

October 21, 2013

Dear Farm Bill Conferees,

The organizations listed below are writing to express our support for legislative language in the Farm Bill that would protect eligibility for farmers and ranchers participating in the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) guaranteed farm loan programs. Unless Congress acts to eliminate borrower term limits on FSA guaranteed farm loans, several thousand farmers and ranchers will be forced out of the program at the end of 2013, and thousands more every year following. Losing eligibility for the opportunity to borrow money under the program will make it very difficult for some of them to secure credit in the future. Today, over 35,000 farmers and ranchers access nearly \$12 billion in credit through the USDA guaranteed farm loan programs. The losses paid on these programs have consistently averaged less than .005% since 2005 and less than .025% since 1988.

This public/private partnership is a successful program. The USDA guaranteed farm loan programs give farmers and ranchers who have some credit deficiency the opportunity to borrow money from a commercial source. Because it is a credit enhancement, and not a loan, a limited amount of federal funding is leveraged into many loans for farmers and ranchers. In fact, the borrower pays a fee to obtain the credit that nearly covers all of the USDA's administrative costs and helps establish a reserve for potential future losses.

Given the enormous costs of starting a farm or ranch enterprise, and the length of time it takes to become financially secure in agriculture, term limits impact young and beginning farmers and ranchers the most. Access to credit is a key component of farm and ranch business success. For these farmers and ranchers, being denied access to the USDA guaranteed farm loan program greatly diminishes their future credit options. All borrowers under this program are expected to eventually graduate to conventional credit. Graduation out of the program is important, but some farmers and ranchers may not be able to move to conventional credit as quickly as others. Under the existing term limits, all are treated the same with no exceptions.

America needs more farmers and ranchers working to be successful. The USDA guaranteed farm loan programs give farmers and ranchers that opportunity.

We urge you to support legislative language that repeals term limits on the USDA, Farm Service Agency guaranteed farm loan programs.

Sincerely,

American Bankers Association
American Soybean Association
Cal Coastal
Farm Credit Council
FarmerMac
Independent Community Bankers of America
National Association of Credit Specialists

National Association of Wheat Growers
National Barley Growers Association
National Council of Farmer Cooperatives
National Farmers Union
National Sunflower Association
US Canola Association
US Dry Bean Council
USA Rice Federation