

Section 2278a-3, Pub. L. 92-181, title VI, §6.3, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1587; amended Pub. L. 100-399, title II, §201(a), (b), Aug. 17, 1988, 102 Stat. 990, established the Assistance Board as a body corporate and set out its powers.

Section 2278a-4, Pub. L. 92-181, title VI, §6.4, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1588; amended Pub. L. 100-399, title II, §201(c), Aug. 17, 1988, 102 Stat. 991, related to certification of eligibility to issue preferred stock.

Section 2278a-5, Pub. L. 92-181, title VI, §6.5, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1588; amended Pub. L. 100-399, title II, §201(d), (e), Aug. 17, 1988, 102 Stat. 991, provided for ways the Board could render assistance to certified institutions.

Section 2278a-6, Pub. L. 92-181, title VI, §6.6, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1589; amended Pub. L. 100-399, title II, §201(f)-(i), Aug. 17, 1988, 102 Stat. 991; Pub. L. 101-624, title XVIII, §1843(a)(2), Nov. 28, 1990, 104 Stat. 3836, related to special powers of the Board.

Section 2278a-7, Pub. L. 92-181, title VI, §6.7, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591; amended Pub. L. 100-399, title II, §201(j), Aug. 17, 1988, 102 Stat. 991, related to administrative and financial support for the Board.

Section 2278a-8, Pub. L. 92-181, title VI, §6.8, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591, provided that the Board's powers were limited to the purposes specified in this subchapter.

Section 2278a-9, Pub. L. 92-181, title VI, §6.9, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591; amended Pub. L. 100-399, title II, §201(k), (l), Aug. 17, 1988, 102 Stat. 991; Pub. L. 102-552, title III, §301, Oct. 28, 1992, 106 Stat. 4107, provided that the Board would succeed to the assets of and assume all debts, obligations, contracts, and other liabilities of the Capital Corporation.

Section 2278a-10, Pub. L. 92-181, title VI, §6.10, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594, related to regulations and audits by and for the Board.

Section 2278a-11, Pub. L. 92-181, title VI, §6.11, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594, exempted the Board from various taxes.

Section 2278a-12, Pub. L. 92-181, title VI, §6.12, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594; amended Pub. L. 100-399, title II, §201(m), Aug. 17, 1988, 102 Stat. 991, stated that the Assistance Board and its authority would terminate on Dec. 31, 1992.

Section 2278a-13, Pub. L. 92-181, title VI, §6.13, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594; amended Pub. L. 100-399, title II, §201(n), Aug. 17, 1988, 102 Stat. 991, set out transitional provisions from the Farm Credit Administration Board to the Assistance Board.

Sections 2278b to 2278b-11 comprised part B of this subchapter "Financial Assistance Corporation".

Section 2278b, Pub. L. 92-181, title VI, §6.20, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595, established the Farm Credit System Financial Assistance Corporation.

Section 2278b-1, Pub. L. 92-181, title VI, §6.21, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595; amended Pub. L. 102-552, title III, §307(a), Oct. 28, 1992, 106 Stat. 4116, provided for the purpose of the Financial Assistance Corporation.

Section 2278b-2, Pub. L. 92-181, title VI, §6.22, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595; amended Pub. L. 100-399, title II, §201(o), Aug. 17, 1988, 102 Stat. 991, provided for a Board of Directors, including its composition and duties.

Section 2278b-3, Pub. L. 92-181, title VI, §6.23, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595; amended Pub. L. 102-237, title V, §502(m), Dec. 13, 1991, 105 Stat. 1869, required the Corporation to issue generally nontransferable stock with a par value of \$5 to System institutions.

Section 2278b-4, Pub. L. 92-181, title VI, §6.24, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101

Stat. 1596; amended Pub. L. 100-399, title II, §201(a), (b), Aug. 17, 1988, 102 Stat. 990, granted the Financial Assistance Corporation certain corporate powers.

Section 2278b-5, Pub. L. 92-181, title VI, §6.25, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1597, established the Farm Credit Assistance Fund and the Financial Assistance Corporation Trust Fund.

