



August 10, 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 (June 16, 2022)

Dear Ms. Agans:

Farm Credit of the Virginias, ACA (the “Association”) sincerely appreciates the opportunity to submit comments to the Farm Credit Administration (“FCA”) in response to the proposed rule regarding Loan Policies and Operations specifically addressing Young, Beginning, and Small (“YBS”) farmer outreach and activity efforts that was published to the *Federal Register* on June 16, 2022 (“Proposed Rule”).

The Association has reviewed and discussed the Proposed Rule with its management, its Board of Directors, certain of its employees and agents, and its funding bank. The Association also participated in meetings and discussions with other groups, associations, district banks, and Farm Credit Council (“FCC”) and reviewed the background of the existing regulations, the Preamble to the Proposed Rule, relevant FCA-published materials, materials and authorities relevant to other lending institutions regarding such matters, and authorities relating to the interpretation and application of laws and regulations.

Based on the above, the Association’s own internal guidance, the mission and the cooperative principles of the Farm Credit System (“System”), and the desire and need to provide reliable, accessible, and affordable financing for the agricultural and/or rural needs of its borrowers and potential borrowers, the Association fully supports and adopts the comments on the Proposed Rule submitted by FCC and by AgFirst Farm Credit Bank. Such comments are incorporated by reference as if fully set forth in this letter.

General Comments

Farm Credit of the Virginias has a long history and commitment to serving our Young, Beginning, and Small (YBS) farmers within our footprint. Our Association is aware of the vital role that YBS farmers play in the present and future of agriculture, and we believe strongly in ensuring that we are able to support this audience through financial investment and education opportunities as an Association. YBS farmers have historically been a core business segment of our marketplace and are key to the long-term success of the Association. Our Association makes a concentrated effort to meet YBS farmers’ needs through our mission of being “agriculture’s and our rural communities’ lender of choice” as well as through dedicated education and programming for these audiences.

In addition to lending programs focused on young, beginning, minority, and veteran farmers and enhanced partnerships with USDA Farm Service Agency, we are also fully engaged in education and outreach to YBS

audiences through our Farm Credit Knowledge Center. The Association works with YBS farmers and a wide variety of stakeholders including educators at the high school and collegiate levels, and partnerships with resource providers such as Cooperative Extension, USDA, etc. We continue to seek collaboration opportunities to provide new and meaningful resources to our YBS audiences.

Education and Outreach Efforts

Over a decade ago, Farm Credit of the Virginias' board of directors and senior leadership team had a vision and goal to create an educational arm for the Association, the Farm Credit Knowledge Center. Over the past ten years, the Knowledge Center has evolved and built upon the education, resources, and partnerships within the footprint and surrounding agriculture areas. Along with the Association, the Knowledge Center strives to enhance the success of potential and current YBS farmer-borrowers, as well as other audiences within the Association footprint of Virginia, West Virginia, and Maryland. Educational offerings on a wide variety of topics of importance to YBS farmers through multiple platforms (both in person and online) continue to be integral to the success of these producers. Additional resources and connections with industry affiliate groups and associations throughout our agriculture community are integrated into programs to continue to build a network of support for Farm Credit, YBS farmers, and our customer-owners.

Below, we highlight some of the programs that the Association has implemented that have been key to the success of the Knowledge Center's objective to serve YBS farmers and our agriculture industry.

AgBiz Planner

The AgBiz Planner Program is a multi-faceted, hybrid offering that is structured as an eLearning Course developed by Farm Credit and Dr. David Kohl. YBS farmer customers, prospects, or business associates are eligible to participate within the Association's footprint. The program is an on-demand, self-paced, mentor-based approach to learning. Participants enhance their business and financial management skillset and understanding, develop a business plan for their own farm operation or agribusiness and have the opportunity to build a network of fellow YBS producers. Alumni of the program are also offered opportunities to continue to build upon their learning and networks through targeted offerings.

AgBiz Basics

A condensed version of the Ag Biz Planner Program, AgBiz Basics, is designed to be an initial step towards the more intense offering of the AgBiz Planner program. The Basics program provides a great foundation for YBS farmer-borrowers, potential or current, to understand what is needed to build a strategic business plan and understand the financial needs of a farm operation or agribusiness.

Farm Management Institute

Farm Credit of the Virginias annually offers two, one-day, institutes located throughout the territory, with marketing and education programing specifically targeted to YBS participants. The program focuses on global and domestic economics, business and personal finance, the evolution of the operation, and breaking news on trends that influence the industry. In addition to promoting with YBS audiences, the Association also collaborates with youth organizations and young farmer organizations to promote this program.

Dairy Management Institute ("DMI")

Farm Credit of the Virginias offers several one-day in person educational opportunities for dairy producers across our territory. The DMI program allows for producers to understand benchmarking data, gain marketplace insights, and to network with fellow producers throughout the Farm Credit of the Virginias' footprint. Many of the dairy operations within the footprint are multi-generational, which provides our

Association with the privilege of having several generations attending a conference together, which is a rarity in the agriculture industry. The ability to have multiple generations at the table is invaluable and speaks to the value and importance of the program within this particular commodity.

