

## Farm Credit Administration

Pt. 614

(b) of this section to a single credit risk shall not exceed:

(A) Ten (10) percent of its total capital; or

(B) Twenty-five (25) percent of its total capital if a majority of the shareholders of the respective Farm Credit bank or direct lender association so approve.

(ii) *Farm Credit banks operating under title III of the Act.* The total amount of all loan participations that any bank for cooperatives or agricultural credit bank has outstanding under paragraph (b) of this section to a single credit risk shall not exceed 10 percent of its total capital;

(2) *Percentage held in the principal amount of the loan.* The participation interest in the same loan held by one or more Farm Credit bank(s) or association(s) shall not, at any time, equal or exceed 50 percent of the principal amount of the loan; and

(3) *Portfolio limitations.* The total amount of participations that any Farm Credit bank or direct lender association has outstanding under paragraph (b) of this section shall not exceed 15 percent of its total outstanding assets at the end of its preceding fiscal year.

(d) *Approval by other Farm Credit System institutions.* A bank for cooperatives or agricultural credit bank may not participate in a loan to a similar entity under title III of the Act if the similar entity has a loan or loan commitment outstanding with a Farm Credit Bank or an association chartered under the Act, unless agreed to by the Farm Credit Bank or association.

[62 FR 4444, Jan. 30, 1997, as amended at 69 FR 43514, July 21, 2004]

## PART 614—LOAN POLICIES AND OPERATIONS

### Subpart A—Lending Authorities

- Sec.
- 614.4000 Farm Credit Banks.
  - 614.4010 Agricultural credit banks.
  - 614.4020 Banks for cooperatives.
  - 614.4030 Federal land credit associations.
  - 614.4040 Production credit associations.
  - 614.4050 Agricultural credit associations.
  - 614.4055 Federal Agricultural Mortgage Corporation loan participations.

614.4060 Affiliates established pursuant to section 8.5(e)(1) of the Farm Credit Act of 1971.

### Subpart B—Chartered Territories

614.4070 Loans and chartered territory—Farm Credit Banks, agricultural credit banks, Federal land bank associations, Federal land credit associations, production credit associations, and agricultural credit associations.

614.4080 Loans and chartered territory—banks for cooperatives.

### Subpart C—Bank/Association Lending Relationship

614.4100 Policies governing lending through Federal land bank associations.

614.4110 Transfer of direct lending authority to Federal land bank associations and agricultural credit associations.

614.4120 Policies governing extensions of credit to direct lender associations and OFIs.

614.4125 Funding and discount relationships between Farm Credit Banks or agricultural credit banks and direct lender associations.

614.4130 Funding and discount relationships between Farm Credit Banks or agricultural credit banks and OFIs.

### Subpart D—General Loan Policies for Banks and Associations

614.4150 Lending policies and loan underwriting standards.

614.4155 Interest rates.

614.4160 Differential interest rate programs.

614.4165 Young, beginning, and small farmers and ranchers.

### Subpart E—Loan Terms and Conditions

614.4200 General requirements.

614.4231 Certain seasonal commodity loans to cooperatives.

614.4232 Loans to domestic lessors.

614.4233 International loans.

### Subpart F—Collateral Evaluation Requirements

614.4240 Collateral definitions.

614.4245 Collateral evaluation policies.

614.4250 Collateral evaluation standards.

614.4255 Independence requirements.

614.4260 Evaluation requirements.

614.4265 Real property evaluations.

614.4266 Personal and intangible property evaluations.

614.4267 Professional association membership; competency.

### Subpart G [Reserved]

**Subpart H—Loan Purchases and Sales**

- 614.4325 Purchase and sale of interests in loans.
- 614.4330 Loan participations.
- 614.4335 Borrower stock requirements.
- 614.4337 Disclosure to borrowers.

**Subpart I—Loss-Sharing Agreements**

- 614.4340 General.
- 614.4341 Financial assistance.
- 614.4345 Guaranty agreements.

**Subpart J—Lending and Leasing Limits**

- 614.4350 Definitions.
- 614.4351 Computation of lending and leasing limit base.
- 614.4352 Farm Credit Banks and agricultural credit banks.
- 614.4353 Direct lender associations.
- 614.4354 Federal land bank associations.
- 614.4355 Banks for cooperatives.
- 614.4356 Farm Credit Leasing Services Corporation.
- 614.4357 Banks for cooperatives look-through notes.
- 614.4358 Computation of obligations.
- 614.4359 Attribution rules.
- 614.4360 Lending and leasing limit violations.
- 614.4361 Transition.

**Subparts K–L [Reserved]****Subpart M—Loan Approval Requirements**

- 614.4450 General requirements.
- 614.4460 Loan approval responsibility.
- 614.4470 Loans subject to bank approval.

