towns and cities. The average assets of the borrowers was \$29,000. These assets, built with supervised credit, strengthened the tax base that supported community facilities and reduced the tax burden on nonfarmers.

August 15, 1963

Secretary Freeman reported that the Farmers Home Administration during 1963 loaned \$795,000,000 a record high. A total of 227,000 farmers or rural residents used the agency's credit services during the year. In addition, 500 water resource development associations serving 150,000 rural people used credit supplied by the agency.

September 23, 1963

Secretary Freeman reported that 115 rural areas in 39 states will enjoy expanded opportunities for fishing, camping, golfing, swimming and other outdoor recreation as a result of loans made by the FHA to finance farm and community recreation enterprises.

Ninety-five farm operators received loans of \$703,000. FHA estimated their yearly income after expenses would increase \$200,000.

Twenty nonprofit associations formed by farmers and rural residents received \$1,540,000.

December 21, 1963

Congress passed the 1963 Agriculture Appropriation bill. It provided \$60 million for direct real estate loans, \$300 million for operating loans, \$3.5 million for nonprofit rental housing for the elderly and \$1.2 million for rural renewal.

The amount of loan funds in the Act was the largest amount ever authorized for these purposes.

May 21, 1964

Administrator Bertsch accompanied Mrs. Lyndon B. Johnson on a tour of poverty ravaged areas of eastern Kentucky. Their first stop was at the Watershoal Branch home of Mr. and Mrs. Arthur Robertson, who earlier in 1964 received a \$650 grant from FHA to "winterize" their home.

June 26, 1964

Secretary Freeman announced the first rural renewal loans. Totaling \$318,000, the loans will finance a forestry demonstration project in Florida and provide housing for low-income rural families in Arkansas.

July 7, 1964

Credit advances of more than \$747 million in loans and insured funds were made by the FHA in fiscal 1964. This compared with \$307 million in 1960.

July 17, 1964

Total fiscal 1964 collections were in excess of \$475,000,000, up 13 percent from fiscal 1963.

More than 400 agricultural leaders from 66 underdeveloped countries during fiscal 1964 received training in supervised credit from FHA officials.

August 20, 1964

The Economic Opportunity Act was signed by President Johnson. Title III of the Act was delegated to the FHA. This provided loans to low-income rural families for the development of needed trades and services, loans to small farmers for strengthening farming operations and loans to rural cooperatives that would serve low-income families and provided needed processing, purchasing, marketing facilities and other services.

November 30, 1964

Now two years old, the recreational loan program was furnishing expanded recreational facilities to residents in 381 rural communities in 48 states.

December 7, 1964

The first advisor on home management and family living joined the FHA. Later 60 women trained in home management and social welfare work were added to the staff to serve the needs of low-income families that turned to FHA for assistance. Assistance was to be given in areas that would enable the families to make the most of the loan funds and also in counseling aimed at enabling the families to take full advantage of health, education and welfare services available from government and private sources.

January 18, 1965

President Johnson announced the first loans made to low-income rural families under the Economic Opportunity Act.

July 15, 1965

Secretary Freeman announced that the Farmers Home Administration had made the 10,000th war-on-poverty loan and financed 82 cooperative associations serving low-income families.

July 23, 1965

Some 18,000 members of low-income rural families in 21 states and Puerto Rico were receiving assistance in raising their income level and living standards from 55 Farmers Home Administration home supervisors.

August 4, 1965

President Johnson announced that the number of people benefiting from Farmers Home Administration loan services during fiscal 1965 totaled 1,800,000, a new record number. Repayments of principal and interest totaled \$512,000,000, the largest volume collected in the agency's thirty-year history.

Loans made and insured during the year totaled \$798,000,000.

Loans outstanding totaled \$2.75 billion. The amount written off had been less than one percent of the amount advanced.

Approximately \$201,000,000 of the amount advanced was provided by private lenders on an insured basis.

August 13, 1965

During fiscal 1965 the national finance office in St. Louis processed 1,306,000 receipts for payments, 350,000 statements of account, 485,000 remittances and 147,000 loan vouchers.

August 18, 1965

President Johnson announced the first 10 nonprofit associations to build low-cost rental housing for senior citizens in communities of under 5,500 population under the recently signed (August 10) Housing Act of 1965.

August 25, 1965

Secretary Freeman announced that nearly 16,000 low-income families used over \$133 million of Farmers Home Administration credit during fiscal 1965 for improved housing facilities.

September 3, 1965

President Johnson announced that the Farmers Home Administration rural community water system development spread its benefits to 275,000 more people in rural America in fiscal 1965. He said 388 projects in 33 states were approved for insured or direct loans totaling \$50,389,000. Systems financed will use 34 million feet of pipeline and deliver an estimated 275 million gallons of water a month. Construction of the projects was estimated to require 907,000 man-days of labor.

September 7, 1965

President Johnson announced that more than 82,000 farm families who might otherwise have been forced to leave their farms and seek employment in the cities, made use of the farm ownership loan program during fiscal 1965 to strengthen their economic position.

October 7, 1965

President Johnson signed the Aiken-Poage bill which authorized an increase from \$200 to \$450 million per year in Farmers Home Administration insured loans for rural water and waste disposal systems and farm ownerships; provided, for the first time, this type of credit for rural sewer systems; authorized grants for rural water and sewer systems; authorized planning grants for water and sewer systems; increased from 2,500 to 5,500 the size of towns eligible for assistance; increased from \$1 million to \$4 million the maximum size of a water or sewer system loan.

October 25, 1965

The number of Negro families--15,800--served by the Farmers Home Administration in 16 southern states during 1965 was up 87 percent over 1960 and 44 percent over the previous year, Secretary Freeman reported.

November 1, 1965

The first insured rural housing loan was made. The \$7,500 loan helped Mr. and Mrs. Nolan Freeman of Marshall County, Alabama, build a new home. Their old home was 75 years old. They had five children.

November 5, 1965

Secretary Freeman announced that the Farmers Home Administration could now make grants to pay part of the cost of constructing farm labor housing.

November 8, 1965

The President signed legislation to aid farmers and oyster planters who suffered losses from Hurricane Betsy. Under the law hurricane victims were able to have cancelled repayment of \$1,800 of funds borrowed to restore damaged property and resume operations.

December 23, 1965

The first loan and grant to finance a water system was announced by Secretary Freeman. Tri-Town Water District No. 1 in Addison County, Vermont received a \$2,129,000 loan and grant.

December 22, 1965

Secretary Freeman announced that the first loan and grant to build a rural sewer system would be made to the Village of Chilton, Texas. The Chilton Water Supply and Sewer Service Corporation, a nonprofit corporation, received an insured loan of \$79,000 and a grant of \$73,000.

March 11, 1966

A survey showed that Farmers Home Administration had losses of less than one percent on some \$7.2 billion in credit extended through current programs.

April 1, 1966

Preliminary approval had been reported for 14 construction grants totaling over \$2.5 million to finance up to 50 percent of the cost of water or sewage disposal systems in seven states.

April 8, 1966

A planning grant of \$13,500--the first to be approved under the Aiken-Poage community facilities bill--made it possible for Nash County, North Carolina, to make a long-range study of area's water and sewer needs.

April 15, 1966

Since 1963 more than 1,500 family farmers had acquired more than 1.5 million acres of grazing land through \$31 million loaned in ten states to grazing associations by the Farmers Home Administration.

May 9, 1966

Secretary Freeman said that a 1965 progress survey of economic opportunity loan borrowers showed that the average gross income of families who used the credit to develop small businesses rose from \$3,100 to \$5,900.

June 4, 1966

Farmers Home Administration grazing loan program had made it possible for 880 farm or ranch families in seven states to purchase and lease more than one million acres of grazing land. Since April 1963, close to \$16 million had been loaned to 35 associations.

August 19, 1966

Secretary Freeman reported that a record number of rural people--more than 2.5 million--benefited from Farmers Home Administration loan services during fiscal 1966 compared with 1.8 million in the previous fiscal year

and 800,000 in fiscal 1960. Total loan volume reached \$1.088 billion as compared to \$308 million in 1960. Repayment of principal and interest--the largest in agency's history--totaled \$615 million.

September 13, 1966

A record \$232.4 million in farm ownership loans was advanced to 14,279 farm families during fiscal year 1966. More than 89,000 farmers are now benefiting from this loan program.

September 14, 1966

Nearly 600,000 rural residents in 800 communities will benefit from new or improved water and waste disposal systems financed by FHA during fiscal 1966. A total of \$113 million in loans and more than \$18 million in grants were advanced for the systems during the year.

September 16, 1966

FHA financed the purchase of 22 specially designed prefabricated homes to make a start on improving housing conditions in remote Alaskan villages.

October 21, 1966

The southern Illinois community of Pulaski was the 1,000th rural town to install a water system with FHA financing. The 5-mile system serves 450 people and more than 20 businesses.

November 4, 1966

The Demonstration Cities and Metropolitan Development Act, signed into law, November 3, 1966, provided a broader range of rural families to qualify under expanded rural housing loan authorities of FHA. The Act provides: (1) purchase of newly constructed homes, (2) qualified low-income families can obtain housing credit on the basis of a cosigner, eliminating the 62-year age limit, (3) increases from \$1,000 to \$1,500 the maximum amount for emergency repairs and improvements to remove health and safety hazards, (4) a system of refinancing borrower's debts to prevent foreclosure on rural homes, (5) financial assistance to construct rental housing for low-income families of all age groups, eliminating the 62-year age limit.

November 4, 1966

Secretary Freeman assigned field responsibility for the "outreach" function to the Farmers Home Administration. In doing so, he said that FHA, whose representatives serve as chairmen of State Technical Action Panels, would form the administrative channel between the Rural Community Development Service in Washington and state, area and county TAPs.

November 9, 1966

An amendment to the Economic Opportunity Act signed by President Johnson November 8, increases from \$2,500 to \$3,500 the maximum war-on-poverty loans that FHA can make to low income rural families.

November 28, 1966

More than 104,000 Negro people in the rural areas of 16 southern states benefited from 20,800 loans totaling more than \$50.8 million advanced in fiscal 1966--a 30 percent increase over the previous year and a 146 percent increase over 1960.

December 13, 1966

Secretary Freeman announced that more than 2,000 rural communities have been given financial assistance by FHA in obtaining modern water supply and waste disposal systems, serving some 1 3/4 million people.

January 4, 1967

A record number of rural people, more than 3 million, benefited from FHA supervised credit services during calendar 1966. Total loans were an estimated \$1.2 billion or 69 percent more than the average loaned during the previous five years.

April 10, 1967

Secretary Freeman opened the "Forge of Progress" exhibit in the USDA Patio showing progress made by low-income rural families with the aid of government programs. The two-week exhibit was presented jointly by the USDA and the OEO but a major portion was devoted to FHA's EO loan program. Demonstrations by four EO borrowers were featured.

July 22, 1967

This day marks the 30th anniversary of the signing of the Bankhead-Jones Farm Tenant Act. During the 30 years, FHA has loaned more than \$2 billion under the farm ownership loan program helping nearly 900,000 people living on farms.

August 15, 1967

A record \$442.1 million in rural housing loans were made by FHA during fiscal 1967. The program is now operating at a level ten times greater than in 1960. More than 48,500 rural families benefited. This program has been greatly expanded as a part of President Johnson's drive toward the day of the Great Society. Approximately \$1 billion has been loaned since the President took office. This is twice the amount loaned in the preceding 14 years of the housing program's existence.

August 22, 1967

A record \$260 million in farm ownership loans was advanced in fiscal 1967 to 13,987 farmers. More than 93,000 farm families are now using this type of supervised credit. Forty percent of the funds loaned since the program began in 1937 have been advanced since President Johnson took office.

September 7, 1967

About 1.2 million farm and other rural people will benefit from new or improved water and sewer systems financed during fiscal 1967 by FHA. Some 1,112 communities received \$175.2 million in loans and \$22.5 million in grants. In addition, \$3.5 million in grants were made for preparing plans for projects. Legislation backed by President Johnson in 1965 greatly enlarged this program. Nearly as many people will benefit from the funds advanced in 1967 as from the funds advanced in all the previous years.

September 12, 1967

Total credit activities of FHA during fiscal 1967 will benefit more than 3.2 million rural people. Loans total nearly \$1.4 billion, of which \$822 million was provided by private lenders and insured by FHA. Repayment of principal and interest during the year was \$657.6 million, up 7 percent over previous year. Loans outstanding as of June 30, 1967, totaled \$3.6 billion. In fiscal 1960, \$308 million was advanced, in fiscal 1963, \$795 million.

September 14, 1967

During fiscal 1967, 16,453 individual EO loans for \$28.1 million and 382 EO co-op loans for \$4 million were made benefiting some 23,000 rural families in the total EO loan program. Since 1965, when the program was launched by President Johnson, FHA has advanced over \$74 million in individual loans and \$9.7 million in co-op loans.

September 18, 1967

FHA's operating loans helped 64,946 family farmers during fiscal 1967. Loans totaled \$300.3 million.

September 29, 1967

FHA emergency loans during fiscal 1967 totaled \$94.6 million, going to 22,174 farmers and ranchers.

October 10, 1967

Nearly a third of a million rural Negro people are currently using and benefiting from FHA loan programs. Of the 66,000 Negro families using FHA credit, 63,000 are Negro borrowers from the 16 southern states.

October 13, 1967

Congress passed USDA appropriations bill for fiscal 1968. Funds provided by the bill and thru insured loan programs give FHA \$1.477 billion lending authority--a new record. Rural housing funds were increased \$65.6 million over previous year to \$505 million; community facilities up \$120 million to \$343 million; grants for labor housing and water and sewer were increased nearly \$5 million as were administrative funds.

October 24, 1967

FHA's experimental self-help housing loan program increased four-fold in fiscal 1967 over the previous year. A total of 344 loans were made for \$2.3 million. Since the program began in 1965, more than 500 loans of this type have been closed.

November 3, 1967

Secretary Freeman in a letter to Rep. Wright Patman, chairman of the House Banking and Currency Committee described FHA as one of "the unsung heroes of the Federal establishment." He pointed out that the FHA staff has increased only 37 percent while its loan programs have grown nearly 300 percent.

November 3, 1967

Thru fiscal 1967, FHA collected more than \$6 billion in principal and interest on \$9 billion advanced through current programs. Interest collections passed \$950 million. Writeoff rate was 79 hundredths of one percent. Interest collections are 13 times the writeoffs.

November 7, 1967

Now in its 6th year of the rural recreation credit program, FHA has provided credit to 1,357 rural communities to develop recreation facilities, totaling \$70.3 million.

November 14, 1967

Since FHA began making insured loans in 1947, private investors have accounted for more than \$2.4 billion in funds and currently about \$1.6 billion in FHA notes are outstanding in private portfolios.

November 24, 1967

Secretary Freeman announced the Department will seek advice of small farmers on programs they feel they need "to help them stay on the land--to keep economic pressures from forcing them into the cities."

December 1967-January 1968

During December and January some 120 meetings were held throughout the United States and Puerto Rico to determine the needs of small farmers. All of the 30 proposals offered for consideration by USDA received support and scores of additional suggestions were made.

January 3, 1968

Secretary Freeman reported to the President that a record 3.5 million rural people benefited from the supervised credit programs of the Farmers Home Administration in 1967. The agency advanced \$1.5 billion in loans and grants.

March 1, 1968

The nation's largest farm labor rental housing project was formally opened. The 192-family unit at Dimmitt, Texas was financed by a \$966,820 Farmers Home Administration loan.

May 3, 1968

Secretary Freeman announced that the Farmers Home Administration had passed the \$100 million mark in Economic Opportunity loans to low-income rural people. More than a third of a million rural people are now enjoying a higher standard of living as a result of the program which started in 1965.

July 9, 1968

Secretary Freeman and the Office of Economic Opportunity reported that Farmers Home Administration would administer \$2.7 million in grants to two "Special Impact" areas in four counties in North Carolina and four counties in Kentucky which have substantial outmigration to the cities. Funds will be used to develop special pilot projects to create economic expansion and new employment opportunities in the areas.

August 1, 1968

President Johnson signed the Housing and Urban Development Act of 1968 which provides for interest supplement payments to low-income rural families that can bring interest rates down to as low as one percent. Secretary Freeman said the new housing program could remove all the substandard housing in rural America within a decade.

August 21, 1968

Secretary Freeman announced to the President that more than four million rural people -- a record number -- benefited from Farmers Home Administration loan services during fiscal 1968. Loans totaled \$1.3 billion.

August 22, 1968

President Johnson signed the bill that will enable Farmers Home Administration to make loans to farmers to develop nonfarm enterprises, including recreation for profit on their entire farms. The act also raises the ceiling on development grants for water and sewer to \$100 million a year.

September 9, 1968

Secretary Freeman announced that Farmers Home Administration had advanced a record \$494 million in credit assistance to more than 56,000 rural families during fiscal 1968 to improve rural housing. Ninety-eight percent of the funds advanced was provided by private investors.

BRIEF HISTORY OF THE FARMERS HOME ADMINISTRATION

The lineage of the Farmers Home Administration can be traced back to the Resettlement Administration, a rural rehabilitation agency created in 1935 in the depth of the Depression.

One of the main functions of the Resettlement Administration was to employ a policy of supervised credit to assist needy people in rural areas to reestablish themselves on a self-supporting basis. In its brief two-year existence as a rehabilitation agency, the Resettlement Administration advanced short term supervised loans to hundreds of thousands of low-income farm families. Many of these loans were supplemented by grants.

Supervised credit has remained the distinguishing feature of this agency's lending policies ever since.

By 1937 there was a growing conviction in the USDA and in Congress that supervised credit loans could be the answer to the growing farm tenancy problems.

On July 22, 1937, Congress enacted the Bankhead-Jones Farm Tenant Act which created the farm ownership loan program. Loans were made available to farmers for the purchase of land and for farm improvements, repayable in 40 years.

On September 1, 1937, Secretary Wallace announced that administrative changes were being made to carry out the objectives of the new Act and that the name of the agency would be the Farm Security Administration. In August, 1946, the Farmers Home Administration Act combined the FSA and the Emergency Crop and Feed Loan Division of the Farm Credit Administration.

During the years, new and expanded programs have been given to the agency as supervised credit proved its effectiveness for farm families.

In 1949, the agency was given a housing loan program for farmers.

In 1961, rural housing loans were extended to include nonfarm rural people in communities up to 2,500 population. Special provisions were made for housing loans to senior citizens and for farm labor. Four years later, the rural housing program was expanded even further--more than tripling the agency's lending authority and authorizing loans to rural people in communities up to 5,500. (See section on Rural Housing.)

Also, in 1961, new lending authority was given to make loans to rural areas for the construction and improvement of community water systems. This authority was again expanded in 1965 to include loans and grants for both water and waste disposal systems to rural communities up to 5,500 population. (See section on Community Facilities.)

In 1964, the Economic Opportunity Act, gave the Farmers Home Administration new responsibilities in helping to alleviate rural poverty.

In addition to the 13 loan programs which the agency now administers, it has also been given major responsibility in carrying out the function of the President's "outreach" program in rural areas. Secretary Freeman assigned this responsibility to the Farmers Home Administration because state directors, district and county supervisors were already serving as chairmen of the Technical Action Panels on a state, district and county level. (See section on TAP and Outreach.)

Lending policy of the agency, in all its programs, has remained essentially the same throughout the years: Supervised credit is extended only when other credit assistance is not available from other sources at reasonable rates and terms; and, borrowers, when they become able, are required to obtain credit from private sources.

IMPORTANCE OF SUPERVISED RURAL CREDIT

Each loan which the Farmers Home Administration makes is accompanied by expert advice. In the case of farmers this means farm and financial management--advice that enables the borrowers to make profitable use of the land, labor and other resources available to them. This includes assistance in planning improvements and adopting practices tailored to the needs of the individual farm family, in budgeting and otherwise making good use of income, in tenure improvement, and in debt adjustment.

Supervised credit for farmers also includes on-the-farm technical assistance with farm management problems.

Appropriate supervision and technical assistance is given in all of the loan programs, for example, housing borrowers receive help in gauging the quality of construction work. Rural communities receive help in determining the economic feasibility of water and sewer system development plans.

The success of the supervised credit concept has strengthened the entire rural credit system as other lenders have made increasing use of supervised credit as a yardstick to gauge the effectiveness of their own operations.

The agency's repayment experience is probably the best proof that the system works. In current loan programs, as of September 30, 1967, the Farmers Home Administration has extended approximately \$9.3 billion to rural people. The agency has collected approximately \$6.2 billion in principal and interest. Interest collections alone are 15 times the write-offs on debts that have deemed uncollectable. The total write-off rate was seven-tenths of one percent as of September 30, 1967.

TECHNICAL ACTION PANELS AND RURAL OUTREACH

Supervised credit is the main job of the Farmers Home Administration. But it is not the only job.

The agency has also been assigned major responsibility for carrying out President Johnson's directive to give rural people full access to the benefits of all federal programs.

To help rural people interested in rural areas development find the government programs that will help them improve their communities the field officials of USDA have been grouped into Technical Action Panels at state, district and county levels.

Officials of the Farmers Home Administration serve as chairmen of these panels.

Extension Service officials and representatives of all federal and state agencies that have programs that support rural areas development are also panel members in most cases.

Farmers Home Administration and other USDA field offices, now offer a "one-stop" rural areas development service for rural people. There are more than 1,600 FHA offices in the 50 states and Puerto Rico.

1961-1968 -- A PERIOD OF PROGRESS AND EXPANSION

The following section reports in detail the dramatic progress made by the Farmers Home Administration in serving farm families and rural people since 1961.

Some highlights of that progress:

- in fiscal 1968 the amount of funds advanced by FHA totaled \$1.359 billion--an increase of 342 percent over 1960.
- FHA programs are benefiting some 4 million rural people each year. In 1960 the agency was serving about 900,000.
- from January 1961 through June 30, 1968 the total volume of funds advanced reached more than \$7.0 billion--this exceeds the amount advanced by FHA and its predecessors in the preceding 25 years.

COMMUNITY FACILITIES PROGRAMS

Community Water and Waste Disposal Systems

In 1960 less than \$1 million was loaned to assist rural areas development by constructing water systems.

In fiscal 1968 \$162.6 million in loans and over \$23.7 million in grants went to construct or improve 1,043 rural community water or sewer systems benefiting an estimated 1,100,000 rural people.

The following table shows the progress in this program:

Year	Number of Associations	Amount	Families Benefited	People Benefited
FY 1961 (last half)	22	\$1,088,940	2,200	11,000
FY 1962	81	10,072,200	10,190	50,950
FY 1963	134	13,833,195	17,420	87,100
FY 1964	264	33,373,530	34,418	172,090
FY 1965	384	50,159,927	55,129	275,645
FY 1966	798	130,762,366*	120,500	602,500
FY 1967	1,107	195,560,831*	238,600	1,193,000
FY 1968	1,043	186,310,670*	221,000	1,100,000
TOTAL	3,157**	\$621,161,659	580,000**	2,890,000**

* Includes \$18,555,241 in 1966, \$22,429,609 in 1967 and \$23,718,320 in 1968 grants for both water and sewer systems.

** Unduplicated number; some associations received loans in 2 or 3 years.

Under current authorities the Farmers Home Administration can assist more than 1,000 rural communities annually to install modern water and waste disposal systems, benefiting a million rural people each year.

The construction of the 3,157 water and sewer systems in the past seven-and-a-half years has provided more than 48,700 man-years of on-site employment--often in rural areas where there has been heavy unemployment and under-employment.

Community Recreation Development

Authority to advance credit to nonprofit community associations for the development of large-scale outdoor recreation facilities was created by the Food and Agriculture Act of 1962. In 1965, lending authority was increased to permit FHA to make loans up to \$4 million and to rural communities up to 5,500 population. No grants are available in this program.

Since 1963, when the program got underway, 629 rural communities have received financial assistance totaling \$83.8 million to develop attractive recreation areas. Most of the projects include swimming pools, golf courses, tennis courts, small lakes, parks, ski slopes and campsites.

In addition, in a companion program, farmers have received 780 loans totaling \$5.0 million to develop recreation facilities on their farms.

The community recreation loan program adds another important dimension to the building of more attractive rural communities. Attractive, adequate community recreation facilities are often the decisive factor in attracting new business and industry to a rural area.

RURAL HOUSING

In 1961, Congress made nonfarm rural people as well as farm families eligible for rural housing loans; it also extended the program to provide housing for senior citizens and for domestic farm labor.

In 1965, Congress more than tripled the funds available for rural housing and put the loan program on an insured basis, and increased the size of rural communities served from 2,500 to 5,500.

These Congressional actions have permitted Farmers Home Administration to greatly accelerate the rural housing program which has contributed so much to permanent rural areas development.

The rate of acceleration is shown by the contrast in the following tables:

Total Rural Housing Loans in U. S.

Fiscal year 1955 --	None
Fiscal year 1956 --	\$3,699,297
Fiscal year 1957 --	20,881,763
Fiscal year 1958 --	32,395,294
Fiscal year 1959 --	59,885,594
Fiscal year 1960 --	40,282,161
Fiscal year 1961 --	68,940,596

With the passage of new housing legislation in 1961 loan assistance to rural people jumped sharply:

Fiscal year 1962 --	\$95,847,793
Fiscal year 1963 --	185,734,897
Fiscal year 1964 --	131,199,896
Fiscal year 1965 --	131,790,737
Fiscal year 1966 --	262,087,286
Fiscal year 1967 --	433,287,966
Fiscal year 1968 --	491,335,518

Housing excludes all grants; the labor housing grants in 1966--\$2,156,320; in 1967--\$2,678,440; in 1968--\$2,700,290. The above figures include loans to individuals, labor housing and rental housing.

From January 1, 1961, through June 30, 1968, the Farmers Home Administration made \$1,775 million in loans to improve rural housing (includes labor housing and rental housing loans) as compared to \$199 million in the previous seven-and-a-half years.

This program has provided nearly 142,000 man-years of on-site employment in rural areas since January 1, 1961.

It has provided new or improved housing for 875,000 rural people, including:

housing for 25,000 senior citizens, and
modern housing for 19,200 domestic farm workers.

Under current authorities the Farmers Home Administration can maintain an annual loan rate of about \$500 million for rural housing. This means 50,000 new or improved homes each year benefiting nearly 2½ million rural people during the next decade.

It should be noted that Farmers Home Administration's rural housing program generates private home building in rural communities--often three times the volume constructed by FHA loans.

Self-Help Housing

Special note is made of the agency's experimental self-help housing loan program because of the potential it has in providing decent housing for low-income people in rural areas.

Under the program, usually five or six families are advanced loans with the agreement that they will cooperatively contribute all the necessary unskilled labor under the supervision of a competent builder. The "labor equity" of the borrowers cuts the cost of construction from 25 to 30 percent. The result is that these low-income rural families can live in modern adequate homes with monthly payments that are considerably lower, in most cases, than they were paying in rent for inferior housing.

Approximately 1,040 self-help housing loans have been closed, of these, 537 were made in 1968 for a total of \$4.0 million.

Cooperation with the Office of Economic Opportunity which has provided funds on some projects for the purchase of tools and the hiring of an experienced construction supervisor, has been successful and will generate rapid expansion of the program.

FARM CREDIT

Farm Ownership Loans

FHA's farm ownership loan program, created by the Bankhead-Jones Farm Tenant Act in 1937, remains as one of the agency's most important programs. During the 31 years of the program approximately \$2.4 billion has been advanced helping approximately 810,000 people living on family farms.

The period of greatest activity for this program has been since 1961.

In fiscal year 1960, only 2,938 farm ownership loans were made for a total of \$43 million as compared to 10,814 loans for a total of \$205 million in fiscal 1968. Here's the record since January 1961:

Last half FY 1961 --	\$24,176,894
Fiscal Year 1962 --	181,600,870
Fiscal Year 1963 --	219,794,015
Fiscal Year 1964 --	204,535,698
Fiscal Year 1965 --	181,439,262
Fiscal Year 1966 --	232,243,688
Fiscal Year 1967 --	258,619,625
Fiscal Year 1968 --	204,998,894

In the period January 1, 1961 to June 30, 1968, FHA has assisted farm families with 92,150 loans totaling more than \$1.5 billion. Without this assistance many of these farmers would have been forced to leave the land and move to cities. Instead, the latest in the yearly FHA surveys of farm ownership borrowers shows that on the average over a 5-year period, they raised their gross cash income from \$10,400 to \$19,700 and made substantial gains in net worth.

Operating Loans

The oldest of the Farmers Home Administration programs is the operating loan program, its origin dates back to the Federal Emergency Relief Administration of 1934. At that time a combination of farm operating loans and grants accompanied by supervision in farm and home management was substituted for direct relief payments in rural areas.

FHA's operating loan program has supplied, since January 1961, over \$2.17 billion of short-term and intermediate credit to farm families who were unable to get this type of credit elsewhere. This is \$907 million more than was advanced in the previous seven-and-a-half years.

Here's the record of operating credit assistance that FHA has advanced since 1961:

Last half FY 1961 --	\$144,324,034
Fiscal year 1962 --	275,319,554
Fiscal year 1963 --	300,336,543
Fiscal year 1964 --	299,831,055
Fiscal year 1965 --	300,259,752
Fiscal year 1966 --	275,886,339
Fiscal year 1967 --	300,069,317
Fiscal year 1968 --	275,707,804

Where Operating Funds Go: Of the \$2.17 billion in operating credit advanced during this seven-and-a-half year period, approximately \$436 million went for the purchase of livestock; \$367 million for the purchase of farm machinery and equipment; \$810 million for feed, seed, fertilizer, fuel and other operating items; and \$432 million for the refinancing of chattel debts; family living, \$89 million; real estate improvements, \$37 million.

Grazing Association Loans

This is another program established by the shift-in-land-use provision of the Food and Agriculture Act of 1962. The loan program enables family-size ranchers and farmers to purchase and lease additional land resources on a cooperative basis for grazing purposes which they would be unable to acquire on an individual basis.

Since the program started early in 1963, 247 associations have borrowed more than \$63.1 million, involving 2.6 million acres of grazing land. This has benefited approximately 2,650 farmers and ranchers.

The program contributes measurably to rural areas development because:

- It enables more family farmers to remain on the land with better incomes
- it keeps land resources in hand of local people thus strengthening the local community
- associations carry out a long-range land and water development program, thus markedly improving the land, enhancing its value and increases tax revenues
- associations, where appropriate, develop recreation areas on the land.

