

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE**

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

§ 2023. Taxation

The Farm Credit Banks and the capital, reserves, and surplus thereof, and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation, except taxes on real estate held by a Farm Credit Bank to the same extent, according to its value, as other similar property held by other persons is taxed. The mortgages held by the Farm Credit Banks and the notes, bonds, debentures, and other obligations issued by the banks shall be considered and held to be instrumentalities of the United States and, as such, they and the income therefrom shall be exempt from all Federal, State, municipal, and local taxation, other than Federal income tax liability of the holder thereof under the Public Debt Act of 1941 (31 U.S.C. 3124).

(Pub. L. 92-181, title I, §1.15, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1629; amended Pub. L. 100-399, title IV, §401(l), Aug. 17, 1988, 102 Stat. 997.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 1.15 of Pub. L. 92-181 was classified to section 2033 of this title prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

A prior section 2031, Pub. L. 92-181, title I, §1.13, Dec. 10, 1971, 85 Stat. 587; Pub. L. 99-205, title II, §205(d)(4), Dec. 23, 1985, 99 Stat. 1703; Pub. L. 100-233, title VIII, §802(e), Jan. 6, 1988, 101 Stat. 1710, related to organizations, articles, and charters of Federal land bank associations, and powers of Farm Credit Administration, prior to the general amendment of this subchapter by Pub. L. 100-233, §401. See section 2011 of this title.

A prior section 2032, Pub. L. 92-181, title I, §1.14, Dec. 10, 1971, 85 Stat. 587, related to board of directors, prior to the general amendment of this subchapter by Pub. L. 100-233, §401. See section 2012 of this title.

A prior section 2033, Pub. L. 92-181, title I, §1.15, Dec. 10, 1971, 85 Stat. 587; Pub. L. 96-592, title I, §110, Dec. 24, 1980, 94 Stat. 3439; Pub. L. 99-205, title II, §205(d)(5), Dec. 23, 1985, 99 Stat. 1704; Pub. L. 100-233, title VII, §705(b), title VIII, §805(b), Jan. 6, 1988, 101 Stat. 1707, 1715; Pub. L. 100-399, title VI, §604, title VII, §702(a), Aug. 17, 1988, 102 Stat. 1006, related to general corporate powers, prior to the general amendment of this subchapter by Pub. L. 100-233, §401. See section 2013 of this title.

A prior section 2034, Pub. L. 92-181, title I, §1.16, Dec. 10, 1971, 85 Stat. 589; Pub. L. 96-592, title I, §111, Dec. 24, 1980, 94 Stat. 3439; Pub. L. 99-205, title III, §304(a), Dec. 23, 1985, 99 Stat. 1708, related to association stock, value of shares, voting, and purchase, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

A prior section 2051, Pub. L. 92-181, title I, §1.17, Dec. 10, 1971, 85 Stat. 589; Pub. L. 96-592, title I, §112, Dec. 24, 1980, 94 Stat. 3439; Pub. L. 99-205, title II, §205(d)(6), title VI, §602, Dec. 23, 1985, 99 Stat. 1704, 1711; Pub. L. 100-233, title VIII, §802(f), Jan. 6, 1988, 101 Stat. 1711, related to land bank reserves, dividends, and patronage refunds, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

A prior section 2052, Pub. L. 92-181, title I, §1.18, Dec. 10, 1971, 85 Stat. 589; Pub. L. 96-592, title I, §113, Dec. 24, 1980, 94 Stat. 3439; Pub. L. 99-205, title VI, §603, Dec. 23, 1985, 99 Stat. 1711; Pub. L. 100-233, title VIII, §802(g),

Jan. 6, 1988, 101 Stat. 1711, related to association reserves, dividends, and patronage refunds, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

A prior section 2053, Pub. L. 92-181, title I, §1.19, Dec. 10, 1971, 85 Stat. 590; Pub. L. 96-592, title I, §114, Dec. 24, 1980, 94 Stat. 3439, related to agreements for sharing gains or losses, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

