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# Capitol Link

## History in the Making!

For the first time since the Farmer Lender Mediation Act (FLMA) was created in 1986, the Minnesota House of Representatives and Senate have sent the Governor amendments significantly reforming the FLMA process.

Will Governor Dayton sign the bill? That will determine if history is made or if major reforms to the Farmer Lender Mediation Act will fall one step short.

House File (HF) 1545 passed the House Saturday, May 20 by a vote of 124-5. It passed the Senate on Sunday by a vote of 60-6. Hopefully, these strong votes point toward the Governor joining supporters.

HF 1545 is the latest version of the Omnibus Ag Finance and Policy Bill. The FMLA amendments are included in it. A different version was sent to the Governor weeks ago without the FMLA language. Governor Dayton vetoed the bill on May 12. Since, Republican leaders have rewritten the bill, offering several compromises which will hopefully gain the Governor's signature. They also added the FMLA reform language that was contained in HF 1717.

The FLMA reform proposals come from the recommendations of the 2016 Farmer Lender Mediation Task Force. Members included representatives of all major lenders, producers, and interested parties. ICBM's appointee was Scott Wakefield.

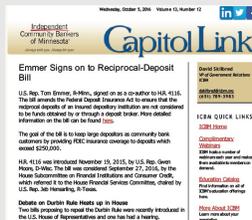
### The FLMA proposed changes include:

1. Raising the debt limit which requires banks to offer mediation from \$5,000 to \$15,000. ICBM hoped it could be increased more, but was firmly told the higher you go, the more you risk a governor's veto. This increase appeared to be an amount the Governor could support.
2. If a borrower completes mediation with a lender, any new debt is not subject to mediation until two years after the date on the termination statement for the original mediation.
3. Borrowers who desire mediation must authorize the Director of Extension to obtain the debtor's credit report from one or more credit agencies.
4. When debtors disclose all debts prior to the first mediation, leaving out significant unsecured debt could result in a bad faith

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determination.

5. The mediator shall send notices to participate in mediation to any additional creditors identified through the credit report.
6. Increases cost living expenses from \$1,600 a month to \$3,600 a month.
7. Every five years the Ag Commissioner must report to legislative committees with jurisdiction over agriculture what the debt limit and the cost of living amount would be if adjusted for inflation.

As one can see, these amendments are good for ICBM ag lenders. The question is, will they get the Governor's signature and become law? Or, will he veto this version as well jeopardizing the FLMA reforms as well as the bill's other provisions.

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