FARM CRED

12 CFR Part 621

RIN 3052-AD63

Loan Performance Categories and Financial Reporting

Agency: Farm Credit Administration

Action: Final rule; confirmation of effective date.

SUMMARY: The Farm Credit Administration (FCA, we, or our) amends our regulatory high-risk loan performance categories by removing "Formally restructured loans (TDR)," also known as troubled debt restructurings. In 2022, changes in generally accepted accounting principles (GAAP) eliminated the accounting guidance for TDRs, enhanced disclosure requirements for certain loan refinancings and restructurings undertaken when a borrower is experiencing financial difficulty and changed existing vintage year disclosure requirements for public business entities. This final rule removes TDRs from our regulatory loan performance categories to reflect changes in GAAP. Because FCA regulations require Farm Credit System (System) institutions to prepare financial statements and reports in accordance with GAAP, retaining TDRs as a regulatory loan performance category is no longer consistent with current accounting standards. In addition to making conforming technical changes, the rule also makes minor technical and organizational revisions to ensure internal consistency within the regulation. In addition, FCA determined

that no regulatory amendments are necessary to implement GAAP’s enhanced disclosure requirements for loan modifications to borrowers experiencing financial difficulty or for amended vintage year disclosures, as existing FCA regulations already require GAAP-compliant financial reporting.

DATES: The final rule was published on July 24, 2026 (91 FR 46703) and is confirmed as August 24, 2026.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

On July 24, 2026, FCA issued a final rule amending FCA’s regulatory high-risk loan performance categories by removing “Formally restructured loans (TDR),” also known as troubled debt restructurings. In accordance with 12 U.S.C. 2252(c)(1), the final rule provided the regulation would become effective 30 days after publication in the Federal Register during which either or both houses of Congress are in session. Based on the records of the sessions of Congress, the effective date of the regulation is August 24, 2026.

Ashley Waldron,

Secretary to the Board,

Farm Credit Administration

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