



July 23, 2018

The Honorable Pat Roberts
United States Senate
109 Hart Senate Office Building
Washington, DC 20510

The Honorable Mike Conaway
United States House of Representatives
2430 Rayburn House Office Building
Washington, DC 20515

The Honorable Debbie Stabenow
United States Senate
731 Hart Senate Office Building
Washington, DC 20510

The Honorable Collin Peterson
United States House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

Dear Chairs and Ranking Members:

On behalf of our nation's agricultural lenders who provide the liquidity on which rural America depends, we are writing concerning the impending Farm Bill Conference. As you go to Conference on the credit title, we believe the following issues must be addressed:

1. **Guaranteed Loan Limits** - Currently loan limits hover at approximately \$1.4 million and although this amount is indexed, the index itself has simply not kept pace with the rising land, input, and equipment prices we have seen in the last 10 years. We appreciate that both the House and Senate bills raise this limit to \$1.75 million. However, we are concerned that even this higher level will not allow lenders to meet the needs of many family farmers and ranchers who will face financial distress due to the sharp five-year downturn in net farm income. We continue to believe that raising the guarantee to a higher level is appropriate, given especially that the USDA farm ownership program is self-funding and doing so would not require additional appropriations.
2. **Direct Loan Limits** - The Senate version of the Farm Bill increases the direct loan limits which are currently stagnant, from \$300,000 to \$600,000 for ownership loans and \$400,000 for operating loans. The House was silent in this area and we respectfully ask the House to recede to the Senate.
3. **Direct Term Limits** - Although Congress repealed guaranteed term limits in the last Farm Bill, it declined to do so on direct loans. Congress's goal has been to ensure farmers obtaining direct loans eventually graduate to commercial credit. FSA loan documents require a transition to commercial credit once direct borrowers are able to do so. During a time of great and likely ongoing economic distress in the farm economy there may be a need for many farmers to continue seeking direct loans to remain in farming. We urge the conferees to not count direct loans against the term limit when these loans are used in conjunction with guaranteed loans. This provides evidence that farmers are transitioning to commercial credit and working with commercial lenders.

We would like to thank you for your consideration, as well as your continued support for American agriculture.

With kindest regards, we are

Sincerely yours,



Ben Herink, Legislative Chair, National Association of Credit Specialists



Jerry Spruill, National Rural Lenders Association



Edwin Elfmann, Vice President Congressional Relations, American Bankers Association



Mark Scanlan, Senior Vice President, Independent Community Bankers of America



Todd Van Hoose, President and CEO, The Farm Credit Council