Section 2278b-6, Pub. L. 92-181, title VI, §6.26, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1597; amended Pub. L. 100-399, title II, §201(p)-(x), Aug. 17, 1988, 102 Stat. 991, 992; Pub. L. 102-552, title III, §§302-304(a), 305, 306, Oct. 28, 1992, 106 Stat. 4109-4111, 4114, related to debt obligations issued by the Financial Assistance Corporation.

Section 2278b-7, Pub. L. 92-181, title VI, §6.27, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1602; amended Pub. L. 100-399, title II, §201(y)-(aa), Aug. 17, 1988, 102 Stat. 992, provided for System institution issuance of preferred stock subject to such terms and conditions as authorized by the Assistance Board.

Section 2278b-8, Pub. L. 92-181, title VI, §6.28, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1603; amended Pub. L. 100-399, title II, §201(bb), Aug. 17, 1988, 102 Stat. 992; Pub. L. 102-552, title III, §304(b), Oct. 28, 1992, 106 Stat. 4114, provided for reimbursement to the Financial Assistance Corporation of certain interest charges.

Section 2278b-9, Pub. L. 92-181, title VI, §6.29, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1603; amended Pub. L. 100-460, title VI, §646, Oct. 1, 1988, 102 Stat. 2266, related to one-time stock purchases by System institutions from the Financial Assistance Corporation.

Section 2278b-10, Pub. L. 92-181, title VI, §6.30, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1604, exempted the Financial Assistance Corporation from various taxes.

Section 2278b-11, Pub. L. 92-181, title VI, §6.31, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1605; amended Pub. L. 102-552, title III, §307(b), Oct. 28, 1992, 106 Stat. 4116, provided for termination of the Financial Assistance Corporation and transfer of remaining funds into the Insurance Fund.

## SUBCHAPTER VII—RESTRUCTURING OF SYSTEM INSTITUTIONS

### Editorial Notes

#### CODIFICATION

Pub. L. 100-399, title IV, §408(a), Aug. 17, 1988, 102 Stat. 1001, substituted "RESTRUCTURING OF" for "MERGERS OF" in subchapter heading.

### PART A—MERGER OF BANKS WITHIN A DISTRICT

#### § 2279a. Power to merge

The banks within a district may merge into a single entity (hereinafter in this subchapter referred to as a "merged bank") if the plan of merger is approved by—

- (1) the Farm Credit Administration Board;
- (2) the respective boards of directors of the banks involved;
- (3) a majority of the stockholders of each bank voting, in person or by proxy, at a duly authorized stockholders' meeting with each association entitled to cast a number of votes equal to the number of its voting stockholders; and
- (4) in the case of a bank for cooperatives, a majority of the total equity interests in such merging bank for cooperatives (including allocated, but not unallocated, surplus and reserves) held by those stockholders or sub-

scribers to the guaranty fund of the bank voting.

(Pub. L. 92-181, title VII, § 7.0, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1645; amended Pub. L. 100-399, title IV, § 408(b), Aug. 17, 1988, 102 Stat. 1001.)

#### Editorial Notes

##### AMENDMENTS

1988—Pub. L. 100-399 substituted “The banks” for “Two or more banks” in introductory provisions, and in par. (3) substituted “with each association entitled to cast a number of votes equal to the number of its voting” for “in accordance with the provisions of section 2223(c) of this title relating to the casting of votes by”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

#### § 2279a-1. Board of directors

Each merged bank shall elect a board of directors of such number, for such term, in such manner, and with such qualifications, as may be required in its bylaws, except that at least one member shall be elected by the other directors, which member shall not be a director, officer, employee, or stockholder of a System institution.

(Pub. L. 92-181, title VII, § 7.1, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1645; amended Pub. L. 100-399, title IV, § 408(c), Aug. 17, 1988, 102 Stat. 1001.)

#### Editorial Notes

##### AMENDMENTS

1988—Pub. L. 100-399 struck out “for the district” in section catchline and amended text generally, revising and restating as a single unlettered paragraph provisions of former subssecs. (a) and (b).

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

#### § 2279a-2. Powers of merged banks

##### (a) In general

Except as otherwise provided in this subchapter, a merged bank shall have all of the powers granted to, and shall be subject to all of the obligations imposed on, any of the constituent entities of the merged bank.

