

**Statement Regarding the
National Charter Final Rule
By
The Honorable Ann Jorgensen
Board Member
Farm Credit Administration
October 11, 2001**

I will start by thanking the Farm Credit Administration (FCA) staff that has worked on the National Charter rule. You have carried out a monumental task in reviewing and synthesizing over 1,500 comment letters on the proposed rule. You did an excellent job in working through the alternatives, weighing the pros and cons, and then writing a very comprehensible final rule.

I will begin my comments about the rule by stating that I am still very supportive of removing geographic boundaries. I was supportive when the Philosophy Statement was issued by the Board, and when the Board decided that changing the consent requirements of 12CFR Section § 614.4070 was the appropriate manner to remove geographic boundaries. The Farm Credit System (FCS or System) must be able to respond to continuing changes in the market if it is to remain a viable source of credit for America's farmers, ranchers, and other eligible rural borrowers.

Agriculture and the financial services industries are changing rapidly – the technology, business structures, and the markets. And nobody can stop the evolution. Farmers and ranchers are responding and transforming their operations, as are the financial institutions. The FCS needs to adapt if it is to remain one of the major sources of financing to agriculture. And, I believe that the FCS as a Government Sponsored Enterprise still plays a vital role in maintaining a competitive agricultural credit market enabling access for farmers and ranchers to the best possible rates for financing and a wide array of services.

After reading and studying the input from Congress, the System, various trade organizations, and other interested parties, I am not convinced that the National Charter model is the right path at this time. The rulemaking process worked; we received a great numbers of comments, staff had adequate time to review them and I, as a Board Member, listened.

However, I am still open to exploring methods of providing full choice to borrowers of the System. Customers should be able to choose the institution that provides the products and services best tailored to their needs.

The geographic boundaries will continue to present barriers to providing the best and most accessible services to the eligible borrowers, especially in such areas as Internet commerce. As financial institutions transform themselves, e-commerce will play an ever-increasing role. Segments of the agricultural sector are demanding Internet credit

services today; they want the increased convenience and efficiencies. And, this demand will increase over time. If the FCS is to remain a viable source of credit for agriculture, it must have the ability to conduct business over the Internet. I have been chairing the task force on e-commerce issues and have had access to quality staff to work on this issue. We have already developed one proposed rule, and the issue of Internet commerce will be dealt with in the future.

Two other issues were discussed in this rulemaking that I believe have merit and would like staff to pursue. First, given the rapid structural changes in the System, including more complex institutions covering greater geographic territories, and the current economic problems, it would be prudent to review our existing business planning requirements and update those to meet current conditions. Second, I believe this would be an appropriate time to begin work on developing a policy statement related to the mission of the System.