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August 12, 2022

Autumn R. Agans, Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

RE: Notice of Proposed Rulemaking – 12 CFR Parts 614 and 620 – RIN 3052-AD54; *Loan Policies and Operations*; 87 Federal Register 36261-36266

Dear Ms. Agans:

ArborOne, ACA ("ArborOne" or "Association") appreciates the opportunity to submit comments to the Farm Credit Administration ("FCA") in response to the notice published in the Federal Register on June 16, 2022. This notice requested comments on proposed amendments to the regulations on Young, Beginning, and Small Farmers ("YBS") Loan Policies and Operations (the "Proposed Rule"). ArborOne, like all institutions in the Farm Credit System, has a vested interest to ensure the needs of young, beginning, and small farmers are supported through YBS programs.

ArborOne's YBS program, like many other Farm Credit institutions' individual YBS programs, is strong, successful and designed to meet the unique needs of our Association's individual market. As a small institution serving a twelve county territory in northeastern South Carolina, our Association creates or supports a variety of financial, educational, and community building opportunities for YBS farmers, as well as women and minority farmers. ArborOne regularly opens its facilities and provides financial support for meetings of a variety of local YBS organizations. The Association partners with local Extension offices on projects and participates in events such as Annie's Project to promote and deliver educational opportunities to YBS farmers. ArborOne Farm Credit is the sole local provider of the financial education required for individuals to qualify for Farm Service Agency direct loans. Through customer advisory committees and customer experience discovery programs, ArborOne hears directly from current and potential YBS farmers to inform programs and services to meet their diverse and unique needs.

While we applaud FCA's dedication to further supporting YBS lending, we have several concerns regarding the Proposed Rule. Primarily, we are concerned that the Proposed Rule is burdensome and will increase the time and expenses required for compliance and reporting. This additional burden reduces the resources of a small association like ArborOne Farm Credit that could instead be deployed to serve YBS farmers. The Proposed Rule also requires a separate YBS

strategic plan, an unnecessary and redundant requirement since serving YBS farmers is already a significant component of our business planning process.

Additionally, the Proposed Rule wrongly places FCS banks in a position to determine what is best for their district association YBS programs. ArborOne's territory and the needs of its YBS borrowers are unique, and the Association, as a direct lender, is in the best position to determine the most effective structure for its YBS program. The Proposed Rule also states that FCS banks can encourage associations to improve their YBS programs through best practice sharing. This could be problematic in that a practice that works well for one association may not work well for another association. Such promotion of "best practices" could have the unintended consequence of stifling creativity when striving to best serve our YBS customers.

Finally, the Proposed Rule states that the Association's YBS strategic plan will be evaluated by use of a FIRS-like rating system to measure progress. A rating system would be highly subjective and therefore confusing and likely unreliable. It would be difficult to develop a fair and consistent rating system because of how widely association territories and the needs of YBS borrowers vary from one association to the other. Additionally, the rating system was not defined in the Proposed Rule. If we are to be regulated by such a rating system, it should be included in the proposal and open for public comment.

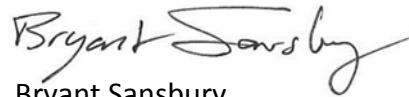
ArborOne, ACA would like to indicate its support of comments from the Farm Credit Council and AgFirst Farm Credit Bank on the Proposed Rule. We respectfully ask that the FCA consider these and other Farm Credit System institutions' comments and ultimately withdraw the Proposed Rule so that we are able to remain focused on the advancement of the mission of the Farm Credit System to provide reliable financing for our rural and agricultural communities. Again, we thank you for the opportunity to constructively comment on the Proposed Rule.

Respectfully submitted,

ArborOne, ACA



William DuPree Atkinson
Chairman of the Board of Directors



Bryant Sansbury
Chief Executive Officer & President