



ENHANCING CREDIT OPPORTUNITIES FOR RURAL AMERICA ACT OF 2021 (ECORA)

NEED FOR LEGISLATION

ECORA would help ensure farmers, ranchers, and eligible rural homeowners can access credit at lower costs while allowing community banks some of the same tax benefits enjoyed by other lenders, creating a more equitable and competitive rural lending environment. The community banks that serve these communities must compete with tax exempt lenders such as the Farm Credit System (FCS) and credit unions. Passing ECORA will keep farmers and ranchers, rural communities, and community banks viable in a challenging economic environment.

Farmers and ranchers as well as rural communities built around agriculture must have access to affordable credit to survive and prosper. Challenges faced by rural communities include bad weather, fluctuating commodity prices, rising input costs, and tight cash flows. Profit margins are often tight and working capital can be depleted quickly. Young, beginning, and small farmers and ranchers often have little equity and are deemed to be less credit worthy.

The rural housing market also faces unique challenges. Rural properties are often irregular, fewer in number or mixed use, making it difficult to find comparable sales for residential appraisals as required by Fannie Mae and Freddie Mac.

STATE OF PLAY

- The Enhancing Credit Opportunities for Rural America (ECORA) Act (H.R. 1977) is a bipartisan bill introduced in the House by Reps. Ron Kind (D-WI) and Randy Feenstra (R-IA).
- A Senate companion bill (S. 2202) was introduced by Senator Jerry Moran (R-KS).

KEY PROVISIONS OF THE ECORA ACT

- Exempts interest on loans secured by agricultural real estate from taxation.
- Exempts interest on residential mortgages in communities of less than 2,500 population from taxation, provided the home is the primary residence of the borrower.

MESSAGE FOR YOUR MEMBERS OF CONGRESS

- Please cosponsor the ECORA Act (H.R. 1977/S. 2202).