

# **PLAINS LAND BANK, FLCA**

## **STANDARD OF CONDUCT/CODE OF ETHICS MANUAL**

Revised September 7, 2016

**STANDARD OF CONDUCT/CODE OF ETHICS MANUAL  
DIRECTORS, OFFICERS, AND EMPLOYEES**

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## **PREFACE**

This Manual is for directors, officers, and employees of Plains Land Bank, FLCA. The Manual is divided into two parts, one part containing sections of the Farm Credit Administration regulations which deal with standards of conduct, and the other part, containing the Standard of Conduct Policy, Code of Ethics, Guidelines, and Procedures. Part One of the Manual containing the regulations is arranged in three sections: (1) definitions, (2) regulations dealing with substantive requirements, and (3) regulations that cover compliance. Part Two of the Manual, containing the Policy, Code of Ethics, Guidelines, and Procedures is arranged in two sections as follows: (1) the general Standard of Conduct Policy and Code of Ethics, and (2) the Standard of Conduct Guidelines and Procedures consisting of (a) criteria, standards, and requirements, (b) approval, appeal, and termination procedures, and (c) communication of standards. At the back of the Manual are forms to be used by directors, officers, and employees to document compliance with the regulations and guidelines.

### **A. DIRECTORS**

The Manual will be furnished to each current director, each newly elected director, and each appointed director. Directors are required to acknowledge their receipt of the Manual by completing the form in the back of the Manual. Disclosure (Form 2140) will be necessary in the event that a director is or plans to become involved in those activities, relationships and transactions for which disclosure is required, and must be resubmitted annually as required by the Policy, Guidelines and Procedures in this Manual.

### **B. OFFICERS AND EMPLOYEES**

The Manual will be furnished to each current employee and to each new employee at the time of employment. Employees must acknowledge their receipt of the Manual by completing the form in the back of the Manual. Disclosure (Form 2150) will be necessary in the event that an employee is or plans to become involved in those activities, relationships and transactions for which disclosure or approval is required, and must be resubmitted annually as required by the Policy, Guidelines and Procedures in this Manual.

### **C. STANDARDS OF CONDUCT OFFICIAL**

Cory W. Bruce, CCO

806-353-6688

[cbruce@plainslandbank.com](mailto:cbruce@plainslandbank.com)

#### **D. AUDIT COMMITTEE CHAIR**

You may contact Rusty Henson by the following methods:

Telephone: (806) 269-1383  
Address: Rusty Henson  
Chairman, Audit Committee  
P.O. Box 294  
Quitaque, TX 79255     [rusty@quitaque.com](mailto:rusty@quitaque.com)

#### **Plains Land Bank, FLCA Anonymous Hotline**

To: All Employees

As CEO of Plains Land Bank, FLCA, I strongly believe that our core values are not simply words written in an employee manual or on a website page. They are something that we all must live by each and every day while striving to make them a cornerstone of our corporate culture.

By ensuring that we make every effort to incorporate values such as Integrity, Team, Honor, Accountability and Excellence, into our culture, we also ensure that Plains Land Bank, FLCA lives up to the high ethical standards that make each of us proud to be associated with our organization and recognized as a beacon of ethical behavior throughout our industry.

I also believe that nothing is more important to the long-term success of our organization than the well-being of our employees. With your efforts, Plains Land Bank, FLCA can achieve the goals that will lead to a bright and prosperous future for all of us. As CEO, I realize that I bear the responsibility to provide a work environment where employees feel safe and can report unethical or improper behavior in complete confidence.

With this in mind, I am pleased to announce that, effective January 1, 2016, we have engaged Lighthouse Services, Inc. to provide all Plains Land Bank, FLCA employees with access to an anonymous ethics and compliance hotline for reporting possible ethics violations. The purpose of this service is to ensure that any employee wishing to submit a report can do so anonymously and without fear of retribution

Since 1998, Lighthouse Services has specialized in providing independent third-party ethics hotline services to organizations of all types and sizes, with a roster consisting of more than 1,000 clients.

For your convenience, Lighthouse Services provides a toll-free number along with several other reporting methods, all of which are available 24 hours a day, seven days a week for use by employees and staff.

- English speaking USA and Canada: (855) 833-0003 (not available from Mexico)

- Website: [www.lighthouse-services.com/plainslandbank](http://www.lighthouse-services.com/plainslandbank)
- E-mail: [reports@lighthouse-services.com/plainslandbank](mailto:reports@lighthouse-services.com/plainslandbank) (must include company name with report)
- Fax alternative for written documents: 215-689-3885 (must include company name with report)

Once again, I want to thank each of you for your efforts and I look forward to continuing our work together in building a company culture based on strong core values and the highest ethical principles.

Regards,



Greggory S. Lloyd, CEO

The Ethics/Hotline policy (AO:21, dated May 19, 2016) of the association is as follows:

**SCOPE:**

This policy applies to all association directors and employees, including part time, temporary and contract employees.

**PURPOSE:**

Building an Ethical Workplace together.

The Association is committed to the highest possible standards of ethical, moral and legal business conduct. In conjunction with this commitment and the Association commitment to open communication, this policy aims to provide an avenue for employees and stockholders to raise concerns and reassurance that they will be protected from reprisals or victimization for whistleblowing in good faith. However, if an employee or stockholder feels that their anonymity is not required then they should report to their supervisor, or the SOCO.

**POLICY:**

The whistleblowing policy is intended to cover serious concerns that could have a large impact on the Association, such as actions that:

- May lead to incorrect financial reporting;
- Are unlawful;
- Are not in line with company policy, including the Standard of Conduct; or
- Otherwise amount to serious improper conduct.

Regular business matters that do not require anonymity should be directed to the employee's supervisor and are not addressed by this policy.

## **SAFEGUARDS:**

### **Harassment or Victimization**

Harassment or victimization of individuals submitting hotline reports will not be tolerated.

### **Confidentiality**

Every effort will be made to protect the reporter's identity by our hotline vendor. The information provided in the hotline report may be the basis of an internal and/or external investigation into the issue being reported. As a result of the information provided in a report, the reporter's identity may become known during the course of our investigation.

### **Anonymous Allegations**

The policy allows employees and stockholders to remain anonymous at their option. Concerns expressed anonymously will be investigated, but consideration will be given to:

- The seriousness of the issue raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

### **Malicious Allegations**

Malicious allegations may result in disciplinary action.

## **PROCEDURE:**

### **Reporting**

The whistleblowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical or illegal conduct, should be reported in either of the following ways:

- English speaking USA and Canada: (855) 833-0003 (not available from Mexico)
- Website: [www.lighthouse-services.com/plainslandbank](http://www.lighthouse-services.com/plainslandbank)
- E-mail: [reports@lighthouse-services.com/plainslandbank](mailto:reports@lighthouse-services.com/plainslandbank) (must include company name with report)
- Fax alternative for written documents: 215-689-3885 (must include company name with report)

Reporters to the hotline have the ability to remain anonymous if they choose. The information provided may be the basis of an internal and/or external investigation into the issue reported and any anonymity will be protected to the extent possible by law. However, the identity of the reporter may become known during the course of the investigation because of the information provided. Reports are submitted by an independent third-party agency, Lighthouse to the Association or its designee, and may or may not be investigated at the sole discretion of our company.

Employment-related concerns should continue to be reported through normal channels such as supervisor, local HR representative, or to the CEO.

### **Timing**

The earlier a concern is expressed, the easier it is for action to be taken.

### **Evidence**

The reporting individual is not expected to prove the truth of an allegation; however the employee submitting a report needs to demonstrate in their hotline report that there are sufficient grounds for concern.

### **How The Report Will Be Handled:**

The action taken will depend on the nature of the concern. The Association Audit Committee Chairman receives a copy of each report and follow-up reports on actions taken by the company.

### **Initial Inquiries**

Initial inquiries will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed upon action without the need for an investigation.

### **Feedback to Reporter**

Whether reported directly to association personnel or through the hotline, the individual submitting a report will be given the opportunity to receive follow-up on their concern:

- Acknowledging that the concern was received;
- Indicating how the matter will be dealt with;
- Giving an estimate of the time it will take for a final response;
- Stating whether initial inquiries have been made;
- Stating whether further investigations will follow, and if not, why not.

### **Further Information**

The amount of contact between the individual submitting a report and the body investigating the concern will depend on the nature of the issue, the clarity of information provided, and whether the stockholder/employee remains accessible for follow-up. Further information may be sought from the reporter.

### **Outcome of an Investigation**

At the discretion of the company and subject to legal and other constraints the reporter may be entitled to receive information about the outcome of an investigation.



## **STATUTES & REGULATIONS** *(Most current FCA Reg shown in parenthesis)*

### **A. FARM CREDIT ADMINISTRATION REGULATIONS**

#### **§ 612.2130 Definitions (3/15/2016)**

For purposes of this part, the following terms are defined:

(a) Agent means any person, other than a director or employee, who currently represents a System institution in contacts with third parties or who currently provides professional services to a System institution, such as legal, accounting, appraisal, and other similar services.

(b) A conflict of interest or the appearance thereof exists when a person has a financial interest in a transaction, relationship, or activity that actually affects or has the appearance of affecting the person's ability to perform official duties and responsibilities in a totally impartial manner and in the best interest of the employing institution when viewed from the perspective of a reasonable person with knowledge of the relevant facts.

(c) Controlled entity and entity controlled by mean an entity in which the individual, directly or indirectly, or acting through or in concert with one or more persons:

(1) Owns 5 percent or more of the equity;

(2) Owns, controls, or has the power to vote 5 percent or more of any class of voting securities; or

(3) Has the power to exercise a controlling influence over the management of policies of such entity.

(d) Employee means any salaried officer or part-time, full-time, or temporary salaried employee.

(e) Entity means a corporation, company, association, firm, joint venture, partnership (general or limited), society, joint stock company, trust (business or otherwise), fund, or other organization or institution.

(f) Family means an individual and spouse and anyone having the following relationship to either: parents, spouse, son, daughter, sibling, stepparent, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, uncle, aunt, nephew, niece, grandparent, grandson, granddaughter, and the spouses of the foregoing.

(g) Financial interest means an interest in an activity, transaction, property, or relationship with a person or an entity that involves receiving or providing something of monetary value or other present or deferred compensation.

(h) Financially obligated with means having a joint legally enforceable obligation with, being financially obligated on behalf of (contingently or otherwise), having an enforceable legal obligation secured by property owned by another, or owning property that secures an enforceable legal obligation of another.

(i) Material, when applied to a financial interest or transaction or series of transactions, means that the interest or transaction or series of transactions is of such magnitude that a reasonable person with knowledge of the relevant facts would question the ability of the person who has the interest or is party to such transaction(s) to perform his or her official duties objectively and impartially and in the best interest of the institution and its statutory purpose.

(j) Mineral interest means any interest in minerals, oil, or gas, including, but not limited to, any right derived directly or indirectly from a mineral, oil, or gas lease, deed, or royalty conveyance.

(k) OFI means other financing institutions that have established an access relationship with a Farm Credit Bank or an agricultural credit bank under section 1.7(b)(1)(B) of the Act.

(l) Officer means the chief executive officer, president, chief operating officer, vice president, secretary, treasurer, general counsel, chief financial officer, and chief credit officer of each System institution, and any person not so designated who holds a similar position of authority.

(m) Ordinary course of business, when applied to a transaction, means:

(1) A transaction that is usual and customary between two persons who are in business together; or

(2) A transaction with a person who is in the business of offering the goods or services that are the subject of the transaction on terms that are not preferential. Preferential means that the transaction is not on the same terms as those prevailing at the same time for comparable transactions for other persons who are not directors or employees of a System institution.

(n) Person means individual or entity.

(o) Relative means any member of the family as defined in paragraph (g) of this section.

(p) Service Corporation means each service corporation chartered under the Act.

(q) Standards of Conduct Official means the official designated under § 612.2170 of these regulations.

(r) Supervised institution is a term which only applies within the context of a System bank or an employee of a System bank and refers to each association supervised by that bank.

(s) Supervising institution is a term that only applies within the context of an association or an employee of an association and refers to the bank that supervises that association.

(t) System institution and institution mean any bank, association, or service corporation in the Farm Credit System, including the Farm Credit Banks, banks for cooperatives, Agricultural Credit Banks, Federal land bank associations, agricultural credit associations, Federal land credit associations, production credit associations, the Federal Farm Credit Banks Funding Corporation, and service corporations chartered under the Act.

**§ 612.2135 Director and employee responsibilities and conduct—generally**  
(3/17/2016)

(a) Directors and employees of all System institutions shall maintain high standards of industry, honesty, integrity, impartiality, and conduct in order to ensure the proper performance of System business and continued public confidence in the System and each of its institutions. The avoidance of misconduct and conflicts of interest is indispensable to the maintenance of these standards.

(b) To achieve these high standards of conduct, directors and employees shall observe, to the best of their abilities, the letter and intent of all applicable local, state, and Federal laws and regulations and policy statements, instructions, and procedures of the Farm Credit Administration and System institutions and shall exercise diligence and good judgment in carrying out their duties, obligations, and responsibilities.

**§ 612.2140 Directors--prohibited conduct (3/16/2016)**

A director of a System institution shall not:

(a) Participate, directly or indirectly, in deliberations on, or the determination of, any matter affecting, directly or indirectly, the financial interest of the director, any relative of the director, any person residing in the director's household, any business partner of the director, or any entity controlled by the director or such persons (alone or in concert), except those matters of general applicability that affect all shareholders/borrowers in a nondiscriminatory way, e.g., a determination of interest rates.

(b) Divulge or make use of, except in the performance of official duties, any fact, information, or document not generally available to the public that is acquired by virtue of serving on the board of a System institution.

(c) Use the director's position to obtain or attempt to obtain special advantage or favoritism for the director, any relative of the director, any person residing in the director's household, any business partner of the director, any entity controlled by the director or such persons (alone or in concert), any other System institution, or any person transacting business with the institution, including borrowers and loan applicants.

(d) Use the director's position or information acquired in connection with the director's position to solicit or obtain, directly or indirectly, any gift, fee, or other present or deferred compensation or for any other personal benefit on behalf of the director, any relative of the director, any person residing in the director's household, any business partner of the director, any entity controlled by the director or such persons (alone or in concert), any other System institution, or any person transacting business with the institution, including borrowers and loan applicants.

(e) Accept, directly or indirectly, any gift, fee, or other present or deferred compensation that is offered or could reasonably be viewed as being offered to influence official action or to obtain information that the director has access to by reason of serving on the board of a System institution.

(f) Knowingly acquire, directly or indirectly, except by inheritance or through public auction or open competitive bidding available to the general public, any interest in any real or personal property, including mineral interests, that was owned by the employing, supervising, or any supervised institution within the preceding 12 months and that had been acquired by any such institution as a result of foreclosure or similar action; provided, however, a director shall not acquire any such interest in real or personal property if he or she participated in the deliberations or decision to foreclose or to dispose of the property or in establishing the terms of the sale.

