



August 9, 2022

Ms. 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:

American AgCredit appreciates the opportunity to comment on the Farm Credit Administration’s Notice of Proposed Rulemaking regarding the Loan Policy and Operations (YBS Proposed Rule) that was published in the *Federal Register* on June 16, 2022.

As a proud member of the Farm Credit System, American AgCredit is committed to the Farm Credit Mission to support all segments of agriculture with reliable, consistent credit and financial services, and recognizes that serving the operations that fall into the categories of Young, Beginning, and Small is critical to meeting that mission. American AgCredit’s loan service area includes California, Nevada, Colorado, New Mexico, Kansas, Oklahoma and Hawaii, and encompasses operations ranging from micro-scale urban farms to large agribusinesses. Providing reliable and consistent credit and financial services to those operations is based on extending credit and originating loans, but at American AgCredit, we take a wide interpretation of our mission, and work to serve the entire spectrum of farming in our loan service area by focusing on efforts to support the agriculture communities in our loan service area, overall. Specifically, American AgCredit is committed to reduce barriers to farming for YBS farmers and ranchers through a combination of community outreach and working with strategic partners that specialize in providing support and resources to YBS farms and farms operating in local and regional food systems.

Feedback from YBS farmers and ranchers throughout our loan service area consistently indicates that barriers to farming for YBS operations includes the need for technical assistance. American AgCredit works to fill the gap in technical assistance available to YBS farmers and ranchers by offering access to training in areas of developing business plans and financial statement literacy. American AgCredit team members have lead training sessions and authored curriculum and content to support farmer training. Some specific examples of training provided by American AgCredit staff include leading and facilitating workshops and conference break-out sessions at events including:

- National Good Food Network Conference
- National Farmers' Union Women's Conference
- California Small Farms Conference
- Southern California Farm and Nursery Expo
- GrowRiverside Conference
- GoFarm Hawai'i
- Kohala Center
- Colorado Farm Bureau Young Farmers and Ranchers Conference
- Nevada Farms Conference
- Colorado Building Farmers
- Western Colorado Food & Farm Forum

American AgCredit staff has also provided training content to individual industry groups and local colleges and universities including:

- Presentations to Southern California Small Winegrowers Association
- Presentations to Mission Resource Conservation Districts
- Guest lecture at MiraCosta College in Oceanside, CA
- Guest lecture at California State Polytechnic University, Pomona in Pomona, CA
- Presentations to Women in Ranching Education and Development (WIRED) and Stockman & Stewardship Program in Elko, NV
- Presentations to Kansas Farm Bureau Young Leaders Group
- Presentations to Kansas Agriculture and Rural Leadership program (KARL)
- Presentations to Oklahoma Agricultural Leaders Program (OALP)

Other aspects of technical assistance for Young, Beginning and Small farms are supported through a variety of industry groups, commodity groups, institutes of higher education and non-profit organization. American AgCredit has strategically partnered with organizations committed to supporting YBS farms and the next generation of agriculture through providing financial support and sponsorships of specific projects and events, and through providing opportunities for individual American AgCredit employees to volunteer time and talent to these organizations. A few examples include:

- GoFarm Hawai'i
 - American AgCredit pledged \$2 million to support GoFarm Hawai'i, one of the largest and most successful beginning farmer development programs in the nation. Operating five beginning farmer training sites across four islands, the GoFarm program was launched through the

University of Hawai'i at Mānoa. The program provides business technical assistance, educational opportunities and access to a suite of resources designed to remove barriers to farming and agribusinesses in the islands. We are proud to support programs that build greater resilience and food security in Hawai'i.

- American AgCredit has also partnered with GoFarm Hawai'i to establish a \$1 million grant program. This grant is available to new graduates of the GoFarm program and can provide up to \$25,000 in start-up capital to help establish their farm businesses.

- CoBank Center for Agricultural Education
 - American AgCredit and affiliated Colorado Farm Credit institutions (CoBank, Farm Credit of Southern Colorado, and Premier Farm Credit) collectively joined together to donate \$1 million for the construction of the CoBank Center for Agricultural Education in 2015. The CoBank Center for Agricultural Education is at Colorado State University and facilitates the development of upcoming teachers and future leaders in the agricultural industry.

