

Louisiana
LAND BANK

2413 Tower Drive
P.O. Box 4806
Monroe, LA 71211-4806
(318)387-7535 / FAX (318)388-3023
www.louisianalandbank.com

Via Email

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 – 12 CFR Part 614 – RIN 3052-AC94; *Collateral Evaluation Requirements*; 86
Federal Register 27308-27323

Dear Mr. Kramp:

Louisiana Land Bank, ACA, appreciates the opportunity to comment on the Farm Credit Administration's (FCA) Proposed Rule regarding Collateral Evaluation Requirements that was published on May 20, 2021 (the "Proposed Rule").

We fully support the comments made by the Farm Credit Council (FCC) on behalf of the System in response to the Proposed Rule. While we understand the goals and objectives stated by the FCA for the Proposed Rule, for the reasons more fully explained in the FCC's comment letter, we do not believe that the Proposed Rule as currently presented satisfies these goals and objectives. The Proposed Rule presents a number of compliance issues for Farm Credit System institutions and their appraisers and chattel evaluators, it imposes costs and burdens on System including the efforts towards YBS and minorities, and it causes unnecessary confusion and inconsistency within FCA regulations and related authorities.

Additionally, although Louisiana Land Bank, ACA, supports the position of the FCC regarding the Proposed Rule, we have also identified the following concerns with the Proposed Rule which we present for your consideration:

- The Proposed Rule includes getting written permission from another lender to use an appraisal they engaged previously, which would burden an applicant or borrower financially. This would greatly extend the time to close a loan and obtaining permission from a competitor is highly improbable.
- The Proposed Rule includes providing copies of any appraisal or collateral evaluation of any type of asset and providing the reports with a turnaround timeframe of seven days. This places an increased burden on our bank and conflicts with other regulations that instructs the lender to provide the requested evaluations "as soon as possible."



- The Proposed Rule ventures beyond USPAP requirements and imposes an obligation that an appraisal report satisfy “any reader” of the report, including any future or unknown reader. This would place impossible burdens on staff appraisers as well as fee appraisers. This would also exceed any requirement of USPAP and would limit the qualified and reputable appraisers who provide services to our bank.
- The Proposed Rule requires us to assign a value to all collateral, even collateral taken on a blanket lien basis. Other lenders are not required to do this, and it would be expensive and impractical.
- The Proposed Rule does not change the *de minimis* level of \$250,000 to \$400,000 (consumer loan) and \$500,000 (commercial loan). Other regulators have made these changes. This will place our Association at a disadvantage with other lenders.
- The Proposed Rule would require us to only use older collateral evaluations when and “only if” the valuations or evaluations reflect current market conditions at the time of use.
- These changes will place our Association at a disadvantage with other competing lenders. Some of the changes will add financial burden to our borrowers, including those in the YBS and minority segment, as well as to our Association.

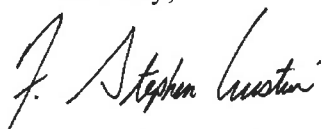
We appreciate the FCA’s review of the existing collateral evaluation regulations for opportunities to improve the organization and readability of the regulations, as well as to expand authorities on using various sources of appraisers and evaluators and automated valuation tools. However, for the reasons set forth in the FCC comment letter and as outlined herein, we do not support the Proposed Rule as currently presented.

Accordingly, we respectfully request that the FCA withdraw the Proposed Rule, or alternatively, we request an opportunity for System representatives and industry experts to meet with FCA to explore possible improvements that could be made to existing guidance to accomplish the stated objectives of the Proposed Rule and/or to further safety and soundness with regard to appraisals and collateral evaluations in another way.

Thank you again for the opportunity to comment on the Proposed Rule, and we hope that our comments herein, as well as those submitted by the FCC and other System institutions, will assist the FCA in reevaluating the Proposed Rule.

If you have any questions, please do not hesitate to contact me.

Sincerely,



F. Stephen Austin
President and CEO