FARM CREDIT ADMINISTRATION

12 CFR Chapter VI

RIN 3052–AD24

Statement on Regulatory Burden

AGENCY: Farm Credit Administration.

ACTION: Final notice of intent.

SUMMARY: This document is part of the Farm Credit Administration's (FCA, our, or we) initiative to consider the appropriateness of the requirements we impose on Farm Credit System (FCS or System) institutions, including the Federal Agricultural Mortgage Corporation (Farmer Mac). On May 18, 2017, we requested public comments, and this document responds to those comments.

DATES: May 15, 2019.

FOR FURTHER INFORMATION CONTACT: Gaylon J. Dykstra, Senior Policy Analyst, Office of Regulatory Policy, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4322, TTY (703) 883–4056; or Mary Alice Donner, Senior Counsel, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TTY (703) 883–4056.

SUPPLEMENTARY INFORMATION:

I. Objective

The objective of this final notice is to inform the public of our response to the comments submitted to us regarding our request to identify regulations that they considered burdensome, ineffective, duplicative, or not based on law.

II. Background

On May 18, 2017, we published a document in the **Federal Register** inviting the public to comment on our regulations that may duplicate other requirements, are ineffective, are not based on law, or impose burdens that are greater than the benefits received.[1] We received letters from Farm Credit East, ACA; Capital Farm Credit, ACA; CoBank, ACB; the Farm Credit Council; and the Institute for Policy Integrity at the New York University School of Law. The letters commented on regulations concerning: Governance, lending, capital, investments, borrower rights and other FCA regulations and guidance. In addition, the Institute for Policy Integrity encouraged FCA to stay focused on its mandate to identify outdated, unnecessary, ineffective, or net costly regulations for repeal, replacement, or modification and not to instead prioritize recently promulgated and overwhelmingly cost-benefit justified rules identified by industry commenters.

This document discusses the comments raised about FCA regulations and FCA activities. Many of the comments concern changes that we cannot implement because they are inconsistent with the Farm Credit Act of 1971, as amended (Act), safety and soundness, and/or other FCA guidance or position. Some comments raise issues that are the subject of existing regulatory projects scheduled for consideration by FCA as set forth in our 2019 Regulatory Projects Plan, which is available on the FCA website, and those issues will be addressed in the planned regulatory projects. In other cases, commenters identify issues that need further evaluation before we can consider whether changes are appropriate.

III. Comments That Did Not Result in Regulatory Changes

A. Examinations

Comment: Given the strong financial performance and credit quality of many institutions, the agency should consider lengthening the time between exams for highly rated institutions. This would not only reduce costs at the institution level, but also allow FCA to better leverage its own resources as well as reduce its own costs.

FCA Response: We cannot make the recommended change because it conflicts with statute. Section 5.19 of the Act requires that ''except for Federal land bank associations, each institution of the System shall be examined by Farm Credit Administration examiners at such times as the Board may determine, but in no event less than once during each 18-month period.'' Therefore, we cannot extend the time between examinations to longer than 18 months. However, we would like to note that despite the mandated examination cycle, we very much do leverage our resources, as suggested in the comment. We do this through our risk-based examination approach, wherein resources are allocated based on an institution's risk profile, and our use of off-site, electronic data throughout the examination process.

B. E-Sign Notifications

Comment: We encourage the agency to reconsider the exceptions to ''E-Sign'' notifications, and in particular those in Subpart D of part 617. We note that E-Sign notifications of adverse credit decisions are permitted under ECOA regulations.

FCA Response: The FCA E-Sign Regulations comply with Public Law 106–229—Electronic Signatures in Global and National Commerce Act. This law has not changed since we published the FCA's E-Sign Regulations; therefore, we are unable to make any revisions.

C. Outside Director

Comment: Section 611.220(a)(1) currently precludes an ''outside'' director from serving on the board of an FCA chartered Service Corporation. We believe this provision is more restrictive than is required by the Act (which, as you know, only requires a bank or association to have one outside director). As long as the prospective bank or association director candidate is not a director of another institution at the time of his selection, the Act's requirement is satisfied.

Additionally, the arbitrary prohibition on outside directors serving on service corporations is contrary to the spirit of the Act (creating a ''second class'' of directors), and counterproductive in terms of keeping qualified directors from serving on service corporation boards.

