



# First South

## *Farm Credit*

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August 11, 2022

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

Re: Notice of Proposed Rulemaking – 12 CFR § 614, 620 – RIN 3052-AD54; *Loan Policies and Operation*; 87 Federal Register 36261-36266

Dear Deputy Director Agans:

The Farm Credit Administration (FCA) has shown no evidence that Farm Credit institutions, including First South Farm Credit, ACA (First South), have been deficient in making or servicing loans to Young Beginning, and Small (YBS) farmers. First South is already diligently serving YBS farmers throughout our three state footprint of Alabama, Louisiana, and Mississippi. Additional regulatory burdens put in place by this rule will only increase compliance efforts, as opposed to expanding service for YBS farmers. The First South Board of Directors and Management agree with the Farm Credit Council's comment letter and their request that this proposed rule amending the FCA's YBS regulations be **withdrawn**.

First South is the Farm Credit direct lender association for Title I and Title II lending in the states of Alabama, Louisiana, and Mississippi. Each direct lender is governed by a board of directors, elected by the lender's stockholders. The Board's role is to make credit available to American farmers and agricultural businesses that qualify under the Farm Credit Act. First South is already following the Farm Credit Act related to serving young, beginning, and small farmers. Each direct lender association has a unique and customized approach to YBS borrowers, tailored to the association's territory, staffing, and agricultural diversity. The First South YBS program has been successful as many of our current members and Board of Directors started in the YBS program.

First South understands that regulations are necessary to ensure institutional safety and soundness, as well as congressional intent. These regulations, though, must be based on law, facts, and evidence of ineffectiveness. This regulation shows no evidence of increasing associations' service to creditworthy YBS applicants. This rule will add more bureaucratic red tape, and open the doors for further regulation through bookletters, informational memorandums, and exam manuals. The mention of a rating system, outside of a proposed rule open to public comment will circumvent congressional intent and full public disclosure of proposed rulemaking.

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There has been no analysis of this proposed rule's cost and benefits. First South believes that local farm credit boards and management are better positioned to know the needs of YBS farmers than a regulator in Washington, DC. This proposed rule will be expensive and burdensome to implement, especially for direct lenders with brick and mortar investments in rural states working to make and service agricultural loans.

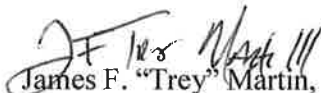
The best way to serve YBS farmers is through loan personnel in the field, not to pay for compliance and supervisory personnel to monitor, supervise, and gather data. Further, all borrowers of the institution will bear the costs of compliance with this regulation.


Why is this regulation needed? What problem is FCA trying to address? How does data gathering by a federal agency provide better service to YBS farmers than local Boards of Directors?


First South sees this YBS proposed regulation as flawed in theory and necessity all the while opening the door to future regulations that have nothing to do with safety and soundness. The proposed regulation is outside of FCA's stated objective of improving service to YBS customers.


Again, First South agrees with the FCC and other Farm Credit institutions that the proposed rule be **withdrawn**, as this proposed rule will have the opposite effect of its well-intended proposal. Instead of enhancing First South's ability to serve YBS customers and better fulfill its mission, it will chill our ability to help Alabama, Louisiana, and Mississippi's young, beginning, and small farmers.


Sincerely,

  
James F. "Trey" Martin, III  
FSFC Board of Directors  
Enterprise, Alabama

  
Thomas H. Nelson  
FSFC Board of Directors  
Glen Allan, Mississippi

  
Thomas A. "Tap" Parker  
FSFC Board of Directors  
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