ECONOMIC OPPORTUNITY LOANS

Individual Loans

Nearly half of all the nation's poor live in rural areas--where less than a third of our population resides.

The economic opportunity loan program, in operation since January 1965, has assisted more than 65,500 low-income rural families to measurably increase their incomes.

Approximately 56,530 individual loans totaling \$96.0 million have been made to 47,625 farmers and nonfarm families.

Following is a profile of 1968 EO borrowers:

- 53 percent of the loans were agricultural, 47 percent non-agricultural.
- 67 percent of agri-borrowers were 40 years or older, while 50 percent of nonagri-borrowers were in this age bracket.
- 40 percent of the loans were made to Negroes in 16 southern states.
- 69 percent of agri-borrowers had incomes for family living expenses of less than \$2,000 per year; 44 percent of nonagri-borrowers were in this income bracket.

Co-op Loans

Loans are made to cooperatives whose membership is largely made up of low-income rural families. These include purchasing co-ops (mainly for

the purchase of high cost farm equipment) processing and marketing cooperatives. Since 1965, the agency has advanced \$14.7 million to 1,150 cooperatives serving more than 17,900 low-income families.

OTHER LOAN PROGRAMS

Other loan programs administered by the Farmers Home Administration have also contributed to rural areas development since January 1, 1961:

- \$33.8 million to assist 173 local districts to pay their share of small watershed projects
- \$578.3 million in emergency credit to help farmers hit by drought, flood and tornadoes
- \$5.0 million in rural renewal projects
- \$3.5 million in resource conservation and development projects.

IMPACT OF LOAN PROGRAMS ON RURAL AMERICA

FHA's rural housing and community facilities loan programs, at current operating levels, is creating nearly 55,000 (based on 1968 fiscal year) man-years of on-site construction annually. Much of this is in areas where there is considerable unemployment and underemployment.

During fiscal 1968, some 190,000 farm families used FHA's various farm credit loan services--including emergency loan borrowers.

With average gross incomes estimated at \$17,000, these farmers had a total gross income of more than \$3.2 billion to spend on Main Street. Out of this \$736 million is spent for clothing, food, drugs, television sets and other living items that all other people buy. Some \$1.7 billion goes for goods and services to produce crops and livestock and \$704 million goes for repayment of debt and the purchase of new farm equipment.

In all, the Farmers Home Administration has pumped more than \$7.0 billion of credit into the rural economy from January 1, 1961 through June 30, 1968 in all its various programs. Since new capital credit such as this tends to circulate at least five times, it can be said that these programs have generated an economic thrust to rural areas development totaling more than \$35.0 billion during these seven-and-a-half years.

Great as the direct economic benefits are from the impact of these programs on rural development, there are incalculable permanent economic and social benefits as well:

- increased employment opportunities of all kinds because new business is attracted to rural communities when new water, sewer and recreation facilities are developed
- property value increase, often dramatically, with subsequent increase in tax revenues that can be used for other needed services
- higher standards of health, living and safety result
- rural youth, finding new opportunities in rural America, tend to remain.

And finally, all these programs--housing, community facilities, recreation development and credit programs to strengthen family farmers and other rural families--contribute greatly to the attractiveness of our rural communities and enhance the natural beauty of our countryside.

LIST OF CURRENT FARMERS HOME ADMINISTRATION LOAN PROGRAMS

The Farmers Home Administration administers 13 different loan programs to strengthen family farms, improve rural communities and alleviate rural poverty.

These supervised loan programs include:

Operating -- to meet operating costs and to make needed adjustments in farm operations,

Farm Ownership -- to buy, improve or enlarge farms; especially to help young farmers acquire capital and skill needed to take over farms of their retiring elders,

Emergency -- to assist farmers hit by natural disasters to continue their operations,

Soil and Water Conservation -- to develop, conserve and make better use of soil and water resources,

Shift-in-Land Use -- to develop grazing areas and forest lands,

Watershed -- to help finance watershed projects,

Rural Renewal -- to help renew the economy of rural areas where family incomes are abnormally low,

Community Facilities -- loans with grants to construct, improve or expand water and waste disposal systems in communities up to 5,500 population; also for construction of community recreation areas--no grants available for latter,

Rural Housing -- to farmers and nonfarm rural residents to construct, remodel, repair or purchase homes; with special provisions for senior citizens, farm laborers, and low-income families,

Resource Development -- for natural resource conservation and development in designated areas,

Appalachia -- in certain areas in Appalachia to finance land-owner's contribution to land conservation and erosion measures; and to nonprofit timber development organizations to improve timber management and marketing practices,

Economic Opportunity -- to help low-income rural families develop enterprises that will enable them to raise their level of living, also for the establishment of cooperatives for the same objective,

Recreation -- to help farmers develop profitable recreation enterprises and to rural communities to develop outdoor recreation facilities.

**ACTS OF CONGRESS ADMINISTERED BY THE
FARMERS HOME ADMINISTRATION**

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

**Codified for this purpose by the
Budget Division**

Revised and Issued December 1966

PUBLIC LAWS

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Other Statutes that relate to authorities contained in the Consolidated Farmers Home Administration Act of 1961, as amended, (Homestead Entryman, Angostura Project):			17 - 19
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NOTE: The following Acts are excluded from this compilation:

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 as the "Consolidated Farmers Home Administration Act of 1961". Citation 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 development. 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 limitation. 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 appraisals shall take into consideration both the normal agricultural 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.

(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.

(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

Public Law 87-128 - Continued

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. 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.

60 Stat.
1072.
7USC
1005a.

As amended through
November 6, 1966

(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 31 USC under such Act, as amended, are extended to include the purchase of 774. 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) 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: 802. 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.

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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 20 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 (2) who are indebted to the Secretary for loans under the Act of April 6, 1949, 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. 999;
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.

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.

(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.

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;

As amended through
November 6, 1966

(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 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. 1985) (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- **Sec. 336.** (7 U.S.C. 1986) No officer, attorney, or other employee
of-interest. 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 imprison-
 ment for not more than two years, or both.

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

Appropria- **Sec. 338.** (7 U.S.C. 1988) (a) There is authorized to be appropri-
tion. ated 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

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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 774.

(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.

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(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
7 USC
1012. "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."

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,

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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

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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

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

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

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

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

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

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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

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- (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.

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(d) 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;

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- (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 sub-contractors 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).

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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

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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

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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.

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(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.

DEFINITION OF RURAL AREA

Sec. 320. (a) U.S.C. 1400. As used in this title the term "rural" means 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 5,000 if it is rural in character.

NOTE:

Sec. 304. (c), Housing Act of 1951, reads as follows:

The first paragraph of section 30 of the Federal Reserve Act (12 U.S.C. 321) 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. (a), Section Citizens Housing Act of 1952, reads as follows:

Paragraph (12) of section 2500 of the Revised Statutes (15 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. 1000 of the Housing and Urban Development Act of 1955 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";

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As amended through
November 3, 1966

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

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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

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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, attornerys, 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,
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(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

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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,
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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.

As enacted July 11, 1956
No amendments

**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 Secre-
tary 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

PUBLIC LAW 88-452, AS AMENDED - Continued

(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

As amended through
November 8, 1966

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.

Approved July 19, 1966

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Part 1 of 13

Operating Loan Program

Sheet 1

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Emergency Relief Appropriation Act of 1935 (49 Stat. 115). Executive Order No. 7027 dated April 30, 1935, established the Resettlement Administration and Executive Order No. 7143 dated August 19, 1935, prescribed rules and regulations for making rehabilitation loans to individuals under above mentioned act. Emergency Relief Appropriation Acts of 1936 and 1937 included authorities to continue "rural rehabilitation loans and relief" to farmers and livestock growers. The Emergency Relief Appropriation Acts of 1938, 1939, 1940 and 1941 made direct appropriations to the Secretary of Agriculture for the rehabilitation program. The Department of Agriculture Appropriation Acts of 1942 through 1947 carried the appropriations for the rehabilitation program.	By regulation, direct loans to individuals for operating type purposes such as the purchase of necessary equipment by farmers, farm tenants, croppers, or farm laborers and for such other purposes as may be necessary in rural rehabilitation or relief in stricken agricultural areas.	By regulation, interest at a rate not greater than 5% or less than 3% per annum. Loans scheduled for repayment within the anticipated ability of the borrower to repay taking into account the use to which the proceeds are to be put and the estimated life of the property. Loans were scheduled for repayment generally within a five-year period. Some loans for development purposes were scheduled for repayment over a period of 10 years. Loans were secured by liens on chattel property purchased with loan funds, other chattel property owned by the applicant, and on crops.	Direct appropriation.	By regulation, low income farmers, including (1) owner operators, (2) tenants, (3) sharecroppers, (4) farm laborers, and (5) individuals with farm background and experience who were temporarily living in town, provided they were unable to obtain needed credit from other sources, and needed supervisory assistance.
Public Law 210, 75th Congress. Approved July 22, 1937. Title II of the above Act authorized rehabilitation loans for the purchase of livestock, farm equipment, supplies, family subsistence and for other farm needs and for the refinancing of debts. Although the Act made available certain funds for fiscal years 1938 and 1939, no appropriations were made to carry out Title II until after the Act was amended by the Farmers Home Administration Act of 1946 (Public Law 731, 79th Congress) approved August 14, 1946.	Not activated.	Not activated.	Not activated.	Not activated.

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Part 1 of 13

Sheet 2

Operating Loan Program

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 751, 79th Congress. Approved August 14, 1946.	Title II Bankhead-Jones Farm Tenant Act, as amended. Direct Production and Subsistence loans to individual farmers and stockmen for the purchase of livestock, seed, feed, fertilizer, farm equipment and supplies, other farm needs, the refinancing of indebtedness and family subsistence. Loan funds may not be used for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. Initial loans could not exceed \$3,500 and subsequent loans could not be made which would cause the total indebtedness (principal, interest and other amounts chargeable to the account) to exceed \$5,000. Additional loans could not be made to individuals who had been indebted for such loans for 5 years or longer.	Five percent interest on unpaid principal balance. Repayments to be scheduled over a period not to exceed 5 years. Secured as required by Secretary of Agriculture. By regulation, loans were secured by a first lien on chattels purchased with loan funds and by a lien on crops and on livestock and farm equipment owned by the borrower.	Direct appropriation. The Act authorized to be appropriated to Secretary such sums as the Congress from time to time determines necessary to carry out the purposes of the Title. For the balance of fiscal year 1947, funds available for "Loans, Grants, and Rural Rehabilitation" and for "Farmers' crop production and harvesting loans" under the heading "Farm Credit Administration" were available for Production and Subsistence loans.	Individual farmers and stockmen who are United States citizens and are unable to obtain credit from other sources sufficient in amount to finance their actual needs at rates (but not exceeding the rate of 5 percent per annum) and terms prevailing in the community for similar loans.
Public Law 123, 82nd Congress. Approved August 23, 1951.	Expanded use of loan funds to include cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations. Initial loan of not to exceed \$7,000 and total debt limit to any one borrower of not to exceed \$10,000 (principal, interest and other amounts chargeable to the account). Additional loans cannot be made to any individual who has been indebted for such loans for a period of seven years.	Period for scheduling repayments not to exceed seven years.	No change.	No change.
Public Law 878, 84th Congress. Approved August 1, 1956.	Loans designated as Operating loans instead of Production and Subsistence loans. Eliminated ceiling on initial loan but changed total indebtedness limitation to apply to principal only and increased indebtedness limit to \$10,000, provided that not more than 10% of the funds available for loans any one fiscal year may be used with borrowers whose debt exceeded \$10,000 but could not exceed a total indebtedness of \$20,000. Continuous indebtedness limitation of seven years retained but relaxed to permit renewal of loans for a period of not to exceed 10 years from the date of original loan in justifiable cases in which the cause of the borrower's inability to pay the loan in seven years was due to conditions beyond his control.	No change.	No change.	Individual farmers and stockmen who are operators of family-type farms, who are citizens of the United States and who are unable to obtain credit from other sources at rates not exceeding five percent, provided, however, that loans may be made to operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood and who carry on substantial part-time farming operations. This change intended to make eligibility requirements for loans under Titles I and II the same.
Public Law 87-8. Approved March 29, 1961.	Same authorization as previously except limit of not more than 25% (increase from 10%) of the funds available for loans any one fiscal year may be used with borrowers whose debts exceeded \$10,000 but not to exceed a total indebtedness of \$20,000.	No change.	No change.	No change.
Public Law 87-128. Approved August 8, 1961. (Consolidated Farmers Home Administration Act of 1961)	Major revision and consolidation of authorities. Loan funds may be used for same purposes as before except that use of funds for land and water development, use and conservation clarified. Indebtedness limit for operating loans increased to \$35,000. Not more than 25% of the sums made available for loans under subtitle B, Title III, may be used for loans which would cause the indebtedness of any borrower to exceed \$15,000. Loans must not exceed amount certified by County Committees. Authorized to participate up to 80 percent of the loan with commercial banks, cooperative lending agencies and other legally organized agricultural lending agencies in providing credit to farmers. Loans to Soil Conservation Districts authorized but not activated.	Interest rate not to exceed 5 percent. Loans repayable in not more than seven years but may be renewed for not more than five additional years. By regulation, loans secured by first lien on chattel property purchased or refinanced with loan funds, by a lien on crops and on other livestock and farm equipment owned by the borrower.	Direct loans limited by annual authorization by Congress. Established FHA Direct Loan Account.	No substantial change except revision of standards for obtaining loans from other sources by eliminating the maximum 5 percent interest provision with respect to loans from other sources.
Public Law 87-703. Approved September 27, 1962.	Added recreational uses and facilities as a purpose for which loans may be made. Authorized loans for fish farming.	No change.	No change.	The term "farmers" shall include persons engaged in fish farming.

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs

Operating Loan Program

Part 1 of 13
Sheet 3

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
<u>CURRENT STATUS OF PROGRAM:</u> CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED OPERATING LOANS	Loans may be made for (1) paying costs incident to reorganizing the farming system for more profitable operation, (2) purchasing livestock, poultry and farm equipment, (3) meeting essential farm and home operating expenses and needs, (4) financing land and water development, use and conservation, including recreational uses and facilities, and (5) refinancing existing indebtedness.	Interest rate not to exceed 5 percent per annum (by regulation, 3 percent per annum on loans for forestry purposes). Loans shall be payable in not more than 7 years, but may be renewed for not more than 5 additional years.	Direct Loan Account.	Farmers and ranchers who (1) are citizens of the United States, (2) have a background and training or farm experience sufficient to assure reasonable prospects of success in the proposed farming operations, (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.

AGENCY REGULATION - Farmers Home Administration Instruction 441.1

LEVEL OF PROGRAM
(In thousands of dollars)

	<u>Fiscal Year 1964</u>		<u>Fiscal Year 1965</u>		<u>Fiscal Year 1966</u>		<u>Fiscal Year 1967 (Estimate)</u>
	<u>Loan</u>	<u>Outstanding</u>	<u>Loan</u>	<u>Outstanding</u>	<u>Loan</u>	<u>Outstanding</u>	<u>Loan</u>
	<u>Obligations</u>	<u>Balance</u>	<u>Obligations</u>	<u>Balance</u>	<u>Obligations</u>	<u>Balance</u>	<u>Obligations</u>
		<u>6/30/64</u>		<u>6/30/65</u>		<u>6/30/66</u>	
Operating loans	\$ 300,000	\$ 665,136	\$ 300,000	\$ 709,586	\$ 275,000	\$ 697,702	\$ 300,000

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs

Part 2 of 13

Sheet 1

Emergency Loan Program

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 38, 81st Congress. Approved April 6, 1949.	1. <u>Production Emergency Loans</u> To established farmers and ranchers, including partnerships and corporations engaged primarily in farming, for any agricultural purpose in any area designated by the Secretary upon his finding that a production disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources. (The intent of this program was to provide a temporary source of credit to enable victims of natural disasters to restore or replace their damaged property and continue their normal operations until they could return to their regular credit sources.) 2. <u>Fur Loans</u> To Bona Fide fur farmers to enable them to continue with their established fur farming operations. These loans were authorized for a period of five years from June 30, 1948, the date of Public Law 860 which originally authorized the making of such loans by the Regional Agricultural Credit Corporation of Washington, D. C. Public Law 38 abolished this Corporation and transferred its assets to the Secretary of Agriculture. Fur loans were made for any normal operating expense in producing fur-bearing animals in captivity.	1. The interest rate was 3% except for a few months in 1951 and 1955 when it was raised to 5 percent. An amendment was enacted on July 7, 1955, which set the rate by law at "not to exceed 3 percent." By regulation each loan was secured by liens on crops, livestock and other chattels, and on real estate, when necessary. Loans were scheduled for repayment as soon as possible consistent with the borrower's repayment ability, but not to exceed five years on advances for purchase of livestock and equipment and ten years on advances for real estate purposes. 2. The interest rate on fur loans was administratively raised from 3 to 5 percent on July 1, 1951, and remained at this figure until the program was terminated on June 30, 1958. By regulation each loan was secured by a first lien on fur-bearing animals owned, their increase, and liens on other chattels and on real estate as necessary to protect the Government's interest. Loans were scheduled for repayment over the minimum period consistent with the borrower's ability to pay, but not beyond five years.	1. Loans and administrative costs paid out of revolving fund pursuant to Public Law 38, as amended. There was no statutory ceiling as to amount of loans or costs that could be obligated in any year. 2. Loans and administrative costs paid out of revolving fund pursuant to Public Law 38, as amended. The law established a ceiling of \$4,000,000 on the principal amount of such loans that could be outstanding at any one time.	1. Administratively limited to farmers and stockmen with a good past record of operations and ability to succeed with the proposed operations. Need for credit resulted from losses sustained by production disaster. Unable to get needed credit from other sources. Citizenship not required. 2. Bona fide fur farmer administratively limited to those engaged in the breeding or production of fur-bearing animals in captivity. Unable to get needed credit from other sources. Good past record and ability to succeed with proposed operations.
Public Law 665, 81st Congress, Amending Public Law 38. Approved August 5, 1950.	Loans to owners or operators of established farms in areas where the RACC had made loans since 1941, limited administratively to orchards in the Wenatchee-Okanogan area of central Washington during a three-year period ending August 4, 1953, to enable them to continue their operations. No loan could exceed \$10,000 and the total indebtedness of any borrower for such loans could not exceed \$20,000.	By regulation 5 percent interest on the unpaid balance. Secured by first liens on crops and chattels purchased assignment of stock in cooperative purchased with loan funds, and best lien obtainable on other chattels owned, and on real estate, when necessary to protect the Government's interest. Repayable as soon as possible from crop income. Capital purchases could be extended over period up to five years.	Loans and administrative costs paid out of revolving fund pursuant to Public Law 38, as amended. Aggregate principal amount of orchard loans outstanding could not exceed \$2,000,000.	Administratively limited to owner or operator of an established orchard in the area designated, provided the credit needed could not be obtained readily from other sources, and the applicant had the experience and ability to successfully carry out the proposed operations.
Public Law 202, Approved October 24, 1951.	Added \$30,000,000 to the Revolving Fund.	No change	No Change	No change
Public Law 115, 83rd Congress, Amending Public Law 38. Approved July 14, 1953.	1. <u>Economic Emergency Loans</u> To established farmers and ranchers, including partnerships and corporations primarily engaged in farming, to enable them to continue their normal operations in areas where the President has determined that because of a major disaster Federal assistance is warranted pursuant to Public Law 875, 81st Congress, and the Secretary has found that an economic disaster has also caused a need for agricultural credit that cannot be met for a temporary period by other established lenders, including the regular programs of the Farmers Home Administration. 2. <u>Special Livestock Loans</u> For a period of two years, to established producers of cattle, sheep, and goats, throughout the Nation who are unable temporarily to get the credit they need from other lenders to carry on their normal livestock operations and they have a good chance of working out of their difficulties.	1. Same as for Production Emergency Loans, shown above. 2. Five percent interest on the unpaid principal balance. Scheduled for repayment as soon as possible consistent with ability to pay, but not exceeding, in the first instance, a period of three years. By regulation secured by a first lien on livestock and other chattels purchased with loan funds, the best lien obtainable on other livestock and chattels owned, and on real estate, when necessary to protect the Government's interest. Loans had to be approved by the Special Livestock Committee for the area, and those in excess of \$50,000 also by the Secretary.	1. Loans and administrative costs paid out of revolving fund pursuant to Public Law 38, as amended. There was no ceiling as to amount of loans or costs that could be obligated in any year. 2. Same as for Economic Emergency Loans.	1. Administratively limited to established farmer or rancher with a good past record of operations and ability to succeed with proposed operations. Need for credit resulted from adverse economic condition caused by a major disaster affecting the area. Unable to get needed credit from other sources, including regular programs of the Farmers Home Administration. Citizenship not required. 2. Any established producer and feeder of cattle, sheep and goats, (but not a commercial feed lot operator) who has a good record of operations with reasonable prospects for success with his proposed operations, and is unable temporarily to obtain the credit needed from other sources to continue his normal operations. Citizenship not required.

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Part 2 of 13

Emergency Loan Program

Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 175, 83rd Congress. Approved July 31, 1953	Increased the Disaster Loan Revolving Fund by \$130,000,000 to carry out the programs authorized by Public Law 38, as amended.	No change	No change	No change
Public Law 255, 83rd Congress, Amending Public Law 38. Approved August 13, 1953.	Extended to June 30, 1958, the authority to make additional loans to eligible fur farmers who were indebted on August 13, 1953, for fur loans previously made by the former Regional Agricultural Credit Corporation or the Farmers Home Administration pursuant to Public Law 860, 80th Congress, when necessary to enable these borrowers to continue their normal operations and retire their debt to the Government at the earliest date possible.	Same as above for Fur Loans.	Same as above for Fur Loans.	Same as above for Fur Loans, except that it was the intent to liquidate this program as soon as possible. Therefore, no further loan was made to a borrower who had paid his account in full or had on hand sufficient pelts or animals to be pelted which would enable the account to be paid in full when sold.
Public Law 727, 83rd Congress. Approved August 31, 1954.	Loans to established farmers and ranchers for any agricultural purpose except refinancing until June 30, 1955, in areas where the Secretary determined that there was a need for such credit which could not be met for a temporary period from other sources, including the regular programs of the FHA and under Public Law 38, as amended. No loan could exceed \$15,000 and no loan could be made which would increase the total indebtedness of any borrower for loans under this authority in excess of \$20,000.	Same as for Production Emergency Loans shown above.	Loans and administrative expenses were paid from the revolving fund pursuant to Public Law 38, as amended. A statutory ceiling of \$15,000,000 was set as the aggregate amount of loans authorized.	Same as for Production Emergency Loans shown above except that loans under this Act (1) could be made to corporations, (2) could be made only to applicants whose needs could not be met through other sources, including regular programs of FHA and under Public Law 38, as amended, and (3) could be made without requiring the applicant to establish that he suffered production losses through a natural disaster.
Public Law 117, 84th Congress. Approved June 30, 1955.	Extended the authorizations of Public Law 727, 83rd Congress, to June 30, 1957.	No change.	No change.	No change.
Public Law 166, 84th Congress. Approved July 15, 1955.	Extended the period for making initial livestock loans pursuant to Section 2(c) of Public Law 38, as amended, to July 14, 1957, and the period for making subsequent special livestock loans to indebted borrowers to July 14, 1959.	No change from above reference to Special Livestock loans.	No change from above reference to Special Livestock loans.	No change from above reference to Special Livestock loans.
Public Law 85-516. Approved July 11, 1958.	Extended the period for making subsequent special livestock loans to indebted borrowers to July 14, 1961.	No change from above reference to Special Livestock loans.	No change from above reference to Special Livestock loans.	No change from above reference to Special Livestock loans.
Public Law 87-106. Approved July 26, 1961.	Extended the period for making subsequent special livestock loans to indebted borrowers to December 31, 1961.	No change from above reference to Special Livestock loans.	No change from above reference to Special Livestock loans.	No change from above reference to Special Livestock loans.
Public Law 87-128. (Subtitle C of Title III) Approved August 8, 1961. Repealed Public Law 38, as amended.	Emergency loans to established farmers and ranchers, including partnerships and corporations engaged primarily in farming, for purposes authorized under Subtitles A and B of Title III in any area where a natural disaster has caused a need for such credit which cannot be met for temporary periods by private, cooperative or other responsible sources, at reasonable rates and terms. Where damage from the natural disaster was widespread the area must be designated by the Secretary to authorize Emergency loans. When only a few farmers were affected, loans may be made without designation. There is no limitation on the size of loans.	Three percent interest on principal balance. By regulation secured by first liens on crops and on chattels purchased, and best lien obtainable on other chattels owned and on real estate, when necessary to protect the Government's interest. Repayable as soon as possible consistent with ability. Advances for recurring expenses usually paid out of year's income. Advances for chattel purchases may be spread over 7 years, and those for real estate purposes over 20 years, if necessary.	Loans and administrative costs paid out of Emergency Credit Revolving Fund. No ceiling on amount of loans which may be made.	Must be citizen of the United States, if individual or partner. If an eligible corporation, principal stockholders must be citizens of United States. Must be established farmer or rancher in a designated area, or must have suffered severe production losses from a natural disaster not general to the area. Must possess the character, ability, industry and experience to succeed with proposed operations. Must be unable to provide funds from own resources, or to obtain needed credit from other sources.

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Part 2 of 13

Sheet 3

Emergency Loan Program

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 87-832, Approved October 15, 1962	Amended Section 321 (b) of Public Law 87-128 to authorize the making of Emergency Loans to established oyster planters in addition to farmers and ranchers.	Same as for Emergency loans shown above, except that advances made for rehabilitating oyster beds may be extended over a three-year period, if necessary.	Same as for Emergency Loans shown above.	Same as for Emergency Loans shown above, except that the applicant must be an established oyster planter engaged in planting, caring for, and harvesting oysters on his owned or leased oyster beds.
Public Law 89-339, Approved November 8, 1965	Provided that Emergency Loans might be made through December 31, 1966, in Louisiana, Florida and Mississippi to established farmers and oyster planters because of losses or damage due to Hurricane Betsy in 1965 without regard to whether the required financial assistance is otherwise available from private sources. Also, for those who had qualifying losses to crops, buildings, or other property, it was provided that a portion of the loan obligation not to exceed \$1,800 might be cancelled outright or interest not to exceed this amount during the first three years might be waived. These benefits are applicable to Emergency loans in excess of \$500.	Same as indicated above for Emergency loans, except for borrower's option to request outright cancellation of his loan obligation or waiver of interest in an amount he is qualified to receive but not in excess of \$1,800 on that part of the loan above \$500.	The amount of Emergency loan obligations cancelled and the amount of interest waived pursuant to this authorization are to be reimbursed to the Emergency Loan Revolving Fund from appropriations made for this purpose.	Same as indicated above for Emergency loans, except that an eligible victim of Hurricane Betsy might receive an Emergency loan without regard to his ability to get needed credit from other sources. The amount of cancellation or interest waiver each borrower is entitled to receive must be calculated after consideration of the amount of his qualifying losses not compensated for by insurance or otherwise and the amount of the loan made in connection with these losses.
Public Law 89-426, Approved May 13, 1966.	Increased the Emergency Credit Revolving Fund by \$30,000,000 to carry out the emergency loan program authorized by Public Law 87-128, as amended.	No change.	No change.	No change.
CURRENT STATUS OF PROGRAM:				
CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED				
EMERGENCY LOANS	To provide standby source of agricultural credit for use when natural disasters create need which cannot be met locally. Loans are made for purposes essential to continuation of normal operations, including operating and living expenses.	3 percent, payable soon as possible, usually within 1 year for advances for current operating expenses, not to exceed 7 years for capital purchases, and not to exceed 20 years for real estate purchases.	Emergency Credit Revolving Fund.	Established farmers, ranchers, or oyster planters including owner-operators, tenants, partnerships, and corporations, operating in (1) designated emergency area, or (2) nondesignated area but have had severe production losses not general to the area.

