

the "Charles A. Hayes Post Office Building."

Former Congressman Charles A. Hayes, better known as "Charlie" was a "man for the unions" and working people. One of his many accomplishments before coming to Congress in 1983 was when he was elected International Vice President of the United Food and Commercial Workers Union, one of the largest unions in the AFL-CIO. He fought hard to protect the rights of workers and left this distinguished body with a 100% lifetime voting record on issues important to labor. I am truly proud that his colleagues, Congresswoman CARLISS COLLINS and Congressman DENNIS HASTERT chose to recognize him in such a manner.

Mr. Speaker, I yield such time as she may consume to the gentlewoman from Illinois [Mrs. COLLINS], the ranking member of the Committee on Government Reform and Oversight.

(Mrs. COLLINS of Illinois asked and was given permission to revise and extend her remarks.)

Mrs. COLLINS of Illinois. Mr. Speaker, I think the gentlewoman from Michigan [Miss COLLINS] for yielding this time to me.

Mr. Speaker, on December 5, 1995, in the spirit of bipartisanship, Congressman DENNIS HASTERT and I introduced H.R. 2704, legislation naming a U.S. post office in Chicago, Illinois, as the "Charles A. Hayes Post Office." The post office will be located at 7436 South Exchange Avenue in Chicago.

I wish to thank my friend and Illinois colleague, Congressman DENNIS HASTERT for joining me in sponsoring H.R. 2704 and Congressman MCHUGH, chairman of the House Committee on Government Reform and Oversight, Subcommittee on the Postal Service for having this bill considered for full committee action.

Congressman Charles A. Hayes was first elected to Congress in 1983, in a special election, succeeding our former colleague, Harold Washington, who resigned from the House after being sworn in as mayor of Chicago. He was the first international union leader to be elected to Congress and spend his early years as a working man, organizing his first union. "Charlie" was elected to his first union office as President of Local 1424 of the Carpenter's International Union at age 20.

Congressman Hayes went on to secure bargaining rights for workers in Chicago's stockyards through the United Packinghouse Workers of America. In 1954, he was elected District Director of the Packinghouse Union and moved continuously through the ranks and after several mergers became International Vice President of the United Food and Commercial Workers Union which was at that time the largest union in the AFL-CIO. Rising from the small town of Cairo, Illinois, "Charlie" became one of the most important labor leaders in America.

While serving here in the House, Charlie Hayes fought fiercely to pro-

tect American jobs and was active in the fight to increase Federal funds for schools, to increase funds for public works and to protect the rights of ordinary workers. He introduced full employment legislation and denounced unemployment as "morally unacceptable." He supported National Health Insurance from his earliest union days throughout his service in Congress and is to be commended for his 100 percent lifetime voting record on issues important to labor.

Prior to his departure, Congressman Charles A. Hayes chaired the Post Office and Civil Service Subcommittee on Postal Personnel and Modernization. He was known to his friends as the "Labor Democrat" and is widely recognized as a first-rate public servant and first-class friend, a man who worked hard to ensure that workers across the country had food on the table, pensions that were protected, and safe working conditions.

When I called Charlie, about 2 or 3 weeks ago to say, "Charlie, how would you like to have a post office named after yourself," he said, "Gosh, CARLISS, I'd be absolutely honored to have that. Do you think it will happen?"

I said, "I think it will happen because everybody knows you, Charlie, everybody knows how dedicated you were as a Member of Congress, everybody knows that you fought for the things that you believe in." So, Mr. Speaker, I am really very pleased to have this opportunity to stand here and be about the business of presenting this piece of legislation on the floor with the help of the subcommittee chair, the gentleman from Illinois [Mr. HASTERT], who cosponsored this legislation, of the gentlewoman from Michigan [Miss COLLINS] who is a ranking member on the subcommittee.

She mentioned Charlie's "regular order" call. Charlie used to sit over in the fourth row around the corner all the time, and it got to be quite a joke that when everybody was busy talking, and what have you, he had this deep gravel voice, "Regular order," and everybody knew that that was Charlie because that was his trademark, if my colleagues will, and so it seems to me that the one thing I miss most about Charlie, besides his wonderful smile, besides his very sincere efforts to do good for working people, is the fact that we do not happen to hear that regular order anymore.

Mr. speaker, we are pleased to have this honor and to have a post office named after him in behalf of working Americans, and I thank all of the Illinois delegation and all of those here in this House who are supporting it.

Miss COLLINS of Michigan. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MCHUGH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me in closing extend my words of appreciation and thanks

both to the gentlewoman from Michigan [Miss COLLINS], the ranking member on the subcommittee, and to the gentlewoman from Illinois [Mrs. COLLINS], the ranking member on the full committee, for their support, and their efforts, and their leadership on these bills. We are all very appreciative of their efforts.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York [Mr. MCHUGH] that the House suspend the rules and pass the bill, H.R. 2704, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to provide that the United States Post Office building that is to be located at 7436 South Exchange Avenue, Chicago, Illinois, shall be known and designated as the 'Charles A. Hayes Post Office Building'."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MCHUGH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2704, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

FARM CREDIT SYSTEM REGULATORY RELIEF ACT OF 1995

Mr. ALLARD. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2029) to amend the Farm Credit Act of 1971 to provide regulatory relief, as amended.

