











# Board Policies & Charters

Regulatory Requirements for Policies and Charters		
Management/Admin		
Description & Exam Procedure Reference	FCA Risk Assessment	
Responsible Entities		
Criteria		
<b>Audit Committee (Charter)</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA) and Funding Corporation ( <a href="#">630.6</a> )	<i>Examination or Followup Needed?</i>	
<a href="#">620.30</a> ; <a href="#">630.6(a)</a> Each Farm Credit bank and association must establish an audit committee by adopting a charter. The audit committee must oversee the institution's system of internal controls relating to preparation of financial reports, including controls relating to the institution's compliance with applicable laws and regulations. Refer to FCA Regulation 630.6(a) for Funding Corp. System Audit Committee requirements.	<i>Comments:</i>	
<b>Compensation Committee (Charter)</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA , BC) and Funding Corporation ( <a href="#">630.6</a> )	<i>Examination or Followup Needed?</i>	
<a href="#">620.31(b)</a> ; <a href="#">630.6(b)</a> ; <a href="#">BL-060</a> ; <a href="#">IM 2/23/09</a> Each Farm Credit bank and association must establish a compensation committee by adopting a charter. Compensation committees are responsible for reviewing the compensation policies and plans for senior officers and employees. Refer to FCA Regulation 630.6(b) for Funding Corp. requirements.	<i>Comments:</i>	
<b>Internal Controls – Capital Disclosures</b>	<i>Policy Name:</i>	
Banks	<i>Examination or Followup Needed?</i>	
<a href="#">628.62(b)</a> Each bank must have a formal disclosure policy approved by the board that addresses its approach for determining the disclosures it makes related to the capital requirements in Part 628. The policy must address the associated internal controls and disclosure controls and procedures.	<i>Comments:</i>	
<b>Reports to Investors</b>	<i>Policy Name:</i>	
Funding Corp.	<i>Examination or Followup Needed?</i>	
<a href="#">630.4(a)(2)(i)</a> As part of the system of internal controls for preparing disclosures for investors and the general public, the Funding Corporation must maintain policies and procedures to be carried out by the disclosure entities for preparation of the report to investors.	<i>Comments:</i>	
<b>Accounts and Exposures</b>	<i>Policy Name:</i>	
Funding Corp.	<i>Examination or Followup Needed?</i>	
<a href="#">621.15(b)(5)(i)</a> As part of the system of internal controls over the central data repository, the Funding Corporation (the reporting entity) must develop policies and procedures to ensure that the information submitted in the report of accounts and exposures to FCA is complete and consistent with the information submitted to the Funding Corp. from the banks and associations under 621.15(a).	<i>Comments:</i>	

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Credit		
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Criteria		
<b>S.A.F.E. ACT</b>	<i>Policy Name:</i>	
All chartered institutions, including Fund Corp., that employ mortgage originators	<i>Examination or Followup Needed?</i>	
<a href="#">Regulation G, 12 CFR 1007.104</a> Each Farm Credit System institution that employs one or more mortgage loan originators must adopt policies and procedures designed to assure compliance with this part. At a minimum, these policies and procedures must address nine specified provisions.	<i>Comments:</i>	
<b>Financing for Processing and Marketing Operations</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA) with title I and II lending authorities	<i>Examination or Followup Needed?</i>	
<a href="#">613.3010(d)</a> Each System institution making processing and marketing loans to legal entities under authority of this section must adopt a policy that addresses eligibility requirements for such entities and ensures that the institution, at a minimum, develops and implements procedures for ensuring compliance with the eligibility provisions of 613.3010, portfolio restrictions, and reporting requirements.	<i>Comments:</i>	
<b>Lending to Similar Entities</b>	<i>Policy Name:</i>	
Banks and direct lender associations (FCB, ACB, ACA, PCA, FLBA, FLCA, BC)	<i>Examination or Followup Needed?</i>	
<a href="#">BL-067</a> Each System institution that participates, or that plans to participate, in similar entity loans should have policy, procedures, and internal controls that appropriately identify, evaluate, and mitigate various risks associated with this authority and ensure compliance with applicable regulations.	<i>Comments:</i>	
<b>Loans and Chartered Territories</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA) with title I and II lending authorities	<i>Examination or Followup Needed?</i>	
<a href="#">614.4070(c)</a> A bank or association under title I and II may finance eligible borrowers outside its chartered territory, provided policies authorize this activity and there is not a significant shift in loan volume away from its territory.	<i>Comments:</i>	
<b>Lending Policies and Underwriting Standards</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA, BC)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4150</a> ; <a href="#">BL-037</a> ; <a href="#">BL-062</a> ; <a href="#">BL-069</a> ; <a href="#">IM 3/29/11</a> Under the policies of its board, each institution shall adopt written standards for prudent lending and shall issue written policies, operating procedures, and control mechanisms. At a minimum, these policies and procedures must include nine specified provisions.	<i>Comments:</i>	

