

**Statement of FCA Board Member Jill Long Thompson
at the FCA Board Meeting
November 10, 2010**

Farmland prices in most regions of the United States have steadily increased over the past two decades, with rapid and substantial growth in the past several years. While such upward trending has benefited the net wealth of many producers, it is also a cause for concern in agricultural mortgage lending in general and in the Farm Credit System in particular. Given the market price volatility of agricultural commodities and expected interest rate increases in the future, it is critical that the Farm Credit Administration engage a vigilant strategy for ensuring prudent levels of leveraging among borrowers of the Farm Credit System.

I believe the FCA Office of Examination has been aggressive in its efforts to ensure safety and soundness in the Farm Credit System. Given the potential for volatility in farmland values, I am concerned that we do not have the comprehensive System information that I believe to be most prudent. As the regulatory body charged with ensuring safety and soundness of the Farm Credit System, I believe we should move expeditiously toward developing more comprehensive data to provide complete and continuous information on the level of farm mortgage leveraging among System borrowers. I also believe we need a metric that allows us to accurately assess collateral risk of long-term lending among non-System financial institutions.