

that particular program in the spring instead of the fall. There has been prepared for you and will be passed around to you shortly a packet of information on all three of these programs as best we have been able to acquire information on the amendments and the related programs over the weekend. As I indicated, it is being prepared right now and you should have it in your hands in about five minutes. In any event, the substance of the changes are basically as follows. With regard to point number one of the program, the FMHA loan guarantees, the current program in terms of who qualifies, how much they qualify, all of the terms of the current program are kept in place with just a couple of exceptions which I will describe to you. But the current program basically guarantees 90 percent of guaranteed loans. It is limited to \$400,000 per operator. And right now only about \$25 million has been used under this program which basically was anticipated to be funded at a \$650 million level. And under the amendment, the cap would be increased considerably over the \$650 million level so that a significant amount of additional funds will be able...will be there to guarantee loans. Now, you are probably asking yourself, well, if only \$25 million of \$650 million has been used so far, what good does it do to add additional amounts? And it is correct that it would do no good to add additional amounts if you did not change the administrative rule so as to allow the use of the monies that are being...that are available. And one of the important things that this particular program does is change the 110 percent cash flow coverage to basically essentially what is going to be 100 percent cash flow coverage. In other words, if in working out the figures it appears that the cash flow will cover the principal and interest payments at a 100 percent, then that is going to suffice. So in changing from 110 percent to 100 percent, it eases the criteria or the qualifying criteria for the program and hopefully will enable a large additional amount of farmers to participate in the program. Now the second thing that happens under the proposed amendments, and this relates to the loan guarantees or it may be viewed as separate from it, is that there is an interest buy down provision. A hundred million dollars is provided for what they call interest buy downs. The maximum amount, underwritten amount per loan is not defined. That will be left to the administration to define, that is whether they want to do a maximum of one thousand, two thousand, three thousand or five thousand on individual loans. That is going to be left to the administration. But