The Clerk read as follows:

H.R. 2029

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Farm Credit System Regulatory Relief Act of 1995".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. References.
- Sec. 3. Regulatory review.
- Sec. 4. Examination of Farm Credit System institutions.
- Sec. 5. Farm Credit Insurance Fund operations.
- Sec. 6. Powers with respect to troubled insured System banks.
- Sec. 7. Farm Credit System Insurance Corporation board of directors.
- Sec. 8. Conservatorship and receiverships.
- Sec. 9. Oversight and regulatory actions by the Farm Credit System Insurance Corporation.
- Sec. 10. Formation of administrative service entities.
- Sec. 11. Requirements for loans sold into the secondary market.

- Sec. 12. Removal of antiquated and unnecessary paperwork requirements.
- Sec. 13. Removal of government certification requirement for certain private sector financing.
- Sec. 14. Reform of regulatory limitations on the dividend, member business, and voting practices of eligible farmer-owned cooperatives.
- Sec. 15. Extension of interest rate reduction program for 5 years.

SEC. 2. REFERENCES.

Except as otherwise expressly provided, wherever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Farm Credit Act of 1971.

SEC. 3. REGULATORY REVIEW.

(a) FINDINGS.—The Congress finds that—

(1) the Farm Credit Administration, in its role as an arms-length, safety and soundness regulator, has made considerable progress in reducing the regulatory burden on Farm Credit System institutions;

(2) the efforts of the Farm Credit Administration in this regard have resulted in cost savings for Farm Credit System institutions; and

(3) such cost savings ultimately benefit the Nation's farmers, ranchers, agricultural cooperatives, and rural residents.

(b) REQUIREMENT FOR CONTINUED REVIEW.—The Farm Credit Administration shall continue its comprehensive review of regulations governing the Farm Credit System in order to further identify and eliminate, consistent with safety and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on statute.

SEC. 4. EXAMINATION OF FARM CREDIT SYSTEM INSTITUTIONS.

Section 5.19(a) (12 U.S.C. 2254(a)) is amended by striking "each year" in the first sentence and inserting "every 18 months".

SEC. 5. FARM CREDIT INSURANCE FUND OPERATIONS.

(a) ADJUSTMENT OF PREMIUMS.—

(1) IN GENERAL.—Section 5.55(a) (12 U.S.C. 2277a-4(a)) is amended—

(A) in paragraph (1), by striking "Until the aggregate of amounts in the Farm Credit Insurance Fund exceeds the secure base amount, the annual premium due from any insured System bank for any calendar year shall" and inserting "If, at the end of any calendar year, the aggregate of the amounts in the Farm Credit Insurance Fund does not exceed the secure base amount, the annual premium due from any insured System bank for that calendar year shall, subject to paragraph (2),"; and

(B) by redesignating paragraph (2) as paragraph (3) and inserting after paragraph (1) the following:

"(2) REDUCED PREMIUMS.—The Corporation, in its sole discretion, may reduce, by a percentage uniformly applied to all insured System banks, the annual premium due from each insured System bank during any calendar year, as determined under paragraph (1)."

(2) CONFORMING AMENDMENTS.—

(A) SECTION 5.55(b).—Section 5.55(b) (12 U.S.C. 2277a-4(b)) is amended—

(i) by striking "Insurance Fund" each place such term appears and inserting "Farm Credit Insurance Fund";

(ii) by striking "for the following calendar year"; and

(iii) by striking "subsection (a)" and inserting "subsection (a)(1)".

(B) SECTION 5.56(a).—Section 5.56(a) (12 U.S.C. 2277a-5(a)) is amended in each of paragraphs (2) and (3) by striking "section 5.55(a)(2)" and inserting "section 5.55(a)(3)".

(C) SECTION 1.12(b).—Section 1.12(b) (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting "(as defined in section 5.55(a)(3))" after "government-guaranteed loans"; and

(ii) in paragraph (3), by inserting "(as so defined)" after "government-guaranteed loans" each place such term appears.

(b) TECHNICAL AMENDMENT.—Section 5.55(d) (12 U.S.C. 2277a-4(d)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking "and (c)" and inserting "(", (c), and (e)"; and

(B) by striking "a Farm Credit Bank" and inserting "an insured System bank"; and

(2) by striking "Farm Credit Bank" each subsequent place such term appears and inserting "insured System bank".

(c) ALLOCATION TO INSURED SYSTEM BANKS AND OTHER SYSTEM INSTITUTIONS OF EXCESS AMOUNTS IN THE FARM CREDIT INSURANCE FUND.—Section 5.55 (12 U.S.C. 2277a-4) is amended by adding at the end the following:

"(e) ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.—

"(1) ESTABLISHMENT OF ALLOCATED INSURANCE RESERVES ACCOUNTS.—There is hereby established within the Farm Credit Insurance Fund—

"(A) for each insured System bank; and

"(B) subject to paragraph (5)(C), for all holders, in the aggregate, of Financial Assistance Corporation stock,

an Allocated Insurance Reserves Account. Amounts in any Allocated Insurance Reserves Account shall be considered to be part of the Farm Credit Insurance Fund.

