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SRC Insights

Federal Reserve Bank of Philadelphia

Primary Credit and Operating Circular 10

by Gail L. Todd, Manager

Three years ago—on January 9, 2003—the Federal Reserve implemented two new discount window facilities, the primary and secondary credit programs, replacing the old adjustment and extended credit programs.[1] These programs provide discount window loans at rates above the usually-prevailing market rates for overnight interbank loans. The change to an above-market rate and accompanying changes in eligibility requirements make it possible to minimize administration of discount window lending. For instance, under the primary credit program, requests for overnight loans by depository institutions in sound financial condition normally are approved on a "no-questions-asked" basis. Collateral requirements remain in place; every discount window loan must be secured to the satisfaction of the Reserve Bank extending the loan.[2]

The 2003 changes to the discount window credit programs did not imply any change in the stance of monetary policy as measured by the Federal Open Market Committee's (FOMC) target for the federal funds rate. Rather, the revisions aimed to make the discount window a more effective monetary

[1] The Board of Governors approved these and related technical changes by revising *Regulation A, Extensions of Credit by Federal Reserve Banks* on October 31, 2002. It is available on the Board of Governors' website at <www.federalreserve.gov/regulations/default.htm>.

[2] Federal Reserve Banks accept a wide range of assets as collateral to secure a discount window loan. See the article by Kimberly R. Caruso (O'Grady), "A Behind the Scenes Look at How the Fed Values Collateral," in the fourth quarter 2001 issue of *SRC Insights*, available online at <www.philadelphiafed.org/src/srcinsights/srcinsights/4th01.pdf>.

continued on page 9

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Supervision Spotlight

Talent Management

by Michael E. Collins, Senior Vice President

The modern economy places an enormous premium on brain power. The proportion of American workers doing jobs that require complex skills is growing faster than employment in general. What does this mean to the banking industry? A recurring theme I've heard from members of banking organizations recently is that it is difficult to attract and retain individuals with the right skills and depth of experience. The pool of qualified loan officers, in particular, appears to be shrinking, and banks are finding it difficult to attract and retain qualified staff who have experienced a full business cycle. The most desirable staff are often those who learned their trade through the now-defunct training programs that many large banking organizations routinely provided in the past. Those training programs, while they produced highly skilled staff, cannot be supported in a hypercompetitive banking environment where worker loyalty is a rare commodity. Highly qualified loan officers will continue to become harder to find and retain as they approach retirement age; their scarcity makes them even more desirable.

The banking industry is not alone in the challenges it faces. In the U.S., the first members of the baby boom generation will turn 62 beginning in 2008. As this generation hits retirement age, companies will feel the impact as they lose large numbers of highly skilled and experienced workers relatively quickly. This is critical to the banking industry, which is dealing with a rapidly evolving business model that encompasses global markets and increasing complexity. Banking executives recognize that their employees are a vital ingredient for remaining competitive and driving the innovation they need to succeed in this environment. In the last three issues of the *Grant Thornton Annual Survey of Bank Executives*, 95 percent of respondents identified "retaining key employees" as important to their organizations' continued success. And in the 2006 survey, over one-third of the respondents indicated that it was difficult for them to attract and retain key employees.

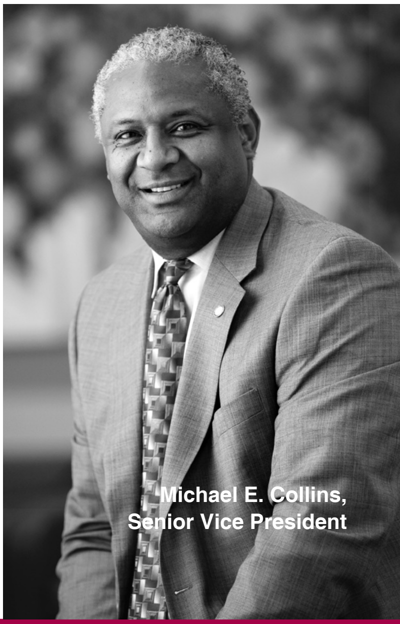
Many banking organizations are asking themselves how to fill critical positions from a declining talent base and what skills they need to compete successfully in a global marketplace. For many banking organizations, the concept of talent management has emerged as a way to respond to these questions in a rapidly changing environment. There are many definitions for talent management, but essentially it involves creating the conditions that allow companies to identify and develop individuals with the ability and potential to create shareholder value in line with an organization's current and future business goals. According to DDI, a consulting company that develops talent management strategies, it also encompasses closing "…the gap between the human capital an organization currently has and the leadership talent it will eventually need to respond to tomorrow's business challenges."[1]

