

Young, Beginning, and Small Farmers Rating System

The rating definitions below apply to direct lending institutions unless otherwise noted.

Qualitative Rating Definitions

Qualitative Factors	Risk Management		
	Strong	Satisfactory	Weak
Corporate Governance	<p>The board’s oversight of the young, beginning, and small (YBS) farmers program is highly effective, resulting in sound credit and services to YBS farmers and ranchers in the territory and full compliance with regulations. The board is actively involved in promoting the YBS program and collaborates with management.</p> <p>The board provides robust direction, including an effective mission statement and a comprehensive set of internal controls that establish clear lines of responsibility for YBS program implementation.</p> <p>The board actively engages in YBS strategic planning by establishing challenging and realistic quantitative targets and qualitative goals based on reliable demographic data. YBS strategic planning is thoroughly incorporated into the institution’s annual business plan.</p>	<p>The board’s oversight of the YBS program is satisfactory, resulting in sound credit and services to YBS farmers and ranchers in the territory and substantial compliance with regulations. The board is somewhat involved in promoting the YBS program, but primarily relies on management.</p> <p>The board provides adequate direction, including a mission statement and sufficient internal controls that establish lines of responsibility for YBS program implementation.</p> <p>The board engages in YBS strategic planning by establishing reasonable quantitative targets and qualitative goals based on reliable demographic data. YBS strategic planning is incorporated into the institution’s annual business plan.</p>	<p>The board’s oversight of the YBS program is unsatisfactory. The program is limited or undefined, and the credit and service needs of YBS farmers and ranchers may not be met, and material regulatory violations exist. The board is not involved in promoting the YBS program and relies entirely on management.</p> <p>The board provides limited or no direction, and the internal controls program provides limited or unclear lines of responsibility for YBS program implementation.</p> <p>The board is not sufficiently involved and establishes quantitative targets and qualitative goals that, based on demographic data, may not be challenging or realistic. YBS strategic planning is not sufficiently incorporated into the institution’s annual business plan.</p>

Qualitative Factors	Risk Management		
	Strong	Satisfactory	Weak
	<p>The board establishes robust reporting requirements for the program and reviews the institution's performance more frequently than regulatory minimums to evaluate the appropriateness of the targets and goals. The board proactively works with management to determine causes when material deviations occur.</p> <p>The board proactively determines if adjustments to the institution's targets and goals are warranted after thoroughly considering new opportunities and changes in the operating environment.</p>	<p>The board establishes reporting requirements for the program and reviews the institution's performance quarterly to evaluate the appropriateness of the targets and goals. The board periodically discusses with management material deviations from targets and goals.</p> <p>The board occasionally determines if adjustments to the institution's targets and goals are warranted after considering new opportunities and changes in the operating environment.</p>	<p>Board reporting requirements for the program are not well defined or are not completed at least quarterly. Limited or no action is taken to identify causes and reevaluate targets and goals when material deviations exist.</p> <p>The board does not, or only on a limited basis, determine if adjustments to the institution's targets and goals are warranted after considering new opportunities and changes in the operating environment.</p>
Bank Oversight	<p>The bank effectively meets its responsibilities for policy guidance, review and approval, and reporting related to YBS programs and activities.</p> <p>The bank effectively and timely communicates with direct lender associations where YBS programs do not contain all required YBS components. These communications resolve incomplete YBS programs.</p> <p>The bank provides the agency a thorough, complete, and accurate annual report</p>	<p>The bank meets its responsibilities for policy guidance, review and approval, and reporting related to YBS programs and activities.</p> <p>The bank communicates with direct lender associations where YBS programs do not contain all required YBS components. These communications resolve incomplete YBS programs.</p> <p>The bank provides the agency a complete and accurate annual report summarizing the YBS</p>	<p>The bank does not fulfil its responsibilities for policy guidance, review and approval, or reporting related to YBS programs and activities.</p> <p>The bank ineffectively or unclearly communicates with direct lender associations where YBS programs do not contain all required YBS components.</p> <p>The bank provides the agency an incomplete or inaccurate annual report summarizing the YBS</p>

Qualitative Factors	Risk Management		
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	<p>summarizing the YBS program operations and achievements of its affiliated direct lender associations.</p> <p>The bank plays an active role in overseeing and encouraging robust YBS programs within the district.</p> <p>The bank proactively monitors YBS programs and works cooperatively with its affiliated direct-lender associations to support and strengthen services to YBS borrowers.</p>	<p>program operations and achievements of its affiliated direct lender associations.</p> <p>The bank plays a moderate role in overseeing and encouraging robust YBS programs within the district.</p> <p>The bank monitors YBS programs and works with its affiliated direct-lender associations to support and strengthen services to YBS borrowers.</p>	<p>program operations and achievements of its affiliated direct lender associations.</p> <p>The bank does not play an active role in overseeing and encouraging robust YBS programs within the district.</p> <p>The bank's efforts to monitor YBS programs and strengthen services to YBS borrowers at affiliated direct-lender associations are limited.</p>
Credit Needs and Related Services	<p>Credit and services offered to YBS farmers and ranchers are provided in a safe and sound manner, and capital is effectively used to lend to this segment. The institution sets aside capital and accepts additional, well-defined risk to support meeting the needs of YBS farmers.</p> <p>The institution makes extensive use of available authorities, maintains a comprehensive program of effective credit enhancements, and effectively coordinates with other entities to serve this market and mitigate associated risks.</p>	<p>Credit and services offered to YBS farmers and ranchers are provided in a safe and sound manner and generally within the institution's risk-bearing capacity. The institution sets aside capital and accepts some defined risk to support meeting the needs of YBS farmers.</p> <p>The institution uses available authorities, offers reasonable credit enhancements, and coordinates with other entities to serve this market and mitigate associated risks.</p>	<p>Credit and services offered to YBS farmers and ranchers may not be provided in a safe and sound manner or is outside the institution's risk-bearing capacity. The institution does not set aside capital to support meeting the needs of YBS farmers.</p> <p>The institution's use of available authorities is insufficient, credit enhancements offered are inadequate, or coordination with other entities to serve this market is lacking.</p>

