

119TH CONGRESS
2D SESSION

S. _____

To amend the Consolidated Farm and Rural Development Act to expand eligibility for guaranteed and direct loans to individuals or entity members that hold at least a 50 percent interest and that are or will become qualified operators of the farm real estate acquired, improved, or supported with farm ownership, operating, or emergency loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. TUBERVILLE introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Consolidated Farm and Rural Development Act to expand eligibility for guaranteed and direct loans to individuals or entity members that hold at least a 50 percent interest and that are or will become qualified operators of the farm real estate acquired, improved, or supported with farm ownership, operating, or emergency loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “USDA Loan Mod-
3 ernization Act”.

4 **SEC. 2. PERSONS ELIGIBLE FOR REAL ESTATE LOANS.**

5 Section 302(a) of the Consolidated Farm and Rural
6 Development Act (7 U.S.C. 1922(a)) is amended—

7 (1) in paragraph (1)—

8 (A) in the matter preceding subparagraph
9 (A), by striking “a majority” and inserting “at
10 least a 50 percent”; and

11 (B) in subparagraph (C), by striking “a
12 majority” and inserting “at least a 50 percent”;
13 and

14 (2) in paragraph (2), by striking subparagraphs
15 (A) and (B) and inserting the following:

16 “(A) **ELIGIBILITY OF QUALIFIED OPERA-**
17 **TORS.**—Qualified operators, as defined by the
18 Secretary, shall be considered to meet the oper-
19 ator requirement of paragraph (1).

20 “(B) **ELIGIBILITY OF CERTAIN OPER-**
21 **ATING-ONLY ENTITIES.**—An applicant that is or
22 will become only the operator of farm real es-
23 tate acquired, improved, or supported with
24 funds under this subtitle shall be considered to
25 meet the owner-operator requirements of para-
26 graph (1) if 1 or more of the individuals who

1 is an owner of the farm real estate owns at
2 least 50 percent (or such other percentage as
3 the Secretary determines is appropriate) of the
4 applicant.

5 “(C) ELIGIBILITY OF CERTAIN EMBEDDED
6 ENTITIES.—An entity that is an owner-operator
7 described in paragraph (1), or an operator de-
8 scribed in subparagraph (B) of this paragraph
9 that is owned, in whole or in part, by 1 or more
10 other entities, shall be considered to meet the
11 direct ownership requirement imposed under
12 paragraph (1) if at least 75 percent of the total
13 ownership interests of the embedded entity, or
14 of the other entities, is owned, directly or indi-
15 rectly, by qualified operators of the farm ac-
16 quired, improved, or supported with funds
17 under this subtitle.”.

18 **SEC. 3. PERSONS ELIGIBLE FOR OPERATING LOANS.**

19 Section 311(a) of the Consolidated Farm and Rural
20 Development Act (7 U.S.C. 1941(a)) is amended—

21 (1) in paragraph (1)—

22 (A) in the matter preceding subparagraph
23 (A), by striking “a majority” and inserting “at
24 least a 50 percent”; and

1 (B) in subparagraph (C), by striking “a
2 majority” and inserting “at least a 50 percent”;
3 and

4 (2) by amending paragraph (2) to read as fol-
5 lows:

6 “(2) SPECIAL RULES.—

7 “(A) ELIGIBILITY OF QUALIFIED OPERA-
8 TORS.—Qualified operators, as defined by the
9 Secretary, shall be considered to meet the oper-
10 ator requirement of paragraph (1).

11 “(B) ELIGIBILITY OF CERTAIN OPER-
12 ATING-ONLY ENTITIES.—An entity that is an
13 operator described in paragraph (1) that is
14 owned, in whole or in part, by other entities,
15 shall be considered to meet the direct ownership
16 requirement imposed under paragraph (1) if at
17 least 75 percent of the total ownership interests
18 of the embedded entity, or of the other entities,
19 is owned, directly or indirectly, by qualified op-
20 erators of the farm improved or supported with
21 funds under this subtitle.”.

22 **SEC. 4. PERSONS ELIGIBLE FOR EMERGENCY LOANS.**

23 Section 321 of the Consolidated Farm and Rural De-
24 velopment Act (7 U.S.C. 1961) is amended—

25 (1) in subsection (a)—

1 (A) in the first sentence—

2 (i) by striking “(A)” and inserting

3 “(i)”;

4 (ii) by striking “(B)” and inserting

5 “(ii)”;

6 (iii) by striking “(1)” and inserting

7 “(A)”;

8 (iv) by striking “(2)” and inserting

9 “(B)”;

10 (v) by striking “a majority” each

11 place it appears and inserting “at least a

12 50 percent”;

13 (B) in the second sentence, by striking

14 “this subsection” and inserting “this para-

15 graph”;

16 (C) by striking the fifth sentence; and

17 (D) by adding at the end the following:

18 “(2) SPECIAL RULES.—

19 “(A) ELIGIBILITY OF QUALIFIED OPERA-

20 TORS.—Qualified operators, as defined by the

21 Secretary, shall be considered to meet the oper-

22 ator requirement of paragraph (1).

23 “(B) ELIGIBILITY OF CERTAIN OPER-

24 ATING-ONLY ENTITIES.—An applicant that is or

25 will become only the operator of farm real es-

1 tate acquired, improved, or supported with
2 funds under this subtitle shall be considered to
3 meet the owner-operator requirements of para-
4 graph (1) if 1 or more of the individuals who
5 is an owner of the real estate owns at least 50
6 percent (or such other percentage as the Sec-
7 retary determines is appropriate) of the appli-
8 cant.

9 “(C) ELIGIBILITY OF CERTAIN EMBEDDED
10 ENTITIES.—An entity that is an owner-operator
11 described in paragraph (1), or an operator de-
12 scribed in subparagraph (B) of this paragraph
13 that is owned, in whole or in part, by 1 or more
14 other entities, shall be considered to meet the
15 direct ownership requirement imposed under
16 paragraph (1) if at least 75 percent of the total
17 ownership interests of the embedded entity, or
18 of the other entities, is owned, directly or indi-
19 rectly, by qualified operators of the farm ac-
20 quired, improved, or supported with funds
21 under this subtitle.”; and

22 (2) by striking the section designation and all
23 that follows through “shall make and insure” in the
24 first sentence of the matter preceding paragraph (2)
25 of subsection (a) and inserting the following:

1 **“SEC. 321. ELIGIBILITY FOR LOANS.**

2 “(a) IN GENERAL.—

3 “(1) ELIGIBILITY REQUIREMENTS.—The Sec-

4 retary shall make and insure”.