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ABSTRACT

Prepared to assist both the Congress and the public involved in Rural Development (RD), the 1975 Revised Guide to the Rural Development Act of 1972 provides definitive and implemental information. Part 1 deals with the Act itself, detailing its purpose, historical perspective, and major provisions. Divided into three areas of concern, Part 2 deals with implementation as follows: (1) New Programs (Loans for Rural Enterprise, Community Facilities, Business and Industry, and Young Rural Residents; Rural Community Fire Protection; etc.); (2) Existing Provisions Amended or Expanded by the Act (Water and Waste Disposal Grants; RD Planning Grants; Escrow Payments; Agriculture Credit and RD Insurance Fund; Loans for Watershed and Resource Conservation and Development, Guaranteed Housing, Size of Farm, and Insured Farm; Repeal of County Committee Approval Requirement for Association and District Loans; Disposition of Real Property; Guarantee of Loans; and Titles I and III); (3) Other U.S. Department of Agriculture RD Programs Not Covered Under the Act (Programs Administered by: Farmers Home and Rural Electrification Administrations; Soil Conservation, Forest, Agriculture Stabilization and Conservation, Extension, Farmer Cooperative, Economic Research, and Cooperative State Research Services). The RD Act of 1972, information on where to seek assistance, and an implementation progress chart are appended. (JC)

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93d Congress }
2d Session }

COMMITTEE PRINT



1975 REVISED GUIDE TO THE
RURAL DEVELOPMENT ACT OF 1972

PREPARED FOR THE
SUBCOMMITTEE ON RURAL DEVELOPMENT
OF THE
COMMITTEE ON AGRICULTURE AND
FORESTRY
UNITED STATES SENATE

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
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FOREWORD

The Subcommittee on Rural Development is pleased to present the 1975 Revised Guide to the Rural Development Act of 1972. The original Guide, published last year was a sellout at the Government Printing Office. Therefore, we have determined to publish an annual revision of the Guide for assistance to the public and to Congress.

We wish to thank Dr. Walter Guntharp and his staff at the Rural Development Service for their assistance in compiling much of the material contained herein. We wish to express our special appreciation to Dr. Jerry J. Klement and Ms. Trudy Steckbeck of the Rural Development Service for their efforts on behalf of this publication.

The Members of the Rural Development Subcommittee do not necessarily endorse all of the material presented in this document.

DICK CLARK,

Chairman, Subcommittee on Rural Development.

(III)

CONTENTS

	Page
Foreword.....	iii
I. The Act.....	1
Purpose of the Rural Development Act.....	1
Historical perspective of rural development programs.....	1
Brief summary of major provisions of the Rural Development Act of 1972.....	2
II. Implementation of the Act.....	7
A. New Programs.....	10
1. Rural Enterprise Loans.....	10
2. Community Facility Loans.....	11
3. Business and Industrial Loans.....	12
4. Business and Industrial Grants.....	14
5. Young Rural Residents Loans.....	15
6. Rural Enterprise Operating Loans.....	16
7. Rural Community Fire Protection.....	17
8. Rural Development Research and Education.....	19
9. Rural Development Coordination.....	20
a. Level of coordination.....	20
b. Federal Branch Structure.....	21
c. Rural Development Service, Coordination Activities.....	22
10. Long-Term Rural Environmental Protection Contracts.....	28
11. Cost-Sharing for Agriculture-Related Pollution Prevention and Abatement Measure.....	28
12. Land Inventory and Monitoring Program.....	29
B. Existing Provisions Amended or Expanded by the Act.....	30
1. Water and Waste Disposal Grants.....	30
2. Rural Development Planning Grants.....	32
3. Escrow Payments.....	32
4. Agriculture Credit Insurance Fund.....	32
5. Rural Development Insurance Fund.....	33
6. Watershed and Resource Conservation and Development Loans.....	34
7. Guaranteed Rural Housing Loans.....	38
8. Size of Farm Operating Loans.....	38
9. Insured Farm Operating Loans.....	38
10. Repeal of County Committee Approval Requirement for Association and District Loans.....	38
11. Disposition of Real Property.....	39
12. Guarantee of Loans.....	39
13. Title II and Title III.....	41
a. Watershed Protection and Flood Prevention.....	41
b. Resource Conservation and Development Program.....	43
C. Other USDA Rural Development Programs Not Covered Under the Act.....	45
1. Programs Administered by Farmers Home Administration.....	45
2. Programs Administered by Rural Electrification Administration.....	46
3. Programs Administered by Soil Conservation Service.....	47
4. Programs Administered by Forest Service.....	48
5. Programs Administered by Agriculture Stabilization and Conservation Service.....	49
6. Programs Administered by the Extension Service.....	49

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II. Implementation of the Act—Continued

Other USDA Rural Development Programs Not Covered Under the Act—Continued

7. Programs Administered by Farmer Cooperative Service.....	Page 50
8. Programs Administered by Economic Research Service.....	50
9. Programs Administered by Cooperative State Research Service.....	50
Appendix: Where to seek assistance or information:	
Federal Regional Council Representatives for U.S. Department of Agriculture.....	51
Farmers Home Administration State directors.....	53
U.S. Department of Agriculture State Rural Development Committee Chairmen.....	56
State extension service directors.....	59
State conservationists.....	62
State foresters or other State officials who can furnish help on tree planting and technical forest management.....	66
Directors of State agricultural experiment stations, institutes, and centers in the United States and regional contacts.....	68
Public and private interest groups.....	75
Environmental Protection Agency regional offices.....	76
Economic Development representatives.....	77
Rural Development Act of 1972.....	83
Implementation progress chart—status report on the implementation of the Rural Development Act of 1972—following page.....	102

I. THE ACT

PURPOSE OF THE RURAL DEVELOPMENT ACT

In the 1970 farm bill, Congress said in title IX, "The Congress commits itself to a sound balance between rural and urban America. The Congress considers this balance so essential to the peace, prosperity and welfare of all our citizens that the highest priority must be given to the revitalization and development of rural areas."

In support of this commitment the Rural Development Act of 1972 was passed by Congress in August 1972 and signed by the President on August 30, 1972.

The overall purpose of the Act is "to provide for improving the economy and living conditions in rural America."

HISTORICAL PERSPECTIVE OF RURAL DEVELOPMENT PROGRAMS

Throughout the history of the United States, numerous public policies and programs have been directed toward increasing the growth and development of rural areas.

A small rural development program was inaugurated in the 1950's during the Eisenhower administration.

In 1961 after many years of congressional debate, an Area Redevelopment Act was passed by the Congress and approved by the President. This act, to be administered by the Department of Commerce, provided for loans, grants, and other financial assistance for areas characterized by substantial and persistent underemployment. Many of these areas were rural.

In the Department of Agriculture, during the same 12-month period, a rural areas development program was established. It assisted State and local agencies in responding to the opportunities offered citizens in rural areas by the Area Redevelopment Act. It also stimulated agencies within the Department of Agriculture to become more active in aiding local groups and agencies of government to take steps that would expand job opportunities and incomes in rural areas.

Legislation in the 1960's expanded the "farm" housing program of the Farmers Home Administration into a "rural" housing program and gave this Government farm credit agency authority to make loans and grants for water distribution and sewage disposal systems to serve rural areas.

Other new laws and amendments in the 1960's expanded the Area Redevelopment Act into the Economic Development and Accelerated Public Works Act which authorized Regional Development Commis-

¹ Abstracted from a report prepared for the Subcommittee on Rural Development Committee on Agriculture and Forestry of the United States Senate: By Walter Wilcox, Morton J. Schussheim, John A. Mitroin, Congressional Research Service.

sions. New laws also gave the Departments of Labor, Housing and Urban Development, Health, Education, and Welfare, and the Environmental Protection Agency broadened authorities for dealing with problems in the fields of education, skill training, housing, health, pollution, and underemployment, all vital to rural development.

Rural Area Development Committees were organized in all counties. Farmers Home Administration personnel in the Department of Agriculture assumed the leadership of these committees including representatives of the major agencies in the Department plus State and local officials in the Kennedy-Johnson administrations. The leadership of these committees was transferred to the extension service under the Nixon administration.

Dissatisfied with the slow rate of progress in solving rural development problems, congressional leaders added a section to the Agricultural Act of 1970 which stated:

The Congress commits itself to a sound balance between rural and urban America. The Congress considers this balance so essential to peace, prosperity, and welfare of all our citizens that highest priority must be given to the revitalization and development of rural areas.

In 1971 President Nixon proposed a system of special revenue-sharing for rural community development, but in lieu of that proposal Congress passed the Rural Development Act of 1972. This Act consists of six titles, each of which expands and strengthens the authorities and responsibilities of the Department of Agriculture.

BRIEF SUMMARY OF MAJOR PROVISIONS OF THE RURAL DEVELOPMENT ACT OF 1972

1. Broadens the definition of "rural areas" to include all territory of the United States other than that within cities of 50,000 or more and their suburbs for purposes of eligibility for industrial and business loans and grants, and establishing first priority for location of offices and installations; and to include all the territory of the United States other than that within cities in excess of 10,000 for purpose of eligibility for all other programs under the Act, except that these definitions do not limit the geographic location where the expanded and new programs for resource conservation and development and watershed projects and of rural development and small farm extension and research and environmental cost sharing may be undertaken.

2. Expands existing rural water, sewer, and solid waste disposal loan program to include all other essential community facilities, including fire houses and neighborhood and community centers.

3. Increases annual authorization for the planning and construction grants for rural community water, sewer, and solid waste disposal systems (to \$30 million and \$300 million respectively).

4. Requires FmHA in making water, sewer, and waste disposal facility loans or grants to give preference to communities of 5,500 or less whose existing system has deteriorated.

5. Provides loans and grants to public bodies for development, construction, or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refinancing, services, and fees involved in measures designed to facilitate development of private business and industrial enterprises.

6. Removes ceiling limitation on size of loan or indebtedness for public bodies and other applicants for community facility, recreation, land and water development, use, and conservation loans under Farmers Home Administration Act.

7. Establishes a new guaranteed rural housing loan program that does not require that applicant be turned down for credit from other sources.

8. Authorizes Federal cost-sharing and insured loans to local sponsors of small watershed (P.L. 566) projects to provide needed current and future municipal and industrial water supplies, including to meet fire protection needs. Also includes cost-sharing and loans for ground-water recharge, water quality management and for conservation and proper utilization of land as well as water.

9. Provides similar expansion of technical and cost-sharing assistance to local sponsors of RC&D projects under the Bankhead-Jones Act for rural community water supply, water quality management, control and abatement of agriculture-related pollution, and disposal of solid wastes and rural fire protection purposes.

10. Provides a three-year pilot program under which the U.S. Forest Service, working through State forestry departments, will provide cost-sharing funds and technical assistance to help rural communities to develop and expand their fire fighting capabilities to protect homes, industries, recreational developments, factories, and other businesses and farmers from uncontrolled fires.

11. Authorizes loans and grants to public bodies for control, and abatement of pollution in connection with facilitating private industrial, agricultural, and business enterprises.

12. Expands list of "eligible public body applicants" qualified to receive financial assistance under the Act to include Indian tribes and federally recognized Indian tribal groups.

13. Increases the maximum size of individual FmHA farm and business operating loans to \$50,000 and provides that such loans may be made on an "insured" or "guaranteed" basis.

14. Permits applicants seeking loans to acquire, expand or operate farms or industrial or business enterprises to obtain such loans based upon the "current market value" of their assets instead of "normal value". (This would mean that borrowers could obtain virtually 100 percent facility loans.)

15. Provides farm and business enterprise operating credit under the FmHA Act to farm and other rural youths in connection with youth organization activities.

16. Authorizes FmHA to make loans to farmers for the purpose of complying with the requirements of the Occupational Safety and Health Act of 1970.

17. Desertland entrymen are accorded the same consideration as homestead entrymen with respect to financial assistance from FmHA which is authorized to accept desertland as security prior to a final patent for FmHA loans.

18. A program of long-term (up to ten years) contracts similar to the Great Plains Conservation Program is made available to all farmers and other land owners or operators in small watershed protection project areas (P.L. 566) and throughout the United States. Plans

under such contracts would have to be prepared in cooperation with and approved by soil and water conservation districts.

19. Farmers and ranchers are made eligible for REAP (ACP) type cost-sharing payments for agriculturally related water, air and noise pollution abatement and prevention measures on rural land.

20. Authorizes FmHA to make loans and grants for the acquisition, expansion or operation of business and industrial enterprises (large or small—private or public—profit or nonprofit), and to facilitate the development of such enterprises through industrial parks, pollution control, access streets and roads, water and utility extensions and similar industrial requirements. However, loans and grants made for such purposes cannot be made which might result in pirating businesses or jobs from one area to another or which will result in adding capacity to an industry within an area when an excess or unused capacity already exists for that type of industry within that area.

Such loans may be advanced for any business or industrial purpose or for community facility-type supporting systems or installations, including the acquisition, development, construction, rehabilitation, refinancing, and improvement of real estate and buildings, equipment, working capital, and production expenses as well as service fees. Such grants are available to public bodies for both pollution abatement and facility-type projects; to private individuals and firms and non-profit associations for pollution abatement.

21. Extends eligibility for industrial and business loans to cooperatives and other non-profit private associations for any business purpose.

22. Provides that existing 5 percent maximum interest rate shall be applied to all FmHA long-term farm and community facility, and other real estate. However, the new long-term business and industrial real estate loans to private individuals and firms are to be at a rate determined by the Secretaries of Agriculture and Treasury, based upon a prescribed formula. When business loans made by a private lender are guaranteed by FmHA, the interest rate is determined by an agreement between the borrower and the lender.

23. Sets up new program of long and short term loans to rural residents to establish small business enterprises to enable them to earn essential income.

24. Farm, business, industrial, and community facility loans authorized under the amended Farmers Home Administration Act may be made on a direct, insured, or guaranteed basis; however, (a) the guaranteed creditor must accept 10 percent of the risk on a guaranteed loan, with FmHA assuming only 90 percent; and (b) the applicant must first attempt to obtain a guaranteed loan before being eligible for an insured or direct loan.

25. Increases the authorized level of loans that may be held by the Agricultural Credit Insurance Fund to \$500 million and relieves this fund of existing non-farm rural development funding obligations. (Such obligations will be handled through new Rural Development Credit Insurance Fund.) Existing authorization for ACIF to make interest rate subsidies is continued.

26. Establishes a new Rural Development Credit Insurance Fund for the purpose of making and insuring non-farm rural development

loans. No ceiling on amount of loans that may be held is established for the RDCI fund. Interest rate subsidies may also be made out of this fund.

27. Provides for joint financial participation by FmHA with respect to loans and grants made through other Federal, State, local, and private financial institutions and governmental departments and agencies, such as Small Business Administration, Farm Credit Administration, Economic Development Administration, HUD, EPA, State and local governmental as well as private financial institutions.

28. Tightens up requirements of 1970 Agricultural Act relating to the locating of offices and facilities in rural areas. Requires that Executive Branch give "highest priority" to rural areas in locating such facilities.

29. Requires that purposes for which loans and grants are made for community facilities shall not be inconsistent with State, substate, and local government comprehensive rural development plans and provides that they be reimbursed for the costs of making the necessary reviews of project applications.

30. Provides for \$10 million authorization in grants for the preparation of general purpose rural development plans.

31. Requires the Secretary of Agriculture to carry out a land inventory and monitoring program to include, but not to be limited to, studies and surveys covering erosion and sediment damages, flood plain identification and utilization, land use changes, and trends and degradation of the environment resulting from improper use of soil, water and related resources.

32. Provides for the establishment of a new nationwide research and extension program to support rural development and to help small farmers through cooperatives and in marketing of their products and in the management and operation of their farming enterprises. This new program will be administered by the Secretary of Agriculture in cooperation with the presidents of State Land Grant Colleges, and involves all other private and public institutions of technical or higher education. (Land Grant Colleges of 1890 and professional schools of engineering are specifically cited as playing a major role in this program.)

33. Amends the organic act of the Department of Agriculture to (a) add "rural development" as its basic mission; (b) require the Secretary of Agriculture to formulate national goals for rural development and report annually on progress in attaining them; and (c) requires the Department of Agriculture to initiate programs of research in rural housing, water supply, sewage and solid waste management, and rural industrialization.

34. Gives the Secretary of Agriculture primary responsibility for rural development within the Executive Branch which includes advising the President, members of the Cabinet, and the Congress regarding such matters. The Secretary of Agriculture also is given authority to call upon and coordinate the programs and activities of all Executive Branch departments and agencies within rural areas relating to rural development or that are designed to improve the quality of life of the people living in nonmetropolitan America.

35. Provides for a new or additional Assistant Secretary position within USDA, such position to be utilized to strengthen and emphasize rural development within that Department.

II. IMPLEMENTATION OF THE ACT

Implementation of the Rural Development Act has been complicated by the fact that the administration sought a different type of rural policy. In 1971, President Nixon called for the adoption of special revenue sharing for rural community development "with the discretion on how [the Federal money] will be used * * * strictly a State and local matter."¹ At the same time, the President proposed legislation that would have merged seven departments and several agencies into four major departments. The Department of Agriculture would have been disbanded and its functions relating to rural development were to be incorporated into a new Department of Community Development.

The Congress considered these proposals but declined to adopt them. The Rural Development Act of 1972 calls for a national policy on rural development under Federal leadership, not 50 or more unrelated and potentially contradictory policies of State governments. It adds new specific forms of assistance such as community facilities loans and guaranteed private business loans rather than giving the States Federal dollars to be dispensed at each State's discretion.

The President took note of these differences when the bill came before him after enactment by the Congress. He reiterated his preference for rural revenue sharing "to provide additional financial resources to State and local governments without counterproductive Federal strings attached." And for "new loan authority for commercial, industrial, and community development under a credit-sharing system which would allow the States themselves to select most of the loan recipients."² Despite these differences, the President signed the bill into law on August 30, 1972.

THE CURTIS AMENDMENT

Draft regulations issued by the Department of Agriculture in June 1973 proposed to implement the Rural Development Act in the spirit of President Nixon's revenue-sharing proposals. The proposed regulations stated:

"Federal implementation of the act will be consistent with the President's policy of decentralized decisionmaking and administrative responsibility to State and local elected officials to the maximum extent practicable. Unless specified otherwise by the State government, Federal agencies will look to the State Governors to speak for the State government in all matters pertaining to the administration of the act."

¹ The Budget of the U.S. Government fiscal year 1972, p. 12.

² Weekly Compilation of Presidential Documents, Monday, Sept. 4, 1973 (vol. 8, No. 36), p. 1217.

³ Rural Development Coordination, Notice of Proposed Rule Making (7 CFR pt. 22), Office of the Secretary, Department of Agriculture (mimeo).

More specifically, the preliminary regulations proposed to allocate loan and grant funds for business and industrial development on a formula basis among the States but not below the State level. The latter determination would be left to the discretion of the Governors or other State officials.

The Congress expected that the business loans and related grants would be processed and approved by the professionals in the Department of Agriculture, not by State officials. To make this clear, Senator Curtis, joined by six other Senators, offered an amendment to the law. As finally adopted in the Agriculture and Consumer Protection Act of 1973, this amends the provisions for rural industrialization assistance (sec. 310B of subtitle A of the Consolidated Farm and Rural Development Act) as follows:

No grant or loan authorized to be made under this act shall require or be subject to the prior approval of any officer, employee, or agency of any State.

The Department of Agriculture has taken note of this amendment in final regulations adopted in October 1973. The Department will not seek prior approval by any State official of any loan or grant under programs authorized by title I of the Rural Development Act of 1972. But it intends to give "the fullest possible consideration to planning and development goals and strategies at the State and multicounty jurisdictional levels." The regulations further state that "State designations of eligible areas will be duly considered by the Federal Government in the determination of eligibility for loan and grant assistance." It remains to be seen how this sensitivity to State priorities and area designations will affect the distribution pattern of Federal aids under the Rural Development Act.

LEADERSHIP IN WASHINGTON

Title VI, section 603 of the Act directed the Secretary of Agriculture to provide leadership and coordination within the executive branch and assume responsibility for a nationwide rural development program using the services of all agencies of the executive branch in coordination with rural development programs of State and local governments.

The Secretary is required to procure and preserve all information he can obtain with regard to "rural development" as well as agriculture, thus providing a specific statutory authorization for research and statistics gathering (and the publication of the results of such activity) in all phases of the broad field of rural development. The Secretary is also specifically authorized to initiate or expand research and development efforts related to rural water supply, rural sewage and solid waste management, rural housing, and rural industrialization.

The Secretary is also required to establish employment, income, population, housing, and quality of community services and facilities goals for rural development and report annually to Congress on progress toward their attainment.

Title VI, section 604 of the Act authorized an additional position of Assistant Secretary of Agriculture to give high level assistance to the Secretary in carrying out the new responsibilities for leadership and

coordination assigned to him by the Act. In implementing this section of the Act, the Department of Agriculture instituted a major reorganization, bringing the Rural Development Service, the Farmers Home Administration, and the Rural Electrification Administration under the leadership of the new Assistant Secretary for Rural Development to provide a focal point for USDA rural development action.

The responsibility for title VI, section 603 was delegated to the Assistant Secretary for Rural Development and redelegated to the Administrator, Rural Development Service. The mission of the Rural Development Service is to promote the development of rural America, with primary emphasis on community development by:

(a) Coordinating a nationwide Rural Development program utilizing the services of executive branch departments and agencies;

(b) Ensuring that available Federal resources and services are effectively applied to the needs of rural America; and

(c) Carrying out education, information dissemination, and other activities which contribute to the economic, social, and cultural development of rural America.

An explanation of the coordination function of the Department of Agriculture may be found on page 20.

A. NEW PROGRAMS

1. *Rural Enterprise Loans—(Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922))*

The objective of this loan program is to establish in rural areas nonfarm business enterprises to supplement farm income. However, this program has not been fully implemented because individual farmers can be assisted under the Farm Ownership Loan Program by establishing business enterprises on their farm. The individual rural resident can be assisted for nonfarm business loan credit under the Business and Industrial Loan Program which has broader authorizations and larger loan limits. Rural residents who desire a Business and Industrial loan see item II, A., 3. For those farmers who desire to establish a business enterprise on the farm, the following program description applies:

Who may borrow?—To be eligible, an applicant must—

- (1) Have recent farm experience or training needed to succeed in the farming operation.
- (2) Possess the character, industry, and ability to carry out the farm operation or the nonfarm enterprise.
- (3) Manage and operate the farm or nonfarm enterprise.
- (4) Be unable to obtain sufficient credit elsewhere at reasonable rates and terms to finance his actual needs.
- (5) Be a citizen of the United States and of legal age.
- (6) After the loan is made, be the owner-operator of a family farm that will produce a substantial portion of his total income.
- (7) Be able to obtain operating capital.
- (8) Be an individual who must rely on farm income to have a reasonable standard of living.

How may loan funds be used?

To finance nonfarm enterprises which will help farmers supplement their farm incomes—buy and develop land, construct buildings and other facilities, purchase equipment, and make other real estate improvements.

Nonfarm enterprises which may be financed on family farms include camping and swimming facilities, tennis courts, riding stables, vacation rental cottages, lakes and ponds for boating and fishing, docks, nature trails, picnic grounds, repair shops, roadside markets, souvenir shops, craft and wood or metal working facilities, and small grocery stores or service station facilities.

What are the terms and interest rate?

The interest rate is 5 percent per year on the unpaid principal. The maximum term is 40 years.

A borrower may make large payments in years of high income to build up a reserve that may keep the loan in good standing during years of low income.

Each borrower is expected to refinance the unpaid balance of the loan when it is financially feasible for him to rely solely on commercial credit sources.

Farm ownership borrowers are required to maintain their property, and pay taxes and property insurance premiums when due.

Where will applicants obtain technical help?

The applicant will be assisted by the lender or Farmers Home Administration County Supervisor in working out a plan to make the best use of land, labor, livestock, capital, and equipment. This plan will be a guide for the borrower and his family in determining the soundness of the proposed operation and to follow in operating the farm or nonfarm enterprise. Before a loan is made it must be clear that the borrower will have enough income to meet operating and family living expenses and to repay the loan and other debts. In all cases, labor must be furnished primarily by the operator and his immediate family, except during seasonal peak-load periods.

Where to apply for a loan?

