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INFORMATIONAL MEMORANDUM



May 4, 2020

To: Chair, Board of Directors  
Chief Executive Officer  
Each Farm Credit System Institution

From: David P. Grahn, Director  
Office of Regulatory Policy

Subject: Guidance for System Institutions Affected by the COVID-19 Pandemic

The Farm Credit Administration is issuing this informational memorandum to provide Farm Credit System (System) institutions<sup>1</sup> with guidance to manage challenges associated with the COVID-19 pandemic.

On March 13, 2020, the president of the United States issued a [proclamation](#) declaring the COVID-19 outbreak a national emergency. In response, FCA issued a [news release on March 17 \(PDF\)](#) encouraging System institutions to work prudently with their borrowers during the national emergency to “lessen any stress and financial burden related to the disease and efforts to control it.”

On its own initiative, FCA took action to delay publication in the Federal Register of three rules that were approved at the February 13, 2020, board meeting and to delay the other rulemakings listed in FCA’s Unified Agenda.<sup>2</sup> These actions were also announced at the April 16, 2020, FCA board meeting.<sup>3</sup>

Furthermore, in March we developed a [COVID-19 page](#) for our website. This webpage provides access to all our guidance regarding COVID-19, including guidance on the U.S. Small Business Administration’s Paycheck Protection Program for eligible System institutions.

To lessen the potential burden and stress associated with the COVID-19 pandemic, FCA may be able to grant temporary regulatory relief in some circumstances to System institutions without weakening safety and soundness.

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<sup>1</sup> This informational memorandum does not apply to the Federal Agricultural Mortgage Corporation (Farmer Mac). Therefore, any reference to the Farm Credit System does not include Farmer Mac.

<sup>2</sup> Proposed rule to amend the tier 1/tier 2 regulatory capital framework, final rule on criteria to reinstate nonaccrual loans, and final rule on eligibility criteria for outside directors.

<sup>3</sup> See the [news release \(PDF\)](#) discussing the business covered at the April 16 board meeting.

This informational memorandum provides information on our existing COVID-19 guidance, as well as supplementary guidance that we may provide later as attachments to this informational memorandum. We will also post the supplementary guidance on the agency's COVID-19 webpage. Our COVID-19 guidance covers the following topics:

- Working with borrowers
- Meeting capital and liquidity requirements
- Complying with financial reporting requirements
- Managing operational and other issues

The following information describes the assistance that FCA has provided to help institutions and their borrowers manage the challenges associated with the COVID-19 pandemic.

### **What is FCA doing to assist the System in working with borrowers?**

We encourage System institutions to work with borrowers affected by the COVID-19 pandemic. FCA regulations and guidance give System institutions flexibility to provide disaster relief to borrowers. For example, the System may

- extend the terms of loan repayments,
- restructure borrowers' debt obligations, or
- ease some loan documentation or credit-extension terms for new loans to certain borrowers.

This guidance is consistent with our practice of encouraging System institutions to assist borrowers in times of natural disaster and other extreme events as described in FCA's board policy statement PS-71, [Disaster Relief Efforts by Farm Credit Institutions](#).

### **What is FCA doing to assist the System with capital and liquidity requirements?**

In an [informational memorandum \(PDF\)](#) issued on April 7 and updated on June 18, we stated that any loan made under the Paycheck Protection Program would be risk-weighted at 0% under FCA's capital framework. The Paycheck Protection Program, which was implemented by the Small Business Administration with support from the U.S. Department of the Treasury, authorizes eligible System institutions to offer forgivable loans to small businesses to support payroll and certain other needs during the COVID-19 pandemic.

### **What is FCA doing to assist the System in complying with financial reporting requirements?**

We recognize that System institutions may need additional time to comply with reporting requirements because of staffing challenges during the COVID-19 pandemic. As a result, we extended by 10 days the filing deadline for System institutions to submit their March 31, 2020, Uniform Call Reports or Supplemental Addendum – Government-Guaranteed Loans. System banks had until April 30 and System associations and service corporations have until May 11 to file.

**What is FCA doing to assist the System with any operational and other issues?**

As noted in a [March 27 informational memorandum \(PDF\)](#), pandemic preparedness is an important part of each System institution's business continuity planning. We are working to provide institutions flexibility in how they comply with our operational and other requirements.

**Over what period will FCA's guidance on issues related to the COVID-19 pandemic apply?**

Unless otherwise stated, this informational memorandum, and any related supplements, cover the period beginning March 1, 2020, and ending on December 31, 2020, or 60 days after termination of the COVID-19 national emergency, whichever is earlier. We are providing these and other concessions in our discretion on a temporary basis. As soon as conditions allow, the System must return to normal operations. We will work with the System on transitioning back to normal operations as quickly as possible.

**Whom do I contact for more information?**

If you have any questions regarding this informational memorandum, please contact David P. Grahn, Director, Office of Regulatory Policy, at (703) 883-4145 ([grahnd@fca.gov](mailto:grahnd@fca.gov)). If you have questions regarding any of the supplementary guidance we issue as attachments to this informational memorandum, please contact the individual listed as the contact in the supplement.

**Attachments:**

Supplement: [Troubled debt restructurings \(PDF\)](#)

Supplement: [2020 annual meeting and election activities \(PDF\)](#)

Supplement: [Flood insurance requirements \(PDF\)](#)

Supplement: [Consumer financial protection \(PDF\)](#)

Supplement: [Regulatory capital requirements for PPP loans and PPP loans pledged to the PPP Liquidity Facility \(PDF\)](#)

Supplement: [Electronic delivery of borrower rights notices \(PDF\)](#)