AGENCY REGULATION - Farmers Home Administration Instruction 441.2

LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan Obligations	Outstanding Balance 6/30/64	Loan Obligations	Outstanding Balance 6/30/65	Loan Obligations	Outstanding Balance 6/30/66	Loan Obligations
Emergency loans	\$ 50,197	\$ 77,687	\$ 78,447	\$ 104,702	\$ 100,489	\$ 120,446	\$ 85,000

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Part 3 of 13

Economic Opportunity Loans to Individuals Program

Statutory Citations	Program Authorization	Terms	Source of Financing	Borrower Eligibility
Public Law 88-452. Approved August 20, 1964. Section 302, title III, Economic Opportunity Act of 1964.	Direct loans in amounts not to exceed \$2,500 in the aggregate to any low income rural family to assist in improving the income, level of living and economic circumstances of the family through the acquisition and development of resources.	Maximum maturity of 15 years. Interest at a rate not less than determined by Secretary of Treasury considering the average market yield on outstanding Treasury obligations of comparable maturity and additional charges consistent with program purposes.	Economic Opportunity Loan Fund, a revolving fund established by Section 606(a) of the Economic Opportunity Act of 1964. Section 321 of the Act authorized appropriation of \$35,000,000 for all purposes of title III for fiscal year 1965; and for fiscal years 1966 and 1967 appropriations of such sums as the Congress may hereafter authorize by law.	Low income rural families who have reasonable assurance of repayment of the loans; who cannot get credit on reasonable terms from private sources or other Federal, State or local programs; and, who have reasonable prospects of increasing their income, level of living and making some improvement in their financial situation.
Public Law 89-253. Approved October 9, 1965.	No change.	No change.	Authorized appropriation of \$55,000,000 for fiscal year 1966. For fiscal years 1967 and 1968, appropriations of such sums as the Congress may hereafter authorize by law.	No change.
Public Law 89-794. Approved November 8, 1966.	Direct loans in amounts not resulting in an aggregate indebtedness of more than \$3,500 at any one time to any low income rural family to assist in improving the income, level of living and economic circumstances of the family through the acquisition and development of resources.	No change.	Program to be carried out through June 30, 1967 and three succeeding fiscal years. For each fiscal year only such sums may be appropriated as the Congress may authorize by law.	No change.
<u>CURRENT STATUS OF PROGRAM:</u> ECONOMIC OPPORTUNITY ACT OF 1964 ECONOMIC OPPORTUNITY LOANS. Loans for agricultural and nonagricultural purposes.	No change.	4 1/8 percent for 1967.	Economic Opportunity Loan Fund.	No change.
AGENCY	REGULATION - Farmers Home Administration Instruction 441.5 and 441.6			

LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan Obligations	Outstanding Balance 6/30/64	Loan Obligations	Outstanding Balance 6/30/65	Loan Obligations	Outstanding Balance 6/30/66	Loan Obligations
Economic Opportunity Family loans	\$ -0-	\$ -0-	\$ 18,734	\$ 16,720	\$ 27,264	\$ 41,166	\$ 28,000

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs

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Sheet 1

Farm Ownership Loan Program

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Bankhead-Jones Farm Tenant Act (Public Law 210-75th Congress). Approved July 22, 1937	Tenant Purchase Loans: Direct loans for the purchase and development of family type farms. Provided amounts available for loans to be distributed equitably to States on basis of farm population and prevalence of tenancy. Loan limited to amount certified by County Committee as the reasonable value of farm. Farm must be an efficient farm-management unit.	3 percent interest on unpaid balance. Not to exceed 40 years. Secured by first mortgage on farm. System of variable payments authorized under which more than annual payment required in years of above-normal production or prices and used to reduce payment in below normal year.	Direct appropriation. Appropriation of \$10 million authorized for fiscal year 1938, \$25 million for 1939, and \$50 million each year thereafter.	U.S. citizens who are farm tenants, farm laborers, sharecroppers, or others who obtain or recently obtained major portion of income from farming. Preference to married persons with dependent families and to those able to make a down payment or who own livestock and farm equipment.
Farmers Home Administration Act of 1946 (Public Law 731-79th Congress), Approved August 14, 1946	Bankhead Jones Farm Tenant Act, amended as follows: Tenant Purchase, Farm Enlargement and Farm Development Loans: Direct and insured loans for the purchase, enlargement and development of family-type farms and to make improvements needed to adjust farming operation to changing conditions. Loan may include funds to refinance prior mortgage against undersized or underimproved farms when loan is made to enlarge or improve the farm. Loans to disabled veterans authorized on less than family-type units. Loans may not be made with respect to a farm whose value would exceed average value of efficient family-type farms in county. Distribution of funds to states modified to provide absolute preference to veterans and \$100,000 minimum to each state. Limited insured loans to 90 percent of value of farm as certified by county committee.	3 1/2 percent interest on unpaid balance. Not to exceed 40 years. Secured by first mortgage on farm. 2 1/2 percent base rate to lender. One percent mortgage insurance charge paid to Government.	Direct Appropriation for direct loans. Appropriation of \$50 million authorized for fiscal year 1947 and for each year thereafter. Private capital for insured loans for which mortgage insured by Government. Mortgage insurance up to \$100 million per year authorized.	U.S. citizens who are farm tenants, farm laborers, sharecroppers and owners of inadequate or under improved farm units who obtain or recently obtained major portion of income from farming. Preference to war veterans and to married persons with dependent families and to those able to make down payment or who own livestock and farm equipment. Applicants must be unable to obtain credit from other sources at rates (not exceeding 5 percent) and terms prevailing in the community for similar loans.
Public Law 720, 80th Congress. Approved June 19, 1948	No change.	Increased interest rate to 4 percent on unpaid balance, authorizes agreement for Government to purchase loan from lender after five years from date of loan, and increased base rate to lender to 3 percent.	No change.	No change.
Public Law 361, 81st Congress. Approved October 19, 1949	Authorized loans to homestead entryment, and to contract purchasers in reclamation projects.	First installment on loan may be deferred up to two years from date of homestead entrymen or reclamation project loan.	No change.	Extended eligibility to homestead entrymen and contract purchasers in reclamation project.
Public Law 123, 82nd Congress. Approved August 23, 1951	Provided that three quarters of the annual loan insurance authority was to be distributed to states on the basis of farm population and prevalence of tenancy, and one quarter on the basis of applications and eligible farms. No change in distribution formula for direct loans. Contained provision permitting delay in refinancing to enable holder to do so.	First installment on loan may be deferred up to two years from date of loan.	No change.	Provided veteran preference for all loans regardless of distribution formula.
Public Law 521, 83rd Congress. Approved July 22, 1954	Authorized loans to be secured by second mortgages as well as first mortgages.	Increased interest rate to maximum of 5 percent to borrower; not in excess of 4 percent to lender. Secured by first or second mortgage on farm.	No change.	No change.
Public Law 273, 84th Congress. Approved August 9, 1955	Provided that mortgages would run to United States instead of to lender permitting insurance of notes instead of mortgages. This change simplified loan servicing.	No change.	No change.	No change.
Public Law 878, 84th Congress. Approved August 1, 1956	Authorized insured loans for adjusting farming operations to changing conditions. Authorized loans to farm owners of adequate farms. Authorized loans on less than family-type farming units to part-time farmers. Authorized loans to refinance unsecured debts for agricultural purposes in connection with less than family-type farms.	No change.	Increased annual insurance authority from \$100 million to \$125 million.	Required applicant to obtain substantial portion rather than major portion of income from farming. Provided for loans to disabled veterans regardless of whether farm was family-type unit.
Public Law 85-748. Approved August 25, 1958	No change.	Authorized retention of insurance charge of minimum of one percent of the unpaid principal.	Authorized real estate loans to be made out of insurance fund up to \$5 million unsold at any time, to be insured at time of sale.	No change.

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Farm Ownership Loan Program

Part 4 of 13

Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 87-128. Approved August 8, 1961 Consolidated Farmers Home Administration Act of 1961.	1. Major revision and consolidation of authorities 2. Authority for loans on less than family-size farms. 3. Enlarged and made permanent authority for loans solely for refinancing. 4. Omitted the restriction of land acquisition loans to farms valued at not more than the average value of family-size farms in the county. 5. Established \$60,000 loan limit. 6. Permitted insured loans up to 100 percent of value of farm the same as for direct loans. 7. Permitted loans to be secured by the farm or such other security as the Secretary may prescribe. (Previously limited to first or second mortgages on farm.) 8. Required allocation of at least 25 percent of funds available for direct real estate loans (instead of all direct real estate funds available in one year) to be allocated among States on basis of farm population and prevalence of tenancy.	1. Reduced the minimum amount to be retained by the Secretary out of the insurance charge on insured loans from a one percent minimum to not less than one-half of one percent of the unpaid principal, and thus permits the net yield to the lender to increase from 4 to 4 1/2 percent when money market conditions require. 2. Reduced minimum number of years for which lender must hold loan from 5 years to 3 years.	1. Insured real estate loans including farm ownership limited to \$150 million annually. 2. Direct loans limited by annual authorization by Congress. 3. Established the FHA Direct Loan Account. 4. Increased the amount of the insurance fund which may be used for making real estate type loans to be later sold and insured from \$5 million to \$10 million at any one time. Changed name of insurance fund to Agricultural Credit Insurance Fund.	1. Revised standards for determining whether credit is available from other sources, by eliminating the maximum 5 percent interest provision with respect to loans from other sources. 2. Extended veteran preference to applications pending in county at any time instead of absolute preference for all loans.
Public Law 87-703. Approved September 27, 1962.	Added recreational uses and facilities as a purpose for which loans may be made. Authorized loans for fish farming.	No change.	Increased from \$10 million to \$25 million the amount of insured real estate loans, including farm ownership, that can be made from and held in Agricultural Credit Insurance fund at any one time.	The term farmers shall include persons engaged in fish farming.
Public Law 87-798. Approved October 11, 1962.	No change.	No change.	Increased amount of annual loan insurance authority for farm ownership and soil and water loans from \$150 million to \$200 million.	No change.
Public Law 89-240. Approved October 7, 1965.	No change.	For insured loans, eliminated the requirement in agreements with lenders for repurchase of the loan by the Government within three years. For insured loans, eliminated the requirement that at least one-half of one percent be retained by Government out of interest as insurance charge.	Increased amount of annual loan insurance authority for farm ownership and soil and water loans from \$200 million to \$450 million. Increased from \$25 million to \$50 million the amount of real estate loans, including farm ownership loans, that can be made from and held in fund at any one time for subsequent sale and insurance at time of sale.	No change.

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs

Part 4 of 13

Farm Ownership Loan Program

Sheet 3

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 89-586. Approved September 19, 1966.	No change.	No change.	No change.	In the State of Hawaii, the term "owner-operator", as used in the Consolidated Farmers Home Administration Act of 1961, shall include the lessee-operator of real property when the Secretary determines that (1) the land cannot be acquired in fee simple by the applicant, (2) adequate security is provided for the loan, and (3) there is a reasonable probability of accomplishing the objectives and repayment of the loan.
Public Law 89-633. Approved October 8, 1966.	No change.	For insured loans, authorized the Secretary to retain in the insurance fund all prepayments (other than final payments) made by borrowers, and, at his option, to remit to the insured lender only the regular annual installments as they become due.	No change.	No change.
<u>CURRENT STATUS OF PROGRAM:</u>				
CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED				
FARM OWNERSHIP LOANS	Farm families with adequate, potentially adequate or limited land resources are given an opportunity to be assisted with technical help and loans to improve their economic positions and standards of living. This assistance also helps to stabilize tenure. These opportunities are provided by loans to acquire, enlarge or develop family farms including recreational enterprises and refinancing when the total debt against the farm does not exceed its normal value, or \$60,000, whichever is the lesser.	5 percent. (3 percent on loans for forestry purposes.) Up to 40 years.	Direct Loan Account. Private capital. Insured loans.	Farmers and ranchers who (1) are citizens of the United States, (2) have a farm background and either training or farming experience 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.
AGENCY	REGULATION - Farmers Home	Administration Instruction 443.1		

LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan Obligations	Outstanding Balance 6/30/64	Loan Obligations	Outstanding Balance 6/30/65	Loan Obligations	Outstanding Balance 6/30/66	Loan Obligations
Farm Ownership Loans							
Direct	\$ 39,881	\$ 309,025	\$ 45,000	\$ 345,813	\$ 10,000	\$ 329,824	\$ 5,000
Insured	\$ 166,400	\$ 631,203	\$ 137,591	\$ 732,988	\$ 223,237	\$ 901,302	\$ 230,000

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Soil and Water Loan Program to Individuals

Part 5 of 13

Sheet 1

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 399. 75th Congress. Approved August 28, 1937.	Direct loans for development of water supplies, maintenance of water facilities and storage of water including purchase of water rights and necessary appurtenances. Loans limited to the 17 arid or semi-arid western States.	Terms and conditions not limited by the Act. Interest rate established by regulation at 3 percent per annum on unpaid balance. Not to exceed 20 years. May be secured by mortgage on farm, lien on chattels, or a combination of both. Annual installments on the note.	Direct appropriation unlimited by the Act.	The Act authorized financial aid to any agency or person. Loans limited by regulation to bona fide farm operators, or landowners who make the facility available to bona fide farm operators, whose lands are in actual use for agricultural purposes or will be placed in use as a result of the installation of the water facility. Assistance limited to farm operators who are operating family size units or less.
Public Law 361. 81st Congress. Approved October 19, 1949.	Authorized water facilities loans to homestead entrymen and contract purchases on reclamation projects.	First installment on loan may be deferred up to two years from date of homestead entry or reclamation project loan.	No change.	Extended eligibility to homestead entrymen and contract purchasers in reclamation projects.
Public Law 597. 83rd Congress. Approved August 17, 1954.	Extended the provisions of the Water Facilities Act (PL 399) so loans could be made in all U. S. Total indebtedness limited to \$25,000 at any one time. Also broadened provisions to include permanent pasture, reforestation and related measures. Authorized insured loans as well as direct loans. Authorized utilization of the Insurance Fund created by Bankhead-Jones Farm Tenant Act, as amended.	By regulation in September 1954 interest rate on direct loans established at 4 1/2 percent per annum on unpaid balance. By regulation in September 1954 interest rate on insured loans established at 3 1/2 percent base rate to lender. 4 1/2 percent to borrower. One percent loan insurance charge paid to Government. (By regulation in December 1958 interest rate to lender on insured loans changed from 3 1/2 to 4 percent. In August 1959 interest rate on direct loans changed from 4 1/2 to 5 percent.)	Direct loans - no change. Private capital for insured loans. Loan insurance up to \$25 million per year authorized.	No change in the Act, but by regulation in 1955 loans limited to applicants who were unable to obtain credit from other sources at reasonable rates and terms. Also preference to war veterans.
Public Law 85-748. Approved August 25, 1958	No change.	Authorized retention of insurance charge of minimum of one percent of unpaid principal. Limited insured loans to 90 percent of value of the security less any prior lien indebtedness.	Authorized water facilities loans to be made out of insurance fund subject to the limitation that the total aggregate of loans so made, including real estate loans under the Bankhead-Jones Farm Tenant Act, and not disposed of shall not exceed \$5,000,000 at any one time.	No change.
Public Law 87-128. Approved August 8, 1961. Consolidated Farmers Home Administration Act of 1961.	1. Major revision and consolidation of authorities. 2. Established \$60,000 loan limit. 3. Permitted insured loans up to 100 percent of value of the security property, the same as for direct loans. 4. Permitted loan to be secured by the farm or such other security as the Secretary may prescribe. 5. Required allocation of at least 25 percent of funds available for direct real estate loans to be allocated among States on basis of farm population and prevalence of tenancy.	1. Reduced the minimum amount to be retained by the Secretary out of the insurance charges on insured loans from a one percent minimum to not less than one-half of one percent of the unpaid principal and thus permits the net yield to the lender to increase from 4 to 4 1/2 percent when money market conditions require. 2. Reduced minimum number of years for which lender must hold loan from 5 years to 3 years.	1. Insured real estate loans including individual soil and water limited to \$150 million annually. 2. Direct loans limited by annual authorizations by Congress. 3. Established the FHA Direct Loan Account. 4. Increased the amount of the insurance fund which may be used for real estate type loans to be later sold and insured from \$5 million to \$10 million at any one time.	1. U.S. citizens who are farm owners or farm operators. 2. Veteran preference to applications pending in county at one time. 3. Applicants unable to obtain credit from other sources at reasonable rates and terms.

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Program

Part 5 of 13

Soil and Water Loan Program to Individuals

Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 87-703. Approved September 27, 1962.	Authorized loans for fish farming.	3. Legally established maximum term of loan 40 years with 5 percent interest on unpaid balance. No change.	5. Changed name of insurance fund to Agricultural Credit Insurance Fund. Increased from \$10 million to \$25 million the amount of insured real estate loans, including soil and water that can be made from and held in Agricultural Credit Insurance Fund at one time.	The term "farmers" shall include persons engaged in fish farming.
Public Law 87-798. Approved October 11, 1962.	No change.	No change.	Increased amount of annual loan insurance authority for real estate loans including individual soil and water loans, from \$150 million to \$200 million.	No change.
Public Law 89-240. Approved October 7, 1965.	No change.	For insured loans, eliminated the requirement in agreements with lenders for repurchase of the loans by the Government within three years. Eliminated the requirement that at least one-half of one percent be retained by Government out of interest as insurance charges.	Increased amount of annual loan insurance authority for real estate loans including individual soil and water loans from \$200 million to \$450 million. Increased from \$25 million to \$50 million the amount of real estate loans, including individual soil and water loans, that can be made from and held in fund at any one time for subsequent sale and insurance at the time of sale.	No change.
Public Law 89-633. Approved October 8, 1966.	No change.	For insured loans, authorized the Secretary to retain in the insurance Fund all prepayments (other than final payments) made by the borrowers, and, at his option, to remit to the insured lender only the regular annual installments as they become due.	No change.	No change.
<u>CURRENT STATUS OF PROGRAM:</u> CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED. INDIVIDUAL SOIL AND WATER LOANS	To provide facilities for land and water development, use, and conservation.	5 percent. (3 percent on certain loans for forestry purposes.) Up to 40 years. (By regulation, loan not secured by real estate mortgage or leasehold are limited to 20 years.)	Direct Loan Account. Private capital. Insured loans.	Any farm-owner or farm operator (including by regulation partnerships and corporations).
AGENCY	REGULATION - Farmers Home	Administration Instruction 442.1		

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs
Soil and Water Loan Program to Individuals

Part 5 of 13
Sheet 3

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
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LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan Obligations	Outstanding Balance 6/30/64	Loan Obligations	Outstanding Balance 6/30/65	Loan Obligations	Outstanding Balance 6/30/66	Loan Obligations
Soil and Water Loans to Individuals							
Direct	\$ 1,053	\$ 9,276	\$ 1,529	\$ 9,050	\$ 2,078	\$ 8,974	\$ 1,000
Insured	\$ 3,349	\$ 12,997	\$ 2,003	\$ 12,586	\$ 1,773	\$ 12,053	\$ 5,000

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Land Conservation and Development Loan Programs to Individuals

Part 6 of 13

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
LAND CONSERVATION AND DEVELOPMENT LOANS Public Law 89-16, Approved April 30, 1965 (Second Supplemental Appropriation Act, 1965 Title II, item "Farmers Home Administration - Direct Loan Account."	Made available \$7.1 million for loans and advances under subtitles A and B of the Consolidated Farmers Home Administration Act of 1961, including individual Land Conservation and Development loans, in Appalachian Region, as defined in P.L. 89-4, approved March 9, 1965.	5 percent. (3 percent on certain loans for forestry purposes.) Up to 40 years.	Direct Loan Account.	By regulation, any farm owner or farm operator in Appalachian Region who has entered into a cost-sharing agreement with ASCS as a result of the approved State programs required pursuant to the provisions of section 203 of the Appalachian Regional Redevelopment Act of 1965 (Public Law 89-4, 89th Congress, approved March 9, 1965).
ADMINISTRATION LETTER 844 (442)				

LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan Obligations	Outstanding Balance 6/30/64	Loan Obligations	Outstanding Balance 6/30/65	Loan Obligations	Outstanding Balance 6/30/66	Loan Obligations
Land Conservation and Development Loans (Appalachia)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 77	\$ 26	\$ 7,000

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs
Rural Housing Loan Program

Part 7 of 13

Sheet 1

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
TITLE V OF THE HOUSING ACT OF 1949 Public Law 171, 81st Congress Approved July 15, 1949	Direct loans under sections 502, 503, and 504 to provide dwellings, buildings, and related facilities on farms for the farmowners or their tenants or laborers. A "farm" is defined as a parcel(s) of land operated as a single unit, used in agricultural production, and customarily producing or being capable of producing \$400 worth of agricultural commodities, at 1944 prices, for sale and home use. Section 502 loans - To build or improve dwellings, farm service buildings, and related facilities in order to provide decent, safe, and sanitary housing. Section 503 loans - To build or improve dwellings, farm service buildings, and related facilities and at the same time enlarge the farm or develop the land to increase income to meet loan payments. Section 504 loans and grants - To make minor repairs to homes or farm service buildings in order to remove hazards to the health and safety of the occupants or the community.	Not to exceed 4 percent interest on unpaid balance. Repayment period up to 33 years. Adequately secured by mortgage on farm, and any necessary additional security. Borrower must agree to re-finance loan with private credit when able to do so. Not to exceed 4 percent interest on unpaid balance. Repayment period up to 33 years. Necessary contributions by Government, up to all interest and one-half of principal of first five annual installments. Not to exceed 4 percent on unpaid balance of loan. Repayment period up to 33 years under law, 10 years under regulation. Loan made to extent borrower has ability to repay. Grant, or grant portion of loan and grant, up to \$500. Loan, or combined loan and grant, up to \$1,000.	Authorized borrowings from Treasury for building loans not to exceed \$25 million on and after July 1, 1949, \$50 million more on and after July 1, 1950, \$75 million more on and after July 1, 1951, and \$100 million more on and after July 1, 1952. Authorized appropriations for grants and for land portion of section 503 loans, not to exceed \$2 million on and after July 1, 1949, \$5 million more on and after July 1, 1950, \$8 million more on and after July 1, 1951, and \$10 million more on and after July 1, 1952. Authorized commitments during fiscal 1950 for section 503 contributions up to \$500,000 annually and additional commitments during fiscal 1951, 1952, and 1953 for contributions up to \$1 million, \$1-1/2 million, and \$2 million per annum, respectively.	Owner of a farm which is without a decent, safe, and sanitary dwelling for himself or his family or the family of the tenant or farm laborer or without adequate farm buildings. Applicant must be unable to provide the necessary housing and buildings with his own resources or with credit from other sources on terms and conditions he could reasonably be expected to fulfill. Preference given to veterans and families of deceased servicemen. Farm owner with sufficient family income from farm and other sources to repay loan and maintain reasonable standard of living. Farmowner without sufficient income to qualify for section 502 loan who can by enlarging or improving the farm increase his income sufficiently in not more than 5 years to meet the payments without aid of contributions. Owner-occupant of farm without sufficient income to qualify for section 502 or 503 assistance. Subject to limits on amounts: Loans made to extent applicant is able to repay, while grant may be made to extent applicant cannot repay loan.
Public Law 531, 82nd Congress Approved July 14, 1952	No change	No change	Increased borrowing authority by \$100 million on and after July 1, 1953. Authorized additional commitments during fiscal 1953 for section 503 contributions up to \$2 million annually. Authorized appropriation of additional \$10 million for grants and for land portion of section 503 loans on and after July 1, 1953	No change
Public Law 438, 83rd Congress Approved June 29, 1954	No change	No change	Authorized borrowing from Treasury for building loans additional \$8-1/2 million on and after July 1, 1954.	No change
Public Law 560, 83rd Congress Approved August 2, 1954	No change	No change	Increased foregoing additional borrowing authority from \$8-1/2 to \$100 million	No change
Public Law 345, 84th Congress Approved August 11, 1955	No change	No change	Increased foregoing borrowing authority by \$100 million on and after July 1, 1955.	No change
Public Law 1020, 84th Congress. Approved August 7, 1956	No change	No change	Increased foregoing borrowing authority by \$450 million for fiscal years 1957-1961. Authorized additional commitments for contributions on section 503 loans not to exceed \$10 million during fiscal years 1957-1961. Authorized appropriations not to exceed \$50 million for section 504 loans and grants during fiscal years 1957-1961.	No change

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs

Part 7 of 13

Rural Housing Loan Program

Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 87-70. Approved June 30, 1961	Included qualified holders of long-term leaseholds on farms as "owners" of farms Authorized section 502 loans and section 504 assistance to owners of nonfarm real estate in rural areas. "Rural area" defined by regulation as open country and rural towns of not more than 2,500 population. Authorized insuring loans to provide housing and related facilities for domestic farm labor. Domestic farm labor defined as U. S. citizens receiving substantial portion (as determined by Secretary) of their income as laborers on farms in U. S.	Discontinued requiring real estate security for small loans Interest rate not to exceed 5 percent. Repayment period not to exceed 33 years. Loan to individual owner of farm not to exceed borrower's mortgageable equity in farm. Loan to any other borrower not to exceed total estimated value of the labor housing structures and facilities. Borrower must agree to refinance when able.	Increased borrowing authority from \$450 million to \$650 million. Extended authorized period for borrowing and for appropriations through June 30, 1965 Authorized insuring of loans made by private lenders up to \$25 million per fiscal year. Agricultural Credit Insurance Fund utilized to insure payment to lenders on terms similar to insurance of loans under Consolidated Farmers Home Administration Act of 1961.	No change except as stated in Column 2. Individual owners of farms, association of farmers, any State or political subdivision thereof, or any public or private nonprofit organization, if applicant is unable to provide the housing from own resources or with credit from other sources on terms and conditions applicant can reasonably be expected to meet.
Public Law 87-723. Approved September 28, 1962.	Broadened authority for section 502 loans to include purchase of previously occupied dwellings and facilities, and purchase of minimum adequate site, to provide necessary adequate housing for owner-occupant elderly persons in rural areas. Permitted co-makers on notes of elderly applicants with insufficient repayment ability. Increased limit for section 504 grant, or grant portion of grant and loan, from \$500 to \$1,000. Authorized section 515(a) direct and section 515(b) insured loans to construct, improve, or purchase housing, related facilities, and necessary land, in order to provide rental housing and related facilities for elderly persons and families in rural areas. For direct loans, occupants must be of low or moderate income.	On direct loans, interest rate determined by Secretary not to exceed maximum rate provided in section 202(a)(3) of Housing Act of 1959. Repayment period up to 50 years. Loan may not exceed cost of construction, repair, and purchase, or value of security, whichever is less. Borrower must agree to refinance when able. On insured loans, interest not to exceed the maximum rate provided in section 203(b) (5) of National Housing Act. No repayment period limit under law, up to 40 years under regulation. Loan may not exceed total cost of project, or value of security, or \$100,000, whichever is least. Borrower must agree to refinance when able. Insurance authority expires June 30, 1964.	Increased borrowing authority for direct building loans under sections 502, 503, and 504 from \$650 million to \$700 million, of which \$50 million shall be exclusively for loans to elderly. Authorized appropriation not to exceed \$50 million to establish Rural Housing for the Elderly Revolving Fund for section 515(a) direct loans for senior citizens rental housing. Authorized insuring loans and making loans to be sold and insured. Agricultural Credit Insurance Fund utilized, on terms of Consolidated Farmers Home Administration Act of 1961. Loans made from Fund and not yet sold, not to exceed \$10 million at any one time.	Elderly person, 62 years of age or over, in rural area, without adequate housing who is or will be owner-occupant and cannot get necessary credit elsewhere. Direct loans - Private nonprofit organizations and consumer cooperatives unable to provide the housing from their own resources or with other credit. Insured loans - Any individual, corporation, association, trust, or partnership unable to provide the housing with own resources or other credit.
Public Law 88-340. Approved June 30, 1964	Extended section 515(b) senior citizens rental housing loan insurance authority from June 30 to September 30, 1964.	No change	No change	No change

Rural Housing Loan Program

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 88-560. Approved September 2, 1964.	Extended authority for borrowing from Treasury, making contribution commitments, appropriations for section 504 grants and section 503 land loans, and insuring section 515(b) loans through September 30, 1965. Added section 516 to authorize labor housing grants to purchase, construct, and improve housing, related facilities, and necessary land to provide low-rent housing for domestic farm labor. Low-rent housing is defined as rental housing within financial reach of families of low income. Increased limit on any section 515(b) insured senior citizens rental housing loan from \$100,000 to \$300,000. Definition of domestic farm labor broadened to include, besides citizens, U. S. residents legally admitted for permanent residence.	No repayment. Amount of grant not to exceed 2/3 of total development cost of project, less any amount obtainable from other sources including section 514 loan. Housing must be practical and economical and fulfill pressing need. Absolute priority to domestic farm labor for occupancy. Rents subject to approval by Secretary of Agriculture. No change	Increased borrowing authority for building loans under sections 502, 503, and 504 by \$150 million. Authorized appropriation of \$10 million for section 516 grants through September 30, 1965. No change No change	No change Any State, political subdivision thereof, or non-profit organization. By regulation, nonprofit organization must be broadly based and agree to operate the housing as a community service. No change
Public Law 89-117. Approved August 10, 1965.	- Added authority to insure section 502 loans. - Established two levels of interest rates for insured section 502 loans, depending on whether or not applicant's family income is above moderate. - Authorized section 502 loans to any qualified rural residents to buy previously occupied dwellings, related facilities, farm service buildings for farmers and minimum adequate building sites. - Established Rural Housing Direct Loan Account for all direct loans under title V of Housing Act of 1949. - Established RH Insurance Fund for insuring section 502 loans, section 515(b) senior citizens rental housing loans, and section 514 labor housing loans. - Changed formula for determining interest rate on borrowing from Treasury. - Defined rural area to include towns which have not more than 5,500 population, are not part of or associated with an urban area, and are rural in character. - Extended through October 1, 1969, authorizations that would expire September 30, 1965.	On insured section 502 loans: Where applicant's family income is low or moderate, interest rate not to exceed 5 percent. Where income above moderate, interest rate must be comparable to combined interest rate and premium charge in effect under section 203 of National Housing Act, as determined by Secretary of Agriculture. Increased maximum interest rate on direct section 502 loans to non-elderly to 5 percent. Reduced maximum interest rate on section 515(a) direct senior citizens rental housing loans to 3 percent.	Authorized insuring loans and making loans to be sold and insured, utilizing Rural Housing Insurance Fund. Insured section 502 loans to low or moderate income borrowers not to exceed \$300 million per year. Loans made from Insurance Fund and not yet sold, not to exceed \$100 million at any one time. Fund capitalized with \$100 million appropriated by P.L. 89-309, approved October 31, 1965. As agreed with lender or purchaser, U. S. may retain any portion of borrower's interest payments on insured loans. Of any such portion, not to exceed 1% per annum of unpaid principal of loan must be deposited in the Fund. Any part of such portion not deposited may be used for administrative expenses if authorized by appropriation act. Mortgages to secure insured loans may run to U. S. and not to other noteholders than U. S. U. S. may insure timely payment of installments to noteholder, and may agree to holder having option to require U.S. to purchase note before maturity if specified. U.S. may call note when needed for servicing or liquidation. Authorized appropriation or borrowings from Treasury for Fund, but no borrowing for Fund capital unless authorized by Congress in appropriation act. Increased appropriation authority for section 516 labor housing grants from \$10 million to \$50 million. Transferred to Rural Housing Direct Loan Account all title V direct loans and direct loan funds, including future collections. Authorized appropriations and, when authorized by appropriation acts, borrowing from Treasury for Account. Account available for making (1) payments on notes	Applicants eligible for section 502 loans expanded to include non-elderly rural residents without adequate housing and related facilities who cannot get necessary credit elsewhere and will be owner-occupants of nonfarm tracts in rural areas.

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History and Analysis of Farmers Home Administration Programs

Rural Housing Loan Program

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Sheet 4

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
			for previous borrowings from Treasury for building loans and (2) title V direct loans and related advances in such amounts as (a) are now authorized by law and (b) shall be authorized in appropriation acts. Any excess sums in Fund or Account must be returned to Treasury.	
Public Law 89-754. Approved November 3, 1966	1. Removed requirement that an existing building must have been "previously occupied" to be eligible for purchase with a section 502 loan.	No change.	No change.	No change.
	2. Broadened section 502 loan purposes to include refinancing of housing debts incurred before November 3, 1966 which threaten loss of applicant's necessary housing.	No change.	No change.	Owners facing imminent loss of their necessary farm or rural dwellings or necessary farm service buildings from housing debt they cannot meet from own resources or with credit from other sources on terms and conditions they can reasonably be expected to meet.
	3. Extended to all title V applicants privilege of offering cosigners for deficient repayment ability.	No change.	No change.	No change except as shown in column 2.
	4. Increased from \$1,000 to \$1,500 the maximum amount of repair and improvement assistance authorized to any one family under section 504.	No change except as shown in column 2.	No change.	No change.
	5. Broadened the section 515 (a) direct loan authority to include cooperative housing and make low-income rural nonelderly eligible as occupants of rental or cooperative housing.	No change.	No change.	No change.
	6. Broadened the section 515 (b) insured loan authority to include cooperative housing and make the low and moderate income rural non-elderly eligible occupants of rental or cooperative housing.	No change.	No change.	No change.
	7. Removed the \$300,000,000 ceiling on the annual aggregate of insured section 502 loans to low to moderate income families and substituted expiration date of October 1, 1969.			
<u>CURRENT STATUS OF PROGRAM:</u> TITLE V OF THE HOUSING ACT OF 1949, AS AMENDED				All title V applicants must-- 1. be unable to secure credit from other sources, and 2. agree to refinance their FHA loans when they have acquired the equity and resources to do so.

