

August 12, 2022

Submitted via email to: [reg-comm@fca.gov](mailto:reg-comm@fca.gov)

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

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

Dear Ms. Agans:

AgriBank, FCB (“AgriBank”) appreciates the opportunity to comment on the Farm Credit Administration’s (“FCA”) Proposed Rulemaking regarding Loan Policies and Operations as published in the June 16, 2022 Federal Register (the “Proposed Rule”).

AgriBank has reviewed the Farm Credit Council (“FCC”) comment letter on this YBS Proposed Rule and has monitored the activities of the System workgroup referenced in the FCC comment letter. The workgroup met over the course of several months to review and discuss the Proposed Rule, the existing regulations, other relevant FCA-published materials, and authorities relevant to other regulated lending institutions. We agree with and support the comments offered by the FCC in its letter, and AgriBank supports the FCC and workgroup requests that FCA withdraw the Proposed Rule so that FCA and Farm Credit System institutions can explore alternatives to the Proposed Rule that meet FCA’s and Farm Credit’s unified goal to effectively serve YBS customers, as well as fulfill the Farm Credit mission.

YBS programs are critical to the overall success and sustainability of the Farm Credit System. Associations in the AgriBank District have a longstanding reputation for developing unique products and services that meet local YBS customer needs. However, the Proposed Rule’s requirement that a funding bank expand its review of YBS programs does not produce a clear benefit to YBS customers and would be administratively burdensome, impractical, and cost-prohibitive. FCA notes that “[w]e believe funding banks are in a unique position to know the YBS activities of all their affiliated direct lender associations and see how those associations respond to the needs of their respective borrowers.” While it is true that AgriBank monitors the YBS activities of its district associations, it has limited insight into the numerous and specific YBS retail marketplaces within its district. The needs of YBS borrowers differ by region, state, and sector, thus making it very difficult and costly for a funding bank to deploy sufficient resources to adequately develop an understanding of the nuances of each YBS market. Furthermore, there is no indication that a higher level of funding bank oversight activity is warranted. In fact, associations dedicate significant resources to the development and promotion of their various YBS programs.

The Proposed Rule has the potential to divert Bank resources from core supervisory responsibilities to overseeing an already well-performing functional area of an association. It would be administratively burdensome for an association to educate Bank staff on the details of its YBS program, and their resources should continue to be focused on carrying out the important goals of their YBS programs. A more



comprehensive review of each association's YBS programs would undoubtedly require AgriBank to divert existing staff or hire additional resources to meaningfully assess the efficacy of the YBS programs as contemplated by the Proposed Rule. This will lead to extra costs that ultimately are borne by District associations and their member-owners.

AgriBank continually works to support its district associations' YBS programming and their ability to proactively manage their own YBS portfolios and programs. In fact, we believe that the Proposed Rule may, to the detriment of association YBS programs, elicit a focus on the form, rather than the substance, of its specific programming. In other words, as a funding bank, we are particularly concerned that this Proposed Rule could have the unintended impact of weakening YBS programming as associations spend more time on administrative aspects rather than remaining creative to meet the unique needs of the YBS customer base in their loan service areas.

AgriBank is also concerned about the rating system alluded to in the proposal. Specifically, a rating system may cause an association to focus on satisfying generic criteria rather than creating customized YBS solutions to meet YBS marketplace challenges. Furthermore, as acknowledged at the various YBS symposiums hosted by FCA in the past year, Farm Credit Associations are already successfully reaching out and supporting YBS producers across the country. There is nothing to suggest that a rating system will create additional value for YBS programs.

For the reasons described above, we ask that FCA withdraw the Proposed Rule. We appreciate the opportunity to comment and FCA's consideration of our comment letter. We would be happy to meet with FCA to discuss our comments or provide any additional information that FCA may deem helpful. If you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Barbara Kay Stille".

Barbara Kay Stille  
Chief Administrative Officer and General Counsel