"(2) ANNUAL ALLOCATIONS.—If, at the end of any calendar year, the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the average secure base amount for the calendar year (as calculated on an average daily balance basis), the Corporation shall allocate to the Allocated Insurance Reserves Accounts such excess amount less the amount that the Corporation, in its sole discretion, determines to be the sum of the estimated operating expenses and estimated insurance obligations of the Corporation for the immediately succeeding calendar year.

"(3) ALLOCATION FORMULA.—From the total amount required to be allocated at the end of a calendar year pursuant to paragraph (2)—

"(A) 10 percent of such total amount shall be credited to the Allocated Insurance Reserves Account established under paragraph (1)(B), subject to paragraph (5)(C); and

"(B) there shall be credited to the Allocated Insurance Reserves Account of each insured System bank an amount that bears the same ratio to such total amount (less any reduction under subparagraph (A)) as the average principal outstanding for the 3-year period ending with the end of such calendar year on loans made by the bank that are in accrual status bears to the average principal outstanding for such 3-year period on loans made by all insured System banks that are in accrual status (excluding, in each case, the guaranteed portions of government-guaranteed loans described in subsection (a)(1)(C)).

"(4) USE OF FUNDS IN ALLOCATED INSURANCE RESERVES ACCOUNTS.—To the extent that the sum of the operating expenses of the Corporation and the insurance obligations of the Corporation for a calendar year exceeds the estimated sum described in paragraph (2) for the calendar year, the Corporation shall cover such expenses and obligations by reducing each Allocated Insurance Reserves Account by the same proportion and expending the amounts so obtained, before expending other monies in the Fund.

"(5) OTHER DISPOSITION OF ACCOUNT FUNDS.—

"(A) IN GENERAL.—Beginning in calendar year 2003, if the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, the Corporation may—

"(i) subject to subparagraph (D), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the lesser of—

"(1) 20 percent of the balance in the bank's Allocated Insurance Reserves Account as of the preceding December 31; or

"(II) 20 percent of the balance in the bank's Allocated Insurance Reserves Account on the date of payment; and

"(ii) subject to subparagraphs (C) and (E), pay to each System bank and association holding Financial Assistance Corporation stock its proportionate share, determined by dividing the number of shares of Financial Assistance Corporation stock held by such institution by the total number of shares of Financial Assistance Corporation stock outstanding, of the lesser of—

"(I) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) as of the preceding December 31; or

"(II) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) on the date of the payment.

"(B) AUTHORITY TO ELIMINATE OR REDUCE PAYMENTS.—The Corporation may eliminate or reduce payments under subparagraph (A) if the Corporation determines, in its sole discretion, that such payments, or other circumstances that might require use of the Farm Credit Insurance Fund, could cause the amount in the Farm Credit Insurance Fund during that calendar year to be less than the secure base amount.

"(C) REIMBURSEMENT FOR FINANCIAL ASSISTANCE CORPORATION STOCK.—

"(i) SUFFICIENT FUNDING.—Notwithstanding paragraph (3)(A), upon provision by the Corporation for the accumulation in the account established under paragraph (1)(B) of funds in an amount equal to \$56 million, the Corporation shall not allocate any further funds to such account except to replenish such account in the event that funds are diminished below such amount by the Corporation pursuant to paragraph (4).

"(ii) WIND DOWN AND TERMINATION.—

"(I) FINAL DISBURSEMENTS.—Upon disbursement of a total of \$53 million from such Allocated Insurance Reserves Account, the Corporation shall disburse the remaining amounts in such account, as determined under paragraph (5)(A)(ii), without regard to the percentage limitation in subclauses (I) and (II) thereof.

"(II) TERMINATION OF ACCOUNT.—Upon disbursement of a total of \$56 million from such Allocated Insurance Reserves Account established under paragraph (1)(B), the Corporation shall close the Allocated Insurance Reserves Account established under paragraph (1)(B) and transfer any remaining funds in such Account to the remaining Allocated Insurance Reserves Accounts in accordance with the formula in paragraph (3)(B) for the calendar year in which the transfer occurs.

"(D) DISTRIBUTION OF PAYMENTS RECEIVED.—Within 60 days after receipt of a payment made under subparagraph (5)(A)(i), each insured System bank, in consultation with its affiliated associations, and taking into account the direct or indirect payment of insurance premiums by such associations, shall develop and implement an equitable plan to distribute payments received pursuant to subparagraph (5)(A)(i) among the bank and its associations.

"(E) EXCEPTION FOR PREVIOUSLY REIMBURSED ASSOCIATIONS.—For purposes of subparagraph (5)(A)(ii), in any Farm Credit District in which the funding bank has reimbursed one or more of its affiliated associations for the previously unreimbursed portion of the Financial Assistance stock held by such associations, the funding bank shall be deemed to be the holder of the shares of Financial Assistance Corporation stock for which it has provided such reimbursement."

SEC. 6. POWERS WITH RESPECT TO TROUBLED INSURED SYSTEM BANKS.

