

Joint Committee On Ways and Means Subcommittee On Natural Resources,

My name is Michael Guebert and with my wife, Linda, we own and operate a small mixed livestock farm in Corbett called Terra Farma. We've managed to build quite a successful direct-to-consumer operation with many loyal customers who are thrilled to have access to local pasture-raised eggs, chickens, turkeys, pigs, and milk. But due to some restrictive lending practices, it very nearly never happened.

When we originally planned on moving out to Corbett in 2001, we fell in love with a 10 acre property with an old farmhouse on it, and initiated the process to purchase it. At the time, we were vegetarians and had no intentions of farming, other than having a large garden for ourselves. However, when we were at the title company to sign for the loan, at the last minute we got a call and someone at the loan office realized the property was more than five acres, which "didn't meet their guidelines." Apparently there was too much risk that we might use that land to grow food, so it was back to the drawing board. Fortunately we had a great mortgage broker and he was able to find a replacement loan and we moved in December 2001.

As several years passed, our diets changed and we started with a few hens, followed shortly thereafter by goats, broilers, turkeys, and pigs. The fears of that first lender had come true, we had become a farm; at first just a hobby operation, but then an actual tax-paying business. Despite the demands of all these animals, both of us still held full-time off-the-farm jobs and in 2011 we were hoping to take advantage of the low interest rates and refinance our house. In the hopes of keeping it simple, we were just going to refinance through the same lender that was currently servicing our loan. Since we both had good jobs, stellar credit, and a long payment history with them, we figured it would be a piece of cake. And it was, that is until the appraiser noted that we had "income producing livestock" on our property. Again, we heard those words, "that doesn't meet our guidelines." They were happy to keep our current loan at the higher rate, but the refinance was dead in the water.

Despite these setbacks, the farm continued to grow and prosper, and when we made the big decision to add a dairy cow to the farm, we realized that we needed to replace our aging barn. So back to the mercy of lenders we went, this time to our credit union in search of a home equity loan. The same issues came up, and it was either lie to them and tell them we were not farming or get forced into a commercial loan at unaffordable interest rates. So instead, we turned to those loyal customers of ours and asked them if they'd be willing to pre-pay for some of their product over the next two years. They came through in a big way, and coupled with a large chunk of our savings we built our barn.

Our farm is now to the point where we are making maximum use of our 10 acres, so any future growth will be limited. So expansion would most likely mean moving to a larger piece of property, but given our financing difficulties I have very little hope that we'd be able to get a loan, should we need one. Also, I have concern for other farmers who may not yet have the dedicated customer base we do, but want to invest in infrastructure on property they already own. As we've experienced, their options would be limited under the current regime. Enactment of House Bill 2700 would be of great benefit to small farms in Oregon. More and

more consumers are searching for Oregon-grown food, and there are multitudes of many would-be farmers waiting to fill this niche. Please help make it possible.

Thank You for your time,  
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