

119TH CONGRESS
2D SESSION

S. 3936

To amend the Consolidated Farm and Rural Development Act to expand eligibility for guaranteed and direct loans to individuals or entity members that hold at least a 50 percent interest and that are or will become qualified operators of the farm real estate acquired, improved, or supported with farm ownership, operating, or emergency loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26, 2026

Mr. TUBERVILLE (for himself and Mr. HUSTED) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Consolidated Farm and Rural Development Act to expand eligibility for guaranteed and direct loans to individuals or entity members that hold at least a 50 percent interest and that are or will become qualified operators of the farm real estate acquired, improved, or supported with farm ownership, operating, or emergency loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “USDA Loan Mod-
3 ernization Act”.

4 **SEC. 2. PERSONS ELIGIBLE FOR REAL ESTATE LOANS.**

5 Section 302(a) of the Consolidated Farm and Rural
6 Development Act (7 U.S.C. 1922(a)) is amended—

7 (1) in paragraph (1)—

8 (A) in the matter preceding subparagraph

9 (A), by striking “a majority” and inserting “at
10 least a 50 percent”; and

11 (B) in subparagraph (C), by striking “a
12 majority” and inserting “at least a 50 percent”;

13 and

14 (2) in paragraph (2), by striking subparagraphs

15 (A) and (B) and inserting the following:

16 “(A) **ELIGIBILITY OF QUALIFIED OPERA-**
17 **TORS.**—Qualified operators, as defined by the
18 Secretary, shall be considered to meet the oper-
19 ator requirement of paragraph (1).

20 “(B) **ELIGIBILITY OF CERTAIN OPER-**
21 **ATING-ONLY ENTITIES.**—An applicant that is or
22 will become only the operator of farm real es-
23 tate acquired, improved, or supported with
24 funds under this subtitle shall be considered to
25 meet the owner-operator requirements of para-
26 graph (1) if 1 or more of the individuals who

is an owner of the farm real estate owns at least 50 percent (or such other percentage as the Secretary determines is appropriate) of the applicant.

“(C) ELIGIBILITY OF CERTAIN EMBEDDED ENTITIES.—An entity that is an owner-operator described in paragraph (1), or an operator described in subparagraph (B) of this paragraph that is owned, in whole or in part, by 1 or more other entities, shall be considered to meet the direct ownership requirement imposed under paragraph (1) if at least 75 percent of the total ownership interests of the embedded entity, or of the other entities, is owned, directly or indirectly, by qualified operators of the farm acquired, improved, or supported with funds under this subtitle.”.

SEC. 3. PERSONS ELIGIBLE FOR OPERATING LOANS.

Section 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking “a majority” and inserting “at least a 50 percent”; and

1 (B) in subparagraph (C), by striking “a
 2 majority” and inserting “at least a 50 percent”;
 3 and

4 (2) by amending paragraph (2) to read as fol-
 5 lows:

6 “(2) SPECIAL RULES.—

7 “(A) ELIGIBILITY OF QUALIFIED OPERA-
 8 TORS.—Qualified operators, as defined by the
 9 Secretary, shall be considered to meet the oper-
 10 ator requirement of paragraph (1).

11 “(B) ELIGIBILITY OF CERTAIN OPER-
 12 ATING-ONLY ENTITIES.—An entity that is an
 13 operator described in paragraph (1) that is
 14 owned, in whole or in part, by other entities,
 15 shall be considered to meet the direct ownership
 16 requirement imposed under paragraph (1) if at
 17 least 75 percent of the total ownership interests
 18 of the embedded entity, or of the other entities,
 19 is owned, directly or indirectly, by qualified op-
 20 erators of the farm improved or supported with
 21 funds under this subtitle.”.

22 **SEC. 4. PERSONS ELIGIBLE FOR EMERGENCY LOANS.**

23 Section 321 of the Consolidated Farm and Rural De-
 24 velopment Act (7 U.S.C. 1961) is amended—

25 (1) in subsection (a)—

1 (A) in the first sentence—

2 (i) by striking “(A)” and inserting

3 “(i)”;

4 (ii) by striking “(B)” and inserting

5 “(ii)”;

6 (iii) by striking “(1)” and inserting

7 “(A)”;

8 (iv) by striking “(2)” and inserting

9 “(B)”;

10 (v) by striking “a majority” each

11 place it appears and inserting “at least a

12 50 percent”;

13 (B) in the second sentence, by striking

14 “this subsection” and inserting “this para-

15 graph”;

16 (C) by striking the fifth sentence; and

17 (D) by adding at the end the following:

18 “(2) SPECIAL RULES.—

19 “(A) ELIGIBILITY OF QUALIFIED OPERA-

20 TORS.—Qualified operators, as defined by the

21 Secretary, shall be considered to meet the oper-

22 ator requirement of paragraph (1).

23 “(B) ELIGIBILITY OF CERTAIN OPER-

24 ATING-ONLY ENTITIES.—An applicant that is or

25 will become only the operator of farm real es-

tate acquired, improved, or supported with funds under this subtitle shall be considered to meet the owner-operator requirements of paragraph (1) if 1 or more of the individuals who is an owner of the real estate owns at least 50 percent (or such other percentage as the Secretary determines is appropriate) of the applicant.

“(C) ELIGIBILITY OF CERTAIN EMBEDDED ENTITIES.—An entity that is an owner-operator described in paragraph (1), or an operator described in subparagraph (B) of this paragraph that is owned, in whole or in part, by 1 or more other entities, shall be considered to meet the direct ownership requirement imposed under paragraph (1) if at least 75 percent of the total ownership interests of the embedded entity, or of the other entities, is owned, directly or indirectly, by qualified operators of the farm acquired, improved, or supported with funds under this subtitle.”; and

(2) by striking the section designation and all that follows through “shall make and insure” in the first sentence of the matter preceding paragraph (2) of subsection (a) and inserting the following:

1 **“SEC. 321. ELIGIBILITY FOR LOANS.**

2 “(a) IN GENERAL.—

3 “(1) ELIGIBILITY REQUIREMENTS.—The Sec-

4 retary shall make and insure”.

