

FOR IMMEDIATE RELEASE

JUNE 16, 1975

Office of the White House Press Secretary

---

THE WHITE HOUSE

EXTENSION OF THE EMERGENCY LIVESTOCK CREDIT

ACT OF 1974 (S. 1236)

FACT SHEET

The President today signed into law S. 1236, which extends, with certain amendments, the Emergency Livestock Credit Act of 1974 from July 25, 1975 to December 31, 1976.

Background

The original Act currently provides guarantees for loans by private lenders made to farmers and ranchers who breed, raise, fatten or market livestock. At present, the total loans guaranteed for any borrower may not exceed \$250,000 and the aggregate of all loans guaranteed at any one time may not exceed \$2 billion.

The original Act and this extension are designed to deal with the depressed market for livestock -- particularly cattle -- and to soften the financial impact of this market collapse on the livestock industry.

Features of S. 1236

This legislation extends new loan guarantee authority under the Act from July 25, 1975 to December 31, 1976 and amends the Act to:

- broaden program eligibility.
- increase maximum guaranteed loan amounts to \$350,000 (from \$250,000).
- lengthen the maximum duration of loans to 7 years (from 3 years).
- change the loan guarantee to cover up to 90% of the principal and interest of the loan (from 80%).
- liberalize loan security requirements.
- reduce the aggregate level of Federal loan guarantees to \$1.5 billion (from \$2.0 billion).

Since this is a guarantee program with no interest rate subsidy, direct costs to the Federal Government will be limited to nominal administrative expenses and any future losses resulting from defaults of guaranteed loans.

# # #