Apply at the office of a commercial lender or the county Farmers Home Administration office serving the area where the property is located. If the office cannot be located in the local telephone directory under United States Department of Agriculture, write to Farmers Home Administration, U.S. Department of Agriculture, Washington, D.C. 20250.

2. Community Facility Loans--(Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926))

The objectives of this loan program are to construct, enlarge, extend, or otherwise improve community facilities providing essential services in rural areas and towns of up to 10,000 people.

Who may receive assistance?

Loans are available for public entities such as municipalities, counties, and special purpose districts. Non-profit corporations may receive loan assistance when adequate plans for loan repayments are made. Loans are also available for Indian tribes on Federal and State lands and other federally recognized Indian tribes.

Priority will be given to municipal borrowers in communities smaller than 5,500 people to restore a deteriorating water supply, enlarge or modify a water system or an inadequate sewer system.

In addition, borrowers must--

- (1) Be unable to obtain needed funds from other sources at reasonable rates and terms.
- (2) Have legal authority to borrow and repay loans, to pledge security for loans, and to construct, operate and maintain the facilities or services.
- (3) Be financially sound, and able to operate and manage the facility effectively.
- (4) Base the project on taxes, assessments, revenues, fees or other satisfactory sources of money sufficient to pay for operation, maintenance, and reserve, as well as retire the debt.
- (5) Be consistent with available comprehensive and other development plans for the community, and comply with Federal, State and local laws.

How funds may be used and use restrictions.

Uses: Funds may be used:

- (1) To construct, enlarge, extend, or otherwise improve community water, sewer and solid waste disposal systems and storm waste water facilities.
- (2) To construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include but are not limited to those providing or supporting overall community development such as fire and rescue services; transportation; traffic control; community, social, cultural, and recreational benefits; industrial parks including utilities and access roads but not improvements erected on the land such as business and industrial buildings.

Use restrictions: Loans shall not be made for community electric or telephone systems. All facilities financed in whole or in part with FmHA funds shall be for public use.

What are the time limits and the interest rate?

The maximum term on all loans is 40 years. However, no repayment period will exceed any statutory limitation on the organization's borrowing authority nor the useful life of the improvement or facility to be financed. The interest rate is currently five percent on the unpaid principal.

Where will applicants obtain technical help?

The Farmers Home Administration will assist the applicant in making the first determinations regarding engineering feasibility, economic soundness, cost estimates, organization, financing, and management matters in connection with the proposed improvements.

If financing is provided, the Farmers Home Administration will make periodic inspections to see that funds are used as agreed upon and that construction meets approved standards.

Where and how are applications made?

Applications for loans may be obtained at the local county offices of the Farmers Home Administration. The county office will be glad to discuss services available from the agency and explain how to prepare a written application. The county staff will also provide information on where the application is to be filed.

3. Business and Industrial Loans*—(Section 310B of The Consolidated Farm and Rural Development Act (7 U.S.C. 1989))

The objectives of this loan program are to further business and industrial development and to establish business enterprises in rural areas or cities up to 50,000 population with priority to applications for projects in open country, rural communities and towns of 25,000 and smaller.

Who may borrow?

Any legal entity, including individuals, public and private organizations, and federally recognized Indian tribal groups.

How may loan funds be used?

The basic purposes include developing or financing business or industry, increasing employment, and controlling or abating pollution.

*For additional information see No. 12 on page 39.

Within this framework, uses include, but are *not* limited to:

1. Financing business and industrial construction, conversion, acquisition and modernization.
2. Financing purchase and development of land, easements, equipment, facilities, leases, machinery, supplies or materials.
3. Supplying working capital and funds for fees and contingency charges.

How is use of loan funds limited?

No financial assistance can be extended:

- (1) Where it is calculated to or is likely to result in the transfer from one area to another of any employment or business activity provided by operations of the applicant,
- (2) Where it is calculated to or likely to result in an increase in the production of goods, materials, commodities, services, or facilities to employ the efficient capacity of existing competitive commercial or industrial enterprises,
- (3) Where the Secretary of Labor certified within 60 days after the matter has been submitted to him by the Secretary of Agriculture that the items in (a) and (b) above have not been complied with,
- (4) To pay off a creditor in excess of the value of the security,
- (5) For distribution or payment to the owner, partners, members, shareholders, beneficiaries of the applicant or lender or members of their families.

How can credit be obtained?

The Farmers Home Administration is authorized to provide credit through two channels: (1) For private organizations or individuals, FmHA can guarantee loans by private lenders. Applicants should apply for the loan through their private lenders. The agency contracts to reimburse the lender for a percentage of any loss sustained on such loans. Lenders are responsible for making and servicing loans. (2) For public bodies, FmHA can make and service the loan. These applicants apply directly to FmHA.

What is the guarantee?

It is an assurance to protect the investor, and may cover up to 90 percent of the lender's losses.

Is collateral required?

Yes. It must be of such nature that, when considered with the integrity and ability of the project management, the soundness of the project, and the applicant's prospective earnings, repayment of the loan will be reasonably assured.

Must the applicant provide equity?

The applicant will be required to provide sufficient cash or other assets to provide reasonable assurance of a successful project.

What is the repayment schedule?

Final maturity will not exceed:

- (1) 30 years for land, buildings and permanent fixtures;
- (2) 15 years for machinery or equipment; or the life of the machinery or equipment, whichever is shorter;
- (3) 7 years for working capital.

Interest will be due at least annually after the loan is closed. All or any part of a loan may be repaid before it is due, without penalty.

What will the interest rate be?

For guaranteed loans, the interest rate will be determined by the lender and the borrower, consistent with the market rate. On insured loans to public bodies and private entrepreneurs, the interest rates on loans made by Farmers Home Administration will be computed on cost of Treasury borrowing plus an increment to cover administrative costs; for public bodies borrowing to install community facilities necessary for community development, the rate will be 5 percent.

4. Business and Industrial Grants—(Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1989))

The objective of this grant program is to facilitate the development of business, industry and related employment for improving the economy in rural areas up to 50,000 population, with priority to applications for projects in open country, rural communities and towns of 25,000 and smaller.

How many funds can be used?

Grant funds may be used to finance industrial sites in rural areas including the acquisition and development of land and the construction, conversion enlargement, repair or modernization of building, plants, machinery, equipment, access streets and roads, parking areas, transportation serving the site, utility extensions, necessary water supply and waste disposal facilities, pollution control and abatement incidental to site development, fees, and refinancing.

Grant funds may be used jointly with funds furnished by the applicant, including FmHA loan funds.

How is use of grants limited?

Grants cannot be used to:

- (1) Pay salaries for office or clerical assistance, administrative, transportation or publication costs and expenses.
- (2) Finance comprehensive area type planning.
- (3) Develop a proposal that may result in the transfer of jobs or business activity from one area to another. This provision does not prohibit establishment of a new branch or subsidiary.
- (4) Develop a proposal which may result in an increase of goods, materials, commodities, services or facilities in an area when there is not sufficient demand.

How are applications processed?

Applicants will be required to submit supporting data before formal application is made. After determining the order of funding priorities, Farmers Home Administration will tentatively determine eligibility and request applicants to assemble and submit formal applications.

How are grants closed?

After determining that applicable administrative actions and required work of the applicant have been completed, Farmers Home Administration will deliver the grant funds by Treasury check. If all or part of the grant is for construction, the grant will not be closed and funds will not be delivered until construction is completed.

Where is application made?

Forms are available from and may be filed with any Farmers Home Administration office.

Other conditions.

Applicants for grants to help develop private business enterprises must file a written notice of intent with the appropriate substate planning agency with authority for A-95 clearance.

5. Young Rural Residents Loans—(Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942))

The objective of this loan program is to enable rural youth to operate enterprises in connection with their participation in 4-H, Future Farmers of America and similar organizations.

PROJECT REQUIREMENTS

Each project must be part of an organized and supervised program of work. The project must be planned with the help of the organization supervisor and operated under his guidance, must give indication that it will produce sufficient income to repay the loan, and must provide the youth with practical business experience.

Who may borrow?—To secure an FmHA Youth Loan one must:

- (1) Be a citizen of the United States.
- (2) Be under 21 years old.
- (3) Live in the open country or in a town of less than 10,000 people.
- (4) Be unable to get a loan from other sources.
- (5) Conduct an income-producing project in a supervised program of work, as outlined above.

Also one must have a good character, and be capable of planning, managing, and operating the project under guidance and assistance from a project advisor. The project advisor must agree that the project is a good one and recommend the loan be made. If the youth is under legal age, the parents or guardian must also agree to the project.

What are some possible projects?

Loans can finance nearly any kind of income-producing operation, including:

- (1) Crop production.
- (2) Livestock production.
- (3) Repair shops.
- (4) Woodworking shops.
- (5) Re-upholstering and refinishing furniture.
- (6) Mobile machinery repair vans.
- (7) Roadside stands and many others.

What may loans be used for?

Young people may use the money to:

- (1) Purchase livestock and farm equipment.
- (2) Buy, rent, or repair needed tools and equipment.
- (3) Pay operating expenses for running the project.
- (4) Buy supplies.

How large a loan can one get?

Loan size depends on the kind of project. It also depends on the project plans, the recommendations of the project advisor, and the approval of the FmHA county supervisor. Loans may be made to individuals only, not to organizations.

What is the interest rate?

The interest rate for youth loans is determined each July 1 for the following year, based on cost of money to the Government. However, when a loan is made the interest rate for that loan will not change, but if another loan is made later, the interest rate could be different.

What security is required?

To receive a loan one must sign a promissory note making him personally and fully responsible for the debt. Sometimes the FmHA county supervisor may think it necessary to have a co-signer.

In addition, loans will be secured by liens on products produced for sale and on chattel property, including livestock, equipment, and fixtures purchased with loan funds.

How about repayment?

The schedule for repaying the loan will be worked out with the FmHA county supervisor. Payments will be determined by the type of project for which the loan was made. If it is raising livestock or crops, for example, the loan can be paid when the produce is sold. If the project is a repair shop or some other service operation, the loan can be paid from the weekly or monthly earnings.

Where and how are applications made?

Completed plans and budgets should be signed by the organization supervisor and submitted by the applicant to the local county office of the Farmers Home Administration.

Application forms for Youth Loans are available from the FmHA county supervisor. The FmHA has more than 1,750 offices throughout the country. Usually the telephone directory will give the nearest office location under "U.S. Government."

6. Rural Enterprise Operating Loans—(Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942))

The objectives of this loan program are to assist farmers and ranchers to comply with the Occupational Safety and Health Act of 1970 and to complement the Rural Enterprise Loan Program by providing operating expenses for nonfarm enterprises. However, this program has not been fully implemented because individual farmers can be assisted under the Farm Operating Loan Program by supplementing their farm income with a business enterprise located on their farm. The individual rural resident can be considered for business loan credit under the Business and Industrial Loan Program which has broader authorizations and larger loan limits. For individual rural residents who desire assistance, see II, A. 3 above. For those farmers who desire assistance with operating expenses for a business enterprise on their farm, the following program description applies:

Who may borrow?—To be eligible, an applicant must:

- (1) Have a farm background and the experience or training to assure reasonable prospects of success in the proposed nonfarm enterprise. However, he need not have personally operated this type of enterprise.
- (2) Possess the character, ability and industry to carry out the nonfarm enterprise.
- (3) Manage and operate the nonfarm enterprise.
- (4) Be unable to obtain sufficient credit elsewhere at reasonable rates and terms.

- (5) Be a citizen of the United States of legal age.
- (6) Be or intend to become the owner-operator of a not larger than family farm, or be a tenant on such a farm. If a tenant, have a written lease for a sufficient period of time and under terms that will assure him reasonable returns on the non-farm enterprise.
- (7) Possess legal capacity to incur obligations.

How May Loan Funds Be Used?

Loans may be used to finance nonfarm and recreational enterprises; to purchase equipment, animals and game birds; to finance minor real estate improvements, and to pay expenses of operating fishing, horse-back riding, camping, hunting, machine shop, and other enterprises.

When necessary to assure a sound operation, loan funds may be used to refinance debts other than real estate debts.

Funds may be used to purchase membership and stock in farm purchasing and marketing and service-type cooperatives and certain types of recreational cooperatives.

Loan funds are used to pay for only those items essential to the success of the proposed operations.

What Are the Amounts and Terms of Loans?

The amount of credit depends on the applicant's needs and ability to repay the loan as reflected in plans developed with the county supervisor.

Intermediate-term loans up to \$50,000 may be made to finance non-farm enterprise equipment and operating expenses. The interest rates on these loans is determined each July 1. Repayments are scheduled over one to seven years; in some cases loans may be renewed for up to five years.

What Advisory Service Is Available to Borrowers?

Supervision and technical assistance will be provided borrowers to the extent necessary to achieve the objectives of the loan. This will consist of assisting the applicant in planning and analyzing the non-farm enterprise, record keeping and properly managing the business.

Where and How Are Applications Made?

Applications are made at the local county office of the Farmers Home Administration. The office staff will be glad to discuss services available from the agency and explain how to prepare a written application.

7. Rural Community Fire Protection

Thus far, this title has not been funded, although the U.S. Forest Service is making available some equipment through the State forestry agencies which has been deemed not needed by the Federal Government. The appropriate agencies to call for assistance in this regard are these State forestry agencies. Their names and addresses are listed in the appendix of this publication.

The provisions of title IV are as follows:

TITLE IV—RURAL COMMUNITY FIRE PROTECTION

SEC. 401. WILDFIRE PROTECTION ASSISTANCE.—In order to shield human and natural resources, financial investments, and environmental

quality from losses due to wildfires in unprotected or poorly protected rural areas there is a need to strengthen and synergize Federal, State, and local efforts to establish an adequate protection capability wherever the lives and property of Americans are endangered by wildfire in rural communities and areas. The Congress hereby finds that inadequate fire protection and the resultant threat of substantial losses of life and property is a significant deterrent to the investment of the labor and capital needed to help revitalize rural America, and that well-organized, equipped, and trained firefighting forces are needed in many rural areas to encourage and safeguard public and private investments in the improvement and development of areas of rural America where organized protection against losses from wildfire is lacking or inadequate. To this end, the Secretary of Agriculture is authorized and directed to provide financial, technical, and other assistance to State foresters or other appropriate officials of the several States, in cooperative efforts to organize, train, and equip local forces, including those of Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups to prevent, control, and suppress wildfires threatening human life, livestock, wildlife, crops, pastures, orchards, rangeland, woodland, farmsteads, or other improvements, and other values in rural areas as defined in section 306(a) (7) of the Consolidated Farm and Rural Development Act.

ANTE, P. 659.—COOPERATIVE AGREEMENTS WITH STATE OFFICIALS

SEC. 402. MATCHING.—The Secretary shall carry out this title in accordance with cooperative agreements made with appropriate State officials, which include such terms and conditions as the Secretary deems necessary to achieve the purposes of this title. No such agreement shall provide for financial assistance by the Secretary under this title in any State during any fiscal year in excess of 50 per centum of the total budgeted expenditures or the actual expenditures, whichever is less, of the undertaking of such agreement for such year, including any expenditures of local public and private nonprofit organizations, including Indian tribal groups, participating in the activities covered by the agreement. Payments by the Secretary under any such agreement may be made on the certificate of the appropriate State official that the expenditures provided for under such agreement have been made.

REPORT TO PRESIDENT, TRANSMITTAL TO CONGRESS

SEC. 403. REPORT.—The Secretary of Agriculture shall submit to the President within two years after the date of enactment of this title a written report detailing the contribution of the rural fire protection program toward achieving the purposes of this title. The Secretary shall also include in such report such recommendations regarding the rural fire protection program as he deems appropriate. The President shall transmit the report to the Congress for review and appropriate action.

SEC. 404. APPROPRIATIONS.—There is authorized to be appropriated to carry out the provisions of this title \$7,000,000 for each of the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975.

Title IV was amended further in the Agriculture and Consumer Protection Act of 1973. The amendment is as follows:

"RURAL DEVELOPMENT

"Sec. 816. (a) Section 401 of the Rural Development Act of 1972 (86 Stat. 670) is amended by substituting the words 'fire' and 'fires' for the words 'wildfire' and 'wildfires', respectively, wherever such words appear.

"7 USC 2651

"(b) Section 401 of the Rural Development Act of 1972 (86 Stat. 671) is amended to read as follows:

"7 USC 2654

"SEC. 401. APPROPRIATIONS.—There is authorized to be appropriated to carry out the provisions of this title \$7,000,000 for each of three consecutive fiscal years beginning with the fiscal year for which funds are first appropriated and obligated by the Secretary of Agriculture carrying out this title.

"86 STAT. 659; 7 USC 1926

"(c) Section 306(a) of the Consolidated Farm and Rural Development Act is amended by adding at the end thereof the following:

"(13) (A) The Secretary, under such reasonable rules and conditions as he shall establish, shall make grants to eligible volunteer fire departments for up to 50 per centum of the cost of firefighting equipment needed by such departments but which such departments are unable to purchase through the resources otherwise available to them, and for the cost of the training necessary to enable such departments to use such equipment efficiently.

"87 STAT. 240; 87 STAT. 241

"(B) For the purposes of this subsection, the term "eligible volunteer fire department" means any established volunteer fire department in a rural town, village, or unincorporated area where the population is less than two thousand but greater than two hundred, as reasonably determined by the Secretary.

8. Rural Development Research and Education—(Title V of the Rural Development Act of 1972)

The objective of this program is to provide support for State extension education and research programs to provide essential knowledge and information for successful rural development. The Act calls for research and extension in rural development and to assist operators of small farms in making maximum economic use of what may be inefficient farm units. Funds have not been requested for small farm research and extension.

PROGRAM OPERATIONS

The United States Department of Agriculture makes grants to States on the basis of an approved Plan of Work to support rural development research and extension education in specific geographic or problem areas with emphasis in rural areas including towns and

cities with populations of less than 50,000. Funds will be allocated on the basis of the following formula: 4 percent to the Secretary; USDA, for administration, coordination, and program assistance to the States; 10 percent for payment to States to finance work serving 2 or more States; 20 percent equally to all States; 66 percent for payments to States of which one-half is on the basis of rural population and one-half on the basis of farm population.

The Chief Administrative Officer of each State land-grant university accepting the benefits of the Morrill Act of 1862 is responsible for administering the program in each State; he appoints a State Rural Development Advisory Council to review and approve annual program plans and to advise on the administration of the program. All private and publicly supported colleges and universities in a State, including the land-grant colleges of 1890, are eligible to participate in this program.

A memorandum of understanding mutually agreed upon by the Secretary, United States Department of Agriculture, and the administering university, provides for coordination of this program with other rural development programs of the Federal, State, and local government, and submission of an annual program plan and progress report to the Department of Agriculture.

Where can assistance be obtained?

Any citizen, cooperative, government, group, or organization wishing to obtain assistance under title V may submit requests to the university officials responsible for administering Title V (section 504(c) of the Act). Channels of communication for requesting assistance may be: (1) direct to the responsible university officials, e.g., the State Title V coordinator, the director of cooperative extension, or the research coordinator; (2) through a member(s) of the Rural Development Advisory Council; and (3) through an experiment station faculty member or through a county extension office.

9. Rural Development Coordination—(Amendment to Section 526 of Revised Statutes 7 U.S.C. 2201)

a. Levels of coordination

The Rural Development Act recognizes that many Federal departments and agencies of the executive branch of government administer programs and provide services which are applicable to the needs of rural communities. Section 603 of the Rural Development Act charges the Secretary of Agriculture with providing governmentwide leadership for, and with coordinating a nationwide rural development program. In such coordination, the Secretary shall seek measures that will achieve effective integration of relevant Federal services in rural areas as provided by Agriculture agencies and other Departments and agencies. This section also requires that the Secretary shall establish goals and report to the Congress on progress in complying with specified purposes of the Act. The Federal Regional Council will play a major role in coordination at the field level. An organic Act of the Department (7 U.S.C. 2201) has been amended to require the Secretary to add Rural Development to those purposes for which he is authorized to acquire and diffuse useful information.

The following identifies types and levels of coordination:

- (a) Washington level interdepartmental and interagency coordination for purposes of the Act.
- (b) Coordination for purposes of the Act among agencies within the U.S. Department of Agriculture.
- (c) Coordination among and between the field operations of Federal agencies for purposes of the Act.
- (d) Coordination for purposes of the Act between levels of field operations of the Federal Government and State governments.

b. Federal branch structure

The diagram on page 23 represents the units of the Federal Government having major responsibility for implementing the Rural Development Act of 1972. Although this does not represent the totality of the Federal commitment to rural development, it graphically represents the administrative structures of the Federal system which are designed to provide a coordinated response to the congressional mandate of providing greater emphasis on the development of rural America.

Rural development policy that requires resolution by the Committee on Community Development of the President's Domestic Council may be referred by the Secretary of Agriculture, who is Chairman of the Rural Development Committee. This committee is composed of the Secretaries of Agriculture, Housing and Urban Development, Transportation, Commerce, Labor, and Treasury and the Director of the Office of Management and Budget.

The Under Secretary of Agriculture represents the Secretary in matters pertaining to rural development policy when such matters are of mutual concern to the Under Secretaries Group for Regional Operations (Executive Order 11647 as amended by E.O. 11731) and the Federal Regional Councils.

The Federal Regional Councils have primary responsibility for interagency program coordination at the field level and provide assistance to the liaison with States in promoting rural development. In addition, the Federal Regional Councils, operating within policy determined at the Washington level, shall be responsible for performing an oversight function to assess how well the machinery is working in carrying out the Rural Development Act authorities.

It is therefore the responsibility of the Under Secretary of Agriculture to coordinate the rural development efforts of the Federal Regional Councils and through them State and multicounty units. The Under Secretaries group for regional operations is composed of the Secretaries of Health, Education, and Welfare, Transportation, Housing and Urban Development, Labor, Environmental Protection Agency, Office of Economic Opportunity, Agriculture and the Director of Office of Management and Budget as Chairman.

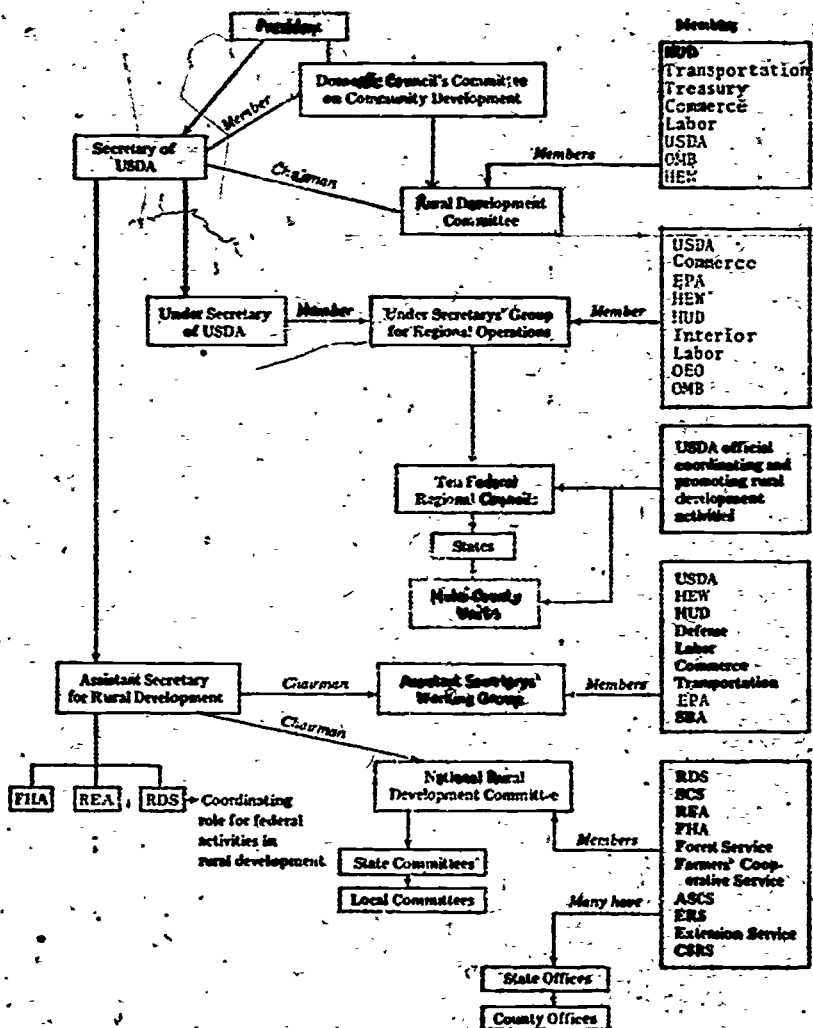
The Assistant Secretary of Agriculture chairs an Assistant Secretaries Working Group consisting of interdepartmental and interagency members from Agriculture, Health, Education, and Welfare, Housing and Urban Development, Defense, Labor, Commerce, Transportation, Environmental Protection Agency, Small Business Administration and others as appropriate. This working group operates under the

agies of the Rural Development Committee of the Domestic Council. The purpose of this working group is:

- (1) To develop and recommend rural development policy applicable to more than one executive department or agency.
- (2) To develop cooperative procedures between and among executive departments and agencies in matters pertaining to rural development.
- (2) To devise effective rural development strategies and to bring Federal resources and services to bear toward their realization.
- (4) To advise the Under Secretaries Group on involvement of Federal Regional Councils in rural development activities.