- University of Nevada Cooperative Extension
 - American AgCredit participated in a collaboration including University of Nevada, Reno's Cooperative Extension, Nevada Cattlemen, Nevada Cattlewomen, USDA-NRCS & FSA, American Indian Tribes and Bees for Vets and served as technical leads and donated time to support developing curriculum the Herds & Harvest Program. The Herd & Harvest Program is a Beginning Farmer Training Program, and American AgCredit supported curriculum development and delivery for the Level 1 Certification for the Small Acreages and Level 1 Certification for Farm-to-Fork. Developing Level 2 curriculum is currently in process.

- Kansas Livestock Association (KLA)
 - American AgCredit has provided financial support to KLA's summer field days and the annual KLA Convention. The Kansas Livestock Association is committed to advance members' common business interests and enhance the member's ability to meet consumer demand, including supporting the next generation of ranchers in Kansas. American AgCredit has supported KLA and their efforts to engage YBS producers.

- Center for Land Based Learning
 - American AgCredit has provided financial sponsorship to support the Beginning Farmer Training and farm incubator apprenticeships provided by the Center for Land Based Learning in 27 Counties throughout California.

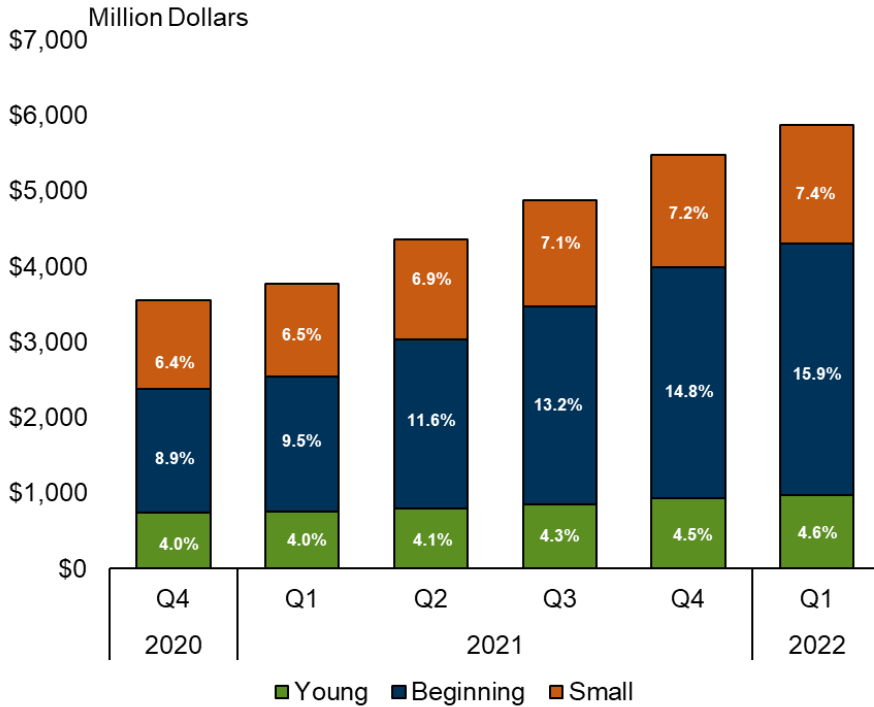
- University of California Cooperative Extension
 - American AgCredit has provided financial support to UCCE to provide bilingual training sessions related to pesticide application safety and demonstrations for production of pitahaya (dragon fruit) and other specialty crops in San Diego County, California.

- Committee and Advisory Board Participation
 - American AgCredit team members volunteer time and talent to a variety of review boards and committees designed to support YBS Farmers by providing grant funding, feedback on business plans, and other advisory committees aimed at supporting YBS farmers including:
 - Participation on the USDA Federal Advisory Committee for Urban Agriculture and Innovative Production
 - Participation on the review committee for the Farmer Veteran Coalition Fellowship Fund
 - Participation on the technical review committee for the CalAgPlate Grant Fund
 - Participation on the Review panel for business plan presentations at the Agriculture and Land-Based Training Association Farm Incubator in Salinas, CA
 - Participation on review panel for business plan presentations at the UNCE Herds & Harvest Program

