

**76 FR 67440, 11/01/2011**

**Handbook Mailing HM-11-12**

[6705-01-P]

**FARM CREDIT ADMINISTRATION**

**Market Access Agreement**

**AGENCY:** Farm Credit Administration.

**ACTION:** Notice of Draft Second Amended and Restated Market Access Agreement; request for comments.

**SUMMARY:** The Farm Credit Administration (FCA or we) is publishing for comment the Draft Second Amended and Restated Market Access Agreement (Draft Second Restated MAA) proposed to be entered into by all of the banks of the Farm Credit System (System or FCS) and the Federal Farm Credit Banks Funding Corporation (Funding Corporation). This Draft Second Restated MAA is an update to and would replace the Amended and Restated MAA (Amended and Restated MAA) approved by the FCA on January 9, 2003, and published in the Federal Register on January 15, 2003 (68 FR 2037). The Draft Second Restated MAA sets forth the rights and responsibilities of each of the parties when the condition of a bank falls below pre-established financial thresholds.

**DATES:** You may send comments on or before December 1, 2011.

**ADDRESSES:** There are several methods for you to submit your comments. For accuracy and efficiency reasons, commenters are encouraged to submit comments by e-mail or through the FCA's Web site. As facsimiles (faxes) are difficult for us to process and achieve compliance with section 508 of the Rehabilitation Act, we are no longer accepting comments submitted by fax. Regardless of the method you use, please do not submit your comment multiple times via different methods. You may submit comments by any of the following methods:

- E-mail: Send us an e-mail at [reg-comm@fca.gov](mailto:reg-comm@fca.gov).
- FCA Web site: <http://www.fca.gov>. Select "Public Commenters," then "Public Comments," and follow the directions for "Submitting a Comment."
- Federal E-Rulemaking Web site: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Mail: Send mail to Gary K. Van Meter, Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090.

You may review copies of comments we receive at our office in McLean, Virginia, or on our Web site at <http://www.fca.gov>. Once you are in the Web site, select "Public Commenters," then "Public Comments," and follow the directions for "Reading Submitted Public Comments." We will show your comments as submitted, but for technical reasons we may omit items such as logos and special characters.

Identifying information that you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove e-mail addresses to help reduce Internet spam.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:**

System banks and the Funding Corporation entered into the original Market Access Agreement (original MAA) on September 1, 1994, to help control the risk of each System bank by outlining each party's respective rights and responsibilities in the event the condition of a System bank fell below certain financial thresholds. As part of the original MAA, System banks and the Funding Corporation agreed to periodic reviews of the terms of the MAA to consider whether any amendments were appropriate. The original MAA was updated by the parties in 2003 in the Amended and Restated MAA and received FCA approval following notice and request for public comments in the Federal Register.<sup>1</sup>

On December 3, 2010, the FCA Board approved amendments to the Amended and Restated MAA that would conform its provisions to the System banks' proposed Joint and Several Liability Reallocation Agreement (Reallocation Agreement) to ensure that the MAA provisions did not impede operation of the Reallocation Agreement; the amendments also provided that the MAA and the Reallocation Agreement are separate agreements, and invalidation of one does not affect the other. The FCA published these amendments in the Federal Register.<sup>2</sup> The proposed Reallocation Agreement is an agreement among the banks and the Funding Corporation that establishes a procedure for non-defaulting banks to pay maturing System-wide debt on behalf of defaulting banks prior to a statutory joint and several call by the FCA under section 4.4 of the Farm Credit Act of 1971, as amended (Act).<sup>3</sup> The FCA Board approved the proposed Reallocation Agreement on October 14, 2010, and notice of the approval was published in the Federal Register.<sup>4</sup> The System banks have approved the Reallocation Agreement but have not yet executed it.

The Amended and Restated MAA has a termination date of December 31, 2011. The System banks and the Funding Corporation have requested the FCA to approve the Draft Second Restated MAA at this time in order to have it approved by the parties and in place when the current agreement terminates. The FCA seeks public comment on the proposed agreement.

The Amended and Restated MAA establishes certain financial thresholds at which conditions are placed on the activities of a bank or restrictions are placed on a bank's access to participation in System-wide and consolidated obligations. The MAA establishes three categories, which are based on each bank's net collateral ratio, permanent capital ratio, and scores under the Contractual Inter-bank Performance Agreement, which is an agreement among the banks and the Funding Corporation that establishes certain financial performance criteria.

The proposed Second Restated MAA retains the same general framework and most of the provisions of the Restated and Amended MAA, updated as necessary. An important change is to section

1.05, which revises the level of the net collateral ratio that would place a bank in Category I. The revision takes into account that the FCA has increased the minimum net collateral ratio for some banks to an amount higher than the 103 percent stated in FCA regulation 12 CFR 615.5335. Revisions to the sections that refer to the Reallocation Agreement clarify that such agreement has not been executed. In addition, certain voting and quorum procedures in Article II and Article VI of the proposed Second Restated MAA will require consent or approval of all banks rather than a majority of banks; this change recognizes that there are now only five System banks and are likely to be only four System banks as of January 1, 2012.<sup>5</sup>

The Second Restated MAA, together with the recitals to the amendment, is as follows:

**SECOND AMENDED AND RESTATED MARKET ACCESS AGREEMENT  
AMONG**

**AgFirst Farm Credit Bank**

**AgriBank, FCB**

**CoBank, ACB**

**Farm Credit Bank of Texas**

**U.S. AgBank, FCB**

**And**

**Federal Farm Credit Banks Funding Corporation**

This SECOND AMENDED AND RESTATED MARKET ACCESS AGREEMENT (the "Restated MAA") is entered into among AgFirst Farm Credit Bank, AgriBank, FCB, CoBank, ACB, the Farm Credit Bank of Texas, U.S. AgBank, FCB (collectively, the "Banks") and the Federal Farm Credit Banks Funding Corporation ("Funding Corporation").

WHEREAS, the Banks and the Funding Corporation entered into that certain Market Access Agreement dated September 1, 1994 and effective as of November 23, 1994, (the "Original Agreement") for the reasons stated therein; and

WHEREAS, the Original Agreement was subsequently amended by that certain Amended and Restated Market Access Agreement, dated July 1, 2003, referred to herein as the "First Restated MAA," for the reasons stated therein; and

WHEREAS, pursuant to Sections 7.04 and 7.05 of the First Restated MAA, the Banks and the Funding Corporation have reviewed the First Restated MAA to consider whether an extension and any amendments to it are appropriate; and

WHEREAS, representatives of the Banks and the Funding Corporation met various times in connection with such review and recommended an extension of the First Restated MAA and certain amendments for presentation to the Committee; and

WHEREAS, the Committee met various times in connection with the review and recommended an extension of the First Restated MAA and certain amendments for presentation to the Banks and the Funding Corporation; and

WHEREAS, the boards of directors of the Banks and of the Funding Corporation approved this Restated MAA in principle; and

WHEREAS, thereafter, this Restated MAA was submitted to FCA for approval and to the Insurance Corporation for an expression of support; and

WHEREAS, FCA published this Restated MAA in the Federal Register and sought comments thereon; and

WHEREAS, FCA approved this Restated MAA, subject to approval of this Restated MAA by the boards of directors of the Banks and the Funding Corporation, and a notice of such approval was published in the Federal Register; and

WHEREAS, the Insurance Corporation expressed its support of this Restated MAA; and

WHEREAS, the Parties are mindful of FCA's independent authority under Section 5.17(a)(10) of the Act to ensure the safety and soundness of Banks, FCA's independent authority under Sections 4.2 and 4.9 of the Act to approve the terms of specific issuances of Debt Securities, the Insurance Corporation's independent authority under Section 5.61 of the Act to assist troubled Banks, and the Banks' independent obligations under Section 4.3(c) of the Act to maintain necessary collateral levels for Debt Securities; and

WHEREAS, the Banks are entering into this Restated MAA pursuant to, inter alia, Section 4.2(c) and (d) of the Act; and

WHEREAS, the Funding Corporation is prepared to adopt as the “conditions of participation” that it understands to be required by Section 4.9(b)(2) of the Act each Bank’s compliance with the terms and conditions of this Restated MAA; and

WHEREAS, the Funding Corporation believes the execution and implementation of this Restated MAA will materially accomplish the objectives which it has concluded are appropriate for a market access program under Section 4.9(b)(2) of the Act; and

WHEREAS, prior to the adoption of the Original Agreement, the Funding Corporation adopted and maintained in place a Market Access and Risk Alert Program designed to fulfill what it understood to be its responsibilities under Section 4.9(b)(2) of the Act with respect to determining “conditions of participation,” which Program was discontinued by the Funding Corporation in accordance with the terms of the Original Agreement; and

WHEREAS, the Funding Corporation is entering into this Restated MAA pursuant to, inter alia, Section 4.9(b)(2) of the Act; and

WHEREAS, the Parties believe that the execution and implementation of this Restated MAA will accomplish the objectives intended to be achieved by the Original Agreement,

NOW THEREFORE, in consideration of the foregoing, the mutual promises and agreements herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the Parties, intending to be legally bound hereby, agree as follows:

#### **ARTICLE I - CATEGORIES**

Section 1.01. Scorekeeper. The Scorekeeper, for purposes of this Restated MAA, shall be the Funding Corporation.