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs
Rural Housing Loan Program

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Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Rural Housing Loans and Grants	Section 502 Insured Loans - To build or improve rural homes, related facilities, and farm service buildings. To buy existing dwellings or farm service buildings and minimum adequate sites. Refinance debts under certain conditions, when necessary to keep the family from losing its home.	Section 502 Insured Loans - Up to 33 years, 6 percent interest plus 1/2 percent insurance charge for families with above moderate income, 5 percent for families with moderate or low incomes including families participating in a self-help project and senior citizens who require a cosigner. Cosigners permitted for all applicants deficient in repayment ability.	Insured Loans. Private Capital.	Section 502 Insured - Owners of farms and owners or about-to-be owners of rural nonfarm tracts who are rural residents without adequate housing and related facilities, or owner-occupants about to lose their homes for housing debts incurred before November 3, 1966.
AGENCY	REGULATION - Farmers Home	Administration Instruction 444.1		
	Section 514 Insured Labor Housing (LH) Loans - To build, improve, or repair housing and related facilities for domestic farm labor.	Section 514 Labor Housing (LH) Loans - 5 percent interest, up to 33 years.		Section 514 Labor Housing - A farmowner, association of farmers, State or political subdivision or public or private nonprofit organization.
AGENCY	REGULATION - Farmers Home	Administration Instruction 444.4		
	Section 515(b) Insured Rural Rental Housing (RRH) Loans and Rural Cooperative Housing (RCH) Loans - To build, improve, repair, or purchase rental housing and cooperatively owned housing for rural residents who are elderly or have incomes not above moderate.	Section 515(b) Insured RRH and RCH Loans - 5-3/4 percent interest. Up to 40 years. Maximum loan \$300,000.		Section 515(b) Insured RRH and RCH loans - Any individual, trust, association, partnership, or corporation.
AGENCY	REGULATION - Farmers Home	Administration Instruction 444.5 And 444.7		
	Section 502 Direct Loans - To build or improve rural homes, related facilities, and farm service buildings. To buy existing dwellings or farm service buildings and minimum adequate sites. Refinance debts under certain conditions, when necessary to keep the family from losing its home.	Section 502 Direct Loans, 5 percent maximum interest rate, except 4 percent on direct Senior Citizen Loans. Up to 33 years. Cosigners permitted for applicants deficient in repayment ability. Section 502 Direct Disaster Loans-designated by regulation - 3 percent interest. Up to 33 years. Section 502 Direct Self Help Housing Loans designated by regulation- 4 percent interest. Up to 33 years. By Regulation, Section 502 Direct Loans other than Senior Citizen, Disaster, and Self-Help, limited to \$1,000 where insured loan not available.	Rural Housing Direct Loan Account.	Section 502 Direct - Owners of farms and owners or about-to-be owners of rural nonfarm tracts who are rural residents without adequate housing and related facilities, or owner-occupants about to lose their homes for housing debts incurred before November 3, 1966.
AGENCY	REGULATION - Farmers Home	Administration Instruction 444.1		

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History and Analysis of Farmers Home Administration Programs

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Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
	Section 503 Direct Loans - To build and improve farmhouses and service buildings and enlarge the farm or develop the land to increase income needed to meet the loan payments.	Section 503 Direct Loans - 4 percent interest. Up to 33 years under law; all for 33 years. Contributions may be made on installments during first 5 years if borrower is, in fact, unable to meet payments.	No funds available for Section 503 loans for fiscal year 1967.	Section 503 - Farmowners who do not have sufficient income to qualify for a section 502 loan but who can by enlarging their farm or improving the land increase their income sufficiently in not more than 5 years to meet their payments.
AGENCY	REGULATION - Farmers Home	Administration Instruction 444.2		
	Section 515(a) Direct Rural Rental Housing (RRH) Loans and Rural Cooperative Housing (RCH) Loans - To build, improve, repair, or purchase rental housing and cooperatively owned housing for low-income rural residents and elderly rural residents with incomes not above moderate.	Section 515(a) Direct RRH and RCH Loans - 3 percent interest. Up to 50 years. Under regulation, maximum loan \$300,000.		Section 515(a) Direct RRH and RCH Loans - Private nonprofit organizations and consumer cooperatives with local control and broadly based ownership.
AGENCY	REGULATION - Farmers Home	Administration Instruction 444.5		
	Section 504 Direct Loans and Grants - To make minor repairs to rural homes and farm service buildings to make them safe and remove hazards to occupants and community.	Section 504 Direct Loans - 4 percent interest. \$1,500 limit on loan and grant assistance. Up to 33 years under law; 10 years under regulation. Section 504 Grants - No repayment.	No funds available for Section 504 grants for fiscal year 1967.	Section 504 Loan and Grant - Owner-occupants of farms or rural nonfarm tracts who do not have sufficient income to qualify for section 502 or section 503 assistance. Section 504 loans made to extent applicant is able to repay. Grant may be made to extent applicant cannot repay loan.
AGENCY	REGULATION - Farmers Home	Administration Instruction 444.3		
	Section 516 Labor Housing (LH) Grants - To help finance construction, improvement, repair or purchase of low-rent housing and related facilities for domestic farm labor.	Section 516 Labor Housing Grants - No repayment. Amount of grant not to exceed 50 percent of total cash development cost of project, less any amount obtainable from other sources including Section 514 loan. By regulation, applicant must agree to repay grant in event of default in any agreement or obligation and must give mortgage to secure such repayment agreement.	Appropriation by P.L. 89-316 and P.L. 89-556.	Section 516 Labor Housing Grant - Any State or political subdivision or any public or private nonprofit organization. Under P.L. 89-316 and P.L. 89-556 and by regulation, nonprofit organization must be broadly based and operate the housing as a community service.
AGENCY	REGULATION - Farmers Home	Administration Instruction 444.6		

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History and Analysis of Farmers Home Administration Programs

Rural Housing Loan Program

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Sheet 7

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
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LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan or Grant Obligations	Outstanding Balance 6/30/64	Loan or Grant Obligations	Outstanding Balance 6/30/65	Loan or Grant Obligations	Outstanding Balance 6/30/66	Loan or Grant Obligations
Rural Housing Program:							
Direct:							
Building loans	\$ 130,487	\$ 570,113	\$ 130,976	\$ 664,707	\$ 58,494	\$ 681,650	\$ 10,000
Rural Rental loans	\$ 469	\$ 100	\$ 1,120	\$ 1,108	\$ 2,851	\$ 3,160	\$ 5,000
Grants	\$ 4,805	\$ -0-	\$ 1,922	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Insured:							
Farm labor housing loans	\$ 884	\$ 947	\$ 48	\$ 1,156	\$ 2,674	\$ 2,134	\$ 10,000
Rural Rental loans	\$ 698	\$ 406	\$ 897	\$ 1,333	\$ 1,032	\$ 2,563	\$ 15,000
Low and moderate income building loans	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 168,522	\$ 153,556 }	\$ 418,000
Other than low and moderate income building loans	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 31,604		\$ 50,000

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs
Soil and Water Association Loan and Grant Program

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Sheet 1

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 75-399. Approved August 28, 1937.	Direct loans and financial or other aid to provide facilities for water storage and utilization in the arid and semi-arid areas of the United States. Limited to 17 western States.	Administratively determined; for a short period, grants for test wells and locating water sources; loans at interest varying from time to time from 3 percent to 4 percent; 40 years or useful life of the facility.	Direct appropriation.	Any agency, governmental or otherwise, subject to regulations prescribed by the Secretary.
Public Law 76-848. Approved October 14, 1940.	Expenditures for construction, maintenance, operation, rehabilitation or financial assistance of any one project limited to maximum of \$50,000.	No change.	Direct appropriation.	No change.
Public Law 81-99. Approved June 10, 1949.	Increased project limitation to \$100,000.	No change.	Direct appropriation.	No change.
Public Law 83-597. Approved August 17, 1954.	1. Made assistance available in entire United States including Alaska, Hawaii, Puerto Rico and the Virgin Islands. 2. Established a limit of \$250,000 on loans to any corporation or agency. 3. Authorized loans for improvement of farm land by soil and water conserving or drainage facilities, structures, or practices; improvement of soil fertility; establishment of improved permanent pasture; sustained yield afforestation or reforestation; or other erosion preventatives and related measures. 4. Authorized insured loans and utilization of insurance fund created by Bankhead-Jones Farm Tenant Act.	Authorized retention of insurance charge of minimum of one percent of the unpaid principal. Otherwise same as above.	Authorized insurance of loans up to maximum of \$25,000,000 in any one year and continued direct appropriation.	No change.
Public Law 87-128. Approved August 8, 1961.	1. Repealed Act of August 28, 1937 (Public Law 75-339). 2. Authorized direct and insured loans for application or establishment of soil conservation practices, conservation development use and control of water and the installation of drainage facilities. 3. Authorized financial assistance or other aid in planning projects. 4. Associations: principal indebtedness under this Act and Act of August 28, 1937 may not exceed \$500,000 for direct loans and \$1,000,000 for insured loans.	1. Maximum repayment term 40 years. Interest rates established by Secretary but may not exceed 5 percent. 2. Reduced minimum amount to be retained by Secretary out of insurance charge on insured loans from one percent minimum to not less than one-half of one percent of unpaid principal.	1. Insured real estate loans including Soil and Water association loans limited to \$150,000,000 annually. 2. Direct loans limited by annual authorization by Congress. 3. Established FHA Direct Loan Account. 4. Increased amount of insured loans permitted to be made and not disposed of in the fund from \$5,000,000 to \$10,000,000. 5. Changed name of insurance fund to Agricultural Credit Insurance Fund.	Associations, including corporations not operated for profit and public and quasi-public agencies. Projects must primarily serve farmers, ranchers, farm tenants, farm laborers and rural residents.

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Soil and Water Association Loan and Grant Program

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Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 87-703. Approved September 27, 1962.	Added "shifts in land use including the development of recreational facilities" as loan purpose	No change.	Increased from \$10,000,000 to \$25,000,000 the amount of insured real estate loans, including Soil and Water association loans, that can be made from and held in Agricultural Credit Insurance Fund at any one time.	No change.
Public Law 87-798. Approved October 11, 1962.	No change.	No change.	Increased amount of annual loan insurance authority for farm ownership and Soil and Water loans from \$150,000,000 to \$200,000,000.	No change.
Public Law 89-240. Approved October 7, 1965.	- Added as loan purposes: waste disposal facilities and recreational developments. - Authorized grants not to exceed 50 percent of the development cost of works for development, storage, treatment, purification or distribution of water or collection, treatment or disposal of waste in rural areas. - Principal indebtedness of any association under this Act and Act of August 28, 1937, together with any grant, may not exceed \$4,000,000. - Authorizes grants to public bodies and other agencies for preparation of official comprehensive plans for development of rural sewer and water systems. Grants may not aggregate more than \$5,000,000 in any fiscal year.	For insured loans, eliminated requirement in agreements with lenders for repurchase by the Government within 3 years. Also eliminated requirement that Government must retain at least one-half of one percent out of interest as insurance charge.	Increased amount of annual loan insurance authority for farm ownership and Soil and Water loans from \$200,000,000 to \$450,000,000. Increased from \$25,000,000 to \$50,000,000 the amount of such loans that can be made from and held in the fund at any one time.	- Rural areas shall not include any area in any city or town with more 5,500 inhabitants. - Projects must be designed with adequate capacity and consistent with comprehensive community plans. - Review and approval of local municipal government and State water pollution control agency required. - Eligible projects may include facilities providing central service and those serving individual properties. - Planning grants may be made to public bodies or such other agencies that have authority to prepare official comprehensive plans for the development of sewer and water systems in rural areas and do not have funds available for immediate undertaking of such plans.
Public Law 89-633. Approved October 8, 1966.	No change.	For insured loans, authorized the Secretary to retain in the insurance fund all prepayments (other than final payments) made by borrowers, and, at his option, to remit to the insured lender only the regular annual installments as they become due.	No change.	No change.
Public Law 89-769. Approved November 6, 1966.	Added authorization for: Direct and insured loans to associations for acquisition, construction, improvement, replacement or extension of waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster, when the Secretary determines that such action is necessary for the rebuilding of the damaged community or a portion thereof.	No change.	No change.	- Eligibility limited to public facilities which provide for community services in rural areas and which were damaged or destroyed as a result of major disasters as determined by the President pursuant to "an Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855-1855g), which occurred after October 3, 1964. - The definition of rural areas is unchanged.

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs
Soil and Water Association Loan and Grant Programs

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Sheet 3

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
<u>CURRENT STATUS OF PROGRAM:</u> CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED. SOIL AND WATER ASSOCIATION LOANS ASSOCIATION GRANTS PLANNING GRANTS	2. Grants to associations not to exceed 50 percent 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 in any case where repayment of a loan from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users to pay and if such charge would exceed the cost of such services in comparable communities in the State. Such grants may be made without regard to the \$50 million limitation on grants in subsection (a)(2) of the Act.			
	To provide for the application or establishment of soil conservation practices; shifts in land use including the development of grazing and forestry; the installation or improvement of drainage or waste disposal facilities; the development of recreational facilities; and the conservation, development, use and control of water.	Not to exceed 4 1/2 percent on direct loans and 5 percent on insured loans. (3 percent on certain loans for forestry purposes.) Up to 40 years. Maximum principal indebtedness, together with the amount of any grant assistance, may not exceed \$4,000,000.	Direct Loan Account. Private capital. Insured loans.	Associations, including corporations not operated for profit and public and quasi-public agencies such as small rural villages and towns not exceeding 5,500 population; irrigation companies and districts; mutual water companies; recreation, grazing or forestry associations and other associations which will primarily serve farmers, ranchers, farm tenants, farm laborers, and rural residents.
	To finance not more than 50 percent of the development cost of the projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment or disposal of waste in rural areas.	No repayment required. Cannot exceed 50 percent of total development cost.	Direct appropriation.	Associations, including corporations not operated for profit, and public and quasi-public agencies such as rural villages and towns not exceeding 5,500 population.
	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.	No repayment required.	Direct appropriation.	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.
AGENCY REGULATION - Farmers Home Administration Instruction 442.2 AGENCY REGULATION - Farmers Home Administration Instruction 442.3				

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs

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Soil and Water Association Loan and Grant Program

Sheet 4

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
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LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan or Grant Obligations	Outstanding Balance 6/30/64	Loan or Grant Obligations	Outstanding Balance 6/30/65	Loan or Grant Obligations	Outstanding Balance 6/30/66	Loan or Grant Obligations
Soil and Water Loans to Associations							
Direct	\$ 13,947	\$ 29,811	\$ 13,471	\$ 42,527	\$ 27,999	\$ 67,166	\$ 84,000
Insured	\$ 30,	\$ 22,243	\$ 60,405	\$ 79,743	\$ 119,989	\$ 156,407	\$ 215,000
Rural Water and Waste Disposal Grants							
Development Grants	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 18,668	\$ -0-	\$ 22,000
Planning Grants	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,329	\$ -0-	\$ 4,000

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Economic Opportunity Cooperative Association Loan Program

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Sheet 1

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 88-452. Approved August 20, 1964. Section 303, title III Economic Opportunity Act of 1964	Title III - Special Programs to Combat Poverty in Rural Areas, Section 303; Direct loans to local Cooperative Associations furnishing essential processing, purchasing, or marketing services, supplies, or facilities predominantly to low-income rural families; provided no financial or other assistance shall be provided unless (1) the providing of such assistance will maintain or raise the income and living standards of the cooperative's members and (2) the assistance provided will fulfill a need for the services, facilities, or activities which are not otherwise being met.	Loans to bear 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 the loan purposes. Interest rate established at 4 1/8 percent on unpaid balance. Amortization period not to exceed 30 years.	Economic Opportunity Loan Fund, a revolving fund established by Section 606(a) of the Economic Opportunity Act of 1964. Section 321 of the Act authorized appropriation of \$35,000,000 for all purposes of title III for fiscal year 1965; and for fiscal years 1966 and 1967 appropriations of such sums as the Congress may hereafter authorize by law.	Local cooperative associations. By regulations to be eligible for a loan, the applicant organization must (1) be a cooperative association, either incorporated or unincorporated which is authorized to furnish essential processing, purchasing and marketing services, supplies, or facilities to farmers and rural residents; whose members are allowed only one vote per member; which is not less than two-thirds owned and controlled by low-income rural families; whose members are limited to those who avail themselves of the services and facilities furnished by the association; which operates for the mutual benefit of its members; whose services and facilities are furnished predominately to low-income rural families; and which is precluded from distributing net margins or savings by way of patronage refunds or similar payments when it is delinquent in the payment of any installment on any loan to the FHA or required reserves are not being maintained. (2) be unable to obtain financing from private or cooperative sources upon terms and conditions the applicant could reasonably be expected to meet. (3) plan to have sufficient income after the loan is made to meet operating and other expenses, make necessary capital purchases and replacements, and meet payments on all debts including the loan and maintain necessary reserves.
Public Law 89-253. Approved October 9, 1965	No change.	No change.	Authorized appropriation of \$55,000,000 for fiscal year 1966. For fiscal years 1967 and 1968, appropriations of such sums as the Congress may hereafter authorize by law.	No change.
Public Law 89-794. Approved November 8, 1966.	No change.	No change.	Program to be carried out through June 30, 1967 and three succeeding fiscal years. For each fiscal year only such sums may be appropriated as the Congress may authorize by law.	Authorized loans to any cooperative association formed by and consisting of members of an Indian tribe (including any tribe with whom the special Federal relationship with Indians has been terminated) which operates on an Indian reservation (or former reservation in the case of tribes with whom the special Federal relationship with Indians has been terminated), even though such cooperative is engaged in the production of agricultural commodities or in manufacturing products.
<u>CURRENT STATUS OF PROGRAM:</u> ECONOMIC OPPORTUNITY ACT OF 1964 ECONOMIC OPPORTUNITY COOPERATIVE ASSOCIATION LOANS	No change.	4 1/8 percent for 1967.	Economic Opportunity Loan Fund.	No change.

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs
Economic Opportunity Cooperative Association Loan Program

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Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
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LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan Obligations	Outstanding Balance 6/30/64	Loan Obligations	Outstanding Balance 6/30/65	Loan Obligations	Outstanding Balance 6/30/66	Loan Obligations
Economic Opportunity Cooperative Association Loans	\$ -0-	\$ -0-	\$ 929	\$ 298	\$ 4,708	\$ 4,457	\$ 5,900

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

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Rural Renewal Loan Program

Sheet 1

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 87-703. Approved September 27, 1962. Title I, Section 102 (c) amends Section 32 (e) of Title III of the Bankhead-Jones Farm Tenant Act, as amended.	1. To cooperate with Federal, State, territorial and other public agencies in developing plans for a program of land conservation and utilization. 2. To assist in carrying out such plans by means of loans to State and local public agencies designated by the State Legislature or the Governor. 3. To conduct surveys and investigations relating to conditions and factors affecting and the methods of accomplishing most effectively the purposes of this title. 4. To disseminate information concerning their activities. 5. Loans to State and local public agencies shall be made only if such plans have been submitted 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. 6. No appropriation shall be made for any single loan 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 are schedule for repayment in not more than 30 years. Interest charged is the average rate as determined by the Secretary of the Treasury, payable by the Treasury on its marketable public obligations 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. (This rate for FY 1967 is 3.225%.) Repayment of principal and interest on such loans shall begin within five years.	Direct Appropriation.	State and local public agencies designated by the State Legislature or the Governor or authorized State agency to receive such loans. By regulation loans are available only to such agencies which (1) are unable to obtain needed credit from other sources, including any of the other FHA lending programs, (2) can provide security that will protect the interest of the Government, (3) have reasonable prospects of repaying the loan, and (4) have authority under State and local laws to borrow funds, buy and sell property, improve, develop and maintain property and raise revenues to repay loans and meet other obligations.
Public Law 89-796 Approved November 8, 1966.	1. Authorized development and protection of recreational facilities in rural areas. 2. Authorized loans to local nonprofit organizations.	No change.	No change.	Local nonprofit organizations designated by the State Legislature or the Governor to receive such loans.
<u>CURRENT STATUS OF PROGRAM:</u>				
FOOD AND AGRICULTURE ACT OF 1962 (Bank-head Jones Farm Tenant Act, as amended)				
RURAL RENEWAL LOANS	To provide technical assistance and loans to local public agencies and local nonprofit organizations to protect and improve the resources and economy in disadvantaged low income rural areas - making maximum utilization of land, water, timber, mineral, and human resources.	3.225 percent for 1967. Determined each fiscal year by Secretary of Treasury based on average rate of outstanding marketable U.S. obligations. Up to 30 years. Deferment up to 5 years if needed. Maximum loan \$250,000 (larger loan requires approval by Congressional Committees.)	Direct Appropriation.	Public bodies and nonprofit organizations with authority to carry out complete program of economic development in low income areas designated by Secretary of Agriculture.
AGENCY REGULATION - Farmers Home		Administration Instruction 445.1		

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs

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Rural Renewal Loan Program

Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
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LEVEL OF PROGRAM
(In thousands of dollars)

	<u>Fiscal Year 1964</u>		<u>Fiscal Year 1965</u>		<u>Fiscal Year 1966</u>		<u>Fiscal Year 1967 (Estimate)</u>
	<u>Loan</u>	<u>Outstanding</u>	<u>Loan</u>	<u>Outstanding</u>	<u>Loan</u>	<u>Outstanding</u>	<u>Loan</u>
	<u>Obligations</u>	<u>Balance</u>	<u>Obligations</u>	<u>Balance</u>	<u>Obligations</u>	<u>Balance</u>	<u>Obligations</u>
		<u>6/30/64</u>		<u>6/30/65</u>		<u>6/30/66</u>	
Rural Renewal Loans	\$ 950	\$ -0-	\$ 920	\$ 670	\$ 882	\$ 1,590	\$ 1,191

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Part 11 of 13

Resource Conservation and Development Loan Program

Sheet 1

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 87-703. Approved September 27, 1962. Title I Section 102 (c) amends Section 32 (e) of Title III of the Bankhead-Jones Farm Tenant Act, as amended.	1. To cooperate with Federal, State, territorial and other public agencies in developing plans for a program of land conservation and utilization. 2. To assist in carrying out such plans by means of loans to State and local public agencies designated by the State Legislature or Governor. 3. Loans to State and local public agencies shall be made only if such plans have been submitted 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. 4. No appropriation shall be made for any single loan 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 are scheduled for repayment in not more than 30 years. Interest charged is the average rate as determined by the Secretary of Treasury payable by the Treasury on its marketable public obligations 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. (This rate for 1967 is 3.225%.) Repayment of principal and interest on such loans shall begin within five years.	Direct appropriation. (Resource conservation and development funds are included in appropriations to Soil Conservation Service with allocations to Farmers Home Administration.)	State and local public agencies designated by the State Legislature or the Governor or authorized State agency to receive such loans. By regulation loans are available only to such agencies which (1) are unable to obtain needed credit from other sources, including any of the other FHA lending programs, (2) can provide security that will protect the interest of the Government, (3) have reasonable prospects of repaying the loan, and (4) have authority under State and local laws to borrow funds, buy and sell property, improve, develop and maintain property and raise revenues to repay loans and meet other obligations.
Public Law 88-250. Approved December 30, 1963 "Department of Agriculture and Related Agencies Appropriation Act of 1964" - Title I - For Resource Conserva- tion and Development.	The appropriation for Resource Conservation and Development made funds available for loans and related expenses under subtitle A of the Consolidated Farmers Home Administration Act of 1961, as amended. By cross reference to subtitle A of the Consolidated Farmers Home Administration Act of 1961, it extended RC&D loan authorization to any purpose and eligibility under that title, including loans for shifts in land use embracing recreation.	No change.	Direct Appropriation. Provided that not to exceed \$500,000 of the appropriation for RC&D be available for loans and related expenses under subtitle A of the Consolidated Farmers Home Administration Act of 1961, as amended.	By cross reference to the Consolidated Farmers Home Administration Act of 1961 extended loans to associations including corporations not operated for profit as well as public agencies. Otherwise, no change.
Public Law 88-573. Approved September 2, 1964 "Department of Agriculture and Related Agencies Appropriation Act of 1965" - Title I - For Resource Conserva- tion and Development.	No change.	No change.	Direct Appropriation. Provided that not to exceed \$500,000 of the appropriation for RC&D be available for loans and related expenses under subtitle A of the Consolidated Farmers Home Administration Act of 1961, as amended.	No change.
Public Law 89-240 Approved October 7, 1965 To Amend the Consoli- dated Farmers Home Ad- ministration Act of 1961, Section 306 (a).	Amended Section 306 (a) of the Consolidated Farmers Home Administration Act of 1961, and extended authorization for loans for recreational developments independent of shifts in land use.	No change.	No change.	No change.

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs
Resource Conservation and Development Loan Program

Part 11 of 13
Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 89-316. Approved November 2, 1965. "Department of Agriculture and Related Agencies Appropriation Act of 1966." Title I - For Resource Conserva- tion and Development.	No change.	No change.	Direct Appropriation. Provided that not to exceed \$1,500,000 of the appropriation for RC&D be available for loans and related expenses under sub- title A of the Consolidated Farmers Home Administration Act Act of 1961, as amended.	No change.
Public Law 89-556. Approved September 7, 1966. "Department of Agriculture and Related Agencies Appropriation Act of 1967." Title I - For Resource Conserva- tion and Development.	No change.	No change.	Direct Appropriation. Provided that not to exceed \$500,000 of the appropriation for RC&D be available for loans and related expenses under subtitle A of the Consolidated Farmers Home Administration Act of 1961, as amended.	No change.
Public Law 89-796. Approved November 8, 1966	1. Authorized development and protection of recreational facilities in rural areas. 2. Authorized loans to local nonprofit organi- zations.	No change.	No change.	Local nonprofit organizations designated by the State Legislature or the Governor to receive such loans.
<u>CURRENT STATUS OF PROGRAM:</u> CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED. RESOURCE CONSERVATION AND DEVELOPMENT LOANS	To plan and carry out plans for resource conser- vation and development projects designed to effect a program of land conservation and land utilization.	3.225 percent for 1967. Determined each fiscal year by Secretary of Treasury based on average rate of outstanding marketable U.S. obli- gations. Up to 30 years. Defer- ment up to 5 years if needed. Maximum loan, \$250,000 (larger loan requires approval by Congressional Committees).	Direct Appropriation. (Resource conservation and development funds are included in appropriations to Soil Conservation Service with allocations to Farmers Home Administration.)	Associations including corporations not operated for profit and State and local public agencies designated by the State Legislature or the Governor.
AGENCY	REGULATION - Farmers Home	Administration Instruction 446.1		

LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan Obligations	Outstanding Balance 6/30/64	Loan Obligations	Outstanding Balance 6/30/65	Loan Obligations	Outstanding Balance 6/30/66	Loan Obligations
Resource Conservation and Development Loans	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 13	\$ -0-	\$ 1,977

FARMERS HOME ADMINISTRATION

History and Analysis of Farmers Home Administration Programs

Part 12 of 13

Watershed and Flood Prevention Loan Programs

Sheet 1

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 84-1018. Approved August 7, 1956.	Added Section 8 to the Watershed Protection and Flood Prevention Act (68 Stat. 666) to provide direct loans to local organizations for carrying out works of improvement under the act. Loans with respect to any single work plan may not exceed \$5,000,000. Projects include flood controls, conservation development, utilization and disposal of water including municipal and industrial water.	Repayment period not more than 50 years from date principal project benefits become available. Interest rate determined by Secretary of Treasury as average rate paid by Treasury on marketable public obligations outstanding at beginning of fiscal year and neither due nor callable for redemption for 15 years from date of issue.	Direct Appropriation. (Watershed funds are included in appropriation to Soil Conservation Service with allocations to Farmers Home Administration.)	States, political subdivisions thereof, soil or water conservation districts, flood prevention or any other agency having authority under state law to carry out, maintain, and operate the works of improvement.
Public Law 86-468. Approved May 13, 1960.	Extended authority for direct loans under Section 8 of watershed protection and flood prevention act to the financing of local costs in the eleven watershed improvement programs authorized by Public Law 78-534.	Same.	Same.	Same.
Public Law 87-170. Approved August 30, 1961	Same.	Same.	Same.	Permits eligible local organization to be an irrigation or reservoir company, water users association or similar organization having authority under State law to carry out, maintain and operate the works of improvement.
Public Law 87-703. Approved September 7, 1962 (Food and Agriculture Act of 1962)	Added fish and wildlife and recreation project programs and cost sharing and advances for preservation of sites. Included authority in Section 4 for loans for water supply storage for future needs, which loans are serviced and collected by Farmers Home Administration.	Same.	Same.	Same.
<u>CURRENT STATUS OF PROGRAM:</u>				
WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED				
WATERSHED AND FLOOD PREVENTION LOANS	To install, repair, and improve works of improvement for irrigation and farmstead water; for water storage facilities, for immediate and future municipal and industrial use; for recreational developments and facilities; for fish and wildlife development; for acquiring sites and right-of-way; and for acquiring water supply and water right.	3.225 percent for 1967.	As above.	Any local organization which is a sponsor or co-sponsor of a watershed work plan and which has statutory authority to carry out, operate, and maintain works of improvement, and to borrow and repay loans for the installation thereof.
AGENCY	REGULATION - Farmers Home	Administration Instruction	447.1	

FARMERS HOME ADMINISTRATION
History and Analysis of Farmers Home Administration Programs

Watershed and Flood Prevention Loan Programs

Part 12 of 13

Sheet 2

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
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LEVEL OF PROGRAM
(In thousands of dollars)

	Fiscal Year 1964		Fiscal Year 1965		Fiscal Year 1966		Fiscal Year 1967 (Estimate)
	Loan Obligations	Outstanding Balance 6/30/64	Loan Obligations	Outstanding Balance 6/30/65	Loan Obligations	Outstanding Balance 6/30/66	Loan Obligations
Watershed and Flood Prevention Loans	\$ 4,452	\$ 10,537	\$ 5,644	\$ 14,675	\$ 5,576	\$ 19,010	\$ 6,850

Part 13 of 13

Statutory Citations	Program Authorizations	Terms	Source of Financing	Borrower Eligibility
Public Law 89-4. Approved March 9, 1965.	Direct loans to provide not more than one half of the initial capital requirements of 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. Loans shall not be used for construction or acquisition of facilities for manufacturing, processing, or marketing forest products, or for physical consolidation of small timber holdings except for establishment of demonstration units.	4 1/2 percent interest on unpaid principal balance, not to exceed 40 years. Amortized repayments.	Direct appropriation authorization for \$5 million for period ending June 30, 1967. (Timber development organization funds are included in appropriations to Forest Service with allocations to Farmers Home Administration.	Private nonprofit corporations having the legal capacity to carry out objectives shown under authorizations.
<u>CURRENT STATUS OF PROGRAM:</u> APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965 TIMBER DEVELOPMENT ORGANIZATION LOANS	As above.	As above.	As above.	As above.
AGENCY	REGULATION - Farmers Home	Administration Instruction	442.6	

	<u>Fiscal Year 1964</u>		<u>Fiscal Year 1965</u>		<u>Fiscal Year 1966</u>		<u>Fiscal Year 1967 (Estimate)</u>
	<u>Loan</u>	<u>Outstanding</u>	<u>Loan</u>	<u>Outstanding</u>	<u>Loan</u>	<u>Outstanding</u>	
	<u>Obligations</u>	<u>Balance</u>	<u>Obligations</u>	<u>Balance</u>	<u>Obligations</u>	<u>Balance</u>	<u>Loan</u>
		<u>6/30/64</u>		<u>6/30/65</u>		<u>6/30/66</u>	<u>Obligations</u>
Timber Development	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 104
Organization Loans							

Sargent Shriver

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Rural Areas Development

MINUTES OF MEETING OF NATIONAL PUBLIC ADVISORY COMMITTEE ON
RURAL AREAS DEVELOPMENT, U. S. DEPARTMENT OF AGRICULTURE
Washington, D. C., November 23-24, 1964

The eleventh meeting of the National Advisory Committee on Rural Areas Development opened at 9:20 a.m., with Chairman John A. Baker presiding. He extended a welcome to those present and introduced the four new members: Brooks Hays, Samuel W. Williams, C. Brice Ratchford, and Melvin Humphrey (not present for the opening session but arrived later). Mr. Baker explained that no subcommittee meetings were being held this time because he wanted to give all members full opportunity to become acquainted with new programs being launched.