(g) Directly or indirectly borrow from, lend to, or become financially obligated with or on behalf of a director, employee, or agent of the employing, supervising, or a supervised institution or a borrower or loan applicant of the employing institution, unless:

(1) The transaction is with a relative or any person residing in the director's household;

(2) The transaction is undertaken in an official capacity in connection with the institution's discounting, lending, or participation relationships with OFIs and other lenders; or

(3) The Standards of Conduct Official determines, pursuant to policies and procedures adopted by the board, that the potential for conflict is insignificant because the transaction is in the ordinary course of business or is not material in amount and the director does not participate in the determination of any matter affecting the financial interests of the other party to the transaction except those matters affecting all shareholders/borrowers in a nondiscriminatory way.

(h) Violate an institution's policies and procedures governing standards of conduct.

#### **§ 612.2145 Director reporting (3/14/2016)**

(a) Annually, as of the institution's fiscal yearend, and at such other times as may be required to comply with paragraph (c) of this section, each director shall file a written and signed statement with the Standards of Conduct Official that fully discloses:

(1) The names of any immediate family members as defined in § 620.1(e) of this chapter, or affiliated organizations, as defined in § 620.1(a) of this chapter, who had transactions with the institution at any time during the year;

(2) Any matter required to be disclosed by § 620.6(f) of this chapter; and

(3) Any additional information the institution may require to make the disclosures required by part 620 of this chapter.

(b) Each director shall, at such intervals as the institution's board shall determine is necessary to effectively enforce this regulation and the institution's standards-of-conduct policy adopted pursuant to § 612.2165, file a written and signed statement with the Standards of Conduct Official that contains those disclosures required by the regulations and such policy. At a minimum, these requirements shall include:

(1) The name of any relative or any person residing in the director's household, business partner, or any entity controlled by the director or such persons (alone or in concert) if the director knows or has reason to know that such individual or entity transacts business with the institution or any institution supervised by the director's institution; and

(2) The name and the nature of the business of any entity in which the director has a material financial interest or on whose board the director sits if the director knows or has reason to know that such entity transacts business with:

(i) The director's institution or any institution supervised by the director's institution; or

(ii) A borrower of the director's institution or any institution supervised by the director's institution.

(c) Any director who becomes or plans to become involved in any relationship, transaction, or activity that is required to be reported under this section or could constitute a conflict of interest shall promptly report such involvement in writing to the Standards of Conduct Official for a determination of whether the relationship, transaction, or activity is, in fact, a conflict of interest.

(d) Unless a disclosure as a director candidate under part 620 of this chapter has been made within the preceding 180 days, a newly elected or appointed director shall report matters required to be reported in paragraphs (a), (b), and (c) of this section to the Standards of Conduct Official within 30 days after the election or appointment and thereafter shall comply with the requirements of this section.

### **§ 612.2150 Employees--prohibited conduct (3/15/2016)**

An employee of a System institution shall not:

(a) Participate, directly or indirectly, in deliberations on, or the determination of, any matter affecting, directly or indirectly, the financial interest of the employee, any relative of the employee, any person residing in the employee's household, any business partner of the employee, or any entity controlled by the employee or such persons (alone or in concert), except those matters of general applicability that affect all shareholders/borrowers in a non-discriminating way, e.g. a determination of interest rates.

(b) Divulge or make use of, except in the performance of official duties, any fact, information, or document not generally available to the public that is acquired by virtue of employment with a System institution.

(c) Use the employee's position to obtain or attempt to obtain special advantage or favoritism for the employee, any relative of the employee, any person residing in the employee's household, any business partner of the employee, any entity controlled by the employee or such persons (alone or in concert), any other System institution, or any person transacting business with the institution, including borrowers and loan applicants.

(d) Serve as an officer or director of an entity other than a System institution that transacts business with a System institution in the district or of any commercial bank, savings and loan, or other non-System financial institution, except employee credit unions. For the purposes of this paragraph, “transacts business” does not include loans by a System institution to a family-owned entity, service on the board of directors of the Federal Agricultural Mortgage Corporation, or transactions with nonprofit entities or entities in which the System institution has an ownership interest. With the prior approval of the board of the employing institution, an employee of a Farm Credit Bank or association may serve as a director of a cooperative that borrows from a bank for cooperatives. Prior to approving an employee request, the board shall determine whether the employee's proposed service as a director is likely to cause the employee to violate any regulations in this part or the institution's policies, e.g., the requirements relating to devotion of time to official duties.

(e) Use the employee's position or information acquired in connection with the employee's position to solicit or obtain any gift, fee, or other present or deferred compensation or for any other personal benefit for the employee, any relative of the employee, any person residing in the employee's household, any business partner of the employee, any entity controlled by the employee or such persons (alone or in concert), any other System institution, or any person transacting business with the institution, including borrowers and loan applicants.

(f) Accept, directly or indirectly, any gift, fee, or other present or deferred compensation that is offered or could reasonably be viewed as being offered to influence official action or to obtain information the employee has access to by reason of employment with a System institution.

(g) Knowingly acquire, directly or indirectly, except by inheritance, any interest in any real or personal property, including mineral interests that was owned by the employing, supervising, or any supervised institution within the preceding 12 months and that had been acquired by any such institution as a result of foreclosure or similar action.

(h) Directly or indirectly borrow from, lend to, or become financially obligated with or on behalf of a director, employee, or agent of the employing, supervising, or a supervised institution or a borrower or loan applicant of the employing institution, unless:

(1) The transaction is with a relative or any person residing in the employee's household;

(2) The transaction is undertaken in an official capacity in connection with the institution's discounting, lending, or participation relationships with OFIs and other lenders; or

(3) The Standards of Conduct Official determines, pursuant to policies and procedures adopted by the board, that the potential for conflict is insignificant because the transaction is in the ordinary course of business or is not material in amount and the employee does not participate in the determination of any matter affecting the financial interests of the other party to the transaction except those matters affecting all shareholders/borrowers in a nondiscriminatory way.

(i) Violate an institution's policies and procedures governing standards of conduct.

(j) Act as a real estate agent or broker; provided that this paragraph shall not apply to transactions involving the purchase or sale of real estate intended for the use of the employee, a member of the employee's family, or a person residing in the employee's household.

(k) Act as an agent or broker in connection with the sale and placement of insurance; provided that this paragraph shall not apply to the sale or placement of insurance authorized by section 4.29 of the Act.

**§ 612.2155 Employee reporting (3/15/2016)**

(a) Annually, as of the institution's fiscal yearend, and at such other times as may be required to comply with paragraph (c) of this section, each senior officer must file a written and signed statement with the Standards of Conduct Official that fully discloses:

(1) The names of any immediate family members, as defined in § 620.1(e) of this chapter, or affiliated organizations, as defined in § 620.1(a) of this chapter, who had transactions with the institution at any time during the year;

(2) Any matter required to be disclosed by § 620.6(f) of this chapter; and

(3) Any additional information the institution may require to make the disclosures required by part 620 of this chapter.

(b) Each employee shall, at such intervals as the Board shall determine necessary to effectively enforce this regulation and the institution's standards-of-conduct policy adopted pursuant to § 612.2165, file a written and signed statement with the Standards of Conduct Official that contains those disclosures required by the regulation and such policy. At a minimum, these requirements shall include:

(1) The name of any relative or any person residing in the employee's household, any business partner, or any entity controlled by the employee or such persons (alone or in concert) if the employee knows or has reason to know that such individual or entity transacts business with the employing institution or any institution supervised by the employing institution; and

(2) The name and the nature of the business of any entity in which the employee has a material financial interest or on whose board the employee sits if the employee knows or has reason to know that such entity transacts business with:

(i) The employing institution or any institution supervised by the employing institution; or

(ii) A borrower of the employing institution or any institution supervised by the employing institution.

(c) Any employee who becomes or plans to become involved in any relationship, transaction, or activity that is required to be reported under this section or could constitute a conflict of interest shall promptly report such involvement in writing to the Standards of Conduct Official for a determination of whether the relationship, transaction, or activity is, in fact, a conflict of interest.

(d) A newly hired employee shall report matters required to be reported in paragraphs (a), (b), and (c) of this section to the Standards of Conduct Official 5 business days after starting employment and thereafter shall comply with the requirements of this section.

**§ 612.2160 Institution responsibilities (3/15/2016)**

Each institution shall:

(a) Ensure compliance with this part by its directors and employees and act promptly to preserve the integrity of and public confidence in the institution in any matter involving a conflict of interest, whether or not specifically addressed by this part or the policies and procedures adopted pursuant to § 612.2165;

(b) Take appropriate measures to ensure that all directors and employees are informed of the requirements of this regulation and policies and procedures adopted pursuant to § 612.2165;

(c) Adopt and implement policies and procedures that will preserve the integrity of and public confidence in the institution and the System pursuant to § 612.2165;

(d) Designate a Standards of Conduct Official pursuant to § 612.2170; and

(e) Maintain all standards-of-conduct policies and procedures, reports, investigations, determinations, and evidence of compliance with this part for a minimum of 6 years.

**§ 612.2165 Policies and procedures (3/15/2016)**

(a) Each institution's board of directors shall issue, consistent with this part, policies and procedures governing standards of conduct for directors and employees.

(b) Board policies and procedures issued pursuant to paragraph (a) of this section shall reflect due consideration of the potential adverse impact of any activities permitted under the policies and shall at a minimum:

(1) Establish such requirements and prohibitions as are necessary to promote public confidence in the institution and the System, preserve the integrity and independence of the supervisory process, and prevent the improper use of official property, position, or information. In developing such requirements and prohibitions, the institution shall address such issues as the hiring of relatives, political activity, devotion of time to duty, the exchange of gifts and favors among directors and employees of the employing, supervising, and supervised institution, and the circumstances under which gifts may be accepted by directors and employees from outside sources, in light of the foregoing objectives;

(2) Outline authorities and responsibilities of the Standards of Conduct Official;

(3) Establish criteria for business relationships and transactions not specifically prohibited by this part between employees or directors and borrowers, loan applicants, directors, or employees of the employing, supervised, or supervising institutions, or



persons transacting business with such institutions, including OFIs or other lenders having an access or participation relationship;

(4) Establish criteria under which employees may accept outside employment or compensation;

(5) Establish conditions under which employees may receive loans from System institutions;

(6) Establish conditions under which employees may acquire an interest in real or personal property that was mortgaged to a System institution at any time within the preceding 12 months;

(7) Establish conditions under which employees may purchase any real or personal property of a System institution acquired by such institution for its operations. Farm Credit institutions must use open competitive bidding whenever they sell surplus property above a stated value (as established by the board) to their employees;

(8) Provide for a reasonable period of time for directors and employees to terminate transactions, relationships, or activities that are subject to prohibitions that arise at the time of adoption or amendment of the policies.

(9) Require new directors and new employees involved at the time of election or hiring in transactions, relationships, and activities prohibited by these regulations or internal policies to terminate such transactions within the same time period established for existing directors or employees pursuant to paragraph (b)(8) of this section, beginning with the commencement of official duties, or such shorter time period as the institution may establish.

(10) Establish procedures providing for a director's or employee's recusal from official action on any matter in which he or she is prohibited from participating under these regulations or the institution's policies.

(11) Establish documentation requirements demonstrating compliance with standards-of-conduct decisions and board policy;

(12) Establish reporting requirements, consistent with this part, to enable the institution to comply with §§ 620.5 and 620.6 of this chapter, monitor conflicts of interest, and monitor recusal compliance;

(13) Establish appeal procedures available to any employee to whom any required approval has been denied;

(14) Prohibit directors and employees from purchasing or retiring any stock in advance of the release of material non-public information concerning the institution to other stockholders; and

(15) Establish when directors and employees may purchase and retire their preferred stock in the institution.

**§ 612.2170 Standards of Conduct Official (3/15/2016)**

(a) Each institution's board shall designate a Standards of Conduct Official who shall:

- (1) Advise directors, director candidates, and employees concerning the provisions of this part;
- (2) Receive reports required by this part;
- (3) Make such determinations as are required by this part;
- (4) Maintain records of actions taken to resolve and/or make determinations upon each case reported relative to provisions of this part;
- (5) Make appropriate investigations, as directed by the institution's board; and
- (6) Report promptly, pursuant to part 617 of this chapter, to the institution's board and the Office of General Counsel, Farm Credit Administration, all cases where:
  - (i) A preliminary investigation indicates that a Federal criminal statute may have been violated;
  - (ii) An investigation results in the removal of a director or discharge of an employee; or
  - (iii) A violation may have an adverse impact on continued public confidence in the System or any of its institutions.

(b) The Standards of Conduct Official shall investigate or cause to be investigated all cases involving:

- (1) Possible violations of criminal statutes;
- (2) Possible violations of §§ 612.2140 and 612.2150, and applicable policies and procedures approved under § 612.2165;
- (3) Complaints received against the directors and employees of such institution; and
- (4) Possible violations of other provisions of this part or when the activities or suspected activities are of a sensitive nature and could affect continued public confidence in the Farm Credit System.

(c) An association board may comply with this section by contracting with the Farm Credit Bank or agricultural credit bank in its district to provide a Standards of Conduct Official.

**§ 619.9310 Senior officer (7/5/2016)**

The Chief Executive Officer, the Chief Operations Officer, the Chief Financial Officer, the Chief Credit Officer, and the General Counsel, or persons in similar positions; and any other person responsible for a major policy-making function.

**§ 620.06 Disclosures in the annual report to shareholders relating to directors and senior officers (3/15/2016)**

(a) General.

- (1) List the names of all directors and senior officers of the institution, indicating the position title and term of office of each director, and the position, title, and date each senior officer commenced employment in his or her current position.
- (2) Briefly describe the business experience during the past 5 years of each director and senior officer, including each person's principal occupation and employment during the past 5 years.
- (3) For each director and senior officer, list any other business interest where the director or senior officer serves on the board of directors or as a senior officer. Name the position held and state the principal business in which the business is engaged.

(b) Compensation of directors. Describe the arrangements under which directors of the institution are compensated for all services as a director (including total cash compensation and noncash compensation). Noncash compensation with an annual aggregate value of less than \$5,000 does not have to be reported. State the total cash and reportable noncash compensation paid to all directors as a group during the last fiscal year. For the purposes of this paragraph, disclosure of compensation paid to and days served by directors applies to any director who served in that capacity at any time during the reporting period. If applicable, describe any exceptional circumstances justifying the additional director compensation as authorized by § 611.400(c) of this chapter.

For each director, state:

- (1) The number of days served at board meetings;
- (2) The total number of days served in other official activities, including any board committee(s);
- (3) Any additional compensation paid for service on a board committee, naming the committee; and
- (4) The total cash and noncash compensation paid to each director during the last fiscal year. Reportable compensation includes cash and the value of noncash items provided by a third party to a director for services rendered by the director on behalf of the reporting Farm Credit institution. Noncash compensation with an annual aggregate value of less than \$5,000 does not have to be reported.

(c) Compensation of senior officers. Disclose the information on senior officer compensation and compensation plans as required by this paragraph. The institution must disclose the total amount of compensation paid to senior officers in substantially the same manner as the tabular form specified in the Summary Compensation Table (Compensation Table), located in paragraph (c)(3) of this section.

(1) For each of the last 3 completed fiscal years, report the total amount of compensation paid and the amount of each component of compensation paid to the institution's chief executive officer (CEO), naming the individual. If more than one person served in the capacity of CEO during any given fiscal year, individual compensation disclosures must be provided for each CEO.