Section 1.02. CIPA Oversight Body. The CIPA Oversight Body, for purposes of this Restated

MAA, shall be the same as the Oversight Body under Section 5.1 of CIPA.

Section 1.03. CIPA Scores. Net Composite Scores and Average Net Composite Scores, for purposes of this Restated MAA, shall be the same as those determined under Article II of CIPA and the Model referred to therein, as in effect on June 30, 2011, and as amended under CIPA or replaced by successor provisions under CIPA in the future, to the extent such future amendments or replacements are by agreement of all the Banks.

Section 1.04. Net Collateral and Permanent Capital Ratios. Each Bank shall report to the Scorekeeper within fifteen days after the end of each month its Net Collateral Ratio and Permanent Capital Ratio as of the last day of that month. Should any Bank later correct or revise, or be required to correct or revise, any past financial data in a way that would cause any Net Collateral Ratio or Permanent Capital Ratio previously reported hereunder to have been different, the Bank shall promptly report a revised Ratio to the Scorekeeper. Should the Scorekeeper consider it necessary to verify any Net Collateral Ratio or Permanent Capital Ratio, it shall so report to the Committee, or, if the Committee is not in existence, to the CIPA Oversight Body, and the Committee or the CIPA Oversight Body, as the case may be, may verify the Ratios as it deems appropriate, through reviews of Bank records by its designees (including experts or consultants retained by it) or otherwise. The reporting Bank shall cooperate in any such verification, and the other Banks shall provide such assistance in conducting any such verification as the Committee or the CIPA Oversight Body, as the case may be, may reasonably request.

Section 1.05. Category I. A Bank shall be in Category I if it (a) has an Average Net Composite Score of 50.0 or more, but less than 60.0, for the most recent calendar quarter for which an Average Net Composite Score is available, (b) has a Net Composite Score of 45.0 or more, but less than 60.0, for the most recent calendar quarter for which a Net Composite Score is available, (c) has a Net Collateral Ratio of 103.00% or more, but less than the greater of: (i) 104.00%, or (ii) 50 basis points above the minimum set by FCA for the last day of the most recent month or (d) has a Permanent Capital Ratio of 7.00% or more, but less than 8.00%, for the period ending on the last day of the most recent month.

Section 1.06. Category II. A Bank shall be in Category II if it (a) has an Average Net Composite Score of 35.0 or more, but less than 50.0, for the most recent calendar quarter for which an Average Net Composite Score is available, (b) has a Net Composite Score of 30.0 or more, but less than 45.0, for the most recent calendar quarter for which a Net Composite Score is available, (c) has a Net Collateral Ratio of 102.00% or more, but less than 103.00%, for the last day of the most recent month, (d) has a Permanent Capital Ratio of 5.00% or more, but less than 7.00%, for the period ending on the last day of the most recent month, or (e) is in Category I and has failed to provide information to the Committee as required by Article III within two Business Days after receipt of written notice from the Committee of such failure.

Section 1.07. Category III. A Bank shall be in Category III if it (a) has an Average Net Composite Score of less than 35.0 for the most recent calendar quarter for which an Average Net Composite Score is available, (b) has a Net Composite Score of less than 30.0 for the most recent calendar quarter for which a Net Composite Score is available, (c) has a Net Collateral Ratio of less than 102.00% for the last day of the most recent month, (d) has a Permanent Capital Ratio of less than 5.00% for the period ending on the last day of the most recent month, or (e) is in Category II and has failed to provide information to the Committee as required by Article III within two Business Days after receipt of written notice from the Committee of such failure.

Section 1.08. Highest Category. If a Bank would come within more than one Category by reason

of the various provisions of Sections 1.05 through 1.07, it shall be considered to be in the highest-numbered Category for which it qualifies (e.g., Category III rather than Category II).

Section 1.09. Notice by Scorekeeper. Within twenty days of the end of each month, after receiving the reports due under Section 1.04 within fifteen days of the end of the prior month, the Scorekeeper shall provide to all Banks, all Associations discounting with or otherwise receiving funding from a Bank that is in Category I, Category II or Category III, FCA, the Insurance Corporation, the Funding Corporation, and either the CIPA Oversight Body or, if it is in existence, the Committee a notice identifying the Banks, if any, that are in Categories I, II and III, or stating that no Banks are in such Categories.

## **ARTICLE II—THE COMMITTEE**

Section 2.01. Formation. A Monitoring and Advisory Committee (the “Committee”) shall be formed at the instance of the CIPA Oversight Body within seven days of the date that it receives a notice from the Scorekeeper under Section 1.09 that any Bank is in Category I, Category II or Category III (unless such a Committee is already in existence). The Committee shall remain in existence thereafter for so long as the most recent notice from the Scorekeeper under Section 1.09 indicates that any Bank is in Category I, Category II or Category III. If not already in existence, the Committee may also be formed (a) at the instance of the CIPA Oversight Body at any other time, in order to consider a Continued Access Request that has been submitted or is expected to be submitted, (b) for purposes of preparing the reports described in Section 7.05, and (c) as provided for in Section 8.04(b).

Section 2.02. Composition. The Committee shall be made up of two representatives of each Bank and two representatives of the Funding Corporation. One of the representatives of each Bank shall be that Bank's representative on the CIPA Oversight Body. The other representative of each Bank shall be an individual designated by the Bank's board of directors, who may be a member of the Bank's board of directors or a senior officer of the Bank, in the discretion of the Bank's board. One of the representatives of the Funding Corporation shall be an outside director of the Funding Corporation designated by the Funding Corporation board of directors. The other representative of the Funding Corporation shall be designated by the board of directors of the Funding Corporation from among the members of its board and/or its senior officers. The removal and replacement of the Committee members designated directly by Bank boards of directors and by the Funding Corporation shall be in the sole discretion of each Bank board and of the Funding Corporation, respectively. A replacement for a member of the CIPA Oversight Body shall automatically replace such member on the Committee.

Section 2.03. Authority and Responsibilities. The Committee shall have the authority and responsibilities specified in this Article II, in Sections 1.04, 3.01, 3.02, 3.05, 3.06, 4.02, 7.05, 8.04 and 8.08, and in Article VI, and such incidental powers as are necessary and appropriate to effectuating such authority and responsibilities.

Section 2.04. Meetings. Notwithstanding anything herein to the contrary, at all times, the Banks entitled to vote on Committee business shall be all Banks other than (i) those in Category II and Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09, and (ii) in the case of a Bank requesting a Continued Access Decision, such Bank. The initial meeting of the Committee shall be held at the call of the Chairman of the CIPA Oversight Body or a majority of the Parties entitled to vote on Committee business. Thereafter, the Committee shall meet at such times and such places at the call of the Chairman of the Committee or a majority of the Parties entitled to vote on Committee business. For all voting and quorum purposes each Party entitled to vote on Committee business shall act through at least one of its representatives. Written notice of each meeting shall be given to each member by the

Chairman or his or her designee not less than 48 hours prior to the time of the meeting. A meeting may be held without such notice upon the signing of a waiver of notice by all of the Parties entitled to vote on Committee business. All of the Parties entitled to vote on Committee business shall constitute a quorum for the conduct of business. A meeting may be held by a telephone conference arrangement or similar communication method allowing each speaker to be heard by all others in attendance at the same time.

Section 2.05. Action Without a Meeting. Action may be taken by the Committee without a meeting if each Bank and the Funding Corporation consent in writing to consideration of a matter without a meeting and all of the Parties entitled to vote on Committee business approve the action in writing, which writings shall be kept with the minutes of the Committee.