FCA Response: The comment is seeking to allow an outside director to simultaneously serve on two boards of directors—a System institution and a service corporation. We cannot make the recommended change because it conflicts with statute. Section 1.4 of the Act requires that ''at least one member shall be elected by the other directors, which member shall not be a director, officer, employee, or stockholder of a System institution.'' Section 4.27 of the Act provides that a service organization chartered by FCA is a Farm Credit System institution. We also believe that independence of the outside director is critical. We note that some service corporations are jointly owned by several System institutions, and service on the service corporation board could impair the independence of the outside director of the bank or association.

D. Unincorporated Business Entities (UBE)

Comment: Eliminate the regulatory approval process for formation of UBEs pursuant to § 611.1155 and address compliance through the examination process.

FCA Response: We are not persuaded by the comment that a change is needed. The UBE rule includes a notice-only provision in § 611.1154 to simplify the process and avoid unnecessary administrative burdens and costs when investing in UBEs whose activities we have experience in overseeing. For investments in any other UBEs, we continue to believe that it is prudent to

[1] *See* 82 FR 22762.

have System institutions get our pre-approval to avoid the burden and cost associated with reversing investments that we later deem to be inappropriate, unsafe or unsound, or contrary to law through the examination process. FCA will, however, consider whether additional categories of UBE investments could be included in the notice-only provisions to reduce burden on System institutions.

E. Aquatic Related Businesses Industry

Comment: Farm Credit may currently finance ''farm related businesses'' as eligible entities in the agriculture sector, and should also be permitted to finance related businesses which support the commercial fishing industry. Commercial fishing is the economic backbone of many rural communities in some parts of the nation, and producers and harvesters of seafood are themselves very dependent on many types of infrastructure for their long-term viability. FCA regulations that address ''related businesses'' should be modified to match overall lending authorities (for Farmers, Ranchers and Aquatic Producers and Harvesters) so that financing for ''fishing related businesses'' is specifically permitted.

FCA Response: We responded to this comment in past Regulatory Burden Notices. Our latest response was ''[w]ith respect to aquatic-related services, sections 1.9(2), 1.11(c)(1), and 2.4(a)(3) of the Act authorize title I and II System lenders to extend credit to businesses that furnish farm-related services to farmers and ranchers directly related to their on-farm operation needs. The Act does not reference financing businesses that furnish aquatic-related services to aquatic producers and harvesters. We are closely following this topic.'' [2] Although our position on this issue remains unchanged, we continue to follow any interest or developments on this topic.

F. Other Financing Institutions (OFI)

Comment: Modify § 614.4120 to allow System banks and individual OFI customers to develop financing agreements that are independent of the Agricultural Credit Association financing structure and allows them to have a general financing agreement that meets the unique needs and varying organizational structures of OFIs. Additionally, § 614.4130(b) should be modified to allow for the delivery to the FCA of all documents related to the GFA within 30 days of execution.

FCA Response: We are not persuaded by the comment that a change is needed. FCA regulation 614.4120 requires the board of directors of each System bank to adopt policies and procedures governing the making of direct loans for direct lender associations and OFIs. While the term general financing agreement is the same term used for both direct lending associations and OFIs, the regulations do not require that they be the same or similar, only that the adopted policies and procedures prescribe lending policies and loan underwriting standards that are consistent with sound financial and credit practices.

The request in the comment to increase the document delivery deadline to 30 days lacks any justification or support. The deadline in § 614.4130(b) currently is 10 business days after execution of the documents. The need for the requested change is not readily apparent, especially given that the documents could easily be submitted to FCA electronically. Nonetheless, while we are not making any change at this time, we may consider the request as part of a future regulatory project.

G. Updated Financial Information

Comment: Section 614.4150 does not specifically direct institutions to annually request updated financial information from customers. However, anecdotal evidence suggests that this is a requirement from the Office of Examination. This issue dates back to the credit crisis of the 1980s. Hopefully, we are past the time when this requirement is appropriate on any kind of an ''across the board'' basis.

FCA Response: We agree with the comment that an ''across the board'' basis for updating financial information is not appropriate. In fact, we took this position in 1997 when we removed the requirement for annual updating of financial information from the regulations. Instead, current regulations require that System institution boards and management adopt written policies and procedures that set the standards for updating borrower financial information. These standards, along with their implementation, are then the basis for evaluating how well the board and management is managing the institution.