(2) For each of the last 3 completed fiscal years, report the aggregate amount of compensation paid, and the components of compensation paid, to all senior officers as a group, stating the number of officers in the group without naming them.

(i) If applicable, when any employee who is not a senior officer has annual compensation at a level that is among the five highest paid by the institution during the reporting period, include the highly compensated employee(s) in the aggregate number and amount of compensation reported in the Compensation Table. However, exclude any such employee from the Compensation Table if the employee would be considered highly compensated solely because of payments related to or change(s) in value of the employee's qualified pension plan provided that the plan was available to all similarly situated employees on the same basis at the time the employee joined the plan.

(ii) The report containing the aggregate compensation disclosure must include a statement that disclosure of information on the total compensation paid during the last fiscal year to any senior officer, or to any other employee included in the aggregate, is available and will be disclosed to shareholders of the institution and shareholders of related associations (if applicable) upon request. This statement must be located directly beneath the Compensation Table.

(3) The institution must complete the Compensation Table, or something substantially similar, according to the following instructions:

#### Summary Compensation Table

(i) Amounts shown as "Salary" (column (c)) and "Bonus" (column (d)) must reflect the dollar value of salary and bonus earned by the senior officer during the fiscal year. Amounts contributed during the fiscal year by the senior officer pursuant to a plan established under section 401(k) of the Internal Revenue Code, or similar plan, must be included in the salary column or bonus column, as appropriate. If the amount of salary or bonus earned during the fiscal year is not calculable by the time the report is prepared, the reporting institution must provide its best estimate of the compensation amount(s) and disclose that fact in a footnote to the table.

(ii) Amounts shown as “deferred/perquisites” (column (e)) must reflect the dollar value of other annual compensation not properly categorized as salary or bonus, including but not limited to:

(A) Deferred compensation earned during the fiscal year, whether or not paid in cash; or

(B) Perquisites and other personal benefits, including the value of noncash items, unless the annual aggregate value of such perquisites is less than \$5,000. Reportable perquisites include cash and the value of noncash items provided by a third party to a senior officer for services rendered by the officer on behalf of the reporting institution.

(iii) Compensation amounts reported under the category “Other” (column (f)) must reflect the dollar value of all other compensation not properly reportable in any other column. Items reported in this report:

Annual; Name of individual or number in group; (a) Year (b) Salary (c) Bonus (d) Deferred/ perquisite (e) Other (f) Total (g) of the CEO; Aggregate No. of Senior Officers (and other highly compensated employees, if applicable); column must be specifically identified and described in a footnote to the table. “Other” compensation includes, but is not limited to:

(A) The amount paid to the senior officer pursuant to a plan or arrangement in connection with the resignation, retirement, or termination of such officer’s employment with the institution.

(B) The amount of contributions by the institution on behalf of the senior officer to a vested or unvested defined contribution plan unless the plan is made available to all employees on the same basis.

(C) The dollar value of any tax reimbursement provided by the institution.

(D) Any changes in the value of pension benefits.

(iv) Amounts displayed under “Total” (column (g)) shall reflect the sum total of amounts reported in columns (c), (d), (e), and (f).

(4) If the institution provides a defined benefit plan or a supplemental executive retirement plan (SERP) to its senior officers, the institution must complete the following Pension Benefits Table, or something substantially similar, for each plan according to the following instructions:

Include in a Pension Benefits Table, as of most recent fiscal year-end; name of individual; years of credited service; present value of accumulated benefits; payments made during reporting period for CEO, Senior Officers as a group (as well as other highly compensated employees, if applicable).

(i) Report the credited years of service for the CEO and the average credited years of service for the senior officer group under the plan.

(ii) Report the present value of accumulated benefits for the CEO and the senior officer group under the plan.

(iii) Report payments made during the reporting period under the plan for the CEO and the senior officer group.

(5) Provide a description of all compensation, retirement, incentive, and performance plans (plans) pursuant to which cash or noncash compensation was paid or distributed during the last fiscal year, or is proposed to be paid or distributed in the future for performance during the last fiscal year, to those individuals included in the Compensation Table. Provide the information individually for the chief executive officer and as a group for the senior officers. Information provided for the senior officer group includes any highly compensated employees whose compensation is reported in the Compensation Table. The description of each plan must include, but not be limited to:

(i) A summary of how each plan operates and who is covered by the plan. The summary must include the criteria used to determine amounts payable, including any performance formula or measure, as well as the time period over which the measurement of compensation will be determined, payment schedules, and any material amendments to the plan during the last fiscal year.

(ii) The overall risk and reward structure of the plan as it relates to senior officers' compensation. The description must include, at a minimum, how each plan is compatible with and promotes the institution's goals and business strategy and the mission as a Government-sponsored enterprise.

(iii) A discussion of the relationship between the CEO and senior officers' compensation to the reporting institution's overall performance. The disclosure must also discuss the relationship between the CEO's and senior officers' compensation to their performance.

(6) Associations may disclose the information required by paragraph (c) of this section in the Annual Meeting Information Statement (AMIS) pursuant to subpart E of this part. Associations exercising this option must include a reference in the annual report stating that the senior officer compensation information is included in the AMIS and that the AMIS is available for public inspection at the reporting association offices pursuant to § 620.2(b).

(d) Travel, subsistence, and other related expenses.

(1) Briefly describe your policy addressing reimbursements for travel, subsistence, and other related expenses as it applies to directors and senior officers. The report shall include a statement that a copy of the policy is available to shareholders of the institution and shareholders of related associations (if applicable) upon request.

(2) For each of the last 3 fiscal years, state the aggregate amount of reimbursement for travel, subsistence, and other related expenses for all directors as a group.

(e) Transactions with senior officers and directors.

(1) State the institution's policies, if any, on loans to and transactions with officers and directors of the institution.

(2) Transactions other than loans. For each person who served as a senior officer or director on January 1 of the year following the fiscal year of which the report is filed, or at any time during the fiscal year just ended, describe briefly any transaction or series of transactions other than loans that occurred at any time since the last annual meeting between the institution and such person, any member of the immediate family of such person, or any organization with which such person is affiliated.

(i) For transactions relating to the purchase or retirement of preferred stock issued by the institution, state the name of each senior officer or director that held preferred stock issued by the institution during the reporting period, the current amount of preferred stock held by the senior officer or director, the average dividend rate on the preferred stock currently held, and the amount of purchases and retirements by the individual during the reporting period.

(ii) For all other transactions, state the name of the senior officer or director who entered into the transaction or whose immediate family member or affiliated organization entered into the transaction, the nature of the person's interest in the transaction, and the terms of the transaction. No information need be given where the purchase price, fees, or charges involved were determined by competitive bidding or where the amount involved in the transaction (including the total of all periodic payments) does not exceed \$5,000, or the interest of the person arises solely as a result of his or her status as a stockholder of the institution and the benefit received is not a special or extra benefit not available to all stockholders.

(3) Loans to senior officers and directors.

(i) To the extent applicable, state that the institution (or in the case of an association that does not carry loans to its senior officers and directors on its books, its related bank) has had loans outstanding during the last full fiscal year to date to its senior officers and directors, their immediate family members, and any organizations with which such senior officers or directors are affiliated that:

(A) Were made in the ordinary course of business; and

(B) were made on the same terms, including interest rate, amortization schedule, and collateral, as those prevailing at the time for comparable transactions with other persons.

(ii) To the extent applicable, state that no loan to a senior officer or director, or to any organization affiliated with such person, or to any immediate family member who resides in the same household as such person or in whose loan or business operation such person has a material financial or legal interest, involved more than the normal risk of collectability; provided that no such statement need be made with respect to any director or senior officer who has

resigned before the time for filing the applicable report with the Farm Credit Administration (but in no case later than the actual filing), or whose term of office will expire or terminate no later than the date of the meeting of stockholders to which the report relates.

(iii) If the conditions stated in paragraphs (e)(3)(i) and (ii) of this section do not apply to the loans of the persons or organizations specified therein, with respect to such loans state:

(A) The name of the officer or director to whom the loan was made or to whose relative or affiliated organization the loan was made.

(B) The largest aggregate amount of each indebtedness outstanding at any time during the last fiscal year.

(C) The nature of the loan(s);

(D) The amount outstanding as of the latest practicable date.

(E) The reasons the loan does not comply with the criteria contained in paragraphs (e)(3)(i) and (e)(3)(ii) of this section.

(F) If the loan does not comply with paragraph (e)(3)(i)(B) of this section, the rate of interest payable on the loan and the repayment terms.

(G) If the loan does not comply with paragraph (e)(3)(ii) of this section, the amount past due, if any, and the reason the loan is deemed to involve more than a normal risk of collectability.

(f) Involvement in certain legal proceedings. Describe any of the following events that occurred during the past 5 years and that are material to an evaluation of the ability or integrity of any person who served as director or senior officer on January 1 of the year following the fiscal year for which the report is filed or at any time during the fiscal year just ended:

(1) A petition under the Federal bankruptcy laws or any State insolvency law was filed by or against, or a receiver, fiscal agent, or similar officer was appointed by a court for the business or property of such person, or any partnership in which such person was a general partner at or within 2 years before the time of such filing, or any corporation or business association of which such person was a senior officer at or within 2 years before the time of such filing;

(2) Such person was convicted in a criminal proceeding or is a named party in a pending criminal proceeding (excluding traffic violations and other misdemeanors);

(3) Such person was the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, by any court of competent jurisdiction, permanently or temporarily enjoining or otherwise limiting such person from engaging in any type of business practice.



**B. FEDERAL BANK BRIBERY STATUTE – 18 U.S.C. 215**

Receipt of commissions or gifts for procuring loans

(a) Whoever –

- (1) corruptly gives, offers, or promises anything of value to any person, with intent to influence or reward an officer, director, employee, agent, or attorney of a financial institution in connection with any business or transaction of such institution; or
- (2) as an officer, director, employee, agent, or attorney of a financial institution, corruptly solicits or demands for the benefit of any person, or corruptly accepts or agrees to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of such institution;

shall be fined not more than \$1,000,000 or three times the value of the thing given, offered, promised, solicited, demanded, accepted, or agreed to be accepted, whichever is greater, or imprisoned not more than 30 years, or both, but if the value of the thing given, offered, promised, solicited, demanded, accepted, or agreed to be accepted does not exceed \$1,000, shall be fined under this title or imprisoned not more than one year, or both.

(c) This section shall not apply to bona fide salary, wages, fees, or other compensation paid, or expenses paid or reimbursed, in the usual course of business.

**II. POLICY, GUIDELINES, AND PROCEDURES**

**A. PART ONE: STANDARD OF CONDUCT POLICY**

**1. PURPOSE AND OBJECTIVE**

The board of directors believes that the maintenance of high standards of industry, honesty, integrity, impartiality, and conduct by directors and employees of the association is essential to ensure the proper performance of the association's business and continued public confidence in the System, the District Banks and their associations. The avoidance of misconduct and conflicts of interest, real or apparent, is indispensable to the maintenance of these standards.

To achieve these high standards of conduct, directors and employees shall observe, to the best of their abilities, the letter and intent of all applicable laws, regulations, rules, policy statements, instructions, guidelines, and procedures of the Farm Credit Administration and the association, and shall exercise diligence and good judgment in carrying out their duties, obligations, and responsibilities.

## Applicable Farm Credit Administration Regulations

612.2130 – Conflict of Interest - Defines a “conflict of interest” or the appearance thereof as existing when a person has a financial interest in a transaction, relationship, or activity that actually affects or has the appearance of affecting the person’s ability to perform official duties and responsibilities in a totally impartial manner and in the best interest of the employing institution when viewed from the perspective of a reasonable person with knowledge of the relevant facts.

612.2135—Director and employee responsibilities and conduct—Outlines the general expectations to maintain high standards of industry, honesty, integrity, impartiality, and conduct and to achieve and observe, to the best of their ability, the letter and intent of all applicable laws, regulations, policy, instruction and procedures of the Farm Credit Administration and the Association and to exercise diligence and good judgement in carrying out all duties, obligations and responsibilities.

612.2140 & 612.2145 – Directors Prohibited Conduct and Reporting – Prohibits a director’s participation in matters affecting the director’s financial interest, the use of information the director acquired in the position as director, or the use of the director’s position for favoritism. Also requires reporting of certain relationships and activities.

612.2150 & 612.2155 – Employee Prohibited Conduct and Reporting – Prohibits the employee’s participation in matters affecting the employee’s financial interest, the use of information acquired in the employee’s position, or the use of the employee’s position for favoritism. Also requires reporting of certain relationships and activities

612.2160 – Covers Association Responsibilities to Ensure Compliance – Management must: ensure compliance and communication to directors and employees; act promptly to preserve integrity and public confidence; adopt policies and procedures; designate a Standard of Conduct Official; and maintain and retain all documentation for a minimum of 6 years.

612.2165—Policies and Procedures—Describes the responsibility of the Association Board of Directors to issue policy and procedures which govern standards of conduct for directors and employees and which will reflect due consideration of the potential adverse impact of any activities permitted under the policies.

612.2170—Standards of Conduct Official—Establishes the responsibility of the board to designate a Standards of Conduct Official; the Standards of Conduct Official can investigate or cause to investigate all cases with possible violations or complaints and that the board of

directors may comply with this section by contracting with the Farm Credit Bank or agriculture credit bank in its district to provide a Standards of Conduct Official.

612.2260—Standards of Conduct for Agents—Describes the responsibility of agents of System institutions to maintain high standards of honesty, integrity, and impartiality in the performance of System business and public confidence; System institutions shall practice safe and sound business practices in the engagement, utilization and retention of agents and; System institutions shall be responsible for exercising corresponding special diligence and control, through good business practices, to avoid or control situations that have inherent potential for sensitivity, either real or perceived.

612.2270—Purchase of System Obligations—Details the parameters whereby employees and directors of System Institutions, other than the Federal Farm Credit Banks Funding Corporation, can purchase, or otherwise acquire Systemwide obligations.

All directors and employees are expected to comply with the applicable regulations of the Farm Credit Administration as the Association, as they relate to conflict of interest, being further defined in regulations stated above, this Standard of Conduct Policy, as well as the Association Standard of Conduct/Code of Ethics Manual Manual. All disclosures are to be reported to the Standard of Conduct Official, at least annually, or as otherwise required, for the disclosure of all applicable relationships, transactions and activities.

## **2. OPERATING PARAMETERS**

### Criteria for Outside Employment or Compensation

Employees are required to devote the full business time for which they are employed to the effective accomplishment of the duties assigned them. They shall not accept outside employment or compensation or engage in any other activities that could require the use of time that should be devoted to official duties or reflect adversely upon their ability, or perceived ability, to perform their official duties and responsibilities in a totally impartial manner.

Under this provision, the assessment of the impact of an employee's outside activities on the performance of official duties must be specifically addressed, and reflected in the annual disclosure to the Standard of Conduct Official.

### Improper Use of Official Property, Position or Information

No director or employee shall use any real or personal property, communication, transportation, or any other facility of the Association, or use his or her position or information gained in such position, for any activities or business in such director's or employee's personal interest or the personal interest of another. Official stationery and, except as may be allowed under the Internet and Electronic Commerce Policy (AO:9), any other means of communication used by and readily identified with the Association shall be used only in the conduct of official business and shall not be used to express opinions which do not represent the official position of the Association.

