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American Bankers Association

Journal of Agricultural Lending



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The Chicago Mercantile Exchange Chicago, Illinois

Dear Reader:

Recently, Congressman Bob Smith, Chairman of the House Agriculture Committee, announced that he will not be seeking re-election. If the Republicans retain their majority in the House, Texas Congressman Larry Combest has been advised by speaker Gingrich that he will become the Chairman of the committee. Mr. Combest, first elected to the House in 1984, is from Lubbock. He has a keen interest in agricultural credit issues, and sponsored legislation that enabled the then Farmers Home Administration to create a Preferred Lenders Program. The legislation was signed into law in 1992. USDA has been working on the regs for the program ever since. USDA is close to having the job done, according to the Administrator of the Farm Service Agency, Keith Kelly. We can expect to see some preliminary regulations in the first half of 1998. USDA also promises that they will have a genuine Low Doc loan application for guaranteed loan requests under \$50,000 out for public comment in the first half of 1998 as well.

Bankers and their customers got a Christmas present from USDA when the Farm Service Agency made the administrative decision to eliminate County Committee certification of eligibility on guaranteed loan applications. As of December 24, 1997, County Committees will no longer certify loan eligibility, or beginning farmer or rancher status. County Committees will also be strongly encouraged to delegate the determination of borrower training needs to the professional staff.

All of these changes are program improvements that the ABA has advocated for a very long period of time. Washington can make you feel like nothing ever gets done -- but then times like this come along and you feel that things really do happen -- as long as you hang on like a tick on a dog.

Sincerely,

John Blanchfield
Manager, Agricultural Banking and Rural Development



American Bankers Association
Agricultural Bankers Division
1120 Connecticut Ave., N.W.
Washington, D.C. 20036
202-663-5100, fax: 202-828-4548
Web site: www.aba.com

Countryside Marketing, Inc.

Countryside Marketing, Inc.
1163 E. Ogden Ave., Suite 103-051
Naperville IL 60563-8529
630-637-0199, fax: 630-637-1098
e-mail: Countryside-Mktg@worldnet.att.net

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Carroll E. Merry
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Jennifer Hargraves
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Countryside-Mktg@worldnet.att.net

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Publishing Assistant

Mike Scully
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mscully@aba.com

Address Correspondence to:

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1163 E. Ogden Ave., Suite 103-038
Naperville IL 60563-8529
630-637-0199
fax: 630-637-0198

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The ABA Ag Team

Agricultural Bankers Division

John Blanchfield, 202-663-5100
jblanchf@aba.com

Government Relations

Kate Coler, 202-663-5436
kcoler@aba.com

Agency Relations

(OCC, FCS, FDIC, etc.)
Cristeena Naser, 202-663-5332
cnaser@aba.com

Agricultural Banking Economist

Keith Leggett, 202-663-5506
kleggett@aba.com

BankersNews newspaper

Pat Dalton, 202-663-5447
pdalton@aba.com

Public Relations

Patti Boerger, 202-663-5471
pboerger@aba.com

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800-338-0626

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