

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 – Young, Beginning, Small Farmer – 12 CFR Parts 614 and 620 - RIN 3052-AD54; Loan Policies and Operations; 87 Federal Register 36261-36266*

Dear Ms. Agans:

Premier Farm Credit, on behalf of its members, sincerely appreciates the opportunity to comment on the Farm Credit Administration's (FCA) Proposed Rule regarding Young, Beginning, and Small Farmer (YBS) activities and reinforcing the supervisory responsibilities of the funding banks. We support and endorse the comment letter submitted by the Farm Credit Council (FCC) and we join the FCC in asking FCA to withdraw the Proposed Rule. We disagree that the Proposed Rule will enhance Farm Credit's mission to serve YBS customers and believe the consequence will be additional regulatory burdens placed on all Farm Credit institutions, ultimately with no material benefit to YBS customers.

### **General Comments**

Premier Farm Credit is honored to serve agriculture and rural communities in our chartered territory consisting of six counties in rural northeast Colorado. We understand the importance of a strong YBS mission, not only to support the unique financing needs of YBS farmers and ranchers, but also to build lending relationships with the next generation of agricultural producers. This is evident in our loan portfolio today, as many of our most successful borrowers began their lending relationship with Premier Farm Credit when they were YBS operators. We are proud of our outreach efforts and have developed specific underwriting programs to support YBS farmers and ranchers for the predominant agricultural operations within our lending territory. We understand the importance of financing the YBS market segment and facilitating succession to the next generation of producers. We believe our efforts have been impactful, which is impressive, given our size and small geographic footprint.

Some of our lending and outreach programs include:

## **Lending Programs**

### ***YBS Lending Program:***

In order to enhance the ability of YBS farmers and ranchers to qualify for constructive financing, we have developed multiple YBS Lending Programs, recognizing that agricultural operations that fit the definition of YBS typically have limited capital resources available to them. Our specific programs address the primary types of operations and commodities produced within our lending territory and include: Stocker Cattle Loan Program; Breeding Cattle Operating Program; Breeding Cattle Term Loan Program; Crop Farming Program; and Combination Farming and Ranching Operating Program. Eased credit standards include reduced owner equity requirements, reduced debt service requirements, and lower collateral margin requirements (up to 100% financing considered). Each program has a specific maximum loan amount and loan officers are authorized to waive loan fees for loans associated with these programs. Additionally, these loans are priced at a discounted rate with loan pricing graduated over a five year period.

### ***Other YBS Lending Programs:***

Premier Farm Credit currently works with multiple governmental and private sources to facilitate YBS lending. These programs include: FSA Loan Guarantees; FSA 50/50; FSA 50/45/5; FSA Interest Assistance Program; Colorado Rural Rehabilitation Real Estate and Livestock Loan Programs; Colorado Agricultural Development Authority Loans for Equipment and Real Estate; and Colorado Housing and Finance Authority Loans for Equipment & Real Estate.

## **Outreach Programs**

### ***Generating Rural Opportunities (GRO) Program:***

The GRO Program encourages youth in Northeast Colorado to develop agricultural and leadership skills through participation in 4-H or FFA by awarding one-time grants to encourage or facilitate participation. In addition to funding, GRO Program grant recipients are paired with a Premier Farm Credit mentor and led through age-appropriate financial education and offered the support of the mentor as needed. Applications are graded on project description, goals, budget/financial plan, experience enhancement, financial need and plan for animal care (if applicable). 13 recipients were chosen and awarded grant money to be used for 2021-2022 projects. The recipients demonstrate a wide variety of diversity, need, experience and project types. Through this program, we continue to encourage and allow young people, who otherwise would not have the opportunity to participate, learn about agriculture, inspire possible careers or lifelong passions for the industry, and raise our visibility with future young and diverse borrowers.