### Employment of Relatives

No relative of a director shall be employed by the Association. No relative of an employee shall be employed by the Association in a position that is under the direct supervision of a relative or where the relative by virtue of his/her position has authority to take administrative or other action directly affecting such a person. "Relative" is defined by the Farm Credit Administration to mean spouse, parent, son, daughter, sibling, stepparent, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, uncle, aunt, nephew, niece, grandparent, grandson, granddaughter, and the spouses of the foregoing. Employees residing together will be considered to be related for the purposes of this policy.

### Political Activity

No employee shall hold a public office or be a candidate for such office unless the Standard of Conduct Official has, after investigation and consideration of all facts involved, determined in writing that such candidacy or holding of public office would not bring justified criticism of the Association on the grounds of political activities or partialities, or in any other manner adversely affect the best interest of the Association. No director or employee shall take an active part in or issue public statements relating to the nomination or candidacy of any person; participate in political campaigns for any office; or support or oppose any legislative or administrative initiative that would in any way show support for or endorsement by the Association. Directors or employees shall not be prohibited from expressing personal opinions on political affairs or candidates or making personal voluntary campaign or other contributions.

### Exchange of Gifts and Favors Among Directors and Employees of the Employing, Supervising or Supervised Institution

No director or employee shall solicit, give, exchange, or receive any gift, present, favors, or anything of value from or to any director or employee of this Association or any association or OFI. This paragraph shall not apply to items exchanged as part of customary business or social amenities as determined under guidelines established by the Standard of Conduct Official.

### Circumstances Under Which Gifts May Be Accepted by Directors and Employees From Outside Sources

No director or employee shall at any time solicit or accept gifts, presents, favors, or anything of value from loan applicants, borrowers, agents, vendors, or any parties doing business with the Association. This paragraph shall not apply to items exchanged as part of customary business or social amenities as determined under guidelines established by the Standard of Conduct Official.

### Recusal From Official Action

Directors and employees shall not, directly or indirectly, participate in deliberations on, or the determination of, any matter directly or indirectly affecting their financial interests, the financial interest of any relative, any person residing in their household, any business partner, or any entity controlled by the director or employee or such other persons, either alone or in concert, except those matters of general applicability that affect all shareholders/borrowers in a nondiscriminatory way. Directors and employees shall be prohibited from becoming financially obligated with a borrower or applicant of an Association if the obligation would result in the need to substantially alter the director's or employee's duties and responsibilities to avoid an act prohibited by Sections 612.2140 and 612.2150. Any recusal shall be documented in writing, showing the nonparticipation and absence of the director or employee during any such deliberation or determination. The Standard of Conduct Official shall periodically monitor such documentation to determine compliance with the requirement for recusal from official action.

### Standard of Conduct Procedures

Standard of Conduct Procedures will be developed that, at a minimum, are consistent with this policy and meet the criteria of Section 612.2165.

These policies and procedures may contain provisions that allow directors and employees to enter into certain types of relationships and

activities subject to such appropriate limitations as the procedures may provide. The procedures shall establish such requirements and prohibitions as are necessary to promote public confidence in the Association and the System to preserve the integrity and independence of the supervising process, and prevent improper conduct that may have an adverse impact on the Association or the System. Such procedures shall give due consideration to the potential adverse effects of any activities permitted under the procedures, including the potential that said activities could affect the impartial judgment of directors or employees, or detract from their performance of official duties.

#### Documentation

A Standards of Conduct manual shall be developed that contains all applicable FCA regulations, this Standard of Conduct policy, the Code of Ethics, and all related Guidelines and Procedures, including provisions for the disclosure of activities and relationships and sample forms necessary to document compliance with the policy and procedures. The manual must be distributed to each director and employee, who shall acknowledge in writing that they were provided a copy of the manual and understand the Standard of Conduct regulations, policy, and procedures.

#### Procedures for Reports and Responsibilities

A Standard of Conduct Official shall be designated by the board of directors, who shall: receive reports required by this policy or Farm Credit Administration regulations; record actions taken to resolve each case; and make investigations and report promptly to the board of directors, the chief executive officer, and the Farm Credit Administration all cases, the investigation of which establishes a violation of the Standard of Conduct or the Code of Ethics that results in the removal of a director or discharge of an employee, or where the violation may have an adverse impact on continued public confidence in the Association or the System. All reports shall be made after an investigation which shall be completed within a reasonable amount of time depending upon the circumstances of each case. All employee reporting and any reporting for the chief executive officer, chief financial officer, operations manager, chief credit officer, or internal auditor will be reviewed, as appropriate, with the board of directors or Audit Committee. The Standard of Conduct official shall make an annual report to the board of directors on all activities reported.

The Board of Directors has engaged with an outside third-party, who will maintain and administer the Association whistleblower program through its ethics hotline. The Association has outlined the parameters of this

program and policy requirements in the Ethics/Hotline Policy located in this Association Policy Manual.

### Standard of Conduct/Code of Ethics Manual for Employing Agents

"Agent" means any person, other than a director or employee, who represents the System institution in contacts with third parties or who provides professional services to a System institution, such as legal, accounting, appraisal and other similar services.

It is the purpose of this policy to maintain the high standards of honesty, integrity, and impartiality by agents of the association that are essential to ensure the proper performance of the association's business and continued public confidence in the association. The avoidance of misconduct and conflicts of interest, either real or apparent, by an agent is indispensable to the maintenance of these standards.

#### OPERATING PARAMETERS

Association staff are responsible for exercising corresponding special diligence and control, through good business practices, to avoid or control situations that have inherent potential for sensitivity, either real or perceived.

Accordingly, association staff shall follow practices that ensure that:

- 1) Agents are qualified and reputable;
- 2) Agents are informed of applicable regulations and this policy;
- 3) The Standards of Conduct Official shall take appropriate investigative and corrective action in the case of a breach of fiduciary duties by the agent or failure of the agent to carry out other agent duties as required by contract, FCA regulations, this policy, or law.

Association staff shall avoid or control areas that have inherent potential for sensitivity, either real or perceived. These areas include contracting with agents who are related to directors or employees of the bank; the solicitation and acceptance of gifts, contributions, or special considerations by agents; and the use of System and borrower information obtained in the course of the agent's transactions with the association.

Agents who cannot comply with this policy shall not be retained. Violations of this policy by agents will require severance of the relationship with the association.

#### AUTHORITIES DELEGATED TO MANAGEMENT

Association staff authorized to engage an agent are responsible for furnishing a copy of applicable regulations and this policy to each

prospective agent. The Standards of Conduct Official designated by the board of directors shall receive reports of violations of this policy.

#### REPORTING REQUIREMENTS

Violations of this policy by agents and corrective actions taken will be fully documented and reported to the association's board of directors through the Standards of Conduct Official.

#### Authorities Retained for Board Approval and the Process for Addressing Exceptions

The board of directors shall oversee policy development and final approval of this policy. Any changes to the policy shall require approval by the board of directors. Exceptions to this policy shall be approved only by the board of directors.

#### Retention

This policy, any related procedures, reports investigations, determinations, and evidence of compliance with this policy shall be maintained for a minimum of six years.

### **B. PART TWO: CODE OF ETHICS FOR THE CHIEF EXECUTIVE OFFICER AND SENIOR FINANCIAL OFFICERS**

The Association and its directors, officers and employees have committed to conduct business in accordance with the highest ethical standards as set forth in the Standards of Conduct Policy, which is applicable to the directors, officers and employees relating to ethical conduct, conflicts of interest, and compliance with the law.

This Code of Ethics applies to the Chief Executive Officer, the Chief Financial and Operations Officer, the Chief Credit Officer, the General Counsel, all senior vice presidents and vice presidents, as well as the Manager, Financial Reporting. The Association is responsible for the preparation and distribution of its financial statements and related disclosures and for providing relevant information that is true, accurate and complete to the Funding Corporation for use in preparing the Farm Credit System financial statements and related disclosures. The Association expects all of its employees to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities, to comply with all applicable laws, rules and regulations, to deter wrongdoing and abide by its Standards of Conduct Policy and other policies and procedures adopted by the Association that govern the conduct of its employees. This Code of Ethics is intended to supplement the Association's Standards of Conduct Policy.



You agree to:

- a. Engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- b. Avoid conflicts of interest and disclose to the Association Standard of Conduct Official any material transaction or relationship that reasonably could be expected to give rise to a conflict.
- c. Take all reasonable measures to protect the confidentiality of non-public information about the Association and its customers obtained or created in connection with its activities and to prevent the unauthorized disclosure of this information unless required by applicable law or regulation or legal or regulatory process.
- d. Produce full, fair, accurate, timely and understandable disclosure in Association reports and documents filed with, or submitted to, the Farm Credit Administration, in relevant information provided to the Funding Corporation, and in other public communications made by the Association.
- e. Comply with applicable governmental laws, rules and regulations, as well as the rules and regulations of self-regulatory agreements to which the Associations is a party.

You are prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate or mislead the Association's independent public accountant for the purpose of rendering the financial statements of the Association misleading.

You understand that you will be held accountable for adherence to the Code of Ethics. Your failure to observe the terms of this Code of Ethics may result in disciplinary action, up to and including termination of employment. Violations of the Code of Ethics may also constitute violations of law and may result in civil and criminal penalties for you, your supervisors or the Association.

**Please report any possible violation of this Code of Ethics to Lighthouse by *Calling toll-free ANY TIME (1-855-833-0003); Submitting a report via the web [www.lighthouse-services.com/plainslandbank.com](http://www.lighthouse-services.com/plainslandbank.com); or submitting a report via email to [reports@lighthouse-services.com/plainslandbank](mailto:reports@lighthouse-services.com/plainslandbank)***

**Lighthouse is an independent provider of confidential communication systems and services.**

Any individual contacting Lighthouse will remain anonymous when reporting any possible violation of this Code of Ethics.

### **III. STANDARD OF CONDUCT GUIDELINES AND PROCEDURES**

#### **1. IN GENERAL DIRECTIVE**

**100**

In accordance with section 612.2165 of the regulations of the Farm Credit Administration, and the mandate set forth in the **STANDARD OF CONDUCT POLICY**, this institution has promulgated and herewith issues these Standard of Conduct Guidelines and Procedures. All employees are expected to observe the letter and intent of these Guidelines and Procedures. This institution will ensure compliance by its directors, officers and employees and act promptly to preserve the integrity of and public confidence in the institution and the System in any matter involving a conflict of interest, whether or not specifically addressed by regulations, policies, guidelines, and procedures.

#### **IMPACT**

**105**

A “conflict of interest” may or may not be real in the sense of being blatantly unethical or prejudicial towards a director, officer, an employee, borrower, or the employing institution. In many cases, a conflict of interest may exist due to its potential for an indirect impact on the performance of duties. This does not, however, make that conflict of interest any less or real or dangerous.

Due to the almost infinite possibilities of ways in which otherwise normal activities or relationships could become a conflict of interest, it is exceedingly difficult to quantify or numerically measure when an activity becomes a conflict. For example, a given employee may have a set number of transactions for a certain dollar amount with a particular person which would not be a conflict of interest. However, that same employee may have the same transactions with a different person but, because of other considerations, may result in a conflict. Therefore, not all conduct can be measured by an objective or quantifiable standard.

#### **REPORTING AND INTERNAL CONTROL SYSTEM**

**110**

The key then, to ensure that these violations do not occur, or that existing violations be terminated, rests with the development of an effective reporting and monitoring or control system that will provide uniform methodology and applications for all directors and employees by which to assess the myriad of their current or potential relationships, transactions, and activities and their impact on this institution.

Accordingly, these Guidelines and Procedures will serve as the internal control system over conflicts of interest. They are comprehensive in nature and yet flexible to all universal applications across the broad range of applicable

activities. Furthermore, given appropriate levels of checks and balances, it is possible to administer subjective standards.

The components of this comprehensive system of reporting and internal controls encompasses:

1. Identification of relationships, activities, and transactions, whether prohibited or allowed;
2. Determination of the eligibility of the activity under specified criteria;
3. Full disclosure of such activities by all involved employees and directors;
4. Annual reporting, and at such other times as required by applicable Regulations of the Farm Credit Administration as they relate to conflict of interest, and the Standards of Conduct Policy, Guidelines, and Procedures, along with required disclosure of relationships, transactions and activities;
5. Monitoring the activity for any changes in involvement levels;
6. Monitoring the parties involved for any adverse impacts that activity may reveal itself by or through impartial judgment;
7. Ascending levels of required approvals; and
8. Monitoring the internal control system itself for weaknesses.
9. Recusal from official action on any matter for which participation in discussions or deliberations is prohibited by regulation or Policy.

**2. CRITERIA, CONDITIONS, REQUIREMENTS, AND PROHIBITIONS**  
**GENERAL** **200**

The regulations of the Farm Credit Administration in 612.2130 provide a comprehensive listing of definitions. All directors and employees are referred to these definitions for determination of the proper application of these provisions.

**DEVOTION OF TIME TO OFFICIAL DUTIES** **205**

Employees are required to devote the full business time for which they are employed to the effective accomplishment of the duties assigned them. They shall not accept outside employment or compensation or engage in any other activities that could require the use of time that should be devoted to official duties or reflect adversely upon their ability, or perceived ability, to perform their official duties and responsibilities in a totally impartial manner.

Under this provision, the assessment of the impact of an employee's outside activities on the performance of official duties must be specifically addressed, and reflected in the annual disclosure to the Standard of Conduct Official.

### **Impact**

**205.1**

The mere fact that an employee is involved in outside activities that do not adversely impact official job performance does not imply that activity is not a violation of conflict of interest regulations. Similarly, subpar job performance caused by outside activities – even though the activity is not in and of itself a conflict of interest, would result in a violation of the policy on standards of conduct. Therefore, in accordance with the intent of that regulation, the employee would be requested to make the appropriate adjustments to either the activity or the job function. Employees must be cognizant of the inherent and expressed linkage between both the conflict of interest and devotion to duty policies and regulations.

### **Monitoring System**

**205.2**

Each employee, at least annually, receives a formal personnel evaluation by his or her supervisor. In order to provide appropriate internal controls to measure adherence to the devotion to duty provision, the assessment of the impact of an employee's outside activities on the performance of official duties must be specifically addressed and reflected through the evaluation process of that employee. Supervisors will also receive annually a notice of employees who have a loan with an Association. The officer responsible for prior approval of such loans under Regulations 614.4460 and 4470 will prepare and distribute a list of such employees to the Standards of Conduct Official, and the Standards of Conduct Official will notify each supervisor who has an employee on the list. Supervisors receiving such a notice will consult with the Standard of Conduct Official concerning compliance with the Board of Directors Standard of Conduct Policy covering recusal from official action and any other related regulations, policies, guidelines, or procedures.

### **IDENTIFIED TRANSACTIONS, RELATIONSHIPS, AND ACTIVITIES WHICH ARE STRICTLY PROHIBITED**

**215**

There are certain activities, transactions, or relationships which, because of their very nature, will be construed as a conflict of interest should an employee participate in them. Accordingly, this part identifies those activities which are strictly prohibited.