##### (b) Regulations

The Farm Credit Administration shall issue regulations that establish the manner in which the powers and obligations of the banks that form the merged bank are consolidated, and to the extent necessary, reconciled in the merged bank.

(Pub. L. 92-181, title VII, § 7.2, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1645.)

#### § 2279a-3. Capitalization

In accordance with section 2154a of this title, each merged bank shall provide, through bylaws and subject to Farm Credit Administration regulations, for the capitalization of the bank and the manner in which bank stock shall be issued, held, transferred, and retired and bank earnings distributed.

(Pub. L. 92-181, title VII, § 7.3, as added Pub. L. 100-399, title IV, § 408(d), Aug. 17, 1988, 102 Stat. 1001.)

#### Editorial Notes

##### PRIOR PROVISIONS

A prior section 2279a-3, Pub. L. 92-181, title VII, § 7.3, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1645, related to issuance of shares of capital stock, prior to repeal by Pub. L. 100-399, title IV, § 408(d), Aug. 17, 1988, 102 Stat. 1001.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE

Section effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as an Effective Date of 1988 Amendment note under section 2002 of this title.

#### § 2279a-4. Repealed. Pub. L. 100-399, title IV, § 408(d), Aug. 17, 1988, 102 Stat. 1001

Section, Pub. L. 92-181, title VII, § 7.4, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1646, related to earnings, reserves, and distributions with regard to merged banks. See section 2279a-3 of this title.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF REPEAL

Repeal effective as if repealing provisions had been enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as an Effective Date of 1988 Amendment note under section 2002 of this title.

#### § 2279a-5. Transferred

#### Editorial Notes

##### CODIFICATION

Section, Pub. L. 92-181, title VII, § 7.5, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1646, which required reports by merged banks for cooperatives, was renumbered section 3.29 of title III of Pub. L. 92-181 by Pub. L. 100-399, title IV, § 408(e), Aug. 17, 1988, 102 Stat. 1001, and was classified to section 2149a of this title, prior to repeal by Pub. L. 115-334, title V, § 5411(16), Dec. 20, 2018, 132 Stat. 4680.

#### PART B—MERGERS, TRANSFERS OF ASSETS, AND POWERS OF ASSOCIATIONS WITHIN A DISTRICT

##### SUBPART 1—TRANSFERS BY FEDERAL LAND BANKS TO FEDERAL LAND BANK ASSOCIATIONS

#### § 2279b. Transfer of lending authority

##### (a) Voluntary transfers

A Federal land bank or a merged bank having a Federal land bank as one of its constituents, may transfer to a Federal land bank association, and the association may assume, the authority of the transferring bank in the territorial area

served by the association, to make and participate in long-term real estate mortgage loans under this chapter if the transfer is approved by—

- (1) the Farm Credit Administration Board;
- (2) the Board of Directors of both institutions; and
- (3) a majority of the stockholders of the bank and of the association, in accordance with the voting provisions of sections 2279a and 2279c-1 of this title, respectively.

**(b) Direct loans and financial assistance**

After a transfer described in subsection (a) or (d)—

- (1) the Federal land bank association shall possess all of the direct long-term real estate mortgage loan authority, formerly possessed by the transferring bank, in the territory served by the association; and
- (2) the bank may provide and extend financial assistance to, and discount for, or purchase from, the transferee Federal land bank association any note, draft, or other obligation with the endorsement or guarantee of the association, the proceeds of which have been advanced to persons eligible and for purposes of financing by the association under subsection (a).

**(c) Regulations**

The Farm Credit Administration shall issue regulations that establish the manner in which the powers and obligations of the banks that make transfers are consolidated and, to the extent necessary, reconciled in the association referred to in subsection (a).

**(d) Mandatory transfer**

On the merger of one or more production credit associations with one or more Federal land bank associations, the bank supervising the Federal land bank association shall transfer all of the direct lending authority of the bank in the territory served by such Federal land bank association to such merged association.

(Pub. L. 92-181, title VII, §7.6, formerly §§7.6, 7.7, as added Pub. L. 100-233, title IV, §416, Jan. 6, 1988, 101 Stat. 1647; amended Pub. L. 100-399, title IV, §408(f)–(j), Aug. 17, 1988, 102 Stat. 1001, 1002.)

