Ms. Autumn R. Agans
Deputy Director, Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

October 18, 2022

Re: Response to Notice of Intent & Request for Comment – *Statement on Regulatory Burden*, Farm Credit Administration, Agency; 12 CFR Chapter VI RIN 3052–AD55; 87 Federal Register 43227-43228

Dear Ms. Agans:

Plains Land Bank, FLCA appreciates the opportunity to comment on the Farm Credit Administration's ("FCA") Statement on Regulatory Burden that was published in the *Federal Register* on July 20, 2022 (87 FR 43227).

We fully support the comments made by the Farm Credit Council ("FCC") on behalf of Farm Credit System institutions ("System") in response to the Statement on Regulatory Burden. In addition to supporting the position of the FCC regarding the Statement on Regulatory Burden, Plains Land Bank, FLCA submits the following comments for your consideration:

Plains Land Bank is committed to and has a long history of providing the highest level of service to our borrowers and supporting future generations in the agriculture industry. However, as a direct result of the ongoing increase in new regulations and guidance over the last several years, the ability to adequately and efficiently service our existing, as well as prospective, stockholders has been negatively impacted. Outlined below are a few areas that have or will be affected most by additional regulations and guidance.

Association Staff

With the additional regulatory burden placed on the Farm Credit System, the need to increase Association staff remains a constant. In order to maintain compliance with regulations, this Association has increased its staff 19% in the last two years and 33% in the last five years, with much of the growth concentrated in our Central Administration department. Additional regulatory requirements have required our employee's attention to shift to a focus on excessive planning and administrative requirements, rather than our current and prospective stockholders.

YBS Proposed Rule

The YBS Proposed Rule published on June 16, 2022, does not provide any additional means for accomplishing the goals stated by FCA but adds administrative burden that will cost time and money which would be better utilized through direct support for YBS borrowers. Our current and prospective borrowers should be our main focus, not the gathering of arbitrary, subjective data. The potential rating system lacks a defined purpose, definition, and benefit to our association or borrowers. FCA's vision of what is to be measured, especially in regard to qualitative data, is unclear, and a clear guidance of the consequences for not meeting a rating level nor how it will be measured is not outlined in the Proposed Rule. Plains Land Bank must have clear guidelines on the implementation of new regulations, how they would operate, what they would look like, and how they would affect our Association as a whole. Unclear proposals and guidelines make planning for changes difficult, time consuming, and overly demanding. In addition, items such as the proposed strategic plan for YBS programs would be redundant and duplicative to what is already being reported in the Annual Report and Business Plan, which both highlight the necessary aspects of our YBS program. It is not reasonable to implement a plan such as these given the volatility and uncertainty of the current economy and market conditions and unnecessary and redundant reporting of this nature only takes time away from our current and prospective borrowers.

Model Risk Management

While some form of model risk management is important and necessary, the FCA Examination Manual – 31.1 published on April 29, 2021, discusses the need for further processes and controls governing the use of models. This has also added administrative burden and increased staffing set aside solely for the purpose of managing model risk. With several of Plains Land Bank's models being managed by third parties, the time it has taken to research, develop and validate a Model Risk Management program has involved multiple departments and employees. It has also created duplicate and redundant reporting of model risk based on the model validations that the third parties already complete. The time spent on this topic can be witnessed across the district as numerous meetings and virtual calls have taken place, for example, the 2022 Texas District Association CFO Roundtable in May 2022 where Model Risk Management specifically was a main topic. As mentioned previously, additional reporting requirements are now required that affect the Association's time spent focusing on programs that directly affect our borrowers in their day-to-day operations.

Standard of Conduct and Audit

Lastly, the new Standard of Conduct rule that will be effective January 1, 2023, will create difficulty for employees, directors, and borrowers to conduct any type of normal, arms-length business transactions without increased regulatory scrutiny. As the majority of our board members are also our borrowers, additional Standard of Conduct regulations limits their activity within their operations to conduct a successful business. The communities in our territory are extremely intertwined and rely upon the regular, ongoing trading of goods and services. This also affects Audit and the requirements to manage our Top Ten, high risk concentration so closely. FCA has little knowledge about the risk in the agriculture business and how it varies from region to region.

Plains LAND BANK

FARM • RANCH • RECREATIONAL FINANCING

Thank you again for the opportunity to comment on the Statement on Regulatory Burden. We hope that our comments herein, as well as those submitted by the FCC and other System institutions, will assist the FCA.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Randy Darnell, Chairman of the Board

Kay Lynn McLaughlin, Chief Executive Officer

1616 S. Kentucky Street, Suite C-250 • Amarillo, TX 79102 • 806.331.0926 • plainslandbank.com