



FARM • RANCH • RECREATIONAL FINANCING

August 9, 2022

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

Re: Proposed Rule – 12 CFR Parts 614 and 620 – RIN 3052-AD54; Loan Policies and Operations; 87 Federal Register 36261-36266

Dear Ms. Agans:

Plains Land Bank, FLCA appreciates the opportunity to comment on the Farm Credit Administration's ("FCA") Notice of Proposed Rulemaking regarding Loan Policies and Operations that was published in the *Federal Register* on June 16, 2022 ("YBS Proposed Rule").

We fully support the comments made by the Farm Credit Council ("FCC") on behalf of Farm Credit System institutions ("System") in response to the YBS Proposed Rule. While we agree with the goals stated by the FCA for the YBS Proposed Rule, for the reasons more fully explained in the FCC's comment letter and herein, we do not believe that the YBS Proposed Rule provides any additional means for accomplishing these goals, but rather only adds administrative burden that will cost time and money which would be better utilized through direct support for young, beginning, and small farmers and ranchers ("YBS").

In addition, to supporting the position of the FCC regarding the YBS Proposed Rule, Plains Land Bank submits the following comments for your consideration:

INTRODUCTION

Plains Land Bank has a long history and proven track record of serving our YBS borrowers and supporting future generations in the agriculture industry. Along with providing feedback on the FCA's proposed rule, we would like to share a few success stories from our YBS borrowers in the Texas Panhandle along with concerns the proposed regulation presents.

CUSTOMER TESTIMONIALS

An exciting and unique story of a young crop producer, Jesse Wieners, is from Groom, TX. Jesse is a first-generation farmer who wanted to farm since he was a boy. When he married his wife, Karri, who comes from five generations of farmers, he was able to seize and realize that dream with help from Plains Land Bank. Jesse is passionate about using social media platforms such as Facebook, Snapchat and TikTok to educate thousands of followers, many of whom are not involved in agriculture, about the ways of farm life. He shares the good and the bad of farming life using GoPro cameras and drones to capture pictures and videos. He is determined to close the gap between urban and farming ways of life. His influence has reached Austin, TX, Washington

D.C., and a large community of online viewers. None of this would have been possible without the help of Plains Land Bank and current YBS programs as he purchased his first tracts of land. Our help with financing, along with the encouragement and support he has received from his loan officer, have set Jesse up for success today and in the future. He is bringing about new means of educating the world about agriculture in the 21st century and we have the privilege of being witness to it all.

One of our greatest success stories of recent time involves two beginning farmers who are also brothers. Ryan and Zach Berry formed Berry Brothers Farms in 2018 in Panhandle, TX. Now they own and manage several farms together and owe much of what they have learned to their father, Gerald. Unlike most farmers in Carson County, Ryan and Zach did not grow up on a farm but they were raised around farmers and in an agricultural community. They always knew they wanted to farm; however, they did not know how they were going to break into the farming industry. They were taught excellent skills from their father in areas of ag banking and farm financial managing, work ethic on their grandparents' farm near Vega, TX in Oldham County, and earned agricultural economics degrees from Texas Tech University. They have had many great opportunities realized such as when our Association and FSA helped Ryan purchase his first dryland farm in 2016. Many of our customers have outgrown FSA financing due to its funding ability, response times, and differentiating credit standards; therefore, a greater need for our flexible and helpful YBS programs. He continued to pick up leases throughout the year and quickly realized he needed a partner. It was at this time that Zach decided to become involved in the farming operation. Again, with help from Plains Land Bank, as well as our current YBS programs, they have been able to finance the purchase of two more irrigated farms, add irrigation wells, underground lines, and center pivot systems. They are masters at efficiency and low overhead costs, accumulating what they own on their own with financing from our Association. As the brothers have become more involved and respected in the farming community, Ryan was nominated and elected to be the newest member of our Board of Directors. Farming is shifting to younger generations in the Texas Panhandle, with Ryan and Zach being excellent examples of how YBS programs and opportunities have aided in the expansion of their operation. Ryan has already made a tremendous addition to our Board and will continue to be a great example of successful farming and ranching in our area for YBS borrowers.

CONCERNS

To speak to some of our concerns surrounding the YBS Proposed Rule, we would like to share a few items. One is the concern of the potential rating system. We are perplexed as to the purpose of the rating system, what exactly FCA is wanting measured especially in regard to qualitative data, which is very difficult to measure, and the consequences of not meeting a rating level and how it will be measured. It is also concerning that there are no details on the rating system, only that there is a possibility it will be developed. Plains Land Bank must have clear guidelines on how the rating system would operate, what it would look like and how it would affect our system as a whole. It is challenging to measure the most important elements of the YBS program through quantitative data. Unclear proposals and guidelines of a rating system make planning for changes difficult, time consuming and overly demanding. There is also the potential

of unintended consequences a rating system would create such as all YBS programs looking alike to get the best rating, the lack of creating unique, tailored programs for the borrowers in our territory, and meeting needs of the rating system instead of YBS borrowers. The potential rating system also increase Farm Credit competition within the System. It will also discourage the assembly of other associations in creating, innovating, and brainstorming unique and exceptional ways to meets the needs of the borrowers in our communities.