A prior section 2054, Pub. L. 92-181, title I, §1.20, Dec. 10, 1971, 85 Stat. 590; Pub. L. 96-592, title I, §115, Dec. 24, 1980, 94 Stat. 3439; Pub. L. 99-205, title II, §205(d)(7), Dec. 23, 1985, 99 Stat. 1704; Pub. L. 100-233, title VIII, §805(c), Jan. 6, 1988, 101 Stat. 1715, related to liens on stock and participation certificates, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

A prior section 2055, Pub. L. 92-181, title I, §1.21, Dec. 10, 1971, 85 Stat. 590; Pub. L. 100-399, title IX, §901(a), Aug. 17, 1988, 102 Stat. 1007, related to tax exempt status, prior to the general amendment of this subchapter by Pub. L. 100-233, §401. See section 2023 of this title.

AMENDMENTS

1988—Pub. L. 100-399 inserted a comma after “therefrom” and substituted “3124” for “742(a)”.

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

Amendment by Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

EFFECTIVE DATE

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

SUBCHAPTER II—FARM CREDIT ASSOCIATIONS**Editorial Notes****CODIFICATION**

Title II of the Farm Credit Act of 1971, comprising this subchapter, was originally enacted by Pub. L. 92-181, title II, Dec. 10, 1971, 85 Stat. 590, and amended by Pub. L. 95-443, Oct. 10, 1978, 92 Stat. 1066; Pub. L. 96-592, Dec. 24, 1980, 94 Stat. 3437; Pub. L. 99-205, Dec. 23, 1985, 99 Stat. 1678; Pub. L. 99-509, Oct. 21, 1986, 100 Stat. 1874; Pub. L. 100-233, Jan. 6, 1988, 101 Stat. 1568. Such title is shown herein, however, as having been added by Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, without reference to such intervening amendments because of the extensive revision of the title's provisions by Pub. L. 100-233.

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1629, substituted “Farm Credit Associations” for “Federal Intermediate Credit Banks and Production Credit Associations” as subchapter heading.

PART A—PRODUCTION CREDIT ASSOCIATIONS**Editorial Notes****CODIFICATION**

1988—Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1629, substituted “Production Credit Associations” for “Federal Intermediate Credit Banks” as part A heading.

§ 2071. Organization and charters**(a) Charter**

Each production credit association shall continue as a Federally chartered instrumentality of the United States.

(b) Organization**(1) In general**

Production credit associations may be organized by 10 or more farmers or ranchers or producers or harvesters of aquatic products desiring to borrow money under the provisions of this part.

(2) Articles of association

The proposed articles of association shall be forwarded to the Farm Credit Bank for the district accompanied by an agreement to subscribe on behalf of the association for stock in the bank in such amounts as may be required by the bank.

(3) Contents of articles

The articles shall specify in general terms the—

- (A) objects for which the association is formed;
- (B) powers to be exercised by the association in carrying out the functions authorized by this part; and
- (C) territory the association proposes to serve.

(4) Signatures

The articles shall be signed by persons desiring to form such an association and shall be accompanied by a statement signed by each such person establishing eligibility to borrow from the association in which such person will become a stockholder.

(5) Copy to FCA

A copy of the articles of association shall be forwarded to the Farm Credit Administration with the recommendations of the bank concerning the need for such an association in order to adequately serve the credit needs of eligible persons in the proposed territory and whether that territory includes any area described in the charter of another production credit association.

(6) Denial of charter

The Farm Credit Administration for good cause shown may deny the charter.

(7) Approval of articles

On approval of the proposed articles by the Farm Credit Administration, and on the issuance of a charter, the association shall become as of such date a federally chartered body corporate and an instrumentality of the United States.

(8) Powers of FCA

The Farm Credit Administration shall have the power, under rules and regulations prescribed by the Farm Credit Administration or by prescribing in the terms of the charter, to—

- (A) provide for the organization of the association;
- (B) provide for the initial amount of stock of the association;
- (C) provide for the territory within which the association's operations may be carried on; and
- (D) approve amendments to the charter of the association.

