

United States Senate

WASHINGTON, DC 20510

February 25, 2020

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue Northwest
Washington, D.C. 20551

The Honorable Jelena McWilliams
Chairman
Federal Deposit Insurance Corporation
550 17th Street Northwest
Washington, D.C. 20429

The Honorable Joseph Otting
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street Southwest
Washington, D.C. 20219

The Honorable Rodney Hood
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Chairman Powell, Chairman McWilliams, Comptroller Otting, and Chairman Hood:

We write to you regarding the state of our nation's agriculture economy and the ability of community financial institutions to work with their farm clients to restructure loans and maintain their farming operations in these challenging times.

Many farmers and ranchers have experienced financial stress due to declining net farm income in recent years, trade uncertainty, and last year's difficult growing season. We remain hopeful that the agriculture economy will begin to improve, particularly as new trade agreements are put in place. In the meantime, however, we believe financial regulators can help farmers and ranchers by ensuring community financial institutions have adequate regulatory flexibility to meet their needs.

We are concerned that policies like arbitrary concentration limits on agriculture portfolios can restrict a financial institution's lending to struggling farmers and ranchers. Such policies should not supplant the judgment of community financial institutions simply because their agriculture-related loans represent a significant source of their customer base. Community financial institutions have a great deal of experience in agriculture lending during downturns in the farm economy, and we urge you to encourage your examiners to continue valuing their judgment when it comes to providing capital to producers.

Although cash flows may be tight, many producers have healthy equity positions due to land and other asset holdings. We believe community financial institutions, together with examiners and regulators, can exercise sound judgement until the farm economy rebounds, while also ensuring that the appropriate safety and soundness protections remain in place.

We look forward to working with you to ensure community financial institutions can continue to responsibly serve farm and ranch families facing financial pressures. Thank you for your attention to our concerns.

Sincerely,



JOHN THUNE
United States Senator



TAMMY BALDWIN
United States Senator