



August 15, 2022

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 36261-36264

Director Agans:

Farm Credit Mid-America, ACA (and its subsidiaries, Farm Credit Mid-America, PCA, and Farm Credit Mid-America, FLCA, together “Farm Credit Mid-America”) thanks you for the opportunity to comment on the Farm Credit Administration’s (“FCA”) Proposed Rule regarding Loan Policies and Operations specifically addressing Young, Beginning and Small (“YBS”) farmer and rancher activity that was published in the June 16, 2022 Federal Register (the “Proposed Rule”).

General Comments

Farm Credit Mid-America is committed to achieving the mission set forth by the Farm Credit Administration of serving YBS farmers and ranchers by offering financing as well as services. We share in the FCA’s vision to serve YBS borrowers by establishing programs to “furnish sound and constructive credit and related services to YBS farmers and ranchers.” Our team members at Farm Credit Mid-America have a passion for working with and serving YBS producers. It is through that passion that Farm Credit Mid-America has created a multi-faceted, dynamic, and growing YBS program that addresses the unique and diverse needs faced by YBS producers in our territory. We note that we support the request made by the Farm Credit Council (“FCC”) asking for withdrawal of the Proposed Rule. However, rather than restate the points made in that request, we would like to outline the tremendous programs offered at Farm Credit Mid-America that highlight our support of YBS producers. We feel that telling this story provides context to the FCC’s comments and should help inform the FCA as to the Proposed Rule’s negative implications for YBS producers.

Leadership Commitment to YBS

Our Board of Directors continues to stress the importance of supporting the next generation of agriculture. The transition taking place in agriculture from one generation to the next is top of mind for most in the agriculture community and Farm Credit Mid-America is no different. The leadership at Farm Credit Mid-America is constantly looking for opportunities to remove obstacles and position the next generation of farmers for success; this mission is fully endorsed and supported by our Board. Indeed, we have a YBS producer who serves on our Board of Directors and looks at every decision made with an eye towards the impact on YBS borrowers. We fully believe the success of these producers is in the best interests of not only our cooperative and customers, but the future and integrity of all of agriculture.

YBS Portfolio Statistics

Our commitment to the next generation and generations to come can be seen in the strength of Farm Credit Mid-America's YBS portfolio. Farm Credit Mid-America looks at the YBS portfolio as a percentage of our base lending portfolio on an annual basis. The percentages are reviewed against the goals set for the program; goals that are analyzed in depth and ultimately approved by leadership and the Board every year. Additionally, we focus on a review of both total YBS loan portfolio and new YBS loans so we can accurately measure growth in this important area of our business. And, importantly, the Association does not lump these borrowers together, but treats each segment of the YBS portfolio as a distinct group and establishes different goals relative to each segment.

Total Loan Portfolio

The goal of Farm Credit Mid-America's young farmer program is to maintain the percentage that young farmers represent of the total farm members in our portfolio at 25% or higher; the goal of the beginning farmer program is to maintain the percentage that beginning farmers represent of the total farm members in our portfolio at 45% or higher; the goal of the small farmer program is to maintain the percentage that small farmers represent of the total farm members in our portfolio at 70% or higher.

In 2021, there were 74,195 agriculture members in our portfolio. Of that number, there were 21,444 young farmers, 42,983 beginning farmers, and 60,160 small farmers.¹ These numbers surpass the goals as follows:

	% of Member Base	
	Actual	Goal
Young	28.90%	25.0%
Beginning	57.93%	45.0%
Small	81.08%	70.0%

¹ Members could qualify in more than one category.

New Loan Portfolio

The Association also has the goals of closing 20% or more of new loans or leases with young farm customers, 30% or more of new loans or leases with beginning farmers, and 60% or more of new loans or leases with small farm customers. Our actual 2021 year-end numbers surpass these goals as follows:

	% of Loans	
	Actual	Goal
Young	20.90%	20.0%
Beginning	36.73%	30.0%
Small	63.25%	60.0%

Farm Credit Mid-America knows supporting additional growers each year is key to sustainability for the program and the future of agriculture. Each year Farm Credit Mid-America works to develop a business plan for the program, focused on supporting YBS producers to enable them to achieve their goals and overcome the unique obstacles faced by YBS producers in our territories. This business plan, which includes goals and milestones directed at our support of YBS producers, is analyzed by many team members and fits into our overall business plan at Farm Credit Mid-America.

