

# HERE TODAY. HERE TOMORROW.

## Farmers and Farm Credit. You Can Depend On It.

For the past 70 years, farmers and ranchers have depended on the Farm Credit System to serve their credit needs — at all times, in all areas of the country, and with whatever amounts of financing were needed. This record of service has been threatened recently as the agricultural recession worsened in 1985.

Today's agricultural economy didn't get where it is overnight. And the problems won't be solved overnight. Although financial stress has been building to crisis proportions for more than half a decade, the new Farm Credit law enacted in late 1985 reassures farmers and ranchers that their cooperatively owned credit system will continue to be a dependable source of credit in the future.

### New Farm Credit law enacted

On December 23, 1985, the President signed the Farm Credit Amendments Act of 1985 — perhaps the most significant piece of Farm Credit legislation since the 1930s. Only three months earlier, the combined Farm Credit banks reported the first loss in their nearly 70 years of service to agriculture. The depressed farm economy had finally taken its toll on the nation's largest agricultural lender.

### System funding ensured

The Farm Credit Amendments Act is designed to strengthen the Farm Credit System and renew the system's Congressional mandate to serve American agriculture.

It also reaffirms the government's support of the system and its importance to American

agriculture. This strengthens investor confidence in the system and ensures it will be able to obtain funding at competitive rates in the nation's money markets.

### New Capital Corporation created

Most importantly, the new law stabilizes the Farm Credit System by providing a more effective mechanism for mobilizing capital and supporting its financially troubled banks. This mechanism is called the Farm Credit System Capital Corporation.

In addition, the law creates a process for receiving government financial assistance, if the system's own resources are insufficient to carry out its mandate.

### Borrower rights protected

Other provisions of the new act will help protect borrower rights and their stock investments in the system. They also strengthen borrower control by providing for the seventh member of the district director boards to be elected by borrowers, rather than appointed by the Farm Credit Administration.

With the passage of the Farm Credit Amendments Act of 1985, the system now has the tools and the support it needs to deal more effectively with the current financial stress. It won't be easy. But the Farm Credit System is working hard today and will be working hard tomorrow — stronger and better equipped to serve American agriculture.

You can depend on it.

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The Farm Credit System