**Subpart N—Loan Servicing Requirements; State Agricultural Loan Mediation Programs; Right of First Refusal**

- 614.4510 General.
- 614.4511 Federal land bank association compensation.
- 614.4512 Definitions.
- 614.4513 Uninsured voluntary and involuntary accounts.

**Subpart O—Special Lending Programs**

- 614.4525 General.
- 614.4530 Special loans, production credit associations and agricultural credit associations.

**Subpart P—Farm Credit Bank and Agricultural Credit Bank Financing of Other Financing Institutions**

- 614.4540 Other financing institution access to Farm Credit Banks and agricultural credit banks for funding, discount, and other similar financial assistance.

- 614.4550 Place of discount.
- 614.4560 Requirements for OFI funding relationships.
- 614.4570 Recourse and security.
- 614.4580 Limitation on the extension of funding, discount and other similar financial assistance to an OFI.
- 614.4590 Equitable treatment of OFIs and Farm Credit System associations.
- 614.4595 Public disclosure about OFIs.
- 614.4600 Insolvency of an OFI.

**Subpart Q—Banks for Cooperatives and Agricultural Credit Banks Financing International Trade**

- 614.4700 Financing foreign trade receivables.
- 614.4710 Bankers acceptance financing.
- 614.4720 Letters of credit.
- 614.4800 Guarantees and contracts of suretyship.
- 614.4810 Standby letters of credit.
- 614.4900 Foreign exchange.

**Subpart R—Secondary Market Authorities**

- 614.4910 Basic authorities.

**Subpart S—Flood Insurance Requirements**

- 614.4920 Purpose and scope.
- 614.4925 Definitions.
- 614.4930 Requirement to purchase flood insurance where available.
- 614.4935 Escrow requirement.
- 614.4940 Required use of standard flood hazard determination form.
- 614.4945 Forced placement of flood insurance.
- 614.4950 Determination fees.
- 614.4955 Notice of special flood hazards and availability of Federal disaster relief assistance.
- 614.4960 Notice of servicer's identity.

**APPENDIX A TO SUBPART S OF PART 614—SAMPLE FORM OF NOTICE OF SPECIAL FLOOD HAZARDS AND AVAILABILITY OF FEDERAL DISASTER RELIEF ASSISTANCE**

AUTHORITY: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128; secs. 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 1.11, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.12, 4.12A, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.18, 4.18A, 4.19, 4.25, 4.26, 4.27, 4.28, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.8, 7.12, 7.13, 8.0, 8.5 of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2019, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2097, 2121, 2122, 2124, 2128, 2129, 2131, 2141, 2149, 2183, 2184, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2206a, 2207, 2211, 2212, 2213, 2214, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a–2, 2279b, 2279c–1, 2279f, 2279f–1, 2279aa, 2279aa–5); sec. 413 of Pub. L. 100–233, 101 Stat. 1568, 1639.

## Subpart A—Lending Authorities

SOURCE: 55 FR 24880, June 19, 1990, unless otherwise noted.

**§ 614.4000 Farm Credit Banks.**

(a) *Long-term real estate lending.* Except to the extent such authorities are transferred pursuant to section 7.6 of the Act, Farm Credit Banks are authorized, subject to the requirements in § 614.4200 of this part, to make real estate mortgage loans with maturities of not less than 5 years nor more than 40 years and continuing commitments to make such loans.

(b) *Extensions of credit to Farm Credit direct lender associations.* Farm Credit Banks are authorized to make loans and extend other similar financial assistance to associations with direct lending authority and discount for or purchase from such associations, with the association's endorsement or guaranty, any note, draft, and other obligations for loans that have been made in accordance with the provisions of subparts D and E of part 614 of these regulations. Such extensions of credit shall be made pursuant to a written financing agreement meeting the requirements of § 614.4125.

(c) *Extensions of credit to other financing institutions.* Farm Credit Banks are authorized to make loans and extend other similar financial assistance to any national bank, State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, credit union, or any association of agricultural producers or any corporation engaged in the making of loans to farmers and ranchers or producers or harvesters of aquatic products (collectively, "other financing institutions"), for purposes eligible for financing by a production credit association in accordance with § 614.4130 and subpart P of this part. Farm Credit Banks are authorized to discount for or purchase from such institutions, with the institution's endorsement or guaranty, notes, drafts, and other obligations or loans made to persons and for purposes eligible for financing by a production credit association, in accordance with § 614.4130 and subpart P of this part.

(d) *Loan participations.* Subject to the requirements of subpart H of part 614, a Farm Credit Bank may enter into loan participation agreements with:

(1) Farm Credit banks and associations that are direct lenders and lenders that are not Farm Credit institutions on loans of the type it is authorized to make under title I of the Act;

(2) Farm Credit banks and associations that are direct lenders on loans it is not authorized to make, provided the borrower eligibility, membership, term, amount, loan security, and stock or participation certificate requirements of the originating institution are met; and

(3) The Federal Agricultural Mortgage Corporation to the extent provided in § 614.4055.

