One Mission. **Community Banks.**

FCS Seeks Vast New Lending Powers

The Farm Credit System (FCS) seeks broad new expanded powers aimed at generating tens of billions of dollars per year of new financing in the farm bill. The new lending powers are for markets already well served by community banks. These new powers could threaten community bank lending and the economic sustainability of rural communities if community banks exit those communities due to the inability to compete with a heavily subsidized *government sponsored enterprise (GSE).*

FCS Desires Massive Non-farm Lending Powers & Less Oversight

H.R. 1246 -- The "Investing in Rural America Act" – Allows the FCS to dramatically expand amount of Essential Community Facility (ECF) loans FCS lenders can make – over $60 billion based on 2024 outstanding loans – an amount that would increase every single year. Allows FCS to bypass their regulator's case-by-case approval process. Such lending could displace community banks from these markets unless adequate protections are in place. Very loosely defined definition of ECFs, potentially allowing FCS to finance Mainstreet small businesses (grocery stores etc.).

The "FARM Home Loans Act" – (118th Congress) This legislation expands FCS's home mortgage authority from the status quo of towns of 2,500 to towns of 10,000 – a 300 increase. Would also allow for "accessory dwellings" like guest houses. Home loans are an essential loan product community banks offer. With their tax exempt status on home loans, FCS would undercut the private sector. Over 75 percent of all towns and cities have fewer than 5,000 residents and 42 percent of these have less than 500 residents.

H.R. 2518 / S. 1217 – The Support the Commercial Fishing Industry Act – Allows the Farm Credit System to lend to any business that serves aquaculture. It appears that even businesses NOT primarily oriented towards aquaculture would qualify, opening FCS lending to a vast range of small and large commercial businesses under the guise of serving aquaculture producers.

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Rural Business Investment Corporations (RBIC) – Included in the 2024 version of the House farm bill. Allows FCS lenders to own up to 75 percent of a RBIC (FCS can own 50 percent per the 2018 farm bill) if the RBIC finances **ineligible non-farm** activities. Would allow FCS to form RBIC labeled non-farm small business lending corporations nationwide. Removes the "Farm" from Farm Credit System.

H.R. 1063 -- The "Farm Credit Administration Independent Authority Act" – Permits laxer regulations for complying with financial regulations, like sec. 1071, that all other lenders need to comply with, providing FCS with competitive advantages over community banks. All lenders should have equal compliance burdens.

H.R. 6564 the "Farm Credit Adjustment Act" – (118th Congress) Expands the exam cycle for FCS lenders o 24 months verses current 18-month cycle. Gives FCS advantages over community banks which are examined every 12 - 18 months. **Relaxes exam oversight over FCS while FCS seeks dramatic expansion, thereby increasing safety and soundness risks to the entire FCS.**

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