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March 19, 2020

Mr. David P. Grahn
Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

RE: Proposed Rule – Amortization Limits – RIN 3052-AC92/ Federal Register Vol. 85, No. 15 (January 23, 2020)

Dear Mr. Grahn:

We appreciate the opportunity to comment on the Farm Credit Administration's (FCA) Proposed Rulemaking published in the January 23, 2020 Federal Register (Proposed Rule) revising the requirements for amortization limits in FCA Regulations 614.4040, 614.4050 and 614.4200. As part of our review, we discussed the Proposed Rule with most of our affiliated associations and did not receive any negative comments.

CoBank supports the regulatory objectives of this Proposed Rule to repeal regulatory provisions that impose amortization limits on Production Credit Association (PCA) loans; and to require associations to address loan amortization in their credit underwriting standards and internal controls. The proposed rule recognizes the changing credit needs in agriculture and would allow Agricultural Credit Associations (ACAs) and PCAs, as well as Other Financing Institutions (OFIs), to serve those needs more effectively under policies and underwriting standards established by individual ACAs/PCAs/OFIs. As provided in the Proposed Rule, we agree that associations and OFIs should have the flexibility to establish loan amortization schedules consistent with the type and purpose of the loan, the life of the asset being financed, and the repayment capacity of the borrower. This flexibility is appropriate and consistent with safe and sound lending practices.

We appreciate the opportunity to provide comments on the Proposed Rule and support this action taken by the FCA.

Sincerely,


M. Mashenka Lundberg
Chief Legal Officer and General Counsel