

News from Senator

BOB DOLE



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DOLE PUSHES RURAL TELEPHONE BANK REFORM

Washington, D.C. -- Senator Bob Dole (R-KS), declaring that "real Rural Telephone Bank reform is coming", endorsed the action taken last night by the joint House-Senate Agriculture Budget Reconciliation Committee. The measure, which now moves to both houses for final passage, permits RTB borrowers to prepay high interest rate loans without penalty through September 30, 1988. In addition, the RTB will be required to clarify how it calculates its cost of money rate.

"I've been encouraging this action for quite some time," said Dole. "Rural telephone companies have unfairly been forced to pay high rates of interest for too long."

Although not a member of the conference committee, Senator Dole played a key role in lobbying committee members to accept the reform package.

The RTB is required to lend to borrowers at a rate equivalent to its cost of money. Telephone company borrowers have complained that the RTB has been lending funds at a considerably higher rate of interest than authorized by law. The net effect of the reform package should be a reduction of interest rates for future loans and enable borrowers to pass along the benefits to subscribers.

"I am confident that, with this action, real Rural Telephone Bank reform is coming for borrowers and their subscribers," said Sen. Dole. "This is a good first step toward the goal of bringing the borrowers' interest rate in line with the RTB's cost of money."

In addition, the measure requires the RTB to publish its rate determinations in the Federal Register and the Comptroller General shall report on the rate's accuracy; publish all of its rules and may not deny loan funds based upon an unpublished rule; establish a new reserve for losses due to interest rate fluctuations, containing funds in current reserve for contingencies; assumes the Treasury rate to be the RTB rate solely for purposes of assessing an applicant's ability to pay a proposed RTB loan.

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