

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

CONSOLIDATION OF DISTRICT FARM CREDIT BANKS

Pub. L. 100-233, title IV, §412, Jan. 6, 1988, 101 Stat. 1638, as amended by Pub. L. 100-399, title IV, §404, Aug. 17, 1988, 102 Stat. 999, provided that:

“(a) SUBMISSION OF PROPOSAL.—

“(1) SPECIAL COMMITTEE.—

“(A) IN GENERAL.—Not later than 6 months after the date of the enactment of this section [Jan. 6, 1988], a special committee shall be selected pursuant to regulations of the Farm Credit Administration for the purpose of developing a proposal for the consolidation of Farm Credit System districts.

“(B) COMPOSITION.—The special committee selected under subparagraph (A) shall be composed of one representative from each Farm Credit Bank board and the members of the Board of Directors of the Assistance Board.

“(2) DEVELOPMENT OF PROPOSAL.—Not later than 6 months after the formation of the special committee, the committee shall develop a proposal to consolidate the Farm Credit Banks into no less than six financially viable Farm Credit Banks through inter-district mergers.

“(3) REPORT.—Not later than the end of each calendar quarter beginning at least 6 months after the selection of the special committee, such committee shall prepare and submit, to the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on the progress of the committee in developing a proposal under this subsection.

“(b) PREREQUISITES TO CONSOLIDATION.—

“(1) FCA REVIEW OF PROPOSAL.—Prior to the submission of the proposal developed under subsection (a)(2) to the stockholders under paragraph (3), the proposal together with all information to be presented to the stockholders, shall be submitted to the Farm Credit Administration for approval.

“(2) PREREQUISITES.—The proposal developed under subsection (a)(2) shall not be submitted to stockholders under paragraph (3) unless the proposal is approved by—

“(A) a majority of the members of the Board of Directors of the Assistance Board; and

“(B) the members of the special committee that represent the districts affected by the terms of the proposal.

“(3) SUBMISSION TO STOCKHOLDERS.—Not later than the end of the 18-month period after the date of enactment of this Act [Jan. 6, 1988], each Farm Credit Bank involved, in consultation with the special committee, shall submit the proposed merger affecting such bank to the voting stockholders of each such bank.

“(4) STOCKHOLDER VOTE.—Each association shall be entitled to cast a number of votes equal to the number of voting stockholders of such association.”

[For termination, effective May 15, 2000, of reporting provisions in section 412(a)(3) of Pub. L. 100-233, set out above, see section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance, and page 166 of House Document No. 103-7.]

APPLICABILITY OF LAWS ENACTED AFTER
JANUARY 1, 1960

Pub. L. 86-168, title II, §203(b), Aug. 18, 1959, 73 Stat. 390, provided that: “Any Act of Congress enacted after the effective date of this title [Jan. 1, 1960] and which states that it shall be applicable to agencies or instrumentalities of the United States or to corporations controlled or owned, in whole or in part, by the United States, or to officers and employees of the United States or such agencies or instrumentalities or cor-

porations, shall not be applicable to a Federal land bank, Federal intermediate credit bank, or bank for cooperatives, or to its directors, officers, or employees unless such Act specifically so provides by naming such banks.”

SUBCHAPTER I—FARM CREDIT BANKS

Editorial Notes

CODIFICATION

Title I of the Farm Credit Act of 1971, comprising this subchapter, was originally enacted by Pub. L. 92-181, title I, Dec. 10, 1971, 85 Stat. 583, and amended by 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.

§ 2011. Establishment, charters, titles, branches

(a) Establishment

The banks established pursuant to the merger of each District Federal Intermediate Credit Bank and Federal Land Bank (hereinafter referred to in this subchapter as “Farm Credit Banks”), as provided in section 410 of the Agricultural Credit Act of 1987, shall be Federally chartered instrumentalities of the United States.

(b) Charters

The Farm Credit Administration shall, consistent with this chapter, issue charters for, and approve amendments to charters of, the Farm Credit Banks.

(c) Title

Each Farm Credit Bank may include in its title the name of the city in which it is located or other geographical designation.

(d) Branches

Each Farm Credit Bank may establish such branches or other offices as may be appropriate for the effective operation of its business.

