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June 19, 2014

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

Dear Mr. Mardock:

As the CEO of Heritage Land Bank, the Board and I are personally committed to maintaining high standards of conduct for the Association. First, we 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 or have owned part and full-time agricultural operations. Throughout the normal course of business, our directors 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 their everyday business operations. They do not have a role in approving individual loans nor do they have any control or knowledge of the terms of individual loans. They also do not have access to information pertaining to individual borrowers. Therefore, it is unreasonable for any of them to be put in a position of having to know whether they are doing business with an association customer or not.

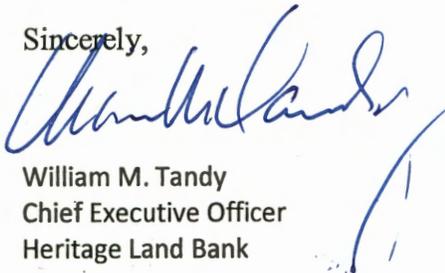
They routinely have business transactions with a wide variety of individuals, some of whom might be association customers. Even in instances when they know they are dealing with an association customer, there is no conflict of interest since they have no role in making individual loan decisions.



The proposed disclosure requirements would require them 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 them 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,



William M. Tandy
Chief Executive Officer
Heritage Land Bank

