



June 23, 2022

The Honorable Debbie Stabenow
Chairman
Senate Agriculture Committee
328A Russell Senate Office Building
Washington, D.C. 20510

The Honorable John Boozman
Ranking Member
Senate Agriculture Committee
328A Russell Senate Office Building
Washington, D.C. 2051

The Honorable Sherrod Brown
Chairman
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Patrick Toomey
Ranking Member
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairs Stabenow and Brown and Ranking Members Boozman and Toomey:

On behalf of the Independent Community Bankers of America (ICBA)¹ we write to express our fervent opposition to HR 7768, the *Farm Credit Administration Independent Authority Act*. This bill received joint referral to the House Agriculture and Financial Services committees. We would oppose a Senate companion to this bill if one were introduced as it would exempt the tax-advantaged Farm Credit System (FCS) from any regulation the Consumer Financial Protection Bureau (CFPB) issues, implements, or puts into effect if issued after January 1, 2021. The bill also exempts the FCS from provisions of the Equal Credit Opportunity Act (ECOA).

We understand the FCS would like to escape higher regulatory burdens imposed by CFPB rulemaking. However, community banks will likely still be subject to all CFPB regulations including those related to Sec. 1071 of the Dodd-Frank Act (small business data collection) once a final rule is adopted later this year. Adopting this bill would grant FCS lenders an even greater competitive advantage over community banks. .

¹ The Independent Community Bankers of America® creates and promotes an environment where community banks flourish. ICBA is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education, and high-quality products and services. With nearly 50,000 locations nationwide, community banks constitute roughly 99 percent of all banks, employ nearly 700,000 Americans and are the only physical banking presence in one in three U.S. counties. Holding nearly \$5.9 trillion in assets, over \$4.9 trillion in deposits, and more than \$3.5 trillion in loans to consumers, small businesses and the agricultural community, community banks channel local deposits into the Main Streets and neighborhoods they serve, spurring job creation, fostering innovation and fueling their customers' dreams in communities throughout America. For more information, visit ICBA's website at www.icba.org.

It would be totally inappropriate to exempt FCS lenders from onerous regulatory burdens while subjecting smaller lenders, such as community banks, to those regulations even as both types of lenders are serving the same customer base in many instances.

This unlevel competitive playing field and the potential for individual borrowers' financial details to be publicly identified, will likely cause many rural borrowers to avoid obtaining credit from smaller lenders and choose either an FCS lender or a large national or regional bank where their loans and account details would be less easily recognized due to the larger pool of loans within these lenders' portfolios.

The FCS, with over \$400 billion in assets, is one of the largest lenders in America, ranking in the top 10 of all U.S. banks if they were labeled a bank. The FCS should not receive special exemptions not also afforded to community banks as doing so would be inequitable and unjust.

The FCS is a government sponsored enterprise (GSE) with special tax and funding advantages not given to tax-paying, private-sector, community banks. The FCS has sought in recent years to expand far beyond the farm gate and into non-farm lending arenas. Instead of supporting legislation, we urge you to cosponsor and advance the *Enhancing Credit Opportunities for Rural America Act (ECORA - S 2202)*. The ECORA Act will allow rural customers of community banks to receive lower interest rates on agricultural real estate and rural home mortgage loans by allowing banks the same tax exemptions as FCS currently enjoys.

We would be happy to discuss H.R. 7768 or similar bills with you and your staff at your earliest convenience, but in the interim we strongly urge that such legislation not be allowed to move forward due the harm it would impose on community banks. Please feel free to contact mark.scanlan@icba.org to discuss further and thank you for your attention to these concerns.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

cc Members of the United States Senate

The Nation's Voice for Community Banks.®

WASHINGTON, DC
1615 L Street NW
Suite 900
Washington, DC 20036

SAUK CENTRE, MN
518 Lincoln Road
P.O. Box 267
Sauk Centre, MN 56378

866-843-4222
www.icba.org