The USDA Rural Development Committee is composed of Assistant Secretaries and the Administrators of the Soil Conservation Service, Farmers Home Administration, Forest Service, Farmer Cooperative Service, Economic Research Service, Extension Service, Cooperative State Research Service, Rural Electrification Administration, Agricultural Research Service, Agricultural Stabilization and Conservation Service, and Rural Development Service, and the Chairman is the Assistant Secretary for Rural Development. The purpose of this committee is to establish national rural development policies for implementation within the Department and to provide direction and program thrust to State and local rural development committees.

State rural development committees, consisting of USDA agency members and, in most instances, State governments and other Federal agency representatives are available to assist each State in accomplishing their rural development objectives. Such assistance if requested by the State can take the form of technical assistance and cooperative services to States in carrying out their rural development priorities. Many States have also organized substate and county rural development committees.



Executive Branch Structure for the Federal Rural Development Program

c. Rural Development Service coordination activities.

Research has shown that rural areas have not received an equitable share of Federal resources and services. Two of the primary reasons are (1) the inability of small rural communities to compete for resources, and lack of planning capability, and (2) the relatively urban orientation of managers in many Federal departments and agencies.

Rural Development Service coordination activities are aimed at improving both these situations by helping to improve or expand the delivery of assistance from Federal departments, independent agencies, and commissions to rural areas and by helping rural communities take advantage of available resources.

PROMOTION OF INCREASED RURAL ORIENTATION AMONG FEDERAL PROGRAM MANAGERS

Through personal meetings, Rural Development Service coordinators have advised 150 program managers in 26 Federal departments, independent agencies, and commissions of the Rural Development Act legislative mandate, RDS services, and the needs that rural areas have for a more equitable share of their resources and services. Program managers have ranged from technicians and program directors to administrators and deputy assistant secretaries, all of whom manage programs and influence policy relating to human resource development, natural resources, community facilities, or economic development. The objective is to—

(1) Lay the groundwork for agreements such as those detailed below.

(2) Encourage each department with major programs applicable to rural needs to establish a rural development staff, action officers, or special officers for the specific purpose of increasing the effectiveness to the individual department's efforts to assist rural people.

The Rural Development Service also works to encourage Federal program managers to give greater attention to rural areas through its function of assuming the major portion of review responsibility in the Department of new Federal legislation and regulations relating to programs possibly affecting rural areas.

RDS COORDINATION THROUGH TASK FORCE PARTICIPATION

The Rural Development Service participates in the following inter-departmental or interagency task forces as the Federal Government's rural development coordination agent:

(1) Interdepartmental Committee on Emergency Medical Services (18 agencies, departments, commissions, and 5 Presidential appointees).

(2) National Committee on Employment Opportunities and Training Needs in Agribusiness (USDA, Census, Commerce, Labor, HEW).

(3) Interdepartmental Economic Adjustment Committee (all Federal departments except State, Treasury, OMB, the Domestic council, CEA, GSA, EPA, and SBA).

(4) OMB Planning Assistance Task Force (USDA, Labor, EPA, HEW, and HUD).

(5) Informal Committee on rural transportation (Federal Highway Administration and RDS; to be expanded in time).

(6) Informal interagency Indian Affairs Committee (RDS, FmHA, OMB, EDA, and BIA).

(7) Interdepartmental Task Force on Habitat '76 (AID, USDA, Commerce, EPA, HEW, HUD, DOT, NSF, State, and others).

(8) USDA Task Force on Rural Health (CSRS, ERS, ES, FmHA, RDS, and OPE).

(9) USDA Task Force on RD Program Evaluation (FmHA, OPE, and RDS).

(10) USDA working groups preparing annual reports on rural development.

(11) Committee to rewrite State RD Committee policies and procedures (USDA agencies).

(12) National Rural Development Committee Staff Group.

COORDINATION AGREEMENTS

The Rural Development Service's executive branch coordination objective for FY 1975 is to effect a minimum of 10 interdepartmental or interagency agreements that will accomplish expanded or more efficient delivery of Federal assistance to rural areas. All such agreements are cooperative. RDS initiates, helps develop, and negotiates the agreements, but the program agencies determine their nature. Progress toward this coordination goal is as follows:

(1) Completed Agreements Negotiated by the Rural Development Service

- To assist Farmers Home Administration in reaching and servicing more people in need of low-cost housing, the Office of Economic Opportunity will serve as an outreach agent to locate applicants for low-cost housing loans and will assist in loan packaging and provide ongoing counselling to homeowners.

- To assist the Federal Highway Administration in implementing the Rural Highway Public Transportation Demonstration Program, Extension Service—through its county office system—disseminate project criteria to rural communities and will assist local community officials in applying for rural transportation grants under the program.

- To assist the Public Health Service in implementing the Emergency Medical Services Systems Act of 1973, Extension Service will disseminate information on grants and contracts under the Act to rural communities through the ES county office system. ES may also provide technical assistance to communities preparing proposals for systems to be funded under the Act.

- An informal interagency committee on Indian development affairs was initiated by RDS and is now in operation with membership from RDS, Bureau of Indian Affairs, Economic Development Administration, Farmers Home Administration, and Office of Management and Budget. The committee coordinates handling of requests

from Indians for developmental assistance and improvement of delivery of Federal resources to Indians through various other means.

- The Rural Development Services and the Farmers Home Administration in a joint action aimed at rural health problems have contracted for rural health research to be conducted to provide data and analysis for use in seeking an increased rural health commitment from Federal departments, independent agencies and commissions. Results will also provide FmHA with needed data related to possible funding of community medical facilities under Title I of the Rural Development Act. The research project will be conducted by a minority-owned consulting firm.

(2) Agreements in Final Stage of Completion

To ensure that business loan applicants are served by the type loan and loan agency best fitted to their needs, Small Business Administration and the Farmers Home Administration are establishing procedures for cooperative referral action. SBA may use FmHA county office facilities.

(3) Agreements in Process

- The Rural Development Service is working with the interdepartmental Economic Adjustment Committee, the Department of Defense, and the General Services Administration to develop firm arrangements for making surplus real and personal government properties more available to rural communities in need of these. Property includes road building equipment, ambulances, medical equipment, and facilities available through base closings.

- The Rural Development Service is working with Environmental Protection Agency to consider possibilities for joint funding between EPA and FmHA for programs relating to pollution control, noise abatement, waste treatments, and related measures.

- The Rural Development Service is working to effect agreements between Law Enforcement Assistance Administration and the Farmers Home Administration for joint funding of projects entailing RDA community facilities resources and LEAA-funded projects for law enforcement facilities and equipment.

- The Rural Development Service is working to effect agreements between Farmers Home Administration and Economic Development Administration to result in expanded delivery of community facilities assistance. Areas under consideration are exchange of all program information of both agencies; identification of areas for cooperative agreements including agreements for improved joint funding arrangements; and, the possible adaptation of standardized pre-application forms.

(4) Example of Areas with Potential for Negotiated Agreements

The Rural Development Service coordinators are currently meeting with Department of Health, Education, and Welfare to explore means for RDS to assist HEW in developing a health maintenance organization program. RDS will suggest that we help HEW identify rural leaders who might participate in the program and that Extension Service or Farmers Home Administration county offices might be utilized to further the program.

RURAL DEVELOPMENT SERVICE COOPERATIVE EFFORTS WITH FEDERAL REGIONAL COUNCILS

The Rural Development Service provides staff support and technical assistance to the membership of the Federal Regional Councils (FRC's), when requested. This assistance was initially used to help establish methods of operation in the new area of Federal Regional Council responsibility. Additional staff support includes:

- (1) Assisting Federal Regional Council representatives in preparing their rural development work plans for consideration by the Office of Management and Budget.
- (2) Providing the Federal Regional Council membership with information on new Federal resources and services for rural development, including joint financing arrangements, where appropriate.
- (3) Coordinating with Federal Regional Council representatives' requests from Members of Congress and State and local officials for assistance in rural development projects.
- (4) Providing backup support to help solve problems.

REVIEW OF STATE AND SUBSTATE DEVELOPMENT PLANS

Rural Development Act regulations provide that the Rural Development Service will provide courtesy review of State and substate development plans to assist in identifying available resources and joint funding possibilities. The Rural Development Service has provided this assistance in line with priorities expressed in the plans. The status of this operation is as follows:

Plans received.....	25
Evaluated and commented on.....	12
Evaluated, preparation of comments in process.....	11
Awaiting action.....	2

TECHNICAL ASSISTANCE TO STATES AND LOCALITIES

The Rural Development Service has provided technical assistance to solve development coordination problems in 600 individual cases upon the request of Members of Congress, State and local officials, and rural leaders. Assistance has been related to implementing development projects, identifying resources, and joint funding possibilities.

NATIONAL RURAL DEVELOPMENT LEADERS SCHOOL

The Rural Development Service sponsors the National Rural Development Leaders School. About 325 nonprofessional community leaders from throughout the country have participated in the school which is an intensive, week-long educational and motivational experience in the process and principles of rural development. Two schools are planned for Fiscal Year 1975, one each in the Northeastern and Western Regions. Plans are to package the course for use by agencies and organizations involved in rural development training and education. Participant evaluations have rated the school successful in improving leadership skills and group process techniques as they relate to local community needs.

INFORMATION SERVICES

The Rural Development Service provides informational assistance to government offices at all levels, community or areawide organizations, and individual citizens who wish to learn more about rural development and to participate in development projects. In addition to distributing basic resource materials on the Rural Development Act and other development assistance measures, the agency can provide the names and addresses of key rural development contacts in individual States and supply publications plus informational assistance to help development-minded groups and individuals understand rural development as a process and learn how to start community involvement in this process. For information please write: Director of Information, Rural Development Service, U.S. Department of Agriculture, Washington, D.C. 20250.

**10. Long-Term Rural Environmental Protection Contracts—
(Subsection B of Section 8 of the Soil Conservation and
Domestic Allotment Act (16 U.S.C. 590a))**

Provides authority for the Secretary to enter into multiyear (not to exceed a period of 10 years), as well as annual, cost-share agreements with agricultural producers.

A program offering \$90 million in cost-sharing assistance has been available to agricultural producers in 1974 for carrying out conservation environmental improvement and forestry practices. It is anticipated that a program will be available in 1974. Producers will be informed by letter and news media of the practices available when the 1975 program is ready for operation. Under these programs, the producer files a request for cost-share assistance with the county ASCS office. The county ASC committee reviews and acts on the request according to program rules and regulations. The Soil Conservation Service (SCS) provides technical assistance on practices requiring structural or engineering work. The Forest Service provides technical assistance on forestry practices. The county ASC committee reimburses the producer for a percentage of the cost of establishing the practice, from 50 to 75 percent of the cost.

For multiyear agreements, the request is referred to SCS for developing with the producer the necessary conservation farm plan. Then, based on the conservation farm plan approved by the local Soil Conservation District, the county ASC committee and producer will complete and sign the agreement. The agreement will show the practices to be cost-shared and the schedule of years for their establishment. The producer is then paid his cost-share assistance based on the practices performed each year under the agreement.

**11. Cost-Sharing for Agriculture-Related Pollution Prevention
and Abatement Measures—(Sections 7 and 8 of the Soil
Conservation and Domestic Allotment Act (16 U.S.C. 590a))**

Provides authority to the Secretary of Agriculture for cost-sharing with producers for carrying out pollution prevention or abatement practices.

This authority is being carried out by offering in the cost-sharing program discussed above, cost-sharing assistance to agricultural pro-

ducers for practices to control sediment and other run-off pollutants such as chemicals, and certain types of air pollution.

12. *Land Inventory and Monitoring Program*

Includes studies and surveys of erosion, sediment damage, flood-plain identification, and land use changes and trends. A land inventory report of the Nation's soil and water resources is to be issued every five years. (Not implemented)

B. EXISTING PROVISIONS AMENDED OR EXPANDED BY THE RURAL DEVELOPMENT ACT

1. *Water and Waste Disposal Loans and Grants*—(Section 306 of the Consolidated Farm and Rural Development Act (7 U.S.O. 1926))

a. Changes contained in the Act for this program are as follows:

(1) Increased the annual grant appropriation authorization from \$100 million to \$300 million.

(2) Strengthened the law by requiring that all applications for proposed water, waste disposal and other essential community facilities be submitted for review to planning agencies in accordance with OMB Circular No. A-95. It also authorizes reimbursement to such agencies for the cost of required reviews of such applications.

(3) Broadened the authority for comprehensive water and sewer planning grants by (a) including authorization for solid waste plans, (b) increasing the annual authorized ceiling to \$30 million from \$15 million, and (c) providing for such grants to appropriate agencies which may not have statutory authority to prepare "official" plans. (Not implemented.)

(4) Eliminated the \$4 million ceiling for loans and grants for central community water and waste disposal facilities.

(5) Requires that in making loans and grants for community water and waste disposal systems, the Secretary must give priority to (a) communities of not more than 5,500 in which an existing water supply needs immediate action because of unanticipated deterioration and diminution of its water supply; and (b) communities of not more than 5,500 in which an existing waste disposal system is not adequate due to unanticipated occurrences.

b. Program operations:

The objective of this program is to help financially needy communities which presently lack water and waste disposal systems and which are not able to develop such facilities with usual methods of financing. Grants reduce the overall cost of construction with the specific objective of reducing the residential user cost to a reasonable level.

Who may receive assistance?

Public entities such as municipalities, counties, and special purpose districts with a population of 10,000 or less. Indian tribes on Federal and State lands and other federally recognized Indian tribes are also eligible.

What is the grant limitation?

Grants may not exceed 50 percent of the eligible project develop-

¹ Note addendum on p. 31.

ment cost. Grants are made only when and in such amounts as may be necessary to provide services to rural families at reasonable rates. Selection of projects to receive the grants and determination of the amounts of such grants are based on the premise that a family may reasonably be expected to expend a portion of its income for water and waste disposal services. Specifically, FmHA regulations provide that a family should expend at least one percent of its income (median income for the community) for the construction of its water and sewer system. If the debt repayment portion of the water or sewer cost exceeds one percent of the median income, the applicant is then considered for a grant in an amount necessary to reduce such cost to a figure not lower than one percent of the median income.

Where will applicants obtain technical help?

The Farmers Home Administration will assist the applicant in making the first determinations regarding engineering feasibility, economic soundness, cost estimates, organization, financing, and management matters in connection with the proposed improvements.

If financing is provided, the Farmers Home Administration will make periodic inspections to see that funds are used as agreed upon and that construction meets approved standards.

Where and how are applications made?

Applications for loans may be obtained at the local county offices of the Farmers Home Administration. The county office staff will be glad to discuss services available from the agency and explain how to prepare a written application. The county staff will also provide information where the application is to be filed.

U.S.-SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C., June 6, 1974.

To: All members of the committee and committee staff.

Contact: Jim Giltner.

Re: Water and sewer grant funds.

Enclosed is a copy of a summary of the new regulations for the Farmers Home Administration Water and Sewer Grant Program. Also enclosed is a state-by-state allocation of the \$120 million in grant funds released on May 7.

State supervisors should receive information Monday on the new regulations and also information on the allocation. State supervisors will have the authority to make the final determination on all grants.

Essentially, this returns the program to its former status, except for the improvement that now the Farmers Home program will be coordinated with all other Federal water and sewer programs, such as EPA.

FARMERS HOME ADMINISTRATION—WATER AND SEWER GRANTS

SUMMARY OF KEY POINTS IN REGULATIONS

1. New applications will be considered as well as those on hand.
2. Funds may be used for both water and sewer, with priority being given to water projects.
3. Maximum grant not to exceed 50 percent of eligible development cost.
4. Priority will be given to projects which will remove serious existing health hazards.
5. Grants would be triggered when debt service charge exceeds 1 percent of median family income (in applicant service area).
Grants made to reduce debt service cost to the 1 percent level.
Median family income—State Director determines:
A. Census figure
B. If State Director determines it is not applicable, adjusts based on additional reliable data available or produced in application processing.

6. Except that if process in step 5 results in a rate higher than families can be expected to pay—due to unusually high operation and maintenance or construction cost or other factor—State Director may base grant on amount to reduce user cost to reasonable level by comparing with systems of similar cost serving communities with families under similar conditions (including median income). Use procedure in step 5 above to determine median income in reference communities.

ALLOCATION OF FUNDS FOR WATER AND WASTE DISPOSAL DEVELOPMENT GRANTS

Alabama	\$3,580,000	North Carolina	\$4,491,000
Arizona	790,000	North Dakota	1,090,000
Arkansas	2,468,000	Ohio	4,127,000
California	3,090,000	Oklahoma	1,945,000
Nevada	277,000	Oregon	1,175,000
Hawaii	287,000	Alaska	458,000
Colorado	865,000	Pennsylvania	5,614,000
Delaware	138,000	Puerto Rico	2,448,000
New Jersey	1,432,000	Virgin Islands	116,000
Maryland	1,614,000	South Carolina	2,459,000
Florida	2,876,000	South Dakota	811,000
Georgia	3,945,000	Tennessee	3,753,000
Idaho	683,000	Texas	5,240,000
Illinois	3,079,000	Utah	608,000
Indiana	2,780,000	Vermont	897,000
Iowa	2,972,000	Connecticut	416,000
Kansas	1,924,000	Massachusetts	737,000
Kentucky	3,603,000	New Hampshire	469,000
Louisiana	3,165,000	Rhode Island	138,000
Maine	1,282,000	Virginia	3,378,000
Michigan	3,528,000	Washington	1,956,000
Minnesota	2,213,000	West Virginia	3,304,000
Mississippi	3,304,000	Wisconsin	2,780,000
Missouri	2,897,000	Wyoming	458,000
Montana	662,000	Reserve	12,000,000
Nebraska	1,164,000		
New Mexico	844,000	Total	120,000,000
New York	3,689,000		

2. Rural Development Planning Grants—(Section 306(a) of the Consolidated Farm and Rural Development Act)

Authorizes \$10 million annually for comprehensive and other plans for rural development. (This provision has not yet been implemented.)

3. Escrow Payments—(Section 307(a) of the Consolidated Farm and Rural Development Act)

Authorizes the Secretary of Agriculture to require borrowers under the Farm Ownership Loan program to repay taxes and insurance in escrow.

4. Agriculture Credit Insurance Fund—(Section 309(f) of the Consolidated Farm and Rural Development Act)

Provides (1) that the Agricultural Credit Insurance Fund (ACIF) can be used to provide interest rate subsidies on any insured farm credit real estate loans where the insured creditor charges a higher interest rate than the borrower pays; (2) for increasing the amount of loans which may be held in the fund to \$500 million from \$100 million; (3) for transferring assets and liabilities of the Farmers Home Administration direct loan account and the Emergency Credit Revolving Fund to the ACIF; and (4) for guaranteeing loans.

5. Rural Development Insurance Fund

Establishes a new revolving fund called the "Rural Development Insurance Fund", which will be used by the Secretary for the purposes of discharging his obligations in connection with rural development loans. These include (1) loans locally originated and serviced by the guaranteed holder, (2) loans made by a local lender that are processed, insured, and serviced by the Secretary, and (3) loans made out of the Fund, sold, insured, and serviced by the Secretary.

The Secretary will utilize this fund only for the type of loans provided for by sections 304(b), 310B, 312(b) and (c), the new type of loans for essential community facilities authorized by the amendment to 306(a) (1) by Section 104(2) of this Act, and the water system and waste disposal loans authorized by section 306(a)(1) prior to enactment of this Act.

The assets and liabilities of the Agricultural Credit Insurance Fund applicable to such water and waste disposal loans, are transferred to the Rural Development Insurance Fund. Such assets and liabilities, the proceeds of such assets, and loans guaranteed or insured under this subtitle are subject to the provisions of this section and section 308. The cross-reference to section 308 makes it clear that all contracts of guarantee or insurance entered into by the Secretary for loans under this section, as well as contracts of guarantee or insurance heretofore or hereafter entered into by the Secretary for water and waste disposal loans under section 306(a) (1), are backed by the Insurance Fund and the full faith and credit of the United States.

If there should be insufficient moneys in the Insurance Fund to enable the Secretary to make loans, advances, and authorized expenditures out of the Insurance Fund, he is authorized to borrow from the Secretary of the Treasury to replenish the Insurance Fund. The Secretary of Treasury is authorized and directed to purchase notes issued by the Secretary for such purpose, which notes would bear interest comparable to the cost of money to the Treasury for obligations having maturities comparable to the notes and to the loans authorized to be guaranteed or insured.

The Secretary is required to deposit in the Insurance Fund all fees and charges collected by him for loan services, such as expenses for obtaining credit and property appraisal reports, and additional charges assessed for losses and administrative costs in connection with guaranteed or insured loans.

Subsection (g) authorizes the Secretary to use the Insurance Fund for the purpose of making and insuring loans authorized under this subtitle whenever he has a reasonable assurance of being able to sell the loans without undue delay.

Subsection (g) also authorizes the Secretary to use the Insurance Fund (1) to make default payments to insured holders and payments to guaranteed holders in compliance with the terms of the guarantee contract; (2) to pay to insured holders interest accruing between the date of any prepayments made by the borrower and the date of transmittal to the holder; (3) to purchase notes and bonds in accordance with repurchase agreements contained in contracts of insurance entered into by the Secretary in connection with loans under this subtitle, including loans transferred to the Insurance Fund; (4) to pay the

cost of the Secretary's administration in connection with these loan programs; and (5) to make other expenditures and advances, such as payment of taxes, insurance, prior liens, fiscal adjustments, credit reports, property appraisals, and other expenses and advances to protect security for insured loans, and for guaranteed loans after or in connection with the Secretary's acquisition of guaranteed loans or security, and to acquire security property at foreclosure sale or otherwise.

The Secretary is also authorized to use the Insurance Fund to pay the difference between interest payments by borrowers and interest to which holders of insured and guaranteed loans are entitled under contracts of insurance or guarantee.

Subsection (h) makes the interest or other income from loans sold out of the Fund fully taxable.

6. Watershed and Resource Conservation and Development Loans—(Section 310A, Subtitle A of the Consolidated Farm and Rural Development Act)

a. The Act authorized insurance of loans meeting the requirements of the Watershed Protection and Flood Prevention Act and Title III of the Bankhead-Jones Farm Tenant Act (Resource Conservation and Development Projects).

b. Program Operations:

(1) **Watershed Loans**—(Watershed Protection and Flood Prevention Act of 1954, as amended, Section 8; 16 U.S.C. 1006a).

The objective of this program is to provide loan assistance in planning and carrying out works of improvement to protect, develop, and utilize the land and water reserves in small watersheds.

Who May Receive Assistance?

Eligible local organizations may include a soil or water conservation district, irrigation district, drainage district, flood prevention or control district, municipal corporation, reservoir company or similar organization. It must be a sponsor of the watershed work plan and have authority under State law to obtain, give security for and raise revenues to repay the loan and to operate and maintain the facilities financed with the loan.

What Projects Are Eligible?

Loans and advances are made only to finance the local share of costs of improvements in watershed projects approved under the Watershed Protection and Flood Prevention Act or in connection with the 11 watershed improvement programs authorized by the Flood Control Act of 1944. An application for a watershed loan or advance should not be filed until after the SCS approves the watershed for planning. See leaflet SCS-C1-4 titled, "Small Watershed Projects," for a brief outline on how to obtain aid from the Soil Conservation Service.

