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August 12, 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

Dear Director Agans:

GreenStone Farm Credit Services appreciates 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) activity that was published in the June 16, 2022 *Federal Register* (the "Proposed Rule").

The Farm Credit Council lead a workgroup to compile a comment letter filed on August 9, 2022, which GreenStone Farm Credit Services participated in ("System Comment Letter"). We fully support the System Comment Letter, and further offer the following comments to amplify the concerns with the Proposed Regulations.

General Comments

It is important to note at the outset that the Farm Credit System has been instrumental in lending to a wide variety of farmers since the inception of the System in 1916. This journey of lending and supporting the growth of agriculture in a meaningful and responsible manner for over a century is what has sustained the System generation after generation to provide dependable and affordable food and fiber to the United States and beyond. To suggest that more regulation is necessary to build upon this legacy, sustainability and service that continues to perform across all sectors of agriculture fails to recognize the responsibility embraced by the System.

Specifically, in December 1980, the amendment to the Farm Credit Act was signed into law that formalized an initiative that had begun years earlier to require each Farm Credit District to create a program to help YBS farmers to get established. Those farmers are the farmers of today, and the System continues to build upon those that came before with sound and responsible lending operations that have been examined year after year since. To suggest the System and its regulatory oversight has failed to achieve remarkable results year over year is ignoring the significance of the System history.

Also, we have read and listened to comments made by the FCA Directors and their administration leaders regarding YBS. We recognize and respectfully acknowledge the FCA Directors', particularly Glen Smith, deep desire to see YBS matters get addressed to meet the historical mission that is critical to the industry. It is apparent to us that the successful record of the System needs to be less quietly shared with constituents and influencers of the Farm Credit System so the efforts to address the YBS mandate are left to the marketplace. In recognizing the good work of Director Smith, we to call out the need to make the nation more aware of these successes. It is our hope that the wisdom to not add additional unnecessary regulatory burdens be embraced by the FCA.

GreenStone Farm Credit Services and the Farm Credit System should be recognized for its leadership with a strong history, track record of investment and strategic mission to serve YBS borrowers and support the future of the agriculture industry with its well documented diversity in agriculture within its territory. GreenStone has validated its participation in the FCA's vision to meet the unique needs of YBS borrowers and to establish programs to '*furnish sound and constructive credit and related services to YBS farmers and ranchers.*' It is from a framework of success that we highlight GreenStone achievements and ongoing progress that we respectfully provide specific feedback on the proposed regulation.

Outreach and Programs

GreenStone Farm Credit Services outreach and support of YBS producers includes a diverse offering of programs designed to help ensure the future viability of agriculture in our local service area. In the last decade, we have added multiple programs and invested significant capital and resources to help us meet the unique and evolving needs of YBS producers. We continue to look for ways that we can add value to YBS farmers by collaborating with other agricultural organizations that focus on YBS producers so that we provide programming that effectively brings educational and resource opportunities to this group efficiently and effectively all while seeking input from YBS producers. These efforts are focused on helping YBS borrowers succeed in agriculture. Below is a brief overview of the programs and outreach sponsored by Greenstone FCS.

CultivateGrowth

Our CultivateGrowth program is a comprehensive program designed to serve YBS customers in all stages of their YBS business development. Farming takes courage. It is capital-intensive with plenty of uncertainty. CultivateGrowth offers a helping hand to modern and diverse young, beginning and small farmers with our unmatched expertise and all-encompassing support.

As lenders to rural America and production agriculture, we understand the challenges individuals face when starting their own farm or taking on ownership of a multi-generational farm. GreenStone's CultivateGrowth program focuses on fresh, upcoming entrepreneurs ready to realize their agricultural dreams. As such, we work to provide the educational and financial resources needed to help establish a solid foundation for young, beginning, and small farmers through our CultivateGrowth program. Uniquely designed to support the diversity of today's producers, the multiple aspects of the CultivateGrowth program provide funding, networking, education, and financing to serve their individual needs.