The second concern is the parameters around the strategic plan. Thirty days after year end is not an appropriate amount of time to have a plan presented and approved by the Board of Directors. The gathering of quantitative and qualitative YBS data as well as normal annual reporting, business plan, and budgeting are also taking place thirty days after year end. A separate YBS strategic plan would duplicate what is already being discussed, reported, and maintained in the annual reporting and business plan thus creating unnecessary redundancy.

In addition, a three-year strategic plan is not reasonable given the volatility and uncertainty of the current economy and market conditions. The credit and local agricultural markets are rapidly changing which would make it difficult to determine the accuracy of the effectiveness of a three-year plan. As previously mentioned, YBS information is currently maintained within the annual business plan and a further requirement to create another plan would be redundant, costly, and time consuming with unmeasurable return. The business plan already highlights the most positive aspects of the YBS program. Creating additional reporting requirements leaves our Association less time to spend in the field with YBS and prospective customers. We pride ourselves on the ability to drive to a borrower's farm, barn, or local coffee shop to deliver first-rate customer service and in-person, face-to-face relationship. Additional unnecessary and redundant reporting will always take away from the ability to meet our customers' individual needs.

Another additional concern is our small staff and the manpower it will require to meet these proposed expectations is untenable. Our staff is currently efficient and mindful of YBS borrowers, programs, and the needs represented. With additional regulations, we are concerned that attention to our current YBS borrowers would be affected and diminished by new, more restrictive guidelines. Excessive planning and administrative requirements will hinder the influence of being in the field with our YBS and other potential borrowers. These borrowers are what should be most considered in this situation, not the gathering of arbitrary, subjective data. Plains Land Bank is best positioned to determine the needs of our YBS programs based on the agricultural communities in which we live and work. We need as much flexibility to develop these programs with little involvement by the supervisory banks. The reporting would become less about the borrowers and more about the numbers.

CONCLUSION

In conclusion, Plains Land Bank supports the FCC's comment letter that has been submitted on behalf of the entire Farm Credit System. Their advocacy for the Tenth District and our Association helps us to continually bring to our borrower's the best possible customer service with as few regulations to navigate as possible. YBS borrowers are the future of Plains Land Bank and all the associations in the Farm Credit System. Our efforts must be to focus on, market, and

secure new loans to YBS borrowers to maintain our long-term success. It is incumbent upon us to have an effective, on-going YBS program without the additional regulatory burden added to the process. Our most important goal is meeting our customers' needs quickly and efficiently so they return to our Association for many generations. We hold in high esteem the multi-generational and diverse portfolio we maintain and the ability we have to help those in our farming and ranching communities Own a Piece of Texas.

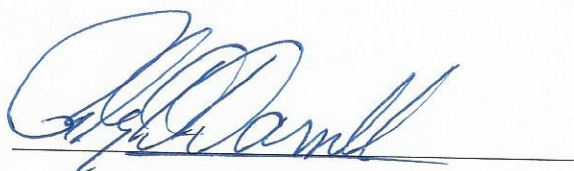
We appreciate the FCA's review of the existing regulations for opportunities to increase direct lender associations' YBS activity; however, for the reasons set forth in the FCC comment letter and herein, we do not support the YBS Proposed Rule as currently presented.

Accordingly, we respectfully request that the FCA withdraw the YBS Proposed Rule, or alternatively, we request an opportunity for System representatives and industry experts to further meet with the FCA to explore possible improvements that could be made to existing regulations to accomplish the stated goals of the YBS Proposed Rule.

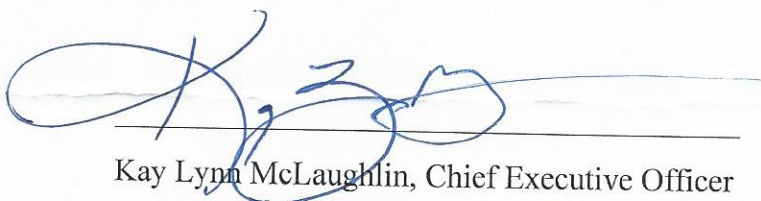
Thank you again for the opportunity to comment on the YBS Proposed Rule, and we hope that our comments herein, as well as those submitted by the FCC and other System institutions, will assist the FCA in reevaluating the YBS Proposed Rule.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Randy Darnell, Vice Chairman of the Board



Kay Lynn McLaughlin, Chief Executive Officer