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Credit		
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Responsible Entities		
Criteria		
<b>Land in Transition</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA, and BC where applicable)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4150</a> ; <a href="#">613.3005</a> ; <a href="#">BL-058</a> ; <a href="#">Exam Bulletin 2009-2</a> Exam Bulletin 2009-2 notes appropriate oversight of lending on land in transition would include development of board policy guidance, supporting procedures, and corresponding control processes (including adequate monitoring and reporting), consistent with FCA Regulation 614.4150. The Bulletin is designed to complement FCA Bookletter BL-058, which provides related eligibility and scope of financing criteria. Both of these documents need to be referenced for their respective purposes.	<i>Comments:</i>	
<b>Lending Programs for Farmers' Other Credit Needs</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA, and BC where applicable)	<i>Examination or Followup Needed?</i>	
<a href="#">Exam Bulletin 2006-2</a> The bulletin outlines FCA's expectation regarding financing for other credit needs. The bulletin notes that examiners should expect to see a board-approved policy that communicates the board's expectations regarding the purpose, objectives, and scope of the program for financing farmers' other credit needs.	<i>Comments:</i>	
<b>Special Credit Needs - YBS</b>	<i>Policy Name:</i>	
FCB and ACB set policies, associations (ACA, FLCA, FLBA, PCA) set programs	<i>Examination or Followup Needed?</i>	
<a href="#">Section 4.19(a)</a> ; <a href="#">614.4165(b) and (c)</a> ; <a href="#">BL-040</a> ; <a href="#">BL-066</a> Each Farm Credit Bank and Agricultural Credit Bank must adopt written policies that direct its affiliated direct lender association to establish a YBS program and reporting requirements. The regulation also requires the bank policy to address four specific areas. Each direct lender association must establish a YBS program that contains, at a minimum, four specified components.	<i>Comments:</i>	
<b>Loan Servicing Requirements - General</b>	<i>Policy Name:</i>	
Direct lender banks and associations (FCB, ACB, ACA, PCA, FLCA) per <a href="#">619.9135</a>	<i>Examination or Followup Needed?</i>	
<a href="#">614.4170</a> Each direct lender must adopt loan servicing policies and procedures to ensure loans will be serviced fairly and equitably for the borrower while minimizing the risk for the lender. At a minimum, these policies and procedures must include three specified provisions.	<i>Comments:</i>	
<b>Collateral Risk Management</b>	<i>Policy Name:</i>	
All chartered institutions, including Funding Corp. and Leasing Corp if engaged in lending or leasing	<i>Examination or Followup Needed?</i>	
<a href="#">IM 6/17/2010</a> LPM policies and the related procedures should address the identification, reporting, and controls for collateral risk in the institution's real estate portfolio.	<i>Comments:</i>	



