

December 2, 2016

The Honorable Jerry Moran
Chairman, Agriculture Subcommittee
Senate Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Robert Aderholt
Chairman, Agriculture Subcommittee
House Committee on Appropriations
United States House of Representatives
Washington, DC 20515

The Honorable Jeff Merkley
Ranking Member, Agriculture Subcommittee
Senate Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Sam Farr
Ranking Member, Agriculture Subcommittee
House Committee on Appropriations
United States House of Representatives
Washington, DC 20515

Dear Chairs and Ranking Members:

Given that USDA likely will soon be operating under a second continuing resolution (CR) until spring, it is absolutely critical that measures be taken to ensure that the Farm Service Agency (FSA) has the resources in hand to meet rising demand for direct and guaranteed farm credit, including during the peak winter and spring months when demand for production loans is highest.

We have jointly written to you previously to urge the inclusion of an anomaly in the CR to ensure the necessary funding levels are available for FSA's farm loan programs. We noted that the CRs for FY 2016 and 2017 have included additional flexibility for the Small Business Administration to accommodate demand for the 7(a) loan program and urged you to include similar language in the FY 2017 CR for the FSA. We continue to believe that is sound advice.

We are also aware, however, that discussions between USDA and OMB on this matter have gone well and that a request for your affirmation of an advanced allocation will quite likely be before you shortly after the CR is approved. If that were the scenario that happens, we would strongly urge your swift sign-off. Whether through an anomaly or through such an agreement, we believe clear and definitive action is needed to provide farmers and ranchers with needed credit during the prime lending season.

In our earlier communication to you, we also requested that the final FY 2017 bill include additional funding for direct and guaranteed operating loans over the amounts approved by the Committees earlier this year to cover both the large carryover from FY 2016 and the increased demand that is surely coming. With the anticipated and unfortunate delay in producing a final FY 2017 bill until spring, this becomes an even more urgent request. FSA was \$137 million short (\$44 million in direct and \$93 million in guarantee) for FY 2016 and has carried over those approved loans into the new fiscal year, when it is also dealing with a spike in demand.

When you factor in the existing loan backlog and the higher than previously anticipated demand on FSA loan programs due to lower commodity prices, FSA will likely run out of money during the CR period, just when farmers need the program the most. We understand that this crisis now

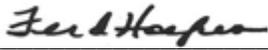
cannot be fully averted until the final bill is approved this spring. We continue to strongly urge you to give this issue the high priority it deserves, in crafting the final bill, by providing for additional direct and guaranteed operating loan funding than in the committee approved bills earlier this year.

We thank you for your ongoing consideration on these issues and look forward to working closely with you on solutions.

With kindest regards, we are



Ben Herink, Legislative Chair, National Association of Credit Specialists



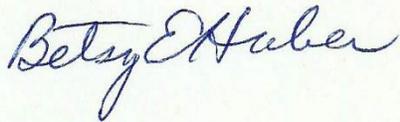
Ferd Hoefner, Policy Director, National Sustainable Agriculture



Mark Scanlan, Senior Vice President, Independent Community Bankers of America



Jerry Spruill, National Rural Lenders Association



Betsy Huber, National Grange



Roger Johnson, President, National Farmers Union



Lindsey Lusher Shute, Executive Director, National Young Farmers Coalition



Katherine Ozer, Executive Director, National Family Farm Coalition



James Ballentine, Executive Vice President, American Bankers Association



Rudy Arredondo, President, National Latino Farmers and Ranchers Trade Association



Lorette Picciano, Executive Director, Rural Coalition/Coalición Rural



Todd Van Hoose, President and CEO, The Farm Credit Council



Dafina Williams, Vice President of Public Policy, Opportunity Finance Network