PANHANDLE-PLAINS
LAND BANK, FLCA

5700 Southwest 45th
P.O. Box 7785
Amarillo, Texas 79114-7785
(806) 353-6688 / FAX (806) 353-7389

Mr. Barry F. Mardock
Deputy Director

June 19, 2014

Dear Mr. Mardock:

As a director of Panhandle-Plains Land Bank, FLCA, I am personally committed to maintaining high standards of conduct, and I know my association is as well. First, I appreciate the opportunity to comment on FCA's recent proposed rule regarding Standards of Conduct. It would appear that, although well-intentioned, the Agency has inadvertently designed a regulation that will discourage qualified active farmers from running for the board of a Farm Credit institution.

In keeping with the requirements of the Farm Credit Act, the majority of the directors at my association own full-time agricultural operations including, but not limited to, farming a variety of crops such as corn, wheat and sorghum. Throughout the normal course of my business, I deal with other members of my association or potential members of my association on a regular basis.

Because of this, I find the transaction disclosure requirements in the Conflicts of Interest section of the proposed rule to be unduly burdensome and detrimental to my everyday business operations. I do not have a role in approving individual loans nor do I have any control or knowledge of the terms of individual loans. I also do not have access to information pertaining to individual borrowers. Therefore, it is unreasonable for me to be put in a position of having to know whether I am doing business with an association customer or not.

I routinely have business transactions with a wide variety of individuals, some of whom might be association customers. Even in instances when I know I'm dealing with an association customer, there is no conflict of interest since I have no role in making individual loan decisions.

The proposed disclosure requirements would require me to report and obtain pre-approval of normal, everyday transactions within my farming operation. This is an unrealistic burden to place on directors who make their living in the agricultural arena. The proposed exception for immaterial transactions would not relieve the burden of reporting and obtaining pre-approval for transactions in the ordinary course of my farming operation. The proposed regulation would require me to keep track of these transactions and get prior approval for them

as soon as they exceed an arbitrary materiality limit. Even if these transactions don't present a conflict of interest, our board would have to approve any case-by-case exception. Making a living in agriculture is difficult enough without this kind of unnecessary additional burden.

If FCA adopts the proposed regulation, I think that many directors will reconsider whether they can continue to serve as System directors and still run a viable agricultural operation, and it will become even more difficult to new candidates who are willing and able to bear these burdens. I urge the FCA to substantially revise the proposed rule or consider withdrawing it. As drafted it is counterproductive, creating inappropriate, unreasonable standards that are inconsistent with modern farming operations. Thank you for your consideration.

Sincerely,

Daniel B. Kraus

Director