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Criteria		
<b>Loan to Value Exceptions</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4200(b)(2)</a> ; <a href="#">IM 5/11/06</a> Permits actions that result in exceeding the loan-to-value limitation to protect the lender's collateral position, but it must be in accordance with a policy of the institution's board of directors and documented in the loan file.	<i>Comments:</i>	
<b>Collateral Evaluation</b>	<i>Policy Name:</i>	
All chartered institutions, including Funding Corp. and Leasing Corp if engaged in lending or leasing	<i>Examination or Followup Needed?</i>	
<a href="#">614.4245</a> ; <a href="#">IM 4/21/2008</a> ; <a href="#">IM 8/29/2016</a> The board of each Farm Credit System institution engaged in lending or leasing secured by collateral must adopt collateral evaluation policies. At a minimum, these policies and procedures must include three specified provisions.	<i>Comments:</i>	
<b>Evaluation Requirements - Interstate Appraisals</b>	<i>Policy Name:</i>	
All chartered institutions, including Funding Corp. and Leasing Corp if engaged in lending or leasing	<i>Examination or Followup Needed?</i>	
<a href="#">614.4260(e)(2)</a> Collateral evaluation requirements can be satisfied by using a state certified or licensed appraiser from another state, provided the Farm Credit System institution has established policies for interstate appraisals.	<i>Comments:</i>	
<b>Purchase and Sale of Interests in Loans</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA, BC) with title I, II and III lending authorities	<i>Examination or Followup Needed?</i>	
<a href="#">614.4325(c)</a> ; <a href="#">BL-027</a> Each Farm Credit System institution board that sells or purchase interests in loans must adopt a policy. At a minimum, these policies and procedures must include seven specified provisions.	<i>Comments:</i>	
<b>Loan and Lease Concentration Risk Mitigation Policy</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA, BC)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4362</a> ; <a href="#">IM 10/21/2003</a> The board of each title I, II, and III System institution must adopt and ensure implementation of a written policy to effectively measure, limit, and monitor exposures to concentration risks resulting from the institution's lending and leasing activities. (Effective July 1, 2012)	<i>Comments:</i>	
<b>Special Lending Programs</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA, BC) with title I, II and III lending authorities	<i>Examination or Followup Needed?</i>	
<a href="#">614.4525(a), (b), and (d)</a> Based on different authorities given by institution type and under	<i>Comments:</i>	

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Responsible Entities		
Criteria		
board policy, System institutions may enter into agreements and services provided by third parties.		
<b>Investment in Farmer's Notes to Coops &amp; Dealers</b>	<i>Policy Name:</i>	
FCB, ACB, ACA, and PCA	<i>Examination or Followup Needed?</i>	
<a href="#">615.5172(a)</a> Each Farm Credit Bank, agricultural credit bank, production credit association, and agricultural credit association that invests in notes, conditional sales contracts, and other similar obligations given to cooperatives and private dealers must adopt policies governing such actions.	<i>Comments:</i>	
<b>Farmer Mac Securities</b>	<i>Policy Name:</i>	
Banks, associations, and service corporations	<i>Examination or Followup Needed?</i>	
<a href="#">615.5174(b) and (c)</a> The board of directors for each Farm Credit bank, association, or service corporation that purchases or holds securities issued or guaranteed by Farmer Mac must adopt and review annually policies that govern its investment and address four specific areas.	<i>Comments:</i>	
<b>Purchase and Sale of Interests in Leases</b>	<i>Policy Name:</i>	
All chartered institutions, including Funding Corp. and Leasing Corp if engaged in buying/selling lease interests	<i>Examination or Followup Needed?</i>	
<a href="#">616.6100(b)</a> The board of each Farm Credit System institution that sells or buys interests in leases must adopt a policy that addresses six specified elements. The regulation also provides criteria related to purchase and sale agreements, independent judgment, sales with recourse, and similar entity lease transactions	<i>Comments:</i>	
<b>Leasing Policies, Procedures, and Underwriting Standards</b>	<i>Policy Name:</i>	
All chartered institutions, including Funding Corp. and Leasing Corp if engaged in lease underwriting	<i>Examination or Followup Needed?</i>	
<a href="#">616.6300</a> The board of each institution engaged in lease underwriting must adopt policies that incorporate 11 elements, if applicable. Regulation also requires leasing activity to comply with the lending policies and loan underwriting requirements in <a href="#">614.4150</a> .	<i>Comments:</i>	
<b>Allowance &amp; Chargeoffs</b>	<i>Policy Name:</i>	
Banks, associations, Funding Corp., service corporations, and where named, Farmer Mac per <a href="#">621.1</a>	<i>Examination or Followup Needed?</i>	
<a href="#">621.5(b)</a> ; <a href="#">BL-049</a> ; <a href="#">IM 6/30/09</a> Each institution must adopt policies and procedures for establishing and maintaining the ALL in accordance with GAAP and regulations.	<i>Comments:</i>	

