§ 614.4165 Young, beginning, and small farmers and ranchers.

(a) Definitions. (1) For purposes of this subpart, the term “credit” includes:
(i) Loans made to farmers and ranchers and producers or harvesters of aquatic products under title I or II of the Act; and
(ii) Interests in participations made to farmers and ranchers and producers or harvesters of aquatic products under title I or II of the Act.


(b) Farm Credit bank policies. Each Farm Credit Bank and Agricultural Credit Bank must adopt written policies that direct:

(1) The minimum supporting credit and financial information, frequency for collection of information, and verification of information required in relation to loan size, complexity and risk exposure;
(2) The procedures to be followed in credit analysis;
(3) The minimum standards for loan disbursement, servicing and collections;
(4) Requirements for collateral and methods for its administration;
(5) Loan approval delegations and requirements for reporting to the board;
(6) Loan pricing practices;
(7) Loan underwriting standards that include measurable standards:
(1) For determining that an applicant has the operational, financial, and management resources necessary to repay the debt from cashflow;
(2) That are appropriate for each loan program and the institution’s risk-bearing ability; and
(3) That consider the nature and type of credit risk, amount of the loan, and enterprises being financed;
(8) Requirements that loan terms and conditions are appropriate for the loan; and
(i) Such other requirements as are necessary for the professional conduct of a lending organization, including documentation for each loan transaction of compliance with the loan underwriting standards or the compensating factors or extenuating circumstances that establish repayment of the loan notwithstanding the failure to meet any one or more loan underwriting standard.