

SUBCHAPTER III—BANKS FOR COOPERATIVES

PART A—BANKS FOR COOPERATIVES

Editorial Notes

CODIFICATION

Pub. L. 100-233, title IV, §415(1), Jan. 6, 1988, 101 Stat. 1642, inserted part A heading.

§ 2121. Establishment; titles; branches

The banks for cooperatives established pursuant to sections 2 and 30 of the Farm Credit Act of 1933, as amended, shall continue as federally chartered instrumentalities of the United States. The Farm Credit Administration shall approve amendments consistent with this chapter to charters and organizational certificates of banks for cooperatives. Unless an existing bank for cooperatives is merged with another bank, there shall be a bank for cooperatives in each farm credit district. A bank for cooperatives may include in its title the name of the city in which it is located or other geographical designation. When authorized by the Farm Credit Administration each bank for cooperatives may establish such branches or other offices as may be appropriate for the effective operation of its business.

(Pub. L. 92-181, title III, §3.0, Dec. 10, 1971, 85 Stat. 602; Pub. L. 100-233, title IV, §414(b), title VIII, §802(m), Jan. 6, 1988, 101 Stat. 1641, 1711; Pub. L. 100-399, title IV, §406(b), title IX, §901(c), Aug. 17, 1988, 102 Stat. 1000, 1007; Pub. L. 115-334, title V, §5411(4), Dec. 20, 2018, 132 Stat. 4679.)

Editorial Notes

REFERENCES IN TEXT

Sections 2 and 30 of the Farm Credit Act of 1933, as amended, referred to in text, were classified to sections 1134 and 1134f, respectively, of this title prior to their repeal by section 5.26 of Pub. L. 92-181, which enacted this chapter.

AMENDMENTS

2018—Subsec. (a). Pub. L. 115-334 struck out “and a Central Bank for Cooperatives” after “each farm credit district” and “The Central Bank for Cooperatives may be located in such place as its board of directors may determine with the approval of the Farm Credit Administration.” after “other geographical designation.”

1988—Pub. L. 100-399, §901(c), substituted “merged with another bank” for “merged with one or more other such banks under section 2181 of this title”.

Pub. L. 100-233, §802(m), substituted “The Farm Credit Administration shall approve amendments consistent with this chapter to charters and organizational certificates of banks for cooperatives” for “Their charters or organization certificates may be modified from time to time by the Farm Credit Administration, not inconsistent with the provisions of this subchapter, as may be necessary or expedient to implement this chapter”.

Pub. L. 100-233, §414(b), which designated existing provisions as subsec. (a), and added subsec. (b) reading “Each bank for cooperatives shall elect from its voting stockholders 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.”, was

repealed by section 406(b) of Pub. L. 100-399. See Construction of 1988 Amendment note below.

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.

CONSTRUCTION OF 1988 AMENDMENT

Pub. L. 100-399, title IV, §406(b), Aug. 17, 1988, 102 Stat. 1000, provided that section 414(b) of Pub. L. 100-233, cited as a credit to this section, is repealed and that the Agricultural Credit Act of 1987 (Pub. L. 100-233) and this chapter shall be applied and administered as if such section had not been enacted.

VOLUNTARY MERGER OF BANKS FOR COOPERATIVES

Pub. L. 100-233, title IV, §413, Jan. 6, 1988, 101 Stat. 1639, as amended by Pub. L. 100-399, title IV, §405, Aug. 17, 1988, 102 Stat. 1000, provided that:

“(a) SUBMISSION OF PROPOSAL.—

“(1) SPECIAL COMMITTEE.—

“(A) IN GENERAL.—Not later than 15 days after the date of the enactment of this section [Jan. 6, 1988], a special committee shall be selected pursuant to subparagraph (B), for the purpose of developing a proposal for the voluntary merger of the banks for cooperatives.

“(B) COMPOSITION.—The special committee selected under subparagraph (A) shall be composed of—

“(i) one member of each district board elected by the voting stockholders of the bank for cooperatives in the district; and

“(ii) one member chosen from the board of directors of the Central Bank for Cooperatives by the board of such Bank.

“(C) DEVELOPMENT OF PLAN.—Not later than 75 days after the date of the enactment of this section [Jan. 6, 1988], the special committee shall develop a plan of merger for all such banks and the Central Bank for Cooperatives into a National Bank for Cooperatives.

“(2) PREREQUISITES TO MERGER.—

“(A) SUBMISSION TO FCA.—On completion of the plan of merger pursuant to paragraph (1)(C), the special committee shall submit the proposed plan, together with all information that is to be distributed to the stockholders concerning such plan, to the Farm Credit Administration for approval.

“(B) EXPEDITED REVIEW.—Not later than 30 days after the Farm Credit Administration receives the plan of merger, the Administration shall promptly review such plan and advise the special committee concerning any required changes that are necessary to the plan.

“(3) SUBMISSION TO STOCKHOLDERS.—On approval of the plan by the Farm Credit Administration, the special committee shall, under such procedures as may be established by the committee, submit the plan and recommendations to all voting stockholders of the district banks for cooperatives and the Central Bank for Cooperatives.

“(b) VOTING REQUIREMENTS.—

“(1) MAJORITY VOTE REQUIRED.—An approval of the plan of merger developed and submitted under subsection (a) shall—

“(A) require a majority vote of the stockholders of each district bank for cooperatives voting, in person or by proxy, at a duly authorized stockholders’ meeting, computed both—

“(i) in accordance with the requirement that, except as provided in section 3.3(d) [12 U.S.C. 2124(d)], each cooperative that is the holder of voting stock in the bank for cooperatives shall be entitled to cast one vote; and

“(ii) on the basis of the total equity interests in the bank (including allocated, but not unallocated, surplus and reserves) held by such stockholders;

“(B) require a majority vote of the voting stockholders of the Central Bank for Cooperatives voting on a one-bank-one-vote basis;

“(C) take place not later than 180 days after the date of the enactment of this section [Jan. 6, 1988]; and

“(D) take place prior to any other merger vote involving a bank for cooperatives.

