

Via Federal Express and E-Mail

November 21, 2008

Office of the Comptroller of the Currency
regs.comments@occ.treas.gov
Docket Number OCC-2008-0016
250 E Street, SW
Mail Stop 1-5
Washington, DC 20219

Board of Governors of the Federal Reserve System
regs.comments@federalreserve.gov
Docket No. R-1335
Ms. Jennifer J. Johnson
20th Street and Constitution Avenue, NW
Washington, DC 20551

Federal Deposit Insurance Corporation
comments@FDIC.gov
RIN 3064-AD34
Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
550 17th Street, NW
Washington, DC 20429

Office of Thrift Supervision
Docket ID OTS-2008-0014
Regulation Comments
Chief Counsel's Office
1700 G Street, NW
Washington, DC 20552

To Whom It May Concern:

First Pioneer Farm Credit appreciates the opportunity to comment on the proposed rule to lower risk weights for claims on, or guaranteed by, Fannie Mae and Freddie Mac published in the October 27, 2008 Federal Register. Our position is in support of more detailed comments being submitted by the Federal Farm Credit Banks Funding Corporation.

First Pioneer Farm Credit is part of the Farm Credit System, a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. First Pioneer provides credit and financial services to over 8,000 farmers, commercial fishermen, forest products businesses, and rural home owners in the states of Connecticut, Massachusetts, Rhode Island, New Jersey and parts of New York and New Hampshire. As a cooperative owned and governed by our member-owners, First Pioneer Farm Credit is committed to the long-term viability of agricultural businesses in the Northeast. First Pioneer is the largest lender to agriculture in the Northeast with loan volume of in excess of \$2.6 billion (December 31, 2007). Our permanent capital ratio on December 31, 2007 was 15.48%. We estimate our market share of institutional farm debt in the area we serve to be in excess of 60%.

As a government-sponsored enterprise (GSE), the Farm Credit System has a mandated mission under the Farm Credit Act to support agriculture and other vital rural businesses, and we have historically received the implicit support of the United States government, which has allowed the System to reliably access the debt markets and fund that mission at favorable rates.

First Pioneer is very concerned that the proposal would undermine the ability of the Farm Credit System to carry out our mission as defined by Congress by placing the System at a significant disadvantage in access to funding and in the pricing of its debt. We strongly believe that unless System securities are treated the same as Freddie Mac's and Fannie Mae's, the impact of this proposed rulemaking would impair the Farm Credit Funding Corporation's ability to efficiently access the debt markets. The net result would be an increase in the cost of credit to farmers, commercial fishermen, and other agricultural businesses.

Specifically relating to this proposed rulemaking, the proposed action to lower risk weights for claims on, or guaranteed by, Fannie Mae and Freddie Mac would result in a significant differential risk weighting among the debt securities issued by the various GSEs. This proposal would cut in half the amount of capital that banks are required to hold against Fannie Mae and Freddie Mac debt securities, making those debt securities substantially more attractive than the debt securities issued by other GSEs.

Farm Credit System debt securities should be afforded the same risk weighting as the debt securities of Fannie Mae and Freddie Mac to ensure that the System is not penalized for operating in a prudent and sound manner, while focusing on its Congressionally mandated mission. We urge you not to differentiate the risk weighting of debt securities among the various GSEs. However, we believe that reducing the risk weighting of all GSE debt securities might well be merited given the current financial

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market situation. In any event, we believe that to not treat the System equally under any risk-weighting proposal your agencies might issue would unfairly disadvantage the System and send the wrong message at this time, namely that GSEs will be penalized for operating in a safe and sound manner.

Thank you for the opportunity to provide comments on the proposed regulation.

Sincerely,

William J. Lipinski
President and CEO