December 22, 2014

Mr. Barry Mardock
Deputy Director, Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

Dear Mr. Mardock:

Thank you for the opportunity to comment on Farm Credit Administration's (FCA or Agency) proposed capital rule. I believe that adopting Basel III standards for the Farm Credit System (FCS) will enhance investor understanding of the FCS's financial strength and increase marketability of third-party capital and debt securities, especially in periods of stress, thereby enabling the FCS to fulfill its mission.

I appreciate the Agency's efforts to carefully consider and accommodate the FCS's cooperative structure in developing the proposed capital framework. I recognize the time and effort that FCA has devoted in drafting the proposed rule, but as an association director, I have concerns about some parts of the proposal. The AgFirst Farm Credit Bank has provided to the Agency a detailed comment letter that I support and endorse. Here are several revisions to the proposed rule that I respectfully request the Agency to consider:

1. Eliminate the requirement that institutions obtain shareholder votes on the capitalization bylaw changes required by the proposed rule.
2. Reduce the proposed revolvement cycle for Common Equity Tier 1 from 10 years to 7 years.
3. Eliminate the concept of 10-year revolvement cycles for association investments in their funding bank to qualify for Common Equity Tier 1.
4. Revise the proposed "safe harbor" provision that authorizes limited distributions, including stock retirements, without FCA prior approval.
5. Eliminate or refine the unallocated retained earnings sub-limit imbedded within the proposed Tier 1 leverage requirement.
6. Reduce the proposed Tier 1 leverage requirement to 4% to be consistent with Basel III standards implemented by regulators of other financial institutions.
7. Maintain the 50% and 20% risk-weight treatment of rural electric cooperative assets.

Protecting the System's nearly 100-year old cooperative structure is one of my primary responsibilities as a director. I appreciate the opportunity to comment on this proposed rule.

Sincerely,

Damon Boutwell
Director, Farm Credit of Northwest Florida, ACA