



July 16, 2021

Mr. Kevin J. Kramp Director,  
Office of Regulatory Policy  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, VA 22102-5090

Re: Proposed Rule Collateral Evaluation Requirements

Dear Mr. Kramp:

Farm Credit of Western Kansas gives support to the Farm Credit Council response letter to FCA on the Proposed Rule regarding Collateral Evaluation Requirements dated July 16, 2021. I also wish to point out a few specific areas of the proposed rule that we feel will cause a burden to Farm Credit of Western Kansas.

- We feel it is necessary to allow flexibility in regulation to allow the Association to manage the risk in separation of collateral evaluation and lending. As a smaller association we implement prudent safeguards in our process to address this risk while allowing us to maintain efficiency in staffing and managing the credit delivery process.
- The Proposed Rule imposes the appraisal report will be worded to satisfy any "reader" of the report. The purpose of the appraisal is being requested by the Association in order to make a credit decision. The appraiser does not have the knowledge or ability to write the report for any reader beyond the Association who is the intended user. This proposal exceeds USPAP requirements and potentially limits the pool of available appraisers.
- The Proposed Rule provides the Association must obtain appraisals or evaluations of all collateral at the time credit is extended and at minimum, every item of collateral must be appraised or evaluated both at the time a lien is obtained and when the Association expects to liquidate its lienholder interest. This is a very broad rule that does not take into consideration many circumstances where the Association may have a lien position or releasing a lien position and an evaluation on every item is not necessary. Examples of this may be collateral taken as an abundance of caution, items that have a very small value, releasing a lien position on items that are being liquidated where proceeds are being applied to the loan. In many cases the value of remaining collateral is more important than the value of the collateral being liquidated.

These are just a few of the items in the Proposed Rule that Farm Credit of Western Kansas feels are a burden and cause inefficiency in operation. As stated above Farm Credit of Western Kansas supports the Farm Credit Council letter on this subject in its entirety.

Respectfully,



Randal D. Wilson

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President / CEO

Farm Credit of Western Kansas ACA