

News Release

Farm Credit Administration
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FCA Board Approves Final Rules on Priority of Claims

McLEAN, Va., September 13, 2007 — The Farm Credit Administration (FCA) Board today adopted two final rules to amend its regulations on the priority of claims payments to holders of obligations of a Farm Credit System (FCS or System) institution in liquidation. Both rules amend part 627 of the FCA regulations.

One final rule provides the same priority of claims rights for payments made by FCS banks under an agreement to pay a defaulting bank's consolidated and Systemwide obligations as the banks have for payments made under a statutory joint and several call. While no agreement exists at this time, the rule applies to any future agreement among System banks to make payments for such purpose, provided the agreement is in writing and approved by FCA.

This rule will be effective 30 days after publication in the Federal Register during which either body of Congress is in session. Notice of the effective date will be published in the Federal Register.

The other rule deals with claims of holders of obligations in a defaulting System institution that are subordinated to the claims of general creditors. The rule clarifies that the subordinated claims are to be paid after the claims of general creditors are paid in full.

The FCA Board adopted this rule as a direct final rule with opportunity to comment. If no significant adverse comment is received on the direct final rule within 30 days after publication in the Federal Register, the rule will be effective 30 days after publication during which either body of Congress is in session. Notice of the effective date will be published in the Federal Register.

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Comments on the rule may be submitted by electronic mail to reg-comm@fca.gov, through the Pending Regulations section of FCA's Web site at www.fca.gov, or through the Federal Government Web portal at www.regulations.gov. Comments also may be sent by mail to Gary K. Van Meter, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090, or by fax to 703-883-4477. The public may read comments submitted at the FCA office in McLean, Virginia, or through FCA's Web site at www.fca.gov.

In other business, the Board received a quarterly report on operations of the FCS Building Association, which manages facilities that house FCA's headquarters and field offices.

Notational Votes

Since the August 9 FCA Board meeting, three notational votes have occurred. Notational votes are actions taken by the FCA Board between Board meetings.

1. The Board approved the Agency's Fall 2007 Unified Agenda and the Regulatory Performance Plan. The Unified Agenda is published semiannually on the Internet at www.reginfo.gov and describes rulemaking items that the Agency expects to conduct or review during the upcoming 12 months.
2. The FCA Board delegated authority to the director of FCA's Office of Secondary Market Oversight to modify purchase limits imposed recently by the FCA Board on credit-linked notes.
3. The FCA Board approved the FY 2008 Revised Agency Budget in the amount of \$47,284,404 and the FY 2009 Proposed Agency Budget in the amount of \$49,640,147.

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The Farm Credit Administration is the safety and soundness regulator of the cooperative Farm Credit System. FCA charters, regulates, and examines the 107 banks, associations, and service corporations of the FCS. System institutions make loans to agricultural producers and their cooperatives nationwide. Members of the FCA Board are Nancy C. Pellett, Chairman and CEO; Dallas P. Tonsager; and Leland A. Strom.

Note: FCA news releases are available on the FCA Web site at www.fca.gov.