We further address this issue in an Informational Memorandum dated, March 29, 2011, Loan Underwriting Standards—Borrower Financial Information. In this memorandum, we convey our expectations regarding the collection of borrower financial information and the impact of this information on loan underwriting standards. This Informational Memorandum is available on our website, *www.fca.gov,* under the 'Laws and regulations' heading.

H. Loan Participation

Comment: The requirements for evidencing an independent credit judgement by a purchaser of a loan participation from another System institution are unduly burdensome. Of course, each institution needs to be accountable for the loans, including purchases of participations, in their portfolio. Some form of simplified credit summary, or other analysis by a credit officer of the purchasing institution should be adequate to satisfy the requirements for an independent decision.

FCA Response: This issue was thoroughly studied when we finalized this regulation, and our analysis has not changed.[3] In fact, one of the points we made in the preamble was that ''Section 614.4325(e) does not require the participating institution to prepare a lengthy analysis or to compile separate documentation from the originating or lead lender. However, § 614.4325(e) requires the purchasing institution to perform an objective, independent, and thorough analysis when it makes a loan decision.'' An institution cannot delegate its independent credit decision. However, we continue to believe that this regulation provides flexibility for an institution to streamline the decision-making process and documentation of the decision, while ensuring that it fulfills its duty to protect institution assets.

I. Purchase of Whole Loans

Comment: We again urge FCA to reconsider its prohibition on the purchase of whole loans by System institutions. Several years ago, FCA took the step to recognize the purchase of 100% participations in loans. Allowing System institutions to purchase whole loans would be of real benefit to farmers and ranchers in their financial planning, without increasing the credit exposure to the System over that created by the purchase of participations.

FCA Response: We plan to address this issue in part through a notice of proposed rulemaking regarding those portions of commercial bank loans with unconditional guarantees by the U.S. Department of Agriculture. Depending upon the outcome of that regulatory project, those transactions may be considered investments due to the way in which they are offered for sale and resale.

[2] *See* 79 FR 42238 (July 21, 2014).

[3] *See* 57 FR 38237 (Aug. 24, 1992).

For whole loans that cannot be considered investments, we are not considering a change. Section 614.4325(b) prohibits a FCS institution from purchasing any interest in a loan from an institution that is not a FCS institution except to pool or securitize loans, purchase a participation interest under its lending authority and purchase loans from the FDIC.

J. Public Disclosure About OFIs

Comment: FCA Regulation § 614.4595 requires the banks to receive written approval from the OFI before publicly disclosing its name, address, and internet address. It also requires a bank to adopt and maintain policies and procedures relating to OFI public disclosures. This requirement is unnecessary, excessively prescriptive, not required in law and burdens banks to maintain a policy that detracts from meaningful board oversight. Disclosure of name, address and internet address is not a regulatory matter and it is better left to the banks and OFIs to decide within the lending relationship.

FCA Response: We are not persuaded by the comment that a change is needed. The regulation provides that a Farm Credit Bank or agricultural credit bank may disclose to members of the public the name, address, telephone number, and internet website of an OFI only if the OFI consents in writing. We continue to believe the regulation is necessary to deal with this issue and is not unduly burdensome. In addition, we continue to believe that the OFI, and not the FCS bank, should be the party to decide whether its information is made public as designed in the regulation.

K. Special Collateral Requirements

Comment: The Special Collateral Requirements for post-closing certification, after the issuance of a standard title insurance policy and compliance with customary loan closing procedures, are duplicative and unnecessary. With this requirement, the System institution is being asked to effectively ''re-certify'' the work that the title insurance company has been paid to perform. The title insurance company has agreed to insure the risks that this regulation is designed to mitigate, which makes this requirement burdensome.

FCA Response: We are not persuaded by the comment that a change is needed. The Act requires that long-term mortgage loans be secured by first liens on real estate as may be prescribed by regulations of the FCA. Section 615.5060 provides institutions one of two methods to validate the institution's first lien position: Attorney lien certification or title insurance policy. Choosing to use a title insurance policy creates obvious additional fiduciary responsibilities for the institution such as: Ensuring that the title insurance company is licensed, ensuring that the final policy meets the institution's specifications, and ensuring that the insured amount at least equals the outstanding loan balance. We do not view verifying that a policy is valid, adequate, and proper as ''re-certifying'' the work of the title insurance company, but simply good business practice to ensure compliance with the first lien requirement of the Act.