(Pub. L. 92-181, title I, §1.3, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622; amended Pub. L. 100-399, title IV, §401(a), (b), Aug. 17, 1988, 102 Stat. 995.)

Editorial Notes

REFERENCES IN TEXT

Section 410 of the Agricultural Credit Act of 1987, referred to in subsec. (a), is section 410 of Pub. L. 100-233, which is set out as a note below.

PRIOR PROVISIONS

A prior section 2011, Pub. L. 92-181, title I, §1.3, Dec. 10, 1971, 85 Stat. 583; Pub. L. 100-233, title VIII, §802(a), Jan. 6, 1988, 101 Stat. 1710, related to establishment, title, and branches of Federal land banks prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1988—Subsec. (a). Pub. L. 100-399, §401(a), inserted “, as provided in section 410 of the Agricultural Credit Act of 1987,” before “shall”.

Subsec. (b). Pub. L. 100-399, §401(b), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as

follows: “The charters or organization certificates of Farm Credit Banks may be modified from time to time by the Farm Credit Administration Board, not inconsistent with the provisions of this subchapter, as may be necessary or expedient to implement this chapter.”

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.

LONG-TERM LENDING AUTHORITY OF FARM CREDIT BANK OF TEXAS WITH RESPECT TO STATES OF ALABAMA, LOUISIANA, AND MISSISSIPPI

Pub. L. 102-552, title IV, §401(b), Oct. 28, 1992, 106 Stat. 4128, as amended by Pub. L. 110-234, title V, §5407(c)(3), May 22, 2008, 122 Stat. 1160; Pub. L. 110-246, §4(a), title V, §5407(c)(3), June 18, 2008, 122 Stat. 1664, 1922, provided that:

“(1) IN GENERAL.—Notwithstanding any other provision of law (except section 7.7 of the Farm Credit Act of 1971 [12 U.S.C. 2279c]), the Farm Credit Bank of Texas may act in accordance with the exclusive charter of the bank, as amended by the Farm Credit Administration on February 7, 1989, and effective February 9, 1989 (except to the extent that the charter may be further amended by the Farm Credit Administration in accordance with its general authorities under the Farm Credit Act of 1971 [12 U.S.C. 2001 et seq.]).

“(2) EFFECTIVE DATE.—Paragraph (1) shall take effect as if such paragraph had become law on February 7, 1989.”

MANDATORY MERGER OF SYSTEM INSTITUTIONS

Pub. L. 100-233, title IV, §410, Jan. 6, 1988, 101 Stat. 1637, as amended by Pub. L. 100-399, title IV, §402, Aug. 17, 1988, 102 Stat. 999; Pub. L. 102-552, title IV, §401(a), Oct. 28, 1992, 106 Stat. 4116; Pub. L. 110-234, title V, §5407(c)(2), May 22, 2008, 122 Stat. 1160; Pub. L. 110-246, §4(a), title V, §5407(c)(2), June 18, 2008, 122 Stat. 1664, 1922, provided that:

“(a) IN GENERAL.—Not later than 6 months after the date of the enactment of this section [Jan. 6, 1988], the Federal land bank and the Federal intermediate credit bank of each Farm Credit System district shall merge into a Farm Credit Bank in such district pursuant to a plan of merger agreed on by the Boards of Directors of such banks and approved by the Farm Credit Administration, or if such banks fail to agree, a plan of merger prescribed by the Farm Credit Administration. The mergers required by this section shall be implemented without regard to title VII [enacting sections 2279aa to 2279aa-14 of this title, amending sections 2012, 2033, 2072, and 2093 of this title, section 1988 of Title 7, Agriculture, and section 9105 of Title 31, Money and Finance, and enacting provisions set out as notes under section 2279aa of this title and section 1988 of Title 7].

“(b) CAPITAL STOCK.—Notwithstanding section 1.6 (as added by section 401 of this Act) [12 U.S.C. 2014], the number of shares of capital stock issued by a Farm Credit Bank to stockholders and other owners of the institution involved in the merger, and the rights and privileges of such shares (including voting power, redemption rights, preferences on liquidation, and the right to dividends) shall be determined by the plan of merger adopted by the merging banks, and shall be consistent with section 4.3A [12 U.S.C. 2154a] and the regulations issued by the Farm Credit Administration.

