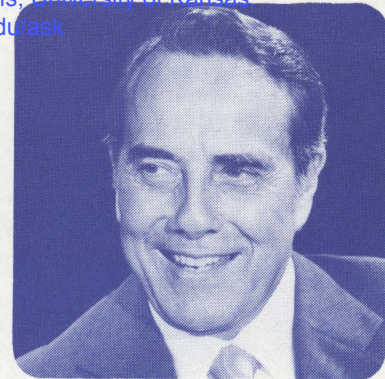


# News from Senator

# BOB DOLE



(R - Kansas)

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## USDA ADOPTS DOLE POSITION ON PIK BENEFIT OPTION

Washington, DC -- The U.S. Department of Agriculture has agreed to a recommendation by Kansas Sen. Bob Dole allowing grain farmers to have the option of receiving either a certificate or actual grain payment-in-kind (PIK) from outstanding loans to satisfy the USDA's advanced deficiency payment obligations.

Under the initial advanced payment plan, the Commodity Credit Corporation (CCC) had intended to require all producers with on-farm storage to redeem the appropriate portion of existing loans before becoming eligible for commodity certificates. Dole yesterday urged the USDA to allow producers an option.

"Today's move will help ease the work backlog in many ASCS offices and speed up processing of payments to farmers," said Sen. Dole following the USDA's announcement by Sec. Richard Lyng. "Producers with on-farm storage will now have the option of receiving generic certificates redeemable immediately for cash. This ensures all producers will be treated in an equitable manner, and will prevent producer losses from market declines during time delays of computing PIK benefits."

The USDA recently modified the PIK plan to protect producers with commercially warehoused grain from suffering price declines during the time delay of processing split receipts.

- \* Using loan restructuring programs that provide for adjustment of principal and interest payments that enable borrowers to service their obligations.
- \* Emphasizing loan servicing approaches which help borrowers who make honest efforts to meet loan contract conditions.
- \* Restructuring and making concessionary adjustments on loans if the cost of doing so is less than the net benefit to the lending institution, and there is no reasonable alternative.
- \* Assuring that eligible borrowers and family members of defaulting borrowers have the opportunity to bid on property subject to foreclosure.
- \* Administering these policies while recognizing the need to follow sound credit practices which protect the interest of shareholders and maintain the sound reputation of FCS securities in financial markets.

"We are not going to solve the farm credit crisis by legislating new credits or cash outlays," said Sen. Dole. "Even if we had the money - which we do not - we would only be repeating and exacerbating the costly mistakes of the past."

"We are all in this together. Only by accepting this responsibility rather than passing the buck - or asking for it - can agriculture begin to turn its present difficulties around and look toward a brighter future," said Dole.