Section 2.06. Voting. The Funding Corporation and each Bank entitled to vote on Committee business shall have one vote on Committee business. Voting on Committee business (including recommendations on Continued Access Decisions, but not the ultimate vote on Continued Access Decisions, which is addressed in Article VI) shall be by unanimity of the Parties entitled to vote on Committee business that are present (physically, by telephone conference or similar communication method allowing each speaker to be heard by all others in attendance at the same time) through at least one representative. If a Bank or the Funding Corporation has two representatives present, they shall agree in casting the vote of the Bank or the Funding Corporation, and if they cannot agree on a particular matter, that Bank or the Funding Corporation shall not cast a vote on that matter, and, in determining unanimity, shall not be counted as a Party entitled to vote on that matter.

Section 2.07. Officers. The Committee shall elect from among its members a Chairman, a Vice Chairman, a Secretary and such other officers as it shall from time to time deem appropriate. The Chairman shall chair the meetings of the Committee and have such other duties as the Committee may delegate to him or her. The Vice Chairman shall perform such duties of the Chairman as the Chairman is unable or fails to perform, and shall have such other duties as the Committee may delegate to him or her. The Secretary shall keep the minutes and maintain the minute book of the Committee. Other officers shall have such duties as the Committee may delegate to them. Should the Chairman be a representative of either a Category II or Category III Bank, such individual will no longer be eligible to serve as Chairman. The Vice Chairman will thereafter perform the duties of Chairman, and if the Vice Chairman is unable, the Committee may elect a new Chairman from among its members.

Section 2.08. Retention of Staff, Consultants and Experts. The Committee shall be authorized to retain staff, consultants and experts as it deems necessary and appropriate in its sole discretion.

Section 2.09. Expenses. Any compensation of each member of the Committee for time spent on Committee business and for his or her out-of-pocket expenses, such as travel, shall be paid by the Party that designated that member to the Committee or to the CIPA Oversight Body. All other expenses incurred by the Committee shall be borne by the Banks and assessed by the Funding Corporation based on the formula then used by the Funding Corporation to allocate its operating expenses.

Section 2.10. Custody of Records. All information received by the Committee pursuant to this Restated MAA, and all Committee minutes, shall be lodged, while not in active use by the Committee, at the Funding Corporation, and shall be deemed records of the Funding Corporation for purposes of FCA examination. The Parties agree that documents in active use by the Committee may also be examined by FCA.

### **ARTICLE III - PROVISION OF INFORMATION**

Section 3.01. Information To Be Provided By All Banks in Categories I, II and III. If a Bank is in Category I, Category II or Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09, and if the prior monthly notice by the Scorekeeper did not indicate that the Bank was in any Category, then the Bank shall within thirty days of receipt of the latest notice provide to the Committee: (a) a detailed explanation of the causes of its being in that Category, (b) an action plan to improve its financial situation so that it is no longer in any of the three Categories, (c) a timetable for achieving that result, (d) at the discretion of the Committee, the materials and information listed in Attachment 1 hereto (in addition to fulfilling the other obligations specified in Attachment 1 hereto) and (e) such other pertinent materials and information as the Committee shall, within seven days of receiving notice from the Scorekeeper, request in writing from the Bank. Such Bank shall summarize, aggregate or analyze data, as well as provide raw data, in such manner as the Committee may request. Such information shall be promptly updated (without any need for a request by the Committee) whenever the facts significantly change, and shall also be updated or supplemented as the Committee so requests in writing of the Bank by such deadlines as the Committee may reasonably specify.

Section 3.02. Additional Information To Be Provided By Banks in Categories II and III. If a Bank is in Category II or Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09, and if the prior monthly notice by the Scorekeeper did not indicate that the Bank was in Category II or Category III, then the Bank shall within thirty days of receipt of the latest notice provide to the Committee, in addition to the information required by Section 3.01, at the discretion of the Committee, the materials and information listed in Attachment 2 hereto (in addition to fulfilling the other obligations specified in Attachment 2 hereto). Such information shall be promptly updated (without any need for a request by the Committee) whenever the facts significantly change, and shall also be updated or supplemented as the Committee so requests in writing of the Bank by such deadlines as the Committee may reasonably specify.

Section 3.03. Documents or Information Relating to Communications With FCA or the Insurance Corporation. Notwithstanding Sections 3.01 and 3.02, a Bank shall not disclose to the Committee any communications between the Bank and FCA or the Insurance Corporation, as the case may be, or documents describing such communications, except as consented to by, and subject to such restrictive conditions as may be imposed by, FCA or the Insurance Corporation, as the case may be. However, facts regarding the Bank's condition or plans that pre-existed a communication with FCA or the Insurance Corporation and then were included in such a communication are not barred from disclosure by this section. The Committee shall decide on a case-by-case basis whether to request copies of such communications and documents from FCA or the Insurance Corporation, as the case may be. Each Bank hereby consents to the disclosure of such communications and documents to the Committee if consented to by FCA or the Insurance Corporation, as the case may be. Nothing in this section shall preclude a Bank from making disclosures to the System Disclosure Agent necessary to allow the System Disclosure Agent to comply with its obligations under the securities laws or other applicable law or regulations with regard to disclosure to investors.

Section 3.04. Sources of Information; Certification. Information provided to the Committee under Sections 3.01 and 3.02 shall, to the extent applicable, be data used in the preparation of financial statements in accordance with generally accepted accounting principles, or data used in the preparation of call reports submitted to FCA pursuant to 12 C.F.R. pt. 621, as amended from time to time, or any successor thereto. A Bank shall certify, through its chief executive officer or, if there is no chief executive officer, a senior executive officer, the completeness and accuracy of all information provided to the Committee under Sections 3.01 and 3.02.

Section 3.05. Failure to Provide Information. If a Bank fails to provide information to the

Committee as and when required under Sections 3.01 and 3.02, and does not correct such failure within two Business Days of receipt of the written notice by the Committee of the failure, then the Committee shall so advise the Scorekeeper.

Section 3.06. Provision of Information to Banks. Any information provided to the Committee under Sections 3.01 and 3.02 shall be provided by the Committee to any Bank upon request. A Bank shall not have the right under this Restated MAA to obtain information directly from another Bank.

Section 3.07. Cessation of Obligations. A Bank's obligation to provide information to the Committee under Section 3.01 shall cease as soon as the Bank is no longer in Category I, Category II or Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09. A Bank's obligation to provide to the Committee information under Section 3.02 shall cease as soon as the Bank is no longer in Category II or Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09.

#### **ARTICLE IV - RESTRICTIONS ON MARKET ACCESS**

Section 4.01. Final Restrictions. As of either,

(i) the tenth day after a Bank receives a notification from the Scorekeeper that it is in Category II, as indicated in the most recent notice from the Scorekeeper under Section 1.09, if it has not by said tenth day submitted a Continued Access Request to the Committee; or

(ii) if the Bank has submitted a Continued Access Request to the Committee by the tenth day after its receipt of notice from the Scorekeeper that it is in Category II, the seventh day following the day a submitted Continued Access Request is denied,

a Bank in Category II, as indicated in the most recent notice from the Scorekeeper under Section 1.09, (a) shall be permitted to participate in issues of Debt Securities only to the extent necessary to roll over the principal (net of any original issue discount) of maturing debt, and (b) shall comply with the Additional Restrictions.

Section 4.02. Category II Interim Restrictions. From the day that a Bank receives a notice from the Scorekeeper that it is in Category II until: (a) ten days thereafter, if the Bank does not by that day submit a Continued Access Request to the Committee, or (b) if the Bank by such tenth day after it has received a notice from the Scorekeeper that it is in Category II does submit a Continued Access Request to the Committee, the seventh day following the day that notice is received by the Bank that the Continued Access Request is granted or denied, the Bank (i) may participate in issues of Debt Securities only to the extent necessary to roll over the principal (net of any original issue discount) of maturing debt unless the Committee, taking into account the criteria in Section 6.03, shall specifically authorize participation to a greater extent, and (ii) shall comply with the Additional Restrictions. Notwithstanding the foregoing, the Category II Interim Restrictions shall not go into effect if a Continued Access Request has already been granted in anticipation of the formal notice that the Bank is in Category II.

Section 4.03. FCA Action. The Final Restrictions and the Category II Interim Restrictions shall go into effect without the need for case-by-case approval by FCA.

