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August 15, 2022

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

RE: 12 CFR Parts 614 and 620 RIN 3052-AD54 Loan Policies and Operations
Proposed Rule

Dear Ms. Agans:

Frontier Farm Credit appreciates the opportunity to submit comments to the Farm Credit Administration Notice of Proposed Rulemaking regarding Loan Policies and Operations ("YBS Proposed Rule") that was published in the Federal Register on June 16, 2022.

American agriculture has grown to become the largest, most efficient, and productive food system in the world, but it remains a business of people and relationships. In everything we do, we work to become Agriculture's Most Valued Financial Partner. As a member of the Farm Credit System, our mission is to provide sound and dependable credit to America's farmers, ranchers, cooperatives, rural residents, and agribusiness.

Without hesitation, we firmly believe our mission is to be Young, Beginning and Small Producers' "Most Valued Financial Partner." This mission statement has guided our Association to consistently make significant investments in the future of agriculture by providing educational opportunities focused on building sound financial practices, and help our customers, particularly our YBS customers, develop the skills and have the tools necessary to be successful in managing their agriculture business operations.

Today, 64% of Frontier Farm Credit customers are considered Young, Beginning and/or Small. As of July 31, 2022, we have provided \$530 million in lending commitments to 2,760 unique young, beginning and/or small (YBS) customers.

Frontier Farm Credit currently employs two specialized lenders called "YBS Relationship Officers" who exclusively focus on serving a portfolio of YBS customers in Kansas. These Officers provide one-on-one coaching and counseling and help organize and present educational programs for YBS customers including programs focused on succession planning, risk



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management and business planning. We have a customer education team which designs learning programs that include both online and in-person learning targeted specifically at the challenges, educational needs, management, and business acumen unique to YBS customers. We also employ a YBS Program Manager and multiple YBS assigned Credit Analysts. Although not exclusively YBS specific, we also employ Customer Education Specialists who dedicate their time and job responsibilities to creating and delivering YBS focused educational programs.

The alliance between Frontier Farm Credit and Farm Credit Services of America efficiently offers common products and services and enhances customer specialization and expertise. To meet the unique credit needs of YBS customers, we offer two specialized credit programs, AgStart and the Development Fund, that offer both modified credit approval standards and tailored terms. The AgStart loan program began in 2008 to serve customers 35 years of age and under, or with 10 years or less of experience farming and/or ranching. The AgStart loan program utilizes credit approval standards that strongly emphasize the credit factors of character and capacity for producers that do not meet traditional credit approval standards, in order to help those who are interested in farming and ranching to be able to access the financial support to get started. As of December 31, 2021, AgStart customers accounted for 377 loans to 224 customers with an outstanding commitment of \$52 million. The AgStart loan volume grew by 8.4% in 2021.

The Development Fund, launched in 2015, is a program designed and executed to assist YBS customers who are beginning, growing, or enhancing an agricultural business operation by providing education on effective business plan development and access to three program specific loan products: (1) Working Capital Loan, (2) Breeding Livestock Loan, and (3) Contract Finish Loan. As of December 31, 2021, we had four Frontier Farm Credit customers enrolled in the program with a total commitment of \$440,000 in lending.

In 2015, Frontier Farm Credit began jointly hosting an annual conference for YBS customers with Farm Credit Services of America. This conference has continued every year and is another example of our commitment to serving this segment. Customers benefited from a networking opportunity with their peers, hear from a field of experts and learn more about business management.

We organize a team of experts who provide a monthly webinar on topics focused on the financial management, education, and decision-making strategies related to topics such as grain marketing, business operations, financial, managerial, and cost accounting, farm and business transition and succession planning, and risk management practices.



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Frontier Farm Credit offered \$2,500 scholarships to eight qualified students studying agriculture at Kansas State University, \$2,000 scholarships for four students at community colleges, and \$2,000 scholarships to eight FFA students in high school in 2021. Over \$46,800 for state and loan FFA and 4-H activities was provided in the Frontier Farm Credit territory in 2021.

Collaboration across the Farm Credit System is important, and our teammates regularly attend System-wide events for YBS purposes, including the Farm Credit YBS Conferences in Spokane in 2017, St. Louis in 2019, Fort Collins in 2022, and the Forum for Ag Lending and Learning Conference. In 2021, we collaborated with other Farm Credit Associations in the CoBank District on a "Peer to Peer" program that brought together a group of customers for an in-person and virtual conversation on financial education, learning from industry experts and from one another over several months. This networking furthered collaboration by the Associations on substantive approaches to serve our YBS customers.

Every year, Frontier Farm Credit publishes an annual report with specific and detailed information required by the Farm Credit Administration related to credit and services provided to YBS customers. This outlines annual achievements that serve the credit, educational, leadership, and networking needs of YBS customers as well as related donations made by our Association. A YBS lending activity report is also provided to the Farm Credit Administration for oversight of the System's activities dedicated to serving our mission of YBS customers. Frontier Farm Credit has made and each year continues to make remarkable success and substantial investments for the benefit of YBS customers.

Most importantly, we are a member-owned, locally governed cooperative established to support and serve rural communities and agriculture with reliable, constructive credit and financial services in good times and in bad. The entire Farm Credit System shares a critical-mission centered vision assigned by Congress 106 years ago. We are an Association that is cooperatively owned by our customers and governed by a Board of Director largely comprised of Directors who are elected by customer-owners and who live, work, and serve in their local communities. Our Association, including its customer-owners, Directors, and employees, are deeply invested in the success of rural America and the Farm Credit System that offers financing irrespective of agriculture cycles.

Frontier Farm Credit consistently returns to eligible customers approximately the equivalent of 100 basis points of patronage as a cash-back dividend. The total cash-back dividend returned to eligible customers for 2021 was \$20.5 million,



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distributed in January 2022. Since 2004, Frontier Farm Credit has returned \$158 million in cash-back dividends to eligible to customers.

Frontier Farm Credit makes a commitment to serve each day with a level of expertise, dependability, leadership, and adaptability that helps rural America and agriculture to succeed. We devote resources focused on investing in the future of agriculture, offering responsive customer service and specialized lending expertise to serve the unique financial and educational needs of YBS customers.

Frontier Farm Credit fully supports the comments filed by the Farm Credit Council on behalf of its membership, including respectfully requesting that the Farm Credit Administration's YBS Proposed Rule be withdrawn. Withdrawal of the Proposed Rule would allow for continued discussions between the Farm Credit Administration and System institutions on developing more meaningful methods of communicating the already robust efforts to lend to YBS farmers and ranchers, as well as discussions on additional tools and more flexible risk parameters for extending loans and making investment on both an individual and portfolio basis.

Thank you again for this opportunity to share how Frontier Farm Credit serves young, beginning, and small farmers and ranchers in Kansas. We are proud of the work we do to support the next generation of agriculture in pursuit of our mission of being "Agriculture's Most Valued Financial Partner."

Sincerely,

Mark Jensen
President and CEO
Frontier Farm Credit