

the reason shareholders are asked to vote, and the vote required for approval of the proposition.

(2) The statement shall describe any other matter that will be discussed at the meeting upon which shareholder vote is not required.

(f) *Relationship with independent public accountant.* If an institution of the Farm Credit System has had a change or changes in accountants since the last annual report to shareholders, or if a disagreement with an accountant has occurred, the institution shall disclose the information required by § 621.4 (c) and (d) of this chapter.

[51 FR 8656, Mar. 13, 1986. Redesignated and amended at 56 FR 29421, 29425, June 27, 1991; 56 FR 42649, Aug. 28, 1991; 58 FR 48791, Sept. 20, 1993; 60 FR 20013, Apr. 24, 1995; 60 FR 57922, Nov. 24, 1995; 67 FR 16634, Apr. 8, 2000]

Subpart F—Bank Director Disclosure Requirements

SOURCE: 53 FR 50399, Dec. 15, 1988, unless otherwise noted. Redesignated at 56 FR 29421, June 27, 1991, and further redesignated at 62 FR 15093, Mar. 31, 1997.

§ 620.30 Disclosure statement for bank director candidates.

Each bank shall adopt policies and procedures that assure that a disclosure statement is prepared by each candidate for election by the stockholders to the bank board. The banks shall provide a form providing for the information required and provide copies of completed and signed disclosure statements to stockholders with the election ballots. No person may be a candidate for bank director who does not make the disclosures required by this subpart.

[53 FR 50399, Dec. 15, 1988. Redesignated at 56 FR 29421, June 27, 1991, and further redesignated at 62 FR 15093, Mar. 31, 1997, as amended at 67 FR 16634, Apr. 8, 2002]

§ 620.31 Contents of disclosure statements.

Disclosure statements shall include the following information:

- (a) A statement of the institution's policies, if any, on loans to and transactions with directors of the bank.
- (b) Candidate's name, residential address, business address if any, citizen-

ship, business experience during the last 5 years including principal occupation and employment during the last 5 years, a list of any business entities on whose board of directors the candidate serves and state the principal business in which the entities are engaged, and any information pertinent to the creation of a nepotistic relationship upon election to the bank board.

(c) *Transactions other than loans.* The disclosure statement should describe briefly any transaction or series of transactions other than loans that occurred since the last annual meeting between the bank and the candidate, any member of the immediate family of such person, or any organization with which such person is affiliated, the nature of the person's interest in the transaction, and the terms of the transaction. No information need be given where the purchase price, fees, or charges involved were determined by competitive bidding or where the amount involved in the transaction (including the total of all periodic payments) does not exceed \$5,000, or the interest of the person arises solely as a result of his or her status as a stockholder of the institution and the benefit received is not a special or extra benefit not available to all stockholders.

(d) *Loans to director candidates.* (1) To the extent applicable, state that the bank has had loans outstanding during the last full fiscal year-to-date to the candidate, his or her immediate family members, and any organizations with which such persons are affiliated that:

- (i) Were made in the ordinary course of business;
- (ii) Were made on the same terms, including interest rate, amortization schedule, and collateral, as those prevailing at the time for comparable transactions with other persons.

(2) To the extent applicable, state that no loan to a candidate, or to any organization affiliated with the candidate, or to any immediate family member who resides in the same household as the candidate or in whose loan or business operation the candidate has a material financial or legal interest, involved more than the normal risk of collectibility;

(3) If the conditions stated in paragraphs (d) (1) and (2) of this section do not apply to the loan(s) of the candidates or organizations specified therein with respect to such loans, state:

(i) The name of the candidate to whom the loan was made or to whose relative or affiliated organization the loan was made;

(ii) The largest aggregate amount of each indebtedness outstanding at any time during the last fiscal year;

(iii) The nature of the loan(s);

(iv) The amount outstanding as of the latest practicable date;

(v) The reasons the loan does not comply with the criteria contained in this section;

(vi) If the loan does not comply with this section, the rate of interest payable on the loan and the repayment terms;

(vii) If the loan does not comply with this section, the amount past due, if any, and the reason the loan is deemed to involve more than a normal risk of collectibility.

(e) *Involvement in certain legal proceedings.* The disclosure statement should describe any of the following events that occurred during the past 5 years and that are material to an evaluation of the ability or integrity of the candidate:

(1) A petition under the Federal bankruptcy laws or any State insolvency law was filed by or against, or a receiver, fiscal agent, or similar officer was appointed by a court for the business or property of the candidate, or any partnership in which the candidate was a general partner at or within 2 years before the time of such filing, or any corporation or business association of which the candidate was a senior officer at or within 2 years before the time of such filing;

(2) The candidate was convicted in a criminal proceeding or is a named party in a pending criminal proceeding (excluding traffic violations and other misdemeanors);

(3) The candidate was the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, by any court of competent jurisdiction, permanently or temporarily enjoining or otherwise limiting the

candidate from engaging in any type of business practice.

PART 621—ACCOUNTING AND REPORTING REQUIREMENTS

Subpart A—Purpose and Definitions

Sec.

621.1 Purpose and applicability.

621.2 Definitions.

Subpart B—General Rules

621.3 Application of generally accepted accounting principles.

621.4 Audit by qualified public accountant.

621.5 Accounting for the allowance for loan losses and chargeoffs.

Subpart C—Loan Performance and Valuation Assessment

621.6 Performance categories and other property owned.

621.7 Rule of aggregation.

621.8 Application of payments and income recognition on nonaccrual loans.

621.9 Reinstatement to accrual status.

621.10 Monitoring of performance categories and other property owned.

Subpart D—Report of Condition and Performance

621.12 Applicability and general instructions.

621.13 Content and standards—general rules.

621.14 Certification of correctness.

AUTHORITY: Secs. 5.17, 8.11 of the Farm Credit Act (12 U.S.C. 2252, 2279aa-11).

SOURCE: 58 FR 48786, Sept. 20, 1993, unless otherwise noted.

Subpart A—Purpose and Definitions

§ 621.1 Purpose and applicability.

This part sets forth accounting and reporting requirements to be followed by all banks, associations, and service organizations chartered under the Act; the Federal Farm Credit Banks Funding Corporation; and, where specifically indicated, the Federal Agricultural Mortgage Corporation. The requirements set forth in this part are of both general and specific applicability. Certain requirements focus on areas of financial condition and operating performance that are of special importance for generating, presenting, and