How May Loan Funds Be Used?

Loan funds may be used:

1. To install, repair or improve facilities to:
 - a. Store and convey irrigation water to farms.
 - b. Drain farm areas.

c. Store, treat and distribute water mainly for farm household, livestock and crop spraying purposes.

d. Stabilize annual streamflow, increase the recharge of ground water reservoirs and conserve present water supplies.

2. For special land treatment measures, structures or equipment installed or used by the local organization primarily, but not entirely, for flood prevention and which produce community benefits sufficient to justify use of taxes or other local revenues for their installation.

3. To install, repair, or improve water storage facilities for such purposes as recreation, fish and wildlife improvement, and pollution abatement by streamflow regulation and saline water intrusion control and to meet a municipality's immediate or future water supply needs. A loan for a storage reservoir for municipal water supply may include funds for pipelines and any necessary pumping facilities to convey the water from the reservoir to the existing or proposed municipal treatment facilities or water system.

4. For recreational developments in or adjacent to reservoirs, lakes, natural streams or shorelines including minimum basic facilities needed for public health and safety, access and use.

5. For fish and wildlife developments which may include water resource improvements and minimum basic facilities which are primarily for the improvement of the environment or habitat for fish and wildlife.

6. To buy a full or part interest in land for sites or rights-of-way upon which works of improvement will be located; to pay associated costs such as for the removal, relocation or replacement of bridges, roads, railroads, pipelines, buildings and fences.

7. To repay an advance made by the SCS for the immediate purchase of land and rights-of-way essential to preserve sites for works of improvement from interference by encroachment of other developments.

8. To acquire a water supply or a water right.

9. To employ engineers, attorneys, auditors, construction foremen and clerks needed to organize the group, make engineering surveys, develop construction plans, administer construction contracts and supervise the building of works of improvement.

10. To buy equipment needed to build or install the planned works of improvement provided it cannot be rented cheaper or that the cost of works of improvement will be lower as a result.

11. To refinance debts of a local organization under certain conditions.

How May Advance Funds Be Used?

Advances by SCS may be used:

1. To pay the construction cost of reservoir capacity including intake and outlet structures for future municipal and industrial water supply.

2. To acquire sites for authorized types of works of improvements where immediate acquisition is essential to preserve them from interference by other developments.

What Are the Terms?

Loans are scheduled for repayment within the shortest period consistent with the borrowers' abilities to repay. The repayment period

may not exceed that permitted by the applicable State law and in no event will exceed 50 years from when the principal benefits of the facilities become available. There must be adequate evidence that income will be sufficient to meet all scheduled repayments.

Advance terms:

1. Advances to preserve sites must be fully repaid with interest prior to beginning construction of works of improvement on the sites thus acquired.

2. If permitted by State law, principal repayments on advances for future water supply may be deferred until 1 year after water is first used from the storage capacity installed with the advance or until the end of 10 years from the scheduled completion date of the structure, whichever occurs first.

No interest will be charged on advances for future water supply until water is first used or the end of 10 years from the date of the advance, whichever occurs first. Thereafter interest payments, at the interest rate established for loans on the date of the advance, will be scheduled at least annually. To be eligible for these terms, there must be evidence that the local organization will use the water and can meet scheduled installments of principal and interest.

The interest rate is the average rate paid by the U.S. Treasury on obligation of a similar maturity outstanding at the beginning of the fiscal year in which the watershed loan is made. Once the interest rate is set on a loan, it will not change during the life of that loan.

Each borrower may make prepayments in any amount at any time.

How Much Can Be Borrowed or Advanced?

The total amount of indebtedness for all watershed loans for any one watershed project, whether made to one or more borrowers, shall not exceed \$5 million.

The maximum amount of any advance for reservoir capacity for future water supply will be 30 percent of the estimated total installation cost of the structure in which capacity for future water supply is to be provided.

The amount of an advance to acquire and preserve sites for works of improvement may not exceed the amount determined by the SCS to be necessary.

What Security is Required?

Watershed loans and advances will be secured in a manner which will adequately protect the interests of the Government. Usually, security that can be offered includes general obligation bonds supported by ad valorem taxes, revenue bonds secured by pledges of revenue, other evidences of debt secured by special assessments or by liens on facilities and pledges of income.

How to Apply?

Each local organization desiring a watershed loan will make application to the local county supervisor of the Farmers Home Administration. Organizations desiring an advance will contact the Soil Conservation Service representative:

- (2) Resource Conservation and Development Loans—(Food and Agriculture Act of 1962; P.L. 87-703; 1011 (Supp. V) 1959-63; 7 U.S.C. 1010)

The objective of this loan program is to provide loan assistance to local sponsoring agencies in authorized areas where acceleration of programs of resource conservation, development, and utilization will increase economic opportunities for local people.

Who May Borrow?

Loans may be made to public bodies which are agencies of States, counties, municipalities, and other State subdivisions and instrumentalities, including public agencies created under State law for making public improvements.

Loans also may be made to private nonprofit corporations.

How Loan Funds May be Used

Funds may be used for such purposes as: Water facilities, including the construction or improvement of works of flood prevention, erosion control, irrigation, drainage of agricultural land, soil conservation, and water storage for community supply and pollution abatement.

Water resource improvements such as reservoirs, lake level control structures, stream or channel rectification, acquisition of lands, easements, and fees for legal and technical services.

Public water-based recreational developments and public water-based fish and wildlife developments to help public entities obtain the local share of costs for such developments for which the Soil Conservation Service is providing RCD technical or financial assistance.

Shift in land use, such as conversion to pasture, forestry, wildlife areas, grazing, parks, greenbelts and other open spaces that will serve rural communities.

Facilities and equipment including garbage trucks, sanitary land fills and incinerators to collect, treat and dispose of solid wastes.

Loan funds may not be used to: Buy tracts of land intended primarily for industrial use or later resale to private developers; build motels, housing developments, farm dwellings, dance pavilions; treat land on private or individual land units; newly introduce land to agricultural production; build water treatment and distribution systems and sewage collection and treatment facilities for other than solid wastes; provide drainage benefits to nonrural areas; pay costs that could be met through assignment of payments for participation in agricultural conservation programs.

A portion of a tract purchased with RCD loan funds primarily for nonindustrial purposes may be set aside for an industrial park, but RCD loan funds may not be used to develop or build facilities on the industrial park.

Loan Limits

Eligible borrowers may obtain amounts commensurate with the applicant's resources, reasonable cost of the project measure to be financed, and the applicant's ability to repay. A loan may not exceed \$250,000.

Terms and Rates

Loans may be made for periods of up to 30 years.

The interest rate is the average rate paid by the U.S. Treasury on obligations of a similar maturity outstanding at the beginning of the fiscal year in which the RCD loan is made.

Security Required

All loans will be secured in a manner which adequately protects the interest of the Government. Bonds or notes pledging taxes, assessments, or project revenues will be accepted as security if they meet statutory requirements. A mortgage may also be taken on the organization's facilities when State laws permit.

Where and How to Apply

Applications for loans are made at local county offices of the Farmers Home Administration, in designated RCD Project Areas whose plans have been authorized for USDA assistance through the Soil Conservation Service.

All applications are processed without regard to race, color, creed or national origin.

7. *Guaranteed Rural Housing Loans—(310C, Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922)) (Not implemented.)*

a. Authorizes the Secretary of Agriculture to exempt rural housing loans made by other lenders and guaranteed by the Secretary under section 517(a)(2) of the Housing Act of 1949 from the "credit elsewhere" and "mandatory refinancing" provisions of that Act. The conferees intend that the opportunity to participate in the rural housing loan program extend to the banks and associations of the Farm Credit System as well as other private banks and financial institutions.

b. This new section also requires the Secretary of Agriculture to accept, in lieu of a legal mortgage, otherwise required by law, a guarantee by the Department of Hawaiian Home Lands of the State of Hawaii as security for any rural housing loan made under Title V of the Housing Act of 1949.

8. *Size of Farm Operating Loans—(Section 313, Consolidated Farm Development Act)*

The Act increases the maximum size of operating loans from \$35,000 to \$50,000.

9. *Insured Farm Operating Loans—(Subtitle B, Section 317 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941))*

The operating loan program of Farmers Home Administration was funded by appropriations to the FmHA direct loan account. This amendment authorized the Farmers Home Administration to insure, and in conjunction with section 128(a), to guarantee operating loans made by other creditors, and to market certificates of beneficial ownership in connection with these loans to private investors, thus shifting the funding of the program from appropriations to the private sector.

10. *Repeal of County Committee Approval Requirement for Association and District Loans—(Section 333(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1951))*

This section removed the requirement that the Secretary require the recommendation of county committees as to the approval of a Farmers Home Administration loan under section 306 (association and community facility loans), section 314 (soil conservation district loans)

and 310B Insured Rural Industrialization Loans. These sections are already excepted from the general requirement that the county committee certify as to the applicant's character, industry, ability and other eligibility requirements.

11. Disposition of Real Property—(Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985))

Provides for disposal of real property from inventory at rates and terms not more favorable than those permissible for eligible borrowers in lieu of the existing requirement for a downpayment of at least 20 percent and not more than five annual installments on the balance.

12. Guarantee of Loans—(Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991))

Defined "insure" to include "guarantee" which means to guarantee the payment of a loan originated, held, and serviced by a private financial lender.

Interest rates indicated are currently in effect but are subject to change. Interest rates and terms vary with loan type. Following is a brief explanation of guaranteed loan programs administered under the Act:

Guarantee Fee

Registered holder agrees to pay FmHA a guarantee fee.

The initial fee is based on the face amount of the note. The subsequent fee varies according to terms of note calculated on principal balance owed on date the fee payment is due.

- Fee 12 percent if initial maturity date 1 year or less.
- Fee 1 percent for every 3-year period or fraction thereof on Business and Industrial, Operating, and Production-type Emergency loans.

• Fee 1 percent for every 5 years or fraction thereof for Farm Ownership, Soil and Water, Recreation and Emergency loans for refinancing or for real estate on long terms.

Subsequent fee due on anniversary of date of contract.

Contracts Terminate Automatically When:

- a. Any guarantee fee payment is not paid as required.
- b. The guaranteed loan is paid in full.
- c. Any loss obligation is fully paid.
- d. The holder requests it.

Approved Lenders and Holders

A lender or holder that is subject to examination and supervision by an agency of the United States or of the State is an approved lender or holder for that State.

Losses Covered

The amount payable by FmHA to the holder is limited to 90 percent of any loss sustained on the loan, not to exceed 90 percent of the loan principal advanced by the lender to the borrower under the guaranteed loan promissory note or assumed by the parties under an assumption agreement.

Loan Servicing

The term "servicing" as used in connection with Guaranteed loans

includes all actions that are necessary to assure that the loan purposes are met or to collect the indebtedness and protect the security and security rights.

The lender or acceptable holder is responsible for servicing Guaranteed loans.

The county supervisor may make checks from time to time as he considers necessary to determine whether the loan is being properly serviced.

PROVISIONS FOR FARMER PROGRAMS

Interest Subsidy Rates

Rates will be established by FmHA periodically, and may vary. The interest subsidy rate in effect at time a "Contract of Guarantee" is executed will stay the same during period covered by the Guarantee fee payment.

(In percent)

Loan type	Interest rate to borrower	FmHA interest rate
Operating loan		
Emergency—Production type	8½	9½
Farm ownership, soil and water, recreation, emergency for refinancing or real estate purposes	5	9½
		8½

As long as a contract is in effect and indebtedness has not been assumed by an ineligible borrower, FmHA agrees to make semi-annual interest subsidy payments to registered holder of note or assumption agreement.

The semi-annual payment will be made by FmHA within 10 days after receiving a proper "holder guarantee fee report and interest subsidy claim" (449-19) for preceding period.

Repayment Terms

1. 20-40 years for Farm Ownership, Soil and Water, Recreation, and Emergency loans for refinancing or real estate purposes.
2. 5-7 years for Production-type loans (Operating and Emergency loans for chattels, machinery, and equipment).
3. 1 year for Production-type loans for operating expenses.

PROVISIONS FOR BUSINESS AND INDUSTRIAL PROGRAM

Rural Area Defined

May include all territory of a State, the Commonwealth of Puerto Rico, or the Virgin Islands that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile.

Loan Guidelines

1. Loan originated by approved lender.
2. FmHA guarantees not to exceed 90 percent of loss on loan.
3. Interest rate will be decided by the lender and applicant.
4. Lender processes loan application and presides over loan closing.

5. Lender or acceptable holder services the loan until final settlement.
6. "Credit Elsewhere" not a requirement on guaranteed loans.
7. FmHA will not guarantee loans made by other Federal agencies, nor ordinarily refinance debts owed to lender.
8. Interest will be due at least annually after the loan is closed.

Repayment Terms

1. 30 years for land, building, and permanent fixtures.
2. 15 years for machinery or equipment; generally usable life but not to exceed 15 years.
3. 7 years for working capital.

Interest Rate

- Guaranteed loans—Negotiated between borrower and lender.
- Insured loans to public bodies and private entrepreneurs—Cost of Treasury borrowing plus administrative costs.
- Insured loans to public bodies for essential community facilities—5 percent.

Purposes of the Program

1. To provide jobs.
2. To increase income in rural America through encouraging rural industrialization and increased business activity.
3. To provide credit, investment and equity capital to encourage rural economic development through private enterprise.
4. To finance industrial prerequisites for attractive environmental and economic climate that encourages and facilitates the development of new and expanded rural industry and business.
5. To stem migration and upgrade the quality of services and facilities used by farm families and other rural residents.
6. To strengthen the rural credit structure.

13. Title II and Title III

Titles II and III strengthen the ongoing watershed and Resource Conservation and Development programs of the Soil Conservation Service and give new emphasis to a Land Inventory and Monitoring Program.

a. *Watershed Protection and Flood Prevention*—(P.L. 83-566, The Watershed Protection and Flood Prevention Act (68 Stat. 666))

(1) Title II broadens watershed project authorities to provide technical and financial assistance to public bodies in authorized watershed project areas (to individuals for item (5)) for:

(a) *Water Quality Management*—streamflow augmentation by storing water for regulatory release during critical low streamflows. (Implemented)

(b) *Conservation and Proper Utilization of Land*—

1. *Control of Agriculture-Related Pollution*—this includes construction of lagoons, holding ponds, etc., and installing irrigation recycling systems to return liquid animal wastes, agriculture processing plant byproducts, runoff chemicals and pesticides, and other pollutants to the land surface. (Not implemented)

2. *Disposal of Solid Wastes*—this includes locating and constructing of sanitary landfills and other disposal and utilization systems in rural areas. (Not implemented)

- (c) *Municipal and Industrial Water Supply*—storage of water in impoundments to meet present needs of communities (cost-sharing). (Not implemented)
- (d) *Ground-Water Recharge*—storage of water in impoundments or recharge devices along natural watercourses by diversion and other water-spreading techniques. (Not implemented)
- (e) *Long-Term Contracting*—ten-year technical and financial agreements with individuals in authorized watershed projects for land treatment and conservation measures similar to the Great Plains Conservation Program. (Not implemented)
- (f) *Federal Funds for Landrights*—permit the use of available Federal funds (other than Federal watershed funds) for landing rights acquisition. (Implemented)

(2) *Program Operation*—

The objectives of this program are to provide technical and financial assistance in planning and carrying out works of improvement to protect, develop, and utilize the land and water resources in small watersheds.

Who May Receive Assistance?

Any State agency, county or groups of counties, municipality, town or townships, soil and water conservation district, flood prevention or flood control district, or any other nonprofit agency with authority under State law to carry out, maintain and operate watershed works of improvement.

How May Assistance be Used?

- (a) Planning, designing, and installing watershed works of improvement.
- (b) Sharing costs of flood prevention, irrigation, drainage, sedimentation control, fish and wildlife developments, and public recreation.
- (c) Extend long term credit to help local interests with their share of the costs.

How is Use of Program Limited?

- (d) Watershed area must not exceed 250,000 acres.
- (e) Capacity of a single structure is limited to 25,000 acrefeet.

Grant Formula and Matching Requirements:

Technical and financial assistance under which program funds provide certain prescribed services and costs and a percentage of other costs on the basis of a contract varying according to purpose of the works of improvement. For example, for construction costs under the Act, program funds may pay 100 percent for flood prevention; up to 50 percent of agricultural water management, public recreation and fish and wildlife purposes; and none of the costs for municipal water and certain other nonagricultural water management purposes. All of the applicants' installation costs are eligible for program loans. Reimbursable advances are available for preservation of sites and future municipal water supply.

Where is Application Made?

Forms and information are available in all Soil Conservation Service's offices and concerned State agencies.

Other Conditions:

Applicants for program assistance must file a written notice of intent with the designated planning and development clearinghouses that they intend to apply for assistance. Up to 60 days is allowed for review.

b. *Resource Conservation and Development Program*—((Sec. 32-e) of Title III of the Bankhead Jones Farm Tenant Act, as amended (7 U.S.C. 1011)).

(1) Title III broadens RC&D project authorities to provide technical and financial assistance to public agencies and in authorized RC&D project areas.

(a) *Water Quality Management (Implemented)*. "Control and Abatement of Agriculture-Related Pollution, Disposal of Solid Waste, and Rural Community Water Supply are not implemented."

(b) *Rural Fire Protection*—storing water in reservoirs for rural communities in need of water for fire protection. (Not Implemented)

(2) *Program Operation*—

The objectives of this grant program are to assist local people in initiating and carrying out long-range program of resource conservation and development for purposes of achieving a dynamic rural community with satisfactory level of income and pleasing environment, and creating a favorable investment climate attractive to private capital.

Who May Receive Assistance?

Public agencies and organizations with authority to plan or carry out activities relating to resource use and development.

How May Cost Sharing Funds Be Used?

The installation of land conservation and land utilization works of improvement specified in project plans. Works of improvement may include measures serving purposes such as:

- (1) Flood Prevention
- (2) Sedimentation and erosion control
- (3) Public water based recreation and fish and wildlife developments
- (4) Rural community water supply
- (5) Land drainage
- (6) Farm irrigation
- (7) Soil and water management for the control of agricultural related pollutants.

The technical assistance needed for planning and applying the necessary land treatment to protect these community type conservation improvements may also be provided.

Grant Formula and Matching Requirements:

Local or State agencies must provide land rights needed for the installation of all measures except for recreation and fish and wildlife developments where financial assistance may be available for up to 50 percent of the cost of land rights acquisition. RC&D assistance may be provided for up to 100 percent of construction costs of flood prevention measures. Local or State agencies generally must provide

for 50 percent of construction costs of agriculture water management, fish and wildlife and recreational structures, and must provide for operation and maintenance, and for all needed water rights. Loan assistance may be provided for the local share of project cost.

Where Is Application and Assistance Received?

Forms and information are available in all State and field Soil Conservation Service offices.

Other Conditions:

- (1) Preapplication coordination is required with State and area-wide planning and development clearinghouses, and Governor of State, or State agency he designates to handle Resource Conservation and Development program applications.
- (2) Applications must be reviewed by A-95 clearinghouses.

C. OTHER USDA RURAL DEVELOPMENT PROGRAMS NOT COVERED UNDER THE ACT

1. Programs Administered by Farmers Home Administration

a. **Irrigation and Drainage Loans**

Purpose: To develop community irrigation, drainage, and other soil and water conservation and use facilities.

For: Public agencies or nonprofit corporations.

b. **Grazing Association Loans**

Purpose: To acquire and develop grazing land for livestock of association members.

For: Nonprofit corporations owned, operated, and managed by neighboring members who are family farmers or ranchers.

c. **Indian Land Acquisition Loans**

Purpose: To permit Indian tribes to buy land within their reservations.

For: Qualified tribes or tribal corporations.

d. **Soil and Water Conservation Loans**

Purpose: To finance land and water development measures, forestation, drainage of farm land, irrigation, pasture improvement and related land and water use adjustments.

For: An eligible owner, tenant, leaseholder, partnership, or corporation.

e. **Recreation Enterprise Loans**

Purpose: To develop recreation areas, including swimming, fishing, boating, and camping facilities.

For: Individual farmers planning income-producing outdoor on-farm recreation.

f. **Individual Homeownership Loans**

Purpose: To buy, build, improve, or relocate homes; to buy building sites; to refinance certain housing debts.

For: Low to moderate income families who will occupy homes in rural areas. Individuals, partnerships, or corporations that build or improve houses may receive conditional commitments to encourage quantity building.

g. **Repair and Rehabilitation Housing Loans**

Purpose: To make repairs to remove health and safety hazards.

For: Very low income owner-occupants who have repayment capability for loans of this size.

h. **Rental and Cooperative Housing Loans**

Purpose: To build, buy, improve, or repair rental or cooperatively owned houses or apartments for occupancy by low to moderate income families and persons age 62 or older.

For: Corporations, cooperatives, public agencies, individuals, and partnerships.

i. **Farm Labor Housing Loans**

Purpose: To buy, build, or repair housing and related facilities for domestic farm labor.

For: Farm owners, associations of farmers, broadly based non-profit organizations, nonprofit organizations of farm workers, and public agencies.

i. **Homesite Development Loans**

Purpose: To buy and develop building sites for sale to low and moderate income families.

For: Public agencies or nonprofit corporations.

k. **Self-Help Technical Assistance Grants**

Purpose: To provide technical and supervisory assistance to families who carry out self-help homebuilding efforts under the individual housing loan program.

For: Public agencies or nonprofit corporations.

l. **Farm Ownership Loans**

Purpose: To buy land; refinance debts; construct, repair or improve buildings; improve farmland; develop water facilities; and establish farm-based business enterprises to supplement farming income.

For: Qualified persons who will get a substantial share of their income from farming.

m. **Farm Operating Loans**

Purpose: To buy livestock, equipment, feed, seed, fertilizer, birds or supplies for farm, and home operations; refinance debts or pay interest on them; assist with payments on equipment; make minor real estate improvements; improve forest lands; establish nonfarm enterprises to supplement farm income.

For: Eligible operators of not larger than family farms.

n. **Farm Emergency Loans**

Purpose: For operating or living expenses, home repairs, and to replace livestock, essential farm buildings, and equipment needed to restore normal operations after severe loss from natural disaster in designated areas. Some debts may be refinanced.

For: Eligible farmers, ranchers, and oyster planters.

2. **Programs Administered by Rural Electrification Administration**

a. **Rural Electrification Loans**

Purpose: To finance dependable, modern, central station electric service in rural areas with a population of 1,500 or less.

For: Rural electric cooperatives, public utility districts, power companies, municipalities, and other qualified power supplies.

b. **Rural Telephone Loans**

Purpose: To finance the extension and improvement of telephone service in rural areas with a population of 1,500 or less.

For: Telephone companies or cooperatives, non-profit, limited dividend, or mutual associations or public bodies.

c. **Rural Telephone Bank Loans**

Purpose: To supplement extension and improvement of telephone service in rural areas with a population of 1,500 or less.

For: Corporations and public bodies which have received a loan or loan commitment under Sec. 201 of the Rural Electrification Act, or which have been certified by the Administrator to be eligible for such.

3. Programs Administered by the Soil Conservation Service

a. **Great Plains Conservation**

Purpose: To conserve and develop the Great Plains soil and water resources by providing technical and financial assistance to farmers, ranchers, and others in planning and implementing conservation practices.

For: Applicants who have control of the land for the period of the contract running from a minimum of three years to a maximum of ten years.

b. **Soil and Water Conservation**

Purpose: To provide technical and consultive assistance to individuals, groups, and units of government in planning and carrying out a national soil and water conservation program, and to provide leadership in conservation, development, and productive use of the nation's soil, water, and related resources.

For: Owners and operators of private lands; units of State, county, and local government; zoning and planning bodies, etc.

c. **Soil Surveys**

Purpose: To provide published soil surveys of counties or other comparably sized areas for widespread use by interested agencies, organizations, and individuals.

For: All individuals and groups that have a need for soil surveys.

d. **Plant Materials for Conservation**

Purpose: To assemble, evaluate, select, release, and introduce into channels new and improved plant materials for soil, water, wildlife conservation and environmental improvement.

For: Cooperating State and Federal agencies and cooperatives of conservation districts interested in field testing plants for conservation purposes.

e. **River Basin Surveys and Investigations**

Purpose: To assist States and other Federal agencies preparing comprehensive plans for development of water and related land resources within river basins or regions, giving full consideration to agriculture program impacts on resource development and use.