Section 4.04. Cessation of Restrictions. The Final Restrictions and the Category II Interim Restrictions shall cease as soon as the Bank is no longer in Category II, as indicated in the most recent notice from the Scorekeeper under Section 1.09. The Bank shall continue, however, to be subject to such

other obligations under this Restated MAA as may apply to it by reason of its being in another Category .

Section 4.05. Relationship to the Joint and Several Liability Reallocation Agreement. A Category II Bank shall not be subject to the Final Restrictions and Category II Interim Restrictions, to the extent that the Final Restrictions and Category II Interim Restrictions would prohibit such Category II Bank from issuing debt required to fund such Category II Bank's liabilities and obligations under the Joint and Several Liability Reallocation Agreement, if and when the Joint and Several Liability Reallocation Agreement is in effect among the Parties.

## **ARTICLE V - PROHIBITION OF MARKET ACCESS**

Section 5.01. Final Prohibition. As of either,

(i) the tenth day after a Bank receives a notification from the Scorekeeper that it is in Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09, if it has not by said tenth day submitted a Continued Access Request to the Committee; or

(ii) if the Bank has submitted a Continued Access Request to the Committee by the tenth day after its receipt of notice from the Scorekeeper that it is in Category III, the seventh day following the day a submitted Continued Access Request is denied,

a Bank in Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09, (a) shall be prohibited from participating in issues of Debt Securities, and (b) shall comply with the Additional Restrictions.

Section 5.02. Category III Interim Restrictions. From the day that a Bank receives a notice from the Scorekeeper that it is in Category III until: (a) ten days thereafter, if the Bank does not by that day submit a Continued Access Request to the Committee, or (b) if the Bank by such tenth day after it has received a notice from the Scorekeeper that it is in Category III does submit a Continued Access Request to the Committee, the seventh day following the day that notice is received by the Bank that the Continued Access Request is granted or denied, the Bank (i) may participate in issues of Debt Securities only to the extent necessary to roll over the principal (net of any original issue discount) of maturing debt, and (ii) shall comply with the Additional Restrictions. Notwithstanding the foregoing, the Category III Interim Restrictions shall not go into effect if a Continued Access Request has already been granted in anticipation of the formal notice that the Bank is in Category III.

Section 5.03. FCA Action. The Category III Interim Restrictions shall go into effect without the need for case-by-case approval by FCA. The Parties agree that the Final Prohibition shall go into effect without the need for approval by FCA; provided, however, that FCA may override the Final Prohibition, for such time period up to 60 days as FCA may specify (or, if FCA does not so specify, for 60 days), by so ordering before the date upon which the Final Prohibition becomes effective pursuant to Section 5.01, and may renew such an override once only, for such time period up to 60 additional days as FCA may specify (or, if FCA does not so specify, for 60 days), by so ordering before the expiration of the initial override period. If the Final Prohibition is overridden by FCA, the Category III Interim Restrictions shall remain in effect.

Section 5.04. Cessation of Restrictions. The Final Prohibition and the Category III Interim Restrictions shall cease as soon as the Bank is no longer in Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09. The Bank shall continue, however, to be subject to such other obligations under this Restated MAA as may apply to it by reason of its being in another Category .

Section 5.05. Relationship to the Joint and Several Liability Reallocation Agreement. A Category III Bank shall not be subject to the Final Prohibition or Category III Interim Restrictions, to the extent that the Final Prohibition or Category III Interim Restrictions would prohibit such Category III Bank from issuing debt required to fund such Category III Bank's liabilities and obligations under the Joint and Several Liability Reallocation Agreement, if and when the Joint and Several Liability Reallocation Agreement is in effect among the Parties.

## **ARTICLE VI - CONTINUED ACCESS DECISIONS**

Section 6.01. Process. The process for action on Continued Access Requests shall be as follows:

(a) Submission of Request. A Bank may submit a Continued Access Request for consideration by the Committee at any time, including (i) prior to formal notice from the Scorekeeper that it is in Category II or Category III, if the Bank anticipates such notice, and (ii) prior to the tenth day after a Bank receives a notification from the Scorekeeper that it is in Category II or the tenth day after a Bank receives a notification from the Scorekeeper that it is in Category III.

(b) Committee Recommendation. After a review of the Request, the supporting information and any other pertinent information available to the Committee, the Committee shall arrive at a recommendation regarding the Request (including, if the recommendation is to grant the Request, recommendations as to the expiration date of the Continued Access Decision and as to any conditions to be imposed on the Decision). The Funding Corporation, drawing upon its expertise and specialized knowledge, shall provide to the Committee all pertinent information in its possession (and the Banks authorize the Funding Corporation to provide such information to the Committee for its use as provided herein, and, to that limited extent only, waive their right to require the Funding Corporation to maintain the confidentiality of such information). The Committee shall send its recommendation and a statement of the reasons therefor, including a description of any considerations that were expressed for and against the recommendation by members of the Committee during its deliberations, together with the Request, the supporting information, a report of how the members of the Committee voted on the recommendation, a report by the Funding Corporation concerning its position on the recommendation, and any other material information that was considered by the Committee, to all Banks and the Funding Corporation by a nationally recognized overnight delivery service within fourteen days after receiving the Request. If the Committee fails to act within such fourteen-day period, the Continued Access Request shall be deemed forwarded to all Banks entitled to vote thereon for their consideration. If the Committee has failed to act, the Funding Corporation shall send to all Banks, within two days following the deadline for Committee action, a report concerning the position of the Funding Corporation on the Continued Access Request.

(c) Vote on the Request. Unless otherwise expressly stated herein, the Banks entitled to vote on the Request shall be all Banks other than those in Category II and Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09, and other than the Bank requesting the Continued Access Decision. Within ten days of receiving the Committee's recommendation and the accompanying materials (or, if the Committee failed to act within fourteen days, within ten days following the fourteenth day), the board of directors of each Bank entitled to vote on the Request, or its designee, after review of the recommendation, the accompanying materials, the report of the Funding Corporation, and any other pertinent information, shall vote to grant or deny the Request (as modified or supplemented by any recommendations of the Committee as to the expiration date of the Continued Access Decision and as to conditions to be imposed on the Decision), and shall provide written notice of its vote to the Committee. If the Committee has recommended in favor of a Continued Access Decision, the vote of a Bank shall be either to accept or reject the Committee's recommendation, including the recommended expiration date

and conditions; if the Committee has recommended against a Continued Access Decision or has failed to act, the vote of a Bank shall be either to grant the Continued Access Request on the terms requested by the requesting Bank, or to deny it. Failure to vote within the ten-day period shall be considered a "no" vote. A Continued Access Request shall be granted only upon a 100% Vote within the ten-day period, and shall be considered denied if a 100% Vote is not forthcoming by that day.

(d) Notice. The Committee shall promptly provide written notice to the Parties, FCA and the Insurance Corporation of the granting or denial of the Continued Access Request, and, if the Continued Access Request was granted, of all the particulars of the Continued Access Decision.

Section 6.02. Provision of Information to FCA and the Insurance Corporation. FCA and the Insurance Corporation shall be advised by the Committee of the submission of a Continued Access Request, shall be provided by the Committee with appropriate materials relating to the Request, and shall be advised by the Committee of the recommendation made by the Committee concerning the Request.

Section 6.03. Criteria. The Committee, in arriving at its recommendation on a Continued Access Request, and the voting Banks, in voting on a Continued Access Request, shall consider (a) the present financial strength of the Bank in issue, (b) the prospects for financial recovery of the Bank in issue, (c) the probable costs of particular courses of action to the Banks and the Insurance Fund, (d) any intentions expressed by the Insurance Corporation with regard to assisting or working with the Bank in issue, (e) any existing lending commitments and any particular high-quality new lending opportunities of the Bank, (f) seasonal variations in the borrowing needs of the Bank, (g) whether the Bank's independent public accountants have included a Going Concern Qualification in the most recent combined financial statements of the Bank and its constituent Associations, and (h) any other matters deemed pertinent.

Section 6.04. Expiration Date. A Continued Access Decision shall have such expiration date as the Committee recommends and is approved by a 100% Vote. If the Committee recommends against or fails to act on a Continued Access Request, and it is subsequently approved by a 100% Vote, the expiration date of the Continued Access Decision shall be the earlier of the date requested by the Bank or 180 days from the date the Request is granted. A Continued Access Decision may be terminated prior to that date, or renewed for an additional term, upon a new recommendation by the Committee and 100% Vote.