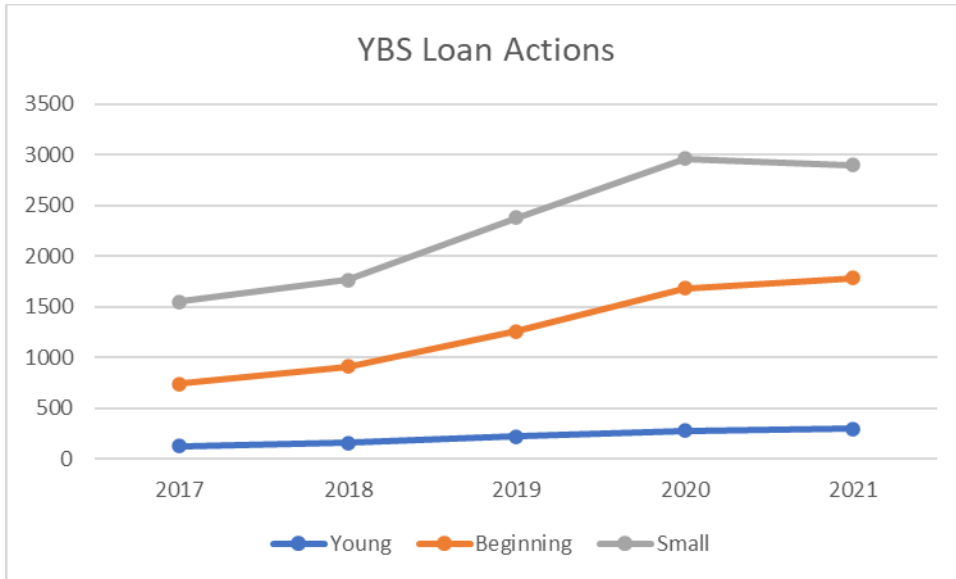
For a more detailed account of other recent YBS initiatives, please see the attached Addendum of YBS initiatives that American AgCredit sponsored in 2021.

American AgCredit takes pride in our commitment to community outreach and strategic partnerships, but as mentioned earlier, loan origination serves as the centerpiece serving our YBS mission. Feedback from YBS Farmers and Ranchers also indicates that a barrier to success includes access to capital, and American AgCredit has worked to increase the overall loan activity for borrowers that fall into the YBS categories. In 2021, American AgCredit had approximately \$20.68 Million in loan volume outstanding with nearly 19,000 YBS loans booked. A breakdown of the loan volume within the YBS categories can be seen in the chart below:

YBS Loans Outstanding & Share of Total Loans



As a result of the outreach and strategic partnership efforts, American AgCredit has seen an increased trend in number of loan actions completed to farmers and ranchers in the Young, Beginning, and Small Categories. From 2017 to 2021, American AgCredit has seen a 56% increase in number of loan actions to Young Borrowers, 59% increase to the number of Beginning Borrowers, and a 28% increase to the number of Small borrowers. A summary is seen in the chart below:



Loan funds have been used by YBS farmers to establish new farms, expand existing operations, or to make infrastructure improvements that support long-term resiliency by reducing water usage, adjusting crop plans or farming techniques to support improved soil health, or allowing power generation through renewable sources by investing in solar arrays or windmills.

Building relationships with YBS farmers and ranchers in our loan service area and the overall increase in loan activity in the YBS category is a point of pride for American AgCredit as we strive to help YBS farmers and ranchers overcome the barrier of access to capital. We have been able to achieve the increased activity through our community outreach efforts, but we have also utilized our strategy of engaging partnerships. American AgCredit has worked to obtain and maintain status as a Preferred Lender with USDA Farm Service Agency, and we have utilized FSA as a partner to support loan origination for YBS Customers through the use of both direct lending and loan guarantee programs. American AgCredit team members have also worked to build relationships with local FSA Program offices, NRCS offices, and the newly-developed Office of Urban Agriculture so that American AgCredit staff can serve as a resource to YBS borrowers for other opportunities for funding and technical assistance provided by USDA.

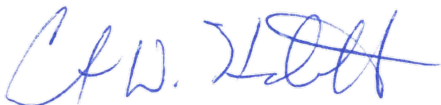
American AgCredit is proud of providing ongoing support of YBS operations in our loan service area through the existing mechanisms of loan origination, technical assistance, and strategic partnerships, and we plan to continue and expand those efforts into the future. The success of American AgCredit's approach is

demonstrated through the loan portfolio statistics and the number of loans originated to YBS farmers and ranchers, strategic partnerships formed, and relationships formed and developed with YBS farmers in our local communities. With that history of success, it is difficult to understand the purpose of implementing a new level of administrative requirements that would not support additional lending or other areas of support to YBS customers. While American AgCredit understands and applauds the motivation of FCA to improve service to YBS customers, the draft Proposed Rule currently submitted would not achieve that objective. The additional business planning and reporting requirements in the draft proposed rule are burdensome and expensive to implement, and do not provide a clear benefit to YBS farmers and ranchers. The proposed rule only adds administration burden and does not provide American AgCredit any tools, incentives, or flexibility in risk parameters for extending loans or making other investments that would directly assist YBS farmers and ranchers.

