



August 15, 2022

Autumn R. Agans
Deputy Director, Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 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:

Farm Credit of Western Kansas (FCWK) appreciates the opportunity to comment on FCA's proposed rule on Young, Beginning, and Small Farmers (YBS). We are in receipt of the Farm Credit Council comment letter dated August 8, 2022, and support the detailed explanations in their comment letter. I would like to give you a flavor of FCWK and some specific comments as they relate to our Association.

Farm Credit of Western Kansas is a small Association (\$425M in Assets) in Northwest Kansas serving 9 counties with a physical territory of 100 miles x 100 miles and a population of approximately 30,000 people. Agriculture is the primary industry in our territory. The Association has 24 full time employees, 9 elected directors and 1 outside director. Of our 24 employees, 20 graduated from a high school located in our territory, 2 graduated from a high school in adjoining counties and the other 2 are married to a spouse who attended high school in our territory. The Association directors reside in 7 of our 9 counties. I am confident in stating Farm Credit of Western Kansas is very aware of the borrowers and potential borrowers in our territory including YBS borrowers.

Farm Credit of Western Kansas takes the mission of supporting YBS producers very seriously. We understand the need to support the next generation of farmers in our territory as we continue to see consolidation of farming operations due to economies of scale.

I would like to share our credit delivery philosophy and business model in how we approach YBS borrowers. Our loan officers meet with borrowers one on one and provide credit analysis based on five credit factors used in our underwriting standards. We have the philosophy no loan is too small, and sometimes a small loan to a small borrower requires just as much attention as a large loan to large

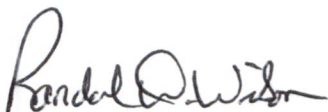
borrowers. Small borrowers turn into big borrowers. We are not a huge fan of scoring a loan when it includes a YBS who needs financial analysis to determine viability. We realize this may create some inefficiency, but to build a relationship and grow with a customer we must have a solid business relationship from the beginning.

In addressing the proposed rules and how it will impact FCWK:

- We already document our YBS program in our 3-year business plan and a new YBS strategic plan in the proposed rule will duplicate this effort. We report the YBS program to our board quarterly.
- The proposal requires the district bank to annually approve each YBS strategic plan that will be evaluated as part of a rating system. We do not believe the district bank would have the knowledge and expertise of our territory to approve a plan constructed and implemented at the association level.
- We are concerned about a one size fits all approach when it comes to YBS programs. We feel the Association's size, business plan, and demographics make each association unique in how we address our YBS borrowers. Although the proposed rating system is not specified, we are concerned with what it may include. For example, we do not charge loan fees to any of our borrowers so will it be considered a concession to a YBS borrower when we are not charging them a fee? We pay our patronage to all borrowers as an equal percentage of interest collected in a year. This allows for a larger patronage to borrowers who a paying a higher interest rate (many times these are YBS borrowers). Is this a concession as compared to Associations that pay a one percent patronage to all borrowers? We have an extensive crop insurance program where we work with YBS borrowers to receive additional discounts on their premiums due to beginning farmer status. Will this be included on the rating system?

The YBS mission is important to the success of the Farm Credit System. Farm Credit of Western Kansas is committed to this mission and financing the YBS segment. We appreciate FCA's attention to YBS and will work with the Agency to fulfill this mission. We hope these comments will be considered when making the final decision on YBS ruling and take into consideration that increasing the burden on the associations does not equate to fulfilling the YBS mission.

Respectfully



Randal D Wilson

CEO/President

Farm Credit of Western Kansas