

**§ 618.8330**

**12 CFR Ch. VI (1–1–05 Edition)**

collateral evaluation may contain confidential third party information, the lender may protect such confidential third party information by withholding any information that would disclose identifying characteristics of the third party or his property. One copy shall be furnished free of charge. The lender may assess reasonable copying charges for any additional copies requested by the borrower.

(c) Each System bank and association shall have available in its offices copies of the institution's articles of incorporation or charter and bylaws for inspection and shall furnish a copy of such documents to any owner of stock or participation certificates upon request.

[51 FR 39504, Oct. 28, 1986, as amended at 53 FR 35458, Sept. 14, 1988; 56 FR 2675, Jan. 24, 1991; 59 FR 46734, Sept. 12, 1994; 61 FR 67188, Dec. 20, 1996]

**§ 618.8330 Production of documents and testimony during litigation.**

(a) If your bank or association is a party to litigation with a borrower or a successor in interest, you or your directors, officers, or employees may disclose confidential information about that borrower or the successor in interest during the litigation.

(b) If the Government or your bank or association is not a party to litigation, you or your directors, officers, or employees may produce confidential documents or testimony only if a court of competent jurisdiction issues a lawful order signed by a judge.

[64 FR 43049, Aug. 9, 1999]

**§ 618.8340 [Reserved]**

**Subpart H—Disposition of  
Obsolete Records**

**§ 618.8360 [Reserved]**

**§ 618.8370 [Reserved]**

**Subpart I [Reserved]**

**Subpart J—Internal Controls**

**§ 618.8430 Internal controls.**

Each Farm Credit institution's board of directors shall adopt an internal

control policy which provides adequate direction to the institution in establishing effective control over and accountability for operations, programs, and resources. The policy shall include, at a minimum, the items enumerated in the list which follows:

(a) Direction to management which assigns responsibility for the internal control function (financial, credit, credit review, collateral, and administrative) to an officer (or officers) of the institution.

(b) Adoption of internal audit and control procedures that evidence responsibility for review and maintenance of comprehensive and effective internal controls.

(c) Direction for the operation of a program to review and assess its assets. These policies shall include standards which address the administration of this program, described in the list which follows:

(1) Loan, loan-related assets, and appraisal review standards, including standards for scope of review selection and standards for workpapers and supporting documentation.

(2) Asset quality classification standards to be utilized in accordance with a standardized classification system consistent among associations within a district and their funding Farm Credit Bank or agricultural credit bank.

(3) Standards for assessing credit administration, including the appraisal of collateral.

(4) Standards for the training required to initiate the program.

[55 FR 24888, June 19, 1990]

**§ 618.8440 Planning.**

(a) No later than 30 days after the commencement of each calendar year, the board of directors of each Farm Credit System institution shall adopt an operational and strategic business plan for at least the succeeding 3 years.

(b) The plan shall include, at a minimum, the following:

(1) A mission statement.

(2) A review of the internal and external factors that are likely to affect the institution during the planning period.

(3) Quantifiable goals and objectives.

(4) Pro forma financial statements for each year of the plan.

## Farm Credit Administration

§ 619.9135

(5) A detailed operating budget for the first year of the plan.

(6) The capital adequacy plan adopted pursuant to §§ 615.5200(b), 615.5330 (c), and 615.5335(b).

[53 FR 39250, Oct. 6, 1988, as amended at 62 FR 4450, Jan. 30, 1997; 64 FR 34519, June 28, 1999]

### PART 619—DEFINITIONS

Sec.	
619.9000	The Act.
619.9010	Additional security.
619.9015	Agricultural credit associations.
619.9020	Agricultural credit banks.
619.9025	Agricultural land.
619.9050	Associations.
619.9060	Bank for cooperatives.
619.9110	Consolidation.
619.9130	Differential interest rates.
619.9135	Direct lender.
619.9140	Farm Credit bank(s).
619.9145	Farm Credit Bank.
619.9146	Farm Credit institutions.
619.9155	Federal land credit association.
619.9170	Fixed interest rate.
619.9180	Fixed interest spread.
619.9185	Funding Corporation.
619.9195	[Reserved]
619.9200	Loss-sharing agreements.
619.9210	Merger.
619.9230	Open-end mortgage loan plans.
619.9240	Participation agreement.
619.9250	Participation certificates.
619.9260	Primary security.
619.9330	Speculative purposes.
619.9340	Variable interest rate.

AUTHORITY: Secs. 1.7, 2.4, 4.9, 5.9, 5.12, 5.17, 5.18, 7.0, 7.6, 7.7, 7.8 of the Farm Credit Act; 12 U.S.C. 2015, 2075, 2160, 2243, 2246, 2252, 2253, 2279a, 2279b, 2279b-1, 2279b-2.

SOURCE: 37 FR 11446, June 7, 1972, unless otherwise noted.

#### § 619.9000 The Act.

The Farm Credit Act of 1971; Pub. L. 92-181 and amendments.

#### § 619.9010 Additional security.

Supplementary collateral to the primary security taken in connection with the loan.

#### § 619.9015 Agricultural credit associations.

Agricultural credit associations are associations created by the merger of one or more Federal land bank associations or Federal land credit associations and one or more production credit associations and which have received

a transfer of authority to make and participate in long-term real estate mortgage loans pursuant to section 7.6 of the Act.

[55 FR 24888, June 19, 1990]

#### § 619.9020 Agricultural credit banks.

Agricultural credit banks are those banks created by the merger of a Farm Credit Bank and a bank for cooperatives pursuant to section 7.0 of the Act.

[55 FR 24888, June 19, 1990]

#### § 619.9025 Agricultural land.

Land improved or unimproved which is devoted to or available for the production of crops and other products such as but not limited to fruits and timber or for the raising of livestock.

[37 FR 11446, June 7, 1972. Redesignated at 55 FR 24888, June 19, 1990]

#### § 619.9050 Associations.

The term *associations* includes (individually or collectively) Federal land bank associations, Federal land credit associations, production credit associations, and agricultural credit associations.

[55 FR 24888, June 19, 1990]

#### § 619.9060 Bank for cooperatives.

A bank for cooperatives is a bank that is operating under section 3.0 of the Act.

[61 FR 67188, Dec. 20, 1996]

#### § 619.9110 Consolidation.

Creation of one new organizational entity from two or more existing entities or parts thereof.

#### § 619.9130 Differential interest rates.

An interest rate program under which different rates of interest may be made applicable to individual or classes of loans on the basis of type, purpose, amount, quality of loan, or a combination of these factors.

#### § 619.9135 Direct lender.

The term *direct lender* refers to Farm Credit banks and associations (production credit associations, agricultural credit associations, and Federal land credit associations) authorized to lend