



Via Federal Express and E-Mail

November 25, 2008

Office of the Comptroller of the Currency
regs.comments@occ.treas.gov
Docket Number OCC-2008-0016
250 E Street, SW
Mail Stop 1-5
Washington, DC 20219

Board of Governors of the Federal Reserve System
regs.comments@federalreserve.gov
Docket No. R-1335
Ms. Jennifer J. Johnson
20th Street and Constitution Avenue, NW
Washington, DC 20551

Federal Deposit Insurance Corporation
comments@FDIC.gov
RIN 3064-AD34
Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
550 17th Street, NW
Washington, DC 20429

Office of Thrift Supervision
Docket ID OTS-2008-0014
Regulation Comments
Chief Counsel's Office
1700 G Street, NW
Washington, DC 20552

**Re: Joint Proposed Rulemaking Concerning Minimum Capital Ratios; Capital Adequacy Guidelines; Capital Maintenance; Capital: Treatment of Claims on, or Guaranteed by, the Federal National Mortgage Association (Fannie Mac) and the Federal Home Loan Mortgage Corporation (Freddie Mac)
As published on October 27, 2009 in the Federal Register (73 FR 63656)**

Dear Sirs:

U.S. AgBank, FCB appreciates this opportunity to comment on the proposed rule to lower risk weights for claims on, or guaranteed by, Fannie Mae and Freddie Mac published in the October 27, 2008 Federal Register.

U.S. AgBank, FCB is part of the Farm Credit System (System). The System is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. As a government-sponsored enterprise (GSE) the System has a mandated mission under the Farm Credit Act to support agriculture and other vital

Part of The Farm Credit System

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rural businesses, and we have historically received the implicit support of the United States government which has allowed the System to reliably access the debt markets and fund that mission at favorable rates. U.S. AgBank, FCB and its 28 affiliated retail lending institutions serve Arizona, California, Colorado, Hawaii, southeastern Idaho, Kansas, Nevada, New Mexico, Oklahoma, Utah, and the far western edge of Wyoming. As of September 30, 2008, the U.S. AgBank and its affiliated institutions held approximately \$29.52 billion in loans and other assets.

U.S. AgBank, FCB participated in the development of the comments submitted by the Federal Farm Credit Banks Funding Corporation on behalf of the Farm Credit System Banks and fully supports the concerns and issues raised in its letter.

Of specific concern relating to this proposed rulemaking, is the proposed action to lower risk weights for claims on, or guaranteed by, Fannie Mae and Freddie Mac. This would result in differential risk weighting among the debt securities issued by the various GSEs. This proposal would significantly reduce the amount of capital that commercial banks are required to hold against Fannie Mae and Freddie Mac debt securities, making those debt securities substantially more attractive than the debt securities issued by other GSEs.

Although the proposed rule may be justified from the standpoint of reducing strain on the capital positions of banking organizations that are holding securities issued by or guaranteed by Fannie Mae and Freddie Mac, this objective should not be achieved at the expense of the missions of other GSEs. We strongly believe that unless the System is treated as Freddie Mac and Fannie Mae, the impact of this proposed rule would impair our ability to efficiently access these debt markets. The net result could be an increase in the cost of credit made available to U.S. farmers, ranchers, and other agricultural businesses at a very time when farmers are seeking production financing for next year.

We would also like to point out that the debt securities issued by the Farm Credit System are the only GSE debt securities directly protected by a dedicated federal insurance fund, administered by an independent federal agency, the Farm Credit System Insurance Corporation (FCSIC). In addition, the recently passed Farm Bill strengthened that protection by revamping the basis for insurance premiums and providing FCSIC with the ability to significantly increase premiums, which they have subsequently done. At September 30, 2008, the fund held \$2.8 billion for the sole purpose of protecting the purchasers of Systemwide debt securities.

As such, in order to ensure that an unfair advantage is not created, which would effectively penalize the Farm Credit System for operating in a prudent and sound manner, Systemwide debt securities should be afforded the same risk weighting as the debt securities of Fannie Mae and Freddie Mac. We urge you not to differentiate the risk weighting of debt securities among the various GSEs.

If you have any questions, please feel free to contact me at 316.266.5220.

Thank you for your consideration.

Sincerely,


Darryl W. Rhodes
President and Chief Executive Officer