Growing Forward Program Overview

Beyond setting goals for our portfolio that ensure Farm Credit Mid-America is focused on this segment of borrowers, we identified the need for a robust program that supports YBS producers in a variety of ways. We believe our Growing Forward program is an exemplary model of both a financing and services program for YBS producers. In its eight years, the Growing Forward Program has helped finance 2,000 YBS farmers and ranchers and provided education to nearly 1,600 producers. With the support of FCA and the freedom to design our YBS program, we are excited to see what more we can achieve.

At Farm Credit Mid-America, we have a team of five individuals dedicated to executing the Growing Forward Program. The foundation of the program is a robust approach to looking at the individualized finances of YBS producers and applying the relaxed credit underwriting guidelines authorized by the FCA. Evaluating the business plan and financial information of each producer allows Farm Credit Mid-America to offer lending support based on that individual farmer and operation. We know YBS farmers and ranchers face unique challenges and obstacles and our program seeks to help them overcome those barriers. Once the producer obtains financing, our dedicated team works to make sure they have the support and services to help them find success. This support includes farm financial education, one-on-one support and mentorship, and annual financial analysis to identify operational strengths and weaknesses. In addition to the lending standards offered to YBS producers, customers in the

Growing Forward Program receive a 75 basis point interest rate reduction. This allows producers to keep that cash in the operation to reinvest in their agricultural futures.

Education Initiatives

We are most proud of our Know to Grow conference. This conference is offered four times each year; once in each of our home states of Kentucky, Tennessee, Ohio, and Indiana. This conference is two days and is provided to YBS borrowers by Farm Credit Mid-America at no cost to the borrower. At the conference, our Growing Forward team focuses on educating producers on the importance of farm financials, accurate and timely recordkeeping, personal finance basics, and a host of other topics. Customers have the opportunity to network with other producers from our four states in addition to spending time with Farm Credit Mid-America team members.

Since the program was introduced, we have been committed to challenging the status quo and continuing to find and develop additional ways to support the YBS producer. In 2016, we introduced a second YBS conference, Know to Thrive, focused on producers that desired a deeper understanding of their farm financials. This conference is hosted every other year and emphasizes the importance of breakeven analysis. This conference is incredibly popular and many producers attend after attending Know to Grow. This also gives producers another chance to network with peers and Farm Credit Mid-America team members.

In 2021, we saw the need for all producers to have access to marketing information. Marketing is just one of many difficult aspects producers must understand in order to maximize profits. Our team offered a Financial and Risk Management Seminar where producers worked with their Financial Officer, Crop Insurance Specialist, and subject matter experts to determine a breakeven projection and analyze information to make marketing decisions in a simulated environment. Fifty percent of attendees across the four seminars offered by Farm Credit Mid-America on this topic were YBS producers. This seminar will now be part of our regularly-offered conferences going forward and we will continue to encourage our YBS customers to attend.

COVID shifted our outlook on understanding the best methods for providing value to our customers. In 2021, we were able to offer virtual learning courses for our YBS customers. We have continued this virtual offering even as we come back together in person. Farm Credit Mid-America looks at survey data and talks to customers to understand what topics YBS customers are curious about and offers quick, real-time discussions and education on these topics. Examples of these virtual education offerings have been on topics such as crop insurance, Farm Bill updates, political topics relevant to YBS producers, and balance sheet education videos.

As recently as this year, Farm Credit Mid-America has partnered with a stockyard in Kentucky to offer a specialized learning program for beef cattle producers. This partnership is facilitated by our Growing Forward team. A small group of YBS beef producers will participate in a pilot learning program where they participate in farm tours, and then get classroom education on lending basics, upcoming technology, and lessons on the importance of a mentor in the industry. We are excited to offer specialized education via this pilot learning program – yet another way Farm Credit Mid-America is dynamically working to support its YBS customers.