The Chairman then introduced C. R. Weeks, Special Assistant to the Director, Office of Economic Opportunity, who spoke on "Problems of Eliminating Poverty in Rural Areas."

Mr. Weeks commented that there were several people around the conference table who had been active in supporting the legislation creating the Economic Opportunity Program, and that the basic need for such a program was well understood by this group. He stated that OEO staff was pleasantly surprised at the speed with which the program had been accepted in urban and rural areas throughout the country. It has been much faster than had been anticipated. The appropriation was made available October 8, 1964, or about six weeks ago, and at the present time the program is about ready to swing into action--the regulations nearing completion and arrangements with the other agencies also about completed. He said that it had been a pleasure to work on plans with Assistant Secretary John A. Baker and FHA Administrator Howard Bertsch. He commented on the Press Conference and background briefing which was scheduled for that afternoon by OEO Director, Sargent Shriver.

Mr. Weeks stated that one example of the speed with which the program was moving was indicated by the Job Corps developments. They had requests on hand from local groups, community councils, Chambers of Commerce, and citizens' organizations for more than 100 conservation camps in rural areas, and more than 12,000 people had expressed a desire to be teachers and guidance counselors to work with young people in these rural and urban camps and training centers. Further, in the Neighborhood Youth Corps they had on hand applications from about 15,000 young men and women. In the Work Study Program they had received many requests for help, and in the College Work Study Program they had received applications or inquiries from more than 50 universities.

Mr. Weeks also stated that in the Community Action Program, which is really the umbrella for the entire Economic Opportunity Act (P.L. 88-452), applications were on hand from more than 300 communities in some 39 States. These CAP's will include projects in education, employment, job training, health and vocational rehabilitation, housing and home management help, and basic literacy training for adults. He said that a basic problem was to get low-income people to overcome apathy and discouragement and actively participate in community organizations. He commented that Title V, or work experience program, will be administered by the Office of Welfare for public assistance recipients. He thought that the program could be of material assistance in rural areas even though public assistance has not expanded very rapidly there.

In summary, Mr. Weeks said that the public response was far greater than they had ever expected. This does not belie the fact that there are serious difficulties remaining to bring the poverty program to bear on the problems in rural areas--rural poverty cannot be studied in isolation. Perhaps it is a mistake to talk about problems of eliminating rural poverty because these are, in fact, wrapped up in the problems of urban poverty and urban economic growth.

There is need to bring available resources to help individuals build their own capacities and be self-supporting in the rural community or wherever they may be located.

A good round-table discussion followed Mr. Weeks' presentation, with many questions and answers relating specifically to the applicability of the EOA to rural areas.

After thanking Mr. Weeks for his presentation and participation in the question-and-answer period, Chairman Baker said that the Department of Agriculture, along with other Departments and the Office of Economic Opportunity, is trying to ignite sparks to help people use the resources available to help themselves. Commenting on Mr. Weeks' reference to the coin of human resource development and economic opportunity, Mr. Baker said that the RAD Advisory Committee has given considerable attention to the development of economic opportunities which have been encouraged or made available under the Area Redevelopment Act--that for the next item on the agenda he would like to present very briefly the current situation in respect to the Area Redevelopment Act and get the ideas of the Committee as to what should be recommended with respect to it. He reminded the Committee members that the Act provides for at least a small approach to the provision of investment and structure as a part of the other side of the coin to the development of human resources--the providing of job opportunities through rural industrial and commercial loans, rural community facilities and service loans and grants, the small manpower development and training program that supplements the Nationwide Manpower Development and Training Program, and various technical assistance and research projects.

The Area Redevelopment Act expires in the very near future, and unless renewed by Congress will not be in operation after June 1965. The funds for rural industrial and commercial loans are already exhausted, and there is about \$85 million of loan applications pending. Mr. Baker said that he would like

to pose two questions--or possibly three. He thought all knew the answer to one: Should the Area Redevelopment Act be extended? If so, on what basis, or what are the suggestions for improvement, either in legislative aspects of the law or its organizational structure, the way it is being operated and carried out? In the meantime before the law is extended what should be done about the \$85 million worth of rural industrial and commercial loan applications that are now pending? Should the application machinery be shut off until the Act is extended, or should rural groups be encouraged to continue to work up still additional applications? Mr. Baker then indicated that the floor was open for suggestions, comments, or questions with respect to the Area Redevelopment Act.

Question: What is the future with respect to accelerated public works--when does that Act expire? Mr. Baker replied that it had expired a year ago and had not been renewed. He would guess that practically all of the contracts have now been completed and that the Accelerated Public Works Act is now a matter of history. There is as of now no standing recommendation that it be renewed.

Question: What place does ARA extension have on the legislative calendar--can ARA be gotten through in reasonably good time early in the next session? This is one good hope for our rural communities where our various resources--State, national, local--can be brought together to solve some of their problems. It would be a major disaster to the whole War on Poverty to let ARA die. Mr. Baker presumed ARA would have a priority position on the calendar.

Comment: Some Departments are urging extension of the 16-week training program to 26 weeks and also expanding other features. This has been approved in general by the agencies and is favorably viewed by the President.

Comment: If the proposal to extend ARA is put on a priority basis "we will probably get it."

On the question as to how this program might be better implemented, one Committee member pointed out that, in his experience, one of the great road-blocks is that the economic feasibility studies at the local level, in connection with any given project, are being handled by people who are totally unqualified to pass on them. He felt that if some administrative change could be made, ARA would be given a better opportunity to use independent economic feasibility studies so that the process could be speeded up.

Comment: One of the big current problems is that the 5(b) monies are gone. The backlog of applications is building up tremendously--understand it is now over \$80 million, with no possibility of these applications even being processed until new money is available. Understand further that some men are being taken out of the field in the 5(b) areas. Something has to be done immediately. There is the long-range problem of what to do with ARA when it comes up for extension next fiscal year, but something should be done about the first problem immediately.

Following a brief recess, E. P. Cliff, Chief of the Forest Service, USDA, was introduced as Chairman of a panel to discuss provisions of Title I of the Economic Opportunity Act. Mr. Cliff stated that he and the panel would be discussing Title I in three parts--Job Corps, work training, and work study. He said that it was a real opportunity for the Forest Service to have the responsibility of working with the youth program, that they were profoundly interested in furthering the objectives of this new law and of the Department's Rural Areas Development program. Mr. Cliff introduced the three members of his panel as follows: John W. Deinema, Forest Service; Mrs. Berta Tant, Labor Department; and Robert R. Pinches, Federal Extension Service. (See attached copy of discussions by Mr. Cliff and the three panelists.)

Following the presentation by the panelists, the entire Committee discussed with the panelists the provisions of and plan for implementation of

Title I of the EOA.

Chairman Baker stated that he had received the suggestion that a 3- or 5-man Subcommittee be appointed to draft suggestions or recommendations concerning the Area Redevelopment Act, both in terms of its extension and of desirable changes, if any. The following names were read as members of the Committee: L. C. Carpenter (Chairman), Melvin Humphrey, E. W. O'Rourke, Frank L. Fernbach, and L. M. Cooley.

The meeting was then adjourned for lunch, with the request that everyone return to the Conference Room by 1:15 p.m.

Monday Afternoon, November 23

The meeting was reconvened by Chairman Baker who announced that, since FHA Administrator Howard Bertsch would need to be present at Sargent Shriver's Press Conference later in the afternoon, he had asked that the discussion of Title III of the EOA be heard at this time. Mr. Bertsch stated that this new Act establishes two new loan programs for low-income families living in rural areas, as follows:

--Loans now are available to farm and other rural families who need a small amount of capital to improve their earnings but don't qualify for credit from existing sources.

--Loans also are available to finance cooperatives serving these families.

Long-term "economic opportunity" loans of up to \$2,500 now may be made to farm families operating small, limited-income units to finance farming enterprises or pay for the equipment, machinery, buildings, and other items needed in a nonagricultural enterprise that can add to income from farming. These loans also are available to families living in rural areas who don't farm, for enterprises other than farming that will produce added income.

Farmers may use an EO loan to acquire land--purchase livestock, machinery, and equipment--construct or repair needed farm buildings--pay annual operating

expenses for seed, feed, and fertilizer that contribute to an improvement in the family's income and financial situation--and buy shares in cooperatives. (See attached copy of statement by Mr. Bertsch.)

Following Mr. Bertsch's presentation there were questions and answers as to who could qualify for an economic opportunity loan, interest rates, and minimum and maximum amounts. Joe Doherty of FHA assisted in answering questions and took over the leadership of this discussion when Mr. Bertsch had to leave.

Indicating that Title II would be the next part of the Act to be discussed, the Chairman introduced A. T. Mace (Director, Office of Rural Areas Development), Chairman of the panel, and asked him to introduce the other members. Dr. Mace announced that Richard M. Hausler (REA) and Charles W. McDougall (FES) would participate with him in the discussion of the provisions of Title II.

Dr. Mace stated that in the Office of Rural Areas Development the primary concern was with the development of leadership and initiative, and the performance of the liaison required in the broad rural areas development program. He reviewed the objectives of the RAD program as follows: (1) To preserve and strengthen the family-farm system of agriculture; (2) to increase the income of rural people and eliminate rural underemployment; (3) to wipe out the many and complex causes of rural poverty; (4) to strengthen and expand opportunities for rural cooperatives; (5) to create rural job opportunities through new factories, stores, trades, recreational enterprises, crafts, and services of all kinds; (6) to encourage more rapid development of recreation facilities on rural lands; (7) to encourage adjustments of land to patterns of wide use; (8) to conserve, use, and develop soil, water, fish, and wildlife in open spaces around our metropolitan centers; (9) to help rural people obtain pure water, first-rate schools and hospitals, adequate streets and roads, and other necessary services; and (10) to develop opportunities for creative and satis-

fyng rural life, and work and recreation for all who choose to live in rural America.

The above objectives indicate that the elimination of the complex causes of rural poverty is of major concern in the RAD program. An attempt is being made to use all of the tools available, which include the Vocational Education Act and its various amendments, the Manpower Development and Training Act programs, the ARA activities, and now the newest and probably the most intriguing tool available is the Economic Opportunity Act.

Dr. Mace commented that the two primary legs of the RAD program are the RAD Committees made up of local leaders and the Technical Action Panels made up of technically trained people representing for the most part the field agencies of the Department of Agriculture with technicians from other Federal and State governmental agencies. About two-thirds of all the counties have established RAD Committees and TAP's. These are the people who are going to be involved in community action programs. They will be interested in helping to recruit for the Job Corps and develop projects under community action programs. It would seem probable that the community action programs could be formed either through the RAD Committee itself, through a subcommittee, or through some adjusted structure of these local leaders. He commented further that the field staff of ORAD had been working with representatives of the Office of Economic Opportunity and had helped to develop some CAP project proposals, or at least to ignite the spark of interest that got some local people started. The Lafayette, Louisiana, Parish is one of the more striking examples.

Dr. Mace then introduced Richard Hausler (currently on loan to OEO), who discussed certain parts of Title II, saying that the RAD structure had been involved in much or most of the work of the community action programs in rural areas to date, and that the program had not really gotten underway until October 8, 1964. He commented that Director Shriver felt that this program

was getting off to a faster start than the widely acclaimed Peace Corps--the guidelines and application forms are in the discussion stage and should be out for use in the not too distant future.

Mr. Hausler mentioned that in the consideration of the application from Lafayette Parish, Louisiana, the group from Lafayette Parish wondered if they should include a program to cover all 9 Parishes in that area or submit their plan for the one Parish. The OEO agreed to finance the planning of the Lafayette Parish, with the understanding that all segments, particularly the low-income people, be included. This involved the French-speaking local citizens. A part of their proposal includes an application for a loan to the Southern Consumers' Cooperative, which serves predominantly low-income families. They were asking for a loan under Title IV of the EOA to assist in producing fruit cakes, particularly for sale on the Christmas market. They also hope to get into the production of other less seasonal products. (Note: This loan was the first of its kind approved under EOA.) Mr. Hausler mentioned other applications and some of the problems involved in getting participation on the part of the local people and in getting the facts needed to determine whether the application for assistance was eligible. He pointed out that they had had applications from urban renewal groups which were broad enough to cover the rural people in a multi-county area surrounding the urban center--that this kind of "stretch out" into rural areas is being considered in many States. Mr. Hausler gave examples of other projects being considered and suggested how the RAD Advisory Committee members could assist and encourage local groups to get their requests in to the OEO.

Following Mr. Hausler's presentation, there was a question-and-answer period.

Dr. Mace then introduced Charles W. McDougall of the Federal Extension Service. Mr. McDougall stated that he felt the Committee members would like

to have a further discussion of examples of CAP projects that the RAD Committees and the local Extension workers were helping to develop. (See attached statement on CAP's under EOA in West Virginia.)

Mr. McDougall then pointed out that many communities are asking their Land-Grant colleges to evaluate efforts going into rural community development so that they will have some benchmarks from which to discuss further efforts in the same areas. He thought that there would be some demonstration of research and training as provided in Section 209. Mr. McDougall said also that the local rural groups have been encouraged to use their initiative and imagination in developing projects. However, they were cautioned to be realistic in their requests to OEO.

A general discussion, with questions and answers relating to the different phases of Title II, followed Mr. McDougall's presentation.

The Chairman introduced Velma Linford of OEO (formerly with the Federal Extension Service) and commented that she would be discussing the program of "Volunteers in Service to America" or the VISTA program.

Miss Linford commented that the VISTA program was under Title IV of the EOA. VISTA volunteers may be requested by local, State, or Federal sponsoring group, institution, or political subdivision; also by any bona fide, nonprofit organization, or any combination of these. Volunteers will be assigned to work in rural and urban community action programs. Also, they might assist in migrant worker communities, Indian reservations, hospitals, schools, and institutions for mentally retarded or mentally ill. They would be able to perform a variety of services, depending on the needs and ingenuity of the sponsor. Miss Linford then gave a list of twelve points which should be considered as guides in VISTA project proposals. (See attached copy of statement by Miss Linford.)

Following Miss Linford's presentation, there was discussion of the VISTA program by Committee members, with questions and answers. Miss Linford distributed some leaflets describing in more detail the program with which she was working.

The Chairman stated that there would be a brief meeting, in the Conference Room, of the ad hoc Subcommittee relating to "State and Local Organizational Structure of RAD" immediately following adjournment of the afternoon session.

Chairman Baker then asked the Executive Secretary, C. B. Gilliland, for announcements. Mr. Gilliland stated that the meeting Tuesday morning would be in the same Conference Room, beginning at 9:15 a.m., and called attention to the material in the envelopes which had been placed at each Committee member's chair. He said that if additional copies were desired of any of the materials, to let him know as soon as possible.

The meeting was adjourned at 4:35 p.m.

Tuesday Morning, November 24

Chairman John A. Baker called the meeting to order at 9:15 a.m. He announced that Secretary Orville L. Freeman would be delayed in coming to the meeting and that the next item on the program would be moved to the top of the list. However, before starting the reports, he asked that copies of the Wall Street Journal item relating to rural development be distributed. He also thanked Reuten Johnson (representing Advisory Committee member Jim Patton) for making these copies available.

John Lovorn, Director of the Rural Renewal Division of FHA, was introduced. Mr. Lovorn reported on the progress of the rural renewal program to date, stating that about \$1.2 million had been made available during the past year which had enabled the program to get started in 5 low-income rural areas. He pointed

out that disadvantaged rural people often will not take advantage of programs made available by State and Federal agencies unless given some specific help in making plans and preparing applications.

The success achieved in the projects thus far has been very good. Eight loans have been made, and the interest in self-help has been good in the communities that have not received rural renewal loans. Rural renewal loans have been provided only to public bodies. Their experience thus far indicates that most local public bodies lack the necessary authority under State statutes to carry out a total program of rural renewal. The Department has requested the broadening of the authority to make loans under rural renewal efforts to non-profit corporations.

Mr. Lovorn stated that for the most part the rural renewal approach to assist low-income rural areas has demonstrated that local people, given help, will take the necessary action to bring about needed economic and social development of their communities. (See attached progress report on Rural Renewal Areas.)

There was a brief period of questions and answers relating to the rural renewal program.

The Chairman introduced Donald A. Williams, Administrator of the Soil Conservation Service, for a progress report on the RC&D projects. Mr. Williams reported that progress on the Resource Conservation and Development projects has been good. Of the six project plans completed, the Secretary has recently authorized the Department agencies to assist the local sponsors in carrying out plans in five of these projects. Mr. Williams anticipated that by early January 1965 Department assistance in carrying out project plans would be authorized in all of the ten designated pilot project areas. He stated that the basic purpose of these RC&D projects is to assist local people in bringing about the orderly development, conservation, and utilization of the natural

resources of the area and by this means aid in providing employment and other economic opportunities to the people of the area. (See attached Progress Report on RC&D Projects.)

Chairman Baker stated that while Don was talking about recreation he thought of other new legislation which, together with the Executive Orders of the President, established in the Department of Interior a new Bureau of Outdoor Recreation. This Bureau provides for the coordination and development of national and statewide comprehensive plans for outdoor recreation and for professional programs of financial and technical assistance to State and local programs of outdoor recreation. There was also established a Cabinet-level committee on outdoor recreation, called the Recreation Advisory Council. This council has been quite busy. There are a number of significant developments. Henry Nichol, who is the Department of Agriculture representative on the Recreation Advisory Council Staff, will give a brief progress report on that.

Mr. Nichol commented that the work of the Recreation Advisory Council fits into the theme of this conference in many ways. At the meeting of this Committee in May the report of the Subcommittee on Recreation pointed out that recreation development, if properly planned, could benefit backward areas and help many farmers including those operating on a marginal basis--Appalachia, the Ozarks, and Northern Lake States are examples of areas where recreation has great potential for helping in the fight against poverty. The purpose of the Recreation Advisory Council is to provide broad policy guidance, and to promote coordination among the Federal agencies in a nationwide recreation effort.

The Recreation Advisory Council was established by the President two and one-half years ago. It is comprised of the Secretaries of Interior, Agriculture, Defense, Commerce, Health, Education and Welfare, and the Administrator of Housing and Home Finance Agency. Representatives of the Bureau of the Budget, the White House, and sometimes the TVA attend as observers.

An example of constructive action by the RAC is the settlement last summer of the question of the jurisdiction of the recreation areas around the Allegheny Reservoir Project in northeast Pennsylvania. (See attached Remarks on RAC by Mr. Nichol.)

Following Mr. Nichol's talk there was a brief question-and-answer period; then the Chairman introduced Bernard H. Polk, Assistant Administrator of the Farmers Home Administration, who gave a progress report on Rural Housing and Community Facilities. Mr. Polk stated that since the rural housing program started in 1949 loans to individual farm and nonfarm families who could not obtain credit from other sources total 95,933 for \$735,953,250. In the 1964 fiscal year, 14,378 families were assisted to construct, remodel, or repair their dwellings and other farm buildings. The total amount of loans was \$130,477,894 for an average of slightly less than \$10,000 per loan. Applications for these loans this year are running about 26 percent above the same period last year.

Mr. Polk briefly outlined the programs relating to Senior Citizen rental housing, labor housing, rural housing grants, water association loans, watershed development loans, and loans to cooperatives under the Economic Opportunity Act. (See attached statement by Mr. Polk on Rural Housing and Community Facilities.)

Secretary Freeman arrived and was presented to the Committee by Chairman Baker.

Dr. Henry McCanna asked the Chairman for permission to speak before the Secretary talked to the Committee. Permission was given, and Dr. McCanna stated that the National Council of Churches of Christ in the U.S.A. at its recent meeting had voted to present a special citation to Secretary Orville L. Freeman for distinguished service to rural life. Dr. McCanna read the citation and then presented a plaque to Secretary Freeman. (Copy of citation is attached.)

Secretary Freeman expressed his deep appreciation for the citation and said that he hoped he could live up to the high ideals stated therein.

The Secretary then discussed with the Committee the job ahead for rural areas development. In his statement he referred to a comment by President Lyndon B. Johnson when he said "It is time that the Department of Agriculture, which has served the farmers and the consumers of America so well for over a century, assume a full leadership role within the Federal Government to help rural America, as a whole, attain its rightful place within the Great Society."

The Secretary went on to say "This is a clear and compelling mandate. It is a mandate to us in this Department, it is a mandate to you who are members of this Committee, and it is a mandate to the thousands of State and local leaders throughout this country who are engaged in Rural Areas Development.

"The President described our goal as 'parity of opportunity for rural America in every aspect of our national life.'

"That, in a phrase, is the job ahead for Rural Areas Development." (See attached copy of excerpts from Secretary's remarks.)

The statement by the Secretary was well received by the Committee. A good general discussion followed between the Secretary and the Committee members on the possibilities of using the personnel and programs of the Department of Agriculture to help bring the services of all the Federal agencies more effectively to the people in rural areas.

Following a brief recess, Chairman Baker introduced Assistant Secretary for Administration Joseph M. Robertson, with the statement that Mr. Robertson would discuss the implementation of the Civil Rights Act of 1964. Mr. Robertson said that this Act is the law of the land and that regulations would be issued shortly which would contain specific provisions to assure nondiscrimination. He stated that the Department of Agriculture as a matter of national policy shall conduct all its business fully in accord with the principle that every

citizen shall receive fair and equitable treatment in order that there be no discrimination in any activities or programs. It was pointed out that the Office of the General Counsel provides the various agencies of the Department with legal interpretations on compliance procedures, and that the Inspector General would incorporate in the Department's audit and investigative program coverage necessary for review of each agency's compliance. The resources of the staff offices of the Secretary would be utilized in support of the program. (The regulations to which Mr. Robertson referred were included in Secretary's Memorandum No. 1566 issued December 29, 1964, copy attached.)

Following Mr. Robertson's presentation there was a general discussion, with Elmer Mostow, of the Office of the General Counsel, assisting Mr. Robertson in answering the many questions raised. At the conclusion of the discussion, the Chairman adjourned the meeting for lunch.

Tuesday Afternoon, November 24

The Chairman introduced C. B. Gilliland, Executive Secretary of the National Advisory Committee on Cooperatives, for a report on the work of the Department relating to cooperatives, with particular reference to Cooperative Month Observance. Mr. Gilliland stated that Secretary of Agriculture Orville L. Freeman issued Memorandum No. 1540 on July 9, 1963. This Memorandum restated the policy of the Department of Agriculture with regard to cooperatives and emphasized that it is the aim of the USDA to carry out the full intent of the legislative mandates effectively in terms of today's conditions and needs and in the light of the economic problems confronting American agriculture. The Cooperative Advisory Committee has been working closely with the Secretary and his staff in bringing about a closer working relationship.

The Cooperative Advisory Committee made a series of recommendations to the Secretary on April 10, 1964. These recommendations pointed out various

areas where the Department could make changes or additions to its program which would materially strengthen the cooperatives. The Committee also discussed ways in which cooperatives could improve their program of activities to assist the Department in obtaining the goal of helping rural people help themselves.

During the month of October 1964 the Department joined a dozen or more States in recognizing Cooperative Month. This was done through general meetings, exhibits, film presentations, and well planned and directed seminars relating to cooperatives. The observance was a success in that it demonstrated clear and positive proof that cooperatives are a living, vibrant part of modern agriculture. (See attached statement on Cooperatives and RAD.)

After Mr. Gilliland's report there was a question-and-answer period, following which the Chairman introduced Lloyd H. Davis, Administrator of the Federal Extension Service, as Chairman of the ad hoc Committee on State and Local Organizational Structure of RAD. Dr. Davis reported that the ad hoc committee had considered the suggestions made at the previous meetings and developed a set of recommendations. He stated further that the question of the proposed constitution and bylaws had been submitted to the Office of the General Counsel for comment. The ad hoc committee stressed that any action taken on the adoption of the proposed constitution and bylaws by local RAD Committees should not imply that such Committee has any exclusive responsibilities for administering programs that might be initiated under EOA or other legislative authorities but that any local group might also sponsor and participate in such programs. The purpose of the recommendations was to suggest a means of strengthening the operations of the RAD Committee. The ad hoc committee believed that incorporation of the group and the adoption of a set of bylaws would be a clarification of the responsibility of the RAD Committee members and officers. Also that such bylaws would insure proper rotation of

officers. It was further pointed out that the adoption of a constitution and bylaws would be voluntary.

Following a question-and-answer period, the report of the committee was accepted (copy attached).

Chairman Baker then asked Clell Carpenter to give the report for his ad hoc committee on Current Problems Relating to the Area Redevelopment Act. Mr. Carpenter reported that the committee suggested that the Advisory Committee recommend the extension of the Area Redevelopment Act. He further commented that they had suggestions for certain modifications which they would like to have considered in any proposal which goes before the Congress. In the discussion that followed Mr. Carpenter's statement, it was decided that an additional point should be added as (f) under Item 3 of the recommendations. The report was then unanimously accepted (copy attached).

Chairman Baker introduced Harold Lewis, who had served as Chairman of an ad hoc Committee on Recognizing and Publicizing RAD Activities. Mr. Lewis indicated that his Committee did not have anything new to report on the plan previously discussed with regard to recognizing outstanding RAD projects or work. However, he would like to submit to the Advisory Committee a brief report on Information's efforts to strengthen community action on rural areas development. He stated that with the addition of the programs under the Economic Opportunity Act of 1964 to the ongoing programs of USDA and other Federal Departments, local leaders have at hand a tool or combination of tools needed to attack many problems which adversely affect a community's economy and the well-being of its people. Further, he stated that RAD tools which can stimulate community action are meshed with commodity programs to increase and stabilize commercial farm family income and with consumer programs that benefit all America and help make more effective use abroad of this Nation's agricul-

tural abundance.

Mr. Lewis stated that the success of each of these programs--community, commodity, and consumer--and their success in combination, depends in large measure on public understanding, support, and participation. The achieving of this public understanding is the prime goal of a continuing effort by the Office of Information in cooperation with other Federal agencies and Departments and appropriate State, local, and private groups. (See attached revised statement on RAD Information Program for 1965.)

Following a question-and-answer period with Mr. Lewis, Chairman Baker asked for comments from Committee members on items for general discussion. The question was raised as to the date of the next meeting, which was then tentatively set for May 24 and 25, 1965. (Later changed to May 26 and 27 because of conflict with White House Conference on Natural Beauty.) The suggestion was made that the next meeting be held in some area outside of Washington where the Committee members could see RAD projects in action. Following discussion on this suggestion, it was decided that the next meeting should be held in Washington, and that at some future date the meeting would again be held in the field.

There was considerable discussion of the broadened aspect of rural areas development and the part that community leaders could play in using the tools available under the Economic Opportunity Act.

There was also some discussion of the definition of rural areas. However, it was pointed out that different definitions are used for different purposes. The one most commonly referred to is the one used by the Bureau of the Census. For certain programs everything outside of a standard metropolitan area is defined as rural.

In the further discussion on the Secretary's talk and the role that the new Service would play in the total development effort, it was concluded that

there is still a major job ahead in rural areas development which would require the best thinking and effort on the part of the Committee and all other leaders interested in the rural areas.

Brooks Hays made a summary statement which the members thought quite appropriate. He said that during his tour of duty with the TVA they had a rural minister present at one of their conferences. After listening to detailed discussions on the benefits of the proper use of fertilizers, the elderly minister said "I am going back home and preach less hellfire and brimstone and more potash and lime." Mr. Hays stated that "for whatever it is worth, I would highlight the fact that we have got to get our nongovernmental, our nonpolitical, and our extraofficial forces into play to help with this job of rural areas development, and I am just thrilled to be here and a part of it."

Mr. Baler expressed sincere appreciation to all of the members for taking the time to be present and for their penetrating questions, their valuable suggestions, and their interest in moving ahead on rural areas development.

The meeting was adjourned at 4:05 p.m.