Launching Leaders Summit

In the fall of 2022, the Association will host our first leadership development program specifically targeted to our YBS audience. The goal of the Summit is to enhance the skillset of our YBS audience while providing them with real world examples of advocates and equipping them with the knowledge and confidence to be a leader and an advocate within the agriculture community.

Additional Advocacy Programs and Opportunities

Farm Credit of the Virginias hosts virtual advocacy programs as an opportunity for those involved in agriculture to have an understanding and the skillset to “share their story” and to be an advocate for the agriculture industry, particularly YBS farmers. In addition, the Association focuses on including YBS farmer-borrowers in farm tours, legislative visits, and other advocacy opportunities to promote the importance of YBS farmers to agriculture and Farm Credit’s future.

AgHub On-Demand Education Portal

The AgHub is an online clearing house for the multiple resources that the Knowledge Center provides for all sizes, scales, and scopes of farming operations as well as audience groups, but it is of particular interest to our YBS audiences. Education on a wide variety of topics through many different forms is offered to audiences to view from the comfort of their home, farm, and/or office and when time allows.

From the Ground Up Business Tool Kit (Tool Kit)

The Tool Kit provides audiences access to resources and tools targeted specifically to the management of their farm operation or agribusiness. Developed with YBS audiences in mind, the Tool Kit provides education that will be applicable to their journey from YBS to a part-time or full-time farmer depending upon their goals and aspirations.

Farm Transition and Succession

Our Association sees the value and understands the necessity to have a transition or succession plan for the farm operations and/or agribusinesses within our footprint, as they will be the future of our industry and the foundation for generations to come. The Knowledge Center hosts a course that encompasses over a dozen topic or subject areas in relation to farm transition and succession that is specifically designed for those in the YBS audience as well as those exiting generations from the farm operation and/or agribusiness.

Planning to Succeed

This curriculum was developed to assist high school students in the understanding of financial and business management, specifically in the agricultural industry. Planning to Succeed is an all-encompassing program for educators as course work, homework, exercises, and tests are provided. The program will be available to educators within the Farm Credit of the Virginias footprint.

Collegiate Agribusiness Management Engagement

Our Association actively participates in opportunities across our footprint to provide guest lectures/presentations to YBS audiences who have an interest in production agriculture and agribusiness management, particularly at area colleges and universities. Lectures and presentations are accompanied by the support of an entrepreneurship opportunity for participating students in the form of business plan development to assist with the understanding of goal setting, financial management, marketing and more.

YBS Lending Programs*FarmLaunch®*

The Association's FarmLaunch program provides both outreach and education for young, beginning, small, and military veteran farmers who receive a loan from the Association. It also includes a startup loan program for young, beginning, small, and military veteran farmers who may not currently qualify for a traditional loan due to their credit score or capital position. FarmLaunch provides access to working capital, educational resources including AgBiz Basics, and mentorship to aid in the development of sound business practices and a solid credit history. This allows participants to graduate to financing through traditional channels for future loans if needed.

FSA Guaranteed Loans

The Association utilizes FSA government guaranteed loans to enhance this segment's access to credit, and we maintain FSA Preferred Lender status. We continue to seek additional opportunities to grow relationships with USDA and FSA service providers in our territory to ensure that we are able to adequately meet the needs of the YBS market. Additionally, we integrate education about USDA and state resource programs into online and in-person education programs offered through our Knowledge Center.

Youth Agricultural Loan Program

The Youth Loan Program provides 4-H and FFA students who are participating in an ag-related, income-producing project with a loan that will teach them independent financial responsibility. The Youth Agricultural Loan Program consists not only of financial assistance but also of record keeping and financial management resources to help develop financial responsible YBS farmer-borrowers.

Young, Beginning, and Small Advisory Committee

In 2021, the Association formed a YBS Advisory Committee comprised of representatives of young, beginning, and small farmers who are current customer-owners of Farm Credit of the Virginias, or those who work directly with young, beginning, or small farmers within our territory. The YBS Advisory Committee provides feedback on current Association programs and resources to serve current and potential YBS customers and insight as to additional programs or resources (educational, lending, etc.) to meet the future needs of YBS customers. Targeted education opportunities are also under development to continue to build a strong leadership component to our YBS programs.

Proposed Rule Comments

Within this letter, we have described some of the Association's existing YBS education and outreach efforts, YBS lending programs, and our YBS Advisory Committee in an effort to clearly illustrate and articulate our strong commitment to supporting YBS farmers. We sincerely appreciate that FCA is focused on efforts to continue to strengthen YBS lending and resources, and we join with them in striving toward this worthy goal. However, we believe that the regulation as proposed does not meet this objective and would negatively impact the Association's efforts to serve YBS farmers. The Proposed Rule would add undue compliance and reporting burdens, divert resources currently targeted at YBS programs towards administrative coordination with our funding bank and other organizations, and could lead to unintended negative consequences of driving program creation to maximize a rating system, rather than responding to the specific needs of the YBS farmers in our territory.