**Editorial Notes**

**CODIFICATION**

Pub. L. 100-399, §408(j), transferred section 7.7 of Pub. L. 92-181, which was classified to section 2279c of this title, to subsec. (d) of this section.

**AMENDMENTS**

1988—Subsec. (a). Pub. L. 100-399, §408(f), substituted “Voluntary transfers” for “Assignments” as subsection heading, and in text substituted “may transfer” for “may assign”, “this chapter” for “sections 2014 through 2017 of this title”, and “transfer is approved” for “assignment is approved” in introductory provisions, and “sections 2279a and 2279c-1 of this title, respectively” for “sections 2279a and 2279b of this title” in par. (3).

Subsec. (b). Pub. L. 100-399, §408(g), substituted “a transfer described in subsection (a) or (d)” for “an assignment described in subsection (a)” in introductory provisions and “the bank may provide” for “the Federal land bank may provide” in par. (2).

Subsec. (c). Pub. L. 100-399, §408(h), struck out “assignments or” before “transfers are consolidated” and struck out second sentence, which provided that, following a transfer or assignment under subsection (a) of this section, the provisions of section 2154a of this title were to be applicable to the association.

Subsec. (d). Pub. L. 100-399, §408(i), (j), transferred section 2279c of this title to subsec. (d) of this section, substituted heading for former section heading, and amended text generally. Prior to amendment, text read as follows: “On the merger of one or more production credit associations with one or more Federal land bank associations, the bank supervising the Federal land bank association shall transfer all of its direct lending authority of the bank to such association under section 2279c-1 of this title.”

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

**§ 2279c. Equalization of loan-making powers of certain district associations**

**(a) Equalization of loan-making powers**

**(1) In general**

**(A) Federal land bank associations**

Subject to paragraph (2), any association that owns a Federal land bank association authorized as of January 1, 2007, to make long-term loans under subchapter I in its chartered territory within the geographic area described in subsection (b) may make short- and intermediate-term loans and otherwise operate as a production credit association under subchapter II within that same chartered territory.

**(B) Production credit associations**

Subject to paragraph (2), any association that under its charter has subchapter I lending authority and that owns a production credit association authorized as of January 1, 2007, to make short- and intermediate-term loans under subchapter II in the geographic area described in subsection (b) may make long-term loans and otherwise operate, directly or through a subsidiary association, as a Federal land bank association or Federal land credit association under subchapter I in the geographic area.

**(C) Farm Credit Bank**

Notwithstanding section 2252(a) of this title, the Farm Credit Bank with which any association had a written financing agreement as of January 1, 2007, may make loans and extend other comparable financial assistance with respect to, and may purchase, any loans made under the new authority provided under subparagraph (A) or (B) by an association exercising such authority.

**(2) Required approvals**

An association may exercise the additional authority provided for in paragraph (1) only after the exercise of the authority is approved by—

- (A) the board of directors of the association; and

(B) a majority of the voting stockholders of the association (or, if the association is a subsidiary of another association, the voting stockholders of the parent association) voting, in person or by proxy, at a duly authorized meeting of stockholders in accordance with the process described in section 2279e of this title.

**(b) Applicability**

This section applies only to associations the chartered territory of which was within the geographic area served by the Federal intermediate credit bank immediately prior to its merger with a Farm Credit Bank under section 410(e)(1) of the Agricultural Credit Act of 1987 (12 U.S.C. 2011 note; Public Law 100-233).

(Pub. L. 92-181, title VII, § 7.7, as added Pub. L. 110-234, title V, § 5407(a), May 22, 2008, 122 Stat. 1159, and Pub. L. 110-246, § 4(a), title V, § 5407(a), June 18, 2008, 122 Stat. 1664, 1921.)

**Editorial Notes**

**CODIFICATION**

Pub. L. 110-234 and Pub. L. 110-246 enacted identical sections. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246.