Section 6.05. Conditions. A Continued Access Decision shall be subject to such conditions as the Committee recommends and are approved by a 100% Vote. If specifically approved by a 100% Vote, administration of the details of the conditions and ongoing refinement of the conditions to take account of changing circumstances can be left to the Committee or such subcommittee as it may establish for that purpose. Among the conditions that may be imposed on a Continued Access Decision are (a) a requirement of remedial action by the Bank, failing which the Continued Access Decision will terminate, (b) a requirement of other appropriate conduct on the part of the Bank (such as compliance with the Additional Restrictions), failing which the Continued Access Decision will terminate, and (c) specific restrictions on continued borrowing by the Bank, such as a provision allowing a Bank in Category II to borrow only for specified types of business in addition to rolling over the principal of maturing debt, or allowing such a Bank only to roll over interest on maturing debt in addition to rolling over the principal of maturing debt, or a provision allowing a Bank in Category III to roll over a portion of its maturing debt. The Committee shall be responsible for monitoring and determining compliance with conditions, and shall promptly advise the Parties of any failure by a Bank to comply with conditions. The Committee's determination with respect to compliance with conditions shall be final, until and unless overturned or modified in arbitration pursuant to Section 7.08.

Section 6.06. FCA Action. The Parties agree that a Continued Access Decision shall go into effect without the need for approval by FCA, but that FCA may override the Continued Access Decision, for such time period as FCA may specify (or, if FCA does not so specify, until a new Continued Access Decision is made pursuant to a recommendation of the Committee and a 100% Vote, in which case it is again subject to override by FCA), by so ordering at any time.

Section 6.07. Notice to FCA of Intent to File Continued Access Request. A Bank that receives notice that it is in Category III shall advise FCA, within ten days of receiving such notice, whether it intends to file a Continued Access Request.

## **ARTICLE VII - OTHER**

Section 7.01. Conditions Precedent. This Restated MAA shall go into effect on January 1, 2012, provided, however, that on or before January 15, 2012 each Party has executed a certificate in substantially the form of Attachment 3 hereto that all of the following conditions precedent have been satisfied: (a) the delivery to the Banks of an opinion by an outside law firm reasonably acceptable to all of the Parties and in substantially the form of Attachment 4 hereto, (b) the delivery to the Funding Corporation of an opinion by an outside law firm reasonably acceptable to all of the Parties and in substantially the form of Attachment 5 hereto, (c) adoption by each of the Banks and the Funding Corporation of a resolution in substantially the form of Attachment 6 hereto, (d) action by the Insurance Corporation, through its board, expressing its support for this Restated MAA, and (e) action by FCA, through its board, approving this Restated MAA pursuant to Section 4.2(c) and Section 4.2(d) of the Act, and (without necessarily expressing any view as to the proper interpretation of Section 4.9(b)(2) of the Act) approving this Restated MAA pursuant to Section 4.9(b)(2) of the Act insofar as such approval may be required, which action shall (i) indicate that the entry into and compliance with this Restated MAA by the Funding Corporation fully satisfy such obligations as the Funding Corporation may have with respect to establishing "conditions of participation" for market access under Section 4.9(b)(2), and (ii) contain no reservations or other conditions or qualifications except for those which may be specifically agreed to by the Funding Corporation's board of directors and the other Parties.

Upon execution of its certificate, each Party shall forward a copy to the Funding Corporation, attn. General Counsel, which shall advise all other Parties when a complete set of certificates is received.

If this Restated MAA becomes effective in accordance with this Section 7.01, the First Restated MAA shall be amended and restated by this Restated MAA as of that date without further action of the Parties. If any term, provision, covenant or restriction of this Restated MAA is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Restated MAA shall remain in full force and effect and shall in no way be affected, impaired or invalidated. If any term, provision, covenant or restriction of this Restated MAA that purports to amend a term, provision, covenant or restriction of the Original Agreement or the First Restated MAA is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, such term, provision, covenant or restriction of the Original Agreement or the First Restated MAA shall be considered to have continued and to be continuing in full force and effect at all times since this Restated MAA has purported to be in effect. The Parties agree that notwithstanding the occurrence of any of the foregoing events they will treat, to the maximum extent permitted by law, all actions theretofore taken pursuant to this Restated MAA as valid and binding actions of the Parties.

Section 7.02. Representations and Warranties. Each Party represents and warrants to the other Parties that (a) it has duly executed and delivered this Restated MAA, (b) its performance of this Restated MAA in accordance with its terms will not conflict with or result in the breach of or violation of any of

the terms or conditions of, or constitute (or with notice or lapse of time or both constitute) a default under any order, judgment or decree applicable to it, or any instrument, contract or other agreement to which it is a party or by which it is bound, (c) it is duly constituted and validly existing under the laws of the United States, (d) it has the corporate and other authority, and has obtained all necessary approvals, to enter into this Restated MAA and perform all of its obligations hereunder, and (e) its performance of this Restated MAA in accordance with its terms will not conflict with or result in the breach of or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both constitute) a default under its charter (with respect to the Banks), or its bylaws.

Section 7.03. Additional Covenants.

(a) Each Bank agrees to notify the other Parties and the Scorekeeper if, at any time, it anticipates that within the following three months it will come to be in Category I, Category II or Category III, or will move from one Category to another.

(b) Whenever a Bank is subject to Final Restrictions, a Final Prohibition, Category II Interim Restrictions, Category III Interim Restrictions, or a Continued Access Decision, the Committee shall promptly so notify the Funding Corporation, and the Funding Corporation shall take all necessary steps to ensure that the Bank participates in issues of Debt Securities only to the extent permitted thereunder. The Funding Corporation may rely on the determination of the Committee as to whether a Bank has complied with a condition to a Continued Access Decision.

(c) Each Bank agrees that it will not at any time that it is in Category I, Category II or Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09, and will not without twelve months' prior notice to all other Banks and the Funding Corporation at any other time, either (i) withdraw, or (ii) modify, in a fashion that would impede the issuance of Debt Securities, the funding resolution it has adopted pursuant to Section 4.4(b) of the Act. Should a violation of this covenant be asserted, and should the Bank deny same, the funding resolution shall be deemed still to be in full effect, without modification, until arbitration of the matter is completed, and each Bank, by entering into this Restated MAA, consents to emergency injunctive relief to enforce this provision. Nothing in this Restated MAA shall be construed to restrict any Party's ability to take the position that a Bank's withdrawal or modification of its funding resolution is not authorized by law.

(d) Each Bank agrees that it will not at any time that it is in Category I, Category II or Category III, as indicated in the most recent notice from the Scorekeeper under Section 1.09, and will not without twelve months' prior notice to all other Banks and the System Disclosure Agent at any other time, fail to report information to the System Disclosure Agent pursuant to the Disclosure Program for the issuance of Debt Securities and for the System Disclosure Agent to have a reasonable basis for making disclosures pursuant to the Disclosure Program. Should the System Disclosure Agent assert a violation of this covenant, and should the Bank deny same, the Bank shall furnish such information as the System Disclosure Agent shall request until arbitration of the matter is completed, and each Bank, by entering into this Restated MAA, consents to emergency injunctive relief to enforce this provision. Nothing in this Restated MAA shall be construed to restrict the ability of the System Disclosure Agent to comply with its obligations under the securities laws or other applicable law or regulations with regard to disclosure to investors.

(e) Without implying that suit may be brought on any other matter, each Bank and the Funding Corporation specifically agree not to bring suit to challenge this Restated MAA or to challenge any Final Prohibition, Final Restrictions, Category II Interim Restrictions, Category III Interim Restrictions, Continued Access Decision, denial of a Continued Access Request or recommendation of the Committee

with respect to a Continued Access Request arrived at in accordance with this Restated MAA. This provision shall not be construed to preclude judicial actions under the U.S. Arbitration Act, 9 U.S.C. sections 1-15, to enforce or vacate arbitration decisions rendered pursuant to Section 7.08, or for an order that arbitration proceed pursuant to Section 7.08.

