

## News from Senator

# BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

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FOR FURTHER INFORMATION CONTACT:  
BILL KATS, MORGAN WILLIAMS

### DOLE SPONSORS LEGISLATION TO BROADEN LENDING AUTHORITY OF FARM CREDIT SYSTEM

WASHINGTON -- Sen. Bob Dole (R-Kan.), a senior member of the Senate Committee on Agriculture, Nutrition and Forestry, has sponsored legislation, S.1465, to broaden the lending authority and strengthen the Farm Credit System--the major lender to American farmers.

Dole said the bill is needed to "revise and update" the Farm Credit Act of 1971, which was intended as a new charter for the Farm Credit System to make it more "responsive to the changing needs of rural America." He added that the bill would "better equip the system to fulfill that charter and would provide improved private financing for farmers and their businesses.

"The Farm Credit System provides about a third of the credit needs of the nation's agriculture, including individual farmers and rural cooperatives, with an annual loan volume of more than \$50 billion.

"Cooperatively organized with no tax funding, the system includes the Federal Land Banks, which make long-term farm mortgage loans; the Federal Intermediate Credit Banks, which make intermediate-term farm loans through Production Credit Associations; and Banks for Cooperatives, which lend to farmer cooperatives. The system is supervised by the Farm Credit Administration (FCA), an independent federal agency totally funded by the member institutions."

Dole said there are seven major provisions that are the basis of the bill which was approved by the Federal Farm Credit Board (the overall policy-maker for the Credit System).

"The first would lower to 60 percent membership of a cooperative who must be farmers to be eligible to borrow from Banks for Cooperatives," he said. "The current farmer-member minimum is 80 percent, except for rural electric and telephone co-ops, where the requirement is 70 percent." Dole said the change would allow Banks for Cooperatives to finance more co-ops, but would still require that the co-op controlled by farmers.

"A second major provision of the bill would permit Federal land Banks to make loans for more than 85 percent of the appraised value of farm real estate when these loans are guaranteed by a federal agency, such as Farmers Home Administration, or by a state government," he said. "This would make it possible for Federal Land Banks to expand financing to limited-equity farmers--especially young farmers.

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"A third major item would broaden the authority of Federal Land Banks and Production Credit Associations to finance processing and marketing activities and facilities directly related to an agricultural producer's operations and those of other bona fide producers. This proposal is intended to assist farmers, ranchers and fishermen, who are now eligible to borrow from the system, to acquire or improve a processing or marketing capability for their own agricultural production. Under this proposal, district Farm Credit Boards would have authority to set limits for such loans, subject to Farm Credit Administration approval.

"A fourth provision would authorize Banks for Cooperatives to finance agricultural export transactions that benefit U.S. cooperatives. Banks for Cooperatives would be permitted to make deposits in foreign banks, receive and hold credit balances from banks and borrowers, buy and sell bankers acceptances, buy time drafts payable by foreign buyers of farm products, take part in currency exchange and make loans to facilitate transactions of borrowing cooperatives.

"In addition, the proposal would authorize Banks for Cooperatives financing of trading facilities which are jointly owned by a U.S. cooperative and a foreign cooperative, and authorize Banks for Cooperatives investments in foreign financial institutions or servicing operations related to export trade. Banks for Cooperatives also would be authorized to finance directly equity investors who build facilities or provide equipment for lease to a U.S. farmer cooperative.

"A fifth provision of the bill would expand aquatic financing by the Farm Credit System by allowing Federal Land Banks to make long-term loans to producers and harvesters of aquatic products. It also would clarify that cooperatives solely engaged in furnishing aquatic business services are eligible to borrow from Banks for Cooperatives. It would permit Federal Intermediate Credit Banks to discount aquatic loans of other financial institutions not part of the Farm Credit System.

"The sixth major provision would encourage cooperation between Farm Credit System institutions and commercial banks by authorizing Federal Land Banks to participate in loans with lenders outside the System and by authorizing Production Credit Associations to issue participation certificates to commercial bankers and other lenders. This would streamline a program under which PCAs participate in farm loans originated by commercial banks.

"The seventh major provision covers several proposals designed to help the FCA recredit, hire and retain qualified people to supervise the Farm Credit System."

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