



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 a director of Texas Farm Credit Services, 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 the Agency has inadvertently designed a regulation that will discourage active farmers from running for the board of a Farm Credit institution.

The majority of the directors at Texas Farm Credit Services own full time agricultural operations including, but not limited to, farming a variety of crops such as corn, timber, soybeans, cotton, in addition to cow/calf operations as well as other ranching operations. I own a cattle feed operation in addition to having interests in other agricultural ventures. My feed operation does business with numerous members of the community who engage in farming and ranching on a daily basis.

I do not have a role in approving individual loans nor do I have any control or knowledge of the terms of individual loans. 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. Under the transaction disclosure requirements in the Conflicts of Interest section of the proposed rule, managing the everyday functions of my business without violating this disclosure requirement would be extremely difficult. Every single transaction would have to be evaluated to determine if my feed operation customers were also 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. However, the proposed disclosure requirements would require me to report and obtain pre-approval of normal, everyday transactions. This is an unrealistic burden to place on directors, especially those who make their living in the agricultural arena.

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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,

A handwritten signature in cursive script, appearing to read "Ralph Hesse".

Director
Texas Farm Credit Services