

By Electronic Submission
(regcomm@fca.gov)

May 21, 2019

Mr. Barry F. Mardock
Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

RE: Advanced Notice of Proposed Rulemaking requesting comments on ways to collect, evaluate and report data on the Farm Credit System's ("System") financing and providing of services to young, beginning, and small ("YBS") farmers, ranchers and producers or harvesters of aquatic products ("YBS Farmers")

Dear Mr. Mardock:

Thank you for the opportunity to comment on the above-referenced ANPRM on YBS. You requested input from the System on how FCA might meet certain objectives including improved accuracy in the collection and reporting of YBS Farmer data, clarification of defined terms relating to YBS Farmer data, potential modifications to those defined terms, and the effectiveness of YBS programs in achieving the mission of serving YBS Farmers.

AgriBank believes that the associations in the AgriBank district have developed many programs which encourage YBS Farmers, and which meet their needs. The associations are effectively achieving the mission of serving YBS Farmers by offering financing as well as services to YBS Farmers, and they are in the best position to describe those activities.

As a result, AgriBank's comments will be focused primarily on the reporting of YBS Farmer data and improvements which can be made to the reporting system so that the data is more useful and easily obtained.

It is important to note that FCA Regulation 614.4165 which outlines the requirements of programs developed for YBS Farmers (the "YBS Regulation") does not contain reporting instructions or guidance on how YBS Farmer data must be reported nor does it contain definitions for the terms "young," "beginning," or "small." Rather, the reporting instructions and those defined terms are contained in an annual FCA publication entitled "Frequently Asked Questions and Step-by-Step Instructions for Preparing YBS Farmers and Ranchers Report." Therefore, it is not necessary for FCA to engage in rulemaking to modify either the reporting of the YBS Farmer data or the defined terms. FCA can simply provide revised reporting instructions in an "FAQ" or similar document.

We believe that existing reporting requirements can be enhanced to improve clarity in YBS reporting. Due to the reporting currently required by FCA, loans to YBS Farmers must be reported in multiple categories thus creating potential confusion and the inability to extrapolate helpful information from



the existing data. Also, with respect to participation loans, FCA currently requires that they be reported by both the sellers and purchasers thus leading to double counting.

As a result of AgriBank's concerns with the current reporting requirements, our comments are specifically directed to Questions 1 and 2, and the questions and AgriBank's answers are set forth below.

1. Should loans continue to be reported in all the existing categories in which they fit? Alternatively, should loans be reported in seven mutually exclusive categories: Young; beginning; small; young and small; young and beginning; beginning and small; and young, beginning, and small?

We believe that loans should not continue to be reported in all existing categories in which they fit. The current FCA instructions require that institutions report an individual loan in each YBS category for which it meets the criteria. For example, one loan could be reported in each of the three categories if it meets all three criteria – and this is confusing because it prevents users of the YBS data from determining the total loans made to YBS Farmers in any year.

We are supportive of either one of the following approaches:

- report only total YBS loans in the aggregate; or
- report in seven mutually exclusive categories

Further, we believe that “Loans2” data (also referred to as the “FCA Extract”) should be used for reporting of YBS balances as of December 31 because it already contains YBS coding at an individual loan level. This Loans2 data would allow FCA to produce reporting in the seven mutually exclusive categories rather than requiring institutions to re-create the reporting. We also believe that this data source provides greater consistency in reporting across institutions.

The annual reporting of YBS data should also only include new YBS loans originated in the current reporting year rather than the current FCA requirement of continuing to include remaining loan balances in the current year's YBS report until a loan has been repaid in full.

2. When reporting YBS Farmer program performance, which would be more useful, a focus on the dollar volume of loans, the number of loans, the number of YBS Farmers that received credit and services, a combination of these, or all?

We propose that the reporting focus should be on the number and volume of loans because these are informative metrics and the most reliable and practical. We do not believe that counting the number of loans and volume at the Farmer level is feasible though because an individual Farmer might receive credit from multiple System institutions.

Reporting counts and volume at the Farmer level would likely result in unreliable numbers due to potential multiple-counting of Farmers across System entities.

In reporting the number of loans, we propose that the System address the issue of double-counting of participation loans by taking one of the following approaches:

- report only loans originated by the institution, excluding participations purchased; or
- report counts of loans in three distinct categories: (1) originated by the institution; (2) participations purchased from other System associations; and (3) participations purchased from non-System institutions.

In conclusion, although the Farm Credit Act of 1971 as amended (the "Act") authorizes System institutions to provide financing and services to YBS Farmers and requires System banks to report annually to FCA about the YBS operations and achievements in its district, neither the Act nor the implementing FCA Regulation at 614.4165 contain specific reporting requirements or definitions for "young," "beginning," or "small."

We believe that the modifications to the reporting requirements which we suggested above would improve the usefulness of the YBS Farmer data as well as accuracy and transparency. While we are not opposed to modifications to the definitions, we respectfully point out that the Regulation does not need to be modified but rather FCA could publish an FAQ or modify its Call Report instructions as we suggested above for the reporting information.

We appreciate this opportunity to provide comments. If you have any questions, or we can provide other information, please do not hesitate to contact us.

Sincerely,



James Jones
Chief Credit Officer