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June 12, 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-elected director of AgTexas Farm Credit Services, I am personally committed to maintaining high standards of conduct, and I know my association and stockholder-elected directors are as well. First, I appreciate the opportunity to comment on FCA's recent proposed rule regarding Standards of Conduct. It would appear that, although well-intentioned, the Agency has inadvertently designed a regulation that will discourage qualified active farmers from running for the board of a Farm Credit institution.

In keeping with the requirements of the Farm Credit Act, the majority of the directors at my association own full-time agricultural operations including, but not limited to, farming a variety of crops such as corn, cotton, peanuts and wheat in addition to cow/calf operations as well as other ranching operations. Throughout the normal course of business, they deal with other members of my association or potential members of my association on a regular basis.

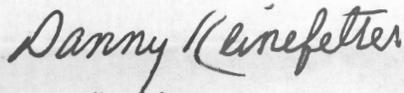
Because of this, I find the transaction disclosure requirements in the Conflicts of Interest section of the proposed rule to be unduly burdensome and detrimental as they conduct everyday business operations. Our directors do not have a role in approving individual loans nor do we have any control or knowledge of the terms of individual loans. We also do not have access to information pertaining to individual borrowers. Therefore, it is unreasonable for our directors to be put in a position of having to know whether they are doing business with an association customer or not

The proposed disclosure requirements would require directors to report and obtain pre-approval of normal, everyday transactions. This is an unrealistic burden to place on directors who make their living in the agricultural arena. The proposed exception for immaterial transactions would not relieve the burden of reporting and obtaining pre-approval for transactions in the ordinary course of business. The proposed regulation would require directors to keep track of these transactions and get prior approval for them as soon as they exceed an arbitrary materiality limit. Even if these transactions don't present a conflict of interest, our

board would have to approve any case-by-case exception. Making a living in agriculture is difficult enough without this kind of unnecessary additional burden.

If FCA adopts the proposed regulation, I think that many directors will reconsider whether they can continue to serve as System directors and still run a viable agricultural operation, and it will become even more difficult to new candidates who are willing and able to bear these burdens. 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 that reads "Danny Klinefelter".

Danny Klinefelter

Director

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