### ***Student Board:***

Premier Farm Credit has partnered with our local community college, Northeastern Junior College (NJC) to develop a Premier Farm Credit Student Board. Our objective is to build relationships with local students interested in agriculture at an earlier stage in their education. Participating on the Student Board exposes these students to various agricultural operations within our lending territory and potential future career opportunities they may not be aware of. It also helps them to learn more about Premier

Farm Credit and build advocacy. The students selected work with their Ag Department Professors and association staff on a project that is presented to our Board at the conclusion of their term. The students are provided an orientation on Premier Farm Credit and the Farm Credit System. Students also have the opportunity to participate in tours of NE Colorado agriculture and complete job shadows of multiple job functions at Premier Farm Credit.

#### ***Succession Planning:***

Premier Farm Credit has sponsored multiple 'Lasting Legacy: Planning Your Estate and the Succession of Your Farm/Ranch' seminars held across our lending territory over the past two years. These programs were provided in partnership with CSU's Agriculture and Business Economist, Dr. Jeff Tranel.

#### ***Scholarships and Education:***

Premier Farm Credit is proud to invest in the future of our area's youth by annually providing scholarships to children and grandchildren of our member-owners. Our sponsorship is also helping to expand Annie's Project throughout our lending territory. Annie's Project is a national educational outreach program dedicated to strengthening women's roles in the modern farm enterprise. Premier Farm Credit has two members of the Board of Directors who are certified Annie's Project Trainers and several employees have presented at the sessions.

#### ***4H, FFA and Young Farmers:***

Premier Farm Credit supports the YBS segment of our territory through numerous donations and outreach efforts that target this potential market. Through our financial involvement, and in staff time, we are strong supporters of 4-H, FFA and Young Farmer organizations. We provide financial literacy resources that are particularly relevant to this segment across a variety of mediums, and work to be visible and approachable as both a lender and a resource.

### **Additional Comments**

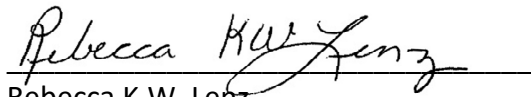
The Proposed Rule requires associations prepare a 3-year YBS strategic plan that is prepared and approved separately from the business plan. This creates duplicative administrative effort since YBS is already a significant component of our overall Board approved business plan. Separating the business plan and YBS strategic plan potentially creates inconsistencies and provides no additional benefit from current practices. We also question how increasing the regulatory burden by requiring the review and approval of the YBS strategic plan by our funding bank annually will ultimately result in improved service to YBS producers. Including this additional layer of oversight places an unnecessary regulatory burden on the association and funding bank, and will add little value to YBS lending efforts given the diversity and uniqueness of each association's demographics and lending territory. Similarly, requiring associations to develop a YBS strategic plan that contains specific elements to be evaluated as part of a rating system will, in our opinion, result in a rating system that will not be applicable across the country, given the wide variation in agricultural operations, sizes, structures, and partnership opportunities in each unique environment. A rating system could have unintended consequences and it is difficult to imagine how such a system could be equitably applied and evaluated given the demographic diversity and wide size discrepancies of associations across the Farm Credit System.

## Conclusion

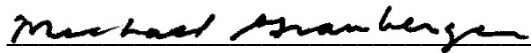
As illustrated above, Premier Farm Credit has implemented specific lending programs, works with governmental and private sources, and we have engaged and developed multiple outreach programs to serve the YBS market and fulfill our YBS mission. We also evaluate our YBS programs, strategies, results and goals annually as part of our business planning process, and the results of our YBS programs are reported and published annually within our Annual Report. It is worth noting that FCA examinations have not identified any issues or deficiencies in our YBS programs and fulfillment of this mission.

In summary, Premier Farm Credit is deeply committed to our mission to support young, beginning, and small farmers and ranchers. The Proposed Rule as written provides no substantive changes to the YBS mission and ultimately will only add regulatory burdens and costs that will distract from our current efforts. We appreciate the opportunity to comment on the Proposed Rule and address our concerns. For the reasons stated herein, we respectfully request that FCA withdraw the Proposed Rule. Please feel free to contact us if you have any questions.

Sincerely,



Rebecca K.W. Lenz  
Chair of the Board



Michael Grauberger  
President and Chief Executive Officer