

**Remarks by
The Honorable Nancy C. Pellett
Farm Credit Administration Chairman and Chief Executive Officer
at the
Carolina Farm Credit, ACA Leadership Institute
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Thank you for that very nice introduction and good evening to all of you.

It is always a pleasure to spend time with people who care deeply about agriculture, especially the young couples here tonight who are beginning to make their mark, not only in agriculture, but also in their rural communities.

I am honored to join you tonight especially after a very informative and exciting day with Dr. Kohl.

Tonight, I would like to share with you a little bit about my background and some of the feelings that run through me as the parent of a young farmer facing the same challenges that you are all facing.

I would also like to tell you a little about the Farm Credit Administration and our emphasis on supporting young farmers as well as the rural communities in which you all reside.

I have spent my whole life involved in some manner or another in agriculture...and I have loved every minute of it.

When the President gave me a chance to become involved in building a stronger American agriculture and a more vibrant rural America at the national level, it was an opportunity I could not pass up. I consider it a privilege to serve ones country and doubly so if that service involves working to improve agriculture and rural America.

Now I believe we provided you some background sheets about the Farm Credit Administration and what we do, so I hope they are helpful to you and I would be happy to answer any questions about the material we provided you. But first, let me highlight a few items.

Our mission at the Farm Credit Administration is to ensure that the Farm Credit System remains capable of providing American agriculture and rural America with a dependable source of credit.

We accomplish this mission in two ways.

First, we conduct a basic financial safety and soundness examination of each Farm Credit System institution. If we see problems in how an institution conducts its business, we have authorities available to us to ensure problems are corrected promptly.

Our second mission related activity is to research and develop regulations that govern how Farm Credit System institutions conduct their business.

In the past we were generally referred to as "the regulator" and it was not always said in the nicest tone of voice. I believe a lot of people within the Farm Credit System viewed us as an

organization that “curtailed” their business activities and “prevented” them from adequately serving their customers.

One of my goals is to change that perception. I view my Agency’s role as being an “enabler” whereby we encourage Farm Credit System institutions to fully utilize the authorities that Congress granted them so that they may better serve the needs of all agricultural producers and the rural communities they live in.

One of the areas I will continue to emphasize is the importance of supporting young, beginning, and small farmers.

I believe it is critical that this important group of borrowers be fully supported to help ensure that the next generation of farmers is able to have farming as a viable career option. Furthermore, programs supporting young, beginning, and small farmers are required by statute and governed by a regulation we implemented last year.

Evaluating young, beginning, and small farmer programs has been a high priority at my Agency for several years, and will continue to be, as the challenges of moving new entrants into the mainstream of agriculture becomes more complex and more challenging.

Let me assure you that the Farm Credit System has a long history of support to this important segment of agriculture and the statistics speak highly of their success.

Nearly 60 percent of all loans made by the Farm Credit System are to borrowers who are classified as small farmers. Young farmers represent 17 percent of all borrowers and beginning farmers represent 22 percent of all borrowers in the Farm Credit System portfolio.

I would also note that the number of young, beginning, and small farmers served by the Farm Credit System has been on the increase in recent years.

I also have firsthand knowledge about the outstanding System programs in this area as I have had the opportunity to personally meet with, and talk with, those involved in young, beginning, and small farmer programs at several Farm Credit institutions. Not only with all of you here tonight but with people all over the country. The quality of the programs out there and, more importantly, the success of those programs, is a great tribute to the dedicated work of the Farm Credit System.

I think another way, and maybe even a more important way, to help young farmers is to concentrate on programs that directly benefit rural communities.

In my opinion supporting rural communities is vital to the success of agriculture and to those who engage in it, regardless of their age. While there are only about 2 million farmers nationwide, there are about 65 million people living in rural America.

I am convinced that vibrant rural communities are the most critical factor in not only keeping all farmers on the land, but more importantly getting new entrants into farming, both the young farmer and their spouse.

We have initiated a project in this area called “Investments in Rural America” and I have asked staff to explore all available avenues that could increase the flow of funds to agriculture and rural communities.

We are enthusiastic about pursuing this project and believe that it may have the potential to enable the System to do some new and important things that significantly help rural America.

When my husband and I are at home in Iowa, we always end up reflecting on what we have gone through together. There were many successes to be proud of, but there were also some struggles and very difficult decisions that had to be made. It has been a good life and we want our children and grandchildren to have the opportunity to share in the same experiences we had.

For that to happen requires a strong agricultural sector and a more vibrant rural America. That is the principal reason why the Farm Credit System exists, and the Farm Credit Administration will be there to ensure that the System remains capable of fulfilling its mission to serve you and to meet your needs.

For all the young couples here tonight I wish you well as you grow your farm operation, become a voice for agriculture, and participate in your rural community. And remember, the challenges you face will only make you stronger and allow you to embrace your successes more intensely.

Ladies and gentlemen, it was a pleasure getting to know you and I wish you all the success in the world as you continue to carry on the time honored tradition of working the land. I also want to commend Dennis Leamon, the Chairman of the Association's Board of Directors, Larry Shoffner, President and CEO of Carolina, ACA, and the Association staff for all the things they do to improve the lives of our next generation of framers.

Thank you so much for a wonderful evening and if there are any questions I would be happy to address them.