



FARM CREDIT

OF CENTRAL FLORIDA

Financing for Farms, Homes & Land

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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: 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:

Farm Credit of Central Florida (“FCCFL”) appreciates the opportunity to comment on the Farm Credit Administration’s (“FCA”) Notice of Proposed Rulemaking (“NPRM”) regarding Loan Policies and Operations (“YBS Proposed Rule”) that was published in the *Federal Register* on June 16, 2022.

Since its inception in 1916 Farm Credit institutions have understood the need to support the next generation of agriculturalists with YBS programs and support becoming embedded into the system’s DNA. Pursuant to existing regulation and as part of our effort to serve YBS borrowers FCCFL’s YBS policy requires the following:

- Specific quantitative goals for the number of loans and the volume of loans originated for the next 3 fiscal years
- Qualitative goals aimed at events, activities and programs that support YBS, including:
 - Offering financially related services
 - Coordinating credit and other services with other Farm Credits and with State and or Federal programs when and where available, and
 - Implementation of outreach programs that may include marketing, educational, vocational, or other related programs
- Ongoing reporting to measure progress towards established goals

The YBS program, as currently structured offers FCCFL the opportunity to tailor its activities to the needs of the members within its geographically chartered territory while focusing on the items with the greatest impact. While not an exhaustive list an example of the outreach completed by FCCFL include the following:

- Youth (FFA & 4-H) livestock financing program for Youth Steer and Swine Shows available territory-wide.
- Provide judges for youth record books and sponsor Youth Swine and Steer Shows territory wide and on the state level.
- Sponsor trophies and participation in county youth fairs territory wide.
- Participate in Florida State Fair Youth Activities.
- Encourage FFA & 4-H Youth to participate in Hillsborough County Chamber Breakfast Salute to Agriculture.
- YBS Presentations to 4-H Clubs and FFA classes/chapters territory wide.
- Sponsor State FFA Convention and Florida 4-H University.
- Participate in FFA Annual Convention with education in booth.
- Purchase livestock and other show exhibits at various county agricultural fairs and Plant City Strawberry Festival from youth.
- Sponsor youth to attend the Florida Agricultural Hall of Fame dinner.
- Participate in Florida Agriculture Literacy Day.
- Sponsor Strawberry AgriTech.
- Sponsor Young Extension Professional Award of the Florida Association of County Extension Agents.
- Sponsor University of Florida IFAS small farms conferences in the territory.
- Sponsor young farmer or farm couple and participate in Florida Council of Cooperatives Young Cooperator Conference.
- Sponsor Florida Nursery, Grower, Landscape Association Young Professional Award.
- Sponsorship for Hillsborough Fair Young Farmer of the Year Award.
- Sponsor Agritunity in Hernando, Hillsborough and Polk Counties.
- Sponsorship of Florida Farm Bureau Young Farmer and Rancher Program.
- Continue to sponsor FL Agricultural Financial Management Seminar that will incorporate programs and information directed to young, beginning and small farmers.
- Sponsor agriculture tours.
- Implemented various digital marketing and outreach programs aimed at YBS borrowers.

As evident from the above list, the amount of personnel and financial resources dedicated to ensuring that we are properly serving the YBS marketplace is substantial. With this in mind, I would like to address several issues with the YBS Proposed Rule.

Funding Banks oversight of Annual YBS Plan Concerns – 614.4165(b)

FCCFL believes that it is best positioned to determine its YBS program needs based on the local agricultural communities served. System banks do not have local “boots on the ground” or the expertise to provide guidance or strategic review of YBS programs in their districts. System banks lack the necessary local territory market knowledge to meritoriously evaluate and determine “best practices.” They lack direct visibility to YBS borrowers to know their needs/wants, and would result in increased costs and administrative burden for both FCCFL and its funding bank.

Rating system for YBS

The “rating system” is a key component of the FCA’s proposal yet is not included in the text of the proposed rule itself. The entire purpose of the proposed regulation is to develop standards that will be used by the agency in a rating system of indeterminate content and effect. The agency has an obligation to put the rating system itself out for public comment. Absent some advance notice of how the agency intends to develop and implement this rating system, system institutions cannot fully and meaningfully comment on the FCA’s proposed rule. System

institutions have a substantial concern that the anticipated rating system will result in a regulatory regime that has significant, real-world effects on regulated institutions. Public disclosure of an institution's YBS rating could be misconstrued by the public, potentially harm an institution's reputation and customer relationships.

Other Proposed Changes

In addition to the above-noted changes, the YBS Proposed Rule proposes various changes to the following:

- 614.4165(b)(1)(iii) – Any other information deemed necessary
- 614.4165(b)(1)(iv) – Reporting
- 614.4165(b)(3) – Internal Controls
- 614.4165(c) – Direct lender association YBS strategic plan
- 614.4165(d)(1)(iii) – Marketing, Outreach & Education
- 614.4165(d)(2) – Qualitative Goals
- 614.4165 (d)(1)(ii)(B) – Coordination with other System Institutions in Lending Territory

A review of other various proposed changes generates a significant amount of questions and raises significant concerns regarding the financial and administrative burden that could arise with no demonstrated additional benefit to YBS members. Specific discussions on each of the above points can be found in the comment letter submitted by the Farm Credit Council on behalf of system institutions.

In summary, FCCFL recognizes the importance of YBS farmers and is committed to serving this vital market segment.

I appreciate the opportunity to comment on the YBS Proposed Rule and to present some of FCCFL's concerns to FCA for its consideration. For at least the reasons stated herein, I, on behalf of FCCFL, request that FCA withdraw the Proposed Rule as we respectfully disagree that the Proposed Rule will enhance FCCFL's ability to serve its YBS customers and fulfill its mission.

Sincerely,



Reginald T. Holt
President & CEO