C. B. Gilliland
Executive Secretary
Advisory Committee on RAD

Attachments

COOPERATIVES AND RURAL AREAS DEVELOPMENT

Statement of C. B. Gilliland
Deputy Director, Office of Rural Areas Development
To Meeting of National Advisory Committee on Rural Areas Development
November 24, 1964

Secretary of Agriculture Orville L. Freeman issued Memorandum No. 1540 on July 9, 1963. This Memorandum restated the policy of the Department of Agriculture with regard to cooperatives and emphasized that it is the aim of the USDA to carry out the full intent of the legislative mandates effectively in terms of today's conditions and needs and in the light of the economic problems confronting American agriculture. The Cooperative Advisory Committee has been working closely with the Secretary and his staff in bringing about a closer working relationship.

The Cooperative Advisory Committee made a series of recommendations to the Secretary on April 10, 1964. These recommendations pointed out various areas where the Department could make changes or additions to its program which would materially strengthen the cooperatives. The Committee also discussed ways in which cooperatives could improve their program of activities to assist the Department in obtaining the goals of helping rural people help themselves.

During the month of October 1964 the Department joined a dozen or more States in recognizing Cooperative Month. This was done through general meetings, exhibits, film presentations, and well-planned and directed seminars relating to cooperatives. The observance was a success in that it demonstrated clear and positive proof that cooperatives are a living, vibrant part of modern agriculture.

The central exhibit in the Patio during the month's observance emphasized five major contributions which cooperatives and USDA working together make in building a better America. These five contributions--or building blocks--are

1. Improved income for farmers--cooperatives make it possible for many family farmers to stay in business.
2. A healthier rural economy--cooperatives are in the forefront of the Nationwide drive to revitalize rural America.
3. Better quality--cooperatives provide incentives for producing top-quality products.
4. The development of greater international understanding--cooperatives provide a common bond among the people of countries throughout the world.
5. The strengthening of democracy--the basic principle of cooperatives is democratic control by the members.

Fifty years ago the farmer grew his own fuel in the form of oats and hay, and produced his own power in the form of horses and mules. He often sold

his milk and other products directly to the housewife. Today's farmer belongs to cooperatives so that he can continue to get his supplies and market his goods most efficiently in today's complex business world. The farmer of the 1960's uses his cooperative to buy and sell for him, and this freedom to conduct his own business is free enterprise in its purest form.

Some highlights of the USDA cooperative celebration were

- 7,000 cooperative and public leaders, and government officials and employees visited the 24 exhibits in USDA's Administration Building October 6-23.
- 2,000 key people attended the seminars and other meetings. In one seminar, for example, representatives of 32 government agencies and 20 business and cooperative associations were registered, for a total attendance of 130.
- 2,000 visitors saw the cooperative movies in the Patio Theater, produced by USDA and the Farm Credit Administration.
- 500 saw the movies produced by cooperatives and shown by USDA's Motion Picture Service.
- Representatives from some 16 foreign nations viewed the exhibits and took part in other events. For example, 40 members of the Women's Cooperative Guild of Sweden attended the opening of the exhibit.
- Other groups have been stimulated by USDA's cooperative material released during this observance. For example, the U. S. Information Agency has begun a series of articles on U. S. cooperatives for a number of its outlets abroad.
- Chain reaction effects will continue for a long time, as people begin to understand the how and why of cooperatives. Exhibits, publications, and other material prepared for the observance will continue to be used. Cooperatives themselves are increasingly aware of the need for teamwork.

Assistant Secretary Baker said the observance also was a success because of the enthusiasm and cooperation of hundreds of dedicated USDA employees who worked--and learned--on the project. He pointed out that cooperatives must take a bigger interest in the drive to improve the quality of rural living.

Assistant Secretary of Agriculture George L. Mehren, during one of the seminars, challenged cooperative leaders, government agency staffs, and others to solve agricultural and cooperative problems of integration, mergers, adjusting supply to demand, and meeting the concentration of buying power confronting them. He said the necessity for some types of cooperatives and for new types of cooperatives is vastly greater than 50 years ago.

Assistant Secretary of Agriculture Dorothy H. Jacobson, at International Day, made a plea for cooperatives to help provide people well versed in cooperative principles and operations for the job of teaching people in the developing

countries how to do things for themselves. She pointed out that cooperatives are an excellent training ground for democracy.

Secretary of Agriculture Orville L. Freeman, in his keynote address to an audience of almost 1,000, said "Our hope is that this Cooperative Month will fire the imagination of a great many people about the potential impact of cooperatives in the New Age of Abundance."

President Lyndon B. Johnson commented in part as follows: "I am indeed glad to express my interest in the sound development of agricultural cooperatives, both at home and abroad, during October, the month which has been recognized by some dozen Governors as Cooperative Month in their several States."

In summary, the strengthening of rural cooperatives and expanding opportunities for them is one of the major objectives of the nationwide Rural Areas Development (RAD) movement, because cooperatives help rural people help themselves.

Through the RAD movement, local people are forming nonprofit associations to supply needed modern services in small towns and rural areas. They are forming or expanding existing cooperatives to supply purchasing, marketing and processing services that help family farmers and other rural residents earn a parity of income. Family farmers are forming cooperatives to obtain needed grazing land.

Cooperatives are also performing a vital role in the RAD movement by helping to expand job opportunities in rural communities, sponsoring training programs, expanding and improving rural electric and telephone services, developing outdoor recreation enterprises for added income, and taking an active part in the social and economic development of rural America.

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

December 29, 1964

SECRETARY'S MEMORANDUM NO. 1566

USDA Regulations on Non-Discrimination in
Federally Assisted Programs

1. PURPOSE. The Department has issued its regulations giving effect to the Civil Rights Act of 1964. The regulations have been approved by President Johnson and will become effective on January 3, 1965.

The Department's regulations, expressing the intent of the Act, state:

"No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, or be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Agriculture or any agency thereof."

I want you always to keep this objective in mind. We will not vary from this goal.

Everything else in the regulations only provides ground rules for applying the objective to our programs. Agency policies and procedures will be designed to carry out the full intent of the Act.

2. APPLICABILITY OF THE REGULATIONS. The regulations apply generally only to those who receive Federal financial assistance to provide services and benefits to others. These recipients are necessary "middle men" in many of our programs. They include individuals, as well as State and local governments, public and private organizations and their agents.

The regulations apply not only to programs that are financed with Federal funds. They also apply to activities financed with non-Federal funds when they are part of the plan for Federal assistance.

The regulations apply only to assistance made available on or after the effective date. They are not retroactive.

The regulations do not apply to users of the benefits provided by Federal assistance. The regulations call these persons "ultimate beneficiaries", because the benefit or service is used by, and ends with, them.

The regulations do not apply to assistance granted for insurance programs - such as crop insurance. Nor do they apply to contracts that we guarantee - such as private farm loans. And they apply to employment practices only where the purpose of the assistance is to provide employment.

3. WHAT FEDERAL FINANCIAL ASSISTANCE MEANS. In the regulations, Federal financial assistance means the grant or loan of Federal funds. It means the use, lease, sale or donation of any Federal property. It means the use of any Federally financed service or facility. It doesn't matter whether these are furnished directly or are financed by the Department. In fact, assistance includes all benefits or service provided under a Federally financed program unless the regulations exempt them.

4. WHAT IS DISCRIMINATION? The regulations describe discrimination as the unequal treatment of persons because of race, color, or national origin. This unequal treatment may be in the quality or the timing of assistance, in the manner or method used to provide a benefit, or in the fees charged for a benefit. It also may be the denial of the right to take part in a program or the way a person can use a Federally financed facility or service.

Anyone who receives USDA assistance has discriminated if, on the basis of race, color, or national origin, he:

- a. Denies a person any service or benefit provided under the program.
- b. Provides a person assistance or benefit that is different or is provided in a different manner, from that provided others.
- c. Subjects a person to segregation or separate treatment.
- d. Restricts a person in any way from taking part in or enjoying any benefit of a program that is enjoyed by others.

5. KINDS OF ACTIVITIES IN WHICH DISCRIMINATION IS PROHIBITED.

The regulations list a number of Federally financed activities of this Department in which discrimination is potential - and prohibited. Following is a partial list:

- a. Federal Extension Service - Discrimination in training information, and demonstration services, including group activities and use of facilities.
- b. Rural Electrification Administration - Discrimination in furnishing rural electric or telephone service.
- c. Agricultural Marketing Service - Discrimination in surplus food, school lunch, or food stamp programs.

- d. Agricultural Stabilization and Conservation Service - Discrimination in price support programs carried out through associations or cooperatives.
- e. Forest Service - Discrimination in the use of land or its resources, and in the distribution of Federal payments and the benefits of research.
- f. Farmers Home Administration - Discrimination in the use of association services and facilities, and rental housing for senior citizens.
- g. Cooperative State Research Programs - Discrimination in the release of information or use of facilities, and in employment of graduate students to conduct research.

6. RECIPIENTS' ASSURANCE OF COMPLIANCE. Applicants for assistance must assure in writing that they will comply with the regulations. If the assistance is to provide:

- a. Real Property or Structures - The assurance must be for its useful life, as long as it is used for the purpose of the assistance.
- b. Personal Property - The assurance must be for as long as the recipient retains ownership or possession.
- c. Any Other Purpose - The assurance must be for as long as assistance is to be given.

7. COMPLIANCE. Agencies have a major role in making these regulations work. They are expected to help recipients comply with them. In every case, agencies will try to get voluntary compliance.

Recipients must maintain records and submit reports showing compliance. They must permit access to their compliance records. And they must tell participants how the regulations and the law protect them against discrimination.

8. COMPLAINTS. The regulations assure fair and prompt handling of all complaints of alleged discrimination. They protect from intimidation or retaliation those who take part in making or investigating a complaint. Generally the regulations provide:

- a. That complaints are to be submitted to the Secretary of Agriculture (or to the head of an agency) within 90 days of the alleged discrimination.
- b. That the Inspector General will investigate each complaint.

- c. That if the investigation indicates a recipient has not complied with the regulation, every effort will be made to help him comply voluntarily.
- d. That if this action fails, assistance may be stopped, or other action taken, after
 - (1) There has been a formal hearing of the complaint before a Departmental Hearing Officer, and
 - (2) The Secretary has reviewed and made final decision on the recommendations of the Hearing Officer.
- e. That denial of Federal financial assistance resulting from hearings is subject to judicial review.
- f. That no order to deny assistance will take effect until 30 days after the appropriate Committees of Congress have been informed of the intended action.

9. CONCLUSION. Our regulations on non-discrimination are a careful reflection of the Civil Rights Act, itself. Every provision is designed to meet our obligation to fully comply with the Act. Nothing in this memorandum is intended to alter the meaning of the regulations, but merely to help understand them. Questions will have to be resolved on the basis of the exact wording of the regulations, themselves.

A handwritten signature in dark ink, appearing to read "William F. Friedman". The signature is fluid and cursive, with a large initial "W" and "F".

RURAL HOUSING AND COMMUNITY FACILITIES

Statement of Bernard H. Polk
Assistant Administrator, Farmers Home Administration
To Meeting of National Advisory Committee on Rural Areas Development
November 24, 1964

Since the rural housing program started in 1949 loans to individual farm and nonfarm families who could not obtain credit from other sources total 95,933 for \$735,953,250. In the 1964 fiscal year, 14,378 families were assisted to construct, remodel, or repair their dwellings and other farm buildings. The total amount of loans was \$130,477,894 for an average of slightly less than \$10,000 per loan. Applications for these loans this year are running about 26 percent above the same period last year.

The volume of the rural housing loan program has been limited by the amount of funds that has been provided for loans. A proposal is now under consideration for submission to the Congress that, if enacted, would authorize rural housing loans to be made on an insured basis. Such a program would permit loans to be made in the amount of \$400 to \$500 million annually.

Senior Citizen Rental Housing loans have been made to 35 nonprofit associations in 12 States for \$2.1 million which provided 347 living units with rents that run from \$35 to \$110 per month with an average monthly rental of \$71. The average cost per rental unit is \$6,500. Applications on hand for loans for senior citizens rental housing are up about 40 percent over last year.

Labor housing loans have been made to associations of farmers in five States to provide 282 apartments and dormitory accommodations for 780 persons. The number of applications for these loans this year has doubled over the number received over the same period last year.

The authorization available through the Farmers Home Administration to help provide housing for seasonal farm workers was broadened by the Housing Act of 1964. Under this new authorization, grants up to two-thirds of the total development cost could be made to States or political subdivisions thereof or to private nonprofit organizations to provide low-rent housing to be used by domestic farm laborers. The applicant would be required to contribute at least one-third of the development cost.

Although the basic legislation was passed, funds are not yet available. As soon as funds are provided, we believe this program holds promise of providing a solution to one of the major problems that growers and communities have encountered in endeavoring to provide decent housing for migrant labor.

Rural Housing Grants. During the 1964 fiscal year, 5,841 housing grants were made to elderly families (average age 64 years) to make their inadequate homes a little more livable. These grants averaged \$823 each. At the direction of President Kennedy in November of 1963 a special program was conducted in the 44 eastern counties in Kentucky (Appalachia) to "winterize" homes of families who had no debt-paying ability. Since that time 2,758 grants were made. The entire grant program through the nation was discontinued in the early part of the 1965 fiscal year after Congress placed restrictions on the use of the agency's administrative funds for this purpose.

Association loans are made to nonprofit associations and public bodies for rural water distribution systems, shifts of land use to recreation, grazing and forestry and for other soil and water conservation purposes. The benefits of these loans must accrue primarily to farmers and rural residents. By July 30, 1964, 712 loans had been made which were serving 292,810 people. During the past 4 years, 518 loans for \$60 million have been made for rural water distribution systems and 75 loans have been made for shifts in land use, 9 of which were to grazing associations. During the first 4 months of this fiscal year, \$49 million of association loans have been approved or tentatively approved, and we have applications on hand that will require another \$50 million. Applications for these loans are currently being received at the rate of 125 per month, and at the current rate of loan processing, loan funds will be exhausted soon after January 1, 1965. Two examples of these loans are:

1. A Tennessee rural community (New Market, Tennessee) dependent on springs, ponds, creeks, cisterns and shallow wells for much of its water was plagued with sporadic outbreaks of hepatitis and typhoid fever. Business fell off, stores closed up, school attendance was poor, young people moved out. In early 1962 the families that still remained banded together and obtained a \$180,000 insured loan to finance a modern community water system.

In this community today some 240 farm and rural families, five schools and churches, and 20 businesses now have all the water they need. Furthermore, 30 new houses have been constructed, property values which provide the tax base have gone up 10 percent; 15 older homes have been remodeled to include bathrooms, automatic washers and other modern conveniences; a machine shop has been established furnishing full-time employment for three persons; a concrete block and a zinc ore processing plant have increased their operations by 25 to 50 percent; and a restaurant employing three persons has opened. In all, the water system is directly responsible for generating 40 new full-time jobs.

2. Some 70 ranchers in Blaine County, Montana, formed three grazing associations and obtained loans from the Farmers Home Administration to purchase, lease, and develop 112,000 acres of land. More than 38 water holes and 17 dams are being developed, 10 water towers built, wells drilled and pumps installed, 35,000 fence posts driven and 107 miles of boundary and cross fencing stretched in the development of the grazing area. The 3,700 head of cattle grazed on the range will add \$320,000 a year to the area's economy and strengthen the family farm operations of the 70 rancher-members.

Watershed loans are made to public bodies that are sponsors of an approved watershed plan to pay their share of construction of works of improvement within the watershed. The Soil Conservation Service has primary responsibility for assisting local groups in planning and developing watershed plans. Only \$4 million is available for loans during the current fiscal year. These funds have been committed and we estimate that another \$4 million would be

required to meet the loan needs of eligible sponsors for the remainder of this fiscal year.

Cooperatives. Authorization to make loans to cooperatives under the Economic Opportunity Act adds another tool to assist with rural community improvement. (See attached statements.)

THE RECREATION ADVISORY COUNCIL

Remarks of Henry F. Nichol, Office of Rural Areas Development
At Meeting of National Advisory Committee on Rural Areas Development
November 24, 1964

The work of the Recreation Advisory Council fits into the theme of this conference in many ways. At the meeting of this committee in May the report of the subcommittee on recreation pointed out that recreation development, if properly planned, could benefit backward areas and help many farmers including those operating on a marginal basis - Appalachia, the Ozarks, Northern Lake States are examples of areas where recreation has great potential for helping in the fight against poverty. The purpose of the Recreation Advisory Council is to provide broad policy guidance, and to promote coordination among the Federal agencies in a nationwide recreation effort.

The Recreation Advisory Council was established by the President two and one-half years ago. It is comprised of the Secretaries of Interior, Agriculture, Defense, Commerce, Health, Education and Welfare, and the Administrator of Housing and Home Finance Agency. Representatives of the Bureau of the Budget, the White House and sometimes the TVA attend as observers.

The Chairmanship of the Council is rotated every two years. Secretary Udall was Chairman the first two years; Secretary Freeman has been Chairman since last April. At its meeting in March the Council approved three policy statements. These were later printed and recently were given wide distribution to field agencies of the Department of Agriculture. One was General Policy Guidelines for Outdoor Recreation. These guidelines establish a framework of policy which will set the direction for much of the future work of the Council. The statement outlines the respective roles of the Federal Government, the States, local governments, and the Private Sector. Special emphasis is placed on the importance of the role of the Private Sector. Another policy statement was on Public Health and Water Pollution Aspects of Outdoor Recreation. A third pertains to a national program of scenic roads and highways and authorizes a comprehensive study to develop recommendations for a national system of scenic roads. This study is being conducted in the Department of Commerce under the direction of the RAC Staff. Letters have recently gone out to the Governors of all the States and the State Highway Departments asking them to submit nominations for scenic roads.

An example of constructive action by the RAC is the settlement last summer of the question of the jurisdiction of the recreation areas around the Allegheny Reservoir Project in northeast Pennsylvania. This is a Corps of Engineers project involving a large dam which will create a lake about 30 miles long and surrounded in large part by National Forest lands. The development of the recreation potential of the whole area had been blocked because the Forest Service and the Corps of Engineers could not agree on which agency should have jurisdiction. When the matter was brought before the RAC a resolution in favor of the Forest Service was arranged and agreed to by all members of the Council. The principle established by this action of placing recreation responsibility with the Federal agency having major land management responsibilities around a given reservoir project is considered a landmark in conservation progress, and will provide a firm basis for the

ready solution of similar projects in the future.

Secretary Freeman has recently asked that a plan of action be prepared so that RAC can grapple with the vital questions which are involved in helping outdoor recreation take a proper place in the Great Society.

One of the main items with which the RAC is expected to be concerned is the Land and Water Conservation Fund Act which was enacted during the last session of Congress. This is one of the most significant conservation and recreation laws of our time. The Act, which is effective January 1, 1965, creates a Land and Water Conservation Fund, 60% of which will be made available to the States on a matching basis to be used for planning, acquisition and development of recreation areas and facilities. The other 40% will be allocated to the Forest Service, National Park Service and the Bureau of Sport Fisheries and Wildlife for acquisition of certain types of recreation areas. For the Forest Service there is a stipulation that most of the land acquired must be in the Eastern half of the U.S. All monies in the fund must be appropriated by Congress before they can be allocated for State and Federal purposes. The fund is expected to average about \$200 million each year when it becomes fully operational in 1967.

The Land and Water Conservation Fund Act will have important effects on Department of Agriculture programs and Rural Areas Development. I would like to mention a few of the ways in which the Department will be involved.

First, the Act provides for a system of user fees on Federal recreation areas which are designated in accordance with Presidential authority. These fees include: (1) An annual fee of not more than \$7.00 which will admit to the designated areas a person travelling by car and all those in the car with him. This is the fee which we commonly refer to as the automobile sticker. It is optional. (2) Fees for a single visit or series of visits. (3) Fees for the areas not entered by auto. The Lee Mansion is an example of this type of fee. (4) Fees for the use of developed camp sites, for the use of other special equipment or services provided by the Government. There are many difficult problems to be worked out with respect to the user fee provisions of the Act - the amount of the fees and where they are to be charged. The Forest Service is of course heavily involved in this problem because of the rapidly increasing recreational use of National Forests. One of the study groups authorized by the RAC has been working under the chairmanship of the Forest Service for about six months to draw up regulations for approval by the President as required by the Act. The Bureau of Outdoor Recreation is now trying to revise the draft regulations drawn up by the Study Group and put them into the form of an Executive Order.

Secondly, the Act provides that the money from the Fund will be allocated to the Federal agencies in proportion to the number of visitor days in the areas and projects for which admission fees are charged. This makes it necessary to have a uniform system for measuring visitor days or recreation use. Federal agencies have all been using different systems. The second Study Group authorized by the RAC has been dealing with this problem and has proposed a new definition of "visitor day" for uniform use throughout the Government.

A third and very important significance of the Act for the Department of Agriculture is its impact on the Private Sector. It is difficult to predict just what this impact will be. Some people think that with \$200 million a year going into the States on a matching basis, the recreation areas and facilities developed through this Fund will greatly reduce the opportunities for the Private Sector. However, estimates indicate that the resources of the Fund will not begin to be sufficient to take care of the greatly increased demand expected in the future for recreation facilities. If the Fund is used in the right way, there would seem to be little doubt that the opportunities for the Private Sector will be increased. This is one of the problems being considered by another study group authorized by the RAC.

It should be pointed out that the Act applies only to public land and land to be acquired for public ownership and use. It does not provide any assistance to private landowners. The law sets up a system of fees for Federal recreation areas. The Study Group on fees and BOR are well aware of the fact that fees charged on Federal areas will affect the Private Sector and should be at such a rate as to enable the Private Sector to compete on an equitable basis.

Although the Act provides for fees on Federal recreation areas, it says nothing about fees to be charged by States for areas or facilities developed with the Federal funds. What the States do in this connection will have a big effect on the Private Sector. There is a great deal of variation among the States on this point.

In order to qualify for funds, a State must submit a comprehensive State-wide outdoor recreation plan. This plan will include all outdoor recreation resources and programs - Federal, State, local, and private - in the State. It should cover an action program extending over 5 years. Money is available from the Fund to assist States in making this Comprehensive State Plan. Planning money from Sec. 701 funds of the Housing and Home Finance Agency may also be used for this purpose. If this Comprehensive State Plan is approved by Department of Interior, the State is notified and then individual projects are submitted by the States to BOR for approval. These projects must be in accord with the Comprehensive State Plan. When approved, funds are made available.

Soil conservation districts, counties, and other political subdivisions of the State government may qualify for grants-in-aid under this program. Local requests for projects are submitted through the State government.

The great potential of private lands for recreation should be stressed throughout the preparation of the State plan. All of the Department's programs on outdoor recreation should be considered in the State planning process. The plan should be as complete as possible and should contain a proper balance between public and private recreation. It is important that preparation of the plan include consultation with all Agriculture officials, Federal and State, with RAD Committees and Technical Action Panels, the local Soil and Water Conservation District officials and other agricultural committees.

The Working Party on Outdoor Recreation, a committee of the RAD Board, is endeavoring to coordinate the Department's programs on outdoor recreation.

The progress by the various agencies in this field is illustrated in a new brochure entitled, "Accelerating Rural Outdoor Recreation on Public and Private Lands," which has been prepared by a subcommittee of the Working Party. Harold Lewis, who headed up this work, will discuss the brochure later in the program. The Land and Water Conservation Fund Act will offer new opportunities to RAD and it is important that we make the best use of these opportunities.

PROGRESS REPORT ON RURAL RENEWAL AREAS
Given at Meeting of National Advisory Committee
on Rural Areas Development, November 24, 1964
John M. Lovorn, Rural Renewal Division, FHA, USDA

About \$1.2 million made available last year enabled this program to make a beginning in five low-income rural areas. Progress has been excellent in one of these areas, and good in two others.

The planning process has been virtually completed for four of the areas. The assistance provided is --

1. Assignment of program leaders.
2. Technical aid made available for feasibility projects. Five technical assistance grants have been approved - they include the feasibility of (a) a recreation development, (b) feasibility of vegetable crop production, (c) availability of lime for agriculture and road building purposes, (d) study of sand, clay and gravel possibilities, and (e) a study of timber resources including new possibilities for manufacturing and remanufacturing.
3. Rural renewal loans. Loans were made in two states. In one state the loans were for the:
 - a. Purchase of 773 acres to be sub-divided into adequate farms or added to existing inadequate farms.
 - b. Purchase of 614-acre tract of land in Millwood Dam area for recreational development and sites for summer homes.
 - c. Purchase of four tracts of land on which are being built 46 or more modest homes for low-income families of the area. In addition to the homes, needed service facilities such as electricity, water, sewer, fuel, roads, play grounds, etc. are being provided.

In another state two loans have been made: (a) The purchase of 1,080 acres of land for a forestry conservation project and (b) The purchase and development of a 160-acre tract for rural homesites.

These eight loans referred to above utilized all funds available to this program for the first year.

The greatest contribution has been the availability of the rural renewal program leaders to assist the local groups in securing loans and technical assistance from existing sources. As many of you indicated yesterday in the discussion of the Economic Opportunity Act, disadvantaged rural people will not take advantage of programs of Federal and State assistance unless given some help in developing applications. The success achieved on projects has been good even in areas that have not received rural renewal loans.

Our observations thus far:

These Rural Renewal loans can be provided only to public bodies. However, most local public bodies lack authority under statute to carry out a total program of development. Therefore, this Department has requested the broadening of the authority to make loans to non-profit corporations. In addition, authorization is needed to purchase and develop lands solely for recreation purposes.

This demonstration program seems to indicate a need for local or state enabling legislation for the creation of public bodies with broad powers for economic development. State statutes have been modified for urban redevelopment but have not been up-dated for the implementation of the rural renaissance.

For the most part, this Rural Renewal approach to assist low-income rural areas has demonstrated that local people, given help, will take necessary action to bring about economic and social redevelopment of their communities.

VOLUNTEERS IN SERVICE TO AMERICA
GUIDE FOR POTENTIAL SPONSORS

Remarks by Velma Linford, Office of Economic Opportunity
Before Meeting of National Advisory Committee on Rural Areas Development
November 23, 1964

- A. Under the Economic Opportunity Act of 1964, VISTA Volunteers may be requested by a sponsoring group which may be a local, state, or Federal agency, program, institution, or political subdivision, by any bonafide private non-profit organization, or any combination of these. Proposals are invited from large and small organizations.
- B. Volunteers will be assigned to work in rural and urban community action programs, migrant worker communities, Indian reservations, hospitals, schools, and institutions for the mentally ill and mentally retarded. They will perform a variety of services depending on the needs and ingenuity of the sponsor.
- C. The VISTA staff will work closely with potential sponsors in the preparation of proposals.
- D. The following points are considered as guides in project proposal development--some may not apply in all cases.
 1. The VISTA project should involve the Volunteers in working directly with the poverty population. (e.g., hospital patients, urban poor, migrant worker).
 2. This involvement should be planned so that the poor will move toward specific goals (e.g., training, employment, leadership, leaving the hospital). Self help, instead of dependency, should be the focus.
 3. The tasks proposed for VISTA Volunteers should be clearly differentiated from those performed by current staff and Volunteers.
 4. New and creative techniques, roles, and types of Volunteer activities are strongly encouraged.
 5. The sponsoring agency's program needs to be consistent with, or related to, other anti-poverty programs and organizations in the community.
 6. The Volunteers should be able to meet together to exchange ideas and information. They should live as near each other as possible to maintain VISTA group identity and cohesiveness. Volunteers should live with or at least near the population served.
 7. Plans for consultative supervision and in-service training should be specified.
 8. Opportunities for Volunteers to develop their own potentials are important. This means having time to follow up ideas and discoveries made in the field and sufficiently flexible scheduling for Volunteers to take advantage of new learning.

9. The support of relevant segments of the lay, poor, professional, and organizational communities must be continuously developed.

10. Provisions for logistic support of Volunteers (housing, transportation, meals, health, care, etc.) should be clearly spelled out.

11. The specific poverty population should be described with respect to age, residence area, type, and target problem(s).

12. The poor themselves should be involved in the planning and implementation of projects, and every attempt should be made to secure and expand indigenous leadership.

Report on Community Action Programs Under Economic Opportunity Act
as Reported for an Area in West Virginia
Statement of Charles W. McDougall, Federal Extension Service
At Meeting of National Advisory Committee on Rural Areas Development
November 23, 1964

The following is a brief report on proposals that came in from West Virginia, previously designated by Secretary Freeman as a pilot area to help develop total resources in such a manner as to get more gainful living for the local people in that area. They have two RAD groups that have been working for some time on community development. These two RAD groups put their heads together, involved a cross-representation of other agencies that were needed in order to provide a real base for community action programs. They had a previous inventory of community facilities, their farm crops, their forestry production, housing facilities, and things of this nature which helped them start out on a community action program.

They are, in essence, asking for a general administrator to help integrate and initiate the necessary activities for a community action program in that area, and then they have 12 or 13 proposals; one of them is health education, which would be an expansion of the present health education and make more health services available for the low-income people in that area. Number three is a water supply project. They have not been able to get the amount of money necessary to match FHA loans or APW grants and so they are asking OEO if they might obtain enough funds for downpayment on which they might get their water systems which they badly need. This is for two areas in those counties -- Bordensville and Elk Garden.

Next they have a camp for handicapped children. They have taken an inventory of the number of handicapped and crippled children and they find that they have 30 crippled children and 73 speech problems, and they are going to demonstrate what they can do over there by having a camp for these children and hire speech therapists and help them with remedial reading, nursery, music and recreation, and it is a joint welfare-Extension Service-health departments and boards of education cooperating on this particular camp. Another one is a nursing home for the custodial care of the elderly poor. They have several people that are medically indigent and that need some help, and they have no nursing home, and these people are being cared for in squallor--in places of squallor and unhealthy and unsatisfactory conditions, and they hope to provide a base for starting a nursing home in that area.

Pre-school story-hour is another area that they are interested in. They have 134 children out of 757 who failed to complete their reading classes the first year of school, and so with the help of the libraries and schools and health and welfare people they are going to put on special classes for these children and help in a remedial way to get them to advance as they should. There's another pre-school program--they have no kindergartens in that area--and they are asking for pre-school programs to be initiated in that area to help these children get used to school, particularly from the poor families where they have no opportunities to have someone read to them or get acquainted with other children, so they hope to give them the benefits of a pre-school program in that area.

Then they have what might be called a cultural enrichment program in which they will give fifth-grade students from poor, low-income areas a chance to visit places like Pittsburgh, Baltimore or Washington, and provide other enrichment programs that will help these young children discover, perhaps, other facets of life and in that way maybe motivate them to wanting to do something better than the environment which was provided for them at home.