“(c) ASSISTANCE.—The Assistance Board established under section 6.0 [12 U.S.C. 2278a] shall direct the Fi-

nanacial Assistance Corporation established under section 6.20 [former 12 U.S.C. 2278b] to provide any Farm Credit Bank with that amount of financial assistance as is necessary to ensure that the stock of the Farm Credit Bank, upon implementation of the merger, has a book value equal to 75 percent of par, and such Farm Credit Bank shall be subject to all of the requirements of title VI of the Farm Credit Act of 1971 [12 U.S.C. 2278a et seq.].

“(d) INITIAL BOARD.—Notwithstanding section 1.4 (as added by section 401 of this Act) [12 U.S.C. 2012], the initial board of each Farm Credit Bank shall be composed of the members of the district board (which is dissolved upon the creation of such bank) elected by the production credit associations, Federal land bank associations, and stockholders at large. Such 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 the provisions of section 1.4 of the Farm Credit Act of 1971 [12 U.S.C. 2012].

“(e) CLARIFICATION OF AUTHORITY REGARDING REMAINING FEDERAL INTERMEDIATE CREDIT BANK.—

“(1) NEGOTIATED MERGER.—

“(A) REQUIREMENT.—

“(i) IN GENERAL.—Not later than June 30, 1993, except as provided in subparagraph (C), the Federal Intermediate Credit Bank of Jackson (as chartered on the date of enactment of this subsection [Oct. 28, 1992]) shall merge with a Farm Credit Bank pursuant to the procedures prescribed by section 7.12 of the Farm Credit Act of 1971 (12 U.S.C. 2279f).

“(ii) MERGER OF ENTIRE BANK.—Notwithstanding subparagraph (B), or any other provision of law, the Farm Credit Administration shall approve a merger of the Federal Intermediate Credit Bank of Jackson only if the Bank (as chartered on the date of enactment of this subsection [Oct. 28, 1992], except as provided in subparagraph (B)(ii)(II)(bb)) merges in its entirety with a Farm Credit Bank.

“(iii) LIMITED LENDING AUTHORITY.—Notwithstanding any provision of the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) (except section 7.7 of that Act [12 U.S.C. 2279c]), the Farm Credit Bank resulting from a merger under this subsection shall have only the lending authorities in the States of Alabama, Louisiana, and Mississippi that the constituent banks exercised in such States immediately prior to the merger, except as may be provided in section 5.17(a)(2) of such Act (12 U.S.C. 2252(a)(2)).

“(B) OPERATING AND MERGER AUTHORITY.—

“(i) IN GENERAL.—Except as provided in clause (ii), the Federal Intermediate Credit Bank of Jackson may operate subject to such provisions of part A of title II of the Farm Credit Act of 1971 [12 U.S.C. 2071 et seq.] (as in effect immediately before the amendment made by section 401 took effect) and such provisions of the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) (as in effect after the amendment), as the Farm Credit Administration deems appropriate to carry out the purposes of this subsection and such Act. This subparagraph shall take effect as if it had become law at the same time as the amendment made by section 401 and shall remain in effect until the Bank's merger with a Farm Credit Bank under this subsection, or July 1, 1994, whichever is sooner.

“(ii) LIMITATION ON OPERATING AUTHORITY.—

“(I) IN GENERAL.—Notwithstanding clause (i) and subparagraph (A)(ii), the authority of the Federal Intermediate Credit Bank of Jackson to operate as provided under clause (i) shall expire, and the Farm Credit Administration shall revoke the Bank's charter, immediately on the Bank's merger with a Farm Credit Bank under this subsection, or July 1, 1994, whichever is sooner.