Other concerns with the Proposed Rule are detailed in the comment letter submitted by Farm Credit Council on behalf of the entire Farm Credit System. American AgCredit supports the comments provided by Farm Credit Council and hopes that the Agency will take comments provided by Farm Credit Council related to the YBS Proposed Rule into consideration. American AgCredit also supports the comments submitted by CoBank. As the funding bank for American AgCredit, the concerns outlined by CoBank are relevant to American AgCredit and would also apply at the Association level.

American AgCredit appreciates the opportunity to comment on the Proposed Rule and respectfully presents concerns with how the Proposed Rule would not support or expand our ongoing YBS initiatives that have been successful in our loan service area. We trust that our comments will assist FCA in its consideration of the Proposed Rule.

Kind Regards,



Curt Hudnutt
President & CEO

**2021 REPORT ON BUSINESS ACTIVITY WITH
YOUNG, BEGINNING, AND SMALL FARMERS, RANCHERS,
AND PRODUCERS OR HARVESTERS OF AQUATIC PRODUCTS**

Institution Name: American AgCredit

Please provide a brief summary of YBS initiatives that your association sponsored in 2021.

This information will be compiled for the district and used to write the narrative that summarizes YBS initiatives within the district.

YBS Program Funding Outreach

We believe that all of agriculture benefits by supporting the full spectrum of agricultural efforts. American AgCredit, on its own and through alliance partnership with other Farm Credit associations, sponsors many events and activities to promote Farm Credit and the services offered by the System and to inform and educate young, beginning, and small farmers. They include a sampling of the following:

California FFA Foundation: American AgCredit partners with CoBank and other Farm Credit Associations in California to support agricultural education by providing rural, urban and suburban students real-world experiences both inside and outside of the classroom. Events supported in 2021 from a joint contribution of \$50,000 included State Leadership Conference; Sacramento Leadership Experience and integrated leadership development conferences to meet the ever-diversifying student population (over 75% of the 83,000 members are Latino). Furthermore, American AgCredit provided an additional \$25,000. All events were held virtually and provided speaking and judging opportunities for American AgCredit staff. In addition, American AgCredit provides leadership expertise by serving on the Executive Committee of the FFA Foundation Board of Directors.

Young Farmer Leadership Conference: In support of the California Farm Bureau's Young Farm & Ranch Program, American AgCredit joined with CoBank, Farm Credit West, Fresno Madera Farm Credit, and Colusa Glenn Farm Credit to sponsor their Annual Leadership Conference. In 2021, the conference was held virtually and attended by over 50 YF&Rs from across California and neighboring states. Our 2021 sponsorship totaled \$10,000.

California Foundation for Ag in the Classroom: American AgCredit partnered with CoBank, Farm Credit West, Fresno Madera Farm Credit, and Yosemite Farm Credit to sponsor this not-for-profit organization dedicated to educating youth throughout California about the importance of agriculture in their daily lives. Contributions totaled \$15,000 in 2021, and the program is reviewed annually for future contributions.

Center for Land Based Learning (CLBL): Separately and partnering with CoBank and other Farm Credit associations in California, American AgCredit committed to a multi-year contribution totaling \$100,000 to help fund CLBL's new headquarters building and 30-acre farm site, which serves as base for the California Farm Academy and Apprenticeship Program. The Farm Academy alumni are 56% black, indigenous, or people of color. Their youth programs (FARMS, SLEWS, CFW) also demonstrate a racial diversity of over 75%. Additional contributions of \$20,000 allowed CLBL to pivot its FARMS (Farming, Agriculture, Resources Management for Sustainability) program amid the pandemic environment, offering webinars to high school students across the state and, transitioning to virtual field days. Separately, American AgCredit and CoBank each contributed \$20,000 to help underwrite the 2022 strategic planning process. American AgCredit offers leadership expertise with an employee serving as Chair for the Center for Land Based Learning's Board of Directors.

