

Farm Credit Administration

§ 620.1

620.21 Contents of the information statement and other information to be furnished in connection with the annual meeting.

Subpart F—Bank Director Disclosure Requirements

620.30 Disclosure statement for bank director candidates.

620.31 Contents of disclosure statements.

Subpart G—Annual Report of Condition of the Federal Agricultural Mortgage Corporation

620.40 Content, timing, and distribution of Federal Agricultural Mortgage Corporation's annual report of condition.

AUTHORITY: Secs. 5.17, 5.19, 8.11 of the Farm Credit Act (12 U.S.C. 2252, 2254, 2279aa-11) sec. 424 of Pub. L. 100-233, 101 Stat. 1568, 1656.

Subpart A—General

§ 620.1 Definitions.

For the purpose of this part, the following definitions shall apply:

(a) *Affiliated organization* means any organization, other than a Farm Credit organization, of which a director, senior officer or nominee for director of the reporting institution is a partner, officer, or majority shareholder.

(b) *Association* means any of the associations as described in §619.9050 of this chapter.

(c) *Bank* means any of the Farm Credit banks as described in §619.9140 of this chapter.

(d) *Direct lender association* means any association that is a direct lender as described in §619.9135 of this chapter.

(e) *Immediate family* means spouse, parents, siblings, children, mothers- and fathers-in-law, brothers- and sisters-in-law, and sons- and daughters-in-law.

(f) *Institution* means any bank or association chartered by the Act.

(g) *Loan* means any extension of credit or lease that is recorded as an asset of a reporting institution, whether made directly or purchased from another lender. The term "loan" includes, but is not limited to, loans originated through direct negotiations between the reporting institution and a borrower; purchased loans or interests in loans, including participation interests, retained subordinated participa-

tion interests in loans sold, interests in pools of subordinated participation interests that are held in lieu of retaining a subordinated participation interest in loans sold; contracts of sale; notes receivable; and other similar obligations and lease financings.

(h) *Material*. The term *material*, when used to qualify a requirement to furnish information as to any subject, limits the information required to those matters to which there is a substantial likelihood that a reasonable person would attach importance in making shareholder decisions or determining the financial condition of the institution.

(i) *Normal risk of collectibility* means the ordinary risk inherent in the lending operation. Loans that are deemed to have more than a normal risk of collectibility include, but are not limited to, any adversely classified loans.

(j) *Permanent capital* shall have the same meaning as set forth in §615.5201(l) of this chapter.

(k) *Protected borrower capital* means eligible borrower stock as defined in §615.5260 of this chapter.

(l) *Related association* means an association within the reporting bank's chartered territory that generates loans for the bank or whose operations the bank funds.

(m) *Related bank* means a reporting association's funding bank or the bank for which it generates loans.

(n) *Related organization* means any Farm Credit institution that is a shareholder of the reporting institution or in which the reporting institution has an ownership interest.

(o) *Report* refers to the annual report, quarterly report, notice, or information statement required by the part unless otherwise specified.

(p) *Senior officer* means any person designated by the board of directors as responsible for a major management function.

(q) *Shareholder* means a holder of any equity interest in an institution.

(r) *Significant event* means any event that is likely to have a material impact on the reporting institution's financial condition, results of operations, cost of funds, or reliability of sources of funds. The term "significant event" includes, but is not limited to,

actual or probable noncompliance with the regulatory minimum permanent capital standards or capital adequacy requirements, stock impairment, the imposition of or entering into enforcement actions, execution of financial assistance agreements with other institutions, collateral deficiencies that impact a bank's ability to obtain loan funds, or defaults on debt obligations.

[51 FR 8656, Mar. 13, 1986, as amended at 51 FR 42086, Nov. 21, 1986; 53 FR 3337, Feb. 5, 1988; 56 FR 29421, June 27, 1991; 56 FR 42649, Aug. 28, 1991; 58 FR 48791, Sept. 20, 1993; 59 FR 37406, July 22, 1994; 62 FR 15092, Mar. 31, 1997; 63 FR 39229, July 22, 1998]

§ 620.2 Preparing and filing the reports.

For the purposes of this part, the following shall apply:

(a) Three copies of each report required by this section, including financial statements and related schedules, exhibits, and all other papers and documents that are part of the report shall be filed with the Chief Examiner, Farm Credit Administration, McLean, Virginia 22102-5090, or with such other Farm Credit Administration offices as the Chief Examiner designates. The Farm Credit Administration must receive the report the report within the period prescribed under applicable subpart sections. The reports shall be available for public inspection at the issuing institution and the farm Credit Administration office with which the reports are filed. Bank reports shall also be available for public inspection at each related association office.

(b) At least one of the reports filed with the Farm Credit Administration shall be dated and manually signed on behalf of the institution by:

(1) The person designated by the board of directors to certify the reports of condition and performance in accordance with § 621.14 of this chapter;

(2) The chief executive officer; and

(3)(i) For each quarterly report or notice filed under this section, each member of the board or one of the following board members formally designated by action of the board to certify reports of condition and performance on behalf of the individual board members: The chairperson of the board; the chairperson of the audit committee; or a

board member designated by the chairperson of the board.

(ii) For all other reports, each member of the board.

The name and position title of each person signing the report shall be typed or printed beneath his or her signature. The statement to which the signers of the report shall attest shall read as follows:

The undersigned certify that this report has been prepared in accordance with all applicable statutory and regulatory requirements and that the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.

If any officer or any member of the board is unable to or refuses to sign the report, the institution shall disclose the individual's name and position title and the reasons such individual is unable or refuses to sign the report.

(c) The report sent to shareholders shall be signed and dated by and on behalf of the institution and its board of directors by its chief executive officer and the chairman of the board of directors. If any person required to sign the report submitted to the Farm Credit Administration pursuant to paragraph (b) of this section has not signed the report, the name and position title of the individual and the reasons such individual is unable or refuses to sign shall be disclosed in the report sent to shareholders.

(d) Information in any part of this report may be incorporated by reference in answer or partial answer to any other item of the report.

(e) All items of essentially the same character as items required to be reported in the reports of condition and performance pursuant to part 621 of this chapter shall be prepared in accordance with the rules set forth in part 621.

(f) No disclosure required by subparts B and E of this part shall be deemed to violate any regulation of the Farm Credit Administration.

(g) Each Farm Credit institution shall present its reports in accordance with generally accepted accounting principles and in a manner that provides the most meaningful disclosure to shareholders.