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Regulatory Requirements for Policies and Charters		
Credit		
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Responsible Entities		
Criteria		
<b>Performance Categories</b>	<i>Policy Name:</i>	
Banks, associations, Funding Corp., service corporations, and where named, Farmer Mac per <a href="#">621.1</a>	<i>Examination or Followup Needed?</i>	
<a href="#">621.10(a)(3)</a> Each institution must adopt policies governing performance categories and other property owned that comply with FCA definitions, rules, and standards.	<i>Comments:</i>	
<b>FCA's Stress Testing Expectations</b>	<i>Policy Name:</i>	
All chartered institutions, including Funding Corp. and Leasing Corp if engaged in lending or leasing	<i>Examination or Followup Needed?</i>	
<a href="#">IM 3/4/2010</a> System institution boards are expected to establish written policies, and senior management is expected to implement procedures governing the stress testing program. Policies and procedures should address the frequency of stress testing, its role in the business planning process, and how the stress testing program is integrated into the overall risk management process. Policies should also specify a clear and central role for the board and senior management.	<i>Comments:</i>	
<b>International Lending - Export Transactions</b>	<i>Policy Name:</i>	
ACB and BC (title III lending authority)	<i>Examination or Followup Needed?</i>	
<a href="#">613.3200(c)</a> Each bank for cooperatives and agricultural credit bank board must adopt a policy to ensure that exports are financed on a priority basis. The total amount of balances outstanding on loans made under this regulation must not, at any time, exceed 50 percent of the capital for certain loan types.	<i>Comments:</i>	
<b>Policies Governing Extensions of Credit to Direct Lender Associations and OFIs</b>	<i>Policy Name:</i>	
FCB and ACB	<i>Examination or Followup Needed?</i>	
<a href="#">614.4120</a> The board of each Farm Credit Bank and agricultural credit bank must adopt policies and procedures governing the making of direct loans to and the discounting of loans for direct lender associations and OFIs. At a minimum, these policies and procedures must include three specified provisions and GFA provisions.	<i>Comments:</i>	
<b>Loan Approval Authority</b>	<i>Policy Name:</i>	
FCB and ACB	<i>Examination or Followup Needed?</i>	
<a href="#">614.4460</a> Each bank board that delegates loan approval of Official loans and loans with potential conflicts to bank management must have an established policy.	<i>Comments:</i>	