“(II) DISTRICT BOUNDARY MODIFICATION.—Notwithstanding clause (i), the authority of the Federal Intermediate Credit Bank of Jackson shall not include the authority for the Bank to modify, nor shall the Farm Credit Administration approve such a modification to, the boundaries of the Fifth Farm Credit District to re-affiliate any portion of the District with another Farm Credit Bank, except—

“(aa) in the case of the merger of the entire Bank as an entity with a Farm Credit Bank such that the entire chartered territory of the Federal Intermediate Credit Bank of Jackson (except as provided in item (bb)) is merged with the Farm Credit Bank; and

“(bb) in the case of the reaffiliation of the Northwest Louisiana Production Credit Association with another farm credit district pursuant to the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations under such Act.

“(iii) LIMITATION ON AUTHORITY TO MERGE.—

“(I) IN GENERAL.—Notwithstanding clause (i), the authority of the Federal Intermediate Credit Bank of Jackson to merge with a Farm Credit Bank as provided under clause (i) shall expire, and the Farm Credit Administration shall revoke the Bank’s charter, immediately on the Bank’s merger with a Farm Credit Bank under this subsection, or July 1, 1994, whichever is sooner.

“(II) BANK INTEGRITY.—Notwithstanding clause (i), the authority of the Federal Intermediate Credit Bank of Jackson to merge with a Farm Credit Bank shall be limited to a merger of the Federal Intermediate Credit Bank of Jackson (as chartered on the date of enactment of this subsection [Oct. 28, 1992] to include the territory in the States of Alabama, Louisiana, and Mississippi, except as provided in clause (ii)(II)(bb)) as a whole entity such that the entire chartered territory of the Federal Intermediate Credit Bank of Jackson is merged with the Farm Credit Bank.

“(III) LIMITATION.—Beginning on the date of an order issued by the Farm Credit Administration under subparagraph (D), the authority of the Federal Intermediate Credit Bank of Jackson to merge with a Farm Credit Bank shall be limited to the arbitrated merger provided for in paragraph (2).

“(C) EXTENSION.—

“(i) LETTER OF INTENT.—If no later than June 30, 1993, the Federal Intermediate Credit Bank of Jackson delivers to the Farm Credit Administration a letter of intent to merge with a Farm Credit Bank, summarizing the terms and conditions of the merger (including, but not limited to, board composition, capital structure, exchange, or transfer of equities, and termination) signed by the chief executive officer and the members of the boards of directors of the Federal Intermediate Credit Bank of Jackson and the Farm Credit Bank, the Farm Credit Administration shall, on its determination that the letter of intent represents a bona fide good faith agreement in principle between the two banks to merge, and that there is at least a reasonable prospect that the merger will be completed in an expeditious manner, grant a one-time extension, until a date certain not later than October 31, 1993, of the requirement under subparagraph (A). Any extension provided under this subparagraph may be conditioned on such terms and conditions as the Farm Credit Administration determines necessary to ensure that the merger described in the letter of intent is completed by the closing date of the extension.

“(ii) COMPLIANCE.—If the Farm Credit Administration grants an extension under clause (i), it

shall issue an order under subparagraph (D) immediately if—

“(I) the Federal Intermediate Credit Bank of Jackson, or the Farm Credit Bank that is a signatory to the letter of intent under clause (i), provides written notification to the Farm Credit Administration that the bank does not intend to complete the merger described in the letter of intent;

“(II) the Farm Credit Administration determines that the Federal Intermediate Credit Bank of Jackson is not complying with any term or condition on which an extension under clause (i) was conditioned; or

“(III) the Farm Credit Administration determines that the Federal Intermediate Credit Bank of Jackson is not pursuing in good faith the merger provided for in the letter of intent. If the Farm Credit Administration issues an order under subparagraph (D) pursuant to this clause, the Federal Intermediate Credit Bank of Jackson shall be deemed to have failed to comply with the requirements of subparagraph (A).

“(D) FAILURE TO MERGE; ISSUANCE OF ORDER.—If the Federal Intermediate Credit Bank of Jackson fails to comply, or notifies the Farm Credit Administration in writing that it does not intend to comply, with the requirements of subparagraph (A), the Farm Credit Administration shall, within 5 days after the date specified in subparagraph (A), or such other date specified by the Farm Credit Administration under subparagraph (C), issue, notwithstanding any other provision of law, an order requiring the Federal Intermediate Credit Bank of Jackson to merge with the Farm Credit Bank of Texas in accordance with paragraph (2).

