August 21, 2025

Frequently Asked Questions (FAQs)
Young, beginning, and small farmers and ranchers

This document supplements other young, beginning, and small farmer and rancher (YBS) related information and addresses questions we have received from direct lender associations relating to their responsibilities under the Farm Credit Administration's (FCA) YBS rule. These FAQs are specific to the provisions of the FCA YBS rule and do not address all situations that may be encountered.

These FAQs and other YBS-related information can be found on the YBS page of the FCA website. Information in this document is intended to be forward looking and should be used by institutions beginning Jan.1, 2026. You are not expected to recode existing loans based on these FAQs.

1. If a guarantor meets the definition of YBS, should the loan be coded as such?

No. A guarantor is a secondary obligor. Only the person(s) or entity(s) primarily obligated by signature on the promissory note should be considered for YBS coding.

2. How do I code a small farmer or rancher loan to a borrower with multiple agricultural operations?

Gross cash farm income (GCFI) should be aggregated from all the borrower's various agricultural operations. If the aggregated GCFI is under $350,000, the loan is coded as small. If the borrower is part of a partnership or entity, only the portion of income the borrower receives from that operation should be used for aggregation. For example, if a borrower is a crop farmer but also receives a percentage of agricultural income from a family farrowing operation, the percentage of farrowing income received would be aggregated with the crop income to determine small coding. You should not use 100% of the farrowing income in the coding determination if the borrower does not receive 100% of the income.

3. How do I code a small farmer or rancher loan with multiple borrowers?

Gross cash farm income (GCFI) should be aggregated for all borrowers who are primarily obligated (i.e. signed) on the note. If the aggregated GCFI is under $350,000, the loan is coded as small. Do not consider the GCFI of guarantors.[1] Even if one borrower on the note individually qualifies for small coding, the loan should not be coded small if the aggregated GCFI of all borrowers exceeds $350,000. Small coding should be done on a loan-by-loan basis. At the borrower level, it is possible for a borrower to be coded as small on some loans but not on others, although this is not typically the case when coding as young or beginning.

1 See question 1.

4. **How do I code a loan to an entity rather than an individual?**

   A loan to a publicly held entity or other entity that is not closely held will not qualify for YBS coding. A loan to a closely held legal entity will qualify for YBS coding if a YBS borrower has a material ownership interest in the entity. A material ownership interest exists if the individual's ownership interest is of such significance that he or she meaningfully influences the entity's financial decisions or operations.

   If the borrower is a closely held entity, you should use a "look-through" approach to identify the owners of the entity who qualify for YBS coding. If at least one of the entity owners has a material ownership interest and meets the definition for young or beginning, you should code the loan as such. For small coding, you should use the aggregated gross cash farm income (GCFI) of the primary obligors. If only the entity is signed on the note, use only the entity's GCFI. If individuals and the entity are primarily obligated on the note, aggregate the individuals' and the entity's GCFI.

   You should define and adequately support your criteria for closely held entities and material ownership in your policies and procedures. The overall context of the loan transaction and business relationship should be considered when establishing criteria to ensure it genuinely supports the intended beneficiaries of the YBS program.

5. **Can a minor be coded as young?**

   Maybe. Because contracts are generally governed by state law, you are advised to consult with legal counsel to ensure any contract with a minor is valid and prudent. If the minor is a bona fide farmer as defined in § 613.3000(a)(1) and they are legally signed on the note as a primary obligor, you should code the loan as young.

   You should use good judgment to ensure that a borrower who does not qualify for YBS coding is not asking a minor to cosign the note with them only for the purpose of receiving YBS loan concessions. You should demonstrate due diligence to ensure that the minor borrower has material ownership in the agricultural operation. You should clearly define and adequately support your position on minor YBS borrowers in your policies and procedures.

6. **If a borrower's involvement in agriculture began during childhood, when should farm experience start for beginning coding?**

   As discussed above in question five, contracts are generally governed by state law. By definition, a beginning farmer has 10 years of farming experience or less. A minor who is a bona fide farmer and legally signed on the note as a primary obligor would meet this criterion and can be considered for beginning coding.

