



SOUTHERN AGCREDIT

Corporate Office

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June 20, 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:

Thank you for the opportunity to comment on FCA's recent proposed rule regarding Standards of Conduct. I firmly support the comments submitted by the Farm Credit Council and the Farm Credit Bank of Texas. As the CEO of Southern AgCredit, ACA serving rural Mississippi and Louisiana, I am personally committed to maintaining high standards of conduct throughout our organization, and I know our directors are as well. As written, this regulation will no doubt discourage active farmers and other individuals involved in rural businesses from running for the board of a Farm Credit System institution.

I find the transaction disclosure requirements in the Conflicts of Interest section of the proposed rule to be unduly burdensome, unnecessary and inappropriate. Our directors do not have a role in approving individual loans or the terms of individual loans. Southern AgCredit, ACA has strong and growing market penetration in our territory and it is unreasonable for directors and agents to be put in a position of having to know whether they are doing business with an association customer or not.

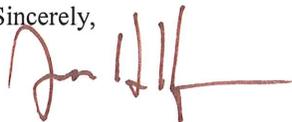
It is critical that the regulation recognize "Ordinary Course of Business". The elected directors of the Farm Credit System depend on their livelihood as farmers and ranchers. As such, they need the ability to purchase goods and services from other farmers in their community without the need to obtain prior written approval from the Standards of Conduct Officer. This should be the case even if the price of the good or service is subject to negotiations. Any further restrictions on a director's ability to run his or her business would create a significant disincentive for serving as a director. Directors routinely have business transactions with a wide variety of individuals, some of whom might be association customers. The proposed disclosure requirements would require directors to report and obtain pre-approval of transactions within their farming operation. This is an unrealistic burden to place on directors with no corresponding benefit.

I am also concerned that these proposed regulations shift responsibility from individual directors to report their activity and comply with standard of conduct requirements to the association and the Standards of Conduct Official, who must now enforce and ensure compliance. The association should not be responsible for the actions of directors or agents; associations should be responsible for insuring that all necessary steps have been taken to educate and inform directors about standards of conduct issues and requirements, but the association should not be held responsible for violations.

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I urge the FCA to revise substantially the proposed rule or consider withdrawing it. As drafted it is counterproductive, creating inappropriate, unreasonable standards that are inconsistent with modern farming operations, while creating significant costs for the associations. Those higher costs will no doubt increase the cost of borrowing for our customer/owners. Thank you for your consideration.

Sincerely,

A handwritten signature in red ink, appearing to read "Joe H. Hayman", with a long horizontal line extending to the right.

Joe H. Hayman, President & CEO
Southern AgCredit, ACA