Talent management encourages an organization to engage in workforce planning, which involves thinking carefully about the skills it needs in the near-term and for future growth, and it provides a framework for doing so. Organizations concerned about growth, for instance, might develop an inventory of their current skills to compare against future needs and begin to fill gaps by encouraging workers to acquire the relevant skills. A talent management program might also promote more imaginative ways to reward and retain talent. Competitive compensation is an essential component of any organization's employment strategy, but there are other important incentives that organizations may overlook. A study performed by The Conference Board, a business research organization, revealed that employees are more interested in challenging and interesting work that provides growth opportunities than in money (money ranked eighth in importance in the study).[2] And research on the youngest generation now entering the work force, generation "Y," indicates that they want to be engaged in meaningful work, and they expect their leaders to be mentors who will help them grow and develop.[3]

Competitive compensation is an essential component of any organization's employment strategy, but there are other important incentives that organizations may overlook.

Also appearing high on workers' wish lists is the desire to interact with others in positive ways. Deloitte, a consulting company, reports that negative workplace relationships are often a deciding factor in determining whether workers stay or leave a company. A toxic work atmosphere hinders productivity, increases turnover, and dampens morale. Organizations that practice talent management understand that to attract and retain the most talented people, they not only need to offer them work that will give them the skills needed to boost their long-term employability, but also must create the congenial workplace conditions in which they can thrive.

As the banking industry prepares for a potential downturn in the credit cycle and struggles with a challenging interest rate environment and the demands of regulatory compliance, banking organizations must tap all of their resources for the ideas and innovations that will lead to the new services and products needed to support their bottom line. The source of those ideas—the best and brightest talent—may provide the competitive edge that will ensure an organization's continued success. ☐


Michael E. Collins, Senior Vice President

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[1] *The CEO's Guide to: Talent Management, Building a Global Leadership Pipeline*, Development Dimensions International (DDI), 2006, available online at <www.ddiworld.com/talentmanagement/default.asp>.

[2] "HR Executive Review: Implementing the New Employment Compact," *The Conference Board*, 1997.

[3] "It's 2008, Do You Know Where Your Talent Is?" Deloitte Research, 2004, available online at <www.deloitte.com/dtt/cda/doc/content/US_Consulting_TalentMgmtPOV_Rev_2_21_06.pdf>.

Environmental Liability and the Implications for Financial Institutions

by Ivy M. Washington, Examiner

Environmental contamination and the related liability can have a significant impact on the value of real estate held by a financial institution as collateral. Of particular concern are situations when an institution is either held directly liable for court-ordered cleanups of hazardous substance contamination or when either collateral value declines or a borrower cannot meet debt obligations after funding contamination cleanups, thereby hindering an institution from collecting on loans. Because environmental liability can affect a substantial number of loans to borrowers who reside in different industries and localities, it is important for institutions to understand the nature of any environmental liability associated with hazardous substance contamination and to take the necessary prudential actions to identify, measure, monitor, and control the risk.

This article provides an overview of environmental contamination legislation and recently issued final implementing rules, and it explains how these final rules will impact financial institutions and what measures institutions should take to reduce their credit risk exposure.

