

(b) The Act of July 1, 1944 (58 Stat. 682), as amended, is further amended by renumbering title IX (as in effect prior to the enactment of this Act) as title X, and by renumbering sections 901 through 914 (as in effect prior to the enactment of this Act), and references thereto, as sections 1001 through 1014, respectively.

Approved October 6, 1965, 10:15 a.m.

42 USC 201 note.

Public Law 89-240

AN ACT

October 7, 1965  
[S. 1756]

To amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture to make or insure loans to public and quasi-public agencies and corporations not operated for profit with respect to water supply, water systems, and waste disposal systems serving rural areas and to make grants to aid in rural community development planning and in connection with the construction of such community facilities, to increase the annual aggregate of insured loans thereunder, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 306(a) of the Consolidated Farmers Home Administration Act is amended to read as follows:

Consolidated  
Farmers Home  
Administration  
Act of 1961,  
amendments,  
75 Stat. 308.  
7 USC 1926.  
Loans to asso-  
ciations, corpora-  
tions, etc.

“(1) The Secretary is also authorized to make or insure loans to associations, including corporations not operated for profit, and public and quasi-public agencies to provide for the application or establishment of soil conservation practices, shifts in land use, the conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities, and recreational developments, all primarily serving farmers, ranchers, farm tenants, farm laborers, and other rural residents, and to furnish financial assistance or other aid in planning projects for such purposes.

“(2) The Secretary is authorized to make grants aggregating not to exceed \$50,000,000 in any fiscal year to such associations to finance specific projects for works for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The amount of any grant made under the authority of this paragraph shall not exceed 50 per centum of the development cost of the project to serve the area which the association determines can be feasibly served by the facility and to adequately serve the reasonably foreseeable growth needs of the area.

Limitation.

“(3) No grant shall be made under paragraph 2 of this subsection in connection with any facility unless the Secretary determines that the project (i) will serve a rural area which is not likely to decline in population below that for which the facility was designed, (ii) is designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area, or (iii) is necessary for orderly community development consistent with a comprehensive community water or sewer development plan of the rural area and not inconsistent with any planned development under State, county, or municipal plans approved as official plans by competent authority for the area in which the rural community is located and the Secretary shall establish regulations requiring the submission of all applications for financial assistance under this Act to the county or municipal government in which the proposed project is to be located for review and comment by such agency within a designated period of time. Until October 1, 1968, the Secretary may make grants prior to the completion of the comprehensive plan, if the preparation of such plan has been undertaken for the area.

Conditions.

“Development cost.”

“(4) (A) The term ‘development cost’ means the cost of construction of a facility and the land, easements, and rights-of-way, and water rights necessary to the construction and operation of the facility.

“Project.”

“(B) The term ‘project’ shall include facilities providing central service or facilities serving individual properties, or both.

50 Stat. 869;  
75 Stat. 318.  
16 USC 590r-  
590x-4.

“(5) No loan or grant shall be made under this subsection which would cause the unpaid principal indebtedness of any association under this Act and under the Act of August 28, 1937, as amended, together with the amount of any assistance in the form of a grant to exceed \$4,000,000 at any one time.

“(6) The Secretary may make grants aggregating not to exceed \$5,000,000 in any fiscal year to public bodies or such other agencies as the Secretary may determine having authority to prepare official comprehensive plans for the development of water or sewer systems in rural areas which do not have funds available for immediate undertaking of the preparation of such plan.

“(7) Rural areas, for the purposes of water and waste disposal projects shall not include any area in any city or town which has a population in excess of 5,500 inhabitants.

“(8) In each instance where the Secretary receives two or more applications for financial assistance for projects that would serve substantially the same group of residents within a single rural area, and one such application is submitted by a city, town, county or other unit of general local government, he shall, in the absence of substantial reasons to the contrary, provide such assistance to such city, town, county or other unit of general local government.

Water pollution restrictions.

“(9) No Federal funds shall be authorized for use unless it be certified by the appropriate State water pollution control agency that the water supply system authorized will not result in pollution of waters of the State in excess of standards established by that agency.

“(10) In the case of sewers and waste disposal systems, no Federal funds shall be advanced hereunder unless the appropriate State water pollution control agency shall certify that the effluent therefrom shall conform with appropriate State and Federal water pollution control standards when and where established.”

Real estate loans.  
76 Stat. 908.  
7 USC 1928.

SEC. 2. (a) Section 308 of the Consolidated Farmers Home Administration Act of 1961 is amended by—

(1) striking out “\$200,000,000” and inserting in lieu thereof “\$450,000,000”;

(2) in clause (a) striking out “except that no agreement shall provide for purchase by the Secretary at a date sooner than three years from the date of the note”; and

(3) striking out clause (b) and inserting in lieu thereof “(b) may retain out of payments by the borrower a charge at a rate specified in the insurance agreement applicable to the loan”.

75 Stat. 309.  
7 USC 1929.

(b) Section 309(e) of such Act is amended by striking out “such portion of the charge collected in connection with the insurance of loans at least equal to a rate of one-half of 1 per centum per annum on the outstanding principal obligations and the remainder of such charge” and inserting in lieu thereof “all or a portion, not to exceed one-half of 1 per centum of the unpaid principal balance of the loan, of any charge collected in connection with the insurance of loans; and any remainder of any such charge”.

76 Stat. 632.  
7 USC 1929.

(c) Section 309(f)(1) of such Act is amended by striking out “\$25,000,000” and inserting in lieu thereof “\$50,000,000”.

Approved October 7, 1965, 10:15 a.m.