**PRIOR PROVISIONS**

A prior section 2279c, Pub. L. 92-181, title VII, § 7.7, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1647; amended Pub. L. 100-399, title IV, § 408(i), (j), Aug. 17, 1988, 102 Stat. 1002, related to mergers of unlike associations, prior to renumbering as section 7.6(d) of Pub. L. 92-181 and transfer to section 2279b(d) of this title.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE**

Enactment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as a note under section 8701 of Title 7, Agriculture.

Section effective Jan. 1, 2010, see section 5407(d) of Pub. L. 110-246, set out as an Effective Date of 2008 Amendment note under section 2252 of this title.

**SUBPART 2—MERGER OF LIKE AND UNLIKE ASSOCIATIONS**

**§ 2279c-1. Merger of associations**

**(a) In general**

Two or more associations within the same district, whether or not organized under the same subchapter of this chapter, may merge into a single entity (hereinafter in this subchapter referred to as a “merged association”) if the plan of merger is approved by—

- (1) the Farm Credit Administration Board;
- (2) the boards of directors of the associations;
- (3) a majority of the shareholders of each association voting, in person or by proxy, at a duly authorized stockholders’ meeting; and
- (4) the Farm Credit Bank.

**(b) Powers, obligations, and consolidation**

**(1) Powers and obligations**

Except as otherwise provided by this subchapter, a merged association shall—

(A) possess all powers granted under this chapter to the associations forming the merged association; and

(B) be subject to all of the obligations imposed under this chapter on the associations forming the merged association.

**(2) Consolidation**

The Farm Credit Administration shall issue regulations that establish the manner in which the powers and obligations of the associations that form the merged association are consolidated and, to the extent necessary, reconciled in the merged association.

**(c) Stock issuance**

**(1) Plan of merger**

Subject to section 2154a of this title, the number of shares of capital stock issued by a merged association to the stockholders of any association forming such merged association, and the rights and privileges of such shares (including voting power, preferences on liquidation, and the right to dividends), shall be determined by the plan of merger adopted by the merged associations.

**(2) Capitalization**

In accordance with section 2154a of this title, each merged association shall provide, through bylaws and subject to Farm Credit Administration regulations, for the capitalization of the association and the manner in which association stock shall be issued, held, transferred, and retired, and association earnings shall be distributed.

(Pub. L. 92-181, title VII, § 7.8, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1647; amended Pub. L. 100-399, title IV, § 408(k), (l), Aug. 17, 1988, 102 Stat. 1002.)

**Editorial Notes**

**AMENDMENTS**

1988—Subsec. (b)(2). Pub. L. 100-399, § 408(k), struck out second sentence, which directed that, following a merger under subsection (a) of this section, the provisions of section 2154a of this title were to be applicable to the merged association.

Subsec. (c)(2). Pub. L. 100-399, § 408(l), substituted “Capitalization” for “Plan of capitalization” as par. (2) heading and amended text generally. Prior to amendment, text read as follows: “The number of shares of capital stock, and the rights and privileges thereof, issued by a merged association after a merger shall be determined by the Board of Directors of the merged association, with the approval of the supervising bank, and shall be consistent with section 2154a of this title and the regulations issued by the Farm Credit Administration.”

Subsec. (c)(3). Pub. L. 100-399, § 408(l), struck out par. (3) which read as follows: “Voting stock of a merged association shall be issued to and held by farmers, ranchers, or producers or harvesters of aquatic products who are or were, immediately prior to the merger, direct borrowers from one of the associations forming the merged association or the supervising bank of such merged association.”

Subsec. (d). Pub. L. 100-399, § 408(l), struck out subsec. (d) which read as follows: “The plan of merger shall provide for the issuance, transfer, and retirement of stock and the distribution of earnings in accordance with the provisions of section 2154a of this title.”

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

**SUBPART 3—RECONSIDERATION****§ 2279c-2. Reconsideration****(a) Period**

A stockholder vote in favor of—

- (1) the merger of districts under this chapter;
- (2) the merger of banks within a district under section 2279a of this title;
- (3) the transfer of the lending authority of a Federal land bank or a merged bank having a Federal land bank as one of its constituents, under section 2279b of this title;
- (4) the merger of two or more associations under section 2279c-1 or 2279f-1 of this title;
- (5) the termination of the status of an institution as a System institution under section 2279d of this title; or
- (6) the merger of similar banks under section 2279f of this title;

shall not take effect except in accordance with subsection (b).