(f) The Funding Corporation agrees that it will not reinstitute the Market Access and Risk Alert Program, or adopt a similar such program for so long as both (i) this Restated MAA is in effect and (ii) Section 4.9(b)(2) of the Act is not amended in a manner which would require, nor is there any other change in applicable law or regulations which would require, the Funding Corporation to establish "conditions of participation" different from those contained in this Restated MAA. Should the condition described in (ii) no longer apply and the Funding Corporation adopt a market access program, this Restated MAA shall be deemed terminated. All Banks reserve the right to argue, if the conditions described in clauses (i) or (ii) of the preceding sentence should no longer apply and the Funding Corporation should adopt such a program, that any such program adopted by the Funding Corporation is contrary to law, either because Section 4.9(b)(2) of the Act does not authorize such a program, or for any other reason, and the entry by any Bank into this Restated MAA shall not be construed as waiving such right.

(g) It is expressly agreed that the Original Agreement, FCA approval of the Original Agreement, the First Restated MAA and FCA approval of this Restated MAA do not provide any grounds for challenging FCA or Insurance Corporation actions with respect to the creation of or the conduct of receiverships or conservatorships. Without limiting the preceding statement, each Bank specifically and expressly agrees and acknowledges that it cannot, and agrees that it shall not, attempt to challenge FCA's appointment of a receiver or conservator for itself or any other System institution or FCA's or the Insurance Corporation's actions in the conduct of any receivership or conservatorship (i) on the basis of this Restated MAA or FCA's approval of this Restated MAA; or (ii) on the grounds that Category II Interim Restrictions, Final Restrictions, Category III Interim Restrictions, or Final Prohibitions were or were not imposed, whether by reason of FCA's or the Insurance Corporation's action or inaction or otherwise. The Banks jointly and severally agree that they shall indemnify and hold harmless FCA and the Insurance Corporation against all costs, expenses, and damages, including without limitation, attorneys' fees and litigation costs, resulting from any such challenge by any Party.

Section 7.04. Termination. This Restated MAA shall terminate upon the earliest of (i) December 31, 2025, (ii) an earlier date if so agreed in writing by 100% Vote of the Banks, or (iii) in the event that all Banks shall be in either Category II or Category III. Commencing a year before December 31, 2025, the Parties shall meet to consider its extension. Except as provided in Section 7.03(f), it is understood that the termination of this Restated MAA shall not affect (i) any rights and obligations of the Funding Corporation under Section 4.9(b)(2) of the Act, and (ii) any Bank's rights pursuant to any Final Restrictions, a Final Prohibition, Category II Interim Restrictions, Category III Interim Restrictions, or a Continued Access Decision then-in-effect.

Section 7.05. Periodic Review. Commencing every third anniversary of the effective date of this Restated MAA, beginning January 1, 2015, and at such more frequent intervals as the Parties may agree, the Banks and the Funding Corporation, through their boards of directors, shall conduct a formal review of this Restated MAA and consider whether any amendments to it are appropriate. In connection with such review, the Committee shall report to the boards on the operation of the Restated MAA and recommend any amendments it considers appropriate.

Section 7.06. Confidentiality. The Parties may disclose this Restated MAA and any amendments to it and any actions taken pursuant to this Restated MAA to restrict or prohibit borrowing by a Bank. All

other information relating to this Restated MAA shall be kept confidential and shall be used solely for purposes of this Restated MAA, except that, to the extent permitted by applicable law and regulations, such information may be disclosed by (a) the System Disclosure Agent under the Disclosure Program, (b) a Bank, upon coordination of such disclosure with the System Disclosure Agent, as the Bank deems appropriate for purposes of the Bank's disclosures to borrowers or shareholders; (c) a Bank as deemed appropriate for purposes of disclosure to transacting parties (subject, to the extent the Bank reasonably can obtain such agreement, to such a transacting party's agreeing to keep the information confidential) of material information relating to that Bank, or (d) any Party in order to comply with legal or regulatory obligations. Notwithstanding the preceding sentence, the Parties shall make every effort, to the extent consistent with legal requirements, securities disclosure obligations and other business necessities, to preserve the confidentiality of information provided to the Committee by a Bank and designated as "Proprietary and Confidential." Any expert or consultant retained in connection with this Restated MAA shall execute a written undertaking to preserve the confidentiality of any information received in connection with this Restated MAA. Notwithstanding the foregoing, nothing in this Restated MAA shall prevent Parties from disclosing information to FCA or the Insurance Corporation.

Section 7.07. Amendments. This Restated MAA may be amended only by the written agreement of all the Parties.

Section 7.08. Dispute Resolution. All disputes between or among Parties relating to this Restated MAA shall be submitted to final and binding arbitration pursuant to the U.S. Arbitration Act, 9 U.S.C. sections 1-15, provided, however, that any recommendation by the Committee regarding a Continued Access Request (including, if the recommendation is to grant the Request, recommendations as to the expiration date of the Continued Access Decision and as to any conditions to be imposed on the Decision), and any vote by a Bank on a Continued Access Request, shall be final and not subject to arbitration. Arbitrations shall be conducted under the Commercial Arbitration Rules of the American Arbitration Association before a single arbitrator. An arbitrator shall be selected within fourteen days of the initiation of arbitration by any Party, and the arbitrator shall render a decision within thirty days of his or her selection, or as otherwise agreed to by the parties thereto.

Section 7.09. Governing Law. This Restated MAA shall be governed by and construed in accordance with the Federal laws of the United States of America, and, to the extent of the absence of Federal law, in accordance with the laws of the State of New York excluding any conflict of law provisions that would cause the law of any jurisdiction other than New York to be applied; provided, however, that in the event of any conflict between the U.S. Arbitration Act and applicable Federal or New York law, the U.S. Arbitration Act shall control.

Section 7.10. Notices. Any notices required or permitted under this Restated MAA shall be in writing and shall be deemed given if delivered in person, by e-mail, by fax or by a nationally recognized overnight courier, in each case addressed as follows, unless such address is changed by written notice hereunder:

To AgFirst Farm Credit Bank:

AgFirst Farm Credit Bank  
Farm Credit Bank Building  
1401 Hampton Street  
Columbia, SC 29201  
Attention: President and Chief Executive Officer  
Fax: 803-254-1776  
E-Mail:[OMITTED]

To AgriBank, FCB:

AgriBank, FCB  
375 Jackson Street  
St. Paul, MN 55101  
Attention: President and Chief Executive Officer  
Fax: 651-282-8494  
E-Mail: [OMITTED]

To CoBank, ACB:

CoBank, ACB  
5500 South Quebec Street  
Greenwood Village, CO 80111  
Attention: President and Chief Executive Officer  
Fax: 303-740-4002  
E-Mail: [OMITTED]

To the Farm Credit Bank of Texas:

Farm Credit Bank of Texas  
4801 Plaza on the Lake Drive  
Austin, TX 78746  
Attention: President and Chief Executive Officer  
Fax: 512-465-0775  
E-Mail: [OMITTED]

To U.S. AgBank, FCB:

U.S. AgBank, FCB  
Farm Credit Bank Building  
245 North Waco  
Wichita, KS 67202  
Attention: President and Chief Executive Officer  
Fax: 316-266-5126  
E-Mail: [OMITTED]

To Federal Farm Credit Banks Funding Corporation:

Federal Farm Credit Banks Funding Corporation  
10 Exchange Place  
Suite 1401  
Jersey City, NJ 07302  
Attention: President and Chief Executive Officer  
Fax: 201-200-8109

E-Mail: [OMITTED]

To the Farm Credit System Insurance Corporation:

Farm Credit System Insurance Corporation  
1501 Farm Credit Drive  
McLean, Virginia 22102  
Attention: Chairman  
Fax: 703-790-9088  
E-Mail: [OMITTED]

To the Farm Credit Administration:

Farm Credit Administration  
1501 Farm Credit Drive  
McLean, Virginia 22102-5090  
Attention: Chairman  
Fax: 703-734-5784  
E-Mail: [OMITTED]

To the CIPA Oversight Body:

At such address, fax number and e-mail address as shall be supplied to the Parties from time to time by the Chairman of the CIPA Oversight Body.

To the Committee:

At such address, fax number and e-mail address as shall be supplied by the Committee, which the Committee shall promptly transmit to each Party.

Any notice sent by the courier shall be deemed given one Business Day after depositing with the overnight courier. Any notice given in person, by e-mail, or by fax shall be deemed given instantaneously.

Section 7.11. Headings; Conjunctive/Disjunctive; Singular/Plural. The headings of any article or section of this Restated MAA are for convenience only and shall not be used to interpret any provision of the Restated MAA. Uses of the conjunctive include the disjunctive, and vice versa, unless the context clearly requires otherwise. Uses of the singular include the plural, and vice versa, unless the context clearly requires otherwise.

