
THE FARM CREDIT COUNCIL

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Farm Credit Presents Congress With Proposals To Help Better Serve U.S. Agriculture and Rural America

WASHINGTON – Calling for Congress to ensure that U.S. agriculture and rural America have reliable access to capital to meet changing needs, the Farm Credit System today presented lawmakers with a modest three-point plan to update its service to American farmers, ranchers and rural families.

“Today’s farmers, ranchers and rural entrepreneurs are on the leading edge of a global agricultural economy. Farm Credit’s research has made it clear that rapid change requires greater flexibility on the part of the institutions that U.S. agriculture and rural America rely on. Yesterday’s ways of doing business simply will not work to ensure the continued success of agriculture and America’s rural communities,” said Bruce Nelson, a Farmington, Wash. farmer who serves on the board of Northwest Farm Credit Services in Spokane and as Chairman of the Farm Credit Council Board of Directors.

“Farm Credit today provides an efficient, customer-owned system to move capital from national money markets to agriculture and rural America, but decades old law that has not been updated to reflect today’s business structures and population change hampers Farm Credit’s ability to support progress,” added Armin Apple, a McCordsville, Ind. farmer who also serves on the Farm Credit Council Board as well as the board of Minnesota-based AgriBank.

For over 90 years, the Farm Credit System (FCS) has advanced its mission to maintain the quality of life in rural America and on the farm by providing sound, dependable and competitive financing and related services. Facing a rapidly changing global marketplace and structural change, American farmers, ranchers and rural entrepreneurs need reliable access to a broad range of financial services and expertise in order to capitalize on emerging growth opportunities.



To modernize Farm Credit's ability to serve agriculture and rural America and maintain farmer control, Farm Credit proposed the following incremental changes to current law:

- **Providing More Financing Options for Farm- and Fishing-Related Businesses:** This proposal would increase the competitive credit options for farm- and fishing-related businesses by allowing more of them to borrow from Farm Credit. Eligible businesses would be limited to those primarily engaged in providing needed inputs directly to producers (such as local farm equipment dealers, feed and seed dealers, commercial fishing vessel repair services, etc.) or that purchase or handle farm products directly from producers (such as local grain elevators, value-added processors, etc.). Farmers and aquatic producers rely on a strong rural infrastructure of related businesses to support their operations – without these businesses, farmers, ranchers, and producers of aquatic products won't survive.
- **Making Competitive Home Mortgage Choice Available to More Rural Families:** Farm Credit currently can provide home mortgage loans only to residents of towns with populations of 2,500 or fewer. This limit has not been adjusted since 1971. Since the, Congress has renewed the definition of "rural" for many USDA programs, and today includes areas up to 50,000 in population. This proposal would permit Farm Credit to make mortgage credit available for moderately priced, single-family, owner-occupied homes in additional rural towns consistent with that USDA definition, just as it does today in very small towns. Farm Credit would remain bound by a requirement that rural home mortgage lending cannot exceed more than 15 percent of a Farm Credit association's loan portfolio, thereby limiting risk exposure as well as its position in the local mortgage marketplace.
- **Modernizing Farm Credit's Ability to Set Cooperative Stock Requirements:** The current minimum stock purchase requirement for borrowers from Farm Credit associations was set twenty years ago when System capital levels were low. Today, however, the capital levels of all Farm Credit associations substantially exceed the minimum requirements. Local association directors would be given the flexibility to set the minimum stock-purchase requirement. The proposal would not alter requirement that voting stock only be held by

farmers. Also, the board of the one Agricultural Credit Bank in the System, CoBank, should have the flexibility to give more of its stockholders the right to vote in board elections.

Farm Credit presented these proposals at a hearing today before the House Agriculture Committee's Subcommittee on Conservation, Credit, Energy and Research. Testifying on behalf of Farm Credit were Mr. Apple and Doug Stark, President and CEO of Farm Credit Services of America, a Farm Credit association serving Iowa, Nebraska, South Dakota and Wyoming.

“For nearly 90 years, the Farm Credit System has been rural America’s customer-owned partner,” Mr. Stark said. “Tomorrow’s agriculture – more complex, more diverse and more consumer-driven than ever before – requires more industry cooperation, community collaboration, financial support and investment, dependable infrastructure and updated public policy, in order to ensure continued success and a bright future for rural America.”

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NOTE TO EDITORS: The House Agriculture Committee will make available an audio feed of the hearing, which can be accessed at <http://agriculture.house.gov/hearings/audio.html>. Photos of the hearing will be posted at <http://www.flickr.com/photos/farmcredit>.

The Farm Credit System is rural America’s customer-owned partner. Farm Credit helps maintain and improve the quality of life in rural America and on the farm, through its constant commitment to competitive lending, expert financial services and advice, and a feeling of partnership with its customers. The Farm Credit Council is the national trade association representing the interests of the institutions of the Farm Credit System. For more information visit www.fccouncil.com.