CultivateGrowth Emerging Loans

An exciting part of CultivateGrowth is the Emerging Loan program, specifically designed for promising young, beginning and small farmers with limited credit and collateral. CultivateGrowth Emerging Loans have more relaxed financing standards. In addition to GreenStone's unique lending options, individuals who qualify for a CultivateGrowth Emerging Loan are eligible to receive an interest rate reduction for the loan upon the completion of their CultivateGrowth Emerging Loan Education.

CultivateGrowth Mentorship Program

Experience often is the best teacher. Our CultivateGrowth Mentorship helps the next generation learn from the experience of others. Through this program, young, beginning, and small farmers partner with experienced mentors generating an opportunity to share experiences and knowledge.

Professional business coaches and mentoring consultants facilitate the 18-month program. The program begins with a day of training and includes several coordinated conversations and site visits to mentor and mentee farms throughout the year. Some key areas of focus include creating an effective business plan, managing risk, utilizing resources, and overseeing day-to-day operations. Though these relationships will last long after, the official program concludes with a group celebration event at the end of the program.

Value to Mentor

- Satisfaction of helping and teaching the next generation
- Learning innovative ideas
- Gaining experience in the art of mentorship

Value to Mentee

- Gaining broad knowledge of industry dynamics and practices
- Networking with key industry contacts
- Understanding today's agriculture business model

CultivateGrowth Education and Training

Agriculture is rapidly changing and can be a challenging field to maneuver as a young, beginning or small farmer. To compete in this ever-evolving industry, it is crucial for producers to prioritize continued learning and have a strong understanding of sound business practices. As a leader in the agriculture community, we have a long-time mission of providing ongoing learning and are dedicated to providing educational opportunities to support new and small producers through our CultivateGrowth program.

Learning is not one-size-fits-all and our diverse educational programs offer a number of different ways to meet each customer's unique learning style. For more focused and individualized support, we offer peer and mentoring opportunities. To support the continued education and personal growth of young, beginning and small farmers, we offer participation in educational events and working with other professionals to help expand and strengthen business knowledge. Our CultivateGrowth Grants provide up to \$40,000 in grants to help offset the cost of these programs and services for young, beginning, and small farmers.

- Financial Training Courses
 - Farm Credit Course
 - Farm Credit Advanced Course
 - MSU Extension Farm Finance Course
- Educational Conferences and Industry Events
 - Growing Together Conference
 - Great Lakes Fruit and Vegetable and Farm Market Expo
 - Great Lakes Crop Summit
 - Great Lakes Regional Dairy Expo
- Industry-Focused Workshops
 - MSU Organic Farmer Training Program
 - Wisconsin School for Beginning Dairy and Livestock Course
 - Cornell Small Farms Program
- Industry Consultations
 - Industry consultants advise farmers on improved methods of agriculture and operational practices such as farm management, crop rotation, soil conservation, livestock breeding and feeding, use of new machinery, marketing, etc.
- GreenStone CultivateGrowth Conference

- Tax and Accounting Review
 - Meet with a GreenStone Tax and Accounting Specialist: Review tax and accounting financials with GreenStone specialist and discuss how to use accounting information to make important farm management decisions.
- Complete Business Plan and Financial Checklist
 - Complete a business plan and work with your loan officer to confirm the plan is complete and accurate.
 - Financials include (but are not limited to): Cash Flow statement, Income Statement/Tax Returns, Balance Sheet, and Projection

Cultivate Growth Partnerships

To continuously increase current YBS activities, GreenStone actively seeks partnership opportunities with organizations who share a similar mission of supporting agriculture's next generation. These efforts aid in the shared goal of both GreenStone and the FCA to diversify the industry as they increase the resources available for young, beginning, small, female, minority and urban producers. Below are a few key partnerships that highlight this commitment.

Young – *Foundation for Agriculture*

GreenStone plays a pivotal role in the lives of hundreds of young producers each year as the premier sponsor of the Young Farmer program and corresponding Growing Together conference in partnership with the Michigan Foundation for Agriculture. Through this collaboration, vital resources, educational material, sharing from industry experts, and networking opportunities are made possible through the program and annual event. Approximately 150 young farmers attend the Growing Together conference each year, along with dozens more attending regionally focused Young Farmer programming events. This partnership with the Michigan Foundation for Agriculture, along with many more, demonstrate GreenStone's commitment of helping young farmers succeed.