(e) *Other interests in loans.* (1) Subject to the requirements of subpart H of this part, Farm Credit Banks may sell interests in loans only to:

(i) Farm Credit System institutions authorized to purchase such interests;

(ii) Other lenders that are not Farm Credit System institutions; and

(iii) Any certified agricultural mortgage marketing facility, as defined by section 8.0(3) of the Act, for the purpose of pooling and securitizing such loans under title VIII of the Act.

(2) Subject to the requirements of subpart H of this part, Farm Credit Banks may purchase interests other than participation interests in loans and nonvoting stock from other Farm Credit System institutions.

(3) Farm Credit Banks, in their capacity as certified agricultural mortgage marketing facilities under title VIII of the Act, may purchase interests in loans (other than participation interests authorized in paragraph (d) of this section) from institutions other than Farm Credit System institutions only for the purpose of pooling and securitizing such loans under title VIII of the Act.

(f) *Residual powers after the transfer of lending authority to an association.* After transferring its authority to make and participate in long-term real estate loans to an agricultural credit association or a Federal land credit association pursuant to section 7.6(a) of the Act and subpart E of part 611 of these

## §614.4010

## 12 CFR Ch. VI (1–1–06 Edition)

regulations, a Farm Credit Bank retains residual authority to:

(1) Enter into loan participation agreements pursuant to paragraph (d) of this section;

(2) Purchase or sell other interests in loans in accordance with paragraph (e) of this section; and

(3) Make long-term real estate loans in accordance with paragraph (a) of this section in areas of its chartered territory where no active association operates.

[55 FR 24880, June 19, 1990, as amended at 57 FR 38246, Aug. 24, 1992; 57 FR 43290, Sept. 18, 1992; 62 FR 51013, Sept. 30, 1997; 63 FR 5723, Feb. 4, 1998; 64 FR 43049, Aug. 9, 1999; 65 FR 24102, Apr. 25, 2000; 67 FR 1285, Jan. 10, 2002]

### §614.4010 Agricultural credit banks.

(a) *Long-term real estate lending.* Except to the extent such authorities are transferred pursuant to section 7.6 of the Act, agricultural credit banks are authorized, subject to the requirements of §614.4200, to make real estate mortgage loans with maturities of not less than 5 years nor more than 40 years and continuing commitments to make such loans.

(b) *Extensions of credit to Farm Credit direct lender associations.* Agricultural credit banks are authorized to make loans and extend other similar financial assistance to associations with direct lending authority and discount for or purchase from such associations, with the association's endorsement or guaranty, any note, draft, and other obligations for loans made by the association in accordance with the provisions of this part. Such extensions of credit shall be made pursuant to a written financing agreement meeting the requirements of §614.4125.

(c) *Extensions of credit to other financing institutions.* Agricultural credit banks are authorized to make loans and extend other similar financial assistance to any national bank, State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, credit union, or any association of agricultural producers or corporation engaged in the making of loans to farmers, ranchers, or producers or harvesters of aquatic products (collectively, "other financing institutions"),

for purposes eligible for financing by a production credit association, in accordance with §614.4130 and subpart P of this part. Agricultural credit banks are authorized to discount for or purchase from such other financing institutions, with the institution's endorsement or guaranty, notes, drafts, and other obligations or loans made to persons and for purposes eligible for financing by a production credit association, in accordance with the requirements of §614.4130 and subpart P of this part.

(d) *Extensions of credit to or on behalf of eligible cooperatives.* Agricultural credit banks are authorized to make loans and commitments and extend other technical and financial assistance, including but not limited to, collateral custody, discounting notes and other obligations, guarantees, and currency exchanges necessary to service transactions financed under paragraphs (d)(4) and (d)(5) of this section, to:

(1) Eligible cooperatives, as defined in §613.3110, in accordance with §§614.4200, 614.4231, 614.4232, 614.4233, and subpart Q of part 614;

(2) Other eligible entities, as defined in §613.3110(c), in accordance with §§614.4200, 614.4231, and 614.4232;

(3) Domestic lessors, for the purpose of providing leased assets to stockholders of the bank eligible to borrow under section 3.7(a) of the Act for use in such stockholders' operations in the United States, in accordance with §614.4232;

(4) Domestic or foreign parties with respect to a transaction with a voting stockholder of the bank, for the import of agricultural commodities, farm supplies, or aquatic products through purchases, sales or exchanges, provided such stockholder substantially benefits as a result of such extension of credit or assistance, in accordance with policies of the bank's board, §614.4233, and subpart Q of part 614; and

(5) Domestic or foreign parties in which a voting stockholder of the bank has a minimum ownership interest, for the purpose of facilitating such stockholder's import operations of the type described in paragraph (d)(4) of this section, provided the stockholder substantially benefits as a result of such