

December 4, 2024

Submitted electronically via: reg-comm@fca.gov

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

Re: Response to Advance Notice of Proposed Rulemaking – *Loans to Similar Entities*, Farm Credit Administration, Agency; 12 CFR Part 613; RIN 3052-AD58; 89 FR 72759 (Sep. 6, 2024)

Dear Ms. Agans:

Farm Credit Mid-America, ACA (“FCMA”) appreciates the opportunity to comment on the Farm Credit Administration’s (the “FCA”) Advance Notice of Proposed Rulemaking (the “ANPRM”) that was published in the Federal Register on September 6, 2024, relating to similar entity lending activity. *See* 89 FR 72759.

FCMA was a participant with a multi-disciplinary Farm Credit System (“System”) workgroup (“Workgroup”) assembled by the Farm Credit Council (the “Council”) to analyze and comment on FCA’s inquiries in the ANPRM. In forming its response, the Workgroup relied upon knowledge of, among other things, the Farm Credit Act of 1971, as amended (the “Act”), existing FCA regulations, published guidance, and Congressional intent. Furthermore, the Workgroup drew on deep experience with similar entity lending practices, financial markets, borrowing and transactions structures, as well safety and soundness considerations.

FCMA provides its full support and endorsement of the Council’s comment letter. FCMA will not restate all the responses of the Workgroup, but instead, incorporates those responses herein by reference. FCMA also wishes to join the Council in urging the FCA not to limit the opportunities for System entities to leverage their similar entity authorities as clearly and unambiguously outlined by Congress in the Act. The similar entity participation authorities are critical for risk management and meaningfully contribute to FCMA’s ability to serve its mission. As a System entity, FCMA has a responsibility to be a dependable source of credit to America’s farmers, ranchers, and rural communities. Similar entity authorities provide a powerful tool for diversifying portfolio risk which mitigates the uniquely acute stresses that can arise from lending to limited segments of the market. Utilizing these authorities helps create earnings which can be used to build capital, offset operational expenses, and invest in programs for young, beginning, and small borrowers. Ultimately, these earnings strengthen the Association’s balance sheet and allow it to consistently and dependably serve its mission.

Congress has clearly and unambiguously stated that the authorities were intended to be broad and serve as a risk diversification tool designed to ensure that American agriculture has reliable and available credit to meet its needs. Accordingly, it worth pointing out that any revisions to the

existing regulations that seek to further limit the ability to utilize these authorities appears inconsistent with statutory intent, and is likely to be harmful to the System, its customer-owners, and its mission. We ask the FCA to avoid regulatory changes that would restrict similar entity lending beyond the flexible provisions provided in the Act. We are optimistic that the Workgroup's responses to the ANPRM will provide FCA a further understanding of the adverse consequences of implementing any unnecessary limitations on this important diversification tool provided by Congress.

Sincerely,

A handwritten signature in black ink that reads "Dan Wagner". The signature is written in a cursive, flowing style.

Dan Wagner
President and Chief Executive Officer