A basic adult education program is still another program which they are going to launch there, in helping people learn how to read and write and provide some instruction for simple arithmetic. Thirty-five percent of the aid for dependent children of parents indicate they would like to have such training and there are more than enough for what they are asking for now to fill these classrooms in the basic adult education.

Vocational training is another group. They hope to train a number of interested males, and females as well, in a number of vocations that have job opportunities in that area. Still another program would be a youth leadership program where they are hoping to train the youth of these communities in what takes place at the community level. The Scout masters are also helping to recruit for this program along with Extension, and they are helping to inaugurate special youth camps which will help train our youth for the job tomorrow of helping to lead the community in its development. This is sort of an experimental plan, but they hope they will be successful in the venture.

Then, too, the other side of that coin: They are also hoping to develop a series of phases for community leadership development. They are going to take hand-picked leaders from various communities in these two counties and they will have a lecture phase (a), a short course (b), and an internship, which will provide them some actual experiences in the problems of communities and hoping to keep the leadership developed so that we can, perhaps, turn some of these communities into a better place to live and earn a living.

Public housing is another real problem in particularly one area where they have over 70 percent of the homes dilapidated or either sub-standard, and they are hoping to provide some funds to help in the renovation of some of these homes and make them habitable so that they at least won't fall down--and they won't have leaky roofs and that sort of thing--small repairs that need to be cared for.

Then, there is another project which includes arts and crafts. They hope to develop a home industry there as well as, perhaps, a regional industry in developing arts and crafts that may be marketable, not only in that area but they will try to market elsewhere the products of these home industries.

And there is an outdoor recreation program that provides a number of youth an opportunity to have a little fun in the summer time, as well as learn about sports and work together, hiking and these sorts of things that children from low-income families have never had the opportunity to participate in. It is hoped that they can lift their sights and motivate them on to better things through a program of this nature.

Then, they also hope to take advantage of the Neighborhood Youth Corps, and the boards of education, health and welfare departments, Potomac State College, Appalachian Center, and the public libraries are working together on a neigh-

borhood possibility for utilizing students and Neighborhood Youth Corps projects. To give you just an idea -- Mr. Hausler went over some of the types of projects that are being entertained by OEO. Others are program development, pre-school services, home management, and housing. Several have come in on agriculture, particularly in an area where a small farmer having little or no income, if he owns land or could rent land, perhaps could participate in a project like strawberries, nursery crops, or stake tomatoes or a small green house, and in that way, using the facilities of FHA and Extension training, these folks possibly could improve their income almost over night. This would be a hand-holding process. It would involve, perhaps, one person to watch over such a project almost daily and help some of these people develop along the way so that they can make a gainful living from such a project. Other ideas include arts and crafts, outdoor recreation, and community centers. A number of rural communities do not have any recreational centers, have never had any director or any leadership concerned with community center activity. Some of these folks are hoping to build, rent, or renovate an existing building that would lend itself to community centers. There is not too much in the way of money provided in the Act for bricks and mortar for new buildings. About the only thing that they could get in the way of help to provide for facilities would be assistance in renting or refurbishing an existing building so that it would lend itself to community center activities.

"OPPORTUNITY" LOANS FOR RURAL FAMILIES WITH SMALL INCOMES

Statement of Howard Bertsch, Administrator, Farmers Home Administration
To Meeting of National Advisory Committee on Rural Areas Development
November 23, 1964

The Economic Opportunity Act of 1964 establishes two new loan programs for low-income families living in rural areas.

- Loans now are available to farm and other rural families who need a small amount of capital to improve their earnings but don't qualify for credit from existing sources.
- Loans also are available to finance cooperatives serving these families.

Long-term "economic opportunity" loans of up to \$2,500 now may be made to farm families operating small, limited-income units to finance farming enterprises or pay for the equipment, machinery, buildings and other items needed in a nonagricultural enterprise that can add to income from farming. These loans also are available to families living in rural areas who don't farm, for enterprises other than farming that will produce added income.

Farmers may use an EO loan to acquire land--purchase livestock, machinery and equipment--construct or repair needed farm buildings--pay annual operating expenses for seed, feed and fertilizer that contribute to an improvement in the family's income and financial situation--and buy shares in cooperatives.

Farmers and others may use a loan to purchase land, construct buildings, buy and install equipment, pay normal operating expenses and other costs. Examples of enterprises eligible for financing are well drilling, machinery repair, roadside marketing, guide services, firewood production and delivery, trucking, custom farm services (such as harvesting, feed processing and mixing), home production of handicraft items, clothing repair and laundering, and a variety of other income-producing activities.

A farmer may use part of his EO loan to improve his farming and the remainder to finance a small nonagricultural enterprise, if this is a practical approach to improving his income. However, a borrower residing in a rural area but not farming may not finance agricultural enterprises with his EO loan.

Loans are repayable over a period not to exceed 15 years at an annual interest rate to be established. EO loans presently are limited to \$2,500 in the aggregate to any one borrower.

To qualify for an Economic Opportunity loan, an applicant needs to meet the following criteria:

- (1) Receive an income from all sources that is too low to cover basic family needs but have little or no opportunity to work full-time at a job that produces an adequate income.
- (2) Be unable to obtain credit through other sources, including regular loan programs of Farmers Home Administration.

- (3) Furnish evidence that the business or service to be financed is not presently available in the area and there is reasonable assurance of a market for the product or service if the credit is to be used for a nonfarm enterprise.

All borrowers with loans will receive the aid of local supervisors in preparing farm and home improvement plans and using loan funds and other resources to meet goals set forth in the plan.

In addition to direct loans for families and individuals, the Economic Opportunity Program also established a new credit program for small cooperatives made up mostly of rural families with very limited incomes and few resources.

Some examples of cooperatives that may be financed through this new loan program are those that:

- Process farm products grown on members' farms.
- Gather, pack, sell and ship such products.
- Assemble, market, and transport items manufactured in the home workshops of members, e.g., handicrafts.
- Provide an essential service for farmers, e.g., livestock breeding, extermination of pests, custom farm work.
- Purchase and distribute to members essential farm and operating items and equipment, e.g., machinery, feed, seed, fertilizer as well as small items that may be required in a home workshop industry, e.g., finished lumber, wood and metal-working machinery.

The maximum repayment period for loans to cooperative associations serving low-income rural families is 30 years. The interest rate is to be established. It is expected that loans under this program will average approximately \$25,000, financing cooperatives of 100 to 200 families. However, there is no statutory limit on the amount of credit an individual cooperative may receive.

Families with low incomes and few resources must make up at least two-thirds of the cooperative financed and its services must be provided predominantly to low-income families residing in a rural locality (including those who are not members but use the cooperative).

Farmers Home Administration local supervisors will assist community leaders and groups to organize a cooperative association and make application for assistance where such an association is needed and can meet eligibility requirements under the Economic Opportunity Program.

Representatives of the agency also will provide continuing technical assistance to assure efficient operation and successful management of the cooperative. After a cooperative is organized and has received an Economic Opportunity loan,

funds provided also may be used to hire necessary legal, technical, and managerial services.

Cooperatives presently in operation as well as those newly formed to serve low-income families are eligible for loans.

PANEL DISCUSSION OF TITLE I OF ECONOMIC OPPORTUNITY ACT (P.L. 88-452)
At Meeting of National Advisory Committee on RAD November 23-24, 1964

Remarks by Edward P. Cliff, Chief, Forest Service, USDA (Panel Chairman)

I am very pleased to be able to participate in this meeting today. Although we in the Forest Service are deeply involved in some aspects of the Economic Opportunity Act, this chance to get a better perspective on our role is very helpful.

During the remainder of the morning we will be discussing "Youth Programs," or Title I, of the Act. The three parts of this Title--namely, Job Corps, Work Training, and Work Study--will be described briefly by our three panel members. Then I will ask for your questions or comments on how Title I can be most effectively used in promoting rural areas development.

Before calling on our panel members, I would like to say a few words on this subject in my capacity as the Administrator of a Federal agency that will be dealing directly with these youth programs--and one that is profoundly interested in furthering the objectives of this new law and of the Department's Rural Areas Development program.

All of us are enthusiastic about this dramatic new fight to eliminate our national paradox of poverty in the midst of plenty. We are willing and anxious to do our part. We know that this first year is critically important because the future of this program will be determined largely by our accomplishments and performance in 1965. We know that a new and rapidly expanding activity like this will demand our best to overcome the "growing pains" that will inevitably develop in the months ahead. We are prepared to put our best people and our best efforts into this war on poverty.

As the Administrator of a conservation agency, I am also enthusiastic about how this act will serve to both stimulate interest and achieve substantial results in improving our natural resource situation. For example, we in the Forest Service have a reservoir of needed and planned conservation work on the shelf totaling some 300,000 man-years. Not only will we be building and guiding young people, we will be rebuilding and developing our rural areas. We view this as a logical and natural combination that adds up to a remarkable opportunity throughout America.

These Youth Programs provide for education and training, purposeful work experiences, and opportunities to live in decency and dignity. Title I is aimed at the basic roots of poverty. Through it, young men and women from both urban and rural areas will be enabled to lift themselves out of the rut of poverty. They will be given a chance--for some, perhaps the first and only chance--to glimpse the prospects of a productive and meaningful life as a personal, attainable goal.

The success of these Youth Programs will not only be measured in terms of individuals trained and educated and established as productive members of society--or in acres of trees planted, miles of road built, or other

physical accomplishments-- it will be measured as well by a decrease in the expenditures and efforts required to combat juvenile delinquency, to assist destitute families, and to otherwise fight the effects of poverty instead of the causes.

To draw a parallel from my own experience, in the forestry business we learned long ago that preventive measures directed at causes are much more effective than control efforts aimed at results. For example, in programs to reduce losses from fires, insects, diseases, erosion, etc., we count as part of our progress the fires that do not start, the bug epidemics that do not develop, the logging roads that are not washed away. And, just as these indirectly contribute to rural economic strength and well-being, so will the many positive benefits of these Youth Programs make their contribution.

Our first speaker on this panel is a member of the Forest Service. We called him in recently from our Regional Office in Ogden to head up our new Division of Job Corps Administration. He has had a variety of experiences that have qualified him well for this assignment--ranging from Smokejumper, District Ranger, Forest Supervisor on up to Assistant Regional Forester for Personnel Management. It is my pleasure to introduce Mr. Jack Deinema.

Remarks by John W. Deinema, Forest Service, USDA (Panel Member)

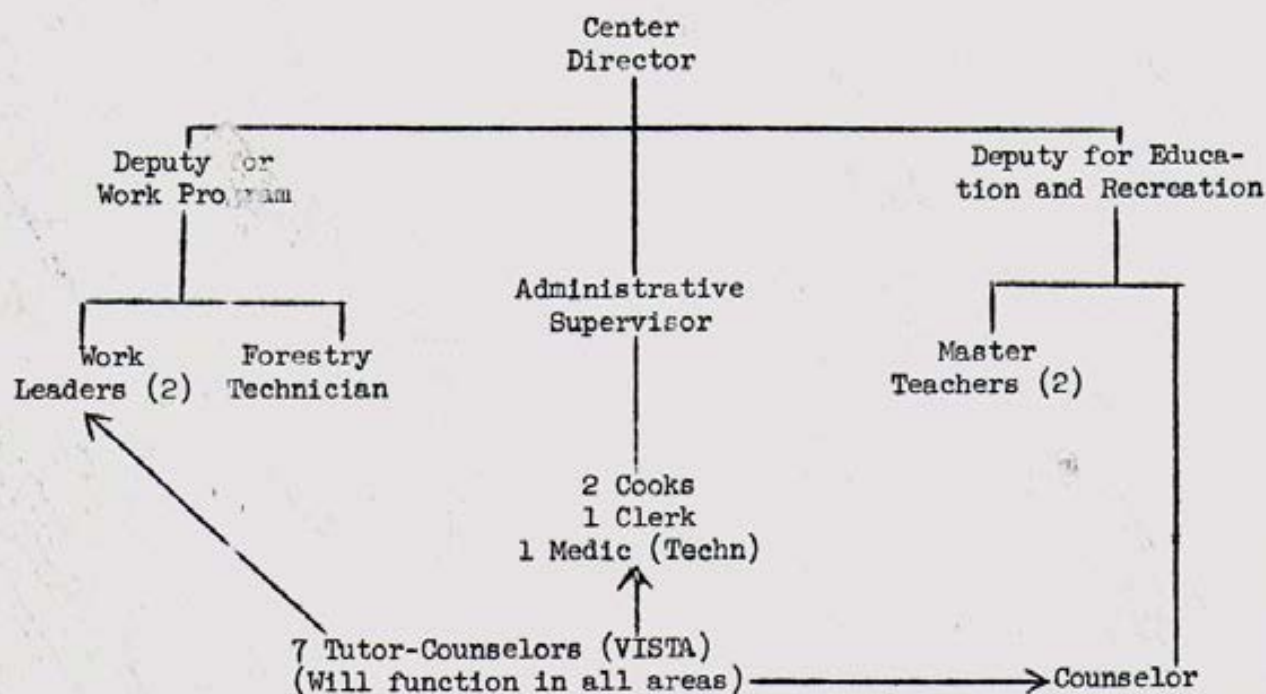
My portion of the subject is on the Job Corps activity as contained in Part A of Title I. In the interest of time, I have distributed copies of a fact sheet that describes the overall Job Corps program in some detail. Most of you are undoubtedly already familiar with it and those that aren't can glance through the fact sheets. My presentation will attempt to clarify some areas of misunderstanding and also give you a progress report of where we stand to date. There will also be an opportunity to ask questions if additional clarification is needed.

A. Job Corps has two primary sections:

1. Rural Centers - Conservation Camps with 100 to 200 enrollees, operated by Land Management Conservation Agencies in the Department of Agriculture (Forest Service) and Interior (Park Service, Bureau of Land Management, Bureau of Reclamation, Bureau of Sport Fisheries and Wildlife, and Bureau of Indian Affairs), and distribution equally shared between Departments.
2. Urban Centers - Vocational Training Centers with 1,000 to 2,000 enrollees for Men and 400 to 500 for Women. Contracted to Universities and other organizations.

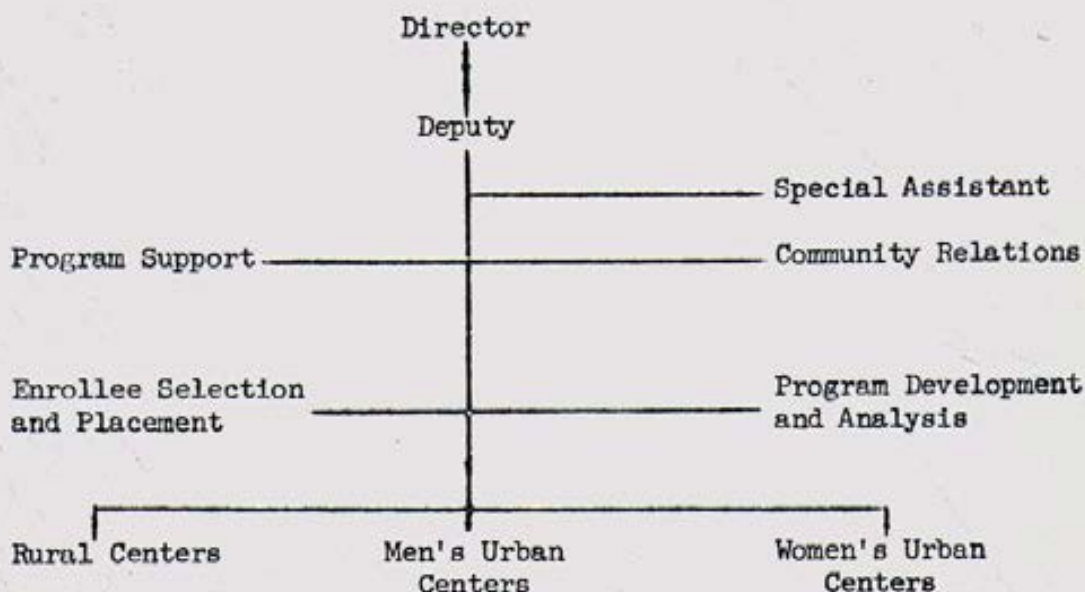
B. Rural Centers evenly divided between agencies in Department of Interior and Forest Service in Department of Agriculture. Very good working relationships exist.

TYPICAL ORGANIZATION FOR 100-MAN CENTER



C. Job Corps Organization

JOB CORPS ORGANIZATION CHART



1. Regional Offices will be on smaller scale.
 2. Have been operating as a task force. Small staff but doing exceptionally well with tools they have had to work with.
 3. Our relationships have been excellent and we are continuing to work closely with them.
- D. Now that organization is firmed up and appropriations received, the Rural Center program is progressing well.
1. The Forest Service has initial appropriations of \$7.3 million. Expect about \$38 million this fiscal year.
 2. Based on these financial allotments, we have planned for 43 Centers to be activated prior to next July, another 15 constructed but not activated, and 90 additional next fiscal year for a total of about 150. First center probably in full operation in early February. Department of Interior about the same.
 3. Forty-two Centers announced - 23 in Forest Service - and State Governors notified. Fourteen of ours approved as of today. Wolf Creek contract in Oregon awarded and construction started. Another four ready to be awarded this week. Rest will soon be underway.
 4. Distribution of these early centers based on climate and where we have facilities.
 5. New announcements will be made soon and Governors notified.
 6. Community relations have been excellent primarily because of field people doing a tremendous job of presenting facts. Program gaining acceptance everywhere. Only a few areas with some problems and these because of personal interests or lack of facts.
 7. Personnel selections and plans for training progressing. Twenty-five candidates from within Forest Service and 2 from outside approved by OEO. Rest of staff selection well along for first centers. Training of first staffs starts January 4. Consists of preliminary training for staffs only and simulated operation of center with actual enrollees.

In closing, I want to say how pleased we in the Department of Agriculture and Forest Service are to participate in a thrilling program such as this. It is not only an opportunity to do something about our natural resources, about which a great deal needs to be done, but even more important, it's an opportunity to do something for the underprivileged youth of America - our citizens of tomorrow. I am confident we can produce and show successful results.

Our next speaker is a Program Leader in the 4-H and Youth Development Division of the Federal Extension Service. He has had wide experience with the 4-H program in Connecticut and Minnesota. He is especially well

qualified in developing career programs for young adults. He has a Master's degree in Rural Sociology from the University of Minnesota and has chaired several committees on career exploration, training, and youth employment. It is a pleasure to introduce Mr. Robert Pinches.

Remarks by Robert R. Pinches, Federal Extension Service, USDA (Panel Member)

As a member of the panel I am not representing an agency involved in administration of any specific title of the Economic Opportunity Act. Rather, I consider it very important that we help local communities and people, particularly in rural areas, to understand the many opportunities emerging from the Economic Opportunity Act and related legislation. I am pleased, therefore, to distribute to you fresh-off-the-press some booklets and other materials giving facts on the Neighborhood Youth Corps (Title I-C). You might pass these around and this will permit me to focus attention a little bit more as Mr. Deinema did on some of the questions that keep occurring.

In one sense, the Neighborhood Youth Corps picks up at just the point that the Job Corps leaves off -- this is the fact that it is not an away-from-home opportunity. It is not an away-from-home residence situation. It is an at-home, within the community or commuting area.

In rural areas, the problem of transportation comes in. As far as I can find out, there will be no transportation for the Neighborhood Youth Corps participants from their residence to the pick-up point or work situation if it is nearby. There can be pick-up points and transportation to a work site.

As you review the Neighborhood Youth Corps materials, there is one word which I believe is quite important to understand -- that is local sponsor or local contractor. The entire program is predicated on the belief that there will be local groups taking the initiative to identify the tasks to be done, the youth to be employed, and in submitting to the Neighborhood Youth Corps action proposals.

The proposal must demonstrate the sponsor's ability and desire to reach and program the youths for which the Neighborhood Youth Corps is intended. In other words, there has to be a certain degree of competency on the part of the sponsors, they must provide jobs for youth -- it can be both boys and girls, 16 through 21 years of age. They can be on facilities or involve projects with publicly owned or private, non-profit organizations.

The pay scales will be based on the rate for the type of work being done, the going rate for the entry wage. The entry wage will be determined in large measure, in cooperation with the Labor Department. The starting wages will be somewhat below the entry wage and if the young person makes progress, increases can be given up to the maximum of the local entry wage.

The effort in the Neighborhood Youth Corps is to have a program which will bring youth up to the point that they can move directly into regular employment or into other types of training. Of course, one of the things

involved in the law is that such work to be done by participants be work that would not displace people presently employed.

There are really three types of groups that can be sponsors: (1) State, county, and local governmental agencies -- this is one type. Essentially, this is non-federal. (2) Individual public institutions, such as schools and hospitals. (3) The Third type is private, non-profit organizations.

Since one of the most important parts of the Neighborhood Youth Corps is to encourage young people to continue their education or return to school for additional education, an important initial part of the program undoubtedly will be requested by school systems to provide employment opportunities for young people who still are in school.

The remainder of the program will be focused on school dropouts or those who have graduated, and lack employment experience or saleable skills. The kinds of work that they can do will be things that are needed locally, and this ties in so closely with an item you will be discussing this afternoon, local community action.

The materials which I have distributed will be valuable in understanding more of the details.

Title IC - Work-Study Programs

In the interest of saving time, I want to mention two things about the Work-Study program. This is a counterpart to the old NYA for the college-level youth. It will be centered in "institutions of higher learning." Certain technical institutions may qualify although most of the expanded work in the vocational and technical education programs will be covered through the Vocational Education Act of 1963 which covers essentially the "non-higher education institutions."

During the school term young people involved in the Work-Study program will be able to work up to 15 hours per week. They will be able to work full time during vacations and summer periods. The full responsibility for the operation will be by the contracting college, university or institution of higher learning.

The contracting institutions will be contracting with the Department of Health, Education and Welfare. You will note that the contracting institution will provide part-time employment for its students in work (1) for the institution itself, or (2) for a public or private, non-profit organization when the position is obtained through an agreement between the institution and such organizations. Students wishing jobs apply directly to the student aid office in the college in which they are attending or in which they will enroll. Organizations wishing part-time or summer time student help, make arrangements directly with the participating college or university.

Additional Material

In addition to the material on the Neighborhood Youth Corps there are some fact sheets which describe Title IA, B, and C; and fact sheets on the changes in the Manpower Development and Training Act; and two fact sheets

on the expansion of the vocational and technical education program embodied in the Vocational Education Act of 1963.

The Federal Extension Service pamphlet, From School To Work--Federal Services to Help Communities Plan With Youth, was prepared with the help of the Subcommittee on Transition From School to Work of the Interdepartmental Committee on Children and Youth. This publication helps point out the range of the programs that have been developed in the past and that are beginning to emerge. This will be of help to local RAD and community action groups as they help bring to bear both public and private resources on the problem of youth employability.

The Discussion Guide for Use by Youth Development Committees is a device to focus attention on the facts and needs in the local situation regarding education, employment, leisure, health, mental health and welfare services, family life, citizenship, personal development, youth groups, and youth leadership.

I realize that this presentation needs to be rounded out by reading some of the materials which I have distributed. I want to leave time for questions and for you to hear the next panelist discussing the Youth Opportunity Centers being developed by the Employment Service.

Our next panel member is from the Department of Labor where she works with the Division of Youth Employment and Guidance Services, U. S. Employment Service. She has a rich background in the education field. I am pleased to introduce Mrs. Berta Tant.

Remarks by Mrs. Berta Tant, Bureau of Employment Security, U.S. Department of Labor (Panel Member)

1. Youth Opportunity Centers

Culminating many months of discussions with State Agencies, other public and private organizations and outstanding experts in the field of preparing youth for employment, the Bureau of Employment Security is proud to announce the initiation of specific plans to establish Youth Opportunity Centers and augmented services to youth, particularly the disadvantaged, throughout the United States.

The principal features of the new services to be provided through the Employment Security System will be the establishment of at least one Youth Opportunity Center in each State, with a number of such Centers located in the most heavily populated States and Metropolitan cities, and the strengthening of services to youth in all local employment service offices.

The major target will be disadvantaged youth, those untrained, inexperienced and poverty-plagued young men and women from 16 through 21 years of age who flounder without jobs and hope in our major cities and neighborhoods.

Our major new goal will be improving their employability through testing, counseling, job development, referral to training (and other public and private) rehabilitative services, extensive follow-up, and ultimate placement.

With the support of the President and the Office of Economic Opportunity, the Secretary of Labor has directed that Youth Opportunity Centers be established under the leadership of the Bureau of Employment Security and the affiliated State Agencies as a focal point for all governmental and community efforts to help youth prepare for tomorrow's jobs.

Present plans provide for establishing YOC's in 55 major Metropolitan areas, some smaller Metropolitan areas with large concentrations of disadvantaged youth, and in at least one area in each State. Further, some local offices will be granted additional staff to provide increased service to youth as part of the local office operation.

In keeping with the new concept of the public Employment Service, the Youth Opportunity Centers will be concerned with more than a mere matching of applicants and jobs. Centers will be concerned with employability as well as employment. The Centers will provide young people with one clearly designated place to go for highly personalized service relating to vocational development. This service will include:

1. Exploratory interview
2. Counseling
3. Testing
4. Providing occupational and labor market information
5. Referral to other community services
6. Referral to training facilities
7. Group guidance
8. Referral to and placement on part-time, stop-gap, and regular jobs
9. Follow-up to assure satisfactory job adjustment

2. Services provided youth in regular Employment Service Offices

The Employment Service, as a part of its goal of full utilization of the Nation's work force, provides services to youth in communities outside the main urban areas and facilitates the transfer of those who must leave their home community to get suitable full-time employment.

Since 1948, State Employment Service Offices have conducted cooperative counseling and placement programs with high schools. During the school year 1962-1963, a total of 10,866 high schools or 50.9 percent of the Nation's total were served by local Employment Service Offices. Many of these schools were in rural areas, and the Employment Service counseled and tested the youth in the school settings.

Many rural areas have not been receiving a full measure of service from the Employment Security System because of remoteness from the nearest employment service local office and a lack of local job opportunities with

a consequent lack of placement potential. The program for the expansion of Employment Services in smaller communities, drawing upon the experience gained in the Experimental Rural Area Program, provides a broad range of services with flexibility to meet the needs of areas with varying economic problems. Applicant services are provided by a mobile team of employment service interviewers and counselors. These services consist of registration, testing, and counseling, as appropriate, in order to determine the occupational potential of the unemployed and underemployed workers and to provide placement assistance to the extent possible within the area and elsewhere.

Honorable Charles E. Goodell
House of Representatives
Washington, D. C.

May 8, 1964

Dear Mr. Goodell:

This will reply to your request of April 17 for additional information about the farm ownership loan program.

The farm ownership loan program was established by the enactment of the Bankhead-Jones Farm Tenant Act in 1937 to provide credit and management assistance to eligible farm families who could not obtain credit from other sources to purchase and improve family farms. The original Act remains in effect; however, some important amendments were made. A brief summary of the most important changes are shown below:

August 14, 1946, Public Law 731, 79th Congress, 2nd Session, became effective. This amendment broadened the Act by specifically authorizing farm enlargement and farm development loans for family farmers. Insured mortgage loans were also authorized at this time.

On September 19, 1949, the President approved the Homestead Entryman Act (Public Law No. 361) which authorizes farm ownership loans to settlers on public lands or reclamation projects and permits the deferment of the initial installments on such loans for a period not to exceed two years.

Public Law 878, 84th Congress, enacted on August 1, 1956, changed the security requirements for these loans from a first mortgage on the farm to a first or second lien. This change permitted the making of some loans subject to outstanding first liens, thereby reducing the amount of funds that would have been necessary to refinance the lien.

The Consolidated Farmers Home Administration Act of 1961 further broadened the authorizations for making farm ownership loans to owners of less than adequate family farms. The

purposes for which loan funds may be used were also broadened with respect to the refinancing of debts, purchasing of land, fish farming, and recreational uses and facilities.

From the inception of the farm ownership program to March 31, 1963, there have been 125,605 loans made totaling \$1,239,202,680. The Government's investment in farms is actually the amount loaned to eligible farm families; that is, an average of \$9,862 per farm. The borrower is responsible for loan repayment and the operation and maintenance of the farm. In the last paragraph and the operation you indicated that 62,000 or more of these farms had been sold or otherwise disposed of. However, of the 125,602 borrowers, 63,254 remain indebted. Repayments on these 63,254 loans continue at an impressive level as the borrowers have paid 104 percent of the amount due. The remaining 62,351 borrowers paid their loans in full or otherwise satisfied their indebtedness. Of the paid-up borrowers, 35,603 continued to farm, 23,350 had paid their loans in full through sale of their farms for reasons such as health, old age, divorce, death and financial difficulties, and 3,398 borrowers' accounts had been liquidated resulting in writeoffs and judgments of \$4,430,333. This amount is less than four-tenths of one percent of the \$1,239,202,680 loaned.

Some major reasons for the writeoffs and judgments included narrow margins between prices received by farmers and the cost of production, lack of managerial ability, sickness, medical obligations, death, and natural disasters such as flood, drought, fire, hail, and windstorm.

The credit provided to family farmers through farm ownership loans and the guidance and counseling that are given to the borrowers by Farmers Home Administration personnel assist farmers to be successful and to repay their loans. Families who qualify for loans have been carefully selected by a county committee, with the assistance of the Farmers Home Administration, who determines whether they have adequate farm background and experience that would likely result in their being successful in farming. Farms are carefully examined, appraised and any needed land or building improvements are planned before loans are made. Farm and home plans are developed with borrowers to assist them in operating their farms.

The farm and home plan is one of the tools developed by the Farmers Home Administration to assist the borrower with his credit program. The plan developed with the individual family, supported by adequate credit and timely farm visits by employees of the Farmers Home Administration who are well-qualified farm management technicians, helps to assure the farm family's success of the farm and home operation. Credit and guidance are the foundation for the supervised credit program that

has been demonstrated as being successful. When a borrower has progressed to the point he is able to qualify for conventional credit he is required to refinance his Farmers Home Administration loan.

The keeping of farm and home records, coupled with assistance for analyzing such records, provides a basis for determining the weak and strong points in the borrower's farm and home operations and a sound basis for the next year's plans. The ability of our field personnel to assist family farmers to become established in farming on a sound operating and financial basis resulted in the success of the supervised credit program of this agency.