For: Any State water resource agency or other Federal agency concerned with water resource development. SCS participation is based on a cooperative effort with another agency or agencies.

f. **Snow Survey and Water Supply Forecasting**

Purpose: To make and coordinate snow surveys in the western States and Alaska and prepare forecasts of seasonal water supplies in affected streams for the purpose of relating available water supply to agriculture, industrial, and municipal plans and operations.

For: The general public.

4. Programs Administered by Forest Service

a. **Forestry Cooperative Law Enforcement**

Purpose: To cooperate with State and local units of government in strengthening law enforcement on national forest system lands.

For: State or local law enforcement agencies that have authority to enforce State and local laws on lands within the national forests.

b. **Tree Planting and Reforestation Grants**

Purpose: To provide assistance to States in their forestation and tree improvement projects that will help assure an adequate supply of timber.

For: State forestry agencies.

c. **Cooperative Forest Fire Control Grants**

Purpose: To provide permanent protection on non-Federal timberland, potential timberland and certain nonforested watershed lands to the extent needed to hold fire damage below the levels at which it would seriously interfere with expected yield of timber products and other public benefits from these lands.

For: State Forestry agencies with fire control responsibilities for non-Federal forest and watershed lands.

d. **Grants for Cooperation in Forest Management and Processing**

Purpose: To provide assistance to the States in developing, managing, and utilizing the forest resources of this country so they will contribute their maximum to the economy, natural beauty, and resource wealth of the Nation.

For: State Forestry agencies to provide technical assistance to private landowners and certain non-Federal public lands.

e. **Grants for Cooperative Forest Insect and Disease Control**

Purpose: To reduce damage caused by insects and diseases on forest lands to levels commensurate with forest resource and other environmental values involved.

For: State forestry, or other State agency having responsibility for forest insect and disease control.

f. **Grants for Cooperative Production and Distribution of Forest Tree Planting Stock**

Purpose: To stimulate forestation on non-Federal lands by helping States furnish tree seed and planting stock for forest and windbarrier plantings.

For: State forestry agencies and in a few States the extension forester or school of forestry.

g. **Forestry Incentives Program**

Purpose: To encourage the development, management, and protection of non-industrial private forest lands to provide for the production of timber and related benefits consistent with environmental enhancement.

For: Private forest landowners, or groups, associations or corporations not in the wood processing business, and owning not more than 500 acres of forest land in one contiguous tract.

h. **Youth Conservation Corps-Grants to States**

Purpose: There are three equally important objectives: (1) Accomplish needed conservation on public lands, (2) provide gainful employment for 15 through 18 year-old males and females from all social, economic, ethnic and racial classifications, (3) develop an understanding and appreciation in participating youths of the Nation's natural environment and heritage.

For: All State, county, municipal or other local governmental agencies administering non-Federal public lands and waters are eligible for grants or sub-grants.

i. **Timber Sales**

Purpose: Sale of timber by competitive bidding.

For: Commercial operators.

5. **Programs Administered by Agriculture Stabilization and Conservation Service**

a. **Rural Environmental Conservation Program (RECP)**

Purpose: To encourage agriculture producers to install conservation and environmental improvement practices.

For: Any person who as owner, landlord, tenant, or sharecropper on a farm or ranch bears a part of the cost.

b. **Emergency Conservation Measures**

Purpose: To control wind erosion or to rehabilitate farmlands damaged by natural disasters.

For: Any owner, landlord, tenant, or sharecropper on a farm or ranch who bears part of the cost for improvement on a farm or ranch in a declared disaster area.

c. **Water Bank Program**

Purpose: To get owners of private lands, primarily in the Prairie Potholes Area of North and South Dakota and Nebraska to protect their wetlands from drainage or other attrition, to enhance migratory waterfowl habitat, and to provide other benefits.

For: Landowners or operators who have control of land for the contract period of 10 years and who are cooperators of the local soil conservation district.

d. **Forestry Incentives Program**

Purpose: To encourage and assist private timberland owners in carrying out measures to increase the production of timber products.

For: Private timberland owners who are willing to work with the local forester in developing and following a timber management plan in planting trees and improving existing stands of timber.

6. **Program Administered by the Extension Service**

Cooperative Extension Service Grants

Purpose: To provide educational and technical assistance to

(1) farmers and producers on how to apply new technical developments; (2) community organizations and institutions to develop natural, economic and human resources; (3) homemakers

and youth in the areas of food and nutrition, health, home management, and family economics; and (4) 4-H Youth in the areas of leadership development, community development, and career guidance.

For: The designated land-grant institution in the State and administered by the director of the State Extension Service.

7. Program Administered by Farmer Cooperative Service

Research and Technical Assistance to Agricultural Cooperatives

Purpose: (1) To conduct a program of applied research designed to produce information that will foster more efficient and competitive operations by farmer cooperatives; (2) To provide technical assistance and counseling services to rural and farmer cooperatives and to groups of farmers and rural residents interested in the development of cooperative organizations; (3) to develop and disseminate educational and information materials on the management and operational principles of rural or farmer cooperatives; (4) to collect and disseminate basic statistics on agricultural cooperative activities in the United States.

For: Existing farmer cooperatives and groups of farmers or rural residents who have an interest in development of cooperative organizations.

8. Program Administered by Economic Research Service

Agricultural and Rural Economic Research

Purpose: To conduct research and disseminate information on the economic factors affecting commercial agriculture and rural community life.

For: Any individual or organization is eligible to receive the research publications.

9. Programs Administered by Cooperative State Research Service

a. ***Grants for Research***

Purpose: To enable Regional Centers to conduct and coordinate research on rural development.

For: Any individual or organization is eligible to receive the research publication.

b. ***Payments to Agricultural Experiment Stations Under Hatch Act***

Purpose: To conduct research, investigations and experiments bearing directly or contributing to the development and improvement of agriculture and rural life.

For: Funds are appropriated by Congress for distribution to States in accordance with the statutory formula as stated in the Act.

APPENDIX—WHERE TO SEEK ASSISTANCE OR INFORMATION

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Massachusetts
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Rhode Island
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Region 2:

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Puerto Rico
New Jersey
Virgin Islands

Region 3:

Delaware
Maryland
Pennsylvania
Virginia
West Virginia
District of Columbia

Region 4:

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
South Carolina
Tennessee

Region 5:

Illinois
Indiana
Michigan
Minnesota
Ohio
Wisconsin

Region 6:

New Mexico
Texas
Arkansas
Louisiana
Oklahoma

Region 7:

Iowa
Kansas
Missouri
Nebraska

Region 8:

Colorado
Montana
North Dakota
South Dakota
Utah
Wyoming

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- John E. Hutchison, Chairman, Texas Rural Development Committee, Director, Cooperative Extension Service, Texas A&M University, College Station, Texas 77843
- J. Clark Bullard, Chairman, Utah Rural Development Committee, Director, Cooperative Extension Service, Utah State University, Logan, Utah 84321
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ginia 23240

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Alabama	Dr. W. H. Taylor, acting	Auburn University, Auburn, Ala. 36830	205-263-7921	205-263-7921	205	825-4444 or 825-1314
Alaska	Dr. James W. Matthews	University of Alaska, Fairbanks, Alaska 99701	202-442-0150	202-442-0150	907	778-7246
Arizona	Dr. Gerald B. Shairs	University of Arizona, Tucson, Ariz. 85721	602-792-6011	602-792-6011	602	824-2711
Arkansas	Mr. C. A. Vines	PO Box 391, Little Rock, Ark. 72203	501-378-0011	501-378-0011	501	378-5301
California	Dr. George B. Alcorn	University of California, 2200 University Ave., Berkeley, Calif. 94720	415-486-3559	415-941-3121	415	842-7252
Colorado	Mr. Lowell H. Watts	Colorado State University, Fort Collins, Colo. 80521	303-837-0111	303-837-0111	303	491-6291
Connecticut	Dr. Edwin J. Kersting	University of Connecticut, Storrs, Conn. 06268	303-484-2273	303-244-2000	203	486-2917
Delaware	Mr. George E. Whitman, associate director	University of Delaware, Newark, Del. 19711	302-244-2000	302-244-2000	203	486-4125
District of Columbia	Dr. Samuel M. Gehlen	Federal City College, 1424 K St. NW., Washington, D.C. 20005	302-654-6131	302-654-6131	302	738-2504
	Dr. John Jenkins, acting		202-967-1221	202-967-1221	202	727-2113
Florida	Dr. Joe N. Bueby	University of Florida, Gainesville, Fla. 32611	904-376-1691	904-376-1691	904	392-1761
Georgia	Dr. Charles P. Ellington	University of Georgia, Athens, Ga. 30601	404-546-2011	404-546-2011	404	542-3824
Hawaii	Dr. C. Peairs Wilson	University of Hawaii, Honolulu, Hawaii 96822				
Idaho	Dr. J. K. Goodell, associate director	University of Idaho, Morrill Hall, Moscow, Idaho 83403	208-342-2711	208-342-2711	808	848-2234
Illinois	Dr. J. B. Claff	University of Illinois, Urbana, Ill. 61801	217-525-4011	217-525-4011	808	848-2234
Indiana	Dr. Howard G. Olleson	Purdue University, Lafayette, Ind. 47907	317-633-7000	317-633-7000	208	885-6671
Iowa	Dr. Martin A. Anderson	Iowa State University, Ames, Iowa 50010	515-232-0011	515-232-0011	317	749-4113
Kansas	Dr. Robert A. Bohannon	Kansas State University, Manhattan, Kans. 66506	913-234-4576	913-234-4576	515	294-4576
Kentucky	Dr. Charles E. Barnhart	University of Kentucky, Lexington, Ky. 40506	606-252-2775	606-252-2775	515	532-5820
Louisiana	Dr. John L. Ragland, associate director	Louisiana State University, Baton Rouge, La. 70803	606-252-2775	606-252-2775	606	257-4772
Maine	Mr. John A. Cox	University of Maine, Orono, Maine 04473	504-388-2396	504-388-2396	606	257-2933
Maryland	Mr. Edwin H. Bates	University of Maryland, College Park, Md. 20742	207-842-8271	207-842-8271	504	343-7444
Massachusetts	Dr. Robert E. Wagner	University of Massachusetts, Amherst, Mass. 01002	617-223-2100	617-223-2100	207	581-7200
Michigan	Dr. Alfred A. Spielman	Michigan State University, East Lansing, Mich. 48823	517-337-4283	517-337-4283	301	454-3742
Minnesota	Dr. Gordon E. Guyer	University of Minnesota, St. Paul, Minn. 551	612-346-2012	612-346-2012	413	545-2754
Mississippi	Dr. Ronald H. Aldrich	Mississippi State University, Mississippi St. 39762	601-948-3821	601-948-3821	517	355-2308
	Dr. W. M. Best				612	373-1223
					601	325-4456

See footnotes at end of table, p. 61.

STATE EXTENSION SERVICE DIRECTORS—Continued

State	Director of extension service	Address	FTS Information and statistics	Commercial	
				Area code	Number
Missouri	Dr. Carl N. Schlemmer	University of Missouri, 309 University Hall, Columbia, Mo. 65201	314-402-2271	314	882-1561 or 882-4662
Montana	Mr. Robert F. Bucher, acting	Montana State University, Bozeman, Mont. 59715	406-587-4511	406	994-3402
Nebraska	Dr. John L. Adams	University of Nebraska, Lincoln, Nebr. 68503	402-475-5821	402	472-7211
Nevada	Dr. Dale W. Bohmont	University of Nevada, Reno, Nev. 89507	702-784-5911	702	784-5911
New Hampshire	Dr. Joseph F. Stein, associate director	University of New Hampshire, Taylor Hall, Durham, N.H. 03824	603-868-7732	603	784-5911
New Jersey	Dr. Maynard C. Heckel	Rutgers—The State University, P.O. Box 231, New Brunswick, N. J. 08903	603-668-7011	603	862-1520
New Mexico	Dr. John L. Garwig	New Mexico State University, Las Cruces, N. Mex. 88001	201-846-4500	201	932-9306
New York	Dr. P. J. Leyendecker	New York State College of Agriculture, Ithaca, N.Y. 14850	505-843-0311	505	646-1806
North Carolina	Dr. Eugene Ross, associate director	North Carolina State University Raleigh, N.C. 27607	505-843-0311	505	646-3015
North Dakota	Dr. George Hyatt, Jr.	North Dakota State University, Fargo, N. Dak. 58102	607-772-1050	607	236-2117
Ohio	Dr. Mylan D. Johnson	Ohio State University, 2120 Fyffe Rd., Columbus, Ohio 43210	919-755-4029	919	737-2811
Oklahoma	Dr. Roy M. Kottman	Oklahoma State University, Stillwater, Okla. 74074	701-237-5771	701	of 737-2812
Oregon	Dr. Orlo L. Musgrave, associate director	Oregon State University, Corvallis, Ore. 97331	614-469-6600	614	237-8931
Pennsylvania	Dr. Jean C. Evans	Pennsylvania State University, University Park, Pa. 16802	614-469-6600	614	422-6891
	Mr. Joseph R. Cox, Jr.		405-253-4011	405	422-6181
	Dr. James M. Beattie		503-752-4203	503	372-6211
			412-644-3311	814	X212 754-2713 863-0331

Puerto Rico.....	Mr. Enrique R. Ortiz.....	University of Puerto Rico, Rio Piedras, P.R. 00928.....	809	763-8000 or 764-0555
Rhode Island.....	Dr. Gerald A. Donovan.....	University of Rhode Island, Kingston, R.I. 02881.....	401	792-2176
South Carolina.....	Dr. David F. Shontz, associate director.....	401	792-2176
South Dakota.....	Dr. Wayne T. O'Dell.....	Clemson University, Clemson, S.C. 29631.....	803	636-3182
Tennessee.....	Dr. J. Orville Young.....	South Dakota State University, Brookings, S. Dak. 57006.....	605	689-4117
Texas.....	Dr. William D. Bishop.....	University of Tennessee, P.O. Box 1071, Knoxville, Tenn 37901.....	615	974-7114
Utah.....	Dr. John E. Hutchison.....	Texas A. & M. University, College Station, Tex. 77843.....	713	845-6411 X 40 or 41
Vermont.....	Dr. Clark Ballard.....	Utah State University, Logan, Utah 84321.....	801	752-4100 X
Virginia.....	Mr. R. P. Davison.....	University of Vermont, Burlington, Vt. 05401.....	802	656-2590
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Wisconsin.....	Mr. Arthur W. Papp, Acting, Effective October 1, 1974; Dr. J. Drville Young.....	Washington State University, Pullman, Wash. 99162.....	509	335-2511
Wyoming.....	Mr. Ronald Stump.....	West Virginia University, 294 Coliseum, Morgantown, W. Va. 26506.....	304	293-5691
	Dr. Gale L. VandeBerg.....	University of Wisconsin, 432 North Lake St., Mad- ison, Wis. 53706.....	608	262-9510
	Dr. Neal W. Hilston.....	University of Wyoming, Box 3354 University Station, Laramie, Wyo. 82070.....	307	766-4133
	Mr. Robert F. Frary, associate director.....	307	766-3253

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2 Use for Director Guyer only.

3 Use for Director Adams only.

4 Use for Dr. Johnson only.

5 Use for Dr. Musgrave only.

6 Use for Director Cox only.

7 Handles all general correspondence.

8 Receives copies of all general correspondence.

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See footnotes on p. 65.

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PUERTO RICO, San Juan. 00936
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See footnotes on p. 65.

CARTOGRAPHIC UNITS

(Not located at RTSO)

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Schuyler Building
South Church & Lee Streets
P.O. Box 612
SOUTH CAROLINA, Spartanburg
29301
Phone: 803-582-5336 (FTS)
803-582-6721 (CML)

FOOTNOTES

FTS—Federal Telecommunications System Number

CML—Commercial Number

* Calls to Palmer Alaska, are made:

Through Seattle, Washington, 206-442-0150, between 8:00 a.m.-5:00 p.m. PST.
Through FTS Washington, D.C. (Except Washington, D.C.*), 202-967-1221
when Seattle FTS closed.

* Calls to Hawaii are made:

Through FTS San Francisco, Calif., 415-556-0220, between 7:30 a.m.-5:30 p.m.
PST.

Through FTS Washington, D.C. (Except Washington, D.C.*), 202-967-1221
when San Francisco FTS closed.

* Calls to Amherst are made by calling FTS Boston, 617-223-2100 (**).

* Calls to Puerto Rico are made:

Through Washington, D.C. (Except Washington, D.C.*), 202-967-1221 (24
hours service daily).

* Calls to West Warwick by calling FTS Providence, 401-528-1000 (**).

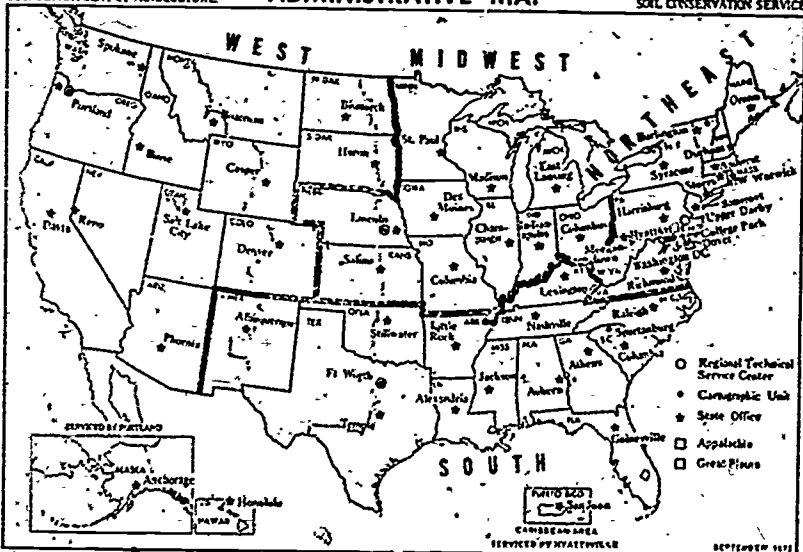
* Washington, D.C., Calls to Alaska, Hawaii and Puerto Rico see FTS Users
Guide.

** For direct dialing from Washington, D.C. (Hyattsville included), to Amherst
and Providence, dial Access Code "8-0," area code and number listed for State
Conservationist.

U. S. DEPARTMENT OF AGRICULTURE

ADMINISTRATIVE MAP

SOIL CONSERVATION SERVICE



STATE FORESTERS OR OTHER STATE OFFICIALS WHO CAN FURNISH HELP ON TREE PLANTING AND TECHNICAL FOREST MANAGEMENT

Alabama	C. W. Moody, State Forester	513 Madison Ave., Montgomery, Ala.
Alaska	William A. Sackeck, State Forester	323 East 4th Ave., Anchorage, Alaska.
Arizona	Andrew L. Bettwy, State Forester	1624 West Adams, Phoenix, Ariz.
Arkansas	Billy G. Gresham, State Forester	Arkansas Forestry Commission, P.O. Box 4523 Asher Station, Little Rock, Ark.
California	State Forester	Resources Bldg., 1416 9th St., Sacramento, Calif.
Colorado	Thomas B. Borden, State Forester	Colorado State University, Fort Collins, Colo.
Connecticut	Edmund J. Vandermillen, State Forester	Department of Environmental Protection, 165 Capitol Ave., Hartford, Conn.
Delaware	Samuel Mace, Manager of Forestry	Division of Parks, Recreation and Forestry, Wm. Penn and Legislative Ave., Dover, Del.
Florida	John M. Bethes, Director	Division of Forestry, Collins Bldg., Tallahassee, Fla.
Georgia	Arthur Ray Shirley, Director	Georgia Forestry Commission, P.O. Box 819, Macon, Ga.
Guam	Carl L. Hawkes, Forester	Division of Forestry, Government of Guam, Agaña, Guam.
Hawaii	Tom K. Tagawa, State Forester	Hawaii Division of Forestry, 1179 Punchbowl St., Honolulu, Hawaii 96813.
Idaho	Gordon C. Trombley, Land Commissioner	Department of Public Lands, State Capitol Bldg., Boise, Idaho.
Illinois	H. F. Sienhart, State Forester	Division of Forestry, State Office Bldg., 400 S. Spring St., Springfield, Ill.
Indiana	John Dutens, State Forester	Division of Forestry, Room 613 State Office Bldg., Indianapolis, Ind.
Iowa	H. Gene Hertel, State Forester	State Conservation Commission, 300 4th St., Des Moines, Iowa.
Kansas	Harold G. Gallaher, State & Ext. Forester	Forestry Bldg., 2510 Claflin Rd., Manhattan, Kans.
Kentucky	Mary Nadler, Director	Division of Forestry, 519 Capital Plaza Tower, Frankfort, Ky.
Louisiana	James E. Nixon, State Forester	Louisiana Forestry Commission, P.O. Box 15239 Broadview Station, Baton Rouge, La.
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PUBLIC AND PRIVATE INTEREST GROUPS

Many membership associations represent the diverse special interests which exist in today's complex societies. Trade associations, organizations of State and local governments and elected officials, organizations of volunteers for service and civic purposes, and organizations of professional groups are a few of the types of such membership associations.

The leadership of some of these organizations have been active in rural development programs and have committees concerned with rural development, have lobbied for rural development programs, have encouraged their membership to participate in rural development, or have been actively involved in other ways. Many have not been conscientiously involved in rural development even though they or their organizations make decisions and take actions which have a great impact on people in rural areas.

A list of some of the major public and private interest groups that have interest in rural America is in the Appendix.

PUBLIC AND PRIVATE GROUPS INTERESTED IN RURAL DEVELOPMENT

American Federation of Labor-Congress of Industrial Organizations
American Bankers Association
American Farm Bureau Federation
American Forestry Association
American Friends Service Committee
American Gas Association
American Industrial Development Council
American Institute of Cooperation
American Institute of Planners
American Medical Association
American Municipal Association
American Public Health Association
American Public Power Association
American Public Welfare Association
American Railroad Developers Association
American Society of Planning Officials
American Vocational Association
Association of General Contractors
Association of Land Grant Colleges and Universities
Association of State Community Development Agencies
Association of State Planning Agencies
Association of State Planning and Development Agencies
Building Trades Council
Chamber of Commerce of the United States
Coalition for Rural Development
Community Development Society
Cooperative League of USA
Electric Energy Association
Future Farmers of America
Independent Bankers Association
International City Managers Association
Land Improvement Contractors Association
League of New Community Developers
League of Women Voters
National Area Development Institute
National Association for the Advancement of Colored People
National Association for Community Development
National Association of Conservation Districts
National Association of Counties
National Association of Development Organizations

National Economic Development Association
 National Association of Home Builders
 National Association of Industrial Parks
 National Association of Manufacturers
 National Association of Regional Councils
 National Association of State Departments of Agriculture
 National Association of State Development Agencies
 National Catholic Rural Life Conference
 National City Managers Association
 National Congress of American Indians
 National Congress for Community Economic Development
 National Council on the Aging
 National Council of Churches
 National Council of Farmers Cooperatives
 National Education Association
 National Farmers Organization
 National Farmers Union
 National Grange
 National Housing Conference
 National League of Cities-U.S. Conference of Mayors
 National Recreation and Parks Association
 National Rural Electric Cooperative Association
 National Sharecroppers Fund
 Rural Housing Alliance
 Society of Farm Managers and Rural Appraisers
 Society of Industrial Realtors
 Soil Conservation Society of America
 Wilderness Society
 Green Thumb, Inc.
 Industrial Development Research Council
 Great Lakes Area Development Council
 Northeastern Industrial Development Association
 Pacific Northwest Industrial Development Council
 Southern Industrial Development Council

ENVIRONMENTAL PROTECTION AGENCY REGIONAL OFFICES

The Regional Offices serve as the Agency's principal representative in each region in contacts and relationships with Federal, State and local agencies, industry, academic institutions, and other public and private groups. The country is divided into ten regions in which each Regional Office is responsible for accomplishing national program objectives.