(a) LEAST-COST RESOLUTION.—Section 5.61(a)(3) (12 U.S.C. 2277a-10(a)(3)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (F); and

(2) by striking subparagraph (A) and inserting the following:

“(A) **LEAST-COST RESOLUTION.**—Assistance may not be provided to an insured System bank under this subsection unless the total amount of such assistance is the least costly to the Farm Credit Insurance Fund of all possible alternatives available to the Corporation, including liquidation of the bank (including paying the insured obligations issued on behalf of the bank). Before making a least-cost determination under this subparagraph, the Corporation shall accord such other insured System banks as the Corporation determines appropriate the opportunity to submit information relating to such determination.

“(B) **PROCEDURAL RULES.**—In determining the least costly alternative under subparagraph (A), the Corporation shall—

“(i) evaluate alternatives on a present-value basis, using a reasonable discount rate;

“(ii) document that evaluation and the assumptions on which the evaluation is based; and

“(iii) retain the documentation for not less than 5 years.

“(C) **TIME OF DETERMINATION.**—

“(i) **COST OF ASSISTANCE.**—For purposes of this subsection, the determination of the costs of providing any assistance under any provision of this section with respect to any insured System bank shall be made as of the date on which the Corporation makes the determination to provide such assistance to the institution under this section.

“(ii) **COST OF LIQUIDATION.**—For purposes of this subsection, the determination of the costs of liquidation of any insured System bank shall be made as of the earliest of—

“(I) the date on which a conservator is appointed for the bank;

“(II) the date on which a receiver is appointed for the bank; or

“(III) the date on which the Corporation makes any determination to provide any assistance under this section with respect to the bank.

“(D) **EVALUATION OF MANAGEMENT.**—Before providing any assistance under paragraph (1), the Corporation shall evaluate the adequacy of the managerial resources of the bank. The continued service of any director or senior ranking officer who serves in a policymaking role for the assisted bank, as determined by the Corporation, shall be subject to approval by the Corporation as a condition of such assistance.

“(E) **DISCRETIONARY DETERMINATION.**—Any determination that the Corporation makes under this paragraph shall be in the sole discretion of the Corporation.”

(b) **CONFORMING AMENDMENTS.**—Section 5.61(a) (12 U.S.C. 2277a-10(a)) is amended—

(1) in paragraph (1), by striking “IN GENERAL” and inserting “STAND-ALONE ASSISTANCE”; and

(2) in paragraph (2)—

(A) by striking “ENUMERATED POWERS” and inserting “FACILITATION OF MERGERS OR CONSOLIDATION”; and

(B) in subparagraph (A), by striking “FACILITATION OF MERGERS OR CONSOLIDATION” and inserting “IN GENERAL”.

SEC. 7. FARM CREDIT SYSTEM INSURANCE CORPORATION BOARD OF DIRECTORS.

Section 201 of the Farm Credit Banks and Associations Safety and Soundness Act of 1992 (106 Stat. 4104-4105) is repealed.

SEC. 8. CONSERVATORSHIP AND RECEIVERSHIPS.

(a) **INCLUSION AMONG GENERAL CORPORATE POWERS.**—Section 5.58(9) (12 U.S.C. 2277a-7(9)) is amended to read as follows:

“(9) **CONSERVATOR OR RECEIVER.**—The Corporation may act as conservator or receiver.”

(b) **CONFORMING AMENDMENTS.**—Section 5.51 (12 U.S.C. 2277a) is amended by striking paragraph (5) and redesignating paragraph (6) as paragraph (5).

SEC. 9. OVERSIGHT AND REGULATORY ACTIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.

Part E of title V of the Farm Credit Act of 1971 (12 U.S.C. 2277-2277a-14) is amended by inserting after section 5.61 the following:

“SEC. 5.61A. AUTHORITY TO REGULATE GOLDEN PARACHUTE AND INDEMNIFICATION PAYMENTS.

“(a) **IN GENERAL.**—The Corporation may prohibit or limit, by regulation or order, any golden parachute payment or indemnification payment by a Farm Credit System institution (including the Federal Agricultural Mortgage Corporation and any conservator or receiver for the Federal Agricultural Mortgage Corporation) in troubled condition (as defined in regulations issued by the Corporation).

“(b) **FACTORS TO BE TAKEN INTO ACCOUNT.**—The Corporation shall prescribe, by regulation, the factors to be considered by the Corporation in taking any action under subsection (a), which may include the following:

“(1) Whether there is a reasonable basis to believe that the institution-related party has committed any fraudulent act or omission, breach of trust or fiduciary duty, or insider abuse with regard to the Farm Credit System institution involved that has had a material effect on the financial condition of the institution.

“(2) Whether there is a reasonable basis to believe that the institution-related party is substantially responsible for the insolvency of the Farm Credit System institution, the appointment of a conservator or receiver for the institution, or the institution's troubled condition (as defined in regulations prescribed by the Corporation).

“(3) Whether there is a reasonable basis to believe that the institution-related party has materially violated any applicable law or regulation that has had a material effect on the financial condition of the institution.