L. Public-Private Partnership Investments

Comment: The approval process for public-private partnership investments, such as community health care facilities, would better serve rural America if it were streamlined. The current case-by-case approval process significantly hinders the development of critical projects in rural communities. The commenters recommend that FCA streamline the approval process for investments in public-private partnerships that benefit rural communities and modify the regulation to specifically allow the purchase of community facility bonds as mission-related investments.

FCA Response: FCA has developed a process to expedite and streamline case-by-case requests that meet certain criteria. Many requests for community health care facilities are handled on an expedited basis. We continue to consider other ways to streamline the process for FCA consideration of case-by-case investment requests.

M. Interest Rate Disclosures

Comment: The regulations require System Institutions to disclose rate changes when the rates are tied to a widely published external index (*i.e.,* prime rate or LIBOR); however, the intent of permitting such interest rates is transparency. Borrowers can determine their rate by numerous published sources. To require notification by System institutions of rate changes as outlined by the regulation is unnecessary and burdensome.

FCA Response: We cannot make the recommended change because it conflicts with statute. Section 4.13(a)(4) of the Act requires qualified lenders to provide borrowers, for all loans not subject to the Truth in Lending Act (15 U.S.C. 1601 *et seq.*), ''meaningful and timely disclosure'' of any change in the interest rate applicable to the borrower's loan within a ''reasonable time after the effective date'' of a change. Given that notification of a change in interest rate is a statutory requirement, removing the regulation is not an option. Nevertheless, we believe the regulation provides for significant flexibility by allowing for notifications to be made ''as part of the borrower's first regularly scheduled billing statement affected by the rate change.'' In other words, only the billing statements need to reflect the rate changes that occurred during the billing period and a separate notice is not required. Further, the status of LIBOR continuing as an index for loans is uncertain, and loans may need to be indexed to a replacement. Given uncertainty over the replacement, including whether it will be as widely published and available as LIBOR, we do not believe that this would be an appropriate time to consider any lessening of disclosure requirements for indexed loans.

N. Purchase of Insurance

Comment: Section 4.29 of the Act requires a written notice to customers that the purchase of insurance (when required as condition to obtain the loan) through the lender is optional. Section 618.8040(b) should be revised to eliminate the requirement for a separate, written statement.

FCA Response: We are not persuaded by the comment that a change is needed. We continue to believe that a written notice that is separately signed by the member or borrower is necessary to carry out Congressional intent. We also continue to believe that our position outlined in the preamble to the existing regulation continues to be appropriate: ''provide documentation to refute any potential allegations that borrowers were coerced into purchasing insurance offered by banks or associations.''

O. Human Capital and Marketing Plans

Comment: The requirements of §§ 618.8440(b)(7) and (b)(8) pertaining to human capital and marketing plans are excessively prescriptive and detailed without any corresponding benefit to the institutions or mission achievement. Specifically, the regulations required significant detail in both the human capital and marketing plans that goes beyond what is appropriate for inclusion, even at a summary level, in a business plan. To reduce burden and requirements that are duplicative in nature, the FCA should generalize the human capital and marketing plan requirements.

FCA Response: We are not persuaded by the comment that a change is needed. These two regulatory sections were specifically written to minimize any

regulatory burden and require the minimum strategies and actions needed to develop these sections of the business plan. We do not believe that these requirements rise to the level of ''significant detail'' and that they go ''beyond what is appropriate for inclusion in a business plan.''

We continue to believe that these human capital and marketing planning regulatory requirements are critical to institution operations. Human capital and marketing plans are opportunities to lay out the institution's demographics and address strategies to make progress in diversity and inclusion as a vital component of its corporate culture and being more responsive to the credit needs of all eligible and creditworthy agricultural producers and other eligible persons.

P. Syndications and Participations Study

Comment: The reporting requirements for the syndication and participations study are burdensome and manually intensive, time consuming, and do not augment internal management's tools. FCA should evaluate the data gathered to date for the syndication and participations study and determine the usefulness of gathering additional data in the future.

FCA Response: We agree that less reporting is now adequate compared to what we originally required. Consequently, we reduced the reporting from quarterly to annually beginning in 2018. We are also evaluating more streamlined ways in which the annual data could be provided to FCA. However, we continue to believe that collecting the data is necessary for the analysis of the complex issues being considered through the loan syndication study.

Q. Voting Requirements

Comment: Proxy voting requirements should be removed when using mail ballots. The use of digital processes are more efficient, and the proxy method required is cumbersome to stockholders, which encourages them not to vote.

