



Lucas White, Chairman
Jack E. Hopkins, Chairman-Elect
Alice P. Frazier, Vice Chairman
Quentin Leighty, Treasurer
James H. Sills, III, Secretary
Derek B. Williams, Immediate Past Chairman
Rebeca Romero Rainey, President and CEO

May 16, 2024

The Honorable Glenn “GT” Thompson
Chairman
Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515

The Honorable David Scott
Ranking Member
Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515

Re: The Farm Bill Must Not Exempt Farm Credit System Lenders from Section 1071 Rule

Dear Chairman Thompson and Ranking Member Scott:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, as you proceed to a markup of the farm bill, I urge your opposition to any full or partial exemption for Farm Credit System (FCS) lenders from Consumer Financial Protection Bureau’s Small Business Lending Rule under Section 1071 of the Dodd-Frank Act. Such an exemption would come at the expense of America’s community banks.

Community banks, responsible for over 75 percent of bank-originated agricultural loans, are committed to ensuring the prosperity of America’s farmers and ranchers and the broader rural economy. We are deeply concerned by reports that the farm bill to be taken up next week may include an exemption allowing FCS lenders to have very limited compliance with the CFPB’s new rule under Section 1071 and to be examined for compliance only by their regulator. We strongly object to any such exemption, as it would only add to the already significant tax, funding, and regulatory advantages enjoyed by FCS lenders over community banks.

The Farm Credit System seeks to become a general-purpose lender with expanded authorities far removed from agricultural lending. Why should the FCS, with over \$500 billion in assets, complain they are not capable of meeting the CFPB’s data collection efforts, while simultaneously seeking broad and expansive non-farm business lending powers and reduced regulatory examinations? These types of twisted legislative power grabs, while avoiding regulations all other lenders must comply with, tilt the competitive playing field against community banks. The government must not pick winners and losers in the rural economy through selective regulatory exemptions or new provisions only granted to some stakeholders. Keep the FCS’s self-serving Section 1071 carve-out out of the farm bill along with their expanded powers requests. Instead, focus on win-win policies that benefit all stakeholders in rural America.

Thank you for your consideration. We urge your support for community banks in the upcoming markup.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the House Committee on Agriculture