

*(21) Temporary Suspension of Foreclosure on Certain Real Property Owned by, and Recovery of Certain Payments from, Borrowers with Shared Appreciation Arrangements.*

The House bill directs the Secretary upon enactment of the bill and through Dec. 31, 2002, to suspend foreclosure on real property secured by a shared appreciation arrangement and not attempt to recover payments on the terms of any shared appreciation arrangement entered into between the Secretary and a borrower. (Sec. 522)

The Senate amendment amends Sec. 353(e)(7) to provide alternatives to repaying the recapture amount of a shared appreciation arrangement by -- (1) financing the recapture agreement; or (2) granting the Secretary an agricultural use protection and conservation easement on the secured property which is subject to the shared appreciation arrangement.

An agricultural use protection and conservation easement shall -- (1) be for all of the real security property subject to the shared appreciation arrangement in lieu of payment of the recapture amount; (2) be for a term of 25 years; (3) require that the property subject to the easement be used or conserved for agricultural or conservation purposes in accordance with sound farming and conservation practices; and (4) provide that the borrower who is financing the recapture amount may replace the financing with an agricultural use protection and conservation easement.

The amendments shall apply to a shared appreciation arrangement that -- (1) matures on or after the date of enactment; or (2) matured before the date of enactment if -- (a) the recapture was reamortized under sec. 353(e)(7) or (b)(1) the recapture amount had not been paid before the date of enactment because of circumstances beyond the control of the borrower; and (b)(2) the borrower acted in good faith in attempting to repay the recapture amount. (Sec. 531)

The Conference substitute provides that the Secretary may modify a recapture loan on which a payment has become delinquent by using loan servicing tools if the default was beyond the control of the borrower and the borrower acted in good faith in attempting to repay the recapture loan. A reamortized loan may not exceed 25 years from the date of the original amortization agreement or provide for reducing the outstanding principal or unpaid interest due on the loan.

The Managers expect the Secretary to review USDA appeal policies regarding appraisals used for shared appreciation agreements. The Managers expect the Secretary to establish policies that will result in the use of the most accurate appraisal of assets, including the use of independent appraisals provided on appeal by the borrower that are consistent with Federal appraisal standards.

*(22) Authority to Make Business and Industry Guaranteed Loans for Farmer-owned Projects that Add Value to or Process Agricultural Products.*

The House bill amends Sec. 310B(a)(1) by expanding the Secretary's loan making authority in the business and industry loan program to larger than rural communities if a majority of the project involved is owned by individuals who reside and have farming operations in rural communities and the project adds value to or processes agricultural commodities. (Sec. 523)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.