Overview of Environmental Protection Agency Guidelines

In 1980, Congress enacted the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), more commonly known as Superfund, in response to increasing concerns over the improper handling and disposal of hazardous materials.[1] The act created an avenue for federal authority to tax chemical and petroleum industries and provided a broad federal authority to directly respond to releases or potential releases of hazardous substances on the general public. Fundamentally, CERCLA:

- Established prohibitions and requirements concerning closed and abandoned hazardous waste sites
- Provided for liability of persons responsible for the release of hazardous waste at these sites
- Implemented a trust fund to provide for a proper cleanup when no responsible party can be identified

In 2002, amendments to CERCLA were made with the Small Business Liability Relief and Brownfields Revitalization Act (Brownfields).[2] This act clarified CERCLA liability provisions for certain landowners and established additional protections relative to

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[1] Details of the Comprehensive Environmental Response, Compensation and Liability Act are available online at <www.epa.gov/superfund/action/law/cercla.htm>.

[2] Details of the Small Business Liability Relief and Brownfields Revitalization Act are available online at <www.epa.gov/brownfields/sblrbra.htm>.

cleanup liability for landowners who qualify as contiguous property owners, bona fide prospective purchasers, or innocent landowners. To meet the statutory requirements for any of these landowner liability protections established by Brownfields, landowners must meet certain threshold requirements and comply with certain ongoing obligations.

Brownfields also required the EPA to develop implementing regulations, including a definition of the activities that constitute an all appropriate inquiry (AAI), a term used to describe the environmental due diligence standards and practices needed to qualify for any of the landowner liability protections.

An AAI must be performed on or before the date on which the property was purchased to qualify for liability protection. An interim rule implementing Brownfields was issued, which included a list of criteria for establishing standards and practices for conducting AAIs, and the final rule was published in November 2005 and became effective on November 1, 2006.

An AAI must be performed on or before the date on which the property was purchased to qualify for liability protection.

The final rule is not significantly different from the interim standards, and while the interim rule laid the groundwork for ASTM International (ASTM) to revise its standard for the Phase I environmental site assessment process, the final rule does the following:

- Details the level of effort necessary for claiming liability protection under federal law
- Provides a clearer definition of environmental professionals and the level of involvement required
- Mandates interviews with prior owners and neighbors of abandoned properties when the property owner cannot be located
- Expands the records search requirements to include a title search
- Increases the requirements of the environmental professional in evaluating, inspecting, and documenting key attributes or special knowledge that may affect the property

Implications for Financial Institutions

Knowledge of environmental conditions, whether or not environmental contamination is present, or a claim of a lack of knowledge of previous contamination can be contributing risk factors that an institution should consider in granting a loan or in making a real estate purchase. Brownfields represents a significant change in environmental law and places a much heavier burden on a prospective property purchaser and lenders to put forth a claim for landowner liability protection.

While financial institutions are not legally obligated to perform more stringent AAI reports under the final rule, conducting an AAI investigation will allow financial institutions to gain more insight on the property held as collateral and any related environmental concerns. The potentially adverse effect environmental contamination can have on the value of real estate property should be factored into all evaluations involving real estate transactions and loans secured by real estate.

As part of the institution's environmental risk analysis of a particular loan extension, the institution should determine whether it is appropriate to require the borrower to perform an environmental evaluation that meets the AAI standards and practices contained in the final rule. It should be noted that many financial institutions also sell commercial mortgages on secondary markets, for which stricter environmental assessments may be required.

Financial institutions should establish adequate safeguards and controls to mitigate any risk exposure to environmental liability. Implementing and maintain-

continued on page 8

Is a Leverage Strategy a Good Strategy for a Bank?

by Avi Peled, Manager

Occasionally, there is information in the banking press concerning losses or significant reductions in earnings related to failed leverage strategies. Examiners sometimes become aware of such losses even if they don't make the financial press. Given the pressure to constantly improve the bottom line, often in times of strong loan competition, some banks implement leverage strategies as a way to achieve their earnings goals.

