

There are economic loss loans for small businesses through S.B.A. and a program for cattlemen through the FmHA. When cattlemen were suffering severe losses several years ago the Congress responded with the Emergency Livestock Program. Now is the time for the Congress to pass the Economic Emergency Loan Act of 1978 to give economic assistance to all farmers.

The Economic Emergency Loan Act of 1978 would offer the following loan benefits to farmers and ranchers:

(1) The Economic Emergency Loan interest rate would be set at the cost of money to the government. Under a S.B.A. loan program, with a similar formula, the interest rate today is 6 5/8 percent.

(2) There would be no limit on the size of the farm loan. The size of the loan would be set by the farmer's needs and his repayment ability and collateral available as determined by the farmer and the FmHA.

(3) Loan funds could be used to refinance present debts and to finance future production and development work. This would allow short term and intermediate debt to be transferred to long term debt where necessary to keep the farmer in business.

(4) Farm partnerships and corporations would also be eligible. There would not be any restrictions on the size of a farm operation in order to qualify as long as the enterprise is primarily and directly engaged in agricultural production and a majority interest is owned by those engaged in agricultural production.

(5) Farmers would be eligible for FmHA credit as long as they could show that they are unable for a temporary period to obtain sufficient credit from their normal credit source to finance their actual needs at reasonable rates and terms.

(6) The loans would be insured (direct) loans or guaranteed loans.

(7) The loan program would be open and ongoing and would not be subject to any special declaration from the Secretary of Agriculture. The legislation would be permanent.

(8) Normal terms would be for seven years with a five year renewal. Liberal operating loan repayment terms could be allowed up to 20 years if secured by real estate and necessary. Real estate loan purposes could be financed for 40 years. Principle and interest payments can now be deferred under present FmHA regulations for up to five years.

(9) Additional loans could be made to continue the farming operation if farming has not improved sufficiently to permit the borrower to obtain such financing from their normal credit sources.

(10) Funding for the loans would come from the Agricultural Credit Insurance Fund (ACIF).

(11) Loans could also be made to change from one system of farming to another if in the best interest of economic recovery.

This legislation gives the Secretary a broad loan program that is needed today to help farmers. The help is needed now. I hope the bill will be considered soon and passed into law."