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FCA encourages Farm Credit System institutions to work with borrowers affected by natural disasters

McLEAN, Va., Sept. 4, 2020 —The Farm Credit Administration is encouraging Farm Credit System (System) institutions to work with System borrowers who have been affected by recent hurricanes and wildfires.

System institutions can alleviate the stress of borrowers affected by natural disasters in several ways:

- Extending the terms of loan repayments
- Restructuring borrowers' debt obligations
- Easing some loan documentation or credit-extension terms for new loans to certain borrowers

"Natural disasters are among the challenges that farmers and ranchers face over which they have no control," says Glen Smith, FCA board chairman and CEO. "But System institutions have considerable flexibility under FCA regulations to provide disaster relief. By extending loan repayments and offering other concessions, they can greatly alleviate the financial stress caused by natural disasters." For more information, see FCA's [policy statement on disaster relief efforts by Farm Credit System institutions](#).

Natural disasters have affected regions across the United States in recent weeks. In the West, wildfires have taken a toll, with California and Colorado being especially hard hit. In late July, Tropical Storm Isaias wrecked havoc along the East Coast, spawning devastating tornadoes. On Aug. 10, a powerful derecho struck parts of Iowa, damaging over 10 million acres of crops, including 40% of the state's corn and soybeans. Then, on Aug. 27, Hurricane Laura made landfall in Louisiana as a Category 4 storm, causing more than a dozen deaths and inflicting billions of dollars in damage in southwestern Louisiana and southeastern Texas.

"Since many weeks remain in what has been a very active hurricane season and the threat of fires remains, we encourage institutions to remember the flexibility they have to offer relief to producers affected by future adverse natural events," says Chairman Smith.

In addition to bringing hardship to System borrowers, disasters like these may also impair the ability of System institutions to comply in a timely way with regulatory reporting and publishing requirements. Institutions should contact the director of FCA's Office of Examination if they need relief from specific regulatory or reporting requirements.

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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), which 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. FCA news releases are available on the web at www.fca.gov.