“(2) ARBITRATED MERGER.—

“(A) IN GENERAL.—Not later than 30 days after the issuance of an order by the Farm Credit Administration under paragraph (1)(D), an arbitrator (or panel of arbitrators) shall be named by the American Arbitration Association in accordance with the Commercial Arbitration Rules of the American Arbitration Association to serve as the arbitrator referred to in this paragraph.

“(B) DUTIES.—The arbitrator shall determine the terms and conditions of the merger required under an order issued under paragraph (1)(D), such that the terms and conditions are fair and equitable to the two banks, their affiliated associations, the stockholders and borrowers of the associations, and the other institutions of the Farm Credit System, and are designed to protect or enhance the safety and soundness of the Farm Credit System. The arbitrator shall have the authority to hire staff and secure the services of consultants as necessary to discharge the duties of the arbitrator under this paragraph.

“(C) EXPENSES.—Notwithstanding any other provision of law, the compensation and expenses of the arbitrator, the fees and expenses of the American Arbitration Association, and any expenses associated with the referendum required under subparagraph (F) shall be paid from the Farm Credit Assistance Fund established under section 6.25 of the Farm Credit Act of 1971 (12 U.S.C. 2278b-5).

“(D) DEVELOPMENT OF MERGER PLANS.—

“(i) IN GENERAL.—Not later than 100 days after the issuance of an order by the Farm Credit Administration under paragraph (1)(D), the arbitrator shall develop and submit for certification to the Farm Credit Administration a plan specifying the terms and conditions of the merger of the two banks required under this paragraph, such that the terms and conditions are fair and equitable to the two banks, their affiliated associations, the stockholders or farmer-borrowers of the associations, and the other institutions of the Farm Credit System, and are designed to protect or enhance the safety and soundness of the Farm

Credit System. In devising the plan, the arbitrator shall, to the extent practicable, achieve the following objectives:

“(I) Implementation of the preferences expressed by the affected and interested parties in submissions under clause (ii).

“(II) Valuation of assets fairly, equitably, and consistently for all parties involved.

“(III) Establishment of capitalization and funding terms in a manner that treats farmer-borrowers and stockholders in the two involved farm credit districts equitably and takes account of risk.

“(IV) Ensure the viability of the resulting Farm Credit Bank and associations of the bank and the ability of the resulting bank and associations of the bank to lend to eligible borrowers at reasonable and competitive rates of interest.

“(ii) SUBMISSION OF VIEWS AND INFORMATION.—The arbitrator shall receive from affected and interested parties written submissions, in accordance with fair and reasonable procedures established by the arbitrator, regarding the terms and conditions of an appropriate plan for the merger of the two banks required under this paragraph. The Federal Intermediate Credit Bank of Jackson, the Farm Credit Bank of Texas, and their affiliated associations shall make available all books, records, financial information, and other material that the arbitrator determines is necessary to the development of the plan or the fulfillment of any other requirement under this paragraph. A copy of any submission or information provided to the arbitrator by any party under this paragraph shall be furnished to the Federal Intermediate Credit Bank of Jackson or the Farm Credit Bank of Texas on the written request of the bank and at the bank's expense. The arbitrator shall provide both banks with a reasonable opportunity to review and respond to any submission or information provided by any party.

“(iii) CONTENT OF PLAN; FARM CREDIT BANK.—The plan developed and submitted under clause (i) shall include provisions regarding the following matters:

“(I) The initial composition, following the merger, of the board of directors of the resulting Farm Credit Bank (which shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations).

“(II) The valuation, for purposes of the merger, of the assets and liabilities of the merging banks.

“(III) The terms and conditions on which the shares of capital stock of the Federal Intermediate Credit Bank of Jackson and, if necessary, the Farm Credit Bank of Texas, will be converted into shares of the resulting Farm Credit Bank.

“(IV) The capital structure and capitalization levels of the resulting Farm Credit Bank and the affiliated associations of the Farm Credit Bank in the States of Alabama, Louisiana, and Mississippi as the arbitrator determines necessary to carry out the purposes of this paragraph (which shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations).

