

October 6, 2016

The Honorable Maria Contreras-Sweet  
Administrator  
U.S. Small Business Administration  
409 3<sup>rd</sup> Street, S.W.  
Washington, D.C. 20416

Dear Administrator Contreras-Sweet:

On behalf of the members of the American Bankers Association, I write to express our concern regarding a recent Small Business Administration (SBA) 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 SBA loan programs, bankers are better equipped to finance these operations. SBA 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 Farm Services Agency (FSA) and SBA 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 moratorium is due in part to the Environmental Protection Agency's reinterpretation of the Waters of the United States (WOTUS) rule. If this interpretation is not re-examined, FSA and SBA will be forced to have a permanent moratorium on lending to these types of operations.

Bankers have long partnered with SBA to provide financing to rural America. We consider the SBA 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 Copolaco".

cc: The Honorable David Vitter, Chairman, Senate Small Business Committee  
The Honorable Jeanne Shaheen, Ranking Member, Senate Small Business Committee  
The Honorable Steve Chabot, Chairman, House Small Business Committee  
The Honorable Nydia Velazquez, Ranking Member, House Small Business Committee