A leverage program is designed to enhance earnings by utilizing wholesale funding to purchase earning assets. Some banks, particularly community banks, which hold significantly more capital than required by regulations, may choose to increase the leverage of their capital by increasing earning assets and liabilities. By maintaining the same equity levels, this increase in earning assets should result in improved returns on equity. Nevertheless, this strategy does not always yield favorable results.

Types of Leverage Strategies

The main risk related to a leverage strategy is interest rate risk (IRR), which may impact earnings and capital. There are several types of leverage strategies, some more risky than others. A fixed-spread type of leverage strategy normally poses the lowest level of risk to the institution. Under this strategy, a bank obtains wholesale funding that matures on a specific date, which it matches with an earning asset, such as a loan or a debt security, whose maturity and cash flow frequency match or are very similar. The advance contains no call options, and the earning asset has no call or prepayment provisions. If the advance and earning asset have fixed rates, then a spread is locked in. If the advance and security have floating rates, which are tied to the same index or very strongly correlated indices on matching points on yield curves, then, again, a relatively fixed spread can be locked in. Given the low level of IRR in these types of strategies, the spread is normally limited.

Nevertheless, to increase the spread on leverage strategies, bank management often enters into strategies which involve optionality. A popular investment vehicle for leverage strategies has been mortgage-backed securities (MBS). While credit risk on these instruments is relatively minimal, especially those with GSE guarantees, IRR can be significant. Because of the prepayment option embedded in these investments, when interest rates decline, the prepayment speeds on MBS accelerate, requiring banks to reinvest funds at the prevailing lower market rates. If the bank funded a large portion of these MBS investments with fixed-rate advances, the spread on the leverage strategy will narrow or become negative.

Banks frequently fund leverage strategies with advances from the FHLB. When there is optionality in a leverage strategy, the risk to the bank is increased. For instance, if investment purchases are funded with floating rate or convertible FHLB advances, rising interest rates can have a negative impact on leverage transactions spreads. A convertible advance gives the FHLB the option to convert a fixed-rate advance to a floating rate. If the bank utilized this advance to fund the purchase of a fixed-rate longer-term security, the spread on the transaction will decline and possibly become negative. A leverage strategy that involves optionality on either one or both sides of the balance sheet only maintains its profitable spread if interest rate volatility is minimal over the life of the transactions; the risk associated with this strategy increases with the length of time it is in place.

Can a Leverage Strategy Be Profitable?

The goal of a leverage strategy is to augment earnings, particularly ROE. So the question is: have leverage strategies been profitable for banks over time? Overall, many banks have profited from these strategies, but others have experienced unfavorable impacts to earnings and capital due to these strategies. The banks that have profited are those that fully understand the risks involved and properly monitor and control the strategy to mitigate these risks. Banks that have experienced losses as a result of having to unwind an unsuccessful strategy are those that may not have had a full understanding of the risks involved and/or may not have implemented the proper monitoring and control mechanisms. Also, some banks that profited from a conservative strategy of limited size and duration have expanded these strategies in an attempt to further bolster their bottom line. Unfortunately, growth in a leverage strategy without proper forethought and the implementation of further control mechanisms has proven detrimental to many institutions.

Before entering into a leverage strategy, the board of directors and bank management need to consider the effects that this strategy will have on the bank's capital, liquidity, and IRR profiles. Some of the effects to be considered include:

- The impact on capital levels
- The effects on liquidity due to the increased levels of wholesale borrowings, including the remaining level of unencumbered collateral
- The ability to maintain sufficient borrowing capacity at the FHLB to cover unexpected liquidity demands
- The amount of additional IRR to be added to the balance sheet

Once the decision is made to implement the strategy, ongoing monitoring is necessary. It is important to identify all potential risks and be able to measure the possible effects on earnings and capital. Changes in the level or shape of the yield curve should be incorporated into these analyses. Additionally, stress tests should be performed to measure the effects under worst-case scenarios. Limits and contingency plans should be established. When limits are crossed, corrective actions, which may include the reduction or elimination of the leverage strategy, should be implemented.

