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# THE FARM CREDIT COUNCIL

50 F STREET NW • SUITE 900 • WASHINGTON, DC 20001-1530 • 202/626-8710

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**Contact: Mike Mason**  
**(202) 879-0850**

## **Farm Credit System Institutions Make Over \$9 Billion Available to Beginning Farmers According to New Government Report**

**WASHINGTON** – A newly published report has found that the institutions of the Farm Credit System continue to increase their support for young and beginning farmers and ranchers – the future of U.S. agriculture -- making \$5.5 billion available to young farmers and \$9.3 billion for beginning farmers in 2006.

“The Farm Credit System is America’s expert for agricultural lending. As the next generation starts building their operations, they know the value of having a dedicated and experienced agricultural lender as a partner,” said Bruce Nelson, a Washington state grower of wheat, barley, lentils, peas and nursery trees, who serves as chairman of the Farm Credit Council, the Farm Credit System’s national trade association. “As cooperative institutions owned and directed by farmers, Farm Credit is especially sensitive to the needs of these young people because we know from experience the challenges of starting out. We’ve been there,” Nelson said.

All Farm Credit institutions have programs specifically focused on and designed to meet the needs of young and beginning farmers. System institutions annually report their activity to the Farm Credit Administration (FCA), an independent federal regulatory agency that oversees the System.

The FCA newly released report details Farm Credit’s lending to young and beginning farmers during 2006. System support for the next generation of farmers and ranchers continued to grow, according to the FCA report, despite the challenges and risks young people face getting established in agriculture. The FCA report shows that:



- **Young farmers** (age 35 or younger): In 2006, Farm Credit institutions made more than 46,000 new loans totaling almost \$5.5 billion to young farmers. This represented 17 percent of all new loans made by the System during the year and 10.5 percent of the new loan dollar volume. Compared to 2005, Farm Credit institutions made over 4,000 more loans to young farmers and made available an additional \$400 million in 2006.
- **Beginning farmers** (those with 10 or fewer years of farming experience): During 2006, more than 57,000 new loans totaling \$9.3 billion were made to beginning farmers – 21.2 percent of all new loans and 17.8 percent of new loan dollar volume. This represents an increase of more than 1,000 loans over 2005 and an increase of more than \$1 billion in loan volume to beginning farmers in the past year.

(Please note that these numbers are not additive. Data is gathered at the time loans are made. Any young farmer with less than 10 years of farming experience also is reported as a beginning farmer consistent with FCA reporting requirements to achieve accurate data in each separate category. Research has shown that many beginning farmers are over the age of 35.)

While Farm Credit's performance in serving young and beginning farmers remains strong, inflation and declining farm numbers are having an adverse impact on the market for loans to young and beginning farmers according to FCA. The report noted that Farm Credit institutions aggressively reach out to these market segments by offering special underwriting standards, concessionary interest rates, the use of Federal guarantees and other programs. In addition, Farm Credit institutions serve young and beginning farmers by spending millions of dollars and hundreds of hours in support of organizations such as FFA and 4-H, by conducting training programs, management seminars and educational retreats for young farmers, and by supporting scholarship programs for farm youth entering college.

"The data is clear that Farm Credit institutions are committed to young and beginning farmers. These figures speak for themselves – America's young and beginning farmers overwhelmingly rely on Farm Credit financing to pursue their profession and their dreams," said Ken Auer, president and CEO of the Farm Credit Council. "Unfortunately, Farm Credit institutions are

frustrated by an outdated law in their ability to serve the input suppliers and marketing and processing businesses that these young people must rely on in order to be successful. Young farmers rely heavily on local networks of farm-related businesses for advice and expertise and these entities can't get access to capital from the Farm Credit System to help keep their costs down," Auer said. "Congress has a chance to fix this in this year's farm bill, and there are hundreds of organizations from across the country urging them to do just that," Auer said.

"Our young and beginning farmer and rancher customers frequently tell us that Farm Credit's presence as a lender in their area provides competition for the rates offered by other lenders," Nelson added. "They also let us know that they place a high value on building a relationship with a lending partner that understands the dynamic needs of rural communities and that is a specialist in rural and agricultural financing. They know that when they borrow from Farm Credit, they become owners of an institution that advocates for agriculture instead of just another customer of an institution focused only on generating profits for investors."

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*The Farm Credit System is rural America's customer-owned partner. Farm Credit helps maintain and improve the quality of life in rural America and on the farm, through its constant commitment to competitive lending, expert financial services and advice, and a feeling of partnership with its customers. The Farm Credit Council is the national trade association representing the interests of the institutions of the Farm Credit System. For more information visit [www.fccouncil.com](http://www.fccouncil.com).*