



EQUIPMENT LEASING AND FINANCE ASSOCIATION  
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Opposition Testimony  
Farm Loan Mediation Act  
Senate Banking and Financial Institutions Committee  
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I appreciate this opportunity to present our statement of opposition to the Farm Loan Mediation Act as presented in Senate Bill 516, Senate Bill 517 and Senate Bill 518. The [Equipment Leasing & Finance Association \(ELFA\)](http://www.elfaonline.org) is the trade association representing financial services companies and manufacturers engaged in the U.S. commercial equipment finance sector. ELFA members do not deal in consumer transactions. ELFA members finance the acquisition of all types of capital equipment, including agriculture, commercial and corporate aircraft, rail cars and rolling stock, trucks and transportation equipment, vessels and containers, construction and off-road equipment, medical technology and equipment, IT equipment and software and virtually every type of equipment.

Family farmers have their own special chapter in the federal bankruptcy law which contains a series of special provisions not available to other small businesses. This gives them bankruptcy options that are not made available to other small businesses.

Our financial company members' chief objective is to maintain a good relationship with their customers and reduce costs for both parties involved. They continuously work to provide a variety of programs to meet the needs and cash flows of their customers. Most importantly, our member companies work with their customers in good and in hard times so that repossession is conducted only when absolutely necessary.

Amongst the issues specifically raised by this legislation are the anticipated added costs, and prolonged process, to both our member companies and their customers. Delay due to mediation increases the accrued interest on the accounts and causes the equipment collateral to further decrease in value, and both increase the amount that must be paid by the customer.

The addition of a mandatory creditor mediation freeze only intensifies the past-due nature of the obligations at issue. In addition, some of our members have encountered understaffed and underfunded mediation offices. Long delays in receiving a required mediation release are being experienced in the few states that still require it, even when the customer never responded to or sought mediation options in the first place.

Furthermore, we have specific concerns with the defined terms, debt amounts and applications of the proposed bills. We would welcome an opportunity to further discuss our broader concerns,

as well as these specific ones, and look forward to exploring other solutions that may better assist these customers as they face complex challenges.

Thank you for this opportunity to present ELFA's opposition viewpoints. Our industry looks forward to working with you and the sponsor should you have any questions.