

News Release

Farm Credit Administration
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FCA Board Approves Proposed Rule on Use of Unincorporated Business Entities

McLEAN, Va., August 9, 2012 — At its monthly meeting today, the Farm Credit Administration Board approved a proposed rule that would create a regulatory framework for Farm Credit System (FCS or System) institutions that want to use unincorporated business entities organized or chartered under state law. FCS institutions have been organizing and investing in unincorporated business entities in recent years to conduct authorized business activities.

The proposed rule would apply to FCS institutions that organize unincorporated business entities for the following purposes:

- To invest in Rural Business Investment Companies (RBICs)
- To hold and manage unusual and complex collateral associated with certain loans
- To provide certain services that are integral to the daily internal operations of a System institution
- To jointly provide core functions and services; however, a System institution may not engage in direct lending through an unincorporated business entity

Although the rule applies to FCS institutions that organize unincorporated business entities for the express purpose of investing in RBICs, it does *not* apply to unincorporated business entities that are created to serve as RBICs.

Following a 30-day period for congressional review, the proposed rule will be published in the Federal Register for a 60-day comment period. The public may submit comments by electronic mail to reg-comm@fca.gov, through the Pending Regulations section of FCA's website at www.fca.gov, or through the federal government web portal at www.regulations.gov.

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The public may also submit comments by mail to Barry F. 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

During the closed session of the meeting, the Board received a quarterly report from the Office of Secondary Market Oversight.

Notational Votes

Since the July 12, 2012, FCA Board meeting, one notational vote has occurred. Notational votes are actions taken by the FCA Board between Board meetings. On July 19, the Board voted to approve the termination of a supervisory agreement with a System institution.

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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 94 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 Leland A. Strom, Chairman and CEO; Kenneth A. Spearman; and Jill Long Thompson.

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