



THE FARM CREDIT COUNCIL

FOR IMMEDIATE RELEASE

June 12, 2009

Contact: Mike Mason

(202) 879-0850

Agriculture Continues to Have Access to Credit Markets Through The Farm Credit System, MidAtlantic CEO Bob Frazee Tells House Agriculture Subcommittee on Credit

WASHINGTON – While federal attention and support during the current times of financial market disruption has been focused on commercial banks and homeowners, MidAtlantic Farm Credit President and CEO Bob Frazee told a House subcommittee on Thursday that the Farm Credit System’s financial strength and cooperative structure have helped America’s farmers, ranchers, agricultural cooperatives, farm businesses and rural communities continue to have access to a competitive source of credit to meet their needs.

“Despite the fact that we have had no assistance from the government throughout these times of extreme stress in the financial markets, we are very proud to report to you that we have not had to deny a single farmer, cooperative or other eligible borrower access to credit because we could not access the Nation’s money markets,” he said.

“The Farm Credit System remains strong. We continue to make credit available to all segments of agriculture,” Frazee said in remarks before the House Agriculture Committee’s Subcommittee on Conservation, Credit, Energy and Research. The System provided almost \$1 billion in new credit to agriculture during the first three months of 2009.

Testifying on behalf of the Farm Credit System, Frazee said that, despite the disruptions in the national financial markets, Farm Credit continues to tap the nation’s debt markets to bring capital to agriculture. He pointed to the System’s history, its financial strength, strict regulatory oversight and cooperative ownership structure as significant core strengths that provide investors confidence in the System.

MidAtlantic Farm Credit is part of the nationwide Farm Credit System, which includes 95 borrower-owned cooperatives serving U.S. agriculture and rural America in all 50 states and Puerto Rico. As a whole, the Farm Credit System has more than \$214 billion in assets.

Fraze noted that Farm Credit's cooperative structure ensures that its lending and financially related service activities are driven by the needs of its member borrowers and to ensure that there is a reliable and competitive credit source available to agriculture that farmers and ranchers own and control.

"Our cooperative structure keeps us focused on the needs of our farmer-members, and it means that we share our profits with them," Fraze said. "Over the past four years, MidAtlantic has returned over \$110 million to our member-borrowers. The Farm Credit System returned some \$2.6 billion to its owners during the same period."

Fraze relayed how MidAtlantic Farm Credit works with its customer-owners that may be experiencing financial stress.

"Farm Credit System institutions have operated with specific 'borrower rights' requirements for over twenty years that include 'least cost' restructuring requirements and the opportunity to appeal adverse credit decisions to a credit review committee. Like other Farm Credit lenders, MidAtlantic has worked closely with the agricultural producers in the areas it serves, helping farmers to maintain cash flow and keep land in production despite recent fluctuations in several commodity and livestock markets," he said.

Fraze highlighted how Farm Credit's commitment to agriculture also extends to supporting young, beginning and small farmers and ranchers as they start out in agriculture. He emphasized MidAtlantic's "Start Right" Young, Beginning, Small and Minority Farmer program, under which they have written more than \$45 million in new loans since April, 2008. Overall, the Farm Credit System "provided new loans and commitments totaling almost \$12 billion to beginning farmers last year," Fraze said.

Farm Credit is proud of its commitment to rural America, Fraze said, and never forgets that Farm Credit's success depends on its customers' success.

###

A copy of Fraze's written remarks to the Subcommittee can be found at: <http://www.fccouncil.com/uploads/Fraze.pdf>. Additional statements from the hearing are available on the House Agriculture Committee's website at: <http://agriculture.house.gov/hearings/statements.html>.

The Farm Credit System is rural America's customer-owned partner. Farm Credit helps maintain and improve the quality of life in rural America and on the farm, through its constant commitment to competitive lending, expert financial services and advice, and a feeling of partnership with its customers. The Farm Credit Council is the national trade association representing the interests of the institutions of the Farm Credit System. For more information: www.fccouncil.com.