(Pub. L. 92-181, title II, §2.0, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1629;

amended Pub. L. 100-399, title IV, §401(m), Aug. 17, 1988, 102 Stat. 997; Pub. L. 102-237, title V, §502(b), Dec. 13, 1991, 105 Stat. 1868.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 2071, Pub. L. 92-181, title II, §2.0, Dec. 10, 1971, 85 Stat. 590; Pub. L. 100-233, title VIII, §802(h), Jan. 6, 1988, 101 Stat. 1711, related to establishment and branches of Federal intermediate credit banks, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1991—Subsec. (b)(8). Pub. L. 102-237 substituted “charter, to” for “charter to” in introductory provisions.

1988—Subsec. (b)(1). Pub. L. 100-399, §401(m)(1), substituted “this part” for “this subchapter”.

Subsec. (b)(3)(B). Pub. L. 100-399, §401(m)(2), (3), struck out “the” before “powers” and substituted “this subtitle” for “this part”, both of which for purposes of codification were translated as “this part”, requiring no change in text.

Subsec. (b)(3)(C). Pub. L. 100-399, §401(m)(3), struck out “the” before “territory”.

Subsec. (b)(8). Pub. L. 100-399, §401(m)(4), struck out in introductory provision “or by approval of bylaws of the association” after “the charter” and amended subpar. (D) generally. Prior to amendment, subpar. (D) read as follows: “direct at any time such changes in the charter as the Farm Credit Administration finds necessary for the accomplishment of the purposes of this chapter”.

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE OF 1991 AMENDMENT**

Amendment by Pub. L. 102-237 effective as if included in the provision of the Food, Agriculture, Conservation, and Trade Act of 1990, Pub. L. 101-624, to which the amendment relates, see section 1101(b)(4) of Pub. L. 102-237, set out as a note under section 1421 of Title 7, Agriculture.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

EFFECTIVE DATE

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

MERGER OF PRODUCTION CREDIT ASSOCIATIONS AND FEDERAL LAND BANK ASSOCIATIONS

Pub. L. 100-233, title IV, §411, Jan. 6, 1988, 101 Stat. 1638, as amended by Pub. L. 100-399, title IV, §403, Aug. 17, 1988, 102 Stat. 999, provided that:

“(a) SUBMISSION OF PROPOSAL.—Not later than 6 months after the date of the merger of the Federal land bank and the Federal intermediate credit bank in a district, the Boards of Directors of each Federal land bank association and each production credit association in such district, that share substantially the same geographical territory with each other, shall submit to the voting stockholders of each such association for their approval, a plan, approved by the supervising bank and the Farm Credit Administration, for merging such associations.

“(b) PREREQUISITES TO MERGER.—

“(1) STOCKHOLDER VOTE.—The stockholder vote required for approval of a merger under subsection (a) shall be a majority of the voting stockholders of each

association voting, in person or by written proxy, at a duly authorized stockholders meeting.

“(2) SUBMISSION TO FCA.—Not later than 60 days prior to the end of the 12-month period beginning on the date of the enactment of this section [Jan. 6, 1988], the plan of merger under subsection (a), together with all information to be presented to the stockholders, shall be submitted to the Farm Credit Administration.

“(3) EXPEDITED CONSIDERATION BY FCA.—The Farm Credit Administration shall expedite its consideration of the plan and accompanying information submitted under paragraph (2) so that review and approval of such plan and information shall be completed by the Administration so as to enable a stockholder vote to occur within the 12-month period referred to in paragraph (2).

“(c) DIRECT LENDERS.—On approval of a merger under this subsection, the resulting association shall be a direct lender in the same manner as applies to production credit associations.”