**(b) Reconsideration****(1) Notice**

Not later than 30 days after a stockholder vote in favor of any of the actions described in subsection (a), the officer or employee that records such vote shall ensure that all stockholders of the voting entity receive notice of the final results of the vote.

**(2) Effective date**

A voluntary merger, transfer, or termination that is approved by a vote of the stockholders of two or more banks or associations shall not take effect until the expiration of 30 days after the date on which the stockholders of such banks or associations are notified of the final result of the vote in accordance with paragraph (1).

**(3) Petition filed**

If a petition for reconsideration of a merger, transfer, or termination vote, signed by at least 15 percent of the stockholders of one or more of the affected banks or associations, is presented to the Farm Credit Administration within 30 days after the date of the notification required under paragraph (1)—

- (A) a voluntary merger, transfer, or termination shall not take effect until the expiration of 60 days after the date on which the stockholders were notified of the final result of the vote; and
- (B) a special meeting of the stockholders of the affected banks or associations shall be held during the period referred to in subparagraph (A) to reconsider the vote.

**(4) Vote on reconsideration**

If a majority of stockholders of any one of the affected banks or associations voting, in person or by written proxy, at a duly author-

ized stockholders' meeting, vote against the proposed merger, transfer, or termination, such action shall not take place.

**(5) Failure to file petition**

If a petition for reconsideration of such vote is either not filed prior to the 60th day after the vote or, if timely filed, is not signed by at least 15 percent of the stockholders, the merger, transfer, or termination shall become effective in accordance with the plan of merger, transfer, or termination.

(Pub. L. 92-181, title VII, § 7.9, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1648; amended Pub. L. 100-399, title IV, § 408(n), (o), Aug. 17, 1988, 102 Stat. 1002; Pub. L. 115-334, title V, § 5411(40), Dec. 20, 2018, 132 Stat. 4683.)

**Editorial Notes****AMENDMENTS**

2018—Subsec. (c). Pub. L. 115-334 struck out subsec. (c) which related to special reconsideration regarding the organization as a separate association by certain associations that had voluntarily merged with one or more associations.

1988—Subsec. (a)(1). Pub. L. 100-399, § 408(n)(1), substituted “this chapter” for “section 2252(a)(2) of this title”.

Subsec. (a)(4). Pub. L. 100-399, § 408(n)(5), redesignated par. (5) as (4).

Pub. L. 100-399, § 408(n)(2), inserted reference to section 2279f-1 of this title.

Subsec. (a)(5). Pub. L. 100-399, § 408(n)(5), redesignated par. (6) as (5). Former par. (5) redesignated (4).

Pub. L. 100-399, § 408(n)(3), substituted “or” for “and”.

Subsec. (a)(6). Pub. L. 100-399, § 408(n)(5), redesignated par. (7) as (6). Former par. (6) redesignated (5).

Pub. L. 100-399, § 408(n)(4), substituted “section 2279f” for “section 2279f-1”.

Subsec. (a)(7). Pub. L. 100-399, § 408(n)(5), redesignated par. (7) as (6).

Subsec. (b)(2). Pub. L. 100-399, § 408(o), struck out comma before “shall not take effect” and substituted “such banks or” for “such”.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

**SUBPART 4—TERMINATION AND DISSOLUTION OF INSTITUTIONS****Editorial Notes****CODIFICATION**

Pub. L. 100-399, title IV, § 408(m), Aug. 17, 1988, 102 Stat. 1002, redesignated subpart 3 as 4.

**§ 2279d. Termination of System institution status****(a) Conditions**

A System institution may terminate the status of the institution as a System institution if—

- (1) the institution provides written notice to the Farm Credit Administration Board not later than 90 days prior to the proposed termination date;
- (2) the termination is approved by the Farm Credit Administration Board;

(3) the appropriate Federal or State authority grants approval to charter the institution as a bank, savings and loan association, or other financial institution;

(4) the institution pays to the Farm Credit Insurance Fund the amount by which the total capital of the institution exceeds 6 percent of the assets;

(5) the institution pays or makes adequate provision for payment of all outstanding debt obligations of the institution;

(6) the termination is approved by a majority of the stockholders of the institution voting, in person or by written proxy, at a duly authorized stockholders' meeting, held prior to giving notice to the Farm Credit Administration Board; and

(7) the institution meets such other conditions as the Farm Credit Administration Board by regulation considers appropriate.

