

May 30, 2014

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

Re: Proposed Rule for Standards of Conduct and Referral of Known or Suspected Criminal Violations

Dear Mr. Mardock:

I am an appointed director of a Farm Credit Association who was asked by the local Association's board to serve because of my experience as a Certified Public Accountant with specialization in areas of real estate, timber, and mill operations. I appreciate this opportunity to submit comments to the Farm Credit Administration on the afore-mentioned proposed rule. Prior to my tenure with the local Association board, I was aware of the Farm Credit System and understood the important role the System provides by ensuring reliable credit services to rural and agricultural borrowers. The nature of my profession leads me to also understand the importance of very high ethical standards and public confidence in business operations. As a result, I readily support all reasonable efforts to protect and safeguard the good reputation of the Farm Credit System. However, I place emphasis on ensuring that the proposed rules are reasonable in their cost to implement and administer, are not overly burdensome for directors, staff, and agents to comply, and that any changes result in a correlating improvement to Standards of Conduct goals.

I have concerns related to director reporting and approval requirements and the perception that, while already cumbersome, they may become more so under the proposed rule. A tipping point may be reached where directors must give serious consideration to whether service on a Farm Credit board is compatible with effective operation of our businesses. In my experience, I and other directors on the local board have limited to no opportunity to exert influence over individual borrower transactions. Because of this, in my opinion, elevating reporting and approval requirements that are costly to implement and oversee may not provide a commensurate level of value. If I were a farmer, I would also have reservations as to whether or not the proposed rule provides adequate consideration for the realities of operating what are effectively 7 day a week, 24 hour a day operations in a rural setting. As an appointed director, I am concerned that the Association is able to attract and retain qualified agricultural candidates for elected positions as this obviously has a great impact on the ability of the full board to provide needed levels of oversight and function effectively.

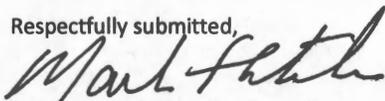
I understand and appreciate that the agency is attempting to provide flexibility by allowing Associations to make materiality determinations and the establishment of de minimis reporting levels in board policy. I am uncomfortable with having these areas subjected to later examination and potential differences of opinion. Recent experiences of the Northwest Florida board lead me to understand how difficult resolving such differences can be after the fact. It seems that providing safe harbor levels in the regulation or a mechanism to have the board's determination vetted prior to use would be preferable for the Association and the agency.

Through my letter, I am also voicing individual support for the comment letter from Farm Credit of Northwest Florida, ACA's Board of Directors. I believe that many areas in the proposed rule as outlined in our Board's letter have the potential to effective positive change and benefit our Standards of Conduct Program. However, other items that were addressed in the referenced letter, in my opinion, have a high likelihood of generating greatly increased administrative costs on our small Association without a resulting tangible improvement to the already sound ethical practices of the Association, its directors, and staff.

As a final note, in meeting my fellow directors here at Northwest Florida and in having the opportunity to interact with directors from other associations, I have met a group of principled individuals. They accept the heightened levels of responsibility directorship carries in the current environment because of their desire to serve agriculture and Farm Credit. The possibility of having our integrity questioned because we failed to fully comply with reporting requirements that are overreaching or unrealistic is troubling. The added focus within the proposed rule to incorporate a board's willingness to follow agency "guidance", especially if this guidance does not speak directly to regulatory compliance, is also troubling. Examiners have the difficult task of applying agency guidance to individual associations that have very different operating models and many differences in their external and internal environments. As a board, I believe it is our responsibility to analyze and question all guidance that we receive. After completing our due diligence, we should be allowed the freedom to work with management to make decisions for our Association and then be held accountable for the results.

Please consider the effect of implementing this proposed rule as written on directors and staff members who serve the System in our local communities.

Respectfully submitted,



D. Mark Fletcher
Director, Farm Credit of Northwest Florida, ACA