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Criteria		
<b>Special Loans</b>	<i>Policy Name:</i>	
FCB and ACB	<i>Examination or Followup Needed?</i>	
<a href="#">614.4530</a> Under policies approved by the bank board, PCAs and ACAs may make special types of loans on commodities covered by price support programs.	<i>Comments:</i>	
<b>OFI Financing - Underwriting Standards</b>	<i>Policy Name:</i>	
FCB and ACB	<i>Examination or Followup Needed?</i>	
<a href="#">614.4540(c)</a> Each Farm Credit bank or agricultural bank must establish objective policies, procedures, pricing guidelines, and loan underwriting standards for determining the creditworthiness of each OFI applicant.	<i>Comments:</i>	
<b>OFI Financing - Recourse and Security</b>	<i>Policy Name:</i>	
FCB and ACB	<i>Examination or Followup Needed?</i>	
<a href="#">614.4570(c)(1)</a> Each Farm Credit Bank and agricultural credit bank must develop policies and loan underwriting standards that establish uniform and objective requirements necessary for OFIs to obtain funding, assistance, etc.	<i>Comments:</i>	
<b>Public Disclosure about OFIs</b>	<i>Policy Name:</i>	
FCB and ACB	<i>Examination or Followup Needed?</i>	
<a href="#">614.4595</a> Each Farm Credit Bank and agricultural credit bank must adopt policies and procedures for requesting, obtaining, and maintaining the consent of its OFIs and for disclosing this information to the public.	<i>Comments:</i>	
<b>Financing Foreign Trade Receivables</b>	<i>Policy Name:</i>	
ACB and BC (title III lending authority)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4700(a), (d)</a> Banks for cooperatives and agricultural credit banks, under board policies, may finance foreign trade receivables on behalf of eligible cooperatives. Policies should take into consideration five specific provisions.	<i>Comments:</i>	
<b>Letters of Credit</b>	<i>Policy Name:</i>	
ACB and BC (title III lending authority)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4720</a> A bank for cooperatives or an agricultural credit bank, under board policies, may issue, advise, or confirm import or export letters of credit in accordance with UCCs on behalf of its customers.	<i>Comments:</i>	

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Credit		
Description & Exam Procedure Reference	FCA Risk Assessment	
Responsible Entities		
Criteria		
<b>Guarantees and Contracts of Suretyship</b>	<i>Policy Name:</i>	
ACB and BC (title III lending authority)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4800</a> A bank for cooperatives or an agricultural credit bank, under board policy, may lend its credit, be itself a surety to indemnify another, or otherwise become a guarantor if an eligible cooperative substantially benefits from the performance of the transaction involved.	<i>Comments:</i>	
<b>Foreign Exchange</b>	<i>Policy Name:</i>	
ACB and BC (title III lending authority)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4900(a), (b), (d), (e), (f), and (h)</a> Before a bank for cooperatives or an agricultural credit bank, under board policy, may engage in any financial transaction which transports monetary instruments from within the United States to or through any place outside the United States, it must have established bank procedures to safeguard the interests of the stockholders of the bank in regard to such transactions. Refer to the regulation for additional policy expectations.	<i>Comments:</i>	
<b>Restructuring Policy and Procedures</b>	<i>Policy Name:</i>	
FCB and ACB	<i>Examination or Followup Needed?</i>	
<a href="#">4.14A(g)(1) and (2) of the Act; 617.7405</a> Each bank board must develop a policy for restructuring distressed loans; two primary requirements are listed.	<i>Comments:</i>	
<b>Bankers Acceptances</b>	<i>Policy Name:</i>	
ACB (title III authority) and BC	<i>Examination or Followup Needed?</i>	
<a href="#">615.5550</a> Banks for cooperatives may rediscount with other purchasers the acceptances they have created. The bank for cooperatives' board, under established policies, may delegate this authority to management.	<i>Comments:</i>	
<b>PCA Loan Terms</b>	<i>Policy Name:</i>	
PCA	<i>Examination or Followup Needed?</i>	
<a href="#">614.4040(a)(1)(ii) and (2)</a> Requires PCA to have policies adopted and approved by funding bank to make or guarantee amortized loans with terms of more than 7 years, but not more than 10 years. Policies approved by funding bank may allow amortizations up to 15 years; additional criteria listed in areas such as extending loan terms beyond regulatory guidance.	<i>Comments:</i>	

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<b>Lending Power</b>	<i>Policy Name:</i>	
ACB (title III authority) and BC	<i>Examination or Followup Needed?</i>	
<a href="#">Farm Credit Act, Section 3.7(b)(2)(A)(i) and (c)</a> Identifies the types of lending and the technical and financial assistance that are authorized under bank policies and procedures.	<i>Comments:</i>	