FCA Response: A proxy authorizes someone to attend a meeting instead of the voting stockholder and take actions, including casting a vote if there will be in-person voting, with the same authority as the stockholder granting the proxy. Our existing regulations in part 609 and 611 allow proxies to be delivered electronically to those individual shareholders who have consented to e-commerce for voting events. However, electronic communications in voting events, including proxies, must satisfy the same confidentiality and security requirements when paper, and not electronics, are used.

R. Floor Nominations

Comment: Section 611.326 specifies the procedures to use for allowing floor nominations at association annual meetings. The System recognizes that floor nominations are required in accord with the Farm Credit Act. However, the current procedures are unwieldy, cumbersome, time-consuming and costly. Moreover, they actually undermine the existing nomination committee process, and FCA guidance and can impede the ability of stockholders to make an informed voting decision. They make compliance with disclosure requirements difficult for both the institution and the nominee. Associations should have increased flexibility to adopt procedures that maintain the ability for floor nominations, while facilitating compliance with disclosure and voting procedures.

FCA Response: We are not persuaded by the comment that a change is needed. This issue was thoroughly studied when we finalized this regulation, and our analysis has not changed.[4] We believe that the procedures outlined in the rule are consistent with the statutory requirement and that the comment raises issues that we considered in the rulemaking.

IV. Comments That We Will Address in Existing Regulatory Projects

A. E-Commerce

Comment: FCA should revise its E-commerce definition to be consistent with the definition used generally in the marketplace. The current application of the FCA regulatory definition is overly broad and results in an expansive application by examiners, application beyond what is required by E-commerce laws, and creates an unnecessary burden on FCS institutions.

FCA Response: Our Cybersecurity Workgroup is reviewing the E-commerce regulations, including whether the term ''E-Commerce'' is outdated. The Workgroup is considering whether the terminology of ''E-Commerce'' should be removed from FCA Regulations and replaced with the word ''Information Technology''.

B. Criminal Referral Form

Comment: FCA requires reports of known or suspicious criminal activity through the use of FCA's Criminal Referral Form (CRF). This referral form is unique to FCA and not integrated with FinCEN's Suspicious Activity Reporting (SAR) system that is used by law enforcement and Federal prosecutors to fight financial crimes. CoBank voluntarily complies with SAR filing requirements. As a result, FCA's requirement to use an FCA CRF is burdensome and confusing to criminal enforcement authorities in those situations when CoBank files a SAR and is required by FCA to also file an FCA CRF. Importantly, the SAR form provides effectively and efficiently the same information contained in the FCA CRF for use by law enforcement. FCA should eliminate this burden and accept the SAR form instead of the FCA CRF in those instances where reporting is provided under FinCEN filing requirements.

FCA Response: Our Criminal Referral Workgroup is considering whether FCA should issue guidance to provide clarification on this issue.

C. Criminal Referral Form Threshold

Comment: FCA requires the reporting of ''Any known or suspected criminal activity involving a financial transaction in which the institution was used as a conduit for such criminal activity (such as money laundering/structuring schemes)'' without any threshold or test for substance. To provide consistency in requirements applicable to commercial banks for the filing of SARs, the FCA should implement a $5,000 threshold for filing an FCA CFR when the suspect is known and $25,000 when the suspect is unknown.

FCA Response: Our Criminal Referral Workgroup is considering whether we should provide guidance to clarify this issue.

D. Amortization Limits

Comment: Production credit association and agricultural credit association loan authorities should be updated to reflect current System structure. There is no statutory basis to maintain restrictions on production credit association real estate lending, or that loans amortize within a period of 15 years, or whether the customer already owns the land or is purchasing it. Amortization and repayment should be a matter of appropriate credit administration, not regulation.

FCA Response: We plan to address this comment in conjunction with the amortization limits project that is listed on our Regulatory Projects Plan and Unified Agenda. The project will address the amortization limits for loans made under the production credit association authority.

[4] *See* 75 FR 18726 (Apr. 12, 2010).

E. Liquidity Reserves

Comment: Section 615.5134(d) describes specific, extensive requirements for each System bank to maintain its liquidity reserve. All System banks maintain liquidity reserves well in excess of regulatory requirements. The imposition of an additional ''marketability study'' for each bank is unduly burdensome and ignores the facts and circumstances of each bank's portfolio. FCA should look at both the quantity and quality of the bank's liquidity reserve, as well as its actual experience with execution of transactions to decide whether a study is necessary, rather than imposing an arbitrary requirement to conduct a study that is both costly and of little, if any, value.