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	Public affairs director, Paul G. Keough.....	(617) 223-7223
Region II—Environmental Protection Agency, Room 508, 26 Federal Plaza, New York, N.Y.	Regional administrator, Gerald M. Hensler.....	(212) 264-2525
	Public affairs director, Robert H. Jacobson.....	(212) 264-2515
Region III—Environmental Protection Agency, 6th and Walnut Sts., Curtis Building, Philadelphia, Pa.	Regional administrator, Daniel J. Snyder III.....	(215) 597-9601
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	Public affairs director, Charles D. Peou.....	(404) 526-3004
Region V—Environmental Protection Agency, 1 North Wacker Dr., Chicago, Ill.	Regional administrator, Francis T. Mayo.....	(312) 353-5250
	Public affairs director, Frank M. Corrado.....	(312) 353-5800
Region VI—Environmental Protection Agency, Suite 1100, 1500 Patterson St., Dallas, Tex.	Regional administrator, Arthur W. Busch.....	(214) 748-1962
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Region VII—Environmental Protection Agency, 1735 Baltimore Ave., Kansas City, Mo.	Regional administrator, Jerome H. Stora.....	(816) 375-5493
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Region VIII—Environmental Protection Agency, Suite 900, 1860 Lincoln St., Denver, Colo.	Regional administrator, John A. Green.....	(303) 837-3895
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RURAL DEVELOPMENT ACT OF 1972



Public Law 92-419
92nd Congress, H. R. 12931
August 30, 1972

An Act

To provide for improving the economy and living conditions in rural America.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rural Development Act of 1972".

TITLE I—AMENDMENTS TO THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

SEC. 101. SHORT TITLE.—Section 301(a) of the Consolidated Farmers Home Administration Act of 1961 is amended to read as follows: 75 Stat. 307.

"(a) This title may be cited as the 'Consolidated Farm and Rural Development Act'."

SEC. 102. RURAL ENTERPRISE LOANS.—Section 304 of the Consolidated Farmers Home Administration Act of 1961 is amended by— 75 Stat. 308;

(1) inserting "(a)" before the first sentence and striking out "(a)" and "(b)" in the first sentence; and 82 Stat. 770.

(2) adding at the end of section a new subsection as follows: 7 USC 1924.
" (b) Loans may also be made or insured under this subtitle to residents of rural areas without regard to the requirements of clauses (2) and (3) of section 302 to acquire or establish in rural areas small business enterprises to provide such residents with essential income." 86 STAT. 657
86 STAT. 658

SEC. 103. APPRAISALS.—Section 305 of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out "normal" in the first and second sentences and striking out the last sentence. 84 Stat. 1862;
7 USC 1922.

SEC. 104. ESSENTIAL RURAL COMMUNITY FACILITIES.—Section 306 (a) (1) of the Consolidated Farmers Home Administration Act of 1961 is amended (1) by inserting after "corporations not operated for profit," the following: "Indian tribes on Federal and State reservations and other federally recognized Indian tribes,"; and (2) by striking out "and recreational developments" and inserting in lieu thereof "recreational developments, and essential community facilities including necessary related equipment". 79 Stat. 931;
84 Stat. 1855.
7 USC 1926.

SEC. 105. GRANTS FOR WATER AND WASTE DISPOSAL SYSTEMS.—Section 306(a) (2) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out "\$100,000,000" and inserting in lieu thereof "\$300,000,000". 82 Stat. 770.

SEC. 106. PLANNING REQUIREMENTS.—The first sentence of section 306(a) (3) of the Consolidated Farmers Home Administration Act of 1961 is amended to read as follows: "No grant shall be made under paragraph (2) of this subsection in connection with any project unless the Secretary determines that the project (i) will serve a rural area which, if such project is carried out, is not likely to decline in population below that for which the project was designed, (ii) is designed and constructed so that adequate capacity will 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, and (iii) is necessary for an orderly community development consistent with a comprehensive community water, waste disposal, or other development plan of the rural area and not inconsistent with any planned development provided in any State, multijurisdictional, county, or municipal plan approved by competent authority for the area in which the rural community is located, and the Secretary shall require the submission of all applications for financial assistance under this section to the multijurisdictional substate area-wide general purpose planning and

Pub. Law 92-419

- 2 -

August 30, 1972

development agency that has been officially designated as a clearing-house agency under Office of Management and Budget Circular A-95 and to the county or municipal government having jurisdiction over the area in which the proposed project is to be located for review and comment within a designated period of time not to exceed 30 days concerning among other considerations, the effect of the project upon the area-wide goals and plans of such agency or government. No loan under this section shall be made that is inconsistent with any multi-jurisdictional planning and development district area-wide plan of such agency. The Secretary is authorized to reimburse such agency or government for the cost of making the required review."

86 STAT. 658

86 STAT. 659

79 Stat. 931;

82 Stat. 770.

7 USC 1926.

SEC. 107. EXTENSION.—In the second sentence of section 306(a) (3) of the Consolidated Farmers Home Administration Act of 1961 strike out "1971" and insert "1973".

SEC. 108. WATER AND WASTE DISPOSAL PLANNING GRANTS.—Paragraph (6) of section 306(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by—

(1) striking out "\$15,000,000" and inserting in lieu thereof "\$30,000,000";

(2) striking out "official"; and

(3) striking out "sewer" and inserting in lieu thereof "waste disposal".

SEC. 109. DEFINITIONS.—Section 306(a) (7) of the Consolidated Farmers Home Administration Act of 1961 is amended to read as follows:

"(7) As used in this title, the terms 'rural' and 'rural area' shall not include any area in any city or town, which has a population in excess of ten thousand inhabitants, except that for purposes of loans and grants for private business enterprises under sections 304(b), 310B, and 312 (b), (c), and (d) the terms 'rural' and 'rural area' may include a territory of a State, the Commonwealth of Puerto Rico and the Virgin Islands, that is not within the outer boundary of any city having a population of fifty thousand or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than one hundred persons per square mile, as determined by the Secretary of Agriculture according to the latest decennial census of the United States: *Provided*, That special consideration for such loans and grants shall be given to areas other than cities having a population of more than twenty-five thousand.

SEC. 110. REPEAL OF MAXIMUM SIZE LOAN.—Section 306(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out paragraph (5).

SEC. 111. RURAL DEVELOPMENT PLANNING GRANTS.—Section 306(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof a new paragraph as follows:

"(11) The Secretary may make grants, not to exceed \$10,000,000 annually, to public bodies or such other agencies as he may select to prepare comprehensive plans for rural development or such aspects of rural development as he may specify."

SEC. 112. PRIORITY FOR CERTAIN WATER FACILITY AND WASTE DISPOSAL LOANS AND GRANTS.—Section 306(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof the following:

"(12) In the making of loans and grants for community waste disposal and water facilities under paragraphs (1) and (2) of this subsection the Secretary shall accord highest priority to the application of any municipality or other public agency (including an Indian tribe on a Federal or State reservation or other federally recognized Indian tribal group) in a rural community having a population not in excess of five thousand five hundred and which, in the case of water facility

Ante, p. 657.
Post, pp. 663,
665.

August 30, 1972

- 3 -

Pub. Law 92-419

86 STAT. 660

loans, has a community water supply system, where the Secretary determines that due to unanticipated diminution or deterioration of its water supply, immediate action is needed, or in the case of waste disposal, has a community waste disposal system, where the Secretary determines that due to unanticipated occurrences the system is not adequate to the needs of the community. The Secretary shall utilize the Soil Conservation Service in rendering technical assistance to applicants under this paragraph to the extent he deems appropriate."

SEC. 113. INTEREST RATES ON RURAL DEVELOPMENT LOANS.—Section 307(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting before the period at the end of the second sentence thereof the following: "except that loans (other than loans to public bodies or nonprofit associations (including Indian tribes on Federal and State reservations and other federally recognized Indian tribal groups) for community facilities, or loans of a type authorized by section 306(a) (1) prior to its amendment by the Rural Development Act of 1972) made or insured under section 304(b), 306(a) (1), or 310B shall—

5 Stat. 308.
7 USC 1927.

Ante, pp. 657, 650.
Post, p. 663.

(1) when made other than as guaranteed loans, bear interest at a rate, prescribed by the Secretary, not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States comparable to the average maturities of such loans, adjusted in the judgment of the Secretary of the Treasury to provide for a rate comparable to the rates prevailing in the private market for similar loans and considering the Secretary's insurance of the loans, plus an additional charge, prescribed by the Secretary, to cover the Secretary's losses and cost of administration, which charge shall be deposited in the Rural Development Insurance Fund: *Provided*, That the rate so prescribed shall be adjusted to the nearest one-eighth of 1 per centum; and

(2) when made as guaranteed loans, bear interest at such rate as may be agreed upon by the borrower and the lender."

SEC. 114. ESCROW PAYMENTS.—Section 307(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting before the period at the end the following: "and borrowers under this title shall prepay to the Secretary as escrow agent such taxes and insurance as he may require, on such terms and conditions as he may prescribe".

SEC. 115. AGRICULTURAL CREDIT INSURANCE FUND AMENDMENTS.—(a) Section 309(f) of the Consolidated Farmers Home Administration Act of 1961 is amended by—

75 Stat. 309;
82 Stat. 771.
7 USC 1929.

(1) changing "\$100,000,000" to "\$500,000,000" in paragraph (1);

(2) changing paragraph (2) by—

(A) striking out "the interest" and inserting in lieu thereof "amounts";

(B) changing "prepayments" to "payments" in all three places; and

(C) inserting after "until due" the following: "or until the next agreed annual or semiannual remittance due";

(3) striking out "section 335(a) in connection with insured loans." in paragraph (5) and inserting in lieu thereof "connection with insured loans, including the difference between interest payable by borrowers and interest to which insured lenders or insured holders are entitled under agreements with the Secretary included in contracts of insurance."

(4) inserting in paragraph (5) after "to pay" the following: "for contract services,".

86 STAT. 661

Ante, p. 650.

Transfer of funds.

80 Stat. 167.

7 USC 1988.

7 USC 1966.

7 USC 1928.

7 USC 1926.

1927.

Guaranteed loans.

Supra.

"Rural development loans."

Ante, p. 658.

Post, pp. 663, 665.

Transfer of funds.

7 USC 1929.

Notes, purchasing authority.

(b) Section 309 of such Act is amended by adding at the end thereof the following new subsections:

"(g) (1) The assets and liabilities of, and authorizations applicable to, the Farmers Home Administration direct loan account created by section 338(c) and the Emergency Credit Revolving Fund referred to in section 326 are hereby transferred to the fund, and such account and such revolving fund are hereby abolished. Such assets and their proceeds, including loans made out of the fund pursuant to this section, shall be subject to the provisions of this section, section 308, the last sentence of section 306(a) (1), and the last sentence of section 307.

"(2) From time to time, and at least at the close of each fiscal year, the Secretary shall pay from the fund into the Treasury as miscellaneous receipts interest on the value as determined by the Secretary, with the approval of the Comptroller General, of the Government's equity transferred to the fund pursuant to the first sentence of this subsection plus the cumulative amount of appropriations made available after enactment of this provision as capital and for administration of the programs financed from the fund, less the average undisbursed cash balance in the fund during the year. The rate of such interest shall be determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of loans made or insured from the fund, adjusted to the nearest one-eighth of 1 per centum. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest. If at any time the Secretary determines that moneys in the fund exceed present and any reasonably prospective future requirements of the fund, such excess may be transferred to the general fund of the Treasury.

"(h) The Secretary may provide financial assistance to borrowers for purposes provided in this title by guaranteeing loans made by any Federal or State chartered bank, savings and loan association, cooperative lending agency, or other legally organized lending agency."

SEC. 116. RURAL DEVELOPMENT INSURANCE FUND.—The Consolidated Farmers Home Administration Act of 1961 is amended by inserting the following new section after section 309:

"SEC. 309A. (a) There is hereby created the Rural Development Insurance Fund, (hereinafter in this section referred to as the 'Insurance Fund') which shall be used by the Secretary as a revolving fund for the discharge of the obligations of the Secretary under contracts guaranteeing or insuring rural development loans. For the purpose of this section 'rural development loans' shall be those provided for by sections 304(b), 306(a) (1), 310B, and 312(b), except loans (other than for water systems and waste disposal facilities) of a type authorized by section 306(a) (1) prior to its amendment by the Rural Development Act of 1972."

"(b) The assets and liabilities of the Agricultural Credit Insurance Fund referred to in section 309(a) applicable to loans for water systems and waste disposal facilities under section 306(a) (1) are hereby transferred to the Insurance Fund. Such assets (including the proceeds thereof) and liabilities and rural development loans guaranteed or insured pursuant to this title shall be subject to the provisions of this section and section 308.

"(c) Moneys in the Insurance Fund not needed for current operations shall be deposited in the Treasury of the United States to the credit of the Insurance 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 Insurance Fund any notes issued by the Secretary to the Secretary of the Treasury for the purpose of obtaining money for the Insurance Fund.

August 30, 1972

- 5 -

Pub. Law 92-419

86 STAT. 662

"(d) 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 making loans, advances, and authorized expenditures out of the Insurance 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 average maturities of rural development loans made, guaranteed, or insured under this title. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and, for that purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Secretary hereunder. 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; 85 Stat. 5. 31 USC 774.

"(e) Notes and security acquired by the Secretary in connection with rural development loans made, guaranteed, or insured under this title or transferred by subsection (b) of this section shall become a part of the Insurance Fund. Notes may be held in the Insurance 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 Insurance Fund.

"(f) The Secretary shall deposit in the Insurance Fund any charges collected for loan services provided by the Secretary as well as charges assessed for losses and costs of administration in connection with making, guaranteeing, or insuring rural development loans under this title. loan service charges.

"(g) The Secretary may utilize the Insurance Fund—

Use of fund.

"(1) to make rural development loans which could be insured under this title whenever he has a reasonable assurance that they can be sold without undue delay, and he may sell and insure such loans;

"(2) to pay amounts to which the holder of insured notes is entitled on loans heretofore or hereafter insured accruing between the date of any payments by the borrower and the date of transmittal of any such payments to the holder. In the discretion of the Secretary, payments other than final payments need not be remitted to the holder until due or until the next agreed annual or semiannual remittance date;

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

"(4) to purchase notes in accordance with contracts of insurance heretofore or hereafter entered into by the Secretary;

"(5) to make payments in compliance with the Secretary's obligations under contracts of guarantee entered into by him;

"(6) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections or necessary to obtain credit reports on applicants or borrowers, expenses for necessary services, including construction inspections, commercial appraisals, loan servicing, consulting business advisory, and other commercial and

86 STAT. 663

75 Stat. 315.
7 USC. 1985.

technical services, and other program services, and other expenses and advances authorized in section 335(a) of this title in connection with insured loans. Such items may be paid in connection with guaranteed loans after or in connection with acquisition by the Secretary of such loans or security therefor after default, to an extent determined by the Secretary to be necessary to protect the interest of the Government, or in connection with grants and any other activity authorized in this title;

"(7) to pay the difference between interest payments by borrowers and interest to which holders of insured notes are entitled under contracts of insurance heretofore or hereafter entered into by the Secretary; and

"(8) to pay the Secretary's costs of administration of the rural development loan program, including costs of the Secretary incidental to guaranteeing rural development loans under this title.

"(h) When any loan is sold out of the Insurance Fund as an insured loan, the interest or other income thereon paid to an insured holder shall be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1954."

68A Stat. 5.
26 USC 1.

SEC. 117. INSURED WATERSHED AND RESOURCE CONSERVATION AND DEVELOPMENT LOANS.—Subtitle A of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end a new section as follows:

75 Stat. 307.
7 USC 1927.

"SEC. 310A. Loans meeting the requirements of the Watershed Protection and Flood Prevention Act or title III of the Bankhead-Jones Farm Tenant Act may be insured, or made to be sold and insured, in accordance with and subject to sections 308 and 309, the last sentence of section 306(a) (1), and the last sentence of section 307 of this title."

16 USC 1001
note.
7 USC 1010.
7 USC 1928,
1929, 1928,
1927.

SEC. 118. RURAL INDUSTRIALIZATION ASSISTANCE.—(a) Subtitle A of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof, after section 310A as added by this Act, a new section as follows:

"SEC. 310B. (a) The Secretary may also make and insure loans to public, private, or cooperative organizations organized for profit or nonprofit, to Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, or to individuals for the purpose of improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural communities, including pollution abatement and control. Such loans, when originated, held, and serviced by other lenders, may be guaranteed by the Secretary under this section without regard to subsections (a) and (c) of section 333.

Post, P. 666.

• Pollution
abatement
projects, grants.

"(b) The Secretary may make grants, not to exceed \$50,000,000 annually, to eligible applicants under this section for pollution abatement and control projects in rural areas. No such grant shall exceed 50 per centum of the development cost of such a project.

Private busi-
ness enter-
prises, grants.

"(c) The Secretary may also make grants, not to exceed \$50,000,000 annually, to public bodies for measures designed to facilitate development of private business enterprises, including the development, construction or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refinancing, services and fees.

"(d) The Secretary may participate in joint financing to facilitate development of private business enterprises in rural areas with the Economic Development Administration, the Small Business Administration, and the Department of Housing and Urban Development and other Federal and State agencies and with private and quasi-public financial institutions, through joint loans to applicants eligible under subsection (a) for the purpose of improving, developing, or financing

August 30, 1972

- 7 -

Pub. Law 92-419

86 STAT. 604

business, industry, and employment and improving the economic and environmental climate in rural areas or through joint grants to applicants eligible under subsection (c) for such purposes, including in the case of loans or grants the development, construction, or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refining, service and fees.

(1) No financial or other assistance shall be extended under any provision of sections 304(b), 310B, and 312(b) that is calculated to or is likely to result in the transfer from one area to another of any employment or business activity provided by operations of the applicant, but this limitation shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations unless there is reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations. Restrictions.
Ante, pp. 657, 663.
Post, p. 665.

(2) No financial or other assistance shall be extended under any provision of sections 304(b), 310B, and 312(b) which is calculated to or likely to result in an increase in the production of goods, materials, or commodities, or the availability of services or facilities in the area, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprises, unless such financial or other assistance will not have an adverse effect upon existing competitive enterprises in the area.

(3) No financial or other assistance shall be extended under any provision of sections 304(b), 310B, and 312(b) if the Secretary of Labor certifies within 60 days after the matter has been submitted to him by the Secretary of Agriculture that the provisions of paragraph (1) and (2) of this subsection have not been complied with. The Secretary of Labor shall, in cooperation with the Secretary of Agriculture, develop a system of certification which will insure the expeditious processing of requests for assistance under this section."

(b) Section 333 of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting "310B." in paragraph (b) after "306."

75 Stat. 314.
7 USC 1983.

SEC. 119. GUARANTEED RURAL HOUSING LOANS.—Subtitle A of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof a new section as follows:

7 USC 1922.

"SEC. 310C. (a) Rural Housing Loans which (1) are guaranteed by the Secretary under section 517(a) (2) of the Housing Act of 1949, (2) are made by other lenders approved by the Secretary to provide dwellings in rural areas for the applicants' own use, and (3) bear interest and other charges at rates not above the maximum rates prescribed by the Secretary of Housing and Urban Development for loans made by private lenders for similar purposes and guaranteed by the Secretary of Housing and Urban Development under the National Housing Act or superseding legislation shall not be subject to sections 501(c) and 502(b) (3) of the Housing Act of 1949."

79 Stat. 498.
42 USC 1487.

"(b) For the purposes of title V of the Housing Act of 1949, as amended, a guarantee of payment given under the color of law by the Department of Hawaiian Home Lands (or its successor in function) shall be found by the Secretary reasonably to assure repayment of any indebtedness so guaranteed."

48 Stat. 1246.
12 USC 1701.
63 Stat. 432.
433.
42 USC 1471.
1472.
42 USC 1471.

86 STAT. 665

75 Stat. 310.
7 USC 1941.82 Stat. 771.
7 USC 1942.
Liability.

SEC. 120. YOUNG FARMERS' LOANS.—(a) Section 311 of the Consolidated Farmers Home Administration Act of 1961 is amended by—

(1) inserting "(a)" before the first word; and

(2) adding at the end of the section a new subsection as follows:

"(b) (1) Loans may also be made under this subtitle without regard to the requirements of clauses (2) and (3) of subsection (a) to youths who are rural residents to enable them to operate enterprises in connection with their participation in 4-H Clubs, Future Farmers of America, and similar organizations and for the purposes specified in section 312.

"(2) A person receiving a loan under this subsection who executes a promissory note therefor shall thereby incur full personal liability for the indebtedness evidenced by such note in accordance with its terms free of any disability of minority.

"(3) For loans under this subsection the Secretary may accept the personal liability of a cosigner of the promissory note in addition to the borrowers' personal liability."

(b) Section 312 of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting "(a)" after "311".

SEC. 121. RURAL ENTERPRISE OPERATING LOANS.—Section 312 of the Consolidated Farmers Home Administration Act of 1961, as amended by this title, is amended by—

(1) inserting "(a)" before the first word; and

(2) further amending subsection (a) (as so designated by paragraph (1)) by striking out "and (9) for loan closing costs." and by inserting in lieu thereof the following: "(9) loan closing costs, and (10) for assisting farmers or ranchers in effecting additions to or alterations in the equipment, facilities, or methods of operation of their farms or ranches in order to comply with the applicable standards promulgated pursuant to section 6 of the Occupational Safety and Health Act of 1970 or standards adopted by a State pursuant to a plan approved under section 18 of the Occupational Safety and Health Act of 1970, if the Secretary determines that any such farmer or rancher is likely to suffer substantial economic injury due to such compliance without assistance under this paragraph."

(3) adding at the end of the section new subsections as follows:

"(b) Loans may also be made under this subtitle to residents of rural areas without regard to the requirements of clauses (2) and (3) of section 311 (a) to operate in rural areas small business enterprises to provide such residents with essential income.

"(c) Loans may also be made to eligible applicants under this subtitle for pollution abatement and control projects in rural areas.

"(d) The Secretary may make grants, not to exceed \$25,000,000 annually, to eligible applicants under this subtitle for pollution abatement and control projects in rural areas. No such grant shall exceed 50 per centum of the development cost of such a project."

SEC. 122. MAXIMUM SIZE.—Section 313 of the Consolidated Farmers Home Administration Act of 1961 is amended by changing "\$35,000" to "\$50,000".

SEC. 123. INSURED OPERATING LOANS.—Subtitle B of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof a new section as follows:

"SEC. 317. Loans meeting the requirements of this subtitle (except section 312(b)) may be insured, or made to be sold and insured, in accordance with and subject to sections 308 and 309 and the last sentence of section 307 of this title."

SEC. 124. AMENDMENTS TO SECTION 331.—Section 331 of the Consolidated Farmers Home Administration Act of 1961, is amended—

(1) by inserting before the semicolon, in paragraph (a), the

84 Stat. 1593.
29 USC 655.
29 USC 667.Supra.Pollution
abatement.75 Stat. 310.
7 USC 1943.

7 USC 1941.

Supra.7 USC 1928.
Ante, pp. 660,
661.
7 USC 1927.
7 USC 1981.

August 30, 1972

- 9 -

Pub. Law 92-419

86 STAT. 666

following: "and until January 1, 1975, make contracts for services incident to making, insuring, collecting, and servicing loans and property as determined by the Secretary to be necessary for carrying out the purposes of this title; (and the Secretary shall prior to June 30, 1974, report to the Congress through the President on the experience in using such contracts, together with recommendations for such legislation as he may see fit)": and

Report to President, transmittal to Congress.

(2) by changing the period at the end of any lettered paragraph thereof to a semicolon and adding at the end of such section the following additional paragraphs:

"(g) Obtain fidelity bonds protecting the Government against fraud and dishonesty of officers and employees of the Farmers Home Administration in lieu of faithful performance of duties bonds under section 14, title 6, United States Code, and regulations issued pursuant thereto, but otherwise in accordance with the provisions thereof;

Fidelity bonds.

Ante, p. 202.

"(h) Not require borrowers to pay interest accrued after December 31, 1972, on interest which is not more than 90 days overdue on any loan held or insured by the Farmers Home Administration;

Interest payments.

"(i) Consent to the transfer of property securing any loan or financed by any loan or grant made, insured, or held by the Secretary under this title, or the provisions of any other law administered by the Farmers Home Administration, upon such terms as he deems necessary to carry out the purpose of the loan or grant or to protect the financial interest of the Government."

SEC. 125. CREDIT ELSEWHERE DETERMINATION.—Paragraph (a) of section 333 is amended by inserting after "in writing" the following: "and the Secretary shall determine."