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	<p>Loan underwriting standards for YBS farmers and ranchers are sound and customized to recognize YBS farmer and rancher's unique financial performance and condition. Board and management regularly evaluate the adequacy of and monitor the use and effectiveness of such standards</p> <p>The institution promotes an effective YBS loan pricing program, including reduced interest rates and fees, and makes extensive use of guarantee programs for YBS farmers and ranchers.</p> <p>The institution implements and encourages the use of its reduced cost related services, including guarantee fee payments, document preparation fees, appraisal fees and tax preparation expense, among other credit enhancements, to provide financial support to YBS farmers and ranchers.</p> <p>The institution has a robust tracking process to measure and report credit and related services provided to YBS farmers and ranchers.</p>	<p>Loan underwriting standards for YBS farmers and ranchers are satisfactory and recognize YBS farmer and rancher's unique financial performance and condition. Board and management regularly evaluate the adequacy of and monitor the use of such standards.</p> <p>The institution maintains a YBS loan pricing program, including more flexible interest rates and fees, and uses guarantee programs for YBS farmers and ranchers.</p> <p>The institution implements reduced cost related services, such as guarantee fee payments, document preparation fees, appraisal fees, and tax preparation expense, or other credit enhancements, to provide financial support to YBS farmers and ranchers.</p> <p>The institution has a tracking process to measure and report most credit and related services provided to YBS farmers and ranchers.</p>	<p>Loan underwriting standards for YBS farmers and ranchers have not been established or may not adequately recognize YBS farmer and rancher's unique financial performance and condition. Board and management do not regularly evaluate the adequacy of such standards.</p> <p>The institution does not have a YBS loan pricing program to offer reduced or more flexible interest rates and fees, or the existing program is insufficient. The institution does not actively use guarantee programs for this segment.</p> <p>The institution does not provide, or makes limited use of, reduced cost related services such as guarantee fee payments, document preparation fees, appraisal fees, and tax preparation expense for YBS farmers and ranchers.</p> <p>The institution's tracking process to measure and report the related services provided to YBS farmers and ranchers is unsatisfactory and results in material reporting gaps.</p>

Qualitative Factors	Risk Management		
	Strong	Satisfactory	Weak
Marketing, Outreach, and Education	<p>Based on a comprehensive analysis of their territory, the institution implements highly effective marketing, outreach, and educational programs to attract YBS farmers and ranchers, which contribute to significant positive trends in YBS lending over time.</p> <p>The institution sponsors numerous items such as advertising campaigns, mentoring programs, educational programs, scholarships, or grants beneficial to YBS farmers and ranchers in the territory.</p> <p>The institution provides significant opportunities for YBS farmers and ranchers by hosting or supporting attendance at conferences, seminars, and workshops on business planning, financial management, leadership, etc. Customer participation in these events is extensive.</p> <p>The institution has established and makes extensive use of a formal, robust, and engaged advisory committee comprised of YBS farmers and ranchers to provide feedback on how the credit and services of the institution could best</p>	<p>Based on an analysis of their territory, the institution implements satisfactory marketing, outreach, and educational programs to attract YBS farmers and ranchers, which contribute to overall positive trends in YBS lending over time.</p> <p>The institution sponsors some items such as advertising campaigns, mentoring programs, educational programs, scholarships, or grants beneficial to YBS farmers and ranchers in the territory.</p> <p>The institution provides opportunities and support for YBS farmers and ranchers to attend conferences, seminars, and workshops on business planning, financial management, leadership, etc. Customer participation levels in these events are moderate.</p> <p>The institution has established and makes sufficient use of a formal advisory committee comprised of YBS farmers and ranchers to provide feedback on how the credit and services of the institution could best</p>	<p>The board and management's territory analysis is limited, and the institution's marketing, outreach, or educational programs to attract YBS farmers and ranchers is unsatisfactory and result in overall stable or lack of progress in YBS lending over time.</p> <p>The institution does not, or does not regularly, sponsor items such as advertising campaigns, mentoring programs, educational programs, scholarships, or grants beneficial to YBS farmers and ranchers in the territory.</p> <p>The institution provides little to no support for YBS farmers and ranchers to attend conferences, seminars, and workshops on business planning, financial management, leadership, etc. Customer participation levels in these events are minimal.</p> <p>The institution has not established a formal advisory committee comprised of YBS farmers and ranchers to provide feedback on how the credit and services of the institution could best serve the needs of YBS farmers and ranchers.</p>

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	<p>serve the needs of YBS farmers and ranchers.</p> <p>The institution has a robust tracking process to measure and report marketing, outreach, and education provided to YBS farmers and ranchers.</p>	<p>serve the needs of YBS farmers and ranchers.</p> <p>The institution has a tracking process to measure and report most marketing, outreach, and education provided to YBS farmers and ranchers.</p>	<p>The institution's tracking process to measure and report the marketing, outreach, and education provided to YBS farmers and ranchers is unsatisfactory and results in material reporting gaps.</p>

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