

May 22, 2026

The Honorable John Boozman

Chairman, U.S. Senate Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510

The Honorable Amy Klobuchar

Ranking Member, U.S. Senate Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510

Dear Chairman Boozman and Ranking Member Klobuchar,

On behalf of the Federal Agricultural Mortgage Corporation (“Farmer Mac”), American Bankers Association (ABA) and the Independent Community Bankers of America (ICBA), we thank you for your continued leadership on behalf of American agriculture and rural communities. With the House passage of the Farm, Food, and National Security Act of 2026 (“H.R. 7567”) and attention now turning to the Senate, we believe there are several changes that could be made to the credit title to enhance H.R. 7567’s impact on agriculture and rural America. For example, we strongly recommend the Committee include four narrow provisions related to outdated restrictions within Farmer Mac’s charter. These changes would remove outdated barriers to liquidity in Farmer Mac’s charter, deliver more capital to agriculture and rural America, and ensure all lenders have more tools to serve the borrowers who depend on them.

Farmer Mac is a congressionally chartered secondary market created in 1988 to provide vital liquidity for agriculture and rural America. As a secondary market, Farmer Mac does not lend directly to borrowers—it purchases loans from banks across the country, freeing up capital for the banking industry to reinvest into new loans which offer more competitive rates, longer terms, and greater flexibility for the farmers, ranchers, and rural communities they serve. Farmer Mac’s reach spans agriculture, agribusiness, broadband infrastructure, power and utilities, and renewable energy.

The four targeted changes we propose would remove outdated restrictions, align Farmer Mac’s authorities with how agricultural and rural lending markets operate today, and ensure more banks and their borrowers benefit from the liquidity and stability the secondary market provides:

1. Expand Eligible Collateral to Support the Agricultural Supply Chain

A resilient agricultural supply chain depends on competitive financing for the businesses that store, process, and move agricultural products from the farm to the consumer. Today, Farmer Mac can only support these borrowers if the borrower pledges a first-lien mortgage on agricultural real estate—a requirement that adds cost through appraisals, title work, and flood insurance. Allowing Farmer Mac to

not require a first lien mortgage on agricultural real estate would align its authority with common market practice and strengthen liquidity for a critical segment of American agriculture.

2. Expand Eligible Sellers for Energy and Telecommunications Loans

Rural communities depend on reliable energy and telecommunications infrastructure; financing that infrastructure competitively requires deep and accessible capital markets. Today, Farmer Mac's charter limits which lenders (i.e., only cooperative lenders) may sell rural infrastructure loans to its secondary market—restricting the rates, terms, and liquidity available to finance these critical projects. With hundreds of gigawatts of new renewable power expected in the coming decade, removing this lender restriction and opening Farmer Mac's secondary market to all qualified participants could generate up to \$1 billion in savings to borrowers and their customers. If Congress considers energy and telecommunications loans important for rural America's future, it makes little sense to limit access to the secondary market for private sector institutions.

3. Establish a Single Lending Standard for All Producers (Replace the 2,000-Acre Rule)

The 2,000-acre rule—a legacy of Farmer Mac's 1988 charter—treats otherwise identical loans differently based solely on collateral size, capping loans above 2,000 acres at a significantly lower inflation-adjusted limit while loans below the threshold are governed by a statutory ceiling of 10% of regulatory capital, further refined by regulatory and internal risk management standards. This two-tiered structure forces some borrowers to split loans, absorb duplicate costs, or lose access to a secondary market that saves borrowers an estimated \$85,000 in interest over the life of a loan. The Farm Credit Administration has concluded this restriction provides no safety and soundness benefit. We urge you to adopt the language in H.R. 7567 relating to this provision.

4. Allow Farmer Mac to Support All USDA-Guaranteed Loan Programs

Congress has steadily expanded USDA-guaranteed lending by authorizing new programs beyond the Consolidated Farm and Rural Development Act of 1971 ("Con Act"). Farmer Mac's charter, however, has not kept pace—its authority remains limited to Con Act programs, leaving several USDA guaranteed loan programs without access to Farmer Mac's secondary market. A recent Farmer Mac analysis illustrates the value of that access: USDA-guaranteed farm ownership and operating loans sold to Farmer Mac save borrowers an average of 35 basis points. Expanding Farmer Mac's authority to cover the full suite of USDA-guaranteed lending could deliver meaningful savings to borrowers and inject additional capital and liquidity into programs Congress has authorized.

Additionally, banks provide financing for community facilities across rural America—including hospitals, clinics, schools, and public safety infrastructure. Should the Committee decide to grant new authority to certain institutions to finance these projects, it should also extend eligibility to Farmer Mac which would allow banks that originate community facility loans to access the secondary market. This would provide additional liquidity and risk management tools to banks that directly benefit the construction and maintenance of these vital facilities and ensure all lenders have the resources they need to serve rural communities.

A strong credit title is one that equips all lenders with the tools necessary to deliver competitive financing to farmers, ranchers, and rural communities. These four provisions do exactly that—modernizing Farmer Mac's charter, expanding access to the secondary market, and strengthening the flow of capital to rural America. We respectfully urge the Committee to include these provisions in the Senate's farm bill.

Thank you for your continued leadership and consideration.

Sincerely,

The Federal Agricultural Mortgage Corporation
American Bankers Association
Independent Community Bankers of America