Beginning - *Michigan State University Extension*

Beginning and new farmers competing in today's market depend on resources from industry leaders for guidance and insight when making business decisions. To prepare these producers for managing their own operation, Michigan State University Extension's (MSUE) Beginning Farmers DEMaND (Developing and Educating Managers and New Decision-makers) series equips farmers with valuable knowledge through informational bulletins, webinars, articles and more. As a partner of the Beginning Farmers DEMaND series and a dedicated supporter the next generation of agriculture, GreenStone staff are content contributors as well as round table panelist members that assist in providing topic suggestions and expertise on financial and business management strategies.

Small - Northern Michigan Small Farms

Overcoming obstacles in today's highly competitive market is an ongoing challenge for many small farmers and producers, regardless of the commodity or farming experience. With this in mind, at GreenStone, we continue to identify and support organizations and events that provide resources, guidance and opportunities for producers to create connections with others in the small farm community. As an annual sponsor of the Northern Michigan Small Farms conference, GreenStone staff attend the event and host a speaking session on financing-related topics while educating small and beginning farmers on the cooperative's CultivateGrowth program and the ample resources available. Through this event, and a dozen more, GreenStone is committed to supporting the ongoing success of small farmers.

Female - Farm Women's Symposium

To assist in the growth of the agriculture industry and expand the diversity of those leading it, GreenStone proudly supports the Farm Women's Symposium (FWS), a group dedicated to empowering females in all positions within farming by providing opportunities for leadership and professional development. FWS builds leaders by strengthening communication and management skills and showing women how to have an effective family team while providing opportunity to connect and create a network of support during the annual 3-day conference. Both GreenStone and staff are committed to the success of FWS and their mission, as GreenStone is a long-time supporter, and two staff members are the Chair and Co-chair volunteer leads on the committee. As the FWS continues to grow, GreenStone remains committed to their mission and to supporting women in agriculture.

Urban/Diversity- Michigan Good Food Fund

Since 2020, GreenStone has partnered with the Michigan Good Food Fund to connect urban food growers, specifically owner-operators who are female, Black, Latinx, Indigenous, or Multi-Racial, with resources and lending partners to overcome obstacles. Focused on equipping food entrepreneurs and producers with tools necessary to fulfill their goals of providing healthy food options for the local community. In 2021 GreenStone and Michigan Good Food Fund teamed up to offer a free, four-month webinar series tailored to small businesses titled *Loan Preparation for New and Beginning Farmers*. Co-hosted by GreenStone, these free webinars provided details on the lending process, how to achieve sustainable growth and an opportunity to connect with lenders during the live office-hours chat.

Disabilities - Michigan AgrAbility

In efforts to assist individuals overcoming physical obstacles in agriculture, GreenStone supports Michigan AgrAbility, an organization dedicated to assisting farmers impaired disabilities. As an annual sponsor of the National AgrAbility Training Workshop, GreenStone covers the cost of an attendee and in 2021, provided funding for a young lady with visual impairment to attend the conference along with her full-time caregiver. Support of AgrAbility

typically consists of providing assistive technology or equipment to farmers with disabling limitations. GreenStone's recent contribution provided ease to a farmer after a power lift, grab bar and step was added to their tractor.

Whether it is a systematic problem, lack of resources or physical limitations, GreenStone has been and remains committed to supporting young, beginning, small, female, minority and urban producers as they work through obstacles to ensure the agriculture industry continues to be led by great leaders.

GreenStone Scholarships

We believe investing in young people interested in pursuing a career in agriculture is essential in sustaining the long-term success of our industry. As such, GreenStone is committed to the youth in agriculture and awards scholarships annually. Over the last decade, GreenStone has presented over \$350,000 in undergraduate college scholarships to students who plan to make a positive impact on the agricultural industry. We continue to budget a significant amount of scholarships for future generations of students.

