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November 26, 2008

Board of Governors of the Federal Reserve System
Docket No. 1335
Mrs. Jennifer J. Johnson
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Minimum Capital Ratios; Capital Adequacy Guidelines; Capital Maintenance; Capital:
Treatment of Certain Claims on or Guaranteed by, the Federal National Mortgage Association
(Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac)

Dear Sirs:

AgTexas Farm Credit Services (AgTexas) appreciates the opportunity to comment on the proposed rule to lower risk weights for claims on, or guaranteed by Fannie Mae and Freddie Mac as published in the October 27, 2008, Federal Register.

AgTexas is an institution of the Farm Credit System (System) which is a federally chartered network of borrower-owned cooperatives and related service organizations with a congressionally-mandated mission under the oldest government-sponsored enterprise (GSE). The System has historically received the implicit support of the United States government, allowing it to reliably access the debt markets at favorable rates in order to fulfill its mission to provide sound and dependable credit to American Agriculture. AgTexas has 1,800 customers in a 23-county area in Texas, and as of September 30, 2008, holds approximately \$601.3 million in loans and investments in rural America. The System as a whole holds a 35% market share of United States farm debt.

AgTexas supports the comments to the proposed regulation submitted by the Federal Farm Credit Banks Funding Corporation (Funding Corporation) on behalf of the System. We agree with the Funding Corporation that, despite the fact that the System has not engaged in the sort of lending and investment practices that have led to the current financial crisis, the recent actions taken by the Congress and government regulators to stabilize the banking sector and the financial markets have so altered the functioning of the agency debt market and is jeopardizing our ability to fulfill our statutory mission as a GSE. By specifically reducing the risk weighting of obligations of Fannie Mae and Freddie Mac from 20% to 10% but not reducing the risk weighting of obligations of other GSEs, the proposed rule would very likely have the effect of putting the System at a further disadvantage in accessing funding and in the pricing of System debt on the agency debt market.

The proposed rule appears to be justified from the standpoint of relieving capital pressures on banks and supporting Fannie Mae and Freddie Mae operations. This rule should not be achieved at the expense of the missions of the other GSEs. It is critical that the System be treated equitably with Freddie Mac and

Fannie Mae relative to risk weighting. Without this equal treatment our ability to efficiently access the debt markets will be impaired, and the net impact will be less available credit for farmers, ranchers and related agricultural business at a reasonable cost. Investors will simply invest in the government guaranteed securities (full faith) that have weak performance at the expense of the System that has sound financial performance.

We believe that System debt should be afforded the same risk weighting as the debt securities of Fannie Mae and Freddie Mac. This proposed rule has the unintended consequence of harming a GSE that has done a creditable job of extending credit at the expense of supporting GSEs and banks that have not extended credit as prudently.

We appreciate the opportunity to comment on the proposed regulation.

Sincerely,



Mitchell Harris
Chief Executive Officer

Cc: Office of the Comptroller of the Currency
Docket Number OCC-2008-0016
250 E Street, SW
Mail Stop 1-5
Washington, DC 20219

Federal Deposit Insurance Corporation
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

Board of AgTexas FCS