

**HOUSE COMMERCE COMMITTEE -- MARCH 3, 2021**

**REGARDING HF 80**

**TESTIMONY TO HOUSE AGRICULTURE FINANCE & POLICY COMMITTEE**

**AS DELIVERED VERBALLY ON MONDAY FEBRUARY 22, 2021**

Mr. Chair and committee members, my name is Perry Aasness, Vice President of Legislative Affairs for Compeer Financial. I am testifying today on behalf of my organization, Compeer Financial, whose territory covers the eastern and southern parts of Minnesota, as well as on behalf of AgCountry Farm Credit Services, our farm credit partner whose territory covers the western and northwest region of Minnesota. Together Compeer Financial and AgCountry provide financing, credit, and farm business services to nearly all 87 counties.

We have concerns with House File 80 and the “delete everything” amendment considered by the committee today dealing with Minnesota Statutes Chapter 583, known as the Farmer Lender Mediation Act.

Compeer Financial and AgCountry are federally chartered and have participated with the Minnesota Farmer Lender Mediation Program since it was created in 1986, and enter into mediations under the law’s mandatory 90-day mediation period when our borrowers so-request. I might add our loan officers don’t wait for a borrower to file for mandatory mediation with a collection or foreclosure matter. As federally regulated entities through the Farm Credit Administration, both Compeer Financial and AgCountry have additional guidelines we are required to follow as part of the Farm Credit Administration’s borrower’s rights policies. We work diligently with our borrowers to help them avoid ultimate foreclosure in many ways. Each situation is different, but every borrower is afforded our lending expertise for weeks and months prior to these difficult situations.

**We believe the mediation program as currently structured works well**, including the current 90-day period. Under current law, once mediation services are requested by the borrower, a mediator has 10 days to notify relevant parties and prepare for an initial meeting that must be held within the next 20 days. These first 30 days often are needed for the borrower, their advocate and the mediator, to collect necessary information to make the mediation sessions with the lender productive. After the initial meeting the following 60 days under the law offer ample time for additional meetings and discussions. **More time added to this process, and usually deteriorating financial conditions of the borrower, can exacerbate already difficult situations and prolong the inevitable -- while requiring more expenses and care for the condition of the collateral.**

These costs, in many cases tied to a farm situation that is going downhill, come at the expense of both the borrower and the lender, with the lender ultimately receiving depreciated assets in poor condition. **This is not good for anyone.** To prolong the inevitable, after an ample 90 days of discussions, simply costs all parties more expense and hardship.

Farm Credit understood the rationale behind the Minnesota Legislature's temporary extension of the 90-day mediation period last year in light of the Covid pandemic, and the uncertainty related to conducting virtual mediation meetings and assessing necessary loan, real estate, and financial documents with certain offices possibly shut down or impacted by the pandemic. However, with the temporary extension having expired, **we support keeping the regular 90-day mediation period under current law**, as offices have reopened, and in-person or electronic exchange and availability of documents and information is readily available – whether through in-person meetings or virtual.

We believe that to make a significant change to the Minnesota Farmer Lender Mediation Act timelines without more comprehensive discussions and additional data showing that a time period longer than 90 days would be beneficial to these situations – isn't warranted - and is switching rationale from the Covid pandemic to other rationale that has not been fully explored to the extent of allowing further input and engagement with Farm Credit lenders.

Thank you.