



For Immediate Release
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FCA board adopts revised capital treatment for certain loans to rural water and wastewater utilities

McLEAN, Va., Nov. 8, 2018 — At its monthly meeting today, the Farm Credit Administration board approved a booklet that assigns a reduced risk weight to certain loans to rural water and wastewater utilities.

If managed appropriately, serving the credit needs of these utilities presents a low risk to Farm Credit System institutions. Therefore, FCA is using its authority to allow System institutions to assign lower risk weights to rural water and wastewater utility loans where the current risk weights exceed the risks they pose to the lending institutions.

This booklet includes a seven-year sunset provision. This timeframe will give System institutions some certainty in making these loans and will give the agency time to collect and review data to determine whether the reduced risk weight remains appropriate. FCA will provide ample notice to institutions about any future actions it may take regarding the capital treatment for these loans.

If FCA examinations determine that the risk weight specified in this guidance is not commensurate with the risks associated with a loan or a class of loans, or if risks within the industry significantly change, the agency may require System institutions to change the assigned risk weight for a loan or a class of loans.

This booklet, numbered 070, is available for release and will be posted on the FCA website. It will be listed on the [FCA bookletters](#) page.

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The Farm Credit Administration is the safety and soundness regulator of the Farm Credit System. The System consists of two government-sponsored enterprises — a nationwide network of cooperative banks and associations established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac) that was established in 1988. The System's borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA board are Dallas P. Tonsager, board chairman and CEO; Jeffery S. Hall; and Glen R. Smith.

Note: FCA news releases are available on the web at www.fca.gov.