§ 614.4710  
the amount of a draft drawn on a foreign party against which the bank may advance funds. The banks shall take into consideration the following factors:

(1) The reputation and financial strength of the foreign importer.
(2) The reputation and payment record of the class of importers in the same country as the subject importer in regard to prompt payment of drafts drawn upon them.
(3) The quality of the supporting documents offered with the draft.
(4) The degree of ease with which necessary foreign exchange conversion can be made, or the extent to which foreign currency exposure may be hedged by forward or future contracts.
(5) The reputation and financial strength of the exporter.

§ 614.4720  Letters of credit.

Banks for cooperatives and agricultural credit banks, under policies adopted by their boards of directors, may issue, advise, or confirm import or export letters of credit in accordance with the Uniform Commercial Code, or the Uniform Customs and Practice for Documentary Credits, to or on behalf of its customers. In addition, as a matter of sound banking practice, letters of credit shall be issued in conformity with the list which follows:

(a) Each letter of credit shall be in writing and shall conspicuously state that it is a letter of credit, or be conspicuously entitled as such.
(b) The letter of credit shall contain a specified expiration date or be for a definite term.
(c) The letter of credit shall contain a sum certain.
(d) The bank’s obligation to pay should arise only upon fulfilling the terms and conditions as specified in the letter of credit. The bank must not be called upon to determine questions of fact or law at issue between the account party and the beneficiary.
(e) The bank’s customer should have an unqualified obligation to reimburse the bank for payments made under the letter of credit.
(f) All letters of credit shall be irrevocable.

§ 614.4800  Guarantees and contracts of suretyship.

A bank for cooperatives or an agricultural credit bank, under a policy approved by the bank’s board of directors, may lend its credit, be itself a surety to indemnify another, or otherwise become a guarantor if an eligible cooperative substantially benefits from the performance of the transaction involved. A bank may guarantee the debt of eligible cooperatives and foreign parties or otherwise agree to make payments on the occurrence of readily ascertainable events if the guarantee or agreement specifies a maximum monetary liability. Guarantees may be secured or unsecured, and can include, but are not limited to, such events as nonpayment of taxes, rentals, customs duties, costs of transport, and loss of or nonconformance of shipping documents. The bank’s customer shall have an unqualified obligation to reimburse