75 Stat. 314.
7 USC 1983.

SEC. 126. REPEAL OF COUNTY COMMITTEE APPROVAL REQUIREMENT FOR ASSOCIATION AND DISTRICT LOANS.—Section 333(b) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out the words "said sections" and inserting "section 321(b)(2)".

7 USC 1961.

SEC. 127. DISPOSITION OF REAL PROPERTY.—Section 335(c) of the Consolidated Farmers Home Administration Act of 1961 is amended by—

7 USC 1985.

(1) striking out "subtitle A" in the first sentence and inserting in lieu thereof "the provisions of any law administered by the Farmers Home Administration";

(2) striking out "the provisions of subtitle A" in the second sentence and inserting in lieu thereof "such provisions";

(3) striking out in the fourth sentence "of at least 20 per centum" and "not more than five annual"; and

(4) adding at the end of the fourth sentence before the period the following: "but not in any event at rates and terms more favorable than those legally permissible for eligible borrowers".

SEC. 128. (a) GUARANTEE OF LOANS.—Section 343 of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting at the end thereof before the period the following: "and (4) the word 'insure' as used in this title includes guarantee, which means to guarantee the payment of a loan originated, held, and serviced by a private financial agency or other lender approved by the Secretary, and (5) the term 'contract of insurance' includes a contract of guarantee".

Definitions.

76 Stat. 632;
80 Stat. 809.
7 USC 1991.

(b) Section 307(b) of the Consolidated Farmers Home Administration Act of 1961 is amended by changing "shall" to "may" in the second sentence.

76 Stat. 308.
7 USC 1927.

SEC. 129. ORDER OF PREFERENCE, EXTENT OF GUARANTY.—The Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof the following new section:

7 USC 1921
note.

Loan limitations. "SEC. 344. No loan (other than one to a public body or nonprofit association (including Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups) for community facilities or one of a type authorized by section 306(a)(1) prior to its amendment by the Rural Development Act of 1972) shall be made by the Secretary either for sale as an insured loan or otherwise under section 304(b), 306(a)(1), 310(b), 312(b), or 312(c) unless the Secretary shall have determined that no other lender is willing to make such loan and assume 10 per centum of any loss sustained thereon. No contract guaranteeing any such loan by such other lender shall require the Secretary to participate in more than 90 per centum of any loss sustained thereon."

79 Stat., 931;
84 Stat., 1855.
7 USC 1926.
Am., pp. 657,
658, 663, 665.

TITLE II—AMENDMENTS TO THE WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED

16 USC 1001
note.

SEC. 201. AMENDMENTS TO PUBLIC LAW 83-566.—The Watershed Protection and Flood Prevention Act (68 Stat. 666), as amended, is amended as follows:

(a) Section 1 is amended by striking out the words "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" and substituting therefor the words "the purpose of preventing such damages, of furthering the conservation, development, utilization, and disposal of water, and the conservation and utilization of land and thereby of preserving, protecting, and improving the Nation's land and water resources and the quality of the environment."

70 Stat., 1088.
16 USC 1002.

(b) Section 2 is amended by substituting a comma for the word "or" after clause (1) and adding after the phrase "(2) the conservation, development, utilization, and disposal of water" a comma and the following: "or

"(3) the conservation and proper utilization of land"

16 USC 1003.

(c) Section 3 is amended by changing the period at the end of paragraph (5) to a semicolon and adding the following:

Conservation
projects, long-
term agreements.

"(6) to enter into agreements with landowners, operators, and occupiers, individually or collectively, based on conservation plans of such landowners, operators, and occupiers which are developed in cooperation with and approved by the soil and water conservation district in which the land described in the agreement is situated, to be carried out on such land during a period of not to exceed ten years, providing for changes in cropping systems and land uses and for the installation of soil and water conservation practices and measures needed to conserve and develop the soil, water, woodland, wildlife, and recreation resources of lands within the area included in plans for works of improvement, as provided for in such plans, including watershed or subwatershed work plans 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. Applications for assistance in developing such conservation plans shall be made in writing to the soil and water conservation district involved, and the proposed agreement shall be reviewed by such district. In return for such agreements by landowners, operators, and occupiers the Secretary shall agree to share the costs of carrying out those practices and measures set forth in the agreement for which he determines that cost sharing is appropriate and in the public interest. The portion of such costs, including labor, to be shared shall be that part which the Secretary determines is appropriate and in the public interest for the carrying out of the practices and measures set forth in the agreement."

Applications.

Federal cost
sharing.

August 30, 1972

- 11 -

Pub. Law 92-419

86 STAT. 668

except that the Federal assistance shall not exceed the rate of assistance for similar practices and measures under existing national programs. The Secretary may terminate any agreement with a landowner, operator, or occupier by mutual agreement if the Secretary determines that such termination would be in the public interest, and may agree to such modifications of agreements, previously entered into hereunder, as he deems desirable to carry out the purposes of this paragraph or to facilitate the practical administration of the agreements provided for herein. Notwithstanding any other provision of law, the Secretary, to the extent he deems it desirable to carry out the purposes of this paragraph, may provide in any agreement hereunder for (1) preservation for a period not to exceed the period covered by the agreement and an equal period thereafter of the cropland, crop acreage, and allotment history applicable to land covered by the agreement for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation on the production of any crop; or (2) surrender of any such history and allotments."

(d) Paragraph (1) of section 4 is amended by inserting after "without cost to the Federal Government" the words "from funds appropriated for the purposes of this act".

74 Stat. 254;
76 Stat. 563.
16 USC 1004.

(e) Clause A of paragraph (2) of section 4 is amended by striking all words after "fish and wildlife" and substituting therefor the words "development, recreational development, ground water recharge, water quality management, or the conservation and proper utilization of land: *Provided*, That works of improvement for water quality management shall consist primarily of water storage capacity in reservoirs for regulation of streamflow, except that any such storage and water releases shall not be provided as a substitute for adequate treatment or other methods of controlling waste at the source, and shall be consistent with standards and regulations adopted by the Water Resources Council on Federal cost sharing for water quality management, and".

Water quality
management.

(f) All that part of clause (B) of paragraph (2) of section 4 which follows the word "*Provided*," where it first appears therein is amended to read as follows: "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 present or anticipated future demands or needs for municipal or industrial water included in any reservoir structure constructed or modified under the provisions of this Act as hereinafter provided: *Provided further*, That the cost of water storage to meet future demands may not exceed 30 per centum of the total estimated cost of such reservoir structure and the local organization shall give 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 within the life of the reservoir structure of the cost of such storage: *Provided further*, That the Secretary shall determine prior to initiation of construction or modification of any reservoir structure including such water supply storage that there are adequate assurances by the local organization or by an agency of the State having authority to give such assurances, that the Secretary will be reimbursed the cost of water supply storage for anticipated future demands, and that the local organization will pay not less than 50 per centum of the cost of storage for present water supply demands: *And provided further*, That the cost to be borne by the local organization for anticipated future demands may 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 anticipated future water supply demands, except that (1) no reimbursement 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

Water storage,
cost sharing.

70 Stat. 1090;
74 Stat. 131.
16 USC 1006a.
Limitation.

Reimbursement.

70 Stat. 1090;
74 Stat. 131.
16 USC 1006a.
Certain plans,
submittal to
Federal agencies,
President and
Congress.
76 Stat. 609.
16 USC 1005.

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."

(g) Subsection (4) of section 5 is amended to read as follows: "(4) Any plans 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 works of improvement for reclamation or irrigation, or which affects public or other lands or wildlife under the jurisdiction of the Secretary of the Interior, (b) which includes Federal assistance for goodwater detention structures, (c) which includes features which may affect the public health, or (d) which includes measures for control or abatement of water pollution, shall be submitted to the Secretary of the Interior, the Secretary of the Army, the Secretary of Health, Education, and Welfare, or the Administrator of the Environmental Protection Agency, 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, the Secretary of the Army, the Secretary of Health, Education, and Welfare, and the Administrator of the Environmental Protection Agency, 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."

TITLE III—AMENDMENTS TO THE BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

SEC. 301. BANKHEAD-JONES FARM TENANT ACT AMENDMENTS.—Section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1011), is amended by adding at the end thereof the following:

76 Stat. 607;
84 Stat. 439.

Water storage,
Federal assist-
ance.

"The Secretary shall also be authorized in providing assistance for carrying out plans developed under this title:

"(1) To provide technical and other assistance, and to pay for any storage of water for present or anticipated future demands or needs for rural community water supply included in any reservoir structure constructed or modified pursuant to such plans: *Provided*, That the cost of water storage to meet future demands may not exceed 30 per centum of the total estimated cost of such reservoir structure and the public agency or local nonprofit organization shall give 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 public agency or local nonprofit organization prior to initiation or construction or modification of any reservoir structure including water supply storage, make provision satisfactory to the Secretary to pay for not less than 50 per centum of the cost of storage for present water supply demands, and all of the cost of storage for anticipated future demands: *And provided further*, That the cost to be borne by the public agency or local nonprofit organization for anticipated future demands may 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 anticipated future water supply demands except that (1) no payment on account of such cost need be made until such supply is first used, and (2) no interest shall be charged on such cost 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

Limitation.

August 30, 1972

- 13 -

Pub. Law 92-419

86 STAT. 670

on the unpaid balance shall be 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 advancement for such water supply is first made, which are neither due nor callable for redemption for fifteen years from date of issue;

"(2) To provide, for the benefit of rural communities, technical and other assistance and such proportionate share of the costs of installing measures and facilities for water quality management, for the control and abatement of agriculture-related pollution, for the disposal of solid wastes, and for the storage of water in reservoirs, farm ponds, or other impoundments, together with necessary water withdrawal appurtenances, for rural fire protection, as is determined by the Secretary to be equitable in consideration of national needs and assistance authorized for similar purposes under other Federal programs."

Other Federal assistance.

SEC. 302. SOIL, WATER AND RELATED RESOURCE DATA.—In recognition of the increasing need for soil, water, and related resource data for land conservation, use, and development, for guidance of community development for a balanced rural-urban growth, for identification of prime agriculture producing areas that should be protected, and for use in protecting the quality of the environment, the Secretary of Agriculture is directed to carry out a land inventory and monitoring program to include, but not be limited to, studies and surveys of erosion and sediment damages, flood plain identification and utilization, land use changes and trends, and degradation of the environment resulting from improper use of soil, water, and related resources. The Secretary shall issue at not less than five-year intervals a land inventory report reflecting soil, water, and related resource conditions.

Report.

TITLE IV—RURAL COMMUNITY FIRE PROTECTION

SEC. 401. WILDFIRE PROTECTION ASSISTANCE.—In order to shield human and natural resources, financial investments, and environmental quality from losses due to wildfires in unprotected or poorly protected rural areas there is a need to strengthen and synergize Federal, State, and local efforts to establish an adequate protection capability wherever the lives and property of Americans are endangered by wildfire in rural communities and areas. The Congress hereby finds that inadequate fire protection and the resultant threat of substantial losses of life and property is a significant deterrent to the investment of the labor and capital needed to help revitalize rural America, and that well-organized, equipped, and trained firefighting forces are needed in many rural areas to encourage and safeguard public and private investments in the improvement and development of areas of rural America where organized protection against losses from wildfire is lacking or inadequate. To this end, the Secretary of Agriculture is authorized and directed to provide financial, technical, and other assistance to State foresters or other appropriate officials of the several States in cooperative efforts to organize, train, and equip local forces, including those of Indian tribes on Federal and State reservation or other federally recognized Indian tribal groups to prevent, control, and suppress wildfires threatening human life, livestock, wildlife, crops, pastures, orchards, rangeland, woodland, farmsteads, or other improvements, and other values in rural areas as defined in section 306(a) (7) of the Consolidated Farm and Rural Development Act.

Ante, p. 659.
Cooperative agreements with State officials.

SEC. 402. MATCHING.—The Secretary shall carry out this title in accordance with cooperative agreements, made with appropriate State officials, which include such terms and conditions as the Secretary deems necessary to achieve the purposes of this title. No such agreement shall provide for financial assistance by the Secretary under

Report to
President,
transmittal to
Congress.

this title in any State during any fiscal year in excess of 50 per centum of the total budgeted expenditures or the actual expenditures, whichever is less, of the undertaking of such agreement for such year, including any expenditures of local public and private nonprofit organizations, including Indian tribal groups, participating in the activities covered by the agreement. Payments by the Secretary under any such agreement may be made on the certificate of the appropriate State official that the expenditures provided for under such agreement have been made.

SEC. 403. REPORT.—The Secretary of Agriculture shall submit to the President within two years after the date of enactment of this title a written report detailing the contribution of the rural fire protection program toward achieving the purposes of this title. The Secretary shall also include in such report such recommendations regarding the rural fire protection program as he deems appropriate. The President shall transmit the report to the Congress for review and appropriate action.

SEC. 404. APPROPRIATIONS.—There is authorized to be appropriated to carry out the provisions of this title \$7,000,000 for each of the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975.

TITLE V—RURAL DEVELOPMENT AND SMALL FARM RESEARCH AND EDUCATION

SEC. 501. PURPOSES.—The purpose of this title is to encourage and foster a balanced national development that provides opportunities for increased numbers of Americans to work and enjoy a high quality of life dispersed throughout our Nation by providing the essential knowledge necessary for successful programs of rural development. It is further the purpose of this title—

(a) to provide multistate regional agencies, States, counties, cities, multicounty planning and development of districts, businesses, industries, organizations, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, and others involved with public services and investments in rural areas or that provide or may provide employment in these areas the best available scientific, technical, economic, organizational, environmental, and management information and knowledge useful to them, and to assist and encourage them in the interpretation and application of this information to practical problems and needs in rural development;

(b) to provide research and investigations in all fields that have as their purpose the development of useful knowledge and information to assist those planning, carrying out, managing, or investing in facilities, services, businesses, or other enterprises, public and private, that may contribute to rural development;

(c) to enhance the capabilities of colleges and universities to perform the vital public service roles of research, transfer, and practical application of knowledge in support of rural development;

(d) to expand research on innovative approaches to small farm management and technology and extend training and technical assistance to small farmers so that they may fully utilize the best available knowledge on sound economic approaches to small farm operations.

SEC. 502. PROGRAMS AUTHORIZED.—The Secretary of Agriculture (hereafter referred to as the "Secretary") is directed and authorized to conduct in cooperation and in coordination with colleges and universities the following programs to carry out the purposes of this title.

August 30, 1972

- 15 -

Pub. Law 92-419

86 STAT. 672

(a) **RURAL DEVELOPMENT EXTENSION PROGRAMS.**—Rural development extension programs shall consist of the collection, interpretation, and dissemination of useful information and knowledge from research and other sources to units of multistate regional agencies, State, county, municipal, and other units of government, multicounty planning and development districts, organizations of citizens contributing to rural development, business, Indian tribes on Federal or State reservations or other federally recognized Indian tribal groups, or industries that employ or may employ people in rural areas. These programs also shall include technical services and educational activity, including instruction for persons not enrolled as students in colleges or universities, to facilitate and encourage the use and practical application of this information. These programs also may include feasibility studies and planning assistance.

(b) **RURAL DEVELOPMENT RESEARCH.**—Rural development research shall consist of research, investigations, and basic feasibility studies in any field or discipline which may develop principles, facts, scientific and technical knowledge, new technology, and other information that may be useful to agencies of Federal, State, and local government, industries in rural areas, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, and other organizations involved in rural development programs and activities in planning and carrying out such programs and activities or otherwise be practical and useful in achieving increased rural development.

(c) **SMALL FARM EXTENSION, RESEARCH, AND DEVELOPMENT PROGRAMS.**—Small farm extension and research and development programs shall consist of extension and research programs with respect to new approaches for small farms in management, agricultural production techniques, farm machinery technology, new products, cooperative agricultural marketing, and distribution suitable to the economic development of family size farm operations.

SEC. 503. APPROPRIATION AND ALLOCATION OF FUNDS.—(a) There is hereby authorized to be appropriated to carry out the purposes of this title not to exceed \$10,000,000 for the fiscal year ending June 30, 1974, not to exceed \$15,000,000 for the fiscal year ending June 30, 1975, and not to exceed \$20,000,000 for the fiscal year ending June 30, 1976.

(b) Such sums as the Congress shall appropriate to carry out the purposes of this title pursuant to subsection (a) shall be distributed by the Secretary as follows:

(1) 4 per centum to be used by the Secretary for Federal administration, national coordination, and program assistance to the States;

(2) 10 per centum to be allocated by the Secretary to States to finance work serving two or more States in which universities in two or more States cooperate or which is conducted by one university to serve two or more States;

(3) 20 per centum shall be allocated equally among the States;

(4) 65 per centum shall be allocated to each State, as follows: One-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the States bears to the total rural population of all the States as determined by the last preceding decennial census current at the time each such additional sum is first appropriated; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States as determined by the last preceding decennial census current at the time such additional sum is first appropriated.

(c) Funds appropriated under this title may be used to pay salaries Personnel, and other expenses of personnel employed to carry out the functions salaries.

authorized by this title, to obtain necessary supplies, equipment, services, and rent, repair, and maintenance of other facilities needed, but may not be used to purchase or construct buildings.

(d) Payment of funds to any State for programs authorized under section 502(a), (b), and (c) shall be contingent upon the Secretary's approval of an annual plan and budget for programs conducted under each part and compliance with such regulations as the Secretary may issue under this title. Funds shall be available for use by the State in the fiscal year for which appropriated and the next fiscal year following the year for which appropriated. Funds shall be budgeted and accounted for on such forms and at such times as the Secretary shall prescribe.

(e) Funds provided to each State under this title may be used to finance programs through or at private and publicly supported colleges and universities other than the university responsible for administering the programs authorized by this title.

SEC. 504. COOPERATING COLLEGES AND UNIVERSITIES.—(a) Each of the programs authorized by this title shall be organized and conducted by one or more colleges or universities in each State so as to provide a coordinated program in each State.

(b) To assure national coordination with programs under the Smith-Lever Act of 1914 and the Hatch Act (as amended, August 11, 1955), administration of each State program shall be a responsibility of the institution or university accepting the benefits of the Morrill Act of 1862 (12 Stat. 503) as amended. Such administration shall be in association with the programs conducted under the Smith-Lever Act and the Hatch Act. The Secretary shall pay funds available to each State to said institution or university.

(c) All private and publicly supported colleges and universities in a State including the land-grant colleges of 1890 (26 Stat. 417) shall be eligible to conduct or participate in conducting programs authorized under this title. Officials at universities or colleges other than those responsible for administering programs authorized by this title who wish to participate in these programs shall submit program proposals to the university officials responsible for administering these programs and they shall be responsible for approval of said proposals.

(d) The university in each State responsible for administering the program authorized by this title shall designate an official who shall be responsible for programs authorized by each part of section 502 and an official who shall be responsible for the overall coordination of said programs.

(e) The chief administrative officer of the university in each State responsible for administering the program authorized by this title shall appoint a State Rural Development Advisory Council, consisting of not more than fifteen members. The administrative head of agriculture of that university shall serve as chairman. The administrative head of a principal school of engineering in the State shall be a member. There shall be at least ten additional members who shall include persons representing farmers, business, labor, banking, local government, multi-county planning and development districts, public and private colleges and Federal and State agencies involved in rural development.

It shall be the function of the Council to review and approve annual program plans conducted under this title and to advise the chief administrative officer of the university on matters pertaining to the program authorized.

SEC. 505. AGREEMENTS AND PLANS.—(a) Programs authorized under this title shall be conducted as mutually agreed upon by the Secretary and the university responsible for administering said programs in a memorandum of understanding which shall provide for

State programs,
administration.
67 Stat. 83.
69 Stat. 671.
7 USC 341, 361a.
7 USC 301.

7 USC 321 and
notes.
Program pro-
posals.

Officials, des-
ignation.

State Rural
Development
Advisory Coun-
cil.
Membership.

August 30, 1972

- 17 -

Pub. Law 92-419

86 STAT. 674

the coordination of the programs authorized under this title, coordination of these programs with other rural development programs of Federal, State, and local government, and such other matters as the Secretary shall determine.

(b) Annually said university shall submit to the Secretary an annual program plan for programs authorized under this title which shall include plans for the programs to be conducted by each cooperating and participating university or college and such other information as the Secretary shall prescribe. Each State program must include research and extension activities directed toward identification of programs which are likely to have the greatest impact upon accomplishing the objectives of rural development in both the short and longer term and the use of these studies to support the State's comprehensive program to be supported under this title. Annual program plan.

SEC. 506. WITHHOLDING FUNDS.—When the Secretary determines that a State is not eligible to receive part or all of the funds to which it is otherwise entitled because of a failure to satisfy conditions specified in this title, or because of a failure to comply with regulations issued by the Secretary under this title, the facts and reasons therefor shall be reported to the President, and the amount involved shall be kept separate in the Treasury until the expiration of the Congress next succeeding a session of the legislature of the State from which funds have been withheld in order that the State may, if it should so desire, appeal to Congress from the determination of the Secretary. If the next Congress shall not direct such sum to be paid, it shall be covered into the Treasury. If any portion of the moneys received by the designated officers of any State for the support and maintenance of programs authorized by this title shall by any action or contingency be diminished or lost, or be misapplied, it shall be replaced by said State. Report to President.

SEC. 507. DEFINITIONS.—For the purposes of this title—

(a) "Rural development" means the planning, financing, and development of facilities and services in rural areas that contribute to making these areas desirable places in which to live and make private and business investments; the planning, development, and expansion of business and industry in rural areas to provide increased employment and income; the planning, development, conservation, and use of land, water, and other natural resources of rural areas to maintain or enhance the quality of the environment for people and business in rural areas; and processes and procedures that have said objectives as their major purposes.

(b) The word "State" means the several States and the Commonwealth of Puerto Rico.

SEC. 508. REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this title.

TITLE VI—MISCELLANEOUS

SEC. 601. LOCATION OF OFFICES IN RURAL AREAS.—Section 901 (b) of the Act of November 30, 1970 (84 Stat. 1383), is amended to read as follows: 42 USC 3122.

"(b) Congress hereby directs the heads of all executive departments and agencies of the Government to establish and maintain departmental policies and procedures giving first priority to the location of new offices and other facilities in rural areas as defined in the private business enterprise exception in section 306(a)(7) of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926). The President is hereby requested to submit to the Congress not later than September 1 of each fiscal year a report reflecting the efforts during the immediately preceding fiscal year of all executive departments and agencies in carrying out the provisions of this section, citing

Ar. , p. 659.
Report to
Congress.

Pub. Law 92-419

- 18 -

August 30, 1972

the location of all new facilities, and including a statement covering the basic reasons for the selection of all new locations."

SEC. 602. DESERTLAND ENTRYMEN.—(a) The first sentence of the Act entitled "An Act to enable the Secretary of Agriculture to extend financial assistance to homestead entrymen, and for other purposes", approved October 19, 1919 (63 Stat. 883; 7 U.S.C. 1006a), is amended by striking out "homestead entry" and inserting in lieu thereof "homestead or desertland entry".

(b) The last sentence of the first section of such Act is amended by striking out "reclamation project" and inserting in lieu thereof "reclamation project or to an entryman under the desertland laws".

SEC. 603. COORDINATION OF RURAL DEVELOPMENT ACTIVITIES.—(a) Section 520 of the Revised Statutes (7 U.S.C. 2201) is amended by—

(1) inserting the words "and rural development" after the words "with agriculture", and;

(2) striking "that word" and inserting in lieu thereof "those terms".

(b) Section 526 of the Revised Statutes (7 U.S.C. 2204) is amended by—

(1) inserting "(a)" before the first sentence;

inserting the words "and rural development" after the words "concerning agriculture";

(3) striking out the period at the end of the section and inserting in lieu hereof the following: "and he shall advise the President, other members of his Cabinet, and the Congress on policies and programs designed to improve the quality of life for people living in the rural and nonmetropolitan regions of the Nation."; and

(4) adding at the end of the section a new subsection as follows:

"(b) The Secretary of Agriculture is authorized and directed to provide leadership and coordination within the executive branch and shall assume responsibility for coordinating a nationwide rural development program utilizing the services of executive branch departments and agencies and the agencies, bureaus, offices, and services of the Department of Agriculture in coordination with rural development programs of State and local governments. In carrying out this responsibility the Secretary of Agriculture shall establish employment, income, population, housing, and quality of community services and facilities goals for rural development and report annually prior to September 1 to Congress on progress in attaining such goals. The Secretary is authorized to initiate or expand research and development efforts related to solution of problems of rural water supply, rural sewage and solid waste management, rural housing, and rural industrialization."

