

News Release

Farm Credit Administration
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FCA Board Approves Fall 2015 Unified Agenda, Regulatory Projects Plan

McLEAN, Va., September 10, 2015 — At its monthly meeting today, the Farm Credit Administration Board approved the Fall 2015 Abstract of the Unified Agenda of Federal Regulatory and Deregulatory Actions and the Fall 2015 Regulatory Projects Plan.

FCA's Unified Agenda submission identifies 10 rulemaking items that FCA will consider over the next 12 months:

1. Organization of the Farm Credit Administration (Final Rule)
2. Margin and Capital Requirements for Noncleared Swaps (Interim Final Rule)
3. Margin and Capital Requirements for Noncleared Swaps (Final Rule)
4. Farmer Mac—Investment Eligibility (Proposed Rule)
5. Capital—Basel 3 (Final Rule)
6. Amortization Limits—Agricultural Credit Associations and Production Credit Associations (Proposed Rule)
7. Standards of Conduct (Final Rule)
8. Farmer Mac—Corporate Governance and Standards of Conduct (Final Rule)
9. Investment Eligibility (Final Rule)
10. Private Flood Insurance (Proposed Rule)

The agenda identifies six projects that are in the Begin Review stage:

1. Director Election Nomination Procedures
2. Lending and Loan Servicing Controls
3. Criteria to Reinstate Nonaccrual Loans
4. Highly Compensated Employee Disclosures
5. Attribution Rules
6. Basel III Liquidity Requirements

It also identifies 10 review actions that will be completed in 2015:

1. Bank Review of Insider Loans
2. Appraisal Regulations
3. Eligibility Criteria for Directors
4. Removal of Stockholder-Elected Directors
5. Territorial Concurrence
6. Financing Farm-Related Service Businesses
7. Criteria to Reinstate Nonaccrual Loans
8. Highly Compensated Employee Disclosures
9. Lending and Loan Servicing Controls
10. Criminal Activity Referrals

The agenda identifies 10 rulemaking and review actions FCA has completed since the spring 2015 Unified Agenda was approved.

1. Bank/Association Lending Relationship (End Review)
2. Field Office Locations (Final Rule)
3. Farmer Mac—Corporate Governance and Standards of Conduct (Proposed Rule)
4. Crop Insurance Sales Compensation (End Review)
5. Pension Benefit Disclosures (Final Rule)
6. Capital—Basel 3 (Reopen Comment Period)
7. Field Office Locations (Final Rule)
8. Loans in Areas Having Special Flood Hazards (Final Rule)
9. Institution Stockholder Voting Procedures (Final Rule)
10. Revisions to Requirements for Mergers of Banks and Mergers of Associations (Final Rule)

The information in FCA's submission will be included in the official Unified Regulatory Agenda, which is published semiannually at www.reginfo.gov.

The Regulatory Projects Plan shows only the reviews and actions that are projected to occur over the next 12 months, and it is posted on the FCA website at www.fca.gov/law/perf_plan.html.

Report on Economic Conditions Affecting Agriculture, Update on System Condition

In other business, the FCA Board received a quarterly report on the economic conditions affecting agriculture and an update on the condition of the Farm Credit System.

The U.S. Department of Agriculture projects net farm income to drop by 36 percent in 2015. Low prices and high production costs continue to squeeze profit margins for corn and soybean producers.

Farmland values show signs of slipping, particularly in the Midwest, as lower profits for crop producers and an expected rise in interest rates put downward pressure on prices. Margins for dairy and poultry producers are also expected to decline because higher production is reducing prices.

The FCS remains financially sound and is well-positioned for the current risk environment. For the first six months of 2015, the System reported solid earnings and higher capital levels. Loan quality in the System's portfolio continues to be very good; however, credit quality may be adversely affected as certain agricultural sectors come under increasing stress.

Closed Session

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

Notational Votes

Since the Aug. 13 FCA Board meeting, four notational votes have occurred. Notational votes are actions taken by the FCA Board between Board meetings.

- On Aug. 18, the Board approved an update to its Policy Statement on Equal Employment Opportunity and Diversity. The only substantive change was to clarify that sex discrimination includes discrimination on the basis of sexual orientation.
- On Aug. 25, the FCA Board granted preliminary approval to the proposed plan of merger of Farm Credit Services Southwest, ACA, with Farm Credit West. If the voting stockholders of both associations vote to approve the plan of merger and all conditions for final approval are met, the plan of merger will take effect on Nov. 1, 2015.
- Also on Aug. 25, the FCA Board voted to approve the request by AgStar Financial Services, ACA, for case-by-case approval of an investment under regulation 12 C.F.R. 615.5140(e). Under the approved request, AgStar may invest up to \$11 million in bonds issued by a rural community medical facility. FCA placed conditions on AgStar in conjunction with this investment.
- On Aug. 31, the FCA Board made updates to Board Policy Statements on internal FCA operations. An index of FCA Board Policy Statements is published annually in the Federal Register, and these updated policies will be included.

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The Farm Credit Administration is the safety and soundness regulator of the Farm Credit System. The System consists of two Government-sponsored enterprises—a nationwide network of cooperative banks and associations established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac) that was established in 1988. The System's borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA Board are Kenneth A. Spearman, Board Chairman and CEO; Dallas P. Tonsager; and Jeffery S. Hall.

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