

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:

AgSouth Farm Credit, ACA (“AgSouth” or “Association”) is submitting comments to the Farm Credit Administration (“FCA”) in response to a notice published in the Federal Register on June 16, 2022. These comments are in regards to proposed amendments to the regulations on Young, Beginning and Small Farmers (“YBS”) Loan Policies and Operations (the “Proposed Rule”). Part of our mission, together with our peers and our funding Bank AgFirst Farm Credit Bank (“the Bank”) is to ensure the needs of YBS farmers are supported and met by our respective YBS programs. AgSouth’s program is strong, robust and effective as demonstrated in our annual reports, both qualitative and quantitative. Our programs are designed to meet the needs in our territory and, have at every turn, been found to be satisfactory to both FCA and our bank.

The Association dedicates substantial resources of time and dollars to its YBS programs. Our national award winning AGAware program is just one example of our commitment to a vibrant relationship with the YBS community and its population of potential borrowers. Our commitment does not stop there. We have board, staff and focus group involvement in our annual YBS planning and execution processes, and report our successes and opportunities frequently and transparently. The proposed rule seemingly seeks to burden successful, results driven process, which could, unintentionally produce both engagement levels and results.

The FCA has been a supporter of YBS lending and for that, we are thankful. We are encouraged that the agency is dedicated to additional support of this important segment. We do, feel that additional, burdensome regulatory oversight could act counter to the expected outcome. For example, requiring our funding bank to more closely resemble a supervisory bank could adversely affect both the Bank and Association. The Bank would need more resources (or have to reallocate existing resources) and the Association could see a reduction in patronage from the Bank as a result. Association might also focus more on getting a satisfactory YBS review from the bank than on developing and executing plans that have historically been deemed satisfactory, appropriate and compliant. While these results would likely be unintentional, they are certainly possible, if not likely outcomes of Bank supervision in this area.

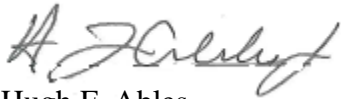
In addition to these concerns, we express concern over the proposed, yet unreleased rating system for system institutions regarding their YBS strategic plans. Unlike FIRS system with its well-defined levels and measurable tolerances, we perceive this FIRS-like system to be out of necessity largely subjective. Not knowing the parameters and metrics make us unable to comment beyond these initial observations. Further, we believe that such a system could create confusion among customers, prospects, investors and within our political advocacy. The implementation of said system could negatively affect the uniqueness of the programs developed for the specific needs of our footprint. In that they would be more likely developed to appease the rating system than the actual needs of those we serve. We believe the FCA already has tools at its disposal to measure the effectiveness of the Association's YBS program.

We again applaud the FCA for focusing on YBS programs. As a part of our mission, YBS is very important here at AgSouth. Regrettably, we conclude that additional regulatory guidance, Bank supervision and a new subjective rating system may be counterproductive in achieving the important goal of serving these farmers. We respectfully request FCA to withdraw the proposed rule.

Thank you for the opportunity to provide comments on this important, system mission matter.

Sincerely submitted,

AgSouth Farm Credit, ACA



Hugh F. Ables  
Chairman of the Board of Directors



Pat Calhoun  
Chief Executive Officer