Regulatory Guidance

On April 5, 2001, the staff of the Board of Governors issued SR 01-8, *Supervisory Guidance on Complex Wholesale Borrowings*.[1] We recommend that bank boards and management that are considering or are already involved in a leverage strategy, particularly those which include embedded options, carefully read and consider this supervisory letter. As with all significant risks, the supervisory letter emphasizes the need for the bank's risk management systems to identify, measure, monitor, and control risks stemming from complex wholesale borrowings.

This SR letter emphasizes the importance of performing stress tests. According to the letter, these stress tests "should cover a reasonable range of contractual triggers and external events, such as interest rate changes that may result in the exercise of embedded options or the bank's termination of the agreement, which may entail prepayment penalties. In general, stress test results should depict the potential impact of these variables on the individual borrowing facility, as well as the overall earnings and liquidity position of the bank."

While bank boards and management may find that a leverage strategy is useful for their institution, they should make sure that it is executed in a prudent manner to ensure that it does not pose a significant risk to earnings or the value of the institution. Using wholesale borrowings to increase revenue can be a successful strategy as long as the size and complexity of the strategy are limited by the institution's ability to safely execute the strategy and to institute the proper controls. Finally, it is important to recognize when a leverage strategy has gone wrong and to implement corrective actions immediately. □

1 SR Letter 01-08, *Supervisory Guidance on Complex Wholesale Borrowings*, is available on the Board of Governors' website at <www.federalreserve.gov/boarddocs/srletters/2001/sr0108.htm>.

Environmental Liability and the Implications for Financial Institutions *...continued from page 5*

ing an environmental risk program that evaluates the aforementioned adverse effects can serve as an effective risk mitigation tool. It is important for institutions to investigate and monitor any environmental risks and potential liabilities that exist for real estate held as collateral or transferred, as in a foreclosure. The key in analyzing and addressing these concerns is to recognize and understand the different relationships, including compliance obligations, that an institution may have in connection with real estate. For example, financial institutions may incur environmental liabilities such as:

- Lenders originating and holding mortgages or other security interests in real property, inventory, or equipment
- Fiduciaries holding properties for beneficiaries
- Direct owners of operating or investment properties

To supplement an institution's ongoing credit monitoring process, an AAI should be conducted to determine and ensure that real estate taken as collateral is not contaminated, particularly when an institution is taking titles to these properties or when it is making foreclosure decisions.

Elements of an Environmental Risk Program

Institutions are encouraged to become familiar with the Brownfields amendments and to incorporate an environmental risk program into their overall risk management processes, commensurate with the institution's size, complexity, risk profile, and operations. In addition to establishing clear and comprehensive procedures, an effective environmental risk program could incorporate the following:

Institutions are encouraged to become familiar with the Brownfields amendments and to incorporate an environmental risk program into their overall risk management processes.

- Provide for staff training to ensure that appropriate personnel are knowledgeable and have the experience necessary to determine and evaluate environmental circumstances
- Implement appropriate environmental policies, manuals, and documented procedures to address environmental issues related to the institution's specific lending activities
- Establish environmental review standards that allow for an appropriate analysis of loan applications to avoid substantial losses or liability as a result of environmental contamination
- Monitor the borrower and the property pledged as collateral regularly for potential environmental concerns
- Perform a detailed, structured environmental risk assessment when an application, interview, or visitation identifies a possible environmental risk concern
- Employ stringent loan documentation standards to safeguard the institution against environmental losses and liabilities
- Engage an environmental professional who is certified and licensed to conduct AAI environmental site assessments and related inquiries.

