AG CREDIT
Country Mortgages

AG CREDIT, AGRICULTURAL CREDIT ASSOCIATION
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December 8, 2008

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

Re: Allocated capital should be considered the same as unallocated capital in capital rules for the System.

Dear Mr. Van Meter,

Our Cooperative, AG CREDIT, ACA, located in Northwest Ohio operates a true cooperative in the sense that our Stockholders receive a genuine share of our profits via cash patronage and allocated reserve equities, annually. When we espouse the virtues of the Farm Credit System as being a cooperative system, we believe this is the structure we should have. Assigning profits, or patronage, is one of the most important cooperative principles.

Our Board of Directors fully understands that any patronage disbursement of allocated equities is at their sole discretion. And, any disbursement is after their thorough examination of the association's financial position, operating outlook, risks inherent within the portfolio, and future operating risks. The permanence of allocated and unallocated capital should be considered the same vein, as the Board must make the conscious decision to disburse any capital.

The decision to withhold disbursement of allocated equities is a decision that our Board has already made. In 2003 we deferred 1/2 of the disbursement that was scheduled for that September's Allocated Equity disbursement. Our financial condition was relatively sound, however, due to growth, our capital was getting stretched. Our Board deliberated for a couple months on the issue, but unanimously agreed to cut the disbursement in half. ***We experienced no dissention, pay-offs, or upset contacts from our Stockholders.***

We are somewhat amazed that a System that was based on Cooperative Principles would turn around and discriminate against the very principles it was founded upon. Allocated qualified and non qualified equities are "at risk" and Stockholders are astute enough to understand that.

As an association that has operated as a "true cooperative," one that recognizes that there are times where capital needs to be retained, and one that has actually retained allocated capital that was scheduled for disbursement, we would humbly ask that you consider the permanence of allocated equity as "first class" equity, similar to unallocated equity.

Sincerely,

Neil L. Jordan
President and CEO