Directors and employees shall not engage in these activities and shall disassociate themselves or divest themselves from said activities within a reasonable period of time (part 305) if involved at the time of issuance of these

criteria. Directors and employees shall not violate this institution's policies and procedures governing standards of conduct. Those activities strictly prohibited are as follows:

- A. Directors and employees shall not participate, directly or indirectly, in deliberations on, or the determination of, any matter affecting, directly or indirectly, the financial interest of the director or employee, any relative of the director or employee, any person residing in the directors or employees household, any business partner of the director or employee, or any entity controlled by the director or employee or such persons (alone or in concert), except those matters of general applicability that affect all shareholders/borrowers in a nondiscriminatory way, e.g., a determination of interest rates.
- B. Directors and employees shall not divulge or make use of, except in the performance of official duties, any fact, information, or document not generally available to the public that is acquired by virtue of serving on the board of directors of a System institution or which is acquired a virtue of employment with a System institution.
- C. Directors and employees shall not use their position to obtain or to attempt to obtain special advantage or favoritism of the director or employee, any relative of the director or employee, any person residing in the director or employees household, any business partner of the director or employee, any entity controlled by the director or employee or such persons (alone or in concert), any other System institution, or any person transacting business with the institution, including borrowers and loan applicants.
- D. Directors and employees shall not use their position or information acquired in connection with the directors or employee's position to solicit or obtain, directly or indirectly, any gift, fee, or other present or deferred compensation or for any other personal benefit on behalf of the director or employee, any relative of the director or employee, any person residing in the director's or employee's household, any business partner of the director, any entity controlled by the director or employee or such persons (alone or in concert), any other System institution, or any person transacting business with the institution, including borrowers and loan applicants.
- E. No director or employee shall accept directly or indirectly, any gift, fee, or other present or deferred compensation that is offered or could be reasonably be viewed as being offered to influence official action or to obtain information that the director has access to by reason of serving on the board of a System institution or employee has access to by reason of employment with a System institution.

- F. Directors and employees shall not knowingly acquire, directly or indirectly, except by inheritance or for directors only through public auction or open competitive bidding available to the general public, any interest in any real or personal property, including mineral interest, that was owned by the employing, supervising or any supervised institution, within the preceding 12 months, at which has been acquired by any such institution as a result of foreclosure or similar action. A director shall not acquire any such interest in real or personal property if he or she participated in the deliberations or decision to foreclose or dispose of the property or in establishing the terms of the sale.
- G. Directors and employees shall not directly or indirectly borrow from, lend to, or become financially obligated with or on behalf of a director, employee, or agent of the employing, supervising or a supervised institution or a borrower or loan applicant of the employing institution unless: (1) the transaction is with a relative or any person residing in the directors or employees household; (2) the transaction is undertaken in an official capacity in connection with the institutions discounting, lending, or participation relationships with OFIs and other lenders; or (3) the standards of conduct official determines, pursuant to the policies and procedures adopted by the board, that the potential for conflict is insignificant because the transaction is in the ordinary course of business or is not material in amount and the director or employee does not participate in the determination of any matter affecting the financial interests of the party to the transaction except those matters affecting all shareholders/borrowers in a non-discriminatory way.
- H. Employees shall not serve as an officer or director of an entity that transacts business with a System institution in the district or of any commercial bank, savings and loan, or other non-System financial institution, except employee credit unions. For the purposes of this paragraph, "transacts business" does not include loans by a System institution to a family-owned entity, service on the board of directors of the Federal Agricultural Mortgage Corporation, or transactions with nonprofit entities or entities in which the System institution has an ownership interest. With the prior approval of the board of the employing institution, an employee of a Farm Credit Bank or association may serve as a director of a cooperative that borrows from a bank for cooperatives. Prior to approving an employee request, the board shall determine whether the employee's proposed service as a director is likely to cause the employee to violate any regulations or the institution's policies, e.g., the requirements related to devotion of time to official duties. An employee cannot act as a real estate agent or broker unless the transaction involves the purchase or sale of real estate intended for the use of the employee, a member of the employee's family, or a person residing in the employee's household.

- I. An employee shall not act as an agent or broker in connection with the sale in placement of insurance; provided that this paragraph shall not apply to the sale or placement of insurance authorized by the Farm Credit Act.
- J. Directors and employees may not purchase or hold preferred stock (if applicable and available) in the association. Where an association director or employee purchased the association's preferred stock prior to becoming an association director or employee, such director or employee may continue to hold such preferred stock for a reasonable period of time to allow for an orderly sale of such stock to a third party, but may not participate in any decisions or discussions relating to the preferred stock until it is divested.
- K. Directors and employees shall not purchase or retire any association stock in advance of the release of material non-public information concerning the association to other stockholders.

**IDENTIFIED TRANSACTIONS, RELATIONSHIPS, AND ACTIVITIES WHICH ARE ALLOWABLE 220**

Sections 612.2140(g), 612.2150(h), and 612.2165(b) (3) of the regulations of the Farm Credit Administration establishes additional activities, transactions, and relationships in which directors and employees may be permitted to participate. Accordingly, this part specifies those activities which may be permitted, subject to the requirements as established in part 225.

**Business Relationships 220.1**

This section describes relationships and transactions that are prohibited unless they are with a relative or any person residing in the household, and are under taken in an official capacity in connection with the institution's discounting, lending or participation relationship with OFIs or other lenders or the Standards of Conduct Official determines in writing, that the potential for conflict is insignificant, in the ordinary course of business or is not material and the director or employee will not participate in any matter affecting the financial interests of the other party except those matters affecting all stockholders/borrowers in a nondiscriminatory way.

This section describes relationships and transactions that are prohibited between directors or employees and other persons unless approved under part 225 of these Policies and Procedures. With regard to these activities, the director or employee should exercise caution and adhere to these Policies and Procedures. The term "business relationship" or "transacts business" means the relationship of a person (or an entity controlled by the person) with another person which involves: the purchase, sale, lease, ownership, or management of real or personal property; services as a real estate agent or broker; the sale

or placement of insurance; sales and activities; appraisal services; the borrowing or lending of money or other things of value; providing or receiving financial, professional, or other services; and any other similar transaction.

The term does not include relationships or transactions associated with personal, family, or household matters. Accordingly, transactions by the employee for typical consumer purposes, wherein there exists an open and competitive marketplace for such goods and services as may be in demand, are not construed as potential prohibited activities necessitating prior approval or reporting requirements.

*Unless* the relationship is an eligible activity under part 225 of this Policy, an employee or director shall not have a direct or indirect non-official business relationship with:

1. Any borrower or loan applicant of the employing or supervising institution or any supervised institution.
2. Any person who transacts business with the employing or supervising institution or any supervised institution.
3. Directors or employees of the employing or supervising institution or any supervised institution.
4. An OFI or another lender which has an access or participation relationship with the employing, supervising, or a supervised institution.

### **Relationships With Depository Banks**

**220.2**

Borrowing by employees from depository banks is considered a specifically preapproved business relationship under the provisions of this section. Although subject to the same general conflict of interest criteria, specific dollar levels have been established for this activity.

The provisions and requirements of this section apply to all employees whose position would enable them to have an influence on the institution's relationship with its depository bank, as identified by the chief executive officer. Other employees not specifically identified herein are not subject to these provisions.

No identified employee shall incur accumulated indebtedness or establish a line of credit, excluding bank issued credit cards and checking accounts, from the employing institution's depository bank except in compliance with the reporting and approval requirements set forth in part 300 of these Guidelines and Procedures.



All other services normally obtained from depository banks by employees identified above shall be at arms-length and for the same considerations which are afforded the general public.

**Mortgaged Property Acquisition** **220.3**

An employee may not acquire, directly or indirectly except by inheritance, any interest in any real or personal property, including mineral interests, which are mortgaged to this institution or were thus mortgaged at any time within the preceding 12 months without obtaining prior approval of the Standards of Conduct Official. All such disclosure and requests for approval must be made by the employee via Form 2150. No approval is necessary to purchase livestock or equipment at any regularly scheduled public sale. An employee shall not acquire directly or indirectly any interest in real or personal property mortgaged to this institution at a foreclosure or liquidating sale initiated by the employing institution.

**Other Property Acquisition** **220.4**

1. An employee may not purchase property from the association used in its operations unless:
  - a. The property in question has been formally declared surplus due to functional or economic obsolescence by the board of directors.
  - b. The purchase is the result of a broad-based, open, and competitive bidding.
  - c. Any individual who participated in declaring said property surplus is not eligible to purchase said property.

**Employee Loans** **220.5**

Employees may obtain a loan from or through the institution subject to the approval requirements of FCA regulation section 614.4460 and 614.4470 and subject to the institution's Standards for Official Loans Policy, provided that employee loans shall meet the same eligibility, credit and appraisal requirements as non-employee loans, as set forth in FCA regulations and Bank and association credit policies and procedures. Requests for approval of employee loans shall be made to the institution's credit department and not to the Standards of Conduct Official. All director and employee loans (official loans) require pre-approval by the FCBT credit department. The institution's credit department shall report to the Standards of Conduct Official any employee loan that does not meet the requirements of this part 220.5.

## **QUALIFICATION OF RELATIONSHIPS AS ELIGIBLE ACTIVITIES**

**225**

### **General Approval Criteria**

**225.1**

In order for activities as described in part 220.1 and 220.2 to be approved, application of the following criteria will be necessary.

1. The Standard of Conduct Policy, Guidelines, and Procedures allow directors or employees to participate in such activities.
2. The activity must not adversely impact the employee's devotion to official duties.
3. The activity must not be construed as one prohibited by regulation or policy.
4. The activity must be fully disclosed.
5. The activity can not involve multiple employees wherein any one of the participants is under the direct supervision of another.
6. The activity cannot be a "conflict of interest".

If the proposed activity meets these criteria, it may be approved by the appropriate authority.

### **Case by Case Determination**

**225.2**

The concept of "precedence" will not be recognized in qualifying potentially prohibited relationships.

Due consideration must be given to any potentially adverse effect the proposed activities may have on System institutions and the potential that the activities could affect the impartial judgment of directors and employees, or detract from their performance of official duties.

For this reason, the approval of a certain activity **will not** automatically extend approval of that identical activity. Rulings will not establish a precedent that may be applied universally to all employees. This is in recognition of the vast differences in positions, and the visibility and authority of various positions to affect operational decision making.

### **Social Relationships**

**226**

It is understood that some employees may wish to have social relationships with other employees of the association that involve non-work related activities. The association does not prohibit such relationships, but

employees should be aware that such relationships may sometimes give the appearance of favoritism and should avoid situations where their ability to fulfill their responsibilities in an impartial manner could be called into question. In situations that involve dating by employees who are not directly or indirectly in the same chain of command or who do not work in the same department of the association, both employees must disclose the relationship to the Standard of Conduct Official and confirm that such relationship is voluntary. The Standard of Conduct Official will document the parties' consent to the relationship and will remind the parties of the requirements of the association's Harassment of Employees policy and the right of either party to report to the Standard of Conduct Official if the relationship ceases to be mutually consented to. Upon such report being made, the relationship must terminate in accordance with the Harassment of Employees policy. Dating by employees who are directly or indirectly in the same chain of command or who work in the same department is not permitted. For the purposes of this paragraph, "directly or indirectly in the same chain of command" means that one employee either is the immediate supervisor, or is ultimately responsible for supervising the immediate supervisor of the other.

## **GIVING AND RECEIVING THINGS OF VALUE IN CONNECTION WITH ASSOCIATION BUSINESS**

**230**

### **Legal Requirements**

**230.1**

Directors and employees should be aware of FCA regulation sections 612.2140 (c), (d), and (e) and 612.2150(c), (e), and (f) as well as the Federal bank bribery statute at 18 U.S.C. 215 as they relate to giving and receiving of things of value to and from third parties in connection with the Association's business. The regulations and the Federal statute are set forth Part I of the Association's Standard of Conduct/Code of Ethics Manual Manual.

### **General Prohibition**

**230.2**

No director or employee shall solicit, give, exchange, or receive any gift, present, favors, or anything of value from or to any director or employee of this Association or any association or OFI. This paragraph shall not apply to items exchanged as part of customary business or social amenities as determined under guidelines established by the Standard of Conduct Official.

### **Express Exceptions**

**230.3**

These guidelines expressly permit the following seven exceptions to the general prohibition against giving or receiving things of value in connection with Association business:

- a. Giving or receiving gifts, gratuities, amenities, or favors based on an obvious family or personal relationship between the giver and recipient (such as between a Association director/employee and his/her parents, children or spouse) where the circumstances make it clear that it is those relationships rather than the business of the Association which are the motivating factor and no Association funds or property are involved;
- b. Giving or receiving of gifts, meals, refreshments, ordinary and usual entertainment, accommodations or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided the expense would be paid for by the Association as a reasonable business expense if not paid for by another party and is in accordance with guidelines and procedures issued by the Standards of Conduct Official;
- c. Obtaining loans from other banks or financial institutions on customary terms to finance proper and usual activities of Association directors and employees, subject to the Standards of Conduct guidelines and procedures for loans;
- d. Giving and receiving advertising or promotional material of reasonable value bearing the name or logo of the giver's institution, or items that commemorate special achievements or events;
- e. Receiving discounts or rebates on merchandise or services that do not exceed those available to other customers with similar business relationships or that are generally offered to all Association directors and employees;
- f. Giving or receiving gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday; or
- g. Receiving civic, charitable, educational, or religious organization awards of recognition of service and accomplishment, or making charitable donations.

Situations that fall within these express exceptions are deemed not to involve a conflict of interest or a breach of fiduciary duty on the part of the director/employee. Accordingly, if the offer or acceptance of a thing of value clearly falls under one of these exceptions, it does not require disclosure or approval. In case of any uncertainty about whether an exception applies to a particular situation, however, a director/employee should make a full disclosure and obtain approval in accordance with the procedures outlined in paragraph 230.7 below.

### **Things of Value**

**230.4**

For the purposes of violation of the Federal bank bribery statute and the FCA regulations, the term, “**thing of value**,” could theoretically include cash, cash equivalents, gift certificates, discounts, rebates, goods, services, interests in real or personal property, including stock and contract rights, loans and

business opportunities. For the purpose of compliance with the Association’s policy and these guidelines, the only “things of value” that would potentially be acceptable for a director or employee to give to or receive from a customer, vendor, or other third party would be goods, services, or gift certificates and discounts for the same. Cash, cash equivalents, interests in real property, loans, and business opportunities are not considered appropriate items to give or receive in connection with Association business.

**Reasonable Value**

**230.5**

The term, “**reasonable value**,” as used in these guidelines shall mean **\$500 or less** in the case of any thing of value other than those falling within the exception for gifts, meals, travel, and entertainment incident to the Association’s business discussed in paragraph 230.6 below. The dollar amounts of meals, travel, accommodations, and entertainment under 230.6 are not subject to a fixed dollar limit, whether on a per-item or aggregate basis, but must be reasonable under the circumstances. It is anticipated that these types of expenses will vary from time to time and from place to place.

