

BOB DOLE



(R - Kansas)

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FOR IMMEDIATE RELEASE
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STATEMENT OF SENATE MAJORITY LEADER BOB DOLE
FARM CREDIT RESOLUTION

YESTERDAY I INTRODUCED A CONCURRENT RESOLUTION CALLING ON MEMBER INSTITUTIONS OF THE COOPERATIVE FARM CREDIT SYSTEM TO TAKE ALL POSSIBLE STEPS TO CONTINUE TO PROVIDE FINANCIAL ASSISTANCE TO THEIR FARM BORROWERS, MANY OF WHOM ARE FACING SEVERE FINANCIAL DIFFICULTIES. THE RESOLUTION ALSO ASKS THE FARM CREDIT ADMINISTRATION TO EXERCISE FORBEARANCE IN ITS REGULATORY POLICIES, SIMILAR TO THE APPROACH ANNOUNCED SEVERAL WEEKS AGO BY FEDERAL REGULATORS FOR COMMERCIAL AGRICULTURAL LENDERS.

I AM PARTICULARLY PLEASED THAT I WAS JOINED IN THIS INITIATIVE BY A BROAD AND BIPARTISAN GROUP OF 60 SENATORS INCLUDING MOST SENATORS FROM AGRICULTURAL STATES. I HAVE ATTEMPTED FOR SEVERAL WEEKS TO OBTAIN UNANIMOUS CONSENT TO CONSIDER THE RESOLUTION BUT HAVE BEEN ADVISED THERE ARE OBJECTIONS ON THE DEMOCRATIC SIDE.

I UNDERSTAND THAT, IN ITS PRESENT FORM, THIS RESOLUTION IS ACCEPTABLE TO THE ADMINISTRATION. IN ADDITION, I INTEND TO ASK NOMINEES TO THE FARM CREDIT ADMINISTRATION BOARD TO ENDORSE THESE PROVISIONS.

YESTERDAY THE HOUSE VOTED 407-0 ON A NON-BINDING RESOLUTION URGING THE FARM CREDIT SYSTEM TO RESTRUCTURE PROBLEM LOANS WHERE POSSIBLE, RATHER THAN FORECLOSE. SO, IT SEEMS TO ME, THERE IS WIDESPREAD CONCERN THAT CONGRESS EXPRESS ITS VIEW TO THE FARM CREDIT SYSTEM, AND THAT WE SHOULD DO SO SOON. I HOPE THAT WHATEVER PROBLEMS SENATORS ON THE OTHER SIDE OF THE AISLE MIGHT HAVE WITH MY RESOLUTION COULD BE DISCUSSED, SO THAT THE SENATE MIGHT ACT EXPEDITIOUSLY ON THE MEASURE.

(MORE)

MY RESOLUTION IS STRAIGHTFORWARD. IT EXPRESSES THE SENSE OF CONGRESS THAT FARM CREDIT SYSTEM INSTITUTIONS SHOULD TAKE SPECIFIC ACTIONS TO HELP THEIR FARM BORROWERS THROUGH THE CURRENT PERIOD OF HIGH INDEBTEDNESS AND TIGHT CASH FLOW. AMONG THESE ACTIONS WOULD BE PARTICIPATING IN FARMERS HOME AND OTHER GOVERNMENT GUARANTEE PROGRAMS TO PROVIDE CREDIT TO FARMERS WHO WILL OTHERWISE NOT QUALIFY FOR OPERATING LOANS FOR PLANTING 1986 CROPS; STAYING WITH A BORROWER AS LONG AS THERE IS A REASONABLE POSSIBILITY OF THE FARMER WORKING OUT OF FINANCIAL DIFFICULTIES; USING LOAN RESTRUCTURING PROGRAMS THAT PROVIDE FOR ADJUSTMENT IN PRINCIPAL AND INTEREST PAYMENTS TO ENABLE BORROWERS TO SERVICE THEIR OBLIGATIONS; RESTRUCTURING AND MAKING CONCESSIONARY ADJUSTMENTS ON LOANS IF THE COST OF DOING SO TO THE INSTITUTION IS LESS THAN THE COST OF FORECLOSING, AND THERE IS NO REASONABLE ALTERNATIVE COURSE OF ACTION; AND ASSURING THAT ELIGIBLE BORROWERS AND FAMILY MEMBERS OF DEFAULTING BORROWERS HAVE THE OPPORTUNITY TO BID ON PROPERTY SUBJECT TO FORECLOSURE; AND,

WE ASK THAT THESE POLICIES BE ADMINISTERED WHILE RECOGNIZING THE NEED TO FOLLOW SOUND CREDIT PRACTICES THAT PROTECT THE INTEREST OF SHAREHOLDERS AND MAINTAIN THE SOUND REPUTATION OF FARM CREDIT SYSTEM SECURITIES IN THE FINANCIAL MARKETS.

FINALLY, THIS RESOLUTION CALLS ON THE FARM CREDIT ADMINISTRATOR TO ADOPT FLEXIBILITY IN ITS REGULATORY POLICIES, SIMILAR TO THE AGREEMENT ANNOUNCED BY THE OTHER FEDERAL REGULATORS IN DEALING WITH COMMERCIAL AGRICULTURAL BANKS. AN INCREASED BUT STILL RESPONSIBLE LEVEL OF FORBEARANCE IS VITAL IF MEMBER INSTITUTIONS OF THE FARM CREDIT SYSTEM ARE TO STAY WITH THEIR BORROWERS.

I HOPE AND TRUST THAT BOTH THE FARM CREDIT SYSTEM AND THE FARM CREDIT ADMINISTRATION WOULD USE THE PROVISIONS OF THIS RESOLUTION AS GUIDELINES FOR HELPING FARMER/BORROWERS OUT OF THEIR CURRENT PROBLEMS.

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