Regulatory Requirements for Policies and Charters		
Finance		
Description & Exam Procedure Reference Responsible Entities Criteria	FCA Risk Assessment	
<b>Interest Rates</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4155; BL-062</a> Loans made by each bank and direct lender association shall bear interest at a rate or rates as may be determined by the institution board. Any interest rate plan shall set loan pricing policies and objectives. The Bookletter identifies additional considerations.	<i>Comments:</i>	
<b>Differential Interest Rate Programs</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA)	<i>Examination or Followup Needed?</i>	
<a href="#">614.4160; BL-062</a> Based on policies approved by the board differential interest rates may be established for loans based on a variety of factors that may include type, purpose, amount, quality, funding or operating costs, or similar factors or combinations of factors. The Bookletter identifies additional considerations.	<i>Comments:</i>	
<b>Investment Management</b>	<i>Policy Name:</i>	
Banks, associations, and service corporations	<i>Examination or Followup Needed?</i>	
<a href="#">615.5133(a), (b), and (c)</a> Requires each institution board to adopt policies for managing investment activities; the board, or a board committee, must review these policies annually. These policies must address the purposes and objectives of investments, risk tolerance, delegations of authority, internal controls, due diligence, and reporting requirements. See 615.5133 for details. If the institution holds or plans on holding investments in Farmer Mac securities, refer to the Farmer Mac Securities row in the Credit section of this workpaper for policy requirements.	<i>Comments:</i>	

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Criteria		
<b>Interest Rate Risk Management by Associations and Other Farm Credit System Institutions other than Banks</b>	<i>Policy Name:</i>	
Associations (ACA, PCA, FLCA, FLBA), service corporations, Funding Corp., Leasing Corp (not banks or Farmer Mac)	<i>Examination or Followup Needed?</i>	
<a href="#">615.5182</a> ; <a href="#">BL-072</a> Any association or other Farm Credit System institution with interest rate risk that could lead to significant declines in net income or in the market value of capital must comply with the requirements of <a href="#">615.5180</a> . The BL provides clarification and guidance to FCS institutions on effective policies and procedures.	<i>Comments:</i>	
<b>Stock &amp; Participation Certificate Retirement</b>	<i>Policy Name:</i>	
Banks and associations	<i>Examination or Followup Needed?</i>	
<a href="#">620.5(d)(1)(v)</a> Banks and associations must have policies on stock and participation certificate retirement and restrictions on transfer.	<i>Comments:</i>	
<b>Capital</b>	<i>Policy Name:</i>	
Banks, associations, and Leasing Corp.	<i>Examination or Followup Needed?</i>	
<a href="#">IM 11/10/2016</a> The board should ensure policies and procedures are in place that comply with and implement the capital regulations. The IM identifies specific elements that should be addressed.	<i>Comments:</i>	
<b>Retirement of Other Equities</b>	<i>Policy Name:</i>	
All chartered institutions, including Funding Corp. and Leasing Corp	<i>Examination or Followup Needed?</i>	
<a href="#">615.5270(d) and (e)</a> The board of each bank, association, or service corporation that issues preferred stock must adopt a written policy covering the retirement of preferred stock. The policy must, at a minimum, address five elements and be reviewed annually.	<i>Comments:</i>	
<b>Limitations on Association Preferred Stock</b>	<i>Policy Name:</i>	
Associations (ACA, PCA, FLCA, FLBA) if offering preferred stock	<i>Examination or Followup Needed?</i>	
<a href="#">615.5245(a)</a> ; <a href="#">IM 09/9/03</a> The board of each association offering preferred stock must adopt a policy that addresses the association's conditions or limits on the amount of preferred stock that any one holder, or small number of holders, may acquire.	<i>Comments:</i>	
<b>VACP Accounts</b>	<i>Policy Name:</i>	
Institutions using VACP accounts	<i>Examination or Followup Needed?</i>	
<a href="#">BL-030</a> An institution that accepts VACPs should have policies adopted by its board that provide guidance to management for VACP administration and that require periodic reporting to the board in	<i>Comments:</i>	