Section 7.12. Successors and Assigns. Except as provided in the definitions of "Bank" and "Banks" in Article IX, this Restated MAA shall inure to the benefit of and be binding upon the successors and assigns of the Parties, including entities resulting from the merger or consolidation of one or more Banks.

Section 7.13. Counterparts. This Restated MAA, and any document provided for hereunder, may be executed in one or more counterparts. Transmission by facsimile or other form of electronic transmission of an executed counterpart of this Restated MAA shall be deemed to constitute due and sufficient delivery of such counterpart.

Section 7.14. Waiver. Any provision of this Restated MAA may be waived, but only if such waiver is in writing and is signed by all Parties to this Restated MAA.

Section 7.15. Entire Agreement. Except as provisions of CIPA are cited in this Restated MAA (which provisions are expressly incorporated herein by reference), this Restated MAA sets forth the entire agreement of the Parties and supersedes all prior understandings or agreements, oral or written, among the Parties with respect to the subject matter hereof.

Section 7.16. Relation to CIPA. This Restated MAA and CIPA are separate agreements, and invalidation of one does not affect the other. Should CIPA be invalidated or terminated, the Parties will take the necessary steps to maintain those aspects of CIPA that are referred to in Sections 1.01, 1.02 and 1.03 of this Restated MAA, and to replace the CIPA Oversight Body for purposes of continued administration of this Restated MAA.

Section 7.17. Third Parties. Except as provided in Sections 2.10, 3.03, 7.03(g), 7.21 and 7.22, this Restated MAA is for the benefit of the Parties and their respective successors and assigns, and no rights are intended to be, or are, created hereunder for the benefit of any third party.

Section 7.18. Time Is Of The Essence. Time is of the essence in interpreting and performing this Restated MAA.

Section 7.19. Statutory Collateral Requirement. Nothing in this Restated MAA shall be construed to permit a Bank to participate in issues of Debt Securities or other obligations if it does not satisfy the collateral requirements of Section 4.3(c) of the Act. For purposes of this Section, "Bank" shall include any System bank in conservatorship or receivership.

Section 7.20. Termination of System Status. Nothing in this Restated MAA shall be construed to preclude a Bank from terminating its status as a System institution pursuant to Section 7.10 of the Act, or from at that time withdrawing, as from that time forward, the funding resolution it has adopted pursuant to Section 4.4(b) of the Act. A Bank that terminates its System status shall cease to have any rights or obligations under this Restated MAA, except that it shall continue to be subject to Article VIII with respect to claims accruing through the date of such termination of System status.

Section 7.21. Restrictions Concerning Subsequent Litigation. It is expressly agreed by the Banks that (a) characterization or categorization of Banks, (b) information furnished to the Committee or other Banks, and (c) discussions or decisions of the Banks or Committee under this Restated MAA shall not be used in any subsequent litigation challenging FCA's or the Insurance Corporation's action or inaction.

Section 7.22. Effect of this Agreement. Neither this Restated MAA nor FCA approval hereof shall in any way restrict or qualify the authority of FCA or the Insurance Corporation to exercise any of the powers, rights, or duties granted by law to FCA or the Insurance Corporation.

Section 7.23. Relationship to the Joint and Several Liability Reallocation Agreement. This Restated MAA and the Joint and Several Liability Reallocation Agreement are separate agreements, and invalidation of one does not affect the other.

## ARTICLE VIII - INDEMNIFICATION

Section 8.01. Definitions. As used in this Article VIII:

(a) "Indemnified Party" means any Bank, the Funding Corporation, the Committee, the Scorekeeper, or any of the past, present or future directors, officers, stockholders, employees or agents of the foregoing.

(b) "Damages" means any and all losses, costs, liabilities, damages and expenses, including, without limitation, court costs and reasonable fees and expenses of attorneys expended in investigation, settlement and defense (at the trial and appellate levels and otherwise), which are incurred by an Indemnified Party as a result of or in connection with a claim alleging liability to any non-Party for actions taken pursuant to or in connection with this Restated MAA. Except to the extent otherwise provided in this Article VIII, Damages shall be deemed to have been incurred by reason of a final settlement or the dismissal with prejudice of any such claim, or the issuance of a final nonappealable order by a court of competent jurisdiction which ultimately disposes of such a claim, whether favorably or unfavorably.

Section 8.02. Indemnity. To the extent consistent with governing law, the Banks, jointly and severally, shall indemnify and hold harmless each Indemnified Party against and in respect of Damages, provided, however, that an Indemnified Party shall not be entitled to indemnification under this Article VIII in connection with conduct of such Indemnified Party constituting gross negligence, willful misconduct, intentional tort or criminal act, or in connection with civil money penalties imposed by FCA. In addition, the Banks, jointly and severally, shall indemnify an Indemnified Party for all costs and expenses (including, without limitation, fees and expenses of attorneys) incurred reasonably and in good faith by an Indemnified Party in connection with the successful enforcement of rights under any provision of this Article VIII.

Section 8.03. Advancement of Expenses. The Banks, jointly and severally, shall advance to an Indemnified Party, as and when incurred by the Indemnified Party, all reasonable expenses, court costs and attorneys' fees incurred by such Indemnified Party in defending any proceeding involving a claim against such Indemnified Party based upon or alleging any matter that constitutes, or if sustained would constitute, a matter in respect of which indemnification is provided for in Section 8.02, so long as the Indemnified Party provides the Banks with a written undertaking to repay all amounts so advanced if it is ultimately determined by a court in a final nonappealable order or by agreement of the Banks and the Indemnified Party that the Indemnified Party is not entitled to be indemnified under Section 8.02.

Section 8.04. Assertion of Claim.

(a) Promptly after the receipt by an Indemnified Party of notice of the assertion of any claim or the commencement of any action against him, her or it in respect of which indemnity may be sought against the Banks hereunder (an "Assertion"), such Indemnified Party shall apprise the Banks, through a notice to each of them, of such Assertion. The failure to so notify the Banks shall not relieve the Banks of liability they may have to such Indemnified Party hereunder, except to the extent that failure to give such notice results in material prejudice to the Banks.

(b) Any Bank receiving a notice under paragraph (a) shall forward it to the Committee (which, if not in existence, shall be formed at the instance of such Bank to consider the matter). The Banks, through the Committee, shall be entitled to participate in, and to the extent the Banks, through the

Committee, elect in writing on thirty days' notice, to assume, the defense of an Assertion, at their own expense, with counsel chosen by them and satisfactory to the Indemnified Party. Notwithstanding that the Banks, through the Committee, shall have elected by such written notice to assume the defense of any Assertion, such Indemnified Party shall have the right to participate in the investigation and defense thereof, with separate counsel chosen by such Indemnified Party, but in such event the fees and expenses of such separate counsel shall be paid by such Indemnified Party and shall not be subject to indemnification by the Banks unless (i) the Banks, through the Committee, shall have agreed to pay such fees and expenses, (ii) the Banks shall have failed to assume the defense of such Assertion and to employ counsel satisfactory to such Indemnified Party, or (iii) in the reasonable judgment of such Indemnified Party, based upon advice of his, her or its counsel, a conflict of interest may exist between the Banks and such Indemnified Party with respect to such Assertion, in which case, if such Indemnified Party notifies the Banks, through the Committee, that such Indemnified Party elects to employ separate counsel at the Banks' expense, the Banks shall not have the right to assume the defense of such Assertion on behalf of such Indemnified Party. Notwithstanding anything to the contrary in this Article VIII, neither the Banks, through the Committee, nor the Indemnified Party shall settle or compromise any action or consent to the entering of any judgment (x) without the prior written consent of the other, which consent shall not be unreasonably withheld, and (y) without obtaining, as an unconditional term of such settlement, compromise or consent, the delivery by the claimant or plaintiff to such Indemnified Party of a duly executed written release of such Indemnified Party from all liability in respect of such Assertion, which release shall be satisfactory in form and substance to counsel to such Indemnified Party. The Funding Corporation shall not be entitled to vote on actions by the Committee under this paragraph (b) or Section 8.08.

Section 8.05. Remedies; Survival. The indemnification, rights and remedies provided to an Indemnified Party under this Article VIII shall be (i) in addition to and not in substitution for any other rights and remedies to which any of the Indemnified Parties may be entitled, under any other agreement with any other Person, or otherwise at law or in equity, and (ii) provided prior to and without regard to any other indemnification available to any Indemnified Party. This Article VIII shall survive the termination of this Restated MAA.

