



Headquarters  
300 Winding Creek Boulevard | Mechanicsburg, PA 17050  
(717) 796-9372 | (717) 796-9830 fax | [www.AgChoice.com](http://www.AgChoice.com)

July 19, 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:

AgChoice Farm Credit appreciates the opportunity to comment on the Proposed Rule for Collateral Evaluation Requirements published in the Federal Register on May 20, 2021. AgChoice has a keen interest on the topic, and this letter is written on behalf of the customer-owners, board of directors and staff of our association.

In agreement with the comment letter from the Farm Credit Council (FCC), AgChoice strongly supports the recommendation for FCA to withdraw the Proposed Rule. Additionally, we support the recommendation for FCA to engage in a cooperative process with System representatives and industry experts to consider improvements to existing guidance to accomplish the stated objectives of the Proposed Rule and/or to further provide safety and soundness with regard to appraisals and collateral evaluations in other ways.

Our Association believes that it is important to modernize appraisal regulations, allowing us continue to serve customer-owners in the most efficient manner, while protecting all customer-owners and the Farm Credit System from undue risks. Understanding the importance of collateral evaluation requirements, AgChoice's chief credit officer was actively engaged in the FCC workgroup that extensively discussed this topic.

While the detailed FCC workgroup letter provides a listing of System-wide concerns, AgChoice's specific concerns are as follows:

- **Automated Valuation Model** - In the Proposed Rule, the term "Automated Valuation Model or AVM" uses an outdated definition that needs to be updated. The proposed definition does not recognize the difference between appraiser/evaluator assisted valuation tools (like Maven) and true AVM's that lack significant user interaction. AVM's should allow us to use the most efficient method to establish appraised values on our lowest risk transactions.

- **Transactions less than \$250,000** - We request that the standard established by other financial regulators (see 12 CFR §323.3), which provides appraisal exceptions for residential real estate of \$400,000 or less and commercial real estate of \$500,000 or less, be used for System institutions. As proposed, the Farm Credit System would be held to a different standard than other lenders, which puts us at a competitive disadvantage and impacts the patronage payments we can pay to customer-owners.
- **Proposed 12 CFR § 614.4255 Appraiser and Evaluator Qualifications and Independence** - The Proposed Rule in 12 CFR § 614.4255 relates to appraiser and evaluator qualifications and independence. While appraisers and evaluators should be qualified and independent, the Proposed Rule adds standards beyond those under existing regulations without any support for the proposed changes. The Proposed Rule also requires an appraisal review process for staff when they are not independent of the credit decision either before credit approval or soon after closing. This requirement would represent an additional burden to review if the appraisal or evaluation was performed outside of the appraisal or evaluation team. Why is this requirement being imposed instead of being covered by an Association's well-established internal credit review process (ICR) and other valuation controls based on materiality?
- **Using the Appraisal of Another Lender** - The proposed regulation addresses sharing appraisals ordered by one financial institution for the use of a System institution. The sharing of appraisals between lenders should be governed by Uniform Standards of Professional Appraisal Practice (USPAP) and state regulations. FCA should not dictate how or ways an appraisal can be shared with other lenders.

In conclusion, we appreciate the opportunity to comment on the Proposed Rule and to present the concerns of System institutions to FCA for its consideration. We also acknowledge that it is time to modernize appraisal regulations.

We respectfully request that FCA withdraw the Proposed Rule so FCA and System institutions can engage in a discussion on current collateral evaluation practices. This would allow the System to identify alternatives that better align with the stated aims and objectives of the Proposed Rule and protects Farm Credit's ability to serve its customers and fulfill its mission.

I welcome the opportunity to discuss this issue further if you have any questions.

Respectfully submitted,



Darrell Curtis  
President and CEO  
AgChoice Farm Credit