

July 24, 2007

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
H-232 The Capitol
Washington, D.C. 20515

RE: Support the Frank/Bachus Amendment to H.R. 2419, Farm Bill Extension Act of 2007

Dear Speaker Pelosi:

On behalf of the thousands of banking, insurance, and financial services providers across the nation and those in your District, the undersigned organizations are writing to express our strong opposition to the Farm Credit System (FCS) expansion provisions in the credit title of the Farm Bill Extension Act of 2007, H.R. 2419. These provisions would move the FCS away from its farm mission and remake this Government Sponsored Enterprise (GSE) into a privileged corporate and consumer government-backed lender. We firmly support an anticipated amendment by House Financial Services Committee Chairman Barney Frank (D-MA) and Ranking Member Spencer Bachus (R-AL) that would remove the FCS expansions from the bill.

The FCS is a \$163 billion tax advantaged GSE chartered by Congress to provide credit directly to family farmers, ranchers, and farmer-owned cooperatives. The FCS should leverage its government-granted privileges in the service of family farmers and ranchers, not in the service of its own ambitions. The broad new powers being sought by the FCS are not about agricultural loans. Instead, these powers would move the System broadly into commercial lending, reduce the System's focus on lending to farmers and ranchers, and expand its mortgage lending authority in direct competition with private mortgage lenders.

The FCS expansions in the Farm Bill would harm this GSE's mission to family farmers and dilute farmer ownership of farm cooperatives. Furthermore, they would not result in new products, services, or lending, but would merely transfer billions of dollars of financial services activities from the private sector to a Government Sponsored Enterprise. Adoption of these proposals would harm our members and member institutions, resulting in fewer credit and financial services options available to the thousands of rural communities we serve.

This is a critical issue for our industries. We urge you to vote for the Frank/Bachus amendment to the Farm Bill.

Sincerely,

American Bankers Association
America's Community Bankers
The Financial Services Roundtable
Independent Community Bankers of America
Independent Insurance Agents & Brokers of America
Mortgage Bankers Association
National Association of Professional Insurance Agents
National Bankers Association