

OP.204: Nondiscrimination in Lending and Related Services – AgCountry, FCSAmerica & Frontier

On 02-19-2025 the Board of Directors of AgCountry Farm Credit Services, ACA, sitting for itself and concurrently as the Board of Directors of its wholly owned subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA, (hereafter, collectively "AgCountry Board") adopted this policy; the Board of Directors of Farm Credit Services of America, ACA, sitting for itself and concurrently as the Board of Directors of its wholly owned subsidiaries, Farm Credit Services of America, FLCA and Farm Credit Services of America, PCA (hereafter, collectively "FCSAmerica Board") adopted this policy; and the Board of Directors of Frontier Farm Credit, ACA, sitting for itself and concurrently as the Board of Directors of its wholly owned subsidiaries, Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA (hereafter, collectively "Frontier Board") adopted this policy.

Objectives

The objective of this policy is to ensure that the Association's credit products, loan servicing, and Related Services are offered on an equal basis to all eligible and qualified Applicants and Customers.

The Association and its Employees are committed to serving the credit needs of all creditworthy Persons in the markets and communities the Association serves. In keeping with this commitment, every Employee and/or Third Party Service Provider involved in the credit granting process or loan servicing is required as a condition of their employment and/or doing business with the Association, to treat all Applicants and/or Customers in a fair and equitable manner. Additionally, the Association will also communicate this Nondiscrimination in Lending and Related Services policy to our Third Party Service Providers.

Source References

The policy sets out the Association Board's expectations for compliance with Farm Credit Administration ("FCA") Regulations §§626.6000 - 626.6030.

All other applicable notices, disclosures, rights, and protections will be made available to Applicants and Customers in compliance with applicable state and federal statutes and regulations, including but not limited to, the Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Real Estate Settlement Procedures Act, the Fair Housing Act, the Small Business Rule (1071), the Home Mortgage Disclosure Act, Section 5 – Federal Trade Commission (UDAP), Sections 1031 and 1036 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (UDAAP), and the Fair Credit Reporting Act.

Operating Parameters

Definitions

Following are the definitions of various terms used in this policy.

- **Agent:** Any Person, other than a Director or Employee, with the power to act for the Association either by contract or apparent authority and who currently either represents the Association in contacts with third parties or provides professional or fiduciary services to the Association.
- **Applicant:** Any Person that has made an Application for Extension of Credit, an Application for Restructuring or requested a Related Service from the Association, but has not yet entered into a loan, restructuring or service contract or other legal instrument with the Association.
- **Application for Extension of Credit:** A request for an extension of credit from the Association.
- **Application for Restructuring:** A written request:
 - from a Customer for the restructuring of a Distressed Loan in accordance with a preliminary restructuring plan proposed by the Customer;
 - submitted on the appropriate forms prescribed by the Association; and
 - accompanied by sufficient financial information and repayment projections, where appropriate, to support a sound credit decision.
- **Association:** AgCountry Farm Credit Services, ACA and its wholly owned subsidiaries (AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA), Farm Credit Services of America, ACA and its wholly owned subsidiaries (Farm Credit Services of America, FLCA and Farm Credit Services of America, PCA), or Frontier Farm Credit, ACA and its wholly owned subsidiaries (Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA).
- **Customer (or Member):** Any Person who has borrowed funds or received other services from the Association for which the Association receives interest, fees, or other compensation pursuant to a loan or lease agreement, contract, or other legal instrument.
- **Distressed Loan:** (a) a loan for which the Customer does not have the financial capacity, as determined by the Association or the System Institution through which the Association acquired its interest in the loan, to pay according to its terms; and (b) which exhibits one or more of the following characteristics:
 - the Customer is demonstrating adverse financial and repayment trends;
 - the loan is delinquent or past due under the terms of the loan documents; and/or
 - one or both of the factors in (a) and (b), which together with inadequate collateralization, present a high probability of loss to the Association.
- **Employee:** Any full-time, part-time, or temporary employee of the Association.
- **Entity (Entities or Legal Entity):** A corporation, company, association, firm, joint venture, general or limited partnership, limited liability

partnership, limited liability limited partnership, limited liability company, society, joint stock company, trust (business or otherwise), fund, or other organization or institution, whether de jure or de facto, no matter how denominated except System Institutions.

- **Person:** An individual or an Entity.
- **Related Service:** Financially related services authorized by the Farm Credit Administration ("FCA") such as crop insurance, appraisal, tax preparation, payroll, or succession and retirement planning that may be offered by an Association on an optional basis to Persons who are eligible to borrow. A lending relationship is not required to obtain such services.
- **System Institution:** Any bank, association or service corporation chartered under the Farm Credit Act ("Act"), the Federal Farm Credit Banks Funding Corporation, and any other entity statutorily designated from time to time as a System Institution and regulated by the FCA. It does not apply to the Federal Agricultural Mortgage Corporation.
- **Third Party Service Provider:** Any Person providing goods or services to the Association for a price pursuant to an agreement or contract, but who is not under the direct control of the Association and does not otherwise qualify as a Director or Employee. This term may include a Person (e.g., Agents) with access to confidential or sensitive information or who has an ongoing relationship with the Association. The following are examples of Third-Party Service Providers: Agents, information technology service providers, real estate appraisers, attorneys, and accountants.

