

March 20, 2020

The Honorable Sonny Perdue
Secretary
US Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Dear Secretary Perdue:

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 the United States Department of Agriculture (USDA) 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 USDA to consider the following changes to FSA Guaranteed Loan Programs during the declared national emergency:

- **Temporarily suspend fees on guaranteed loans for at least 12 months.** This will encourage more banks to consider guaranteed loan programs while keeping costs down for the borrower. A similar proposal is now under consideration for SBA 7(a) loans.
- **Accept appraisals that were made within the last 36 months for guaranteed farm ownership loans or utilize current tax assessments for the basis of portfolio loans.** Appraisals are time consuming and it can often be difficult to find a certified appraiser within a timely manner. Additionally, some appraisers are worried about interacting with potential clients due to coronavirus concerns. By using appraisals that have already been completed or current tax assessments, borrowers will be able to acquire much needed funding sooner.
- **Expand the use of evaluations.** Currently, the Preferred Lender Program allows for transactions up to \$250,000. This should be increased to \$500,000 to speed up the loan making process and reduce paperwork for approvers.
- **Streamline Loan Approval Process.** Allow loans to be approved in any county where a bank's headquarters, branch, or customer is located or allow USDA, upon request of the lender, to assign a guaranteed loan application to any county office more able to process loans given their current workload capabilities.
- **Suspend Environmental Assessments.** USDA should temporarily suspend the need for federal environmental impact assessments. These assessments can add months to the loan making process at a time when borrowers need assistance quickly.

ABA is asking for USDA to consider the following changes to FSA Direct Loan Programs during the declared national emergency:

- **Increased flexibility on the disaster set aside program.** Increased flexibility will help borrowers as they work through the various requirements for disaster aid.

These changes will help lenders and borrowers work through these challenging times faster. During this national emergency, USDA 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