#### (b) Effect

On termination of its status as a System institution—

(1) the Farm Credit Administration Board shall revoke the charter of the institution; and

(2) the institution shall no longer be an instrumentality of the United States under this chapter.

(Pub. L. 92-181, title VII, § 7.10, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1650; amended Pub. L. 115-334, title V, § 5411(41), Dec. 20, 2018, 132 Stat. 4683.)

#### Editorial Notes

##### AMENDMENTS

2018—Subsec. (a)(4). Pub. L. 115-334 added par. (4) and struck out former par. (4) which read as follows: “the institution pays to the Farm Credit Assistance Fund, as created under section 2278b-5 of this title, if the termination is prior to January 1, 1992, or pays to the Farm Credit Insurance Fund, if the termination is after such date, the amount by which the total capital of the institution exceeds, 6 percent of the assets;”.

#### PART C—APPROVAL OF DISCLOSURE INFORMATION AND ISSUANCE OF CHARTERS BY THE FARM CREDIT ADMINISTRATION BOARD

### § 2279e. Approval of disclosure information and issuance of charters

#### (a) Disclosure of information

##### (1) Approval of plan

With respect to any plan of merger, transfer of lending authority, dissolution, or termination, prior to submission to the voters (voting stockholders and, where required, contributors to guaranty funds) of the institutions involved, such plan shall be submitted to the Farm Credit Administration Board, together with all information that is to be distributed to the voters with respect to the contemplated action, including an enumerated statement of the anticipated benefits and potential disadvantages of such action.

##### (2) Notice of approval

On notification that the Farm Credit Administration Board has approved such plan for submission to the stockholders, or after 60

days of no action on the plan by the Board, the submitting institutions may submit the plan, together with the disclosure information, to the voters for the prescribed vote.

#### (b) Notice of reasons for disapproval

If the Farm Credit Administration Board disapproves the plan for submission to the stockholders, notification to the submitting institutions shall specify the reasons for the determination by the Board. If such plan is determined to be inadequate, it shall not be submitted to the voters for a vote.

#### (c) Federal charter

Each plan of merger or transfer of lending authority may include a proposed new or revised Federal charter for the merged or transferee entity. The Farm Credit Administration Board shall issue such charter on the approval of the plan, as prescribed in this subchapter, unless the Board determines that the charter submitted is not consistent with this chapter.

(Pub. L. 92-181, title VII, § 7.11, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1651; amended Pub. L. 100-399, title IV, § 408(p), Aug. 17, 1988, 102 Stat. 1002; Pub. L. 102-237, title V, § 502(n), Dec. 13, 1991, 105 Stat. 1870.)

#### Editorial Notes

##### AMENDMENTS

1991—Subsec. (a)(2). Pub. L. 102-237 substituted “60 days” for “30 days”.

1988—Subsec. (a)(1). Pub. L. 100-399 substituted “transfer of lending authority” for “transfer or assignment of lending authority” and “the institutions involved” for “such institutions”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

##### PART D—MERGERS OF LIKE ENTITIES

### § 2279f. Merger of similar banks

#### (a) In general

Banks organized or operating under this chapter may merge with banks in other districts operating under the same subchapter if the plan of merger is approved by—

(1) the Farm Credit Administration Board;

(2) the respective Boards of Directors of the banks involved;

(3) a majority vote of the stockholders of each bank voting, in person or by proxy, at a duly authorized stockholders' meeting, with each association having a number of votes equal to the number of such association's voting stockholders; and

(4) in the case of a bank for cooperatives, a majority of the total equity interests in such merging bank for cooperatives (including allocated, but not unallocated, surplus and reserves) held by those stockholders or subscribers to the guaranty fund of the bank voting.

#### (b) Powers and capitalization

Sections 2279a-2 and 2279a-3 of this title shall apply to banks merged under this section.