REASSIGNMENT OF ASSOCIATIONS TO ADJOINING DISTRICTS

Pub. L. 100-233, title IV, §433, Jan. 6, 1988, 101 Stat. 1662, as amended by Pub. L. 100-399, title IV, §417, Aug. 17, 1988, 102 Stat. 1004, provided that:

“(a) PETITION OF BANK.—Notwithstanding any other provision of law, effective for the 12-month period beginning on the date of enactment of this Act [Jan. 6, 1988], each Federal land bank association or production credit association, whose chartered territory adjoins the territory of another district, may petition the Farm Credit Administration to amend the charters of the association and the adjoining district bank to provide that the territory of the association is part of the adjoining district.

“(b) REQUIREMENTS OF PETITION.—To be considered under this section, the petition must be signed by not less than 15 percent of the stockholders of the association. Only one such petition may be filed by an association under this section.

“(c) FCA ACTION.—The Farm Credit Administration shall take any action necessary—

“(1) to amend the charters of the association and the district bank; and

“(2) to incorporate the petitioning association into the adjoining district if the reassignment is approved by—

“(A) a majority of the stockholders of the association voting, in person or by proxy, at a duly authorized stockholders' meeting held for such purpose;

“(B) the board of directors of the adjoining district bank;

“(C) the Farm Credit System Assistance Board; and

“(D) the Farm Credit Administration Board.”

§ 2072. Board of directors

Each production credit association shall elect from the voting members of such association, a board of directors of such number, for such terms, with such qualifications, and in such manner as may be required by the bylaws of the association, except that at least one member shall be elected by the other directors, which member shall not be a director, officer, employee, stockholder, or agent of a System institution.

(Pub. L. 92-181, title II, §2.1, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1630; amended Pub. L. 100-399, title IV, §401(n), Aug. 17, 1988, 102 Stat. 997; Pub. L. 102-237, title V, §502(c), Dec. 13, 1991, 105 Stat. 1868.)

Editorial Notes

PRIOR PROVISIONS

A prior section 2072, Pub. L. 92-181, title II, §2.1, Dec. 10, 1971, 85 Stat. 591; Pub. L. 96-592, title II, §201, Dec. 24, 1980, 94 Stat. 3439; Pub. L. 99-205, title II, §205(e)(1), Dec. 23, 1985, 99 Stat. 1704; Pub. L. 100-233, title VII, §705(c), title VIII, §§802(i), 805(d), Jan. 6, 1988, 101 Stat. 1707, 1711, 1715; Pub. L. 100-399, title VI, §604, title IX, §901(b), Aug. 17, 1988, 102 Stat. 1006, 1007, related to corporate existence and general corporate powers, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1991—Pub. L. 102-237 substituted “stockholder, or agent” for “or stockholder”.

1988—Pub. L. 100-399 struck out the comma after “except that”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

EFFECTIVE DATE

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided in part that this section is effective 6 months after Jan. 6, 1988.

§ 2073. General corporate powers

Each production credit association shall be a body corporate and, subject to supervision by the Farm Credit Bank for the district and regulation by the Farm Credit Administration, shall have the power to—

(1) have succession until terminated in accordance with this chapter or any other Act of Congress;

(2) adopt and use a corporate seal;

(3) make contracts;

(4) sue and be sued;

(5) acquire, hold, dispose, and otherwise exercise all of the usual incidents of ownership of real and personal property necessary or convenient to the business of the association;

(6) operate under the direction of the board of directors of the association in accordance with the provisions of this chapter;

(7) subscribe to stock of the bank;

(8) purchase stock of the bank held by other production credit associations and stock of other production credit associations;

(9) contribute to the capital of the bank or other production credit associations;

(10) invest funds of the association as may be approved by the Farm Credit Bank under regulations of the Farm Credit Administration and deposit the current funds and securities of such with the Farm Credit Bank, a member bank of the Federal Reserve System, or any bank insured under the Federal Deposit Insurance Corporation, and may pay fees therefor and receive interest thereon as may be agreed;

(11) buy and sell obligations of or insured by the United States or of any agency thereof or of any banks of the Farm Credit System and buy from and sell to such banks, interests in loans and in other financial assistance ex-