Special Urban Initiatives

Without the burden and interference of regulatory constraints and scorecard measurements, GreenStone has been on a decade long journey to address the uniqueness and diversity of its marketplace and regional diversity. This includes a wide range of engagements within urban settings within its territory. One project stands out because of its creativity and innovation, the Hantz Woodland project ("Woodlands Project"), and there have been many wonderful outcomes of success from our engagement in this project. This project is unique because of its location within the city of Detroit. We were delighted to have a visit to our territory by FCA Director Jeffery Hall and Executive Assistant Kevin Kramp to learn about some of this work in 2015. Much has developed since and an example of such is described below.

Hantz Woodland Projects

Detroit neighborhoods have been in a downward spiral defined by expanding blight since the 1960's. John Hantz, long time Detroit resident and CEO of the Hantz Group, approached city government in 2008 with a proposal to revitalize neighborhoods using the skills and resources of Hantz Group employees to establish a large farm. GreenStone partnered with the Hantz Group in this farming project to meet numerous objectives and desired outcome including cleaner, safer neighborhoods, improved property values, a rekindled local economy, improved schools, reduce truancy and create a platform for deeper understanding about agriculture.

GreenStone began as a sponsor, along with AgriBank, and a volunteer group planted over 36,000 trees in an area that is half square mile at the Woodlands Detroit site. Trees were planted as whips and are now fully grown young trees grown systemically in rows on the patchwork of lots. Volunteers included members of the Board of Directors, employees and friends of Farm Credit, most of whom had never been to this neighborhood. This engagement provided links to youth in the Detroit Public School system, the neighborhood where additional small grower operations had been incubating, and other good works. From these relationships, more grows, including the Historically Black College and University program (“HBCU Program”) partnership.

HBCU Program – Friendship & Alliance Scholarship

Historically, agriculture has not been a uniquely diverse or simple industry to start a career in. To educate the next generation of agriculture while creating a more diverse industry, the Friendship & Alliance Scholarship was established to provide full-ride scholarships to students of color from Michigan who plan to attend Florida A & M University to pursue a pathway in agriculture. It is primarily funded by Cornelius A. Smith, Governor-General to the Commonwealth of the Bahamas, and William F. Pickard, Honorary Consul of Detroit for the Commonwealth of the Bahamas, and it provides eight full-ride scholarships to Florida A & M University are available each year for four years.

In partnership with the sponsors of the scholarship fund and to assist in scholarship’s goal of creating a more diverse agriculture industry, GreenStone assisted in promoting the scholarships and promised development opportunities to each recipient through the cooperative’s annual internship program. Since the first scholarship fund in fall of 2021, four students have held internship positions in various departments at GreenStone to expand their knowledge of the industry and understand the importance of the industry.

Volunteer Hours

Beyond our extensive YBS commitment through sponsorships, partnerships and year-round donations, GreenStone staff are also committed to the cooperative’s mission and dedicate their time to support the next generation of agriculture through volunteering with various organizations. In 2021, countless hours of staff time were spent volunteering for young, beginning, small, female or minority farmer-related causes and youth education and agriculture awareness; a passion GreenStone employee share alongside the cooperative. This time was committed to various organizations, including, but not limited to, the ones listed below:

- Michigan and Wisconsin FFA chapters, including the state of Michigan FFA Board
- Local Michigan and Wisconsin 4-H Clubs
- Michigan Dairy Youth - County Dairy Committees
- Michigan Milk Producers Association (MMPA) Little Red Barn

- Youth County Fairs
- Michigan State Dairy Challenge
- Big Brothers Big Sisters Programming
- Wisconsin Association of Agricultural Educators
- Michigan Agri-Business Association
- AgroLiquid's IQ Hub
- Dairy Girl Network
- Michigan County Farm Bureaus
- Michigan Livestock Exhibition and Board of Directors
- Critter Barn Farm

YBS Portfolio Statistics

As discussed previously, GreenStone has many YBS specific programs in our territory that have expanded and evolved as the need of those customers have changed. Today YBS producers make up 33.6% of our total portfolio by volume as of June 30, 2022. As a percentage of YBS farmers and ranchers within our territory we service 12.5% of the Small producers, 27.1% of the Beginning producers and 88.2% of the Young producers.