**(c) Board of directors****(1) In general**

After a merger under subsection (a), a board of directors shall be created for the resulting bank.

**(2) Composition**

The board shall be composed of—

(A) two directors elected by each of the bank boards, with at least one such director from each bank being elected by the eligible stockholders of, or subscribers to, the guaranty fund of the merging banks; and

(B) one outside director elected by the directors elected under subparagraph (A).

**(3) Outside director****(A) Qualifications**

The outside director elected under paragraph (2)(B) shall be experienced in financial services and credit, and within the 2-year period prior to such election, shall not have been a borrower from, shareholder in, or director, officer, employee, or agent of any institution of the Farm Credit System.

**(B) Failure to elect**

If the other members of the board fail to elect an outside director, the Farm Credit Administration Board shall appoint a qualified person to serve on the board of directors until such member is so elected.

**(4) Bylaws**

Notwithstanding paragraph (2), the bylaws of the merged bank may, with the approval of the Farm Credit Administration, provide for a different number of directors to be selected in a different manner, except that the bylaws shall provide for at least one outside director.

(Pub. L. 92-181, title VII, § 7.12, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1652; amended Pub. L. 100-399, title IV, § 408(q), (r), Aug. 17, 1988, 102 Stat. 1002, 1003.)

**Editorial Notes****AMENDMENTS**

1988—Subsec. (b). Pub. L. 100-399, § 408(q), substituted “Powers and capitalization” for “Procedures” in heading and, in amending text generally, substituted “Sections 2279a-2 and 2279a-3 of this title” for “The provisions of sections 2279a-2 through 2279a-4 of this title”.

Subsec. (c)(2)(B). Pub. L. 100-399, § 408(r), substituted “directors” for “members”.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

**§ 2279f-1. Merger of similar associations****(a) In general**

Associations may voluntarily merge with other like associations if the plan of merger is approved by—

(1) the Farm Credit Administration Board;

(2) the respective Boards of Directors of the associations involved;

(3) a majority vote of the stockholders of each association voting, in person or by proxy, at a duly authorized stockholders’ meeting; and

(4) the Farm Credit Banks involved.

**(b) Procedures**

The provisions of subsections (b) and (c) of section 2279c-1 of this title shall apply to associations merged under this section.

(Pub. L. 92-181, title VII, § 7.13, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1653; amended Pub. L. 100-399, title IV, § 408(s), (t), Aug. 17, 1988, 102 Stat. 1003.)

**Editorial Notes****AMENDMENTS**

1988—Subsec. (a)(4). Pub. L. 100-399, § 408(s), substituted “the Farm Credit Banks involved” for “the Farm Credit Bank”.

Subsec. (b). Pub. L. 100-399, § 408(t), substituted “subsections (b) and (c)” for “subsections (b), (c), and (d)”.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

**PART E—TAXATION OF MERGER TRANSACTIONS****§ 2279g. Transactions to accomplish mergers exempt from certain State taxes**

No State or political subdivision thereof may treat the merger or consolidation of two or more institutions of the Farm Credit System under this subchapter or title IV of the Agricultural Credit Act of 1987 as resulting in a change of ownership of any property owned by any of such merging or consolidating institutions, for purposes of any law of such State or political subdivision providing for reassessment of property on the occurrence of a change of ownership or imposing a tax on the ownership or transfer of property.

(Pub. L. 92-181, title VII, § 7.14, as added Pub. L. 100-399, title IV, § 408(u), Aug. 17, 1988, 102 Stat. 1003.)

**Editorial Notes****REFERENCES IN TEXT**

The Agricultural Credit Act of 1987, referred to in text, is Pub. L. 100-233, Jan. 6, 1988, 101 Stat. 1568. Title IV of that Act amended this chapter. For complete classification of this Act to the Code see Short Title of 1988 Amendment note set out under section 2001 of this title and Tables.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE**

Section effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as an Effective Date of 1988 Amendment note under section 2002 of this title.

**SUBCHAPTER VIII—AGRICULTURAL MORTGAGE SECONDARY MARKET****§ 2279aa. Definitions**

For purposes of this subchapter: