News



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Marsha Pyle Martin, Farm Credit Administration Board Chairman, Dies

Marsha Pyle Martin, Chairman and CEO of the Farm Credit Administration (FCA), died after a brief bout with cancer on January 9, 2000, in Austin, Texas. She was 61.

Martin was appointed to a sixyear term by President Clinton in 1994, and was the first woman to serve as chairman in FCA's 65-year history.

"We will remember Marsha as a pathbreaker, as someone who truly cared about America's rural communities and who sought not to hide from change but to make change work for the ordinary American," President Clinton said in a statement issued by the White House.

The granddaughter of a Texas sharecropper, Martin was born in Paris, Texas. After graduating from the Texas Woman's University with a journalism degree, she went to work for the Paris News. There she met her husband, Britt, and won national journalism and photography awards. The couple moved to College Station, Texas, where Martin became "super Mom," raising two young daughters, Michelle and K.B. At the same time she was working as an editor for the Agricultural Extension Service and Experiment Station and pursuing her master's degree at Texas A&M University. In 1970, she joined the



Marsha Pyle Martin July 31, 1938 – January 9, 2000

Federal Intermediate Credit Bank of Houston, beginning her long and distinguished career with the Farm Credit System.

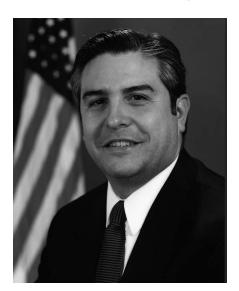
Martin was often described as a "pioneer" during her Farm Credit career. In addition to being the first woman to serve as FCA Chairman, there were other firsts as well. She was the first woman senior executive in the Farm Credit System, serving as senior vice president of the Farm

Credit Bank of Texas. She was also the first woman to serve as a director of the Farm Credit System Insurance Corporation.

On the floor of the U.S. House of Representatives January 27, Ohio Congresswoman Marcy Kaptur paid tribute to Martin. She said, "During the short interlude we call life, we sometimes have the rare and special occasion to meet someone who exudes such a sense of positive accomplishment that we are forever changed just from that brief encounter. I had that special experience when I met and heard Marsha Pyle Martin." Rep. Kaptur described how Martin "is a woman who deserves this celebration, for she has helped so many by her caring for America's farmers and her advocacy in their behalf." At the close of her remarks, Rep. Kaptur asked the House to observe a moment of silence to honor Martin.

A memorial fund has been established in Martin's honor at Texas A&M University. Memorial donations may be made to the Texas A&M Foundation specifying the Marsha Pyle Martin Memorial Fund. The address is Texas A&M Foundation, 401 George Bush Drive, College Station, TX 77840.

Michael M. Reyna Named FCA Chairman and CEO



Michael M. Reyna

Upon designation by President Clinton as Chairman of the FCA Board, Michael M. Reyna said, "While I am saddened by the loss of Marsha Martin, I am committed to continuing FCA's work, ensuring affordable and dependable credit is available for all of agriculture and rural America. I am optimistic about the future of the Farm Credit System. We at FCA will be the System's partner for progress. I firmly believe that if the System is successful, then the Agency is successful."

Reyna said he looks forward to continue working with Ann

Jorgensen, the other FCA Board Member. "Ann and I are committed to working together and moving forward on issues before the FCA Board," said Reyna.

Before becoming a member of the FCA Board, Reyna served from 1993 to 1998 as State Director for the United States Department of Agriculture (USDA) Office of Rural Development in California. In this capacity, Reyna was responsible for growing and managing a diversified portfolio of housing, business, and infrastructure loans of more than \$2 billion.

Examination Focus Areas Announced for FY 2000-2001

The Office of Examination (OE) develops examination focus areas each fiscal year to address areas of emerging risk and regulatory concerns for the Farm Credit System (FCS). FCA Chief Examiner Roland Smith said emerging risk for FCS institutions results from declining commodity prices, increased competition within the lending industry, and environmental and concentration risk associated with commercialization and larger operations.

"OE examinations will focus on the adequacy of portfolio management strategies to contain risks, both individual loan risks as well as portfolio-wide risks," said Smith. He said OE has identified the following focus areas for FY 2000-2001:

 Portfolio Concentrations – Price and income volatility of some

- commodities and continued consolidation of agriculture segments in the U.S. affects the market environment and portfolio risk for FCS institutions.
- Young, Beginning and Small
 Farmers and Ranchers, and
 Lending to Minority Farmers –
 The availability of sound and
 constructive credit and financially
 related services to borrowers
 identified as young, beginning, and
 small farmers and ranchers
 continues to be a high priority of
 FCS institutions and FCA. The
 adequacy and effectiveness of
 System lending programs to serve
 the needs of minority farmers are
 also a high priority.
- Distressed Borrowers A sustained period of low commodity prices and weak farm incomes will

- likely have a significant impact on the financial condition and, ultimately, the loan performance of many FCS borrowers.
- Scorecard Lending Some FCS institutions continue to report significant increases in scorecard volume both in relation to risk funds and total loan volume. This trend could be a concern given the existing and projected stress in agriculture and since scorecard loan performance has not been fully tested under a sustained downturn in the business cycle.

"In addition to the focus areas, we consider the conditions unique to each institution in establishing the scope of examination," said Smith.

U.S. Agricultural Real Estate Values Remain Stable, a Recent FCA Study Shows

An FCA study indicates that the value of U.S. agricultural real estate held steady over the past five years. The study, "U.S. Agricultural Real Estate Trends—1994-1999," shows no significant decline in average agricultural real estate prices or land rents but found a general decline in the number of farm sales. It also indicates that the positive national trends reflect steady improvements in agricultural productivity, and growth in land values is in line with the U.S. inflation rate.

"Current agricultural real estate trends have not approached either the rate of growth or decline seen in the 1980s," said FCA Chief Examiner Roland Smith. "However, we will continue to keep an eye on those trends to see which way they move and monitor their effect, if any, on System institutions."

The value of agricultural real estate is of particular importance because many experts believe its rapid decline in the 1980s was a factor during the farm crisis of that era.

The Office of Examination at FCA conducted the study using historical U.S. Department of Agriculture reports of agricultural land values compiled from 1994 through 1998. The study also used information obtained through a 1999 survey of FCS district chief appraisers and conversations with other FCS appraisers at the System's 1999 Review and Audit Advisory Work Group conference.

The study shows that cumulative U.S. agricultural real estate values have risen on average by 17.5 percent for the 4-year period ending December 31, 1998. The greatest land value growth occurred in three areas—the Corn Belt, the Lake Region, and Appalachia during the same period.

The Corn Belt land value grew by 23.78 percent, the Lake Region, 35.71 percent, and Appalachia, 24.48 percent. The table below shows the states with the highest real estate growth rates since 1995. FCS appraisers also noted that increases in agricultural land values continued in all regions of the U.S. in 1999, except in the Corn Belt. No change occurred in land values there from 1998.

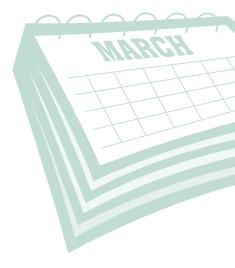
The FCA also pays close attention to the reported number of agricultural land sales because they are important indicators of market activity. For example, declining sales were a leading indicator of lower land values in the 1980s. The FCA study shows significant decreases in the number of agricultural land sales compared with the previous year in

all regions of the country except the regions covered by associations in the CoBank and Wichita Districts.

Consolidation into larger, more efficient farm units and the growth of non-farm interests in agricultural real estate contributed significantly to the continued stability in agricultural real estate values, the study showed. Additionally, lending practices have evolved since the 1980s and System institutions have written loan underwriting standards that require loans to have adequate cash flows, sufficient equity, and reasonable margins for future adversity. The recently approved Federal government's emergency aid of \$8.7 billion to farmers will also help maintain stable real estate values. For a copy of the FCA study, please visit FCA's Web page at www.fca.gov.

States with Highest Real Estate Growth Values Since 1995

State	1995 Real Estate Value per Acre	1998 Real Estate Value per Acre	1995-1998 Percent Change	Average Annual Growth
Nevada	\$ 289	\$ 405	40.1%	10.0%
Tennessee	\$1,340	\$1,870	39.6%	9.9%
Indiana	\$1,620	\$2,110	30.3%	7.6%
Michigan	\$1,330	\$1,730	30.1%	7.5%
Idaho	\$ 840	\$1,060	26.2%	6.6%
Iowa	\$1,350	\$1,700	25.9%	6.5%
Minnesota	\$ 950	\$1,190	25.3%	6.3%
U.S. Average	\$ 844	\$ 992	17.5%	4.4%



Mark Your Calendar

The 8th annual series of Farm Credit association meetings are scheduled during March and April this year. The conferences, which are open only to FCS institutions, are designed to improve communication between the FCA Board and management and Farm Credit System directors and managers. They also help identify emerging issues. Three meetings will be held in Las Vegas, Nevada, March 6-9, and two in Orlando, Florida, April 24-26. If you have not received your registration materials, please call the Office of Congressional and Public Affairs at 703-883-4056. Registration is limited, and attendees will be confirmed on a first come, first served basis.

FCA Symposium Planned for May 2000

The FCA plans to host a two-day Year 2000 symposium on "Successful Ag Lending: Accomplishing Your Mission Through Stressful Times" May 24, 25 and 26, 2000, at the J.W. Marriott in Washington, D.C.

"The 2000 Symposium will allow us to effectively facilitate the exchange of information between FCS institutions and outside experts," said FCA Board Chairman Michael M. Reyna. "It will provide an opportunity for the Agency and the System to communicate on important topics of mission-related responsibilities and risk management."

The symposium will be the second one held by the FCA to

facilitate the exchange of information with System institutions. In 1998, the FCA sponsored a symposium on loan portfolio management. Almost 300 people attended the conference, including executives from FCS institutions, representatives from other financial regulators and government agencies, executives from a variety of financial institutions, and leading experts in the field of portfolio management.

"How can your customers use agricultural risk management tools to mitigate risks? What are your obligations as a Government-Sponsored Enterprise? How can you carry out your responsibilities to finance and support rural community growth, minority lending, and young, beginning, and small farmers? Renowned experts will address these and other mission-related responsibilities of Farm Credit System institutions," said Reyna.

Participation is limited due to space considerations so we encourage participants to register early. Registration ends May 20, 2000. For more information, visit FCA's Website at www.fca.gov, call Robert Andros at 703-883-4017, or send an e-mail to androsr@fca.gov.

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Board Member Ann Jorgensen The Farm Credit Administration is the Federal agency responsible for the regulation and examination of the Farm Credit System, a nationwide network of cooperatively owned agricultural lending institutions and their service organizations.