



AGFIRST

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FARM CREDIT BANK

November 26, 2008

Transmitted Via Federal eRulemaking Portal

Office of the Comptroller of the Currency

Docket No. OCC-2008-0016

Federal Reserve Board of Governors

Docket No. R-1335

Federal Deposit Insurance Corporation

RIN 3064-AD34

Office of Thrift Supervision

Docket ID OTS-2008-0014

Dear Sirs:

Thank you for the opportunity to present our comments on the proposed rule changes regarding lower risk weights for claims on, or guaranteed by the housing GSEs (Fannie Mae and Freddie Mac) as published in the Federal Register on October 27, 2008. AgFirst Farm Credit Bank is a member bank of the federally chartered Farm Credit System (the System) and a GSE with a public mission to serve agriculture and rural America. The Farm Credit System primarily obtains capital through debt issued on behalf of the five System banks through the Federal Farm Credit Banks Funding Corporation. This capital is ultimately deployed to meet the credit needs of the American farmers, ranchers, cooperatives and farm-related businesses that own the System.

While we would normally support the desired effect of the proposed rule, that being to make debt securities of Fannie Mae and Freddie Mac more desirable by significantly lowering the risk weights for those securities, our concern is that the differential treatment of Farm Credit System debt securities will significantly increase our funding costs and/or result in an impairment of our ability to access the capital needed by the System to provide full and flexible credit for American farmers. We would request that risk weighting for all GSEs receive equal treatment – whether any risk weights are lowered or not.

We would also note (as was addressed in the comments submitted to the agencies by the Federal Farm Credit Banks Funding Corporation by CEO Jamie B. Stewart, Jr., dated November 20, 2008) that our Farm Credit System debt securities are protected by the Federal Farm Credit System Insurance Corporation (FCSIC), in addition to the joint and several liability of the System banks. This extra layer of protection is unique in the context of GSE debt securities. Despite the distressed market conditions impacting all financial institutions, the System continues to enjoy a strong credit rating and sound capital position. These factors should be considered in any rulemaking that impacts the System's availability of funding.

AgFirst appreciates the opportunity to provide our comments on the proposed rule.

Sincerely,

A handwritten signature in dark ink, appearing to read 'L. Amerson', with a long horizontal flourish extending to the right.

Leon T. Amerson
Executive Vice President