



DCUC
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW
Suite 935
Washington, DC 20006

202.734.5007
www.dcuc.org

Jason Stverak
Chief Advocacy Officer

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The Honorable Glen “GT” Thompson
Chairman
Agriculture Committee
United States House of Representatives
Washington, DC 20515

The Honorable Angie Craig
Ranking Member
Agriculture Committee
United States House of Representatives
Washington, DC 20515

Re: Strengthening Agricultural Lending and Support for Livestock Producers Through Credit Unions

Dear Chairman Thompson and Ranking Member Craig,

On behalf of the Defense Credit Union Council (DCUC), the Dakota Credit Union Association as well as our member credit unions that proudly serve military families, rural communities, and agricultural producers across the nation, we appreciate the Committee’s attention to the financial needs of livestock producers. Credit unions have a long-standing commitment to supporting rural economies and ensuring that farmers, ranchers, and agribusiness owners have access to affordable, responsible, and member-focused financial services. However, barriers in regulatory policy and competitive disadvantages caused by the Farm Credit System (FCS) limit credit unions ability to fully support America’s livestock industry.

Credit Unions Role in Supporting Livestock Producers

Credit unions serve as essential financial partners for livestock producers by providing:

- **Agricultural Lending and Business Support:** Many credit unions offer farm operating loans, equipment financing, and real estate lending to livestock producers, providing capital at fair rates with a focus on financial stability and long-term success.
- **Veteran Farmer Support Programs:** Many military and defense credit unions actively support veterans transitioning into farming by offering specialized loan products, educational programs, and partnerships with USDA initiatives aimed at assisting veteran farmers.
- **Disaster Relief and Recovery Assistance:** Credit unions provide critical financial assistance to farmers and ranchers affected by natural disasters, offering emergency funding, loan deferrals, and financial planning to help producers recover and rebuild.
- **Community Development and Financial Inclusion:** Credit unions promote financial inclusion in rural and underserved areas by ensuring livestock producers, especially small and beginning farmers, have access to affordable financial services and business capital.

- **Competitive Loan Options Without Profit Motives:** Unlike banks and the FCS, credit unions return earnings to their members in the form of lower loan rates, reduced fees, and improved services, ensuring financial resources remain in the agricultural community.

Challenges Facing Credit Unions in Agricultural Lending

Despite their commitment to rural economic development, credit unions face significant challenges that limit their ability to fully serve livestock producers:

1. **Field of Membership Restrictions:** Outdated field of membership rules prevent credit unions from expanding their services to more farmers, ranchers, and rural communities in need of affordable financing options.
2. **Member Business Lending (MBL) Cap:** The arbitrary 12.25% MBL cap on credit unions restricts their ability to offer sufficient agricultural lending, limiting growth opportunities for livestock producers.
3. **Regulatory Burdens and Inequities:** Credit unions face extensive regulatory burdens from the National Credit Union Administration (NCUA) and the Consumer Financial Protection Bureau (CFPB), making agricultural lending unnecessarily complex and less flexible.
4. **Unfair Competition from the Farm Credit System (FCS):** The FCS, originally created to serve small farmers, has evolved into a multi-billion-dollar entity that enjoys significant government-backed advantages while increasingly focusing on large agribusinesses and non-farm enterprises. This unfair competition puts credit unions and community lenders at a disadvantage, reducing choices for small and mid-sized livestock producers.

Proposed Solutions to Strengthen Agricultural Lending and Support for Livestock Producers

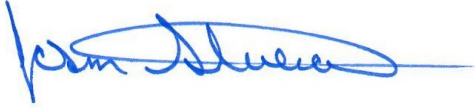
To ensure fair competition and enhance access to credit for livestock producers, we urge Congress to consider the following policy solutions:

1. **Increase Credit Union Agricultural Lending Capacity:** Congress should exempt agricultural loans from the MBL cap or significantly raise the cap to allow credit unions to better meet the financing needs of livestock producers and small farmers.
2. **Modernize Field of Membership Rules:** Expanding credit unions ability to serve more agricultural communities would help ensure livestock producers have access to the affordable financial services they need.
3. **Enhance Credit Union Participation in USDA Lending Programs:** Strengthening partnerships between USDA lending programs and credit unions would create more options for small and beginning farmers, particularly through the Farm Service Agency (FSA) guaranteed loan programs.
4. **Ensure Regulatory Parity and Oversight of FCS:** Congress should enact reforms to improve transparency and oversight of the FCS, ensuring it adheres to its original mission of supporting small and mid-sized farmers instead of diverting resources to large agribusinesses and non-farm lending.
5. **Support Financial Readiness for Rural and Veteran Farmers:** Expanding educational programs and financial literacy initiatives through credit unions can help livestock producers make informed financial decisions, manage risk, and sustain long-term operations.

Credit unions play an essential role in supporting livestock producers and strengthening rural economies. However, current regulatory limitations and unfair competition from the FCS hinder credit union's ability to fully serve the agricultural sector. By modernizing credit union regulations, increasing lending capacity, and ensuring a level playing field in agricultural finance, Congress can empower credit unions to better support the financial needs of American farmers and ranchers.

We appreciate your leadership on these critical issues and look forward to working with the Committee to advance solutions that will benefit livestock producers and rural communities nationwide. Please do not hesitate to reach out if we can provide further insights or assistance.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC



Jeff Olson
President - CEO
DAKCU

CC: House Agriculture Committee Members