

News from Senator

BOB DOLE



(R - Kansas)

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FOR IMMEDIATE RELEASE
DECEMBER 4, 1987

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DOLE PLEASED WITH ACTION ON FARM CREDIT

WASHINGTON -- Calling it "another helping hand for rural America," Senator Bob Dole (R-Kan) applauded Senate passage of legislation designed to shore up the ailing Farm Credit System (FCS). "Today's action is an important and necessary step in bringing a long-term solution to the System's chronic problems while ensuring that farmers will still have access to an important source of credit."

"The Senate's package should make System institutions competitive with commercial banks and provide sufficient liquidity and incentive so that credit demand in rural areas is met. I believe this measure also meets our bottom line of ensuring that Federal assistance to the System and other lenders be conditioned on whether the benefits will pass through to farmers. By providing assistance through government guaranteed bonds, this bill meets these important objectives without requiring an up-front infusion of taxpayer dollars."

Dole stressed the need to put FCS legislation on a fast track in order to pass the final bill before Congress adjourns later this month. The House passed its version of the bill in October.

The Senate bill:

- * Establishes an "Assistance Board" to provide up to \$4 billion in government guaranteed bonds to financially distressed districts. When the value of the borrower stock in any district declines to 75% of par value, the Assistance Board would be required to make a determination to provide assistance, liquidate the district or require mergers, based on the most cost-efficient alternative. Any mergers of districts would require approval by stockholder vote.
- * Guarantees borrower stock.
- * Requires restructuring of FCS loans and FmHA loans when restructuring would be less expensive than foreclosure.
- * Establishes a secondary market to allow lenders to provide long-term fixed-rate real estate loans to farmers.
- * Provides specific borrowers' rights, including information about interest rates, reviews of adverse decisions, 14-day advance notice before acceleration or foreclosure. Also establishes federal matching grants for states that create mediation programs for farmers and lenders.