



For Immediate Release
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FCA board approves advance notice of proposed rulemaking to review regulations about service to YBS farmers

McLEAN, Va., Feb. 14, 2019 — At its monthly meeting today, the Farm Credit Administration board approved an advance notice of proposed rulemaking to review regulations regarding the Farm Credit System institutions' service to young, beginning, and small (YBS) farmers and ranchers.

The Farm Credit Act of 1971, as amended, requires each System association to prepare a program for furnishing sound and constructive credit and related services to YBS farmers. Annually, each district bank must report to FCA on the operations and achievements of the associations' YBS programs. In turn, the agency provides a summary and analysis of these results in its annual report to Congress on the condition of the System.

The current YBS regulations are nearly 20 years old. By issuing this advance notice, FCA seeks to gather public input on how to improve YBS data and the process by which information is collected, evaluated, and reported.

The advance notice requests comment on definitions of YBS farmers to ensure that the terms remain relevant and reflect the evolving agricultural economy. Finally, the advance notice requests comment on how the agency might clarify the definitions of terms related to the collection, reporting, and identification of YBS data.

The advance notice will be published in the Federal Register for a 90-day comment period.

Proposed rule regarding criteria to reinstate nonaccrual loans

In other business, the FCA board approved a proposed rule that would clarify the factors that System institutions should consider when categorizing high-risk loans and placing them in nonaccrual status. The rule would also revise the criteria by which loans are reinstated to accrual status, and it would revise the application of the criteria to certain loans in nonaccrual status to distinguish between the types of risk that cause loans to be placed in nonaccrual status.

The proposed rule would use more measurable standards that closely resemble the standards of the Federal Financial Institutions Examination Council. The standards would

align high-risk loan categories with the criteria used to determine when a loan may be reinstated to accrual status. As proposed, the rule would emphasize the role loan servicing plays in addressing high-risk loans prior to reinstatement.

The proposed rule would also implement two paths for reinstating a nonaccrual loan to accrual status based on the payment status and risk of the loan:

- The first path, at proposed new § 621.9(a)(1), would be for loans that were current when placed into nonaccrual status.
- The second path, at new § 621.9(a)(2), would be for loans past due when moved to nonaccrual status.

The new approach would simplify the existing rule by replacing the “reasonable doubt” criterion with a servicing standard by which institutions would be required to consider available servicing authorities for loans in nonaccrual status.

Following a 30-day period for congressional review, the proposed rule will be published in the Federal Register for a 60-day comment period.

Submitting and reading comments on FCA proposed rules and notices

The public may submit comments on proposed rules and notices by electronic mail to reg-comm@fca.gov, through the [public comment form](#) on FCA’s website, or through the federal government web portal at www.regulations.gov.

The public may also submit comments by mail to Barry F. Mardock, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090. The public may read submitted comments at the FCA office in McLean, Virginia, or on the [comment letters page](#) on FCA’s website.

Closed session

During the closed session, the FCA board received a periodic report from the Office of Secondary Market Oversight.

Notational votes

Since the Jan. 10 FCA board meeting, the following notational votes have occurred. Notational votes are actions taken by the FCA board between board meetings.

- On Jan. 11, the FCA board approved a request by CoBank, ACB, to purchase up to \$20 million of taxable bonds and a request by Compeer Financial, ACA, to purchase up to \$22.5 million of taxable bonds. For both requests, the bonds are to be issued by a hospital in rural Wisconsin, and FCA’s approval is subject to certain conditions.
- On Jan. 11, the board approved a final rule increasing the maximum civil money penalties that may be imposed under sections 5.32 (a) of the Farm Credit Act of 1971, as amended (12 U.S.C. 2268), and the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4012 a (f)).

- On Jan. 11, the board approved a reallocation of funds in the Office of Agency Services.
- On Jan. 16, the FCA board approved rescheduling the April board meeting from Thursday, April 11, to Tuesday, April 9.
- On Jan. 22, the board authorized the modification of the Bank-Only Reporting Format for Fiscal Years 2018 and 2019.
- On Feb. 5, the FCA board approved a final rule that would amend FCA regulations to implement the private flood insurance provisions of the Biggert-Waters Flood Insurance Reform Act of 2012.

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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.