INDEPENDENT COMMUNITY
BANKERS *of* AMERICA®

November 18, 2014

Honorable Jill Long Thompson
Board Chair & Chief Executive Officer
Farm Credit Administration
McLean, Virginia 22102

Dear Chair/CEO Thompson:

Thank you for your recent letter responding to ICBA's letter of October 15. Our letter on behalf of the nation's community banks, in addition to providing an extensive analysis, raised numerous questions regarding the FCA's recent, brief, online posting of a guidance memorandum titled: "*Guidance for Investment Requests under § 615.5140(e) of Farm Credit Administration Regulations*." We attached three pages of questions to which we would like FCA's response. No questions were answered in your recent letter nor did the FCA indicate the agency plans to respond to any of our questions.

Therefore, we once again request FCA answer the questions in our recent letter as these answers will provide greater transparency as to the financing activities envisioned in FCA's recent investment guidance memorandum cited above. However, we recognize responding to these questions may require time and therefore, to facilitate a much simpler and more immediate response from FCA, we have listed just a couple of questions below to which we would like FCA's earliest possible response:

1) *Would FCA's guidance memorandum cited above allow FCS lenders to make "investments" in non-farm or non-agricultural activities that are <u>not</u> permissible lending activities under the Farm Credit Act and which could compete directly with the lending activities of community banks?*

2) *How does FCA define the difference between a bond (i.e. investment) and a loan?*

We present these questions since the guidance memo mentions allowing FCS "investments" for 'business, community, and infrastructure' purposes which appears to allow FCS financing activities beyond the Act's permissible lending constraints. Please provide your written responses to the above questions to Mark Scanlan at: mark.scanlan@icba.org. We also look forward to receiving responses to the broader set of questions presented in our previous letter in the not-too-distant future. Thank you in advance for responding to these questions.

Sincerely,

Mark Scanlan

Mark Scanlan
Senior Vice President, Agriculture and Rural Policy

cc: Kenneth Spearman; Leeland Strom; Gary Van Meter