“(2) APPROVAL BY ALL BANKS FOR COOPERATIVES.—If the stockholders of all of the banks for cooperatives approve the merger, the merger shall take place.

“(3) EFFECT OF LESSER VOTE.—If the stockholders of more than one but fewer than all of the banks approve the plan, each such bank whose stockholders voted to approve the merger shall be merged into a single bank for cooperatives, as provided in paragraphs (4) or (5).

“(4) NATIONAL BANK FOR COOPERATIVES.—

“(A) CREATION.—If the stockholders of eight or more of the district banks for cooperatives approve the merger, such banks, and the Central Bank for Cooperatives, shall be merged into a single bank, which shall be referred to as the ‘National Bank for Cooperatives’.

“(B) SERVICES PROVIDED.—The National Bank for Cooperatives may offer credit and related services to eligible borrowers located within any territory that may be served by Farm Credit System institutions under section 5.0 [12 U.S.C. 2221], or to any borrower otherwise eligible under section 3.7(b) [12 U.S.C. 2128(b)].

“(5) UNITED BANK FOR COOPERATIVES.—

“(A) CREATION.—If the stockholders of more than one but fewer than eight of the district banks approve the plan, each such bank, and the Central Bank for Cooperatives (if approved by a numerical majority of its stockholders), shall be merged into a single bank, which shall be referred to as the ‘United Bank for Cooperatives’.

“(B) SERVICES PROVIDED.—The United Bank for Cooperatives shall offer credit and related services only in the territory included, as of the date of the enactment of this section [Jan. 6, 1988], within the boundaries of the districts that had been served by the constituent banks of the United Bank for Cooperatives, and to any borrower otherwise eligible under section 3.7(b) [12 U.S.C. 2128(b)].

“(6) NONCONSENTING BANKS.—

“(A) IN GENERAL.—

“(i) NATIONAL BANK FOR COOPERATIVES.—Any of the district banks whose stockholders did not approve the plan of merger may offer credit and related services to any eligible borrowers within any territory or area that may be served by the National Bank.

“(ii) UNITED BANK FOR COOPERATIVES.—Any of the district banks whose stockholders did not approve the plan of merger shall continue as district banks for cooperatives and shall continue to serve only the territory within the boundaries of the district that such banks served as of the date of the enactment of this section [Jan. 6, 1988].

“(B) NONDISCRIMINATION.—Any district bank whose stockholders did not approve the plan of merger shall be entitled to the availability, from the National Bank for Cooperatives or the United Bank for Cooperatives, as the case may be, of the same credit and related services now provided by the Central Bank for Cooperatives as of the date of the enactment of this section [Jan. 6, 1988], regardless of the decision not to merge.

“(C) SUBSEQUENT MERGERS.—Any district bank referred to in subparagraph (A) may subsequently merge with the National Bank for Cooperatives or the United Bank for Cooperatives, as the case may be, on the approval of the voting stockholders of

both banks proposing to merge based on the voting requirement of subsection (b)(1).

“(c) REFERENCES.—References in this section to voting stockholders shall include subscribers to the guaranty fund.”

BANK FOR COOPERATIVES INITIAL BOARD OF DIRECTORS

Pub. L. 100-233, title IV, §414(a), Jan. 6, 1988, 101 Stat. 1641, as amended by Pub. L. 100-399, title IV, §406(a), Aug. 17, 1988, 102 Stat. 1000, provided that: “Notwithstanding section 3.2 [probably means section 3.2 of Pub. L. 92-181, 12 U.S.C. 2123], the initial board of each district bank for cooperatives shall be composed of the members of the district board (which is dissolved upon the creation of the district Farm Credit Bank) elected by the stockholders of the bank for cooperatives and one member elected by the other two members, which member shall not be a director, officer, employee, or stockholder of a System institution. The initial board shall operate for such term as is agreed to by the members of the board, except that such period shall not exceed two years. Thereafter, the board shall be elected and serve in accordance with section 3.0 of the Farm Credit Act of 1971 [12 U.S.C. 2121].”

§ 2122. Corporate existence; general corporate powers

Each bank for cooperatives shall be a body corporate and, subject to regulation by the Farm Credit Administration, shall have power to—

(1) Adopt and use a corporate seal.

(2) Have succession until dissolved under the provisions of this chapter or other Act of Congress.

(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 its business.

(6) Make loans and commitments for credit, provide services and other assistance as authorized in this chapter, and charge fees therefor.

(7) Operate under the direction of its board of directors.

(8) Elect by its board of directors a president, any vice presidents, a secretary, a treasurer, and provide for such other officers, employees, and agents as may be necessary, including joint employees as provided in this chapter, define their duties and require surety bonds or make other provisions against losses occasioned by employees.

(9) Prescribe by its board of directors its bylaws not inconsistent with law providing for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; its officers, employees, or agents elected or provided for; its property acquired, held, and transferred; its loans made; its general business conducted; and the privileges granted it by law exercised and enjoyed.

(10) Borrow money and issue notes, bonds, debentures, or other obligations individually or in concert with one or more other banks of the System, of such character, and such terms, conditions, and rates of interest as may be determined.

(11)(A) Participate in loans under this subchapter with one or more other banks for cooperatives and with commercial banks and other financial institutions upon such terms as may