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sufficient detail to monitor VACP practices. Elements to be included in administrative and disclosure areas are included.		
<b>Foreign Currency Transactions</b>	<i>Policy Name:</i>	
Banks and associations (FCB, ACB, ACA, PCA, FLBA, FLCA, BC)	<i>Examination or Followup Needed?</i>	
<a href="#">IM 09/18/2008</a> Farm Credit System institutions should adopt appropriate policies and procedures, and ensure the institution has sufficient expertise and internal controls for managing this risk. The memorandum does not apply to the statutory international and foreign exchange authorities exercised by CoBank, ACB. All other System institutions that engage in foreign currency transactions should follow this guidance.	<i>Comments:</i>	
<b>Liquidity</b>	<i>Policy Name:</i>	
Banks and associations	<i>Examination or Followup Needed?</i>	
<a href="#">620.5(g)(3)(ii)(A)</a> ; <a href="#">615.5134(a)</a> 620.5 requires banks and associations to have a liquidity policy. In addition, 615.5134 requires the board of each Farm Credit bank to adopt a written liquidity policy that, at a minimum, addresses five specified provisions. The bank liquidity policy must be compatible with the investment management policies that the bank's board adopts pursuant to <a href="#">§ 615.5133</a> of this part. At least once every year, the bank's board must review its liquidity policy, assess the sufficiency of its liquidity policy, and make any revisions it deems necessary. The board of each Farm Credit bank must ensure that adequate internal controls are in place so that management complies with and carries out this liquidity policy.	<i>Comments:</i>	
<b>Bank Interest Rate Risk Management Program</b>	<i>Policy Name:</i>	
Banks	<i>Examination or Followup Needed?</i>	
<a href="#">615.5180</a> ; <a href="#">BL-072</a> The board of each Farm Credit bank must adopt an interest rate risk management section of an asset/liability management policy that establishes interest rate risk exposure limits as well as the criteria to determine compliance with these limits. At a minimum, these policies and procedures must include eight specified provisions. At least quarterly, management must report to the board, or board committee, the level of interest rate risk exposure. Any deviations from the board's policy must be specifically identified in the report and approved by the board or board committee. The BL provides clarification and guidance to FCS institutions on effective policies and procedures.	<i>Comments:</i>	
<b>Guidelines for Use of Derivatives</b>	<i>Policy Name:</i>	
FCB, ACB, and Funding Corp.	<i>Examination or Followup Needed?</i>	
<a href="#">BL-023</a> The BL provides guidelines and expectations in evaluating a System	<i>Comments:</i>	



# Board Policies & Charters

Regulatory Requirements for Policies and Charters		
Finance		
Description & Exam Procedure Reference	FCA Risk Assessment	
Responsible Entities		
Criteria		
institution's use, planned use, and management of derivative products. The BL notes that the board needs to formally approve, as part of its ALM policy, a section addressing the use of derivative products.		
<b>Global Debt Program</b>	<b>Policy Name:</b>	
FCB and ACB	<b>Examination or Followup Needed?</b>	
<a href="#">BL-036</a> The BL transmits a copy of FCA's approval of the System's Global Debt Program (GDP) and clarifies FCA's expectations regarding the issuance of foreign currency denominated debt. FCA's approval of the GDP establishes criteria under which FCA will consider each System bank's request to issue global debt. The BL provides expectations for each System bank to establish policies and procedures to implement this program.	<b>Comments:</b>	
<b>Issuance of Global Debt Securities</b>	<b>Policy Name:</b>	
Funding Corp	<b>Examination or Followup Needed?</b>	
<a href="#">615.5502</a> The Funding Corporation Board of Directors shall establish appropriate criteria for the selection of global agents and shall approve each global agent.	<b>Comments:</b>	

Policy Changes		
Policy Name	Comments (Summary of Changes/Risk Assessment)	Follow-up Needed?

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