

News Release

Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090



For Immediate Release
NR 14-14 (12-11-14)

Contact: Mike Stokke or Christine Quinn,
703-883-4056
E-mail: info-line@fca.gov
Website: www.fca.gov

FCA Board Adopts Proposed Rule on Mergers and Consolidations

McLEAN, Va., Dec. 11, 2014 — At its monthly meeting today, the Farm Credit Administration Board adopted a proposed rule to modify FCA regulations related to the mergers, consolidations, and charter amendments of Farm Credit System (System) banks and associations.

According to the Farm Credit Act of 1971, as amended, System banks and associations must submit for FCA consideration any plans for merger and consolidation. The purpose of the proposed rule is to clarify the merger consideration process and incorporate existing practices in the regulations. The proposed rule would accomplish the following:

- Identify when the statutory 60-day review period begins.
- Require that only independent tabulators be authorized to validate ballots and tabulate stockholder votes on mergers or consolidations.
- Require institutions to hold informational meetings on proposed mergers or consolidations if circumstances warrant.
- Explain the process by which voting stockholders may file a petition to reconsider a proposed merger or consolidation.

Following a 30-day period for congressional review, the proposed rule will be published in the Federal Register for a 90-day comment period. Comments for the proposed rule may be submitted electronically in the following ways:

- By email to reg-comm@fca.gov.
- Through the [Pending Regulations section](#) of FCA's website at www.fca.gov.
- Through the federal government Web portal at www.regulations.gov.

-more-

Comments also may be sent by mail to Barry Mardock, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090. The public may read submitted comments at the FCA office in McLean, Va., or on FCA's website at www.fca.gov.

Report on Economic Conditions Affecting Agriculture, Update on System Condition

In other business, the Office of Examination presented a quarterly report on general economic conditions affecting agriculture and the financial condition and performance of the Farm Credit System.

According to the report, growth for the U.S. economy is projected to continue at a modest pace, with labor markets gradually improving. Record corn and soybean production have driven grain prices down sharply, squeezing margins for producers while boosting profitability for the protein, dairy and ethanol sectors. Lower crop prices may also put downward pressure on farmland values.

For the first nine months of 2014, the System reported solid earnings and higher capital levels. Loan portfolio quality continues to be strong, and credit indicators are favorable. Overall, the System remains financially sound and is well-positioned for the current risk environment.

Office of Examination Semiannual Report

The Board also received the semiannual report on Office of Examination operations. For fiscal year 2014, FCA examiners conducted onsite activities at 94 percent of System associations, all four funding banks, the National Consumer Cooperative Bank, and seven service organizations. Additionally, they provided support to the Office of Secondary Market Oversight in its examination of the Federal Agricultural Mortgage Corporation.

Closed Session

During the closed session, the Board received a quarterly report from the Office of Examination.

Notational Votes

Since the Nov. 13 FCA Board meeting, one notational vote has occurred. Notational votes are actions taken by the FCA Board between Board meetings.

On Nov. 19, the Board approved the 2015 operating budget of the FCS Building Association, including 2015 capital improvements and major building repairs and the association's 2015 assessment of Farm Credit System banks.

###

The Farm Credit Administration is the safety and soundness regulator of the cooperative Farm Credit System and the Federal Agricultural Mortgage Corporation (Farmer Mac). FCA charters, regulates, and examines the 88 banks, associations, service corporations and special-purpose entities of the Farm Credit System. The System makes loans to agricultural producers and their cooperatives nationwide. It includes Farmer Mac, which provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA Board are Jill Long Thompson, Board Chair and CEO; Kenneth A. Spearman; and Leland A. Strom.

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