Nondiscrimination

The Association will make credit or other financing, and Related Services available to any qualified Person who is eligible under the Farm Credit Act of 1971, as amended ("Act"), without regard to race, color, religion, sex, sexual orientation, gender identity, handicap, marital status, familial status, national origin, age (provided the Person has the capacity to enter into contracts), the fact that any part of the Person's income is derived from a public assistance program, or the fact that the Person has in good faith exercised any right under any bankruptcy laws or any consumer protection law.

Types of Lending Discrimination:

Overt Discrimination: Overt discrimination occurs when a lender openly discriminates on a prohibited basis. Discrimination occurs even when a lender expresses but does not act on discriminatory preference.

Disparate Impact: Disparate impact occurs when a lender applies a facially neutral policy or practice to all credit Applicants, but the policy or practice disproportionately excludes or burdens certain Persons on a prohibited basis under fair lending laws and regulations. Evidence of discriminatory intent is not necessary to establish that a lender's adoption or implementation of a policy or practice has disparate impact that violates fair lending laws and regulations.

Disparate Treatment: Disparate treatment occurs when a lender treats a credit Applicant differently based on one of the prohibited bases under fair lending laws and regulations. It does not require demonstration that the treatment was motivated by prejudice or a conscious intention to discriminate against a Person beyond the difference in treatment itself.

The Association will not use the foregoing factors as the basis to:

- discriminate in making credit, leasing, or other financial assistance available nor vary or modify the terms or conditions of such transaction;
- discriminate in fixing the amount, interest rate, duration or other terms and conditions of any loan, lease, other financing, or Related Service;
- discourage or refuse to allow, receive, or consider any Application for Extension of Credit, Application for Restructuring, request for credit review or any other request or inquiry regarding an eligible loan, lease, other financing, or Related Service or otherwise discriminate in imposing conditions upon, or in processing, any such application, request, or inquiry; or
- discriminate against any Person when conducting, using, or relying upon an appraisal or any collateral evaluation.

Advertising

In conducting any form of advertising, directly or through Third Party Service Providers, the Association shall not use any words, phrases, symbols, directions, forms, or models which express, imply, or suggest a policy of discrimination or exclusion in violation of the provisions of the Fair Housing Act, the Equal Credit Opportunity Act, the regulations of the Department of Housing and Urban Development, or the Federal Reserve System.

Disclosures to Applicants and Customers

The Association will post and maintain in the lobby of each of its offices that are open to the public or otherwise accessible by Applicants or Customers an Equal Housing Lender Poster in the form and content approved by the FCA including instructions for Applicants or Customers to report a complaint concerning discrimination in lending or Related Services as outlined in FCA Regulation §626.6025. The poster will be placed in a prominent place readily apparent to all individuals seeking loans, leases, other financing, or a Related Service.

Delegated Authorities

Association leadership is hereby delegated authority to:

- develop, implement, and oversee fair lending practices;
- develop and implement standards, procedures, and guidelines (including appropriate training) in compliance with this policy;
- monitor and evaluate compliance with this policy; and
- take appropriate action to correct deviations from this policy.

The Association Board reserves the right to:

- revise or withdraw delegated authorities at any time; and

- develop, amend, or repeal this policy at any time.

Internal Controls

Association leadership will develop and implement appropriate internal control procedures to monitor compliance with this policy. These internal controls will provide reasonable assurance that policy requirements are met, deviations from policy requirements are detected, exceptions are identified and reported, and corrective actions are taken to restore compliance.

Reporting Requirements

To the greatest extent possible, policy reporting shall be completed through joint meetings of the Association Boards, joint meetings of the Association Board Committees (Audit, Business Risk, Governance or Human Capital) or the Joint Executive Committee of the Association Boards.

Association leadership will cooperate with the investigation by the agencies outlined in FCA Regulation §626.6030 into any complaint by an Applicant or Customer concerning an act or alleged act of discrimination in violation of FCA regulations or this policy.

All matters relating to the investigation and resolution of any complaint concerning an act or alleged act of discrimination will promptly be reported to the Association Board and the Farm Credit Bank or Agricultural Credit Bank having primary supervisory responsibility for the Association, as well as the FCA Office of Congressional and Public Affairs and/or the Assistant Secretary for Fair Housing and Equal Opportunity, United States Department of Housing and Urban Development. Thereafter, quarterly reports will be made to the Association Board until the matter is resolved.

At least quarterly, a report regarding Nondiscrimination in Lending and Related Services compliance issues identified, outstanding, or resolved by internal review bodies and/or the FCA will be provided to Association leadership and the Association Board.

Exception Procedures

All exceptions granted by Association leadership under this policy and all unauthorized exceptions to this policy identified by Association leadership must be promptly reported to the Association Board. Such reports will be made at the next regularly scheduled meeting of the Association Board unless:

- the exceptions result in risk or cost to the Association that warrants immediate reporting; or
- the granting or discovery of the exception does not permit enough time to reasonably prepare reports before the meeting and the cost and risk to the Association warrants delay until the next scheduled meeting.