

family where, in the judgment of the Secretary, such loans have a reasonable possibility of effecting a permanent increase in the income of such families by assisting or permitting them to—

- (1) acquire or improve real estate or reduce encumbrances or erect improvements thereon,
- (2) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment, or
- (3) participate in cooperative associations; and/or to finance nonagricultural enterprises which will enable such families to supplement their income.

(b) Loans under this section shall be made only if the family is not qualified to obtain such funds by loan under other Federal programs.

(c) In carrying out this part in areas served by qualified community action boards, the Secretary shall utilize the services of such boards in developing programs under this part.

COOPERATIVE ASSOCIATIONS

SEC. 812. The Secretary is authorized to make loans to local cooperative associations furnishing essential processing, purchasing, or marketing services, supplies, or facilities predominantly to low-income rural families.

LIMITATIONS OF ASSISTANCE

SEC. 813. No financial or other assistance shall be provided under this part unless the Secretary determines that—

- (a) the providing of such assistance will materially further the purposes of this part, and
- (b) in the case of assistance provided pursuant to section 812, the applicant is fulfilling or will fulfill a need for services, facilities, or activities which is not otherwise being met.

LOAN TERMS AND CONDITIONS

SEC. 814. Loans pursuant to sections 811 and 812 shall have such terms and conditions as the Secretary shall determine, subject to the following limitations—

- (a) there is reasonable assurance of repayment of the loan;
- (b) the credit is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;
- (c) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;
- (d) the loan bears interest at a rate not less than (1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (2) such additional charge, if any, toward covering other costs of the program as the Treasury may determine to be consistent with its purposes;
- (e) with respect to loans made pursuant to section 812, the loan is repayable within not more than thirty years; and
- (f) no financial or other assistance shall be provided under this part to, or in connection with, any corporation or cooperative organization for the production of agricultural commodities or for manufacturing purposes: *Provided*, That packing, canning, cooking, freezing, or other processing used in preparing or marketing edible farm products, including dairy products, shall not be regarded as manufacturing merely by reason of the fact that it results in the creation of a new or different substance.

REVOLVING FUND

SEC. 815. (a) To carry out the lending and guaranty functions authorized under this title, the revolving fund created by section 606 of the Economic Opportunity Act of 1964 is continued in existence. The capital of the fund shall consist of such amounts as may be advanced to it by the Director or the Secretary from funds appropriated to carry out the title and shall remain available until expended.

(b) The Secretary shall pay into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the capital of the fund at a rate deter-