Section 8.06. No Rights in Third Parties. This Restated MAA shall not confer upon any Person other than the Indemnified Party any rights or remedies of any nature or kind whatsoever under or by reason of the indemnification provided for in this Article VIII.

Section 8.07. Subrogation; Insurance. Upon the payment by the Banks to an Indemnified Party of any amounts for which an Indemnified Party shall be entitled to indemnification under this Article VIII, if the Indemnified Party shall also have the right to recover such amount under any commercial insurance, the Banks shall be subrogated to such rights to the extent of the indemnification actually paid. Where coverage under such commercial insurance may exist, the Indemnified Party shall promptly file and diligently pursue a claim under said insurance. Any amounts paid pursuant to such claim shall be refunded to the Banks to the extent the Banks have provided indemnification payments under this Article VIII, provided, however, that recovery under such insurance shall not be deemed a condition precedent to the indemnification obligations of the Banks under this Article VIII.

Section 8.08. Sharing in Costs. The Banks shall share in the costs of any indemnification payment hereunder as the Committee shall determine.

## **ARTICLE IX - DEFINITIONS**

The following definitions are used in this Restated MAA:

"Act" means the Farm Credit Act of 1971, 12 U.S.C. section 2001, et seq., as amended from time to time, or any successors thereto.

The "Additional Restrictions" are that a Bank (a) shall manage its asset/liability mix so as not to increase, and, to the extent possible, so as to reduce or eliminate, any Interest-Rate Sensitivity Deduction in its Net Composite Score, and (b) shall not increase the dollar amount of any liabilities, or take any action giving rise to a lien or pledge on its assets, senior to its liability on Debt Securities other than (i) tax liabilities and secured liabilities arising in the ordinary course of business through activities other than borrowing, such as mechanic's liens or judgment liens, and (ii) secured liabilities, or an action giving rise to such a lien or pledge, incurred in the ordinary course of business as the result of issuing secured debt or entering into repurchase agreements, provided, however, that such debt issuances and agreements may be undertaken to the extent that the proceeds therefrom are used to repay the principal of outstanding Debt Securities and the value of the collateral securing the debt issuances or the agreements (computed in the same manner as provided under Section 4.3(c) of the Act) does not exceed the amount of principal so repaid.

"Associations" means agricultural credit associations, federal land bank associations, federal land credit associations and production credit associations.

"Average Net Composite Score" is defined in Section 1.03.

"Bank" means a bank (including its consolidated subsidiaries) of the Farm Credit System, other than (except where noted) any bank in conservatorship or receivership (and its consolidated subsidiaries).

"Banks" means the banks (including their consolidated subsidiaries) of the Farm Credit System, other than (except where noted) any banks in conservatorship or receivership (and their consolidated subsidiaries).

"Business Day" means any day other than a Saturday, Sunday or Federal holiday.

"Business Plan" means the business plan required under 12 C.F.R. 618.8440, as amended from time to time, or any successors thereto.

"Category" means Category I, Category II, or Category III, as the circumstances require.

"Category I" is defined in Section 1.05.

"Category II" is defined in Section 1.06.

"Category II Interim Restrictions" means the requirements set forth in Section 4.02.

"Category III" is defined in Section 1.07.

"Category III Interim Restrictions" means the requirements set forth in Section 5.02.

"CIPA" means that certain Amended and Restated Contractual Interbank Performance Agreement among the Banks of the Farm Credit System and the Federal Farm Credit Banks Funding Corporation, the Scorekeeper, dated as of June 30, 2011, as amended from time to time, or any successor thereto.

"CIPA Oversight Body" is defined in Section 1.02.

"Collateral" is defined as in Section 4.3(c) of the Act and the regulations thereunder, as amended from time to time, or any successors thereto.

The "Committee" is defined in Section 2.01.

"Continued Access Decision(s)" means a decision, subject to the procedures, terms and conditions described in Article VI, that Final Restrictions or a Final Prohibition not go into effect, or be lifted.

"Continued Access Request" means a request for a Continued Access Decision.

"Days" means calendar days, unless the term Business Days is used.

"Debt Securities" means Systemwide and consolidated obligations issued through the Funding Corporation, within the meaning of Sections 4.2(c), 4.2(d) and 4.9 of the Act.

"Disclosure Program" means the program established, pursuant to resolutions of the Banks and the Funding Corporation adopted in 1987 and last substantively revised in 1994, for disclosure at the Systemwide level of financial and other information in connection with the issuance of Debt Securities, as amended from time to time, or any successor thereto.

"FCA" means the Farm Credit Administration.

"Final Prohibition" means the requirements set forth in Section 5.01.

"Final Restrictions" means the requirements set forth in Section 4.01.

"First Restated MAA" means that certain Amended and Restated Market Access Agreement, dated July 1, 2003, among the Banks and the Funding Corporation.

"Funding Corporation" means the Federal Farm Credit Banks Funding Corporation.

"Going Concern Qualification" means a qualification expressed pursuant to Statement of Auditing Standards No. 59, "The Auditor's Consideration of an Entity's Ability to Continue As a Going Concern."

"Insurance Corporation" means the Farm Credit System Insurance Corporation.

"Insurance Fund" means the Farm Credit Insurance Fund maintained by the Insurance Corporation pursuant to Section 5.60 of the Act.

"Interest-Rate Sensitivity Deduction" is defined as in Article II of CIPA, and the Model referred to therein, as amended from time to time, or any successor thereto.

"Joint and Several Liability Reallocation Agreement" means that certain Joint and Several Liability Reallocation Agreement among the Banks and the Funding Corporation.

"Liquidity Deficiency Deduction" is defined as in Article II of CIPA, and the Model referred to

therein, as amended from time to time, or any successor thereto.

"Model" means the term Model as it is defined in the CIPA.

"Net Collateral" means a Bank's collateral as defined in 12 C.F.R. 615.5050, as amended from time to time, or any successors thereto (except that eligible investments as described in 12 C.F.R. 615.5140, as amended from time to time, or any successors thereto, are to be valued at their amortized cost), less an amount equal to that portion of the allocated investments of affiliated Associations that is not counted as permanent capital by the Bank.

"Net Collateral Ratio" means a Bank's Net Collateral divided by Bank-only total liabilities (i.e., the total liabilities used to compute the net collateral ratio defined in 12 C.F.R. 615.5301(d), as amended from time to time or any successors thereto).

"Net Composite Score" is defined in Section 1.03.

"100% Vote" means an affirmative vote, through each voting Bank's board of directors or its designee, of all Banks that are entitled to vote on a matter.

"Original Agreement" means that certain Market Access Agreement, dated September 1, 1994 and effective as of November 23, 1994, among the Banks and the Funding Corporation.

"Parties" mean the parties to this Restated MAA. A bank in conservatorship or receivership is not a party to this Restated MAA.

"Permanent Capital" is defined as in Section 4.3A(a)(1) of the Act and the regulations thereunder, as amended from time to time, or any successors thereto.

"Permanent Capital Ratio" means a Bank's Permanent Capital as a percentage of its Risk-Adjusted Asset Base.

"Person" means any human being, partnership, association, joint venture, corporation, legal representative or trust, or any other entity.

"Ratio(s)" means either the Net Collateral Ratio, or Permanent Capital Ratio, as the circumstances require.

"Risk-Adjusted Asset Base" is defined as in 12 C.F.R. 615.5210(e), as amended from time to time, or any successor thereto.

"Scorekeeper" is defined in Section 1.01.

"System" means the Farm Credit System.

"System Disclosure Agent" means the Funding Corporation or such other disclosure agent as all Banks shall unanimously agree upon, to the extent permitted by law or regulation. For purposes of this definition, "Banks" shall include any System bank in conservatorship or receivership.

[end of Draft Second Amended and Restated MAA]

**Date: October 27, 2011**

**Mary Alice Donner,  
Acting Secretary,  
Farm Credit Administration Board.**

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<sup>1</sup>68 FR 19539 (April 21, 2003).

<sup>2</sup>75 FR 76729 (December 9, 2010).

<sup>3</sup>12 U.S.C. 2155.

<sup>4</sup>75 FR 64727 (October 20, 2010).

<sup>5</sup>CoBank, ACB and U.S. Agbank, FCB plan to merge as of January 1, 2012. The FCA has preliminarily approved the merger, and the boards and stockholders of both banks have voted to approve the merger.