Additional Customer Benefits

All across our chartered territory, there are YBS farmers who are blazing the path for the next generation of agriculture. Farm Credit Mid-America wanted to highlight the innovation that is being cultivated by our Growing Forward customers and recognize their dedication to securing the future of the agriculture industry. The Forward Thinker award is a self-nominated award designed to recognize and showcase the extraordinary efforts of individuals in the industry. The winner of the Forward Thinker award wins \$5,000 and is recognized at our Know to Grow conference.

The Farm Service Agency is also a vital resource for our YBS producers. We believe working with our Farm Service Agency is critical for success of all involved. Through the Farm Service Agency loan guarantee reimbursement program, Farm Credit Mid-America waives our origination fees and reimburses 50% of the applicable FSA guarantee fees. In 2021, this reimbursement program amounted to \$284,000 in reimbursed FSA fees. These are real dollars back in the hands of YBS farmers.

Farm Credit Mid-America offers reimbursement of up to \$500 dollars (one-time only) to YBS members who attend business, production, financial management, or agricultural leadership development programs that will help them in their farm business. This reimbursement benefit is provided in addition to the Know to Grow conference hosted by Farm Credit Mid-America at no cost to YBS borrowers.

We continue to see benefits in partnering with others in the agriculture industry who support YBS producers. Farm Credit Mid-America works with Farm Bureau agencies, extension offices, and commodity groups to support their YBS initiatives both through monetary support and education and volunteer efforts.

Another important relationship we have for our YBS farmers is with subject matter experts on succession and estate planning. We know succession and estate planning is critical to the survival of YBS producers' operations. These conversations are often difficult and complex. This relationship provides a toolkit, an advisor, and a place to start the conversation for producers looking to form an estate plan. Through this partnership, succession services are provided at no cost to our YBS customers.

Farm Credit System Approach

Collaboration within the Farm Credit System (the "System") is very important to Farm Credit Mid-America. Voluntarily, we participate in a workgroup with other System stakeholders to discuss what issues we see YBS customers facing and how each association is developing solutions to support the YBS producers. This group meets several times a year, both virtually and in-person, to share ideas and understand each institution's best practices that are often unique to those customers and territories served by that institution. This workgroup led to the development of pilot program called "Peer to Peer." In this program, each association identifies two YBS producers from their territory to participate. As a result, the producers get a peer network, participate in virtual learning sessions, and the year-long experience in Peer to Peer is capped off with these producers visiting our Nation's capital and sharing their stories with lawmakers.

Conclusion

Farm Credit Mid-America believes the ability to develop our YBS program to best serve our territory and the distinctive needs of our producers has allowed us to develop a solution YBS producers feel confident in utilizing and that truly helps them enter into, and sustain their commitment to, agriculture. Our concerns for this new rule center on its potential impact to our ability to remain a unique YBS program that adjusts to the territory and borrowers we serve, while maintaining a collaborative relationship with other Farm Credit associations. As the program descriptions make clear, Farm Credit Mid-America has been able to develop an outstanding YBS program that has unique features and serves YBS producers in a way that best meets their needs. We have grown the program substantially since its inception and the commitment to support YBS is of the highest importance to our leadership, team members, and Board of Directors. We look to create additional opportunities for YBS borrowers and hope that we can continue to freely collaborate with our System partners so that we may all benefit from the unique ways *each* of us supports their YBS producers.

Farm Credit Mid-America has had the opportunity to review the comment letter submitted by the FCC and concurs with the substantive points advanced in the letter. As explained by the FCC, the Proposed Rule attempts to solve a problem that, in our experience, has not proven to exist. Rather than provide increased flexibility or additional tools for institutions to use in serving YBS producers, the Proposed Rule would impose unnecessary administrative burdens on those institutions. These burdens would ultimately lead to a drain on resources that could otherwise be deployed to serve YBS producers and would drive existing programs towards more rigid uniformity to the disadvantage of YBS producers. This would, in turn, be counterproductive to the System's mission to serve the varied agricultural and rural communities throughout the Nation. Accordingly, Farm Credit Mid-America respectfully requests that the FCA withdraw the Proposed Rule.

Respectfully Submitted,

A handwritten signature in black ink that reads "Daniel Wagner". The signature is written in a cursive, flowing style with a large initial "D".

Daniel Wagner
President and Chief Executive Officer