**Gifts, Meals, Travel, and Entertainment Incident to Association Business**

**230.6**

The Association recognizes that directors and employees may in the ordinary course and scope of their responsibilities invite or be invited by existing or potential customers, vendors, and other persons doing business with the Association to attend meetings and other functions at which the either party may furnish gifts, meals, refreshments, entertainment, accommodations or travel arrangements to the other. The Association strongly encourages directors and employees to engage actively in business development and customer relationship management and the pursuit of other advantageous third-party relationships on behalf of the Association, and wishes to clarify the circumstances under which directors and employees may offer and accept things of value in connection with the Association’s business without violation of the Association’s standards of conduct. The purpose of these guidelines is to help directors and employees avoid situations in which it could be reasonably concluded that the giving or accepting of a thing of value in connection with Association business would be likely to cause, or would be intended to cause, the recipient to act in a manner that is inconsistent with the interests of the party the recipient represents.

- a. The purpose of ordinary and usual entertainment and related expenses under these guidelines must be to provide a context for conducting bona fide business discussions and/or to help to cultivate and strengthen relationships with prospective and existing customers and other persons doing business with the Association.

- b. As used in these guidelines, the term “**ordinary and usual entertainment**” can include a social event, hospitality event, charitable event, sporting event, entertainment event, meal, leisure activity or event of like nature or purpose, as well as any transportation and/or lodging accompanying or related to such activity or event, including business entertainment offered in connection with an educational event or business conference. The Association considers the following as examples of appropriate forms of ordinary and usual entertainment that may legitimately be furnished to or accepted from prospective or existing customers or other persons doing business with the Association:
- Hunting or fishing trips
  - Golf
  - Other sports events or activities
  - Rodeo/livestock shows/trade fairs
  - Entertainment events such as theatrical productions, tours or excursions
  - Charity or civic events
- c. Normally, a representative of the party furnishing the entertainment will attend or participate, although this will not always be the case. If a representative of the party furnishing the entertainment does not attend or participate, then it could be considered as a gift that must be disclosed and approved in accordance with paragraph 230.7 below. One exception to this rule is the case of Association sponsorship of a livestock show, rodeo, or similar event where the Association employee may distribute to associations or other customers complimentary tickets. Distribution of sponsorship tickets is regarded as permissible even if a Association employee is not present at the time the tickets are used and even if the total value of the tickets distributed exceeds the normal “reasonable value” dollar amount.
- d. If a director or employee is *furnishing* any such entertainment to a prospective or existing customer or other party, then the entertainment may include meals, lodging, and transportation associated with the event or activity involved, as well as registration fees, license fees, green fees, equipment rental, charter fees, caddie fees, guide fees, and similar charges and expenses. If a director or employee is *accepting* an invitation from a third party, it is anticipated that the director or employee could accept the same types of benefits from the third party, but that, as a general rule, the Association would pay for or reimburse the cost of the director’s or employee’s related meals, travel, and lodging unless it is not practical for the director or employee to arrange for the Association to do so under the circumstances.
- e. It is expected that any entertainment, meals, transportation, lodging and other accommodations furnished or accepted by directors or employees

will be of a type and quality that would commonly be considered as “business class” and conducive to a business atmosphere. It is also expected that such entertainment, meals, transportation, lodging and other accommodations will not be extravagant or extreme in nature, and will reflect well on the reputation of the Association. If an expense is of the type that the Association would typically pay or reimburse under its expense policy, then it may be accepted from a third party doing or seeking to do business with the Association.

- f. Association directors and employees may include spouses of customers and other third parties in meals, lodging, travel, and ordinary and usual entertainment furnished to customers or other third parties and may accept the same for their own spouses in similar circumstances. It is anticipated that an Association director or employee’s spouse may be included in any entertainment event that a customer’s or third party’s attends or in situations where the Association director or employee is expected to attend business-related events away from home over a weekend.
- g. Gifts of reasonable value that are provided in connection with a meeting or a recognized holiday or other special occasion, such as a gift basket delivered to the guest’s hotel room, may be given or accepted.
- h. Entertainment in the form of hunting or fishing trips, golf outings, or hotel or resort accommodations should normally be provided or accepted only to or from bona fide prospects and existing customers and not on the basis of pre-existing personal friendships. Repeated expenditures for the benefit of the same persons may require explanation.
- i. If the giving or receiving of a gift, accommodation, or business entertainment would not fall under an allowable exception under these guidelines, the provider’s use personal funds to pay for the item will not make the giving or receipt of the item acceptable.

### **Approval and Documentation for Special Exceptions**

**230.7**

If a director or employee gives or receives any gift, accommodation, entertainment, or other thing of value that does not clearly fall within one of the express exceptions set forth in these guidelines, the director or employee should fully disclose the circumstances surrounding the giving or receiving of such item in a written report to the Standards of Conduct Official and, in the case of directors, to the Board, or in the case of employees, to the supervisor. Such report may be made on the Form 2140/2150 or by e-mail, and should include a statement of the purpose of the meeting or event, a description of the thing of value given or received and the circumstances under which it was given or received. If possible, prior approval should be obtained. In cases where

prior approval is not feasible, a report should be made as soon as reasonably possible after the giving or receiving of the item in question.

The Standards of Conduct Official and, as applicable, the Board or the supervisor, shall review the disclosure and may determine that, under the circumstances presented, there is no breach of fiduciary duty or conflict of interest, and may accordingly approve the giving or acceptance of the gift. If the Standards of Conduct Official and, as applicable, the Board or supervisor do not approve the exception, then they shall notify the director or employee to take corrective action, which may entail refusing or returning the gift to the provider, or if it is not possible to refuse or return it, reimbursing the provider for the cost of the gift. In appropriate cases, the Standards of Conduct Official and Board/supervisor may direct that other approaches be taken, such as turning the gift over to the Association, donating the gift to a charitable organization, or a sharing of the gift with other employees. The Standards of Conduct Official and as applicable, the Board or supervisor shall document their determination and the basis for concluding that the transaction did not give rise to a breach of trust of conflict of interest, which documentation shall be maintained in the Association's Standards of Conduct files.

Records of disclosures and approvals or denials of approval of exception items under these guidelines should be retained by the Standards of Conduct Official for the period prescribed by the Association's records retention schedule.

### **3. APPROVAL, APPEAL, AND TERMINATION PROCEDURES**

#### **GENERAL APPROVAL DOCUMENTATION PROCEDURES AND REPORTING 300**

At the back of this Standard of Conduct/Code of Ethics Manual, are monitoring forms. These forms serve the dual purposes of: 1) enabling the directors and employees to disclose transactions, activities, or relationships in which they are involved or interested; and 2) providing the appropriate authority a form on which to approve, or reject, the activity and document the reasons thereto.

Any director or employee who is involved or plans to become involved in any activity, transaction, or relationship to which Farm Credit Administration regulations, policy, or guidelines are applicable shall promptly make a written disclosure of such involvement. Except as otherwise provided below, disclosures should be made prior to becoming involved in the activity, transaction, or relationship in question whenever possible. As long as a director or employee continues to engage in an activity or remains involved in a transaction or relationship, re-disclosure of the activity, transaction or relationship should be made on an annual basis. The timing of annual disclosures for directors and employees shall be determined by the association CEO.



Disclosures and reports for approval for directors shall be submitted to the Standard of Conduct Official and then submitted to the board of directors. Such disclosures and reports will be documented through the use of Form 2140.

Disclosures reports, and requests for approvals of activities by employees shall be submitted through the Standard of Conduct Official to the CEO or designate for approval. Disclosures and requests for approvals by the CEO will be submitted through the Standard of Conduct Official to the board of directors for action. Disclosures and requests for approvals by the Standards of Conduct Official will be submitted through the CEO to the board of directors. Such disclosures and requests will be documented through the use of Form 2150.

1. Business relationships, transactions, or activities between directors or employees and others as defined in part 220.1.
2. Employees borrowing from depository banks:
  - a. No approval or reporting is required if the amount is \$50,000 or less or if the borrowing is for a standard home mortgage or home equity loan.
  - b. If the amount is over \$50,000 but not more than \$100,000, no approval is required; however, the transaction shall be reported promptly to the chief executive officer through the Standard of Conduct Official and to the board of directors at its next regular meeting.
  - c. If the amount is in excess of \$100,000, prior written approval of the transaction is required.
    - i. The chief executive officer must make written request for approval to the board of directors through the Standard of Conduct Official.
    - ii. Other officers must make written request for approval to the chief executive officer through the Standard of Conduct Official, with post-reporting to the board of directors at its next regular meeting.

In emergency situations, the chairman of the board may approve borrowings for the chief executive officer, provided that such action is reported to the board at the next regular meeting. The chairman may also act in this capacity for other officers in the event that it is an emergency and the chief executive officer is not and will not become available within a reasonable period of time.

- d. Reports or request for prior approval must be completed on Form 2150 and include sufficient detailed information such as the purpose, terms, interest rate, amount, and security on each transaction to document as clearly as possible that no conflict of interest or influence of position exists. Complete transaction details and the chief executive officer's or board's approval or rejection, based on determination that no preferential treatment has been given to said employee by the depository bank, will be recorded on Form 2150 and retained in the standard of conduct activity file. The Standard of Conduct Official will maintain documentation in such cases.

3. Employee political activity:

The Standard of Conduct Official will investigate and consider all facts involved in an employee's candidacy for a political office, and must determine in writing that such candidacy or holding of public office would not bring justified criticism on the grounds of political activities or partialities or in any other manner adversely affect the best interests of the association or the System. Any such determination will be reported to the board of directors.

The approval process for all employees running for or holding public office shall consist of the following steps:

- a. An employee's request to be a candidate for public office should be submitted via Form 2150 to the Standard of Conduct Official. The request should provide sufficiently detailed information as to position, time required, remunerations, if any, etc.
- b. The Standard of Conduct Official will conduct the appropriate investigation and submit his findings and recommendation to the board for their consideration.
- c. Any employee that becomes a candidate for a full-time, remunerative, public office shall resign his or her employment.

## **TERMINATION OF INVOLVEMENT, PROCEDURES**

**301**

Directors and employees shall conduct their official duties in a prudent and professional manner and avoid conflicts of interest with directors, employees, and borrowers or other persons who do business with these institutions. Directors and employees shall not engage in activities which might impair their judgment or objectivity or bring discredit upon themselves or the System.

However, it is recognized that changes in regulations and policy may inadvertently cause a violation where there was none previously. Accordingly, this section established timetables that are acceptable to terminate these prohibited involvements.

### **General Time Limitation** **301.1**

Transactions, relationships, or activities which, when initiated, were not a violation of Standard of Conduct Policy, Guidelines, and Procedures and are not subsequently approved under part 225 must be terminated in a reasonable period of time in the most expedient manner possible. The termination period for prohibited or unapproved relationships will be developed on an individual case basis dependent upon its specific circumstances.

All plans of termination for employees will document changes in the employee's job function or duties during the termination period, if any. Any deviations from the plan must be immediately reported to the Standard of Conduct Official.

The Standard of Conduct Official will develop the plan of termination for affected employees below the level of chief executive officer, upon whose plan the board of directors will act.

### **Borrowers and Loan Applicant Limitation** **301.2**

Directors or employees who are involved in relationships, transactions, or activities with a person who subsequently becomes a loan applicant or borrower have one year from the date of the loan application to terminate the relationship or involvement if that relationship is not subsequently approved under part 225. In any event, the director or employee in question will abstain from any actions in the loan-making process or any subsequent loan servicing activities on that borrower's loan.

### **Appeals** **301.3**

Employees (excluding the CEO and the Standards of Conduct Official) may appeal denial of any required approval by the Standard of Conduct Official to the board of directors. The employee must notify the Standard of Conduct Official of his/her intent to appeal within 30 days of the denial. The employee then has 30 days from the date of notification to appeal to the board of directors through the Standard of Conduct Official. If the Standard of Conduct Official denies approval of an activity, transaction or relationship involving the CEO, the CEO may appeal by using the procedure described above for other employees. If the request is from the Standard of Conduct Official, then the decision and appeal process will be handled by the Board Chairman. The Standard of Conduct Official may appeal through to the board of directors within the time periods described above for other employees.

The Standard of Conduct Official will maintain a complete file on all appeals.

#### **4. STANDARD OF CONDUCT/CODE OF ETHICS VIOLATIONS**

##### **CONSEQUENCES AND DISCIPLINARY METHODOLOGY FOR 400 FAILURE TO COMPLY – PERSONNEL PRACTICE NO. 1003**

###### **Purpose**

To define consequences and disciplinary methodology for failure to comply with: 1) the disclosure provisions of the Standard of Conduct Guidelines and Procedures; 2) any requirements associated with association issued approvals on activities; and 3) Code of Ethics.

###### **Definition**

All employees must: 1) make proper disclosure of all activities in which they are or intend to become involved as specified in the Standard of Conduct/Code of Ethics Manual, and 2) comply with the provisions associated with activity approvals issued by the association.

###### **Provisions**

All employees must adhere to the disclosure procedures and activity conditions as specified in the Standard of Conduct/Code of Ethics Manual. Proper disclosure is achieved through the use of Form 2150 . This form will also document any special conditions to which employees must adhere for the approval of the activity to remain valid.

###### **Responsibilities**

Instances wherein an employee: 1) filed a false or improper disclosure, or failed to disclose as required; or 2) failed to comply with the terms of the approval, will be reported to the standard of conduct official of the association.

The standard of conduct official is charged with the responsibility of investigating allegations and issuing a written report of findings, conclusions, and recommended action including possible disciplinary proceedings to the association Chief Executive Officer.

The association Chief Executive Officer is responsible for ruling on the investigation report and enacting the proper disciplinary proceeding. Disciplinary actions may range from a reprimand to immediate discharge of the employee.

Any action culminating in the discharge of an employee must be reported promptly to the Farm Credit Administration.

###### **Exceptions**

There are no exceptions.

**INVOLUNTARY TERMINATION FOR CAUSE**

**401**

Severance will not be payable if an employee is involuntarily terminated for a violation of the Standard of Conduct/Code of Ethics requirements .

**5. COMMUNICATION OF STANDARDS**

**NOTIFICATION GUIDELINES**

**500**

Directors and employees will be notified of the requirements of the Standards of Conduct regulations, policies, Code of Ethics, and procedures through a Standard of Conduct/Code of Ethics Manual. The Manual will contain all applicable Standard of Conduct regulations, as well as the policies, guidelines, and procedures applicable to such regulations. The Manual also contains provisions for disclosure of restricted or prohibited activities and relationships.

**DIRECTORS**

**ACKNOWLEDGMENT OF RECEIPT OF STANDARD OF CONDUCT/CODE OF ETHICS MANUAL**

I hereby certify that the chief executive officer of the institution of whom I am a director has provided me a Standard of Conduct/Code of Ethics Manual to maintain in my possession. I further acknowledge that I understand those provisions of the standard of conduct regulations and policies as they apply to directors.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Printed Name

Acknowledgments by directors shall be furnished to the Standard of Conduct Official.

**OFFICERS AND EMPLOYEES**

**ACKNOWLEDGMENT OF RECEIPT OF STANDARD OF CONDUCT/CODE OF ETHICS MANUAL**

I hereby certify that I have been provided a Standard of Conduct/Code of Ethics Manual to maintain in my possession. I further acknowledge that I understand those provisions of the standard of conduct regulations and policies as they apply to officers and employees.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed Name

Acknowledgments by employee shall be furnished to the Standard of Conduct Official.

