

CHARTER AND DELEGATION STATEMENT

Audit and Review Committee MidAtlantic Farm Credit Board of Directors

Purpose

The Board of Directors (Board) of the MidAtlantic Farm Credit, ACA (Association) has created a committee of directors to be known as the Audit and Review Committee (Committee) to assist the Board in monitoring:

- the effectiveness of internal controls
- the integrity of the financial statements,
- compliance with applicable laws and regulations
- the quality of the audit effort of the association's internal audit function as well as the qualifications, independence, and performance of the Association's independent auditors

Unless otherwise specified in the Committee's records, all discussions and actions are jointly by the Committee on behalf of the Boards of the MidAtlantic Farm Credit, ACA; the MidAtlantic Farm Credit, PCA; and the MidAtlantic Farm Credit, FLCA and apply equally to all three associations.

Membership and Qualifications

The Committee shall consist of a minimum of three members of the Board who are appointed by the Chairman of the Board. The Chairman shall designate the members of the Committee annually, and appointments will generally occur in conjunction with the Board's annual reorganization process, which follows the association's Annual Stockholders' Meetings and director elections. Directors who serve on the Committee must be independent of senior management and operating executives of the Association and free from any relationships, which might, in the opinion of the Board, be construed as a conflict of interest. The Chairman of the Board shall select one of the directors on the Committee to serve as its Chairman. The Board Chairman may also select a director to serve as Vice-Chairman of the Committee. All appointments shall be made with the consent of the full Board of Directors.

Any director designated as a "financial expert" under FCA Regulation 611.210(a)(2) and Board Policy #128 shall serve on the Audit and Review Committee.

All Committee members should be knowledgeable in at least one of the following:

1. Public and corporate finance
2. Financial reporting and disclosure
3. Accounting procedures

Specific Responsibilities and Delegations

The Committee reports only to the full Board in fulfilling its duties. The Board of Directors further defines the responsibilities of the Audit and Review Committee, and delegates certain authorities to the Committee accordingly, as follows:

1. Conduct or authorize investigations into matters within its scope of responsibility. In the performance of this duty, the Committee is empowered to:
 - Retain outside counsel, auditors, accountants or others to advise the Committee or assist in the conduct of an investigation.
 - Seek any information it requires from Association employees or external parties.
 - Meet with Association management, independent auditors, accountants or outside counsel, as necessary.
2. The Committee Chairman is authorized to sign any certification statements for reports to shareholders as may be necessary.

3. Make decisions to hire and dismiss the Director of Audit and Review.
4. Complete performance evaluations of the Director of Audit and Review as prescribed by Association policies.
5. Provide input to the Director of Audit and Review and approve the annual internal Audit and Review Plan and any subsequent alterations made to the plan.
6. Evaluate the adequacy of the Association's (a) internal controls, (b) lending operations, (c) accounting policies and procedures, and (d) compliance with laws and regulations through the review of the reports of the independent auditors, the internal auditors/reviewers and regulatory bodies.
7. Monitor the Association's lending operations and portfolio quality through the review of periodic reports (including but not limited to credit actions taken, underwriting exceptions, allowance for loan losses, counterparty risk, non-earning assets, and any other reports the Committee or the Board deems useful or necessary), as required by policy.
8. Review annual reports on each financially-related service and make recommendations concerning its continuance or any changes, as required by policy.
9. Review Asset/Liability Committee (ALCO) activities, as required by policy.
10. Review proposed actions taken by management to address weaknesses identified through internal audit and asset review reports, external audits, and examinations by regulatory bodies. Significant concerns about the actions shall be reported to the Board. Recommended response to regulatory examinations will be provided to the Board for its approval.
11. Monitor management's completion of the actions described in Item 10 above. Significant concerns about management's effectiveness in completing the actions shall be reported to the Board.
12. Recommend to the Board the appointment or discharge of the independent auditors based upon the Committee's judgment of the qualifications, independence, and the quality of their work. This will include the review of a list of all non-audit services performed by the Association's independent auditors.
13. Review the independent auditor's audit plan, the results of the audit, management letters, the annual report, and the opinion that the auditors propose to render on the financial statements. The Committee will be available to meet with the independent auditors to discuss findings, as needed.
14. Meet regularly with the Director of Audit and Review to review his/her assessment of:
 - the adequacy and effectiveness of the Association's system of internal controls,
 - the quality of loans in the portfolio,
 - compliance with laws, regulations and standards of conduct policies.
15. Review with management or the independent auditor(s) financial reporting issues, the selection of any alternative treatments of financial information within generally acceptable accounting principles and Management's Discussion and Analysis associated with shareholder disclosure statements. The Committee is authorized to approve the Annual and Quarterly Reports to Shareholders prior to issuance.
16. Review and recommend to the Board audit or internal control-related policies, and revisions thereto.
17. Identify and direct any special projects or investigations deemed necessary.
18. Meet at least annually with the Chief Executive Officer to discuss and provide input on the effectiveness of the association's system of internal controls and the quality of credit.

19. Ensure the unrestricted access of the Director of Audit and Review or others employed to conduct reviews and/or audits to all association properties, records, transactions, procedures, activities, and personnel relevant and necessary to fulfill their responsibilities.
20. Review the annual Standards of Conduct report especially as it relates to director and senior management compliance with policy.
21. Establish procedures for the receipt, retention, and treatment of complaints made by employees regarding questionable accounting, internal controls, or auditing matters.

In addition, the Chairman of the Audit and Review Committee is delegated the responsibility to select members of the Credit Review Committee in accordance with FCA Regulation 617.7305 and Board Policy #413.

Meetings

The Committee will hold at least four (4) regular meetings per year and such additional meetings, as the Committee's Chairman shall require. The Committee will invite members of management or others to attend and provide pertinent information, as necessary. It will hold private meetings with the Director of Audit and Review or the independent auditor(s) and executive sessions, as necessary.

Business may be conducted by telephone conference call or other form of electronic media, provided that:

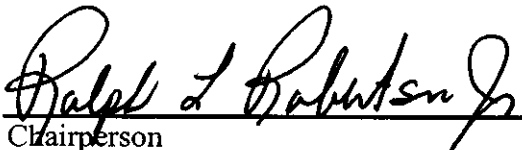
1. A reasonable attempt is made to reach all members;
2. A quorum, as defined by the association's bylaws, is present at the meeting; and
3. Technical arrangements permit all persons participating to hear each other at the same time.

Meeting agendas will be prepared and provided in advance along with appropriate briefing materials.


Reporting

Actions taken by the Committee under its authority shall be reported to the Board at its next regular meeting.

Charter approved by the Audit and Review Committee at its meeting of September 24, 2009.


Chairperson

Charter and delegations of authority affirmed by the Board of Directors at its meeting of September 24, 2009.


Chairperson