“(4) Whether there is a reasonable basis to believe that the institution-related party has violated or conspired to violate—

“(A) section 215, 657, 1006, 1014, or 1344 of title 18, United States Code; or

“(B) section 1341 or 1343 of title 18, United States Code, affecting a Farm Credit System institution.

“(5) Whether the institution-related party was in a position of managerial or fiduciary responsibility.

“(6) The length of time that the party was related with the Farm Credit System institution and the degree to which—

“(A) the payment reasonably reflects compensation earned over the period of employment; and

“(B) the compensation involved represents a reasonable payment for services rendered.

“(c) **CERTAIN PAYMENTS PROHIBITED.**—No Farm Credit System institution may prepay the salary or any liability or legal expense of any institution-related party if such payment—

“(1) is made in contemplation of the insolvency of such institution or after the commission of an act of insolvency; and

“(2) is made with a view to, or has the result of—

“(A) preventing the proper application of the assets of the institution to creditors; or

“(B) preferring one creditor over another.

“(d) **GOLDEN PARACHUTE PAYMENT DEFINED.**—As used in this section:

“(1) **IN GENERAL.**—The term ‘golden parachute payment’ means any payment (or any agreement to make any payment) in the nature of compensation by any Farm Credit System institution for the benefit of any institution-related party under an obligation of the institution that—

“(A) is contingent on the termination of the party's relationship with the institution; and

“(B) is received on or after the date on which—

“(i) the institution is insolvent;

“(ii) any conservator or receiver is appointed for the institution; or

“(iii) the Farm Credit Administration has assigned the institution a composite CAMEL rating of 4 or 5 under the Farm Credit Administration Rating System, or an equivalent rating; or

“(iv) the Corporation otherwise determines that the institution is in a troubled condition (as defined in regulations issued by the Corporation).

“(2) **CERTAIN PAYMENTS IN CONTEMPLATION OF AN EVENT.**—Any payment that would be a golden parachute payment but for the fact that the payment was made before the date referred to in paragraph (1)(B) shall be treated as a golden parachute payment if the payment was made in contemplation of the occurrence of an event described in any clause of such paragraph.

“(3) **CERTAIN PAYMENTS NOT INCLUDED.**—The term ‘golden parachute payment’ shall not include—

“(A) any payment made under a retirement plan that is qualified (or is intended to be qualified) under section 401 of the Internal Revenue Code of 1986 or other nondiscriminatory benefit plan;

“(B) any payment made under a bona fide deferred compensation plan or arrangement that the Corporation determines, by regulation or order, to be permissible; or

“(C) any payment made by reason of the death or disability of an institution-related party.

“(e) **OTHER DEFINITIONS.**—As used in this section:

“(1) **INDEMNIFICATION PAYMENT.**—The term ‘indemnification payment’ means any payment (or any agreement to make any payment) by any Farm Credit System institution for the benefit of any person who is or was an institution-related party, to pay or reimburse the person for any liability or legal expense with regard to any administrative proceeding or civil action instituted by the Farm Credit Administration that results in a final order under which the person—

“(A) is assessed a civil money penalty; or

“(B) is removed or prohibited from participating in the conduct of the affairs of the institution.

“(2) **LIABILITY OR LEGAL EXPENSE.**—The term ‘liability or legal expense’ means—

“(A) any legal or other professional expense incurred in connection with any claim, proceeding, or action;

“(B) the amount of, and any cost incurred in connection with, any settlement of any claim, proceeding, or action; and

“(C) the amount of, and any cost incurred in connection with, any judgment or penalty imposed with respect to any claim, proceeding, or action.

“(3) **PAYMENT.**—The term ‘payment’ means—

“(A) any direct or indirect transfer of any funds or any asset; and

“(B) any segregation of any funds or assets for the purpose of making, or under an agreement to make, any payment after the date on which such funds or assets are segregated, without regard to whether the obligation to make such payment is contingent on—

“(i) the determination, after such date, of the liability for the payment of such amount; or

“(ii) the liquidation, after such date, of the amount of such payment.

“(4) **INSTITUTION-RELATED PARTY.**—The term ‘institution-related party’ means—

“(A) any director, officer, employee, or agent for a Farm Credit System institution;

“(B) any stockholder (other than another Farm Credit System institution), consultant, joint venture partner, or any other person determined by the Farm Credit Administration to be a participant in the conduct of the affairs of a Farm Credit System institution;

“(C) any independent contractor (including any attorney, appraiser, or accountant) who knowingly or recklessly participates in any violation of any law or regulation, any breach of fiduciary duty, or any unsafe or unsound practice that caused or is likely to cause more than a minimal financial loss to, or a significant adverse effect on, the Farm Credit System institution; or

“(D) any receiver or conservator of a Farm Credit System institution.

“(f) SPECIAL RULE.—No provision of this section may be construed as prohibiting any Farm Credit System institution from purchasing any commercial insurance policy or fidelity bond, except that such insurance policy or bond shall not cover any legal or liability expense of the institution that is described in subsection (e)(1).

“(g) SPECIAL RULE REGARDING THE FARM CREDIT ADMINISTRATION.—No provision of this section may be construed as limiting the powers, functions, or responsibilities of the Farm Credit Administration.”.

SEC. 10. FORMATION OF ADMINISTRATIVE SERVICE ENTITIES.