A progress report, which we made recently on borrowers who received farm ownership loans five years ago, reflects the impact of these funds and the technical assistance that accompanies each loan. The report, for example, shows that the average borrower was able to more than double his gross income during the five-year period since he received his loan. This explains why many farm ownership borrowers are able to refinance with, or graduate to, conventional or private lenders within a relatively short time. It is the agency's policy to require such refinancing when the borrower obtains sufficient equity in his farm to qualify for credit from other sources.

We appreciate your continued interest in the Farmers Home Administration program.

Sincerely yours,

/s/ J. V. Highfill

Acting Administrator

UNITED STATES DEPARTMENT OF AGRICULTURE

Martin DU 8-4211
Clark DU 8-4026

Washington, August 19, 1964

SDA to Open 8 Job Corps Camps in 90 Days, Sec. Freeman Says:

Secretary of Agriculture Orville L. Freeman today announced plans to open eight of the first 22 Job Corps camps within 90 days in National Forests in eight States, as part of the Nation's war on poverty.

These camps, he said, "will help make sure that more young people get a decent break and a fair chance to make good. They will be of enormous value in bringing new opportunity to many rural and urban youngsters.

"In addition, the camps will enrich all Americans as they improve the 186 million acres of National Forest lands which every person can use and enjoy.

"Benefits also will be gained by the local economy in each camp area, through National Forest improvements that may attract more tourists, improve rangeland and woodland, and reduce fire perils, as well as the local purchase of supplies."

The Secretary emphasized that the prime goal of the camps is to build character and to improve job qualifications of the youths enrolled, and he said that local areas can help to make the camps effective through welcoming the youths into the community.

Tentative plans, contingent upon approval of Governors of the eight States involved, call for these camps to be activated:

ARKANSAS - Ouachita Camp, Garland County, Ouachita National Forest.

CALIFORNIA - Alder Springs Camp, Glenn County, Mendocino National Forest.

IDAHO - O'Hara Camp, Idaho County, Nezperce National Forest.

MONTANA - Trapper Creek Camp, Ravalli County, Bitterroot National Forest.

NORTH CAROLINA - Arrowwood Camp, Macon County, North Carolina National Forest.

OREGON - Wolf Creek Camp, Douglas County, Umpqua National Forest.

PENNSYLVANIA - Blue Jay Camp, Forest County, Allegheny National Forest.

WASHINGTON - Curlew Camp, Ferry County, Colville National Forest.

Each of these eight camps will accommodate between 50 and 150 out-of-school, out-of-work boys from 16 to 21 years of age, with a total enrollment of about 645.

"By next June," Secretary Freeman said, "the Forest Service plans to have 75 camps for 10,000 enrollees.

"Boys from rural areas will be given full consideration in recruiting along with volunteers from the cities."

Job Corps camps aim to prepare youths for the responsibilities of citizenship and to increase their employability through education courses and training on work projects.

Each camp in the National Forests will have a Director, a Deputy for Work Programs, and a Deputy for Education.

Conservation work will vary from camp to camp. Projects will include planting trees, constructing trails, building bridges, improving rangelands, erecting buildings, constructing roads and firebreaks, and building visitor information facilities. Enrollees may learn to operate heavy equipment; may learn carpentry, masonry, pipefitting and plumbing; may gain a knowledge of basic surveying and mechanics; and may learn something about forestry and entomology and wildlife management.

Other work will involve operating and maintaining the camp. Some youths will work with equipment maintenance; others in the kitchen, supply room, and office. Although these jobs will be rotated at the beginning, the camp staff will be looking for those youths who are the most interested in these jobs and who can be encouraged and taught to go as far as possible toward acquiring a marketable skill in them.

The Job Corps and the Department of Labor are setting up recruitment centers for youths who may enroll from six months to two years. During their tour the youths will receive basic education in such subjects as reading, writing and arithmetic. They will receive a living allowance, and may also get an incentive allowance for leadership -- amounts of these allowances have not been determined yet. Enrollees will be provided with camp clothing (Army surplus), and be given a small allowance for clothing to wear into town. They also will receive a small readjustment allowance on leaving the camp program, and arrangements will be made to allow them to send money home each month.

In the Forest Service camps, boys will live in buildings already provided for fire crews, road crews and other Forest Service personnel, or in trailer-type buildings.

Secretary Freeman pointed out that the need for additional work in the National Forests is almost limitless.

"We can readily employ from 10,000 to 25,000 young men a year in constructing multiple-use roads; building camp sites and picnic areas and recreation facilities; planting trees; improving timber stands through thinning and pruning; cleaning up streams; clearing debris and other fire hazards; and improving the range, wildlife, and soil and water resources of forest lands," he said.

"The National Forests belong to us all. They are summer playgrounds for tens of millions of Americans. Camping, hunting, fishing, hiking, swimming, skiing -- all these the National Forests offer, and can and must offer in ever-increasing measure.

"They also provide valuable timber crops, rangelands for grazing, and vital watersheds for communities, cities, and farming."

Noting that the Forest Service has traditionally been a work-oriented organization, Secretary Freeman stressed that it also is an organization that has employed and trained large numbers of youth.

(more)

"During the Civilian Conservation Corps days of the 1930's, achievements were measured not only in terms of acres planted, fires suppressed, bridges built, and roads and trails constructed, but also in the development of trainee character and citizenship," he declared.

"In the Job Corps, attention will be even more focused on youth development. In fact, development of youth will be the primary mission, with work accomplishment a vital but secondary consideration.

"Through successful accomplishment of a variety of work assignments, enrollees can be expected to develop skills, character and citizenship. This concept is basic to the Job Corps, and the U. S. Department of Agriculture is privileged to be part of it."

Memorandum

To : Regional Foresters and Director, ITF

File No. 1310 (1300-J)

From : Edward P. Cliff, Chief

Date: February 5, 1965

Subject: Job Corps

Your Reference:

AIRMAIL TO THE WEST

The Department of Agriculture and the Office of Economic Opportunity have signed an Agreement concerning responsibilities in operation of the Job Corps Conservation Centers. A copy is enclosed for your immediate information. Additional copies will be placed in the directives system at a later date.

The Agreement is about as we expected with two exceptions:

1. Split responsibility for the Center Director. Section 4(c) states that he is responsible to the Forest Supervisor for the work program and Center operation, but responsible to OEO for education and other enrollee-oriented activities. As you know, we recommended that the Center Director be entirely responsible to the Forest Supervisor. OEO strongly objected to this and the result is a compromise. Although the split responsibility is not the best arrangement, we are hopeful the coordination procedures which will be developed jointly after operating experience will provide harmonious working relationships. It will take extra effort on your part to avoid conflicting direction and possible friction but we are confident you will give it the necessary attention.
2. Determination of grade level for Center staff. Section 5(a) states that grade for staff will be determined by the Director of OEO. We have had two instances where OEO has specified grade over our objection--Deputy for Education to GS-12 and Counselor to GS-11. We do not anticipate that OEO will specify a grade in many instances above that allowed by the standards, but, when they do, we must support their decision.

It is important that we realize the intense interest OEO has in the Job Corps program. They need to retain enough control over enrollee-oriented activities to assure meeting the goals and objectives of enrollee development. We will have to feel our way on working relationships. Patience, understanding, and, above all, a cooperative attitude will definitely help in providing a carefully coordinated partnership which is so necessary for program success.

Close cooperation is also necessary with agencies in the Department of the Interior. We are all working to meet the same objectives and a team spirit should prevail. The Agreement between OEO and the Department of the Interior is the same as with Agriculture.

We plan to develop some guides to working relationships and coordination procedures at a later date. Your counsel will be needed and appreciated.

Enclosure

cc: Forest Supervisors
Conservation Center Directors

Edward P. Cliff

RURAL HOUSING AND COMMUNITY FACILITIES

Statement of Bernard H. Polk
Assistant Administrator, Farmers Home Administration
To Meeting of National Advisory Committee on Rural Areas Development
November 24, 1964

Since the rural housing program started in 1949 loans to individual farm and nonfarm families who could not obtain credit from other sources total 95,933 for \$735,953,250. In the 1964 fiscal year, 14,378 families were assisted to construct, remodel, or repair their dwellings and other farm buildings. The total amount of loans was \$130,477,894 for an average of slightly less than \$10,000 per loan. Applications for these loans this year are running about 26 percent above the same period last year.

The volume of the rural housing loan program has been limited by the amount of funds that has been provided for loans. A proposal is now under consideration for submission to the Congress that, if enacted, would authorize rural housing loans to be made on an insured basis. Such a program would permit loans to be made in the amount of \$400 to \$500 million annually.

Senior Citizen Rental Housing loans have been made to 35 nonprofit associations in 12 States for \$2.1 million which provided 347 living units with rents that run from \$35 to \$110 per month with an average monthly rental of \$71. The average cost per rental unit is \$6,500. Applications on hand for loans for senior citizens rental housing are up about 40 percent over last year.

Labor housing loans have been made to associations of farmers in five States to provide 282 apartments and dormitory accommodations for 780 persons. The number of applications for these loans this year has doubled over the number received over the same period last year.

The authorization available through the Farmers Home Administration to help provide housing for seasonal farm workers was broadened by the Housing Act of 1964. Under this new authorization, grants up to two-thirds of the total development cost could be made to States or political subdivisions thereof or to private nonprofit organizations to provide low-rent housing to be used by domestic farm laborers. The applicant would be required to contribute at least one-third of the development cost.

Although the basic legislation was passed, funds are not yet available. As soon as funds are provided, we believe this program holds promise of providing a solution to one of the major problems that growers and communities have encountered in endeavoring to provide decent housing for migrant labor.

Rural Housing Grants. During the 1964 fiscal year, 5,841 housing grants were made to elderly families (average age 64 years) to make their inadequate homes a little more livable. These grants averaged \$823 each. At the direction of President Kennedy in November of 1963 a special program was conducted in the 44 eastern counties in Kentucky (Appalachia) to "winterize" homes of families who had no debt-paying ability. Since that time 2,758 grants were made. The entire grant program through the nation was discontinued in the early part of the 1965 fiscal year after Congress placed restrictions on the use of the agency's administrative funds for this purpose.

Association loans are made to nonprofit associations and public bodies for rural water distribution systems, shifts of land use to recreation, grazing and forestry and for other soil and water conservation purposes. The benefits of these loans must accrue primarily to farmers and rural residents. By July 30, 1964, 712 loans had been made which were serving 292,810 people. During the past 4 years, 518 loans for \$60 million have been made for rural water distribution systems and 75 loans have been made for shifts in land use, 9 of which were to grazing associations. During the first 4 months of this fiscal year, \$49 million of association loans have been approved or tentatively approved, and we have applications on hand that will require another \$50 million. Applications for these loans are currently being received at the rate of 125 per month, and at the current rate of loan processing, loan funds will be exhausted soon after January 1, 1965. Two examples of these loans are:

1. A Tennessee rural community (New Market, Tennessee) dependent on springs, ponds, creeks, cisterns and shallow wells for much of its water was plagued with sporadic outbreaks of hepatitis and typhoid fever. Business fell off, stores closed up, school attendance was poor, young people moved out. In early 1962 the families that still remained banded together and obtained a \$180,000 insured loan to finance a modern community water system.

In this community today some 240 farm and rural families, five schools and churches, and 20 businesses now have all the water they need. Furthermore, 30 new houses have been constructed, property values which provide the tax base have gone up 10 percent; 15 older homes have been remodeled to include bathrooms, automatic washers and other modern conveniences; a machine shop has been established furnishing full-time employment for three persons; a concrete block and a zinc ore processing plant have increased their operations by 25 to 50 percent; and a restaurant employing three persons has opened. In all, the water system is directly responsible for generating 40 new full-time jobs.

2. Some 70 ranchers in Blaine County, Montana, formed three grazing associations and obtained loans from the Farmers Home Administration to purchase, lease, and develop 112,000 acres of land. More than 38 water holes and 17 dams are being developed, 10 water towers built, wells drilled and pumps installed, 35,000 fence posts driven and 107 miles of boundary and cross fencing stretched in the development of the grazing area. The 3,700 head of cattle grazed on the range will add \$320,000 a year to the area's economy and strengthen the family farm operations of the 70 rancher-members.

Watershed loans are made to public bodies that are sponsors of an approved watershed plan to pay their share of construction of works of improvement within the watershed. The Soil Conservation Service has primary responsibility for assisting local groups in planning and developing watershed plans. Only \$4 million is available for loans during the current fiscal year. These funds have been committed and we estimate that another \$4 million would be

required to meet the loan needs of eligible sponsors for the remainder of this fiscal year.

Cooperatives. Authorization to make loans to cooperatives under the Economic Opportunity Act adds another tool to assist with rural community improvement. (See attached statements.)

CITATION

For Distinguished Service to Rural Life

Orville Lothrop Freeman has personified the ideal public servant since first beginning his career in 1946, and especially as the Governor of Minnesota from 1955 to 1961. A rare combination of insight, integrity, and dedication has always enabled him to bring honor to every office served. As Secretary of Agriculture of the United States Department of Agriculture he has accurately and aggressively declared the farmer's story to the world. As the most eloquent and persuasive of all Secretaries, it is particularly noteworthy that it was necessary for him to overcome a serious combat injury incurred as an officer in the Marine Corps during World War II.

A compassion for the needy rural people and areas of the U.S.A. impelled him to marshal every resource of the Department of Agriculture to focus on the problems of Rural Areas Development. In the interest of international understanding and peace there has been an extensive expansion of the programs of Food for Peace and World Trade and Aid. Not content to merely receive reports he has traveled throughout the world and in every rural area of the U.S.A. so as to be personally and fully informed of every situation of need. When appraised of the hunger of displaced sharecroppers in the winter of 1962 he immediately took steps to make sufficient food available. Presiding over the World Food Congress in June of 1963 he greatly aided in the extension of the Freedom From Hunger Campaign.

As an advocate of liberty and justice for all he has not only faithfully attended to the causes of farmers but has also concerned himself with the welfare of the veterans of the armed services. Throughout his varied and significant responsibilities as a public servant he has consistently lived out his Christian faith and has rendered special service as a deacon of the Lutheran Church in America. Therefore, for Distinguished Service to Rural Life this award is presented to Orville Lothrop Freeman by the National Council of the Churches of Christ in the U.S.A. and the Church and Community Institute, Inc. on this fourteenth day of October in the year of our Lord nineteen hundred and sixty-four.

Presented by Dr. Henry McCanna, Executive Director,
National Council of Churches of Christ, November 24, 1964,
at meeting of National Advisory Committee on Rural Areas Development.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

March 26, 1965

To: The Secretary of Agriculture

From: Task Force Established to Review the Recommendations of the
Civil Rights Commission:

Trienah Meyers, Sec. (Chairman)
A.L. Edwards, Sec.
James T. Glenn, Sec.

Arthur Mead, Sec.
James H. Starkey, Sec.
Elmer Mostow, OGC

In response to your letter regarding equal opportunity in farm programs and after consultation with representatives of the Office of the Vice President and the U.S. Commission on Civil Rights we submit this report on the recommendations of the Commission and the actions taken or contemplated by the Department, with special reference to Federal Extension Service (FES), Farmers Home Administration (FHA), Soil Conservation Service (SCS), and Agricultural Stabilization and Conservation Service (ASCS).

For convenience we are stating each recommendation of the Commission followed by our report thereon.

"I. THAT THE PRESIDENT DIRECT THE SECRETARY OF AGRICULTURE TO END DISCRIMINATORY PRACTICES IN THE ADMINISTRATION OF DEPARTMENT PROGRAMS, AND THAT THE SECRETARY--

"A. Continue efforts to impress upon the administrators and field staff of every agency the necessity of abandoning practices of segregation, unequal treatment, and exclusion which have barred Negro farmers and rural residents from the services and benefits of these programs."

After your review of the Commission's report with the Under Secretary, Assistant Secretaries, and Heads of Agencies, and since your appointment of this Task Force on March 8, we have analyzed and reviewed

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in depth the Commission's findings and recommendations in order to determine what must be done to fully comply with the recommendations. We have also reviewed the agency reports submitted to us and discussed with each of the four agencies the findings, recommendations, and the sufficiency of their actions and proposals.

FHA, SCS, and ASCS have furnished to their State, county and local offices that part of the report pertinent to their activities. In Extension findings of the report have been reviewed in conferences with county Extension staffs, but copies of the report were not furnished to all county offices. We are informed that these agencies are intensifying their efforts to impress upon their entire staff the need to immediately abandon any discriminatory practices. As part of this effort, they have issued instructions, have met with key field staff officials, and have developed other measures, some of which are detailed below, to eliminate discrimination. There should be continuing emphasis by the Department on these efforts.

"B. Require the assignment to both white and Negro staff of the responsibility for work with Negro clientele participating in these programs."

To assure that this requirement is fully met each of the agencies is now inaugurating a system of survey and evaluation which is discussed more fully below. The Secretary should immediately order the Agency Heads to require the assignment to both white and Negro staff members the responsibility of working with white and Negro clientele on an impartial basis.

"C. Require the abolition of all racially segregated administrative structures and lines of authority, communication, and responsibility at Federal, State, and county levels."

With regard to the Extension Service which is administered on a cooperative Federal, State, and local basis, plans to eliminate dual systems have been submitted under Title VI of the Civil Rights Act, and are being studied by the Office of the Secretary. Plans filed indicate that racially segregated administrative structures and dual lines of authority and responsibility have been eliminated in all but three States. The situations in these remaining States will be corrected between now and July 1, 1965. To be accepted, these plans must include integration of staff. The Administrator of FES, with the assistance of the Assistant to the Secretary for Civil Rights, should work closely with the States to assure the full integration of the personnel of the formerly dual administrative structure.

FES has informed us that each State has discontinued the practice of holding separate State, district, and county staff conferences. Remaining barriers to informal and formal communication should disappear when all offices are desegregated. And, as noted below, the target date for office desegregation is December 31, 1965.

"D. Require that racial segregation of employees in Federal, State, and county offices be eliminated."

Segregated office space has been completely eliminated in FIA, SCS, and ASCS. In FES, in those cases where county offices are still segregated, negotiations are under way with county governments and the General Services Administration to obtain adequate space to house white and Negro agents together. The target date for this action is December 31, 1965.

In addition, review has been made of buildings we occupy which have separate lavatory and other facilities for Negroes.^{1/} The

^{1/}ASCS, FIA and SCS occupy buildings with segregated public facilities in 179 locations.

Department will eliminate this form of segregation. In instances where management of buildings, often the local Courthouse, is not eliminating segregated facilities the Department is seeking other accommodations, in the same city or other locations where this objective can be accomplished.

"E. Require that all meetings connected with Department programs be held on a desegregated basis and that the Federal non-discrimination policy be made known.

"F. Enforce Department policy prohibiting employees from attending, participating in, or in any other way giving official support to organizations, meetings, fairs, or other events which are segregated, which exclude either Negroes or whites from membership, attendance or participation, or which are intended for participants of one race only."

Your memorandum of June 23, 1964, and the Department regulations dated December 11, 1964, prohibit sponsorship or attendance at functions connected with our programs, participation in organizations' programs, fairs or other events which exclude Negroes. You have made it clear that this Department will not participate in or directly or indirectly sponsor any function on other than a non-discriminatory basis. Failure to conform to these policies should result in disciplinary action. You should further make it the responsibility of each supervisor to ascertain that the meetings or other functions are not segregated or discriminatory before granting approval to attend or participate in any manner.

"II. THAT THE PRESIDENT DIRECT THE SECRETARY OF AGRICULTURE TO ENCOURAGE AND EXTEND FULL AND EQUAL PARTICIPATION IN DEPARTMENT PROGRAMS TO ALL CLIENTELE WITHOUT REGARD TO THEIR RACE OR COLOR, AND THAT THE SECRETARY--

"A. Direct every agency to seek increased participation by Negro farm and rural residents in those programs from which they previously have been excluded or in which they have been denied equitable service.

"B. Afford to Negro farmers the necessary assistance, information, and encouragement to accord them the equal opportunity to diversify their farm enterprises."

So that there will be no question as to the availability of Department programs to all people on an equal basis pursuant to your directions, the agencies are taking immediate steps to encourage and increase participation by Negroes. The agencies have informed us that they are instituting the following actions: (1) a quality analysis of services to Negro farmers and rural residents; (2) an overall review of personnel training programs; and (3) a study of current procedures and instructions with reference to how they relate to the quality of service and supervision given low-income Negro farmers. These actions will assist in the pinpointing of inequities and in their correction and, therefore, lead to improved services to Negroes. One example of a change already adopted shows the value of these actions. Historically, the Soil Conservation Service has had as its objective the placing of the greatest number of acres under soil conservation practices. This has tended to favor the large landowner who was in a position to make the necessary investment to the neglect of the small landowner, many of whom are Negro. This policy has now been changed. Henceforth, additional emphasis in program accomplishment will be given to assisting low-income farmers, both Negro and white, rather than solely to number of acres treated.

In addition to a concerted effort to extend assistance and guidance, analytical tools to measure program effectiveness are being developed.

"C. Assure that Negroes have the opportunity to participate in elections for local committees and that they are appointed to State, area, and local committees which share responsibility for the administration of Department programs."

All agencies are taking steps to assure that the democratic process will be guaranteed in all nominations and elections and to assure that all

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segments of the community are fairly considered for representation on policy and decision-making appointive committees.

The aforementioned FES plans submitted to the Secretary provide for joint white and Negro planning committees.

By July 15, 1965, FIA will have bi-racial county committees in all counties where there are a significant number of Negroes who are farmers or rural residents. This accomplishment will enable FIA to end its use of alternate committeemen for Negro members and thus effect a true integrated committee structure.

ASCS has recommended that you appoint a Negro member to the State committee in three southern States and additional Negro State committeemen during the remainder of this year.

ASC county committees will place Negro candidates on the ballot for community committee elections in each of the southern States. This should lead to a substantial increase in the number of Negro community committeemen elected. Since under the law, county committees are selected by the community committeemen meeting in convention, the increase in the number of Negro community committeemen should lead to the selection of Negro county committeemen.

Depending upon which method is considered more effective to assure maximum participation of Negroes in local elections either the mail ballot or the polling place will be used. Where polling places are used, every effort should be made to assure that the polling places are fully accessible to the Negro community.

Greater attention should also be given to the use of the petition system to nominate Negroes.

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The Soil Conservation Service has directed its State conservationists to recommend Negroes as candidates for election to district boards. In addition SCS officials will suggest names of such Negro leaders to appropriate State offices for appointment to district governing bodies.

"D. Provide adequate safeguards to assure that the administration of Department programs by local committees does not thwart the participation of Negroes."

The need for adequate safeguards in seeing that the administration of the farm programs is in no case thwarted for Negroes by county committees has been discussed with the agencies involved. Specifically, you should direct ASCS to assign to the Federally appointed farmer fieldman responsibility for seeing that the program decisions are administered on a non-discriminatory basis. ASCS plans to issue regulations prohibiting the dismissal of ASCS county office managers by county committees for carrying out civil rights policies and to provide for the dismissal of both committee men and office employees who fail to carry out such policies. In addition, the Department's evaluative procedures must include ways to obtain data to disclose where racial discrimination may exist.

Finally, the committee system plays an important role in the administration of many farm programs. The election and appointment of Negroes as committeemen will tend to eliminate the possibility of local discriminatory decisions.

"III. THAT THE PRESIDENT DIRECT THE SECRETARY OF AGRICULTURE TO ASSURE EQUAL EMPLOYMENT OPPORTUNITIES IN AGRICULTURAL PROGRAMS, AND THAT THE SECRETARY--

"Require that employment, training, assignment, and promotion of all personnel be based on merit and ability without regard to the race or color of the employee or of the clientele to be served."

A regular review is made of employment and promotion of Negro professionals. A system to evaluate training and assignment of minority group personnel should be developed and included in the continuing review. In addition you should issue a specific directive requiring that (1) employment, training, assignment, and promotion of all personnel be based on merit and ability without regard to the race or color of the employee or of the clientele to be served, and (2) all employees be assigned responsibility to serve the public without regard to their race or color, and without regard to the race or color of the public being served.

Within SCS all Negro professional employees serving in the South have now been integrated with white conservationists working with both white and Negro landowners. The Service has for the past year conducted a recruitment program to obtain Negro personnel. This recruitment will be intensified.

In addition, SCS has employed and will continue to hire a substantial number of Negro employees in the excepted temporary WAE category as aids to work units in southern States. It is hoped that this recruitment will result in more Negroes seeking permanent positions in this Service.

FIA has instructed the State directors to intensify their recruitment of Negroes not only for utilization in their own counties and State offices, but for employment in States other than their own.

ASCS is establishing employment goals that should result in employment of a substantial number of Negroes in State and county offices in the South on a full-time basis. ASCS will employ a substantial number of Negroes this summer as part-time county office employees and performance reporters

in county offices in the South and elsewhere. Also, ASCS plans to utilize the counsel and advice of an advisory committee comprised of Negroes in each State.^{2/}

We suggest that the Department in its intensified recruitment effort work through a member of the agriculture faculty at each of the 16 former Negro land grant colleges to act as a personnel liaison officer to assist in developing a more adequate roster of Negro applicants.

"IV. THAT THE PRESIDENT DIRECT THE SECRETARY OF AGRICULTURE TO ESTABLISH METHODS FOR REVIEW AND EVALUATION OF IMPLEMENTATION OF EQUAL OPPORTUNITY POLICY IN DEPARTMENT PROGRAMS, AND THAT THE SECRETARY--

"Use the research units of the Department to determine the extent to which agricultural programs are achieving their objectives with respect to individuals of all races and colors. For this purpose racial data and statistics on persons receiving the benefits of Department programs should be maintained as part of an effective reporting and evaluation system. Such data should be used only for the purpose of evaluating the effectiveness of Department programs and should be maintained under safeguards which will prevent their use for discriminatory purposes."

In addition to the employment statistics discussed above, each of the four agencies referred to in the Commission's report has started to collect relevant data with respect to the program services afforded minorities. Such data are important in any evaluation of the effectiveness of our programs for Negroes and other minorities. We are in agreement with the Commission's statement that the data be used only for the purpose of evaluating the effectiveness of the Department programs. The Department must establish safeguards to prevent their use for discriminatory purposes.

The research capability of the Department should be utilized to determine the extent to which agricultural programs are achieving their objectives with respect to all individuals of all races and colors.

Specifically, research units will provide consultation by analysts and statisticians with agency staffs on (1) identification of the types and

^{2/}The Task Force considers it more desirable that these committees be bi-racial, and should not be limited to persons for the particular State.

kinds of data that are needed on a recurring basis relating to program applicants and participants, (2) the analytical procedures that would maximize insights into possible discrimination or reveal lack of participation, (3) obtaining the statistical base data to which the program statistics need to be related and (4) agency evaluation of achievements of objectives to assure that agricultural programs meet the needs of people of all races. As indicated elsewhere in this report, the four agencies whose programs were reviewed in the Commission report have started collection of these data. The agencies' evaluation should be carefully reviewed to assure that statistics and other data are adequate and meaningful and will be used in a way which will further our equal opportunity policy.

In addition to the above, the Office of the Inspector General advises that it will monitor the implementation of all aspects of the civil rights program in the Department. Auditors have been reporting and will continue to report on actions and occurrences related to various aspects of the civil rights program during the course of their regular audits.

To further assist the Department in implementing the Commission's recommendations, we recommend that:

(1) The proposed Advisory Committee on Civil Rights be established as soon as possible to review the activities of the Department with respect to equality of opportunity, to advise on the effectiveness of these policies, and to recommend changes and amendments where necessary; and

(2) The Department should undertake periodic informal consultation with civil rights leaders to invite their suggestions and evaluation of its actions;

(3) The Department undertake a program of in-service training aimed at changing biased attitudes and preconceptions with respect to minority groups. The nature and dimension of such training should be a matter of high priority in the Department.

(4) Each of the other agencies, in addition to the four reviewed in the Commission report, should be required to review and evaluate their own programs on a careful and objective basis with a view to correcting any inequities in the participation of all persons, and take action as necessary to assure that the equal opportunity policy is fully carried out. As a part of this review and evaluation they should review the Commission's report and this report.

(5) The Rural Community Development is should, as part of its services to low-income rural people, work intensively with Negro farmers to keep them fully informed on the programs and services of USDA agencies.

(6) Each major agency of the Department consider the need to assign to a person on its staff the sole and exclusive function of the implementation of the total equal opportunity program in that agency. This person should report directly to the Administrator and to the Assistant to the Secretary for Civil Rights.

(7) The suggestions for action which have been furnished to the Task Force within the last few days should be thoroughly considered in the Department and particularly by the Assistant to the Secretary for Civil Rights.

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, May 13, 1965

USDA Citizens Advisory Committee on Civil Rights to Meet on May 17 and 18:

The Citizens Advisory Committee on Civil Rights to the U. S. Department of Agriculture will meet May 17 and 18 to review policies and practices established by the Department to assure equal opportunity in all USDA programs and services.

The 15-member committee was appointed on April 29 by Secretary of Agriculture Orville L. Freeman to:

- (1) "Review the Department's policies, practices, and procedures which promote equality of opportunity;
- (2) "Advise on the effectiveness of our program directives that are designed to achieve compliance with Title VI of the Civil Rights Act; and
- (3) "Recommend changes in Department rules, regulations, and orders where needed to assure that our activities are free of racial discrimination."

Members of the advisory committee are Clay L. Cochran, legislative representative, Industrial Union Department of the AFL-CIO; Dr. Robert C. Edwards, president, Clemson College; Dr. Elmer Ellis, president, University of Missouri; the Rev. John B. Evans, member of the Presbyterian Board of Christian Education; Dr. Charles G. Gomillion, dean, College of Arts and Sciences, Tuskegee Institute; Dr. Vivian W. Henderson, chairman of the department of economics and business administration, Fisk University.

Also, Dr. Aaron Henry, president, Mississippi NAACP Conference; Ralph McGill, publisher, Atlanta Constitution; Dr. Robert H. Montgomery, former political economist, University of Texas; Cecil Newman, editor, Minneapolis Spokesman; Emmett Peter, Jr., associate editor, Lakeland, Fla., Ledger; Jake J. Simmons, president, Oklahoma NAACP Conference; Lionel S. Steinberg, farmer, Thermal, Calif.; Father Louis J. Twomey, director, Institute of Human Relations, Loyola University of the South, New Orleans, La.; and Capus Waynick, former U. S. Ambassador to Colombia.

Title VI of the Civil Rights Act of 1964, which the committee will help to implement in USDA, provides that "No person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."