Keep in mind that individuals involved in real estate or corporate real estate transactions should have a comprehensive understanding of the 2005 ASTM standard requirements, as transactions of this nature must follow 2005 ASTM or AAI standards in order to be eligible for liability defense under CERCLA and similar state laws and regulations.[3]

Other Regulatory Considerations
Under CERCLA and other state statutes, institutions may be permitted an exemption from environmental liability if it is determined that they only hold a security interest in the real estate property taken as collateral. When monitoring a loan for potential environmental concerns, an institution should evaluate whether its actions constitute a participation in managing the business that is located on the property. If the institution's actions are considered a participation in management, then the institution may lose its exemption from liability under CERCLA and similar state regulations.

Exposure to environmental liability can potentially undermine an institution's lending program, prospectively causing significant financial losses and legal liabilities. The board of directors is ultimately responsible for reviewing, approving, and adopting policies and procedures that include an environmental risk program. To that end, senior management should appropriately implement these policies and procedures and ensure that lending practices comply with bank and regulatory guidance

If you have questions on matters related to environmental contamination guidance in general or to recent CERCLA revisions, please contact your primary regulatory agency. For those institutions supervised by the Federal Reserve Bank of Philadelphia, please contact Ivy M. Washington (ivy.washington@phil.frb.org) at (215) 574-6642. □

[3] More information on the 2005 ASTM International environmental site assessment standards can be found online at <www.astm.org>.

Primary Credit and Operating Circular 10 *...continued from page 1*

policy tool by making discount window credit more readily available and by increasing depository institutions' willingness to borrow from the discount window when money markets tighten.

Primary Credit Program
Primary credit serves as the principal safety valve to ensure adequate liquidity in the banking system. Primary credit is currently priced 100 basis points above the FOMC's target for the federal funds rate and is available as a backup source of funds to depository institutions that are considered sound by Federal Reserve Banks. Eligibility is determined largely by the institution's supervisory examination rating and capital status; supplementary information, such as public debt ratings, other market information, and periodic input from examiners, may also be considered. Generally, institutions with a composite CAMELS rating of 1, 2, or 3 that are at least adequately capitalized are eligible for primary credit, unless supplementary information indicates that their condition is not generally sound.[3]

Primary credit is extended on a very short-term basis, typically overnight, to eligible institutions with a "no-questions-asked" approach. Primary credit may also be extended for up to two weeks to smaller institutions in sound financial condition that cannot obtain temporary funds in the market at reasonable terms. Institutions need not seek alternative sources of funds before requesting occasional short-term advances from the primary credit program. There is no prohibition against using primary credit to fund sales of federal funds. Except in unusual circumstances, depository institutions will not be questioned about the reason for obtaining primary credit.

Secondary Credit Program

Depository institutions that are ineligible for primary credit may be able to obtain discount window credit through the secondary credit program. The secondary credit rate is 50 basis points above the primary credit rate and has a higher level of Reserve Bank administration and oversight than primary credit.

Secondary credit is extended to institutions primarily to assist in their timely return to a reliance on market funding. Secondary credit may also be extended to assist in the orderly resolution of a troubled institution. Section 201.3(d) in Regulation A provides that an institution cannot receive secondary credit as the medium or agent of another depository institution except with the permission of the Federal Reserve Bank extending the credit. In other words, the Federal Reserve expects a borrower of secondary credit to use the funds to help resolve its own financial difficulties.

Impact of Primary and Secondary Credit Programs

With discount rates above usually prevailing market levels, there is less need for Reserve Banks to administer discount window loans—especially primary credit loans to financially healthy institutions. The Federal Reserve expects that reduced administration can help eliminate the "stigma"—real or perceived—associated with discount window borrowing. With a "no-questions-asked" approach and no restrictions on the use of funds obtained through the primary credit program, the Federal Reserve expects that financially sound institutions will use the discount window as a backup source of funds more readily than in the past. In particular, institutions should be more willing to use the window when money markets tighten, thereby limiting the volatility of the federal funds rate. In other words, the primary credit rate facilitates the implementation of monetary policy by creating a "cap" and limiting temporary upward "spikes" in the federal funds rate.