   Alternatively, if you decide that farm experience should not start prior to the borrower reaching the age of majority, regardless of how much farm labor and management contribution the borrower provided as a minor, FCA will accept this position. We realize that the beginning farmer status is capped at 10 years and starting a minor in the beginning status will shorten their time as an adult to qualify as a beginning borrower. You should clearly define and adequately support your position on the minimum beginning borrower age in your policies and procedures.

7. **If a minor child, or spouse 35 years or younger or with less than 10 years of agricultural experience, is primarily obligated on the promissory note with a parent or spouse who is not young or beginning, can the loan be coded young or beginning?**

   Yes. A loan in which any of the primary obligors are bona fide farmers who meet the definition of young or beginning should be coded as such. Refer to questions five and six for additional information.

8. **What does "normally" mean in the context of the small farmer definition?**

   A small farmer is defined as normally generating less than $350,000 in annual gross cash farm income (GCFI) from agricultural or aquatic products. "Normally" means the standard, usual, typical, or expected GCFI. In some situations, it is appropriate to use historical GCFI. For example, if the borrower has a history with the association and their operation remains unchanged in size and scope, historical performance could be used to determine what is normal. In other situations, it is appropriate to use projected GCFI. For example, if the borrower does not have historical information, or if the scope of their operation is changing, projections may show a more normalized GCFI. The use of historical performance or projections should be reasonable, supported, and be determined on a case-by-case basis. You should outline your expectations on the determination of normally generated GCFI in your policies and procedures.

9. **Does farming status, such as full-time, part-time, and essentially-other-than-farming, factor into YBS coding?**

   No. If a borrower is eligible for Farm Credit System financing under § 613.3000 and meets the definitions of a young, beginning, and/or small farmer or rancher, the loan should be coded as such. You do have discretion as to what YBS education, outreach, and services you offer for different farming statuses. See loan type exceptions in question 11, below.

10. **The young, beginning, and small definitions reference the date the loan is originally made. How is loan origination date determined for the purposes of YBS coding?**

    Origination date is the date the loan was first originated or the date the loan is renewed, renegotiated, refinanced, or assumed, and meets at least one of the following conditions:

    - It commits additional funds.
    - It substitutes or adds a different borrower or lessee.
    - It contains substantially different terms and conditions.
    - It involves new and separate credit decisions.
    - The maturity date changes.

    A loan should be reevaluated for YBS coding if any of the above conditions occurs, even if the origination date does not change.

11. What loan and record types, as defined by FCA's data dictionary, are included for YBS reporting?

Real estate mortgage loans, production and intermediate-term loans, and processing and marketing loans, made under Title I and Title II authorities, should be included for YBS reporting. Include these record types in YBS reporting:

- Loans
- Loans made under mission-related authority
- Leases reported as loans
- Loans made to CoBank/Farm Credit Leasing (FCL) as part of the FCL Lease Partner program
- Letters of credit (undisbursed)
- Commitments unrelated to special loan

See FCA's annual YBS reporting instructions for a comprehensive list of which loan and record types are excluded from YBS reporting.

12. Should the YBS data submitted to FCA's Call Report Schedule (CRS) match the YBS data in an association's annual report?

It is preferrable to keep the data in both reports consistent. However, § 620.5(k) provides flexibility for what is required in your annual report on YBS. At a minimum, your annual report should provide an accurate description of the YBS data included in the report so that it is clear to the reader what the data represents (e.g., outstanding volume versus commitment). If your annual report does not match the CRS data, a possible solution may be to add a footnote clarifying that the data differs from CRS, and an explanation of why. An example of possible differences could be with participations. Excluding participations may be more reflective of what the territory lending for YBS looks like.

13. For the Call Report Schedule (CRS), should participations purchased from commercial banks be removed from YBS totals, even if the participations purchased are eligible under Title I or Title II?

No. Participations purchased from commercial banks should not be removed from YBS totals. Loans originated by the association or sourced from outside the System should be included in YBS reporting. For loans participated 100% to another System institution, the loan count is reported by the institution that holds the loan in its portfolio. For volume, you should only report the volume you hold.

For more information

If you have additional questions, please contact Jessica Tomlinson-Potter, Senior Policy Analyst, Office of Regulatory Policy, by phone at (703) 819-4667, or by email at potterj@fca.gov.