

EXTENSIONS OF REMARKS

INTRODUCTION OF THE FARM CREDIT SYSTEM REGULATORY RELIEF ACT OF 1995

HON. WAYNE ALLARD

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 13, 1995

Mr. ALLARD. Mr. Speaker, I am joined today by the gentleman from South Dakota [Mr. JOHNSON] in introducing a bill to provide regulatory relief to institutions of the Farm Credit System, the cooperative lender to America's farmers, ranchers, and member-owned service and supply cooperatives.

I should point out that the Farm Credit Administration [FCA], the System's regulator, has acted diligently in reducing, as safety and soundness considerations allow, the regulatory and cost burdens on System institutions. This legislation in no way reflects on FCA's ability or willingness to carry out the Farm Credit Act efficiently with an eye on the costs and benefits of its regulatory program.

Since assuming the chairmanship of the conservation subcommittee, I have made it a priority to reduce wherever possible the regulatory burden on farmers and ranchers. While the subcommittee, as well as the full Committee on Agriculture, has been looking more at the burdens of environmental regulations, we also must examine, within the full range of our legislative responsibilities, the provision of credit services to agricultural producers.

This bill requires FCA to continue its comprehensive review of regulations in order to identify and eliminate, consistent with safety and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on statute.

The bill contains 14 sections, including the bill title and a section of findings and regulatory review requirements.

Section 4 amends the act to provide for institution examinations, except for Federal land bank associations, at least every 18 months. Current law requires examinations at least once a year, which is unduly burdensome. Under the amendment, FCA retains authority to examine institutions more frequently than 18 months should that be necessary.

Section 5 deals with the operations of the Farm Credit System Insurance Corporation [FCSIC]. The section authorizes FCSIC to allocate to System banks excess earnings of the insurance fund. Current law requires FCSIC to assess premiums until such time as the aggregate amount in the insurance fund equals the secure base amount. That number is equal to 2 percent of the insured liabilities of System institutions or such other amount FCSIC determines is actuarially sound. FCSIC assumes the secure base amount to be reached in early 1997, but current law provides no authority to deal with interest earnings once the secure base amount is attained.

This section provides for the rebate of excess interest earnings as well as authorizing the reduction of insurance premiums as the in-

surance fund approaches the secure base amount.

Section 6 of the legislation requires FCSIC to use the least costly approach should a System institution need assistance instead of the current requirement that any assistance provided must be less costly than liquidation.

Section 7 repeals provisions of the 1992 Safety and Soundness Act that require a new, full-time board to govern FCSIC. This is an unnecessary and costly requirement. The amendment would retain the status quo with the FCA board, a full-time, presidentially appointed panel, responsible for insurance fund activities.

Section 8 authorizes FCSIC to act as either a conservator or receiver.

Section 9 empowers FCSIC to prohibit or limit any golden parachute or indemnification payment by a System institution in troubled condition. This legislative language conforms to similar provisions contained in the Federal Deposit Insurance Act.

Section 10 extends authorizations currently enjoyed by System banks to other System institutions. These authorities would provide for the formation of administrative service entities but does not extend to the offer or sale of credit or insurance services to System institution borrowers.

Section 11 removes borrower stock requirements for any loan originated for sale into the secondary market. Current law requires System institution borrowers to purchase and maintain stock or participation certificates in the institution which originated a loan even though the loan was intended to be sold into the secondary market.

Section 12 removes or changes paperwork requirements currently in place, including disclosure requirements, compensation of certain System institutions' personnel and procedures for the approval of joint management agreements, as well as allowing for a borrower to finance more than 85 percent of the value of real estate if the borrower obtains private mortgage insurance.

Section 13 removes the certification requirement by the Rural Utilities Service [RUS] administrator for the private sector financing of loans or loan guarantees to borrowers who otherwise would be eligible to borrow from the RUS.

Finally, Section 14 provides the flexibility for evolving cooperative structures, including dealing with such issues as dividend, member business and voting practices. Current law requires rigid procedures to maintain borrowing eligibility from a System bank for cooperatives. The language would allow coops to adapt their operations, with the continued traditional farm relationships, so they may continue as a borrower of banks for cooperatives.

Mr. Speaker, the cooperative Farm Credit System has made great strides since the 1987 Agricultural Credit Act brought the System back to its feet. Institutions have provided for the repayment of the assistance received from the 1987 act. System institutions have consolidated and reformed their operations much as

the 1987 act contemplated. The System is to be congratulated for these improvements and their diligence in fulfilling the agreements they made with the Congress and each other. FCA has provided sound and efficient regulation; FCSIC will assure the System continues to move forward into the next century. This bill will assist the System institutions in moving forward, and I would hope the House could adopt this bill at its earliest opportunity. Thank you, Mr. Speaker.

RECOGNITION OF REAR ADM.
JOHN HEKMAN

HON. RICHARD W. POMBO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 13, 1995

Mr. POMBO. Mr. Speaker, I rise today to recognize and honor Rear Adm. John Hekman, Supply Corps, U.S. Navy, as he prepares to retire on 28 July 1995. Rear Admiral Hekman is completing over 33 years of dedicated service to the Navy and our Nation.

A native of Ripon, CA. Rear Admiral Hekman graduated from Calvin College and was commissioned through Officer Candidate School in 1962. He subsequently earned a Masters of Business Administration degree from George Washington University, and is a graduate of the National War College, class of 1980. Rear Admiral Hekman is a CAPSTONE Fellow and a 1992 graduate of the Senior Executive Program in National and International Security at Harvard University.

For the final tour of his distinguished career, Rear Admiral Hekman currently commands the Naval Information Systems Management Center in Arlington, VA, and is the principal assistant to the Assistant Secretary of the Navy for Information Resources. In his current position Admiral Hekman has provided the leadership and direction for business process reengineering, information technology, enterprise planning, and the procurement of ADP equipment and software for Navy and Marine Corps activities.

Rear Admiral Hekman's other tours ashore have included command at the Defense General Supply Center in Richmond, VA, and the Navy Supply in Charleston, SC. He has also served at the Navy Finance Center, Cleveland, OH; Navy Supply Systems Command, Washington DC; Navy Fleet Material Support Office, Mechanicsburg, PA; Staff of U.S. Pacific Fleet, Pearl Harbor, HI; and at the Naval Support Activity, DaNang, Vietnam.

Admiral Hekman served at sea aboard U.S.S. *Fiske*, a destroyer that participated in the 1962 Cuban crisis and made deployments to the Mediterranean and Indian Ocean while he was aboard. He also served on the U.S.S. *Samuel Gompers*, a destroyer tender and on the staff of Cruiser Destroyer Group One where he served in the Western Pacific.

Admiral Hekman's decorations include the Defense Superior Service Medal, the Legion

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