Ladysmith Federal
119 WEST 4TH ST. NORTH • P.O. BOX 146 • LADYSMITH, WI 54848
PHONE: (715) 532-3389 • FAX: (715) 532-7680 • www.ladysmithfederal.com

Ms. Laurie A. Rea, Director,
Office of Secondary Market Oversight,
Farm Credit Administration,
1501 Farm Credit Drive, McLean, VA 22102-5090

June 24, 2015

Re: Farmer Mac Corporate Governance and Standards of Conduct Proposed Rule – 12 CFR Parts 650, 651, 653, and 655; RIN 3052-AC89

Dear Ms. Rea.

As a community bank involved in agricultural finance, I am writing to express my objection to the Farm Credit Administration's (FCA) proposed rule to significantly and negatively affect Farmer Mac.

FCA's proposal published in the March 26, 2015 *Federal Register* would significantly change the 15 member board of Farmer Mac by altering the relationship between board members and shareholders who elect them. Section 651.30(c) of the proposal would require all elected directors to have an official affiliation (meaning a **substantial and visible connection**) with a voting stockholder at the time of nomination and election in order to serve as a director.

As a Class A shareholder of Farmer Mac, this proposed rule in its current form could significantly harm my bank's interests as they relate to business with Farmer Mac.

Not all Class A shareholders share the same interests. By requiring a **substantial and visible connection** with a voting stockholder, a board member elected to represent Class A shareholders could now be incentivized to work on the Farmer Mac board in the interest of his or her lending institution, and not necessarily in the interests of ***all*** Class A shareholders. Likewise, Class B directors could be controlled by large FCS lenders and their representatives.

I am concerned this requirement in which elected directors must possess a formal affiliation and representational relationship to the class of stockholders electing them would not contribute to Farmer Mac's ability to fulfill its mission nor would it promote safety and soundness. No explanation has been provided by FCA for this provision.

Farmer Mac was created as a secondary market for ag real estate mortgages. It is a critical tool assisting many lenders and borrowers in rural America including our farm and ranch families. We request FCA withdraw this proposal and propose a new rule with significant changes that include doing away with the misguided provision referenced above.

Sincerely,

Joseph R. Zaffino
Sr. Loan Officer
MLO# 1247639