Colorado Farm Bureau (CFB) YF&R Program: This important program gives American AgCredit the opportunity to network with young farmers and ranchers across Colorado. With our support of CFB YF&R, we are can attend and present an economic update at the annual event, as well as be involved in the Discussion Meet competition. Supporting Colorado Young Farmers and Ranchers is important to our team and the future of agriculture in Colorado.

Colorado FFA Foundation: Through a comprehensive agricultural education program, the Colorado FFA teaches its members premier leadership skills, personal growth, and career success. American AgCredit is a star partner with Colorado FFA, giving over \$55,000 in 2021 to the Colorado FFA Foundation. Our staff is equally committed to supporting the growth and development of youth in agriculture. In addition, American AgCredit offers leadership to the Colorado FFA Foundation with an employee serving on the Colorado FFA Foundation Board of Directors. We are proud to have continued our support in 2021 with Colorado FFA.

Nevada Junior Livestock Show: The Nevada Junior Livestock Show (NJLS) provides an opportunity for Nevada youth to exhibit their livestock projects. NJLS encourages the growth of sportsmanship, leadership, citizenship, and responsibility in each of the youth exhibitors competing. In 2021, American AgCredit sponsored the show and the champion banners, provided a \$2,000 scholarship, and purchased animals at the livestock sale. Total investment for NJLS in 2021 was over \$7,500. Additionally, American AgCredit provides leadership to NJLS with an American AgCredit employee serving on the NJLS Board of Directors.

Nevada FFA: The Nevada FFA Foundation promotes agriculture education and career and technical education in the state of Nevada, while providing financial resources for agriculture education programs that support students to develop leadership, personal growth, and career success. In 2021, American AgCredit supported Nevada FFA through a \$1,000 scholarship, sponsorship of career development events at the Nevada State FFA Convention, and funding for the Nevada FFA Greenhand Conference. Total support for the Nevada FFA Foundation in 2021 was over \$20,000. American AgCredit

also offers leadership to the Nevada FFA Foundation with an American AgCredit employee serving on the Nevada FFA Foundation Board of Directors.

Leadership Foundation of Hawaii: The Leadership Foundation of Hawaii (LFH) offers several programs to support the next generation in agriculture. Of particular interest is their focus on youth programs like 4-H and FFA, providing training and scholarship opportunities. Due to the pandemic, both the 4-H and FFA conventions were cancelled. A portion of American AgCredit's \$15,000 contribution to LFH helped fund virtual career and mentorship programs.

GoFarm Hawaii: American AgCredit and CoBank have pledged \$2 million to support GoFarm Hawaii, a University of Hawaii program that provides business technical assistance, educational opportunities, and access to a suite of resources designed to remove barriers to farming and agribusinesses. In addition, they operate five beginning farmer training sites across four islands and an agricultural technician training program at the Waiawa Correctional Facility. American AgCredit is proud to support these valuable programs by providing farmers the tools they need to be successful.

Kansas Farm Bureau YF&R Leaders Conference: American AgCredit, as a part of the Farm Credit Associations of Kansas, sponsors the Kansas Farm Bureau YF&R Leaders Conference. The event was held in February 2021 in Manhattan, Kansas, and provided a pivotal opportunity to network with approximately 500 young farmers and ranchers from across the state. This important partnership gives our alliance the opportunity to present a keynote speaker at the conference.

Kansas FFA Foundation: Serving over 10,000 members in more than 225 high school agriculture education departments, in 216 unified school districts across the state, the Kansas FFA creates a new generation of agriculturists via student experiences in ag education classes. American AgCredit joins the Farm Credit Associations of Kansas in financial support of \$15,000. Separately, American AgCredit made a year-end contribution of \$25,000.

Kansas 4-H Foundation: Serving more than 17,000 members across Kansas, 4-H is focused on youth having fun and learning with their friends to help develop highly effective citizens and leaders within our rural communities. American AgCredit, as a part of the Farm Credit Associations of Kansas, provided financial support amounting to \$10,000 in 2021.

North American Intercollegiate Dairy Challenge: In partnership with CoBank, Farm Credit West, and Northwest Farm Credit, the Association sponsored this organization, which develops tomorrow's dairy leaders and enhances progress of the dairy industry by providing education, communication, and networking among students, producers, and agribusiness and university personnel. In 2021, a total of \$5,000 was provided.