

November 16, 2009

The Honorable Collin Peterson
Chairman
House Agriculture Committee
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairman Peterson:

Late last year we sent you a letter raising strong concerns that the Farm Credit System could be swept up in legislative efforts to deal with financial institutions that caused our nation's current financial crisis. We noted that Farm Credit was weathering tough economic times and was continuing to serve production agriculture as a reliable provider of credit even as agriculture was going through a stressful period. Our letter asked specifically that "the Farm Credit System not be swept up in any effort to resolve problems with the housing GSEs, Fannie Mae, Freddie Mac, the commercial banking or securities regulatory structure. Including Farm Credit in these legislative initiatives would undermine the mission that the Agriculture Committees gave Farm Credit some 90 years ago."

Unfortunately, the House Financial Services Committee recently adopted legislation that does just that. The Consumer Financial Protection Act (CFPA) establishes a new federal agency that is given broad authority to oversee the provision of credit and financial products and services to consumers. While the language of the proposed legislation does not specifically reference the Farm Credit Administration (FCA), the Farm Credit System or the Farm Credit Act, the language of the bill impacts Farm Credit directly. The definitions of "credit", "consumer financial product", "covered person", "financial activity", "leasing", "financial product or service", all capture the Farm Credit System and how it conducts business. Under the bill, Farm Credit System institutions are treated no differently than unregulated finance companies rather than the highly regulated set of federally chartered institutions that they are.

In addition, the proposed Financial Stability Improvement Act legislation that the Financial Services Committee also is considering, would put into place a "wind-down" process for financial institutions that represent a systemic risk to the U.S. economy. As with the CFPA, the proposed Financial Stability Improvement Act largely ignores the Farm Credit System, the FCA and the Farm Credit Act through direct reference. However, because of definitions used in the bill, the Farm Credit System and the FCA could be directly impacted. New regulatory regimes will be established undermining the role of the FCA, the only federal regulator sensitive to Farm Credit's mission of service to agriculture.

Beyond the direct impact on the Farm Credit System, we also worry about the Agriculture Committee's jurisdiction being usurped. The Agriculture Committee has done an excellent job of ensuring that the Farm Credit System remains strong, serving the needs of our farmers and ranchers. The Agriculture Committee has done a commendable job of ensuring that the Farm Credit System has adequate capital levels, strict regulatory oversight and that taxpayers are protected through a system-funded insurance plan. Few financial institutions in the country have

such protections and they are the result of the good work of your committee. We ask that you take whatever steps are necessary to keep the Farm Credit System out of larger financial institution reform efforts. The possible loss of any of your committee's jurisdiction to other committees - not nearly so familiar with agriculture - would be devastating to our producers.

Sincerely,

American Farm Bureau Federation®
American Sheep Industry Association
American Soybean Association
American Sugar Alliance
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Farmers Organization
National Farmers Union
National Milk Producers Federation
National Pork Producers Council
National Sorghum Producers
National Sunflower Association
National Turkey Federation
US Canola Association
US Dry Bean Council
USA Dry Pea & Lentil Council
USA Rice Federation
US Rice Producers Association

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