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| **Type**: | Bookletter |
| **Section Number**: | BL-018 |
| **Section Title**: | Disclosure of Farm Credit Administration Reports of Regular Examination to Small Business Administration with Application for Approved Lender Status |
| **Old/Additional ID**: | (Original # 391-OE) |

June 21, 1994

To: Chairman, Board of Directors

The Chief Executive Officer

Each Farm Credit Bank

Each Production Credit Association

Each Agricultural Credit Association

Each Federal Land Bank Association

Each Federal Land Credit Association

From: Billy Ross Brown, Chairman

Farm Credit Administration Board

Subject: Disclosure of Farm Credit Administration Reports of Regular Examination to Small Business Administration with Application for Approved Lender Status

The purpose of this bookletter is to inform you of a recent action taken concerning disclosure of Farm Credit Administration (FCA) reports of regular examination (reports) to the Small Business Administration (SBA) in connection with application for approved lender status under the SBA's guaranteed loan program.

FCA reports are the property of the FCA and may be disclosed only with the consent of the Chairman of the FCA Board. The FCA has in the past approved the release of reports to the SBA for Farm Credit System institutions (FCSIs) on a case-by-case basis when needed as part of the application for approved lender status under the SBA's guaranteed loan program. In response to a number of recent requests from several FCSIs for permission to release reports to the SBA, the FCA Chairman has granted conditional consent to release regular examination reports to the SBA solely for use in qualifying FCSIs as approved lenders.1 The FCA and the SBA have enter into a written agreement concerning the limited use of these reports (copy attached). Each FCSI that provides a report to the SBA must maintain documentation to substantiate that the SBA returned the report to the FCSI following completion of the application for approved lender status.

The consent for disclosure is conditioned on compliance with these conditions. Release of reports to SBA without complying with the conditions imposed by this bookletter and the agreement is a violation of 12 CFR 602.205.

If you have any questions, please call Jerry Erickson, Policy Development and Planning Division, at (703) 883-4231.

Attachment

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1 This consent applies only to FCA reports of regular examination and does not apply to reports of special examination. Any consent to disclose reports of special examination will be handled on a case-by-case basis.

AGREEMENT BETWEEN FARM CREDIT ADMINISTRATION BOARD AND SMALL BUSINESS ADMINISTRATION

Whereas, pursuant to 5 U.S.C. § 552(b), 12 U.S.C. §§ 2243, 2252, and 2254, and 12 C.F.R. § 602.205 and 602.289, Reports of Examination of Farm Credit System institutions made by the farm Credit Administration (FCA) are exempt from disclosure by the FCA; and

Whereas, in order for the Small Business Administration (SBA) to confer approved lender status on certain Farm Credit System institutions (institutions), it is necessary to make reports of regular examinations of the institutions (Reports) available to the SBA.

Now therefore, in the interest of assuring the confidentiality of the Reports, it is agreed that the Reports will be made available to the SBA on the following terms and conditions:

1. The SBA shall use the Reports of the examination of a particular institution and the information contained therein only for the purpose of designating that institution as an approved lender under the SBA's guaranteed loan program. The SBA agrees not to photocopy or quote directly from such Reports.

2. The SBA shall maintain the Reports as confidential documents of the FCA to the extent permitted by law and shall not disclose the Reports, which remain FCA property, or the information contained therein without the prior written approval of the FCA. If the SBA receives a request for the disclosure of the Reports or any of the information contained therein, the SBA shall promptly notify the FCA of the request so that the FCA can assert any exemptions, privileges, or objections.

3. Once the SBA has finished using the Reports of the examination of a particular institution for the purpose set forth in #1 above, the SBA agrees to return the Reports directly to that institution.

Dated this 8th day of June, 1994.

FARM CREDIT ADMINISTRATION BOARD

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Billy Ross Brown, Chairman

SMALL BUSINESS ADMINISTRATION

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

John R. Cox

Associate Administrator for Financial Assistance