

News from Senator

BOB DOLE



(R - Kansas)

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DOLE HAILS AG/ENERGY BANK INITIATIVE

WASHINGTON -- Senator Bob Dole (R-Kans.) today hailed the initiative of the Federal Deposit Insurance Corporation, the Federal Reserve, and the Comptroller of the Currency in moving ahead with their regulatory plan to meet the problems of lenders and borrowers in the agriculture and energy sectors of the economy. Today the FDIC and the Fed announced the implementation of their March 11 capital forbearance plan, and the Office of the Comptroller of the Currency is preparing to make a similar announcement shortly.

"I applaud the speed and efficiency with which the major bank regulators have moved to address the problems of farmers, bankers and energy producers in sectors of our economy that have yet to feel the benefits of economic recovery," Dole said. "I continue to hope that Congress will give the bank regulators some legislative reinforcement, and I regret we couldn't do that before the Easter recess. But clearly the FDIC, the Fed, and the Comptroller have the authority to move ahead, and they are doing the responsible thing to help rural America."

The March 11 initiative Senator Dole referred to proposed a policy of forbearance on capital requirements to help banks with lending concentrated in the agriculture and energy sectors of the economy. That proposal also modifies accounting requirements for loans in those sectors that require restructuring. The goal of this initiative is to limit foreclosures on normally credit-worthy farmers and energy producers, and enable banks to keep lending to essentially sound farm and energy operations that are experiencing problems because of major changes in the U.S. economy.

Dole added that "I would hope the new Farm Credit Administration Board will adopt similar forbearance policies in regulating the Farm Credit System. In particular, I would encourage a serious look at implementing the 'minimum cost' criterion as a standard for evaluating farm borrowers. This approach would require lenders to provide concessional loan terms if the resulting cost to the institution is less than foreclosure. I intend to urge such forbearance policies on the FCA Board members when they are nominated by the President.