Part E of title IV (12 U.S.C. 2211–2214) is amended by adding at the end the following:

“SEC. 4.28A. DEFINITION OF BANK.

“As used in this part, the term ‘bank’ includes each association operating under title II.”.

SEC. 11. REQUIREMENTS FOR LOANS SOLD INTO THE SECONDARY MARKET.

(a) BORROWER STOCK.—Section 4.3A (12 U.S.C. 2154a) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following:

“(f) LOANS DESIGNATED FOR SALE OR SOLD INTO THE SECONDARY MARKET.—Notwithstanding any other provision of this section:

“(1) GENERAL RULE.—Subject to paragraph (2), the bylaws adopted by any bank or association under subsection (b) may provide—

“(A) for any loan made on or after the date of the enactment of this subsection that is designated, at the time the loan is made, for sale into a secondary market under title VIII or otherwise, that no voting stock or participation certificate purchase requirement shall apply to the borrower of the loan; and

“(B) for any loan made before the date of the enactment of this subsection that is sold into a secondary market under title VIII or otherwise, that all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.

“(2) EXCEPTION.—If a loan designated for sale as described in paragraph (1)(A) is not sold into a secondary market within 180 days after the designation, the voting stock or participation certificate purchase requirement that would otherwise apply to the loan in the absence of bylaw provisions adopted under paragraph (1)(A) shall be effective, except that the bylaws may provide that if such a loan is thereafter sold into a secondary market, all outstanding voting stock or participation certificates held by the borrower with respect to such loan shall, subject to subsection (d)(1), be retired.”.

(b) BORROWER RIGHTS.—

(1) IN GENERAL.—Section 4.14A(a)(5) (12 U.S.C. 2202a(a)(5)) is amended to read as follows:

“(5) LOAN.—

“(A) IN GENERAL.—The term ‘loan’ means a loan made to a farmer, rancher, or producer or harvester of aquatic products, for any agricultural or aquatic purpose and other credit needs of the borrower, including financing for basic processing and marketing directly related to the borrower’s operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products.

“(B) EXCLUSION OF LOANS DESIGNATED FOR SALE INTO A SECONDARY MARKET.—The term ‘loan’ does not include a loan made on or after the date of enactment of this subparagraph that, at the time the loan is made, is designated for sale into a secondary market under title VIII or otherwise, except as provided in subparagraph (C).

“(C) SPECIAL RULE.—If a loan designated for sale into a secondary market is not sold into a secondary market within 180 days after such

designation, the provisions of sections 4.14, 4.14A, 4.14B, 4.14C, 4.14D, and 4.36 that would apply to the loan in the absence of subparagraph (B) shall apply to the loan until the loan is so sold.”.

(2) CONFORMING AMENDMENT.—Section 8.9(b) (12 U.S.C. 2279aa–9(b)) is amended by inserting “(as defined in section 4.14A(a)(5))” after “At the time of application for a loan”.

SEC. 12. REMOVAL OF ANTIQUATED AND UNNECESSARY PAPERWORK REQUIREMENTS.

(a) DISCLOSURE ON ADJUSTABLE RATE LOANS.—Section 4.13(a)(4) (12 U.S.C. 2199(a)(4)) is amended by inserting “, except that any regulation of the Farm Credit Administration implementing this paragraph shall include a provision permitting notice to a borrower of a change in the interest rate applicable to the borrower’s loan to be made within a reasonable time after the effective date of the change” before the semicolon.

(b) COMPENSATION OF ASSOCIATION PERSONNEL.—Section 1.5(13) (12 U.S.C. 2013(13)) is amended by striking “and the appointment and compensation of the chief executive officer thereof.”.

(c) JOINT MANAGEMENT AGREEMENTS.—Section 5.17(a)(2)(A) (12 U.S.C. 2252(a)(2)(A)) is amended in the 1st sentence by striking “or management agreements”.

(d) REMOVAL OF CERTAIN BORROWER REPORTING REQUIREMENTS.—Section 1.10(a) (12 U.S.C. 2018(a)) is amended by striking paragraph (5).

(e) USE OF PRIVATE MORTGAGE INSURANCE.—

(1) IN GENERAL.—Section 1.10(a)(1) (12 U.S.C. 2018(a)(1)) is amended by adding at the end the following:

“(D) PRIVATE MORTGAGE INSURANCE.—Loans on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of such 85 percent is covered by the insurance.”.

(2) CONFORMING AMENDMENT.—Section 1.10(a)(1)(A) (12 U.S.C. 2018(a)(1)(A)) is amended by striking “paragraphs (2) and (3)” and inserting “subparagraphs (C) and (D)”.

(f) DISSEMINATION OF QUARTERLY REPORTS.—Section 5.17(a)(8) (12 U.S.C. 2252(a)(8)) is amended by inserting “the requirements of the Farm Credit Administration governing the dissemination to stockholders of quarterly reports of System institutions may not be more burdensome or costly than the requirements applicable to national banks, and” after “except that”.

SEC. 13. REMOVAL OF GOVERNMENT CERTIFICATION REQUIREMENT FOR CERTAIN PRIVATE SECTOR FINANCING.