The YBS portfolio has strengthened GreenStone's total portfolio and it is recognized by the Association's Board of Directors and leadership team. However, we know that the versatility and strength of our YBS portfolio is the direct result of the diversity of agricultural products and the customers that produce them in Michigan and Wisconsin. This drives the continuous efforts of all staff to evaluate the effectiveness of our programs and partnerships and find the next ones.

As each YBS customer has different goals we look forward to being a consistent provider of credit and financial services. Always moving forward in partnership with the customer to accomplish their goals; whether that be maintaining, diversifying, or growing beyond Young, Beginning, or Small.

Proposed Rule Comments

GreenStone's vision is to be rural America's first choice for financial services. As a result, we challenged ourselves to look deeply at what is being done for current and prospective YBS customers in Michigan and Wisconsin and evaluate how the Proposed Rule would enhance the customer experience and strengthen the reputation of GreenStone and the Farm Credit System. However, we have been unable to overcome the challenge of connecting the agency's Proposed Rule to the stated objective of increasing direct lender associations' YBS activity.

Our perspective is that the regulation as proposed will negatively affect our ongoing efforts in Michigan and Wisconsin to serve YBS farmers and ranchers. Generally, setting and increasing YBS program requirements, even in broad ways, narrows the focus of programs and hampers creativity. Creativity is required for lending institutions to effectively meet customers where they are and the needs they have given that business is limited by any number of resources. GreenStone completely recognizes that the future is dependent on YBS customers, but we do not desire these customers to share in the increased cost of the unintended consequences of administrative burdens.

YBS Strategic Plan

The proposed regulation requires associations to prepare a 3-year YBS strategic plan, prepared and approved separately from the business plan already required. This will drive additional management and resource direction. Given the specific nature of YBS it would be the same staff leading the YBS operations that now have to sacrifice that time to prepare the strategic plan. This detracts from the time and attention that staff have to dedicate to grassroots efforts. For some staff, this burden will force re-evaluations of their career, but for every customer and potential customer this proposal comes at the cost of financial service support and expertise.

We believe that our financial service support and expertise is an essential component of preparing individuals and businesses for direct lending. To demand such activities that distract from that mission is to distract from the mission Congress has set forth and is to say that focus must be shifted from the customer to regulatory compliance reporting.

Marketing, Outreach, and Education and Coordination with other System Institutions, Government and Private Sources

These proposed regulatory requirements are simply requirements that are in search of a problem. At GreenStone marketing, outreach, education, and partnership with the public and private sectors is key to the agricultural variability experienced across Michigan and Wisconsin. These existing and future collaboration efforts have been and will be effective in the collaborative development of new ideas, programs, and efforts. GreenStone does not want to be put in the position of needing to offer a program rather than partner with an existing effective program for the sake of saying we are effective as an organization. This would be to discourage partnerships and growing alongside new groups that are organizing themselves to be effective to their membership. Given the variability experienced across our local service area and what we hear about across the country setting these standards would box in Associations on what can be done, leading to no likelihood of increasing direct lender associations' YBS activity. Instead, it would frustrate and confuse potential customers and partners when Associations come with predetermined measures for effectiveness that cannot be tailored to the current organization and situation.

Rating and Evaluation Process

The rating system component of the proposed rule is strikingly counterproductive given that the Farm Credit System serves all 50 states and Puerto Rico. Rating systems do not allow for regional and locational variation. Michigan is the most agriculturally diverse state with reliable access to water whereas California is the most agriculturally diverse state with water access challenges. While we are both diverse, our climate and water differentiate between what can be grown and the types of education producers and growers need. Even in Michigan the Dry Beans and row crops grown in the Saginaw Valley region are very different from the West side's fruit ridge. Financial conversations with farmers from these different areas are varied. Experienced lenders know that financial statements are just the beginning. There is a depth of knowledge and that must be applied to each farm. This is the same reason that our mentorship program partner farmers of the same commodity type together. A seasoned wheat farmer has little insight to provide to an up-and-coming vegetable Community Supported Agriculture (CSA) farmer other than the general joys and discomforts of agricultural life.

GreenStone desires to keep the creativity of meeting the local marketplace. It is a way to also promote the success of all rural communities. The Farm Credit System cannot afford to paint the rural landscape with broad paint strokes. To do so it to limit the social and economic growth of the very communities we live in and are charged with serving.