## **SOC Reporting Procedures**

\*\*Procedures for conducting SOC reporting for directors, employees, and senior officers\*\*

### **I. Employee Reporting Form 2150**

- A. 30 days prior to the annual fall team meeting, each employee will be provided the most recent Standard of Conduct/Code of Ethics Manual (which includes Employee Reporting Form 2150) for review.
- B. Each employee should review the Standard of Conduct/Code of Ethics Manual prior to the fall team meeting and direct any questions to the association's Standard of Conduct Official.
- C. At the fall team meeting each employee will be asked to sign an acknowledgement stating they have read and understand the Standard of Conduct/Code of Ethics Manual.
- D. After the acknowledgements have been completed, each employee will be given the Employee Reporting Form 2150 along with a copy of all applicable FCA regulations and definitions.
- E. Each employee will be required to complete the Employee Reporting Form 2150 at the fall team meeting and return the signed, original copy to the association's Standard of Conduct Official.
- F. The association's Standard of Conduct Official will forward all Employee Reporting Forms on to the Executive Assistant for verification of accurate Related Party reporting (please see Related Party Reporting procedures below). Once verification is complete the Employee Reporting Forms will be returned to the Standard of Conduct Official for determinations.
- G. The association's Standard of Conduct Official will review all Employee Reporting Forms and make a determination within 30 days of completion. If board action is required it will be added to the next board agenda and reported in the board minutes of that date.
- H. In the event of a new employee, the Employee Reporting Form 2150 must be completed within 5 days of the date of hire.

### **II. Senior Officer Reporting Form 2150-SO**

- A. 30 days prior to the annual fall team meeting, each senior officer will be provided the most recent Standard of Conduct/Code of Ethics Manual (which includes Senior Officer Reporting Form 2150-SO) for review.
- B. Each senior officer should review the Standard of Conduct/Code of Ethics Manual prior to the fall team meeting and direct any questions to the association's Standard of Conduct Official.
- C. At the fall team meeting each senior officer will be asked to sign an acknowledgement stating they have read and understand the Standard of Conduct/Code of Ethics Manual.
- D. After the acknowledgements have been completed, each senior officer will be given the Senior Officer Reporting Form 2150-SO along with a copy of all applicable FCA regulations and definitions.
- E. Each senior officer will be required to complete the Senior Officer Reporting Form 2150-SO at the fall team meeting and return the signed, original copy to the association's Standard of Conduct Official.
- F. The association's Standard of Conduct Official will forward all Senior Officer Reporting Forms on to the Executive Assistant for verification of accurate Related Party reporting (please see Related Party Reporting procedures below). Once verification is complete the Senior Officer Reporting Forms will be returned to the Standard of Conduct Official for determinations.
- G. The association's Standard of Conduct Official will review all Senior Officer Reporting Forms and make a determination within 30 days of completion. If board action is required it will be added to the next board agenda and reported in the board minutes of that date.
- H. In the event of a new senior officer, the Senior Officer Reporting Form 2150-SO must be completed within 5 days of hire.

### **III. Director Reporting Form 2140**

- A. 30 days prior to a pre-selected 3<sup>rd</sup> quarter board meeting, each director will be provided the most recent Standard of Conduct/Code of Ethics Manual (which includes Director Reporting Form 2140) for review.
- B. Each director should review the Standard of Conduct/Code of Ethics Manual prior to the board meeting and direct any questions to the association's Standard of Conduct Official.
- C. At the board meeting each Director will be asked to sign an acknowledgement stating they have read and understand the Standard of Conduct/Code of Ethics Manual.
- D. After the acknowledgements have been completed, each director will be given the Director Reporting Form 2140 along with a copy of all applicable FCA regulations and definitions.



- E. Each director will be required to complete the Director Reporting Form 2140 at the board meeting and return the signed, original copy to the association's Standard of Conduct Official.
- F. The association's Standard of Conduct Official will forward all Director Reporting Forms on to the Executive Assistant for verification of accurate Related Party reporting (please see Related Party Reporting procedures below). Once verification is complete the Director Reporting Forms will be returned to the Standard of Conduct Official for determinations.
- G. The association's Standard of Conduct Official will review all Director Reporting Forms and make a determination within 30 days of completion. If additional board action is required it will be added to the next board agenda and reported in the board minutes of that date.
- H. In the event of a newly appointed director, the Director Reporting Form 2140 must be completed within 30 days of the official date of election.

#### IV. Other Actions: Terminations, Appeals, & Failure to Comply

- A. Transactions, relationships, or activities which, when initiated, were not a violation of Standard of Conduct Policy, Guidelines, and Procedures and are not subsequently approved under part 225 must be terminated in a reasonable period of time in the most expedient manner possible. The termination period for prohibited or unapproved relationships will be developed on an individual case basis dependent upon its specific circumstances.
- B. The Standard of Conduct Official will develop the plan of termination for affected employees below the level of Chief Executive Officer, upon whose plan the Board of Directors will act. Any deviations from the plan must be immediately reported to the Standard of Conduct Official.
- C. Employees and senior officers (excluding the CEO and Standard of Conduct Official) may appeal denial of any required approval by the Standard of Conduct Official.
- D. The employee or senior officer must notify the Standard of Conduct Official of his/her intent to appeal within 30 days of the denial. Then employee or senior officer then has 30 days from the date of notification to appeal to the board of directors through the Standard of Conduct Official.
- E. If the Standard of Conduct Official denies approval of an activity, transaction, or relationship involving the CEO, the CEO may appeal by using the procedure described above for employees and senior officers. If the request for appeal is from the Standard of Conduct official or a Director, then the decision and appeal process will be handled by the Board Chairman and Vice Chairman.
- F. Instances wherein an employee or senior officer failed to comply with the terms of the approval, the Standard of Conduct Official is charged with investigating allegations and issuing a written report of findings, conclusions, and recommended action, including possible disciplinary proceedings, to the Chief Executive Officer.
- G. The Chief Executive Officer is responsible for ruling on the investigation report and enacting the proper disciplinary proceeding. Disciplinary actions may range from a reprimand to immediate discharge of the employee or senior officer.

#### V. Related Party Reporting

\*Review and verification of Related Party Reporting is required anytime a Reporting Form 2140, 2150, or 2150-SO is completed\*\*

- A. After receipt of the Reporting Form 2140, 2150, or 2150-SO the Executive Assistant will run the Cardinal Employee and Director Loans Report (LA4061R) for review and verification.
- B. The Executive Assistant will cross reference the Employee and Director Loans Report with all Reporting Forms to ensure that disclosures are accurate and complete and identify all relationships with borrowers that are disclosable under 612.2145/612.2155.
- C. Once the Employee and Director Loans Report is complete and accurate the Executive Assistant will review all loans made to an employee's relatives, household members, business partners, or controlled entities of employees to ensure employees are not servicing loans to such persons or participating directly or indirectly in any matter affecting, directly or indirectly, the financial interest of the employee or any such persons.
- D. After the initial review is complete the Standard of Conduct Official will conduct a secondary review to ensure there are no discrepancies.

- E. After the secondary review by the Standard of Conduct Official is complete the Executive Assistant will sign off on the Employee and Director Loans Report to present to the board at the January board meeting.
- F. The board will review the completed Employee and Director Loans Report at the January board meeting. If there are no discrepancies the Board Chairman will sign off on the report and it will be reported in the board minutes of that date.

**DIRECTOR REPORTING FORM 2140**

**2016**

**PROCEDURES:**

- A. Use:** This form is to be used in those cases where disclosure or approval of an activity, relationship or transactions as described in Section 612.2145 of the FCA regulations or under the association's Standards of Conduct Policy, Guidelines and Procedures is required.
- B. Timing of Disclosures:** Directors must make a disclosure (1) annually, and (2) when the director becomes or plans to become involved in a relationship, transaction, or activity that is required to be reported under Section 612.2145 (a) or (b) or that could constitute a conflict of interest.
- C. Submission of Disclosure Form:** Disclosures by directors shall be submitted to the Standards of Conduct Official designated to receive disclosures from directors and then submitted to the board of directors.

(If you answer Yes to any question, please include an explanation. Attach additional sheets if necessary.)

\_\_\_\_No \_\_\_\_Yes Do you or any "immediate family members"\* or "affiliated organizations"\*\* have loans or other transactions with Plains Land Bank, FLCA?

If Yes, state the name of the individual or organization:

\*For the purpose of this Reporting Form, "immediate family" means your spouse, parents, siblings, children, mother-in-law, father-in-law, brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law.

\*\*For purposes of this Reporting Form, "affiliated organizations" means any organization, other than a Farm Credit organization, of which you are a partner, director, officer, or majority shareholder.

\_\_\_\_ No \_\_\_\_Yes Unless already disclosed above, do you or any of your "relatives"\*, household members, business partners, or "controlled entities"\*\* have loans or other transactions with Plains Land Bank, FLCA or one of its borrowers?

If Yes, provide the name of the individual(s) or entity(ies):

\*For the purpose of this Reporting Form, "relative" means your spouse, parents, siblings, children, mother-in-law, father-in-law, brothers-in-law, sisters-in-law, sons-in-law, and daughters-in-law, stepparent, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, uncle, aunt, nephew, niece, grandparent, grandson, granddaughter, and their spouses.

\*\*For the purpose of this Reporting Form, “controlled entity” means an entity (corporation, partnership, trust, etc.) that in which you, either individually or together with a family member, household member, business partner, or another controlled entity, either (i) own 5 percent or more of the entity, (ii) own, control or have the power to vote 5 percent or more of the voting stock, or (iii) have the power to control management of the entity.

No \_\_\_ Yes Do you serve as a board member of, or have a material “financial interest”\* in, any entity that transacts business with Plains Land Bank, FLCA or one of its borrowers?

If Yes, state the name and the nature of the business of that entity:

\*For the purpose of this Reporting Form, a “financial interest” means an interest involving receiving or providing something of monetary value or other present or deferred compensation

\_\_\_ No Yes Have you accepted any offer of gift, fee, other present or deferred compensation that could be viewed as being offered to influence official action or share of information?

\_\_\_ No Yes Have you knowingly acquired, except by inheritance or through public auction or open competitive bidding available to the general public, any interest in any real or personal property that was owned by the association within the preceding 12 months and that had been acquired as a result of foreclosure or similar action?

If Yes, Did you participate in any deliberations or decisions to foreclose or dispose of the property or determining the terms of sale? No Yes

\_\_\_ No Yes Have you directly or indirectly, borrowed from, loaned to, or become “financially obligated with”\* or on behalf of a director, employee or agent of Plains Land Bank, FLCA or a borrower or loan applicant of the association?

If Yes, state the name of the individual and describe the transaction:



If applicable, describe any of the following events that occurred during the past 5 years and that are material to an evaluation of your ability or integrity to serve as a director:

No  Yes Has a petition under the Federal bankruptcy laws or any State insolvency law been filed by or against, or a receiver, fiscal agent, or similar officer appointed by a court for the business or property of yours, or any partnership in which you were a general partner at or within 2 years before the time of such filing, or any corporation or business association of which you were a senior officer at or within 2 years before the time of such filing?

No  Yes Have you been convicted in a criminal proceeding or named party in a pending criminal proceeding (excluding traffic violations and other misdemeanors)?

No  Yes Are you subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, by any court of competent jurisdiction, permanently or temporarily enjoining or otherwise limiting you from engaging in any type of business practice?

Printed Name

Signature:

Date:

**Action of Standard of Conduct Official:** Reviewed

Approved

Denied

Rational for action, conditions, limitations, termination periods, etc.

Comments:  Ordinary course of business  Not material in amount  Consumer purpose  
 Approval subject to director's recusal from determinations affecting the loans or other transactions involving the identified individuals or entities.  
 Other

Date:

Standard of Conduct Official Signature:

**BOARD ACTION (if required):** Reviewed on \_\_\_\_\_ as reported in the board minutes of that date.

Signature of Board Chairman:

**SENIOR OFFICER REPORTING FORM 2150-SO**

**2016**

**PROCEDURES:**

- D. Use:** This form is to be used in those cases where disclosure or approval of activities, relationships or transactions as described in section 612.2155 of the FCA regulations and the Standard of Conduct Policy, Guidelines, and Procedures is required.
- E. Timing of Disclosures:** Senior Officers must make disclosures (1) annually and (2) when the senior officer becomes or plans to become involved in a relationship transaction or activity that is required to be reported under Section 612.2155 (a) or (b) that could constitute a conflict of interest.
- F. Submission of Disclosure Form:** Disclosures by senior officers shall be submitted to the Standards of Conduct Official designated to receive disclosures and, in appropriate cases, then submitted to the CEO or the CEO's designee, or in the case of disclosures by the CEO, to the association's board of directors.

(If you answer Yes to any question, please include an explanation. Attach additional sheets if necessary.)

No       Yes      Do you or any "immediate family members"\* or "affiliated organizations"\*\*\* have loans or other transactions with Plains Land Bank, FLCA?

If Yes, state the name of the individual or organization:

\*For the purpose of this Reporting Form “immediate family” means your spouse, parents, siblings, children, mother-in-law, father-in-law, brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law. \*\*For purposes of this Reporting Form, “affiliated organizations” means any organization, other than a Farm Credit organization, of which you are a partner, director, officer, or majority shareholder.

No  Yes Unless already disclosed above, do you or any of your “relatives”\*, household members, business partners, or “controlled entities”\*\* have loans or other transactions with Plains Land Bank, FLCA or one of its borrowers?

If Yes, provide the name of the individual(s) or entity(ies):

\*For the purpose of this Reporting Form, “relative” means your spouse, parents, siblings, children, mother-in-law, father-in-law, brothers-in-law, sisters-in-law, sons-in-law, and daughters-in-law, stepparent, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, uncle, aunt, nephew, niece, grandparent, grandson, granddaughter, and their spouses.

\*\*For the purpose of this Reporting Form, “controlled entity” means an entity (corporation, partnership, trust, etc.) that in which you, either individually or together with a family member, household member, business partner, or another controlled

entity, either (i) own 5 percent or more of the entity, (ii) own, control or have the power to vote 5 percent or more of the voting stock, or (iii) have the power to control management of the entity.

No  Yes Do you serve as a board member of, or have a material “financial interest”\* in, any entity that transacts business with Plains Land Bank, FLCA or one of its borrowers?

If Yes, state the name and the nature of the business of that entity:

\*For the purpose of this Reporting Form, a “financial interest” means an interest involving receiving or providing something of monetary value or other present or deferred compensation.

No  Yes Do you serve as an officer or director of (1) an entity that is not a farm Credit institution and that transacts business with a Farm Credit Institution in the district, or (2) of a commercial bank, savings and loan or other non-system financial institution other than through your loan and/or insurance relationship with Plains Land Bank, FLCA?

If yes, state the name of the entity and the nature of the transaction:

No  Yes Have you accepted any offer of gift, fee, other present or deferred compensation that could be viewed as being offered to influence official action or share of information?

No  Yes Have you knowingly acquired, except by inheritance, any interest in any real or personal property that was owned by the association within the preceding 12 months and that had been acquired as a result of foreclosure or similar action?

