AgGeorgia
Farm Credit

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December 11, 2008

Mr. Gary K. Van Meter
Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Dear Mr. VanMeter:

I would like to take this opportunity to express to you my opinion that the permanence of allocated equity is not affected by a retirement/revolvement cycle since the board of directors must approve the retirement/revolvement of such equity. Further, I do not feel that marketing efforts are hurt by the extension of this cycle or the reduction of patronage because we issue our loans at market rate, and the existence of patronage is merely an added bonus. My opinions are based on our experiences of both lengthening the revolvement cycle and decreasing patronage in our association. Beginning in 2004 AgGeorgia gradually lengthened the revolvement cycle for allocated surplus from 5 ½ to 6 ½ years. The 1997, 1998 and 1999 series of allocated surplus was revolved over a period of four years to continue the steady cash payments to which our borrowers have grown accustomed. In 2005, we formed a holding company allowing us to retain a portion of our patronage sourced earnings, thereby reducing patronage that is paid out to our borrowers. Since formation of the holding company we have retained 30% of our patronage sourced earnings. Neither of these events adversely affected the growth or income of the association. Our loan volume has significantly increased following those events, and changing our capitalization plan allowed us to achieve that growth while remaining well capitalized. Thank you for your time and consideration of my comments.

Sincerely,

Carrie B. McCall

Carrie B. McCall
Executive Vice President/Chief Financial Officer
AgGeorgia Farm Credit

"A customer-owned business"

landbank
THE LAND AND HOME LOAN SOLUTION