

October 6, 2016

Mr. Val Dolcini
Administrator
Farm Service Agency
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Administrator Dolcini:

On behalf of the members of the American Bankers Association, I write to express our concern with the recent Farm Service Agency (FSA) underwriting moratorium that will severely hinder the ability for farmers and ranchers to receive financing for animal facilities.

As you are well aware, animal facilities (hog and dairy barns, poultry houses, etc.) are vital to house, feed, protect and manage these animals. These facilities are capital intensive, but with FSA loan programs, bankers are better equipped to finance these operations. FSA loans provide another tool in the tool chest for bankers to use when financing animal facilities.

It has come to our attention that there is pending litigation against the FSA and Small Business Administration regarding lapses in environmental due diligence at both agencies on loans for animal facilities. Due to this pending litigation, both agencies have issued a moratorium on the aforementioned lending. This is due to the Environmental Protection Agency's reinterpretation of the Waters of the United States (WOTUS) rule, and if this interpretation is not re-examined, FSA and SBA will be forced to have a permanent moratorium on lending to animal facilities. This will severely hinder the ability for farmers and ranchers to receive financing for these types of operations.

Bankers have long partnered with FSA to provide financing to rural America. We consider the FSA to be an important ally in providing financing and we believe the credit landscape would be much different without this vital partnership. However, the current interpretation of the WOTUS rule in regards to animal housing facilities has put a strain on the financing needs of our farmers, ranchers and agribusiness.

We urge you to reverse this decision to invoke a moratorium on loan programs involving animal facilities. We should be working to provide more credit availability for rural America, not less. Without these vital loan programs, American farmers and ranchers will be at a major disadvantage.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Godwin".

cc: The Honorable Pat Roberts, Chairman, Senate Agriculture Committee
The Honorable Debbie Stabenow, Ranking Member, Senate Agriculture Committee
The Honorable K. Michael Conaway, Chairman, House Agriculture Committee
The Honorable Collin Peterson, Ranking Member, House Agriculture Committee

