



Farm Credit Facts

Why should more rural home buyers have access to Farm Credit?

The changing nature of rural America

Farm Credit has proposed to increase credit availability for homebuyers in rural communities. Under current law the Farm Credit System can finance the purchase of a moderately priced, single-family, owner-occupied, rural home located in a community with a population of 2,500 or less. This population limit was established in 1971 and has not changed since. Farm Credit proposes to adjust the limit to include rural communities of less than 50,000 — a definition of “rural” provided for certain USDA programs by Congress in the 2002 Farm Bill.

Consistent with Farm Credit’s mission

The mission of Farm Credit is to provide competitive credit — more choice is good for rural mortgage customers and the entire rural community. As Farm Credit’s HORIZONS research makes clear, U.S. agriculture depends on a viable and vibrant rural economy. Rural communities need quality housing if they are to attract workers for new businesses and teachers for their schools. By adjusting the population limit to conform with the definition of rural established in the 2002 Farm Bill, Farm Credit will be able to better serve today’s rural population.

Moderately priced, single-family homes

This proposal would not allow Farm Credit to make home loans in Beverly Hills, CA (population 21,396) or McLean, VA (38,929) as some banker lobbyists have claimed. In fact, existing restrictions under current law would be retained so that Farm Credit would continue to finance only moderately priced, single-family homes in towns defined as rural and in contiguous “open space” areas. This excludes urbanized, high-value areas like Beverly Hills or McLean that are not rural in character and certainly do not have moderately priced housing.

Keeping the main focus on agriculture

Consistent with Farm Credit’s commitment to agriculture, rural home mortgage lending is not permitted to exceed more than 15 percent of an institution’s portfolio. This limitation clearly maintains Farm Credit’s role as primarily a source of credit for agriculture. In fact, given this limitation, Farm Credit would be able to provide less than .5% of our Nation’s home mortgages.

Bringing the benefits of homeownership to more of America’s rural families

As Farm Credit’s HORIZONS research has pointed out, America’s farmers and ranchers rely heavily on off-farm income and employment opportunities, as well as farm-related businesses, which increasingly are located in towns above the current 2,500 limit. Rural businesses need to attract workers, and workers must have housing available to them. As Farm Credit seeks to pursue its historic mission of service to U.S. agriculture and rural America, this proposal would update an arbitrary definition of “rural” set 36 years ago. Farm Credit has a much more limiting definition than USDA does for its rural housing programs.

For more information, see the Farm Credit Council’s website at www.fccouncil.com.