FCA Response: We incorporated this comment into our study of the Liquidity Coverage Ratio.

F. Borrower Rights

Comment: The requirements for adverse action should be amended to use the same terminology as that used in Regulation B.

FCA Response: We plan to address this comment in conjunction with the borrower rights project that is listed on our Regulatory Projects Plan and Unified Agenda. As part of this project, we will study the similarities and differences between the Regulation B requirements and our adverse action regulations.

V. Comments That Need Further Evaluation

As noted above, some of the regulatory burden issues raised need further evaluation before we can consider whether changes are appropriate.

A. Scope of Lending

Comment: The Agency has not updated the Scope of Lending regulation, § 613.3005, since 1997. Farming and who is considered a full-time farmer have continued to evolve over this time. Many farmers, regardless of the size of the farming operation, have multiple sources of off-farm income, but still devote a significant amount of time to farming. This is particularly true with the Young, Beginning and Small Farmer segment, which the System is directed to serve. FCA guidance in regard to financing of legal entities with 100% ownership by eligible farmers needs to be updated to reflect the variety of modern legal structures used in agricultural production.

FCA Response: The comment correctly points out that the FCA has not recently updated this regulation. However, further evaluation is needed before we can consider whether the recommended changes are appropriate. We will consider this recommendation in any future review of this regulation.

B. Release of Borrower Names and Addresses

Comment: Section 618.8310 should be omitted. With security and privacy of borrower information heightened, releasing borrowers' names and addresses conflicts with current practices and standards.

FCA Response: Section 4.12A of the Act requires a System bank or association to provide to a stockholder of the bank or association a current list of stockholders of the bank or association not later than 7 calendar days after the date on which the bank or association receives a written request for the stockholder list from the stockholder. This provision has been slightly revised in the most recent Farm Bill, and although we are not currently reviewing this regulation, we may consider reviewing this provision in the future.

C. Electric and Telecommunication Lending

Comment: Make changes to § 613.3100(c)(2) to reflect changes to the Rural Electrification Act, as amended (REA), since CoBank's lending authorities for electric and telecommunication borrowers are derived from the REA.

FCA Response: Changes to FCA regulations in this area are not necessary for CoBank to implement the 2018 Farm Bill. Further evaluation is needed before we can consider whether regulatory changes are appropriate. We will consider this recommendation in any future review of this regulation.

D. Multiple Title Insurance Policy Ratio Amounts

Comment: FCA regulation § 615.5060(a)(2)(iii) establishing multiple title policy ratio amounts should be deleted. It has no legal validity, it does not always represent the risk profile of collateral and title issuers have different opinions/requirements.

FCA Response: Further evaluation is needed before we can consider whether the recommended change is appropriate. We will consider this recommendation in any future review.

E. Annual Report to Shareholders

Comment: Eliminate the requirement for distribution of the annual report in accordance with § 620.4. Electronic access should be adequate. There is no need to mail copies of the annual report.

Comment: The requirements of § 620.6, in particular the provisions relating to retirement account information and travel reimbursement policies, are unduly burdensome and also confusing or even misleading to stockholders. We believe this is an area where the quality of the disclosures can be improved, while reducing paperwork and costs.

FCA Response: Further evaluation is needed before we can consider whether the recommended changes are appropriate. We will consider this recommendation in any future review.

F. Disclosure Requirements for Sale of Borrower Stock

Comment: Delivering a copy of the quarterly report along with annual report is burdensome and produces minimal value to stockholder. The same could be achieved by referencing location of both reports on website.

FCA Response: As outlined in § 615.5250, a System institution must provide a prospective borrower with several documents related to borrower stock in conjunction with obtaining a loan. We believe that including the annual report and most recent quarterly report in with the other documents is not a burden and that the benefit in helping to attract a prospective borrower outweighs any burden that may exist. Nonetheless, there may be room for modifications, but further evaluation is needed before we can consider whether the recommended change is appropriate. We will consider this recommendation in any future review.

G. Loan Data Reporting

Comment: FCA has increased the amount of loan data required to be submitted to the agency. There is a material administrative cost to System institutions to update and maintain the systems to collect and report that information. FCA should consider the costs and benefits of those requirements on an institution specific basis.

FCA Response: Further evaluation is needed before we can consider whether the recommended change is appropriate. We will consider this recommendation in any future review.