It is also important to note that not every Farm Credit association may have the opportunity to do something like the Woodlands Project in their marketplace and therefore should not be examined by YBS standards like this. Each Farm Credit organization serves within its own set of variables in their marketplace, and to have any set of standards even within GreenStone's footprint let alone across the country is a dangerous precedent. Managing a business plan strategy to include YBS can only be done by being actively engaging across each individual territory. These engagements are constantly shifting as well. To get caught up in scoring this work will stifle the very creativity that drove GreenStone to work on these very special urban initiatives.

Conclusion

GreenStone, as part of the Farm Credit System, continues to demonstrate its strong commitment to the overall mission of the YBS programs. Its record is clear and continuous as the marketplace evolves in a very diversified agricultural community. While all borrowers matter, the relationships that have grown from its emphasis, commitment, and incentive to serve YBS farmers and ranchers, have been recognized to be critical to the success of the GreenStone mission, our business plan, and our cooperative future. This recognition starts at the top with the Board of Directors with their leadership, recognition, and participation in YBS activities. Significant capital, resources, and investment towards YBS producers and remains strong and

consistent of these efforts. Staff have effectively collaborated with System and non-system partners to create, adapt, and improve YBS programs to advance the interests of YBS borrowers.

While the regulations, as proposed, may be well meaning, it remains a serious question as to whether and how it would improve service to the YBS mandate that already exists. Frankly, the additional burden of administration would directly impair the work that is already being done that has resulted in tremendous accomplishments over decades. The existing business plan requirements and interwoven programs to the core mission are the right place for these requirements, and they already exist. Making a separate strategic plan for something that is so core to our mission is just an added burden and when demonstrating value to members, including YBS member and prospects, actually undermines value.

The FCA already has the authority to audit and review YBS performance. Additional audit engagements around YBS would further distract and consume already limited resources. Required approval and coordination with the funding bank would limit existing collaboration and innovation that occurs throughout the entire system. Coordination with other over-chartered institutions adds administrative burden, creates competition not collaboration, and may result in underserving YBS borrowers. Elements of a rating system would create the unintended consequences of programs being designed, maintained and continued based on the 'score' achieved through the rating system rather than the effectiveness of the program or needs of YBS borrowers. In short, we have concern with excessive planning and administering getting in the way of implementing and doing, which is the ultimate goal.

In conclusion, we respectfully request FCA consider the following adjustments to the proposed regulation:

- Continue to require the YBS strategies be incorporated within the annual business plan to ensure alignment of YBS goals with the entire business plan.
- Eliminate the supervisory responsibilities of the funding bank to eliminate administrative burden and oversight from funding banks that have limited insight into retail lending and the unique needs of each area.
- Eliminate the rating system in favor of the existing examination process to avoid unintended consequences of programs being designed to achieve higher ratings, rather than serve YBS borrowers.

GreenStone also encourages the FCA to instead refine and improve the existing qualitative and quantitative survey of association YBS activity. We recognize recent changes have been made to improve this process and we urge continuation of that process. The breadth, depth, and effectiveness of our existing YBS programs are difficult to communicate to the FCA through these surveys.

We appreciate the FCA role and the importance of advancing YBS efforts. It is our hope that these efforts for a common goal to advance YBS borrowers as the future of our businesses, the sustained success of the agricultural industry and the future of food security for the United States be prudently regulated in a manner that recognizes the tremendous accomplishments that we have already achieved together.

It is our hope that recognition is given to the great work already being done under the leadership of the diverse organizations serving within the Farm Credit System, including the FCA as an independent regulator as well. If improvements in a YBS plan for a System organization need to be made in the judgment of the FCA, the regulatory framework already exists to address the needs for improvement through examination and audit.

Thank you for recognizing the Farm Credit System's decades-long engagement of success in the area of YBS without additional regulatory burdens.

Respectfully Submitted,

A handwritten signature in black ink that reads "Travis D. Jones". The signature is written in a cursive style with a large, sweeping initial 'T'.

Travis D. Jones, President/CEO