Section 3.8(b)(1)(A) (12 U.S.C. 2129(b)(1)(A)) is amended—

(1) by striking “have been certified by the Administrator of the Rural Electrification Administration to be eligible for such” and inserting “are eligible under the Rural Electrification Act of 1936 for”; and

(2) by striking “loan guarantee, and” and inserting “loan guarantee from such agencies (or their successors), and”.

SEC. 14. REFORM OF REGULATORY LIMITATIONS ON THE DIVIDEND, MEMBER BUSINESS, AND VOTING PRACTICES OF ELIGIBLE FARMER-OWNED CO-OPERATIVES.

(a) IN GENERAL.—Section 3.8(a) (12 U.S.C. 2129(a)) is amended by adding at the end the following: “Any such association that has received a loan from a bank for cooperatives shall, without regard to the requirements of the preceding sentence, continue to be so eligible for so long as more than 50 percent (or such higher percentage as is established by the bank board) of the voting control of the association is held by farmers, producers or harvesters of aquatic products, or eligible cooperative associations.”.

(b) CONFORMING AMENDMENT.—Section 3.8(b)(1)(D) (12 U.S.C. 2129(b)(1)(D)) is amended by inserting “, or under the last sentence,” after “(4)”.

SEC. 15. EXTENSION OF INTEREST RATE REDUCTION PROGRAM FOR 5 YEARS.

Section 1320 of the Food Security Act of 1985 (7 U.S.C. 1999 note) is amended by striking “1995” and inserting “2000”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Colorado [Mr. ALLARD] will be recognized for 20 minutes, and the gentleman from Texas [Mr. DE LA GARZA] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Colorado [Mr. ALLARD].

Mr. ALLARD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to support H.R. 2029, the Farm Credit System Regulatory Relief Act of 1995. H.R. 2029 provides regulatory relief for the Farm Credit System and gives further flexibility for the Farm Credit Administration, the regulator of the System. This legislation has the bipartisan support of the House Agriculture Committee and was reported out of subcommittee and committee on a voice vote. H.R. 2029 cuts back on paperwork on the System and, according to the FCA, saves between \$18 and \$20 million over the next 5 years by eliminating an unnecessary board of directors and eliminating unnecessary regulations. I would like to enter into the RECORD a letter from the FCA outlining the savings. The CBO has also scored this and they indicate that implementation of H.R. 2029 would not have any pay-go implications.

This legislation will also provide greater flexibility to the FCA should a problem arise at a System bank. It will allow them to review management at a trouble bank and make changes in management if necessary. It will also allow them to nullify golden parachutes at troubled institutions if they are being paid to bank management who are responsible for the troubled condition of the bank. None of these changes will result in expanded authorities for the System and none of these changes will place the safety and soundness of the System at risk. These changes only reflect the better financial condition of the System in 1995. Thank you, Mr. Speaker.

Mr. Speaker, I include for the RECORD the following letter:

FARM CREDIT ADMINISTRATION,
McLean, VA, August 11, 1995.

Hon. PAT ROBERTS,
Chairman, House Committee on Agriculture,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for providing the Farm Credit Administration (FCA) with the opportunity to communicate our support for H.R. 2029, a bill to amend the Farm Credit Act of 1971. It was a pleasure for me to testify before Chairman Allard and Members of the Subcommittee on Resource Conservation, Research, and Forestry on this legislation.

You have asked that FCA provide an estimate of the cost of enacting H.R. 209. After careful review, it has been determined that significant savings could be realized were this bill to be adopted by Congress. Estimated savings of as much as \$4 million annually could be achieved under two provisions of H.R. 2029, the 18-month examination schedule extension and retention of the current three member Farm Credit System Insurance Corporation (FCSIC) Board.

The Agency estimates that adoption of an 18 month examination schedule for many of our institutions, in lieu of the current 12 month examination schedule, could save as much as \$2 million annually. This change would further streamline RCA without compromising the safety and soundness of the institutions it regulates.

If the statutory requirement for establishment of an independent FCSIC Board is repealed, as proposed by H.R. 2029, additional costs can be avoided. The implementation of an independent, full time three member Board of Directors would increase FCSIC administrative costs by approximately \$2.0 million annually. Under H.R. 2029, FCSIC would continue to benefit from access to FCA professional and administrative resources under the same operating procedures that have been in place since 1990.

Were H.R. 2029 enacted with the extended examination schedule and the repeal of an independent FCSIC Board, a cost savings of \$18 to \$20 million could be realized over the next five years.

Should you have additional questions regarding H.R. 2029, please let me know.

Sincerely,

MARSHA MARTIN,

Chairman.

Mr. DE LA GARZA. Mr. Speaker, I yield myself such time as I may consume.

(Mr. DE LA GARZA asked was given permission to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, I rise in support of H.R. 2029, and a statement on behalf of the gentleman from South Dakota [Mr. JOHNSON] will be submitted to appear at the appropriate place in the RECORD.

Mr. Speaker, I thank the chairman for moving this bill through the Committee on Agriculture in an expeditious manner, and I also would like to commend the subcommittee chairman, the gentleman from Colorado [Mr. ALLARD], and the ranking member, the gentleman from South Dakota [Mr. JOHNSON], for their hard work in guiding the regulatory relief through their subcommittee.

