



## FACT SHEET

### Credit

**Issue Summary:** *In order for farmers to produce the reliable stream of the food and fiber our nation requires, access to credit is essential. Farmers have a range of options in how they obtain the financing they require to run their operations. The Farm Service Agency – the primary federal lender; the Farm Credit System - chartered by congress to serve rural America; and commercial banks and credit unions all serve farmers in different fashions.*

- FSA provides and services loans for producers who cannot qualify for financing through the commercial system. FSA provides roughly \$5.5 billion in guaranteed and direct loans.
- The Farm Credit System was established by Congress in 1916 to provide credit to the nation's farmers and ranchers. Congress continues to set the standards that govern the banks and lending associations, ensuring that the system serves agriculture-related borrowers.
- The Farm Credit System holds assets valued at over \$260 billion with nearly 500,000 borrowers who are also members through the system's cooperative style framework. The system holds nearly 41% of farm debt.
- Commercial banks also constitute a significant portion of agricultural lending. In 2013, commercial banks held 40% of total U.S. farm debt.
- Farm sector solvency has continued to improve over the last several years. Debt-to-asset and debt-to-equity ratios have been flat at 10.8% and 12.1%. Both figures represent post-1970 historical lows.
- Access to credit remains difficult for specific subsets of agriculture, mainly beginning and socially disadvantaged farmers and ranchers. In recognition of this fact, the 2014 Farm Bill expanded credit options for these individuals.
- In order to expand credit options for underserved groups, the Farm Bill streamlined program applications, increased loan limits, and provided specific exemptions for beginning and socially disadvantaged farmers and ranchers. Such changes impact the Microloan program, Guaranteed loans, Direct Operating loans, and Direct Farm Ownership loans. These changes ensure additional access to capital for beginning farmers and ranchers.