No  Yes Have you directly or indirectly, borrowed from, loaned to, or become financially obligated with\* or on behalf of a director, employee or agent of Plains Land Bank, FLCA or a borrower or loan applicant of the association?



If Yes, state the name of the individual and describe the transaction:

\*For the purpose of this Reporting Form, “financially obligated with” means having a joint legally enforceable obligation with another person, being financially obligated on behalf of another person (contingently or otherwise, such as a guarantor,) having a legal obligation secured by the property of another person, or owning property that secures the obligation of another person.

No  Yes Have you acted as a real estate agent or broker other than for you, a member of your family, or a person residing in your household?

No  Yes Have you acted as an agent or broker in connection with the sale or placement of insurance, other than crop insurance or other insurance sold or placed on behalf of the Association in accordance with section 4.29 of the Act?

No  Yes Have you been involved in business relationships, transactions or activities (outside the ordinary course of business) with the association’s or the bank’s directors or employees, borrowers or applicants of Plains Land Bank, FLCA, or other persons transacting business with Plains Land Bank ,FLCA or the bank ?

If Yes, state the names of the individuals or entities involved and describe the relationships, transactions, or activities:

No  Yes Have you borrowed funds from the Association’s depository banks in an amount of \$50,000 or more? If yes, provide amount and terms of obligation.

No  Yes Do you hold or plan to run as a candidate for a political office? If yes, provide position, time required and compensation?

No  Yes Have you entered into, or do you plan to enter into any other transaction, relationship, or activity requires disclosure under FCA regulation or the Association’ Standards of Conduct Policy, Guidelines and Procedures:

If Yes, describe the transaction, relationship, or activity:

±

#### Regulation 620.6(a) General

Briefly describe your business experience in the last 5 years, including principal occupation and employment.

No change from last year’s annual report.

New information (if applicable):

Please name any other business interest where you served on the board of directors or as a senior officer. If applicable, name the position held and state the principal business in which the business is engaged.

None

\_\_\_\_Business:                      Position Held:                      Principal/Industry:

\_\_\_\_Business:                      Position Held:                      Principal/Industry:

Regulation 620.6(c) Compensation of Senior Officers

Please list any non-cash compensation provided to you by a third party for services rendered on behalf of the association.

\_\_\_\_None

\_\_\_\_Non-cash compensation (briefly describe):

Regulation 620.6(f) Involvement in Certain Legal Proceedings.

If applicable, describe any of the following events that occurred during the past 5 years and that are material to an evaluation of your ability or integrity to serve as a director:

\_\_\_\_No      Yes                      Has a petition under the Federal bankruptcy laws or any State insolvency law been filed by or against, or a receiver, fiscal agent, or similar officer appointed by a court for the

business or property of yours, or any partnership in which you were a general partner at or within 2 years before the time of such filing, or any corporation or business association of which you were a senior officer at or within 2 years before the time of such filing?

No  Yes Have you been convicted in a criminal proceeding or named party in a pending criminal proceeding (excluding traffic violations and other misdemeanors)?

No  Yes Are you subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, by any court of competent jurisdiction, permanently or temporarily enjoining or otherwise limiting you from engaging in any type of business practice?

Printed Name:

Title:

Signature:

Date:

**Action of Standard of Conduct Official:** Reviewed

Approved

Denied

Rational for action, conditions, limitations, termination periods, etc.

Comments:  Ordinary course of business  Not material in amount  Consumer purpose  
 Approval subject to senior officer's recusal from determinations affecting the loans or other transactions involving the identified individuals or entities.  
 Other

Date:

Standard of Conduct Official Signature:

**BOARD ACTION (if required):** Reviewed on \_\_\_\_\_ as reported in the board minutes of that date.  
Signature of Board Chairman:

**EMPLOYEE REPORTING FORM 2150**

**2016**

**PROCEDURES:**

**A. Use:** This form is to be used in those cases where disclosure or approval of activities, relationships or transactions as described in Section 612.2155 of the FCA regulations and the Standard of Conduct Policy, Guidelines, and Procedures is required.

**B. Timing of Disclosures:** Employees must make disclosures (1) annually and (2) when the employee becomes or plans to become involved in a relationship, transaction, or activity that is required to be reported under Section 612.2155 (b) or that could constitute a conflict of interest.

**C. Submission of Disclosure Form:** Disclosures by employees shall be submitted to the Standards of Conduct Official designated to receive disclosures and, in appropriate cases, then submitted to the CEO or the CEO's designee, or in the case of disclosure by the CEO, to the association's board of directors.

(If you answer Yes to any question, please include an explanation. Attach additional sheets if necessary.)

No  Yes Do you or any of your relatives\*, household members, business partners, or controlled entities \*\* have loans or other transactions with Plains Land Bank, FLCA or one of its borrowers?

If Yes, provide the name of the individual(s) or entity(ies):

\*For the purpose of this Reporting Form "relative" means your spouse, parents, siblings, children, mother-in-law, father-in-law, brothers-in-law, sisters-in-law, sons-in-law, and daughters-in-law, stepparent, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, uncle, aunt, nephew, niece, grandparent, grandson, granddaughter, and their spouses.

\*\*For the purpose of this Reporting Form, "controlled entity" means an entity (corporation, partnership, trust, etc.) that in which you, either individually or together with a family member, household member, business partner, or another controlled entity, either (i) own 5 percent or more of the entity, (ii) own, control or have the power to vote 5 percent or more of the voting stock, or (iii) have the power to control management of the entity.

No  Yes Do you serve as a board member of, or have a material financial interest\* in, any entity that transacts business with Plains Land Bank, FLCA or one of its borrowers?

If Yes, state the name and the nature of the business of that entity:

\*For the purpose of this Reporting Form, a "financial interest" means an interest involving receiving or providing something of monetary value or other present or deferred compensation..

No  Yes Do you serve as an officer or director, of (1) an entity that is not a Farm Credit institution and that transacts business with a Farm Credit Institution in the district, or (2) of a commercial bank, savings and loan or other non-system financial institution other than through your loan and/or insurance relationship with Plains Land Bank, FLCA?

If Yes, state the name of the entity and the nature of the transaction:

No  Yes Have you accepted any offer of gift, fee, other present or deferred compensation that could be viewed as being offered to influence official action or share of information?

No  Yes Have you knowingly acquired, except by inheritance, any interest in any real or personal property that was owned by the association within the preceding 12 months and that had been acquired as a result of foreclosure or similar action?

No  Yes Have you directly or indirectly, borrowed from, loaned to, or become financially obligated with\* or on behalf of a director, employee or agent of Plains Land Bank, FLCA or a borrower or loan applicant of the association?

If Yes, identify the individual and describe the transactions:

\*For the purpose of this Reporting Form, "financially obligated with" means having a joint legally enforceable obligation with another person, being financially obligated on behalf of another person (contingently or otherwise, such as a guarantor,) having a legal obligation secured by the property of another person, or owning property that secures the obligation of another person.

No  Yes Have you acted as a real estate agent or broker other than for you, a member of your family, or a person residing in your household?

No  Yes Have you acted as an agent or broker in connection with the sale or placement of insurance, other than crop insurance or other insurance sold or placed on behalf of the association in accordance with section 4.29 of the Act?

No  Yes Have you been involved in business relationships, transactions or activities (outside the ordinary course of business) with the association's or the bank's directors or employees, borrowers or applicants of Plains Land Bank, FLCA, or other persons transacting business with Plains Land Bank, FLCA of the bank ?

If Yes, state the name of the individuals or entities and describe the relationships, transactions, or activities:

No  Yes Have you borrowed funds from the Association's depository banks in an amount of \$50,000 or more? If yes, provide amount and terms of obligation.

No  Yes Do you hold or plan to run as a candidate for a political office? If yes, provide position, time required and compensation?

No  Yes Have you entered into, or do you plan to enter into any other transaction, relationship, or activity requires disclosure under FCA regulation or the Association' Standards of Conduct Policy, Guidelines and Procedures:

If Yes, describe the transaction, relationship, or activity:

Printed Name:

Title:

Signature:

Date:

**Action of Standard of Conduct Official:** Reviewed  
 Approved  
 Denied

Rational for action, conditions, limitations, termination periods, etc.

**Comments:**  Ordinary course of business  Not material in amount  Consumer purpose  
 Approval subject to employee's recusal from determinations affecting the loans or other transactions involving the identified individuals or entities.  
 Other

Date:

Standard of Conduct Official Signature:

**BOARD ACTION (if required):** Reviewed on \_\_\_\_\_ as reported in the board minutes of that date.  
Signature of Board Chairman:

**Plains Land Bank Code of Ethics  
for the Chief Executive Officer, Officers, and Other Designated Employees**

The Association and its directors, officers and employees have committed to conduct business in accordance with the highest ethical standards as set forth in the Standards of Conduct Policy, which is applicable to the directors, officers and employees relating to ethical conduct, conflicts of interest, and compliance with the law.

This Code of Ethics applies to the Chief Executive Officer, the Chief Administrative Officer, the Chief Credit Officer, the Chief Financial Officer, the Chief Information Officer, the General Counsel, Chief Audit Executive, all senior vice presidents and vice presidents, as well as the Operations Manager, Financial Reporting and Director, Financial Reporting/SOX Compliance. The Association is responsible for the preparation and distribution of its financial statements and related disclosures and for providing relevant information that is true, accurate and complete to the Funding Corporation for use in preparing the Farm Credit System financial statements and related disclosures. The Association expects all of its employees to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities, to comply with all applicable laws, rules and regulations, to deter wrongdoing and abide by its Standards of Conduct Policy and other policies and procedures adopted by the Association that govern the conduct of its employees. This Code of Ethics is intended to supplement the Association's Standards of Conduct Policy.

You agree to:

- a. Engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- b. Avoid conflicts of interest and disclose to the Association Standard of Conduct Official any material transaction or relationship that reasonably could be expected to give rise to a conflict.
- c. Take all reasonable measures to protect the confidentiality of non-public information about the Association and its customers obtained or created in connection with its activities and to prevent the unauthorized disclosure of this information unless required by applicable law or regulation or legal or regulatory process.
- d. Produce full, fair, accurate, timely and understandable disclosure in Association reports and documents filed with, or submitted to, the Farm Credit Administration, in relevant information provided to the Funding Corporation, and in other public communications made by the Association.
- e. Comply with applicable governmental laws, rules and regulations, as well as the rules and regulations of self-regulatory agreements to which the Association is a party.

You are prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate or mislead the Association's independent public accountant for the purpose of rendering the financial statements of the Association misleading.

You understand that you will be held accountable for adherence to the Code of Ethics. Your failure to observe the terms of this Code of Ethics may result in disciplinary action, up to and including termination of employment. Violations of the Code of Ethics may also constitute violations of law and may result in civil and criminal penalties for you, your supervisors or the Association.

**Please report any possible violation of this Code of Ethics to Lighthouse by:**

- English speaking USA and Canada: (855) 833-0003 (not available from Mexico)
- Website: [www.lighthouse-services.com/plainslandbank](http://www.lighthouse-services.com/plainslandbank)
- E-mail: [reports@lighthouse-services.com/plainslandbank](mailto:reports@lighthouse-services.com/plainslandbank) (must include company name with report)
- Fax alternative for written documents: 215-689-3885 (must include company name with report)

**Lighthouse is an independent provider of confidential communication systems and services.** Any individual contacting Lighthouse Up will remain anonymous when reporting any possible violation of this Code of Ethics.

### STANDARDS OF CONDUCT DISCLOSURE REQUIREMENTS

WHAT	WHO			WHEN	TO	FOR
	DR	SO	EE			
1. Conflicts of interest as defined in FCA Reg. §612.2130(b), or any relationship, transaction or activity that might violate §§612.2140 or 612.2150, or the bank's Standard of Conduct/Code of Ethics Manual (COCM).	Y	Y	Y	Promptly upon planning to become involved & annually if on-going	1. DR & CEO -first to SCO, then to board 2. EE - first to SCO, then CEO or designee	Approval
2. Borrowing from, lending to, or becoming financially obligated with directors, employees, agents, borrowers, or applicants of the bank or an affiliated association - §§612.2140(g) & 612.2150(h).	Y	Y	Y	Promptly upon planning to become involved & annually if on-going	1. DR & CEO -first to SCO, then to board 2. EE - first to SCO, then CEO or designee	Approval
3. Business relationships and transactions of \$5000 or less with directors, employees, borrowers, or applicants of, or other persons transacting business with, the bank or an affiliated association or OFI -§§612.2165(b)(3), COCM, Guidelines ¶¶ 220 & 300	Y	Y	Y	Promptly but no later than 10 days after entering transaction & annually if on-going	1. DR & CEO -first to SCO, then to board 2. EE - first to SCO, then CEO or designee	Review
4. Business relationships and transactions of more than \$5000 with directors, employees borrowers, or applicants of, or other persons transacting business with, the bank, or an affiliated association, or OFI - §§612.2165(b)(3), SOCM, Guidelines ¶¶220 & 300	Y	Y	Y	Promptly but prior to engaging in activity or transaction, & annually if on-going	1. DR & CEO -first to SCO, then to board 2. EE - first to SCO, then CEO or designee	Approval
5. Relationships with the bank's depository bank - \$50,000 – COCM, Guideline ¶¶220.2a, 300.	N	Y <sup>1</sup>	Y <sup>1</sup>	Promptly upon entering into relationship & annually if on-going	First to SCO, then to CEO with post-reporting to board	Review

<sup>1</sup> Applies only if officer or employee is identified by the CEO as having a position of influence over relationship with depository bank.



WHAT	WHO			WHEN	TO	FOR
	DR	SO	EE			
7. Related parties (i.e., any relative, person residing in the household, entities controlled by the director either alone or in concert with such persons) who transact business with the bank or an affiliated association, and directorships or material interests held in entities transacting business with the bank, an affiliated association, or borrowers of an affiliated association - §§612.2145(b), 612.2155(b)	Y	Y	Y	Annually	SCO	Review
8. Transactions (including loans) between the bank and an immediate family member or affiliated organization - §§620.1(a) &(e), 620.5(j)	Y	Y	N	Annually, as of fiscal year end	SCO	Review, to be coordinated with annual report
9. Involvement individually, as partner, or as senior officer of corporation in bankruptcy or similar proceedings, criminal convictions or proceeding other than misdemeanors, or injunctions against engaging in any business practice - §620.5(k)	Y	Y	N	Annually, as of fiscal year end	SCO	Review, to be coordinated with annual report
10. Devotion to duty, involvement in outside employment or other activities, COCM, Guideline ¶ 205	N	Y	Y	Annually, at the performance evaluation	Supervisor	Approval
11. Political activity -seeking elective office, Standards of Conduct Policy, ¶ Operating Parameters, COCM, Guideline ¶ 300 (3)	N	Y	Y	Promptly, upon planning to seek office	First to SCO, then SCO makes recommendation to board	Approval
12. Purchase of mortgaged property (except for livestock purchased at public sale) – COCM, Guidelines ¶¶220.3, 225.1	N	Y	Y	Promptly, upon planning purchase	SCO	Approval
13. Purchase of surplus property, COCM, Guidelines ¶¶ 220.3. 225.1	N	Y	Y	Promptly, upon planning purchase	SCO	Approval