V. Future Efforts To Reduce Regulatory Burden on System Institutions

For over 25 years, we have been making a concerted effort to remove regulatory burden whenever possible and will continue to do so into the future. However, we will maintain those regulations that are necessary to implement the Act and are critical for

the safety and soundness of the System. Our approach is intended to enable the System to continue to provide credit to America's farmers, ranchers, aquatic producers, their cooperatives and other rural residents.

Dated: May 9, 2019.

Dale Aultman,

Secretary, Farm Credit Administration Board.

[FR Doc. 2019–09960 Filed 5–14–19; 8:45 am]

BILLING CODE 6705–01–P

PENSION BENEFIT GUARANTY CORPORATION

29 CFR Part 4022

Benefits Payable in Terminated Single-Employer Plans; Interest Assumptions for Paying Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: This final rule amends the Pension Benefit Guaranty Corporation's regulation on Benefits Payable in Terminated Single-Employer Plans to prescribe certain interest assumptions under the regulation for plans with valuation dates in June 2019. These interest assumptions are used for paying certain benefits under terminating single-employer plans covered by the pension insurance system administered by PBGC.

DATES: Effective June 1, 2019.

FOR FURTHER INFORMATION CONTACT: Gregory Katz (*katz.gregory@pbgc.gov*), Attorney, Regulatory Affairs Division, Pension Benefit Guaranty Corporation, 1200 K Street NW, Washington, DC 20005, 202–326–4400 ext. 3829. (TTY users may call the Federal relay service toll-free at 1–800–877–8339 and ask to be connected to 202–326–4400, ext. 3829.)

SUPPLEMENTARY INFORMATION: PBGC's regulation on Benefits Payable in Terminated Single-Employer Plans (29 CFR part 4022) prescribes actuarial assumptions — including interest assumptions — for paying plan benefits under terminated single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974 (ERISA). The interest assumptions in the regulation are also published on PBGC's website (*https://www.pbgc.gov*).

PBGC uses the interest assumptions in appendix B to part 4022 (''Lump Sum Interest Rates for PBGC Payments'') to determine whether a benefit is payable as a lump sum and to determine the amount to pay. Because some private-sector pension plans use these interest rates to determine lump sum amounts payable to plan participants (if the resulting lump sum is larger than the amount required under section 417(e)(3) of the Internal Revenue Code and section 205(g)(3) of ERISA), these rates are also provided in appendix C to part 4022 (''Lump Sum Interest Rates for Private-Sector Payments'').

This final rule updates appendices B and C of the benefits payment regulation to provide the rates for June 2019 measurement dates.

The June 2019 lump sum interest assumptions will be 1.00 percent for the period during which a benefit is (or is assumed to be) in pay status and 4.00 percent during any years preceding the benefit's placement in pay status. In comparison with the interest assumptions in effect for May 2019, these assumptions represent no change in the immediate rate and are otherwise unchanged.

PBGC updates appendices B and C each month. PBGC has determined that notice and public comment on this amendment are impracticable and contrary to the public interest. This finding is based on the need to issue new interest assumptions promptly so that they are available for plans that rely on our publication of them each month to calculate lump sum benefit amounts.

Because of the need to provide immediate guidance for the payment of benefits under plans with valuation dates during June 2019, PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

PBGC has determined that this action is not a ''significant regulatory action'' under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects in 29 CFR Part 4022

Employee benefit plans, Pension insurance, Pensions, Reporting and recordkeeping requirements.

In consideration of the foregoing, 29 CFR part 4022 is amended as follows:

PART 4022—BENEFITS PAYABLE IN TERMINATED SINGLE–EMPLOYER PLANS

■ 1. The authority citation for part 4022 continues to read as follows:

Authority: 29 U.S.C. 1302, 1322, 1322b, 1341(c)(3)(D), and 1344.

■ 2. In appendix B to part 4022, rate set 308 is added at the end of the table to read as follows:

Appendix B to Part 4022—Lump Sum Interest Rates for PBGC Payments

* * * * *

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		i_1	i_2	i_3	n_1	n_2
*	*	*	*	*	*	*	*	
308	6–1–19	7–1–19	1.00	4.00	4.00	4.00	7	8

■ 3. In appendix C to part 4022, rate set 308 is added at the end of the table to read as follows:

Appendix C to Part 4022—Lump Sum Interest Rates for Private-Sector Payments

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