

November 16, 2007

Dear Senator,

We are writing today to urge you to reject the proposal to expand the lending authority of the Farm Credit System (FCS), unless that proposal also includes clear and binding provisions that direct FCS to do more for small and mid-size, beginning and socially disadvantaged farmers and ranchers.

Access to credit is one of the largest impediments to farm entry for small and mid-size, beginning and socially disadvantaged farmers and ranchers. The Farm Credit System, a Government Sponsored Entity (GSE), is growing by roughly ten percent per year. That growth should position them to better assist these farmers and ranchers, not to solely expand authorities in areas other than financing farmers and ranchers.

When looking at the FCS lending portfolio, you can see that they are focused on lending to large, strong borrowers. Their portfolio of loans at the end of 2006 consisted of 58% of its lending in loans over \$500,000 and 24% of its lending in loans over \$5 million.

The farmers and ranchers with whom our organizations work are critical of the Farm Credit System, stating that they are really no different than a traditional bank and they tend to be considered the most conservative lenders in the marketplace. The system as a whole has not demonstrated a serious commitment to addressing the challenges small and mid-size, beginning and socially disadvantaged farmers and ranchers encounter.

Congress should step back and examine credit in rural America and address the clear needs of these farmers and ranchers, in particular those that are 34 years of age and younger. As part of that review it is important to examine the role that FCS lending is playing in the overall access to credit for independent diversified family farm operations. In 1978, the Census of Agriculture reported that there were over 350,000 farmers age 34 and younger listing farming as their primary occupation. In 2002, the Census of Agriculture showed a precipitous drop to roughly 70,000 in that age bracket that listed farming as their primary occupation.

We believe the Farm Credit System should be more focused on how they can assist the small and mid-sized, beginning and socially disadvantaged farmers and ranchers that are struggling and wishing to enter or remain in agriculture. This should be at the core of their mission and therefore, we believe Congress should not grant any expansion of the Farm Credit System without a comprehensive review, including public testimony, of how the Farm Credit System can improve their lending and loan servicing to small and

mid-size family farmers and ranchers, with a special emphasis on their lending to beginning and socially disadvantaged farmers and ranchers.

Thank you for considering our input. We look forward to working with the Agriculture Committee in the future to explore the credit needs for rural America's small and mid-size, beginning and socially disadvantaged farmers and ranchers.

Sincerely,

American Agriculture Movement, Inc.
American Corn Growers Association
Ashtabula, Geauga, Lake Counties Farmers Union (Ohio)
California FarmLink
California Dairy Campaign
California Farmers Union
Center for Rural Affairs
Community Alliance with Family Farmers (California)
Community Farm Alliance (Kentucky)
Family Farm Defenders
Farm and Food Policy Diversity Initiative
Federation of Southern Cooperatives/Land Assistance Fund
Iowa Citizens for Community Improvement
Kansas Rural Center
Land Stewardship Project
Minnesota COACT
Missouri Rural Crisis Center
National Catholic Rural Life Conference
National Family Farm Coalition
National Farmers Organization
National Hmong American Farmers, Inc
National Latino Farmers and Ranchers Trade Association
New American Sustainable Agriculture Project (Maine)
Northern Plains Resource Council (Montana)
Northern Plains Sustainable Agriculture Society (North Dakota)
Ohio Farmers Union
Rural Advancement Fund (South Carolina)
Rural Coalition/Coalicion Rural

For more information or to reach individual signors, please contact the Center for Rural Affairs at (402) 687-2103 (ext 1016) or the National Family Farm Coalition at (202) 543-5675.