

March 20, 2020

The Honorable Pat Roberts
Chairman, Senate Agriculture Committee
United States Senate
Washington, DC 20510

The Honorable Collin Peterson
Chairman, House Agriculture Committee
United States House of Representatives
Washington, DC 20515

The Honorable Debbie Stabenow
Ranking Member, Senate Agriculture Committee
United States Senate
Washington, DC 20510

The Honorable K. Michael Conaway
Ranking Member, House Agriculture
Committee
United States House of Representatives
Washington, DC 20515

Dear Chairman Roberts, Chairman Peterson, Ranking Member Stabenow and Ranking Member Conaway:

On behalf of over 5,000 commercial banks in the United States with over 50,000 locations across America, the American Bankers Association (ABA) and the Independent Community Bankers of America (ICBA) urge Congress to make adjustments to Farm Service Agency (FSA) loan programs due to the short-term and potential long-term ramifications of COVID-19.

We urge Congress to consider the following changes to FSA Guaranteed Loan Programs during the declared national emergency:

- **Temporarily increase the guaranteed loan limits to \$2.5 million.** By increasing the guaranteed loan limits, more farmers and ranchers will be eligible for the program. This will allow lenders to help more producers during this time.
- **Increase funding for guaranteed loan programs.** With the limit being increased, there will need to be additional dollars within the program, particularly for the guaranteed operating program which has a negligible budgetary cost. However, this is also necessary for the Guaranteed Farm Ownership Program as borrowers will be looking at potential refinancing options in the coming months utilizing land as partial collateral.
- **Reduce or Suspend Origination Fees.** Similar to provisions contained in the COVID relief package for the SBA's 7(a) program, institute a fee waiver for USDA guaranteed loans.
- **Temporarily Require USDA to Streamline the Loan Approval Process.** Lenders and borrowers should have greater flexibility to determine which county office to utilize for approval of their guaranteed loan applications.
- **Temporarily suspend environmental assessment requirements under the National Environmental Policy Act (NEPA).** By suspending NEPA requirements, lenders will be able to speed up the loan making process. This will allow for faster turnaround for loans when they are needed the most.
- **Pass the Enhancing Credit Opportunities in Rural America Act (ECORA).** This legislation will drive down the costs of farm and ranch real estate immediately by

reducing the cost to make those loans. Anything to reduce the cost for farmers and ranchers is important in these uncertain times.

We also urge Congress to consider the following changes to FSA Direct Loan Programs during the declared national emergency:

- **Increase funding for FSA direct loan programs.** Farmers and ranchers need to have as many different credit options available as possible. The direct loan programs are a tool in the toolbox for borrowers and lenders.
- **Temporarily suspend term limits on FSA direct loan programs.** During these challenging times, borrowers that have reached their term limits on FSA direct loan programs may need to use the programs again. Congress should suspend the term limits to allow these borrowers to have access to the programs if needed.

These changes will help lenders and borrowers work through these challenging times. During this national emergency, Congress should do everything it can to help lenders that are working with borrowers in rural America. By reducing the time to process loans, borrowers will be able to work through potential credit issues faster and keep their operations running smoothly.

If you have questions or concerns, please contact Ed Elfmann at eelfmann@aba.com at 202-663-5018 or mark.scanlan@icba.org at 202-659-8111.

Sincerely,

American Bankers Association
Independent Community Bankers of America