

112TH CONGRESS  
1ST SESSION

# S. 805

To amend the Consolidated Farm and Rural Development Act to improve the business and industry direct and guaranteed loan program of the Department of Agriculture.

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## IN THE SENATE OF THE UNITED STATES

APRIL 13, 2011

Mr. BAUCUS introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To amend the Consolidated Farm and Rural Development Act to improve the business and industry direct and guaranteed loan program of the Department of Agriculture.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Access to Credit  
5 Act of 2011”.

1 **SEC. 2. BUSINESS AND INDUSTRY DIRECT AND GUARAN-**  
2 **TEED LOANS.**

3 (a) **TANGIBLE EQUITY REQUIREMENTS.**—Section  
4 310B(d) of the Consolidated Farm and Rural Develop-  
5 ment Act (7 U.S.C. 1932(d)) is amended by striking para-  
6 graph (6) and inserting the following:

7 “(6) **EQUITY.**—In the case of direct or guaran-  
8 teed loans under this section, the Secretary shall use  
9 commercial lending standards in determining any eq-  
10 uity requirement.”.

11 (b) **GENERAL TERMS.**—Section 310B(g) of the Con-  
12 solidated Farm and Rural Development Act (7 U.S.C.  
13 1932(g)) is amended by adding at the end the following:

14 “(10) **GENERAL TERMS.**—

15 “(A) **MAXIMUM LOAN GUARANTEE**  
16 **AMOUNT.**—

17 “(i) **IN GENERAL.**—Notwithstanding  
18 any other provision of this Act, during the  
19 period beginning on the date of enactment  
20 of this paragraph and ending on December  
21 31, 2012, the Secretary shall guarantee up  
22 to 90 percent of a business and industry  
23 loan in an amount of up to \$10,000,000  
24 that is a high priority project, as deter-  
25 mined based on published criteria of the

1 Secretary that includes rural economic fac-  
2 tors.

3 “(ii) SUBSEQUENT FISCAL YEARS.—  
4 Notwithstanding any other provision of  
5 this Act, beginning on January 1, 2013,  
6 the Secretary may guarantee up to 80 or  
7 90 percent (as determined by the Sec-  
8 retary) of a business and industry loan in  
9 an amount of up to \$10,000,000 that is a  
10 high priority project, as determined based  
11 on criteria described in clause (i).

12 “(B) LINE-OF-CREDIT LOANS.—In guaran-  
13 teeing business and industry loans, the Sec-  
14 retary shall guarantee line-of-credit loans in ac-  
15 cordance with section 316(c).

16 “(C) REFINANCING.—

17 “(i) IN GENERAL.—A business and in-  
18 dustry loan may be used by a small busi-  
19 ness to refinance debt in existence as of  
20 the day before the date on which the loan  
21 was made or guaranteed, if—

22 “(I) the project for which the  
23 debt was incurred is viable and will  
24 create or save jobs, as determined by  
25 the Secretary; and

1 “(II) as of the date of application  
2 for refinancing—

3 “(aa) the underlying loan  
4 has been current for at least 1  
5 year; and

6 “(bb) the lender is providing  
7 better rates and longer terms  
8 than under the original loan.

9 “(ii) SUBORDINATED OWNER DEBT.—  
10 Subordinated owner debt shall not be eligi-  
11 ble for inclusion in debt described in clause  
12 (i).

13 “(D) AUDIT STANDARDS.—Notwith-  
14 standing any other provision of law, the Sec-  
15 retary—

16 “(i) shall not require audited financial  
17 statements consistent with generally ac-  
18 cepted accounting principles for business  
19 and industry loans of less than  
20 \$1,000,000; and

21 “(ii) may waive any requirement for  
22 audited financial statements consistent  
23 with generally accepted accounting prin-  
24 ciples for business and industry loans of at  
25 least \$1,000,000.

1                   “(E) CALCULATION OF DELINQUENCY  
2                   RATES.—To allow accurate comparison of delin-  
3                   quency rates among Federal agencies, in calcu-  
4                   lating the delinquency rate for business and in-  
5                   dustry loans, the Secretary shall use the cal-  
6                   culation method used by the Administrator of  
7                   the Small Business Administration.”.

8                   (c) BUDGETARY EFFECTS.—The budgetary effects of  
9                   this Act, for the purpose of complying with the Statutory  
10                  Pay-As-You-Go Act of 2010, shall be determined by ref-  
11                  erence to the latest statement titled “Budgetary Effects  
12                  of PAYGO Legislation” for this Act, submitted for print-  
13                  ing in the Congressional Record by the Chairman of the  
14                  Senate Budget Committee, provided that such statement  
15                  has been submitted prior to the vote on passage.

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