Since the implementation of primary credit, there has been an increase in the level of activity at the discount window. The "no-questions asked" approach to lending to financially sound institutions may have reduced some of the stigma associated with the previous credit programs. In addition, throughout the Federal Reserve System, a few institutions have accessed primary credit specifically when the federal funds rate has experienced a temporary upward spike.

Since the implementation of primary credit, there has been an increase in the level of activity at the discount window.

In July 2003, the Federal Reserve issued a joint press release with the other federal regulatory agencies to provide guidance on the appropriate use of primary credit in a depository institution's liquidity and contingency planning.[4] The guidance states that primary credit provides an additional source of backup funds for managing short-term liquidity risks and can expand the source of contingency funding.

Operating Circular No. 10

In order for your institution to use primary credit, the necessary documentation and collateral arrangements must be in place. Required documentation is found in Operating Circular No. 10 (OC-10). OC-10 establishes the conditions under which depository institutions can access primary credit and pledge collateral to the Reserve Bank.

On October 15, 2006, the Federal Reserve Banks revised OC-10, replacing the version effective in

[3] A similar approach using the SOSA, ROCA, and combined ROCA ratings determines foreign banking organizations' eligibility.

Primary vs. Secondary Credit at a Glance		
Feature	**Primary Credit**	**Secondary Credit**
Rate	Currently 100 basis points above the FOMC's target for the federal funds rate.	Primary credit rate plus 50 basis points.
Term	Short-term, usually overnight, but can also be extended—ordinarily to very small institutions—for up to a few weeks if such credit cannot be otherwise obtained in the market on reasonable terms.	Short-term, usually overnight. Can be extended for a longer term if such credit would facilitate a timely return to reliance on market funding or an orderly resolution of a failing institution, subject to statutory requirements (FDICIA restrictions).
Eligibility	Depository institutions in generally sound financial condition; generally same as eligibility for daylight credit.	Depository institutions that do not qualify for primary credit.
Use	Generally no restrictions. May be used to fund sales of federal funds.	As a backup source of funding on a very short-term basis or to facilitate an orderly resolution of serious financial difficulties.
Administration	Ordinarily no questions asked.	Reserve Banks will collect information necessary to confirm that borrowing is consistent with regulatory requirements.

January 1998. The revisions made to OC-10 reflect changes in secured lending law incorporated in Article 9 of the Uniform Commercial Code and amendments to Regulation A. The circular also incorporates the increased importance of contingency planning and flexibility in contingencies.

All Third District depository institutions with borrowing documentation on file with the Federal Reserve Bank of Philadelphia received a letter in October 2006, in which they were asked to re-implement the agreements in OC-10. Institutions were requested to complete three documents: 1) Letter of Agreement to OC-10, 2) Authorizing Resolution of Borrowers, and 3) Form of Certificate. Subsequent to the mailing, Reserve Bank discount window staff called all institutions to offer guidance in completing the documents. Discount window staff are currently working with over 190 institutions to assist them in properly completing these agreements.

[4] The Interagency Guidance, *The Use of the Federal Reserve's Primary Credit Program in Effective Liquidity Management*, is available on the Board of Governors' website at: <www.federalreserve.gov/boarddocs/press/bcreg/2003/20030723/default.htm>.

Contacts and More Information

Third District institutions that would like to request a discount window loan should use our toll-free number: 1-800-372-2011. In addition, institutions with any questions about the primary and secondary credit programs should feel free to contact Vice President and Discount Officer Vish Viswanathan at Vish.Viswanathan@phil.frb.org or (215) 574-6403 or Manager Gail Todd at Gail.Todd@phil.frb.org or (215) 574-3886. Depository institutions that do not currently have borrowing agreements on file with the Federal Reserve may want to contact us to discuss their eligibility to use the discount window or collateral requirements and to complete the required agreements.

Please visit the Federal Reserve System's discount window website at www.frbdiscountwindow.org for additional information about the primary and secondary lending programs, as well as the revisions to OC-10. ☐

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