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USDA and FCA facilitate meeting to find ways to better support credit needs of beginning farmers and ranchers

McLEAN, Va., Oct. 27, 2020 — USDA Under Secretary Bill Northey and Farm Credit Administration Chairman Glen Smith are two farmers with similar backgrounds who understand the importance beginning farmers and ranchers play in the future of American agriculture. They brought their two federal agencies together today to facilitate an event to find ways for agricultural lenders to better serve the credit needs of beginning producers.

The event included staff from the Farm Service Agency (FSA), representatives of the agricultural lending community, and beginning farmers and ranchers to explore ways to better serve these producers.

USDA's farm loan programs, direct loans, and loan guarantee programs provide access to credit and needed capital for agricultural lenders to work with beginning farmers and ranchers. These producers have unique financing needs as they strive to start, develop, and grow their operations. The success of beginning farmers and ranchers is critical to ensuring the future viability of U.S. agriculture.

The goal of this event was to begin the process of more effectively leveraging these programs to benefit beginning farmers and ranchers. Farm Credit System lenders, rural community banks, and other agricultural lenders also provide programs to help beginning farmers and ranchers.

During this event, beginning farmers and ranchers discussed their relationships with agricultural lenders and FSA. Event participants discussed what worked well for beginning farmers and where improvements could be made. The event included representatives of the American Bankers Association, the Independent Community Bankers Association, the National Rural Lenders, the Farm Credit System, credit unions, and FSA, discussing how they could improve the way they work together. The groups agreed on the following:

- Establishing a process for agricultural lenders and FSA to communicate when challenges arise in financing beginning farmers and ranchers.
- Engaging agricultural lenders and FSA staff in loan-making training sessions and farm loan conferences.

- Sharing best practices to extend credit and improve creditworthiness by developing workgroups between agricultural lenders and FSA to identify a consistent process to overcome challenges to financing beginning farmers and ranchers.

“I am pleased to join Under Secretary Northey for this important event,” said Chairman Smith. “With 58 as the average age of U.S. farmers and ranchers, it’s clear we need new entrants to agriculture to ensure that the industry continues to thrive. FCA is eager to work closely with USDA and other stakeholders to find ways to better meet the financing needs of beginning farmers.”

This event solidified the first of many steps FSA and agricultural lenders plan to take to improve financing opportunities for beginning farmers and ranchers. While there are many challenges, this event demonstrated that FSA and agricultural lenders are committed to finding ways to improve the opportunities for beginning farmers and ranchers — who are, after all, the future of U.S. agriculture.

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The Farm Credit Administration is the safety and soundness regulator of the Farm Credit System. The System consists of two government-sponsored enterprises — a nationwide network of cooperative banks and associations established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac), which was established in 1988. The System’s borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. FCA news releases are available on the web at www.fca.gov.