News Release

Farm Credit Administration
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FCA Board Approves Charter for New Service Corporation, Issues Proposed Rule on Liquidity and Investment Rules for Farmer Mac

McLEAN, Va., October 13, 2011 —The Farm Credit Administration (FCA) Board today approved a request by AgriBank, FCB, for a charter for a new service corporation called Farm Credit Foundations. The Board also approved the articles of incorporation for the organization.

Currently, Farm Credit Foundations exists as part of AgriBank, FCB. It provides human resource services and benefits to AgriBank and its affiliated institutions; to U.S. AgBank, FCB, and its affiliated institutions; and to one association in the CoBank, ACB, district. Altogether, Farm Credit Foundations currently serves 7,800 employee-clients, as well as their dependents, across 47 employers; it also administers retirement plans for 6,500 retirees.

By transforming Farm Credit Foundations into a Farm Credit System (FCS or System) service corporation, AgriBank seeks to increase the control and accountability of the institutions that use Foundations' services over its business direction, operations, and cost structure. It also seeks to create a viable human resource service business that delivers important economies of scale, allowing employers to provide competitive employee services and benefits. In addition, transforming Foundations into a service corporation will allow its employer-owners to focus on their core business models.

The Foundations' charter will become effective on January 1, 2012. At this time, the employers that use its services will become user-owners of the new service corporation. The Foundations' headquarters will be in St. Paul, Minn.

FCS service corporations are authorized by section 4.25 of the Farm Credit Act of 1971, as amended. They are created to perform certain functions and services for the financial benefit of the System banks and associations that own and use the corporations.

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In other business, the Board approved a notice of proposed rulemaking to amend FCA's liquidity and investment management rules pertaining to the Federal Agricultural Mortgage Corporation (Farmer Mac). FCA is proposing to update and strengthen the existing regulations in response to the recent financial crisis and recent developments in best practices.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act requires FCA to review all regulations that refer to, or require the use of, credit ratings; to remove these references and requirements; and to substitute other appropriate standards for measuring creditworthiness. The notice that the Board approved today solicits public responses to questions related to the removal of these references and requirements from regulations pertaining to Farmer Mac.

For more information about the proposed rule, see the attached factsheet.

Following a 30-day period for congressional review, the proposed rule will be published in the Federal Register for a 60-day comment period. Comments for the proposed rule may be submitted by electronic mail to reg-comm@fca.gov, through the Pending Regulations section of FCA's website at www.fca.gov, or through the federal government Web portal at www.regulations.gov.

Comments also may be sent by mail to Laurie A. Rea, Director, Office of Secondary Market Oversight, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090. The public may read submitted comments at the FCA office in McLean, Va., or on FCA's website at www.fca.gov.

Notational Votes

Since the September 8, 2011, FCA Board meeting, four notational votes have occurred. Notational votes are actions taken by the FCA Board between Board meetings.

- On September 27, the FCA Board voted to delegate to the chairman of FCA's Regulatory Enforcement Committee the authority to grant requests by one of the System associations to engage in certain agricultural loan transactions. This association is currently under an FCA supervisory action. The committee chairman must consult with the committee before exercising this authority and must notify the FCA Board when requests are approved.
- On October 3, the FCA Board voted to move the November monthly Board meeting up one day to Wednesday, November 9.

- On October 6, the FCA Board voted to approve the FCA Office of Examination's fiscal year 2012 oversight and examination plan. On October 6, the FCA Board voted to approve a letter, along with an attached Plan for Retrospective Analysis of Existing Rules, to the administrator of the Office of Information and Regulatory Affairs. The letter and plan express FCA's commitment to eliminating ineffective and burdensome regulations and to providing open access to its rulemaking process. In submitting this plan, the Agency is voluntarily complying with recommendations set forth in Executive Orders 13563 and 13579.
- On October 12, the FCA Board voted to approve a limited delegation of authority to the General Counsel to act on employment requests from FCS institutions pursuant to section 5.65(d) of the Farm Credit Act of 1971, as amended.

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The Farm Credit Administration is the safety and soundness regulator of the cooperative Farm Credit System and the Federal Agricultural Mortgage Corporation (Farmer Mac). FCA charters, regulates, and examines the 96 banks, associations, service corporations and special-purpose entities of the Farm Credit System, which makes loans to agricultural producers and their cooperatives nationwide. This includes Farmer Mac, which provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA Board are Leland A. Strom, Chairman and CEO; Kenneth A. Spearman; and Jill Long Thompson.

Note: FCA news releases are available on the Web at www.fca.gov.

Attachment — See related Fact Sheet on Farmer Mac Non-Program Investment and Liquidity Management: Notice of Proposed Rulemaking