YBS Strategic Plan

Specifically, the Proposed Rule suggests the creation of a separate YBS strategic plan, which would create unnecessary redundancy for the Association, as our already robust efforts to serve this audience are currently integrated throughout the Association's business plan. Currently, the incorporation of YBS efforts within the comprehensive business plan submitted annually provides alignment to our Association as well as collaborative efforts with other audience groups that we serve. An additional plan that is developed separately from the business plan will add administrative burden, limit resources, and divert efforts to serve our YBS farmers. This would be counterproductive, considering the Association is already advancing the underlying goals in the absence of a standalone YBS strategic plan at present.

Farm Credit Bank Oversight

The Proposed Rule proposes expansion of Farm Credit bank oversight, resulting in review and approval of associations' YBS efforts. The YBS audience is unique and diverse in size, scale, scope, interest, and needs. Bank oversight may limit the creative and unique approaches with which each association is equipped to meet those needs. Within the same district, the needs in one territory will be distinct in comparison to a neighboring association, and even more so from bank to bank. Additionally, the time and resources necessary for institutions to carry out this requirement would again detract from association and bank efforts to serve YBS farmers. This additional administrative burden is particularly concerning given the lack of a clear benefit associated with the requirement, nor any current challenges that it would address.

YBS Rating System

As stated earlier, the implementation of a rating or evaluation process would negatively affect YBS audiences and the continued focus of the Association to provide unique, tailored programs designed to meet the needs of our diverse YBS audiences. While the Proposed Rule broadly mentions a rating system, the details are not included in the Proposed Rule itself for us to offer specific comments and assessment. However, a universal rating system would almost certainly create the need for associations to fit into a "cookie cutter mold" and ultimately disrupt the goal of allowing individual associations to develop programs that best serve the customer-owners in our distinct territories. It would also create unintended incentives to pursue actions that may maximize a rating system score but that are nonetheless suboptimal for the unique needs of a given institution's YBS population.

Conclusion

Farm Credit of the Virginias has a strong emphasis, desire, and commitment to serve the Young, Beginning, and Small farmers and producers within our footprint. YBS farmers are integral to the future of Farm Credit and agriculture. Our Association strives to continuously seek ways or methods to serve members of this audience and to meet their needs. As noted above, one way to ensure that we are meeting their needs was the formation of an Advisory Committee comprised of YBS farmers within our footprint. Farm Credit of the Virginias takes great pride and honor in the efforts that we have made to serve YBS farmers, regardless of whether they are current or potential borrowers.

FCA's Proposed Rule would produce unnecessary constraints and requirements for associations and funding banks, which will inevitably diminish System institutions' ability to meet the diverse needs of our YBS audiences. Significantly increased administrative burden and expense would negatively impact our efforts to serve and would cause distraction from implementation of programming. Use of resources to develop a separate YBS strategic plan, engage in funding bank oversight activities, and interpret and

respond to a new rating system would necessarily compete with efforts already being undertaken by the Association, all without yielding clear benefits to the intended audience of YBS farmers.

Therefore, Farm Credit of the Virginias respectfully requests Farm Credit Administration to consider the following adjustments to the Proposed Rule:

- Require Young, Beginning, and Small farmer strategies and efforts to be provided annually through each association's business plan rather than as a separate strategic plan, which will ensure that the audiences' needs are identified and efforts to meet those needs are duly noted.
- Remove the supervisory responsibilities of the funding banks to allow and encourage associations to work hand in hand with the YBS audiences within their footprint and independently address their unique needs.
- Remove the rating system to avoid institutions striving to conform to universal standards for all YBS farmers, as those individuals' needs, goals, and aspirations are greatly variable across states, districts, and the System.

We instead encourage FCA to fine-tune the quantitative and qualitative YBS surveys to allow each institution to more specifically share its individual efforts to serve and support YBS audiences. Our programs are diverse and continuously evaluated for improvements, refinements, and additions to better serve our YBS farmers. Effectively communicating these efforts to FCA is difficult through the existing survey methodologies.

Farm Credit of the Virginias applauds FCA's interest and support for YBS farmers and efforts within the System to serve them. We share in this commitment, and we are continuously seeking ways to best serve existing and potential Young, Beginning, and Small farmers within our footprint. YBS farmers are integral to the long-term success of the Association and of agriculture across our footprint and the United States, and it is critical for each institution to have the flexibility to respond to the unique and dynamic needs of this important group of farmers.

Respectfully submitted,



Brad Cornelius
Chief Executive Officer
Farm Credit of the Virginias, ACA