Mr. Speaker I rise today in support of H.R. 2029. I would like to thank Chairman ROBERTS for moving this bill through the Committee on Agriculture in an expeditious manner. I would also like to commend Subcommittee Chairman ALLARD and the ranking member, Mr. JOHNSON, for their hard work in guiding the regulatory relief bill through their subcommittee.

The bill before the House today reflects the hard work of Members from both sides of the aisle. It is the product of a careful review of current regulations, and it targets those regulations that have become outdated. For example, the legislation removes an outdated certification procedure for certain Banks for Cooperatives lending activities, without changing eligibility requirements in current law.

Other changes will give the system more flexibility, and provide farmers and ranchers with better loan rates. Section 4 will give the Farm Credit Administration more flexibility in carrying out its examinations of Farm Credit System institutions. Section 5 of the bill authorizes the Insurance Corporation to reduce premiums it receives from System banks and to distribute to System Institutions amounts in the insurance fund [Fund] that are in excess of the secure base amount. Section 10 author-

izes associations to jointly form administrative service entities, which will reduce operating expenses.

These changes will result in lower costs to the System and lower interest rates for farmers, ranchers, and rural homeowners. I urge my colleagues to join me in support of the bill, H.R. 2029, as amended, and I look forward to continuing work with Chairman ROBERTS toward enactment of this legislation.

Mr. JOHNSON of South Dakota. Mr. Speaker, I rise today in support of H.R. 2029, the Farm Credit System Regulatory Relief Act of 1995. I was pleased to have joined Chairman ALLARD in the introduction of H.R. 2029 and to have worked with both he and Chairman ROBERTS to bring the bill to the floor. This legislation would provide flexibility to the regulator of the Farm Credit System banks and institutions as well as removing some of the rigidity of the Farm Credit Act, which governs the activities of the System.

I am hopeful that our efforts will provide the Farm Credit System with the ability to reduce their internal paperwork and bureaucracy, and in turn, pass that reduction in costs on to their farm and ranch borrowers. As one of the few members of the Agriculture Committee who was here in 1987, when we faced a crisis in agricultural credit, I am confident that we have adequate protection and tools in place to ensure that the Farm Credit System will be able to weather any downswings in the agriculture sector.

I supported the regulatory relief legislation for the commercial banking sector that moved through Congress in the last session and hopefully additional legislation that will move yet this year, and I am pleased to have been involved in this similar effort for the Farm Credit System. I want to assure my colleagues that this bill is not about expanded authorities or other contentious issues, but about cutting down on unnecessary redtape and ensuring balanced competitiveness of the Farm Credit System institutions with commercial banks.

Included in the bill during full committee consideration were several provisions which should be of interest to our colleagues, including the specific inclusion of Farmer Mac in the section precluding the granting of golden parachutes to institutions considered to be troubled. I'm also pleased that Chairmen ROBERTS and ALLARD included an extension of the authority for the interest rate assistance program, so that commercial banks and farm credit institutions will have an assurance that the program will be available this spring to help farm and ranch borrowers receive guaranteed loans. It is also my hope that we will have reached a compromise on the issue of Financial Assistance Corporation stock purchase that will put the issue to rest.

As the result of a request during the Resource Conservation Subcommittee hearing held on H.R. 2029, we heard from the Farm Credit Administration in regard to additional technical changes they would like to have changed in their statute. It is my hope that we can address these provisions during consideration of the credit title in the farm bill in the coming year.

Thank you, Mr. Speaker, and I urge my colleagues to support this legislation for the benefit of their farm and ranch constituents.

Mr. HEINEMAN. Mr. Speaker, I rise today in support of H.R. 2029, the Farm Credit System Regulatory Relief Act of 1995. H.R. 2029

eases unnecessary regulatory requirements on the Farm Credit System. These burdensome regulatory costs have increased the amount that farmers pay for credit.

Currently, regulators are required to review lenders yearly. Yearly review is overly burdensome and costly on the Farm Credit System. Those higher costs are then passed on to our Nation's farmers. H.R. 2029 would allow regulators to review lenders every 18 months and reduces a number of other regulatory burdens on the Farm Credit System that have become outdated.

This legislation will give the Farm Credit System and farmers some much needed relief. The Farm Credit Administration has estimated that this legislation will save an estimated \$18 million to \$20 million dollars over the next 5 years.

Farm credit institutions are very important to North Carolina's farmers. H.R. 2029 will give farm credits more flexibility to provide farmers with better service and loan rates. I urge my colleagues to support our Nation's farmers, vote for H.R. 2029.

□ 1815

Mr. DE LA GARZA. Mr. Speaker, I yield back the balance of my time.

Mr. ALLARD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The question is on the motion offered by the gentleman from Colorado [Mr. ALLARD] that the House suspend the rules and pass the bill, H.R. 2029, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to amend the Farm Credit Act of 1971 to provide regulatory relief, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ALLARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 104-149)

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning herewith without my approval H.R. 2076, the "Departments of Commerce, Justice, and State, the