(c) (1) The Secretary of Agriculture shall utilize to the maximum extent practicable State, regional, district, county, local, or other Department of Agriculture offices to enhance rural development, and shall to the maximum extent practicable provide directly, or, in the case of agencies outside of the Department of Agriculture, through arrangements with the heads of such agencies, for—

(A) the location of all field units of the Federal Government concerned with rural development in the appropriate Department of Agriculture offices covering the geographical areas most similar to those covered by such field units, and

(B) the interchange of personnel and facilities in each such office to the extent necessary or desirable to achieve the most efficient utilization of such personnel and facilities and provide the most effective assistance in the development of rural areas in accordance with State rural development plans.

(2) The Secretary shall include in the report required by this section a report on progress made in carrying out paragraph (1) of this subsection, together with such recommendations as may be appropriate.

National rural
development
program.

Report to
Congress.

Non-Federal
offices, utili-
zation.

86 STAT. 675
86 STAT. 676

August 30, 1972

- 19 -

Pub. Law 92-419

SEC. 604. ADDITIONAL ASSISTANT SECRETARY OF AGRICULTURE.—(a) In addition to the Assistant Secretaries of Agriculture now provided for by law, there shall be one additional Assistant Secretary of Agriculture, who shall be appointed by the President, by and with the advice and consent of the Senate.

(b) Section 5315(11) of title 5, United States Code, is amended to read as follows: 80 Stat. 461.

“(11) Assistant Secretaries of Agriculture (4).”

SEC. 605. LONG-TERM RURAL ENVIRONMENTAL PROTECTION CONTRACTS.—Subsection (b) of section 8 of the Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 163; 16 U.S.C. 590a), is further amended by adding a new paragraph at the end thereof as follows:

52 Stat. 31;
78 Stat. 743.
16 USC 590h.

“In carrying out the purposes of subsection (a) of section 7, the Secretary may enter into agreements with agricultural producers for periods not to exceed ten years, on such terms and conditions as the Secretary deems desirable, creating obligations in advance of appropriations not to exceed such amounts as may be specified in annual appropriation Acts. Such agreements (i) shall be based on conservation plans approved by the soil and water conservation district or districts in which the lands described in the agreements are situated, and (ii) may be modified or terminated by mutual consent if the Secretary determines such action would be in the public interest. The Secretary also may terminate agreements if he determines such action to be in the national interest and provides public notice in ample time to give producers a reasonable opportunity to make arrangements for appropriate changes in the use of their land.”

49 Stat. 1148.
16 USC 590g.

Termination.

SEC. 606. COST SHARING FOR AGRICULTURE-RELATED POLLUTION PREVENTION AND ABATEMENT MEASURES.—The Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 163; 16 U.S.C. 590a), is further amended—

(1) By striking in section 7(a) the word “and” immediately before clause (5), substituting a semicolon for the period at the end of clause (5), and adding the following: “and (6) prevention and abatement of agricultural-related pollution.”

(2) By changing the first sentence of section 8(b) to read as follows: “The Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), (4), (5), and (6) of section 7(a) by making payments or grants of other aid to agricultural producers, including tenants and sharecroppers, in amounts determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, the prevention of erosion, or the prevention or abatement of agriculture-related pollution; (2) changes in the use of their land; (3) their equitable share, as determined by the Secretary, of the normal national production of any commodity or commodities required for domestic consumption; (4) their equitable share, as determined by the Secretary, of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7(a); or (5) any combination of the above.”

52 Stat. 31.
16 USC 590h.

86 STAT. 676
86 STAT. 677

(3) By inserting in the second paragraph of section 8(b) after the words “soil-building services” in the two places where they occur the words “or pollution prevention or abatement aids” and after the words “soil-conserving practices” the words “or pollution prevention or abatement practices”.

Pub. Law 92-419

- 20 -

August 30, 1972

86 STAT. 677

52 Stat. 33.

16 USC 590h.

52 Stat. 34;

56 Stat. 761.

(4) By striking "or (5)" in the first sentence of section 8(d) and substituting "(5). or (6)".

(5) By inserting in the proviso of section 8(e) after the words "soil-building or soil-conserving practices" the words "or agriculture-related pollution prevention or abatement practices".

(6) By striking the words "soil-building practices and soil- and water-conserving practices" in the penultimate sentence of section 15 and substituting "soil-building practices, soil- and water-conserving practices, and agriculture-related pollution prevention and abatement practices".

68 Stat. 908.

16 USC 590o.

Approved August 30, 1972.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 92-835 (Comm. on Agriculture) and No. 92-1129 (Comm. of Conference).

SENATE REPORT No. 92-734 accompanying S. 3462 (Comm. on Agriculture and Forestry).

CONGRESSIONAL RECORD, Vol. 118 (1972):

Feb. 23, considered and passed House.

Apr. 19, 20, considered and passed Senate, amended, in lieu of S. 3462.

July 27, House agreed to conference report.

Aug. 17, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 8, No. 36:

Aug. 30, Presidential statement.

IMPLEMENTATION PROGRESS C

STATUS REPORT ON THE IMPLEMENTATION OF THE R

(Numbers in Column A2 Indicate Sections in Consolidated Farm and

A		B	C	D	E	F
Provision		Short description	Type of program	Authorization	President's budget, 1974 fiscal year	Congress appropriated, fiscal year 1974
A1	A2					
Title I:						
Sec. 101	301(a)	New title: "Consolidated Farm and Rural Development Act".	Citation	XX	XX	XX
Sec. 102	304(b)	Small enterpriserealestate loans	Loans	Unlimited	Funded from sec. 118 loan level.	XX
Sec. 103	395	Current market value appraisals	Regulation	XX	XX	XX
Sec. 104	306(a)(1)	Other essential community facilities.	Loans	Unlimited	\$100 million	\$520 million ¹
Sec. 105	306(a)(2)	Water and waste disposal construction grants.	Capital grants.	\$300 million	None	\$150 million
Sec. 106	306(a)(3)	Areawide multi-county and municipal planning requirement.	Regulation	XX	XX	XX
		Procedure for A-95 clearance.	Regulation	XX	XX	XX
		Reimbursement of A-95 districts.	Disbursement	Unlimited	None	None
Sec. 107	306(a)(3)	Changed from October 1971 to October 1973, date beyond which projects may not be approved without areawide plan.	Regulation	XX	XX	XX
Sec. 108	306(a)(6)	Water and waste disposal planning grants.	Payments	\$30 million	None	None
Sec. 109	306(a)(7)	Definition of rural area	Regulation	XX	XX	XX
Sec. 110	306(a)(5)	Repeal maximum size community facility loan.	Regulation	XX	XX	XX
Sec. 111	306(a)(11)	Rural development planning grants.	Payments	\$10 million	None (HUD)	None
Sec. 112	306(a)(12)	Priority for communities with less than 5,500.	Regulation	XX	XX	XX
Sec. 113	307(a)	Interest rates on rural development loans:				
		Insured loans	Regulation	XX	XX	XX
		Guaranteed loans	Regulation	XX	XX	XX
Sec. 114	307(a)	Monthly payments	Regulation	XX	XX	XX
Sec. 115	309(f)	Agricultural credit insurance fund:				
		Increase size of unsold portfolio.	Regulation	XX	XX	XX
		Increase size of portfolio.	Regulation	XX	XX	XX
		Interest subsidy	Ex post facto payments.	Unlimited	None	None
		Pay for contract services	Disbursements.	Unlimited	None	None
Sec. 115(b)	309(g)	Transfer of assets to ACIF	Administrative.	XX	XX	XX
	309(h)	Loan guarantees	Loans	XX	None	None
Sec. 116	309A	Rural development insurance fund:				
	309A(a)	Creation	Administrative.	XX	XX	XX
	309A(b)	Transfer of assets	Administrative.	XX	XX	XX
	309A(c)	Deposit in Treasury	Administrative.	XX	XX	XX
	309A(d)	Insurance of notes	Funding operation.	XX	XX	XX
	309A(e)	Notes and security	Funding operation.	XX	XX	XX
	309A(f)	Deposits of collections	Administrative.	XX	XX	XX
	309A(g)	Utilization of funds	Regulation	XX	XX	XX
	309A(g)(7)	Interest subsidy	Ex post facto payments	Unlimited	XX	XX

Consolidated Farm and Rural Development Act or Other Acts)



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	309A(d).....	Insurance of notes.....	Funding operation.	XX.....	XX.....	XX.....
	309A(e).....	Notes and security.....	Funding operation.	XX.....	XX.....	XX.....
	309A(f).....	Deposits of collections.....	Administrative.	XX.....	XX.....	XX.....
	309A(g).....	Utilization of funds.....	Regulation..	XX.....	XX.....	XX.....
	309A(g)(7).....	Interest subsidy.....	Ex post facto payments.	Unlimited...	XX.....	XX.....
	309A(h).....	Inclusion in gross income.....	Regulation..	XX.....	XX.....	XX.....
Sec. 117.....	310A.....	Insured watershed loans.....	Loans.....	Unlimited...	\$20.4 million..	\$20.4 million..
Sec. 118.....	310B.....	Industrial assistance:				
	310B(a).....	Rural industrial and business loans.	Loans.....	Unlimited...	\$200 million..	\$200 million..
	310B(b).....	Industrial pollution abatement grants.	Capital grants.	\$50 million...	None.....	None.....
	310B(c).....	Industrial public facility grants.	Capital grants.	\$50 million...	\$10 million...	\$10 million..
	310B(d).....	Joint financing with EDA, HUD, etc.	Regulation..	XX.....	XX.....	XX.....
	310B (1), (2) & (3)	Anti-piracy provision.....	Regulation..	XX.....	XX.....	XX.....
Sec. 119.....	310C.....	Rural housing loans:				
	310C(a) ¹	Continental United States...	Loans.....	Unlimited...	None.....	None.....
	310C(b) ²	Hawaii.....	Loans.....	Unlimited...	None.....	None.....
Sec. 120.....	311(b).....	Young rural residents loans.....	Loans.....	Unlimited...	\$3 million ⁴ ...	None ⁴ ...
Sec. 121.....	312.....	Small enterprise operation loans:				
	312(a)(10).....	OSHA loans.....	Loans.....	Unlimited...	None.....	None.....
	312(b).....	Small enterprise operation loans.	Loans.....	Unlimited...	Yes, from sec. 118 loan level.	None.....
	312(c).....	Small enterprise anti-pollution loans.	Loans.....	Unlimited...	Yes, from sec. 118 loan level.	None.....
	312(d).....	Small enterprise anti-pollution grants.	Capital grants.	\$25 million...	None.....	None.....
Sec. 122.....	313.....	\$50,000 operating loans.....	Regulation..	Unlimited...	XX.....	XX.....
Sec. 123.....	317.....	Insured operating loans.....	Loans.....	Unlimited...	XX.....	XX.....
Sec. 124.....	331(a).....	Contractual services.....	Contracting for outside personnel.	Unlimited...	XX.....	XX.....
	331(g).....	Fidelity bonds.....	Regulation..	XX.....	XX.....	XX.....
Sec. 125.....	333(a).....	Credit elsewhere.....	Regulation..	XX.....	XX.....	XX.....
Sec. 126.....	333(b).....	County farmer committee approval not required.	Regulation..	XX.....	XX.....	XX.....
Sec. 127.....	335(c).....	Disposition of foreclosed real property.	Regulation..	XX.....	XX.....	XX.....
Sec. 128.....	343.....	Guarantee of loans.....	Regulation..	XX.....	XX.....	XX.....
Sec. 129.....	344.....	Order of preference: guaranteed loans; insured loans; direct loans.	Regulation..	XX.....	XX.....	XX.....
Title II.....	P.L. 83-566...	Public Law 566 watershed amendments:				
Sec. 201(a)...	Sec. 1.....	Expanded purposes.....	Regulation..	XX.....	XX.....	XX.....
Sec. 201(b)...	2(2).....	Conservation and utilization of land as added purpose.	Regulation..	XX.....	None.....	None.....
Sec. 201(c)...	3(6).....	10-year payments.....	Cost-sharing payments.	Unlimited...	None.....	None.....
Sec. 201(d)...	4(1).....	Use of Federal funds for and rights.	Regulation..	XX.....	XX.....	XX.....
Sec. 201(e)...	4(2)(A).....	Ground water recharge.....	Cost sharing..	Unlimited...	None.....	None.....
		Land use.....	Cost sharing..	Unlimited...	None.....	None.....
		Water quality management..	Cost sharing..	Unlimited...	Within available funds.	None.....
Sec. 201(f)...	4(2)(B).....	Municipal and industrial water supply.	Cost sharing and loans.	Unlimited...	None.....	None.....
Sec. 201(g)...	(5)(4).....	Clearance with EPA.....	Regulation..	XX.....	XX.....	XX.....
Title III:						
Sec. 301.....	(7 U.S.C. 1006a).	Sec. 301, Bankhead-Jones Farm-Tenant Act amendments (RC & D projects):				
Sec. 301(1)...	32(e)(1).....	Rural community water supply.	Cost sharing..	Unlimited...	None.....	None.....
Sec. 301(2)...	32(e)(2).....	Pollution abatement.....	Cost sharing..	Unlimited...	None, except for water quality.	XX.....
Sec. 301(2)...	32(e)(2).....	Fire protection.....	Cost sharing..	Unlimited...	None.....	None.....
		Water quality management..	Cost sharing..	Unlimited...	Within available funds.	XX.....
		Solid waste disposal management.	Cost sharing..	Unlimited...	None.....	None.....

	XX	XX	XX	Yes	10/72	XX	FmIIA.
	XX	XX	XX	Yes	10/72	XX	FmIIA.
	XX	XX	XX	Yes	10/72	XX	FmIIA.
	XX	XX	XX	Yes	10/72	XX	FmIIA.
	XX	XX	XX	Yes	Implemented	XX	FmIIA.
million	\$20.4 million	\$20.4 million	\$20.4 million	Yes	10/72	XX	FmIIA.
million	\$200 million	\$400 million	\$350 million	Yes	10/72	4.371%	FmIIA.
	None	None	None	Yes	Implemented	As agreed by borrower and lender.	FmIIA.
illion	\$10 million	\$10 million	\$13.75 million	No	None	XX	FmIIA.
	XX	XX	XX	Yes	Implemented	XX	FmIIA.
	XX	XX	XX	Yes	Implemented	XX	FmIIA.
	None	None	XX	No	Upon publication in Fed. Reg.	To be determined.	FmIIA.
	None	None	None	No	Upon completion of negotiations.	To be determined.	FmIIA.
ion 4	None 4	None 4	None 4	Yes	4/23/73	8.75%	FmIIA.
	None	None	None	Yes, partially.	Implemented	8.75%	FmIIA.
rom 118 level.	None	Yes, from sec. 118 loan level.	Yes, from sec. 118 loan level.	Yes, partially.	Processed under sec. 118 guidelines.	8.75%	FmIIA.
rom 118 level.	None	Yes, from sec. 118 loan level.	Yes, from sec. 118 loan level.	Yes, partially.	Processed under sec. 118 guidelines.	8.75%	FmIIA.
	None	None	None	No	None	XX	FmIIA.
	XX	XX	XX	Yes	10/72	XX	FmIIA.
	XX	XX	XX	Yes	10/72	7.75%	FmIIA.
	XX	XX	XX	Yes	None	XX	FmIIA.
	XX	XX	XX	Yes	10/72	XX	FmIIA.
	XX	XX	XX	Yes	Implemented	XX	FmIIA.
	XX	XX	XX	Yes	None	XX	FmIIA.
	XX	XX	XX	Yes	8/1/73	XX	FmIIA.
	XX	XX	XX	Yes	Implemented	XX	FmIIA.
	XX	XX	XX	Yes	Implemented	XX	FmIIA.
	XX	XX	XX	Yes	Implemented	XX	SCS.
	None	None	None	No	None	XX	SCS.
	None	None	None	No	Not funded	X	SCS.
	XX	XX	XX	Yes	11/3/72	X	SCS.
	None	None	None	No	None	XX	SCS.
	None	None	None	No	None	XX	SCS.
ble	None	Within available funds.	None	Yes	Implemented	XX	SCS.
	None	None	None	No	None	XX	SCS.
	XX	XX	XX	Yes	Implemented	XX	SCS.
	None	None	None	No	None	XX	SCS.
except	XX	None	None	No	None	XX	SCS.
y.	None	None	None	No	None	XX	SCS.
	XX	Within available funds.	Within available funds.	Yes	Implemented	XX	SCS.
	None	None	None	No	None	XX	SCS.

0110

		loans; insured loans; direct loans.					
Title II.....	P.L. 83-566...	Public Law 566 watershed amendments:					
Sec. 201(a)...	Sec. 1.....	Expanded purposes.....	Regulation...	XX.....	XX.....	XX.....	XX.....
Sec. 201(b)...	2(2).....	Conservation and utilization of land as added purpose.	Regulation...	XX.....	None.....	None.....	None.....
Sec. 201(c)...	3(6).....	10-year agreements.....	Cost-sharing payments.	Unlimited....	None.....	None.....	None.....
Sec. 201(d)...	4(1).....	Use of Federal funds for land rights.	Regulation...	XX.....	XX.....	XX.....	XX.....
Sec. 201(e)...	4(2)(A).....	Ground water recharge.....	Cost sharing..	Unlimited....	None.....	None.....	None.....
		Land use.....	Cost sharing..	Unlimited....	None.....	None.....	None.....
		Water quality management.....	Cost sharing..	Unlimited....	Within available funds.	None.....	None.....
Sec. 201(f)...	4(2)(B).....	Municipal and industrial water supply.	Cost sharing and loans.	Unlimited....	None.....	None.....	None.....
Sec. 201(g)...	(5)(4).....	Clearance with EPA.....	Regulation...	XX.....	XX.....	XX.....	XX.....
Title III:							
Sec. 301.....	(7 U.S.C. 1006a).	Sec. 301, Bankhead-Jones Farm-Tenant Act amendments (RC & D projects):					
Sec. 301(1)...	32(e)(1).....	Rural community water supply.	Cost sharing..	Unlimited....	None.....	None.....	None.....
Sec. 301(2)...	32(e)(2).....	Pollution abatement.....	Cost sharing..	Unlimited....	None, except for water quality.	XX.....	XX.....
Sec. 301(2)...	32(e)(2).....	Fire protection.....	Cost sharing..	Unlimited....	None.....	None.....	None.....
		Water quality management.....	Cost sharing..	Unlimited....	Within available funds.	XX.....	XX.....
		Solid waste disposal management.	Cost sharing..	Unlimited....	None.....	None.....	None.....
Sec. 302.....	New legislation.	Land and water use and conservation needs inventory.	Direct action..	Unlimited....	\$8 million....	None.....	None.....
Title IV.....	New legislation.	Rural Community Fire Protection.	Grants in aid to States.	\$7 million....	None.....	None.....	None.....
Title V.....	New legislation.	Rural Development research and education:					
	501(a), (b) and (c).	Nonfarm rural development.....	Grants in aid to States.	\$10 million..	{	\$5 million....	\$3 million....
	501(d).....	Small farm problems.....	Grants in aid to States.			None.....	None.....
Title VI:							
Sec. 601.....	901(b).....	Miscellaneous: Location of offices in rural areas.	Regulation...	XX.....	XX.....	XX.....	XX.....
Sec. 602.....	(7 U.S.C. 1006a).	Desertland entrymen.....	Loans.....	Unlimited....	Funded from farm ownership loan level.	XX.....	XX.....
Sec. 603.....		Coordination of Rural Development:					
Sec. 603(a)...	520 (7 U.S.C. 2201).	Adds rural development to mission of USDA.	Regulation...	XX.....	XX.....	XX.....	XX.....
Sec. 603(b)...	526(a) (7 U.S.C. 2204).	Adds rural development to mission of USDA.	Regulation...	XX.....	XX.....	XX.....	XX.....
	526(b).....	Coordination.....	Directive.....	XX.....	XX.....	XX.....	XX.....
	526(b).....	National rural development goals.	Goal setting..	XX.....	XX.....	XX.....	XX.....
	526(b).....	Annual report.....	Requirement..	XX.....	XX.....	XX.....	XX.....
	526(b).....	Rural development research..	Direct action..	ARS & ERS RDS, appropriation.	ARS & ERS RDS, appropriation.	XX.....	XX.....
	526(c)(A).....	Location of field units of non-USDA in USDA rural offices.	Regulation...	XX.....	XX.....	XX.....	XX.....
	526(c)(B).....	Interchange of personnel among rural offices.	Regulation...	XX.....	XX.....	XX.....	XX.....
Sec. 604.....	New legislation.	Assistant Secretary.....	Directive.....	Yes.....	Yes.....	XX.....	XX.....
Sec. 605.....	8 (16 U.S.C. 590a).	Long-term rural environmental contracts	Cost sharing..	Unlimited....	\$11.3 million..	None ⁶	None.....
Sec. 606.....	7 and 8 (16 U.S.C. 590a).	Cost-sharing for agriculturally related pollution abatement and prevention.	Cost sharing..	Unlimited....	None.....	None.....	None.....

XX—No entry required.

NC—Not cleared.

¹ Awaiting results by comprehensive study groups.

² Negotiating with Hawaiian Homelands.

³ \$520 million appropriated including \$500 million for community facility loans and \$470 million for rural water and sewer loans.

⁴ From farm operating loan fund, FY 1974, \$11 million.

⁵ \$200 million for community facilities loans and \$400 million for farm ownership loans.

XX	XX	XX	XX	Yes	Implemented	XX	SCS.
None	None	None	None	No	None	XX	SCS.
None	None	None	None	No	Not funded	X	SCS.
XX	XX	XX	XX	Yes	11/3/72	X	SCS.
None	None	None	None	No	None	XX	SCS.
None	None	None	None	No	None	XX	SCS.
Within available funds.	None	Within available funds.	None	Yes	Implemented	XX	SCS.
None	None	None	None	No	None	XX	SCS.
XX	XX	XX	XX	Yes	Implemented	XX	SCS.
None	None	None	None	No	None	XX	SCS.
None, except for water quality.	XX	None	None	No	None	XX	SCS.
None	None	None	None	No	None	XX	SCS.
Within available funds.	XX	Within available funds.	Within available funds.	Yes	Implemented	XX	SCS.
None	None	None	None	No	None	XX	SCS.
million	None	None	None	No	No funds appropriated.	XX	SCS.
None	None	None	\$3.5 million	Yes, partially.	Upon publication in Fed. Reg.	XX	FS.
million	\$3 million	\$3 million	\$3 million	Yes	Implemented	XX	CSRS & ES.
None	None	None	No	No	None	XX	CSRS & ES.
XX	XX	XX	XX	Yes	6/29/73 for USDA.	XX	GSA & USDA.
Funded from farm ownership loan level.	XX	Funded from farm ownership loan level.		Yes, partially.	Upon publication in Federal Register.	XX	FmHA.
XX	XX	XX	XX	Yes	Implemented	XX	USDA.
XX	XX	XX	XX	Yes	Implemented	XX	USDA.
XX	XX	XX	XX	Yes	Implemented	XX	RDS.
XX	XX	XX	XX	Yes	Implemented	XX	RDS.
XX & ERS	XX	XX	XX	XX	1/18/74	XX	Sect'y.
RDS, appropriation.	XX	ARS & ERS, RDS, appropriation.	ARS & ERS, RDS, appropriation.	Yes	Implemented	XX	RDS, ERS, & ARS.
XX	XX	XX	XX	No	None	XX	OPO.
XX	XX	XX	XX	No	None	XX	RDS.
XX	XX	XX	XX	Yes	Implemented	XX	USDA.
1.3 million	None ⁶	\$26.3 million	None ⁶	Yes	Implemented	XX	ASCS.
None	None	None	None	No	None	XX	ASCS.

0110

ing loan fund, FY 1974, \$11 million, FY 1975, as funds permit.
community facilities loans and \$400 million for water and sewer

⁶ Funded from other legislation.

⁷ \$200 million for community facilities loans and \$470 for water and sewer loans.

⁸ Includes \$120 million unobligated funds available in FY 1974.