“(V) The terms of financing agreements between any production credit associations or agricultural credit associations described in clause (iv), and the resulting Farm Credit Bank (which shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations).

“(VI) Any other terms and conditions or other matters that the arbitrator considers necessary.

“(iv) CONTENT OF PLAN; AGRICULTURAL CREDIT ASSOCIATIONS.—If the arbitrator determines that the chartering of agricultural credit associations in the States of Alabama, Louisiana, and Mississippi will be in the best interests of the farmers, ranchers, and aquatic producers eligible to borrow from Farm Credit System associations, the plan required under this subparagraph shall also include, based on submissions from the Federal Intermediate Credit Bank of Jackson and the Farm Credit Bank of Texas, provisions for the establishment of agricultural credit associations to operate in the States, subject to approval in the referendum under subparagraph (F). Such provisions shall include provisions regarding the following matters:

“(I) A proposal for the establishment of an agricultural credit association in each of the geographic areas specified in subparagraph (F)(iii) (the charters of which, if validly issued under subparagraph (G)(i) pursuant to approval in the referendum under subparagraph (F), shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations).

“(II) The initial composition, if the proposal for the establishment of agricultural credit associations is approved, of the board of directors of each such agricultural credit association (which shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations).

“(III) The valuation, for purposes of the proposed merger of the production credit association and the Federal land bank association in each of the geographic areas specified in subparagraph (F)(iii), of the assets and liabilities of the associations.

“(IV) The terms and conditions on which the shares of capital stock of any associations that may merge under the plan to form agricultural credit associations will be converted into shares of the resulting agricultural credit associations.

“(V) The capital structure and capitalization levels of the resulting Farm Credit Bank and such affiliated associations of the Farm Credit Bank in the States of Alabama, Louisiana, and Mississippi as the arbitrator determines necessary to carry out the purposes of this paragraph (which capital structure and capitalization levels shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations).

“(VI) The terms of financing agreements between any agricultural credit associations and the resulting Farm Credit Bank (which shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations).

“(VII) Any other terms and conditions or other matters that the arbitrator considers necessary.

“(v) CONSULTATION WITH INSURANCE CORPORATION.—The arbitrator shall consult with the Farm Credit System Insurance Corporation regarding the valuation of the assets and liabilities under the plan of merger, the capitalization of the Farm Credit System institutions resulting under the plan, and any other matters relevant to the assistance to be provided by the Insurance Corporation to facilitate the merger under subparagraph (H).

“(E) CERTIFICATION OF PLAN.—Not later than 30 days after the receipt of the plan developed by the arbitrator, the Farm Credit Administration shall—

“(i) certify; or

“(ii) recommend to the arbitrator revisions to the plan that, if incorporated into the plan, will allow the Farm Credit Administration to certify,

that the resulting bank and any resulting associations are proposed to be organized in such a fashion that they will, on implementation of the plan, operate in compliance with applicable laws and regulations. The arbitrator and the Farm Credit Administration shall work cooperatively to ensure the expeditious issuance of the certification. If the Farm Credit Administration recommends to the arbitrator revisions to the plan that, if incorporated into the plan, will allow the Farm Credit Administration to certify the plan, the arbitrator shall, not later than 15 days after receipt of the recommended revisions, incorporate the revisions into the plan as the arbitrator deems appropriate to secure the certification.

“(F) REFERENDUM ON ASSOCIATION STRUCTURE.—

“(i) IN GENERAL.—Not later than 170 days after the issuance of an order by the Farm Credit Administration under paragraph (1)(D), the American Arbitration Association shall conduct, and compile and forward to the Farm Credit Administration the results of, a vote of current farmer-borrowers of the production credit associations and the Federal land bank associations in the States of Alabama, Louisiana, and Mississippi, in accordance with the Election Rules of the American Arbitration Association, to determine whether the farmer-borrowers of each association in the geographic areas described in clause (iii) prefer to have credit delivered—

“(I) in the case of production credit association farmer-borrowers, through a production credit association or through an agricultural credit association as proposed in the plan; and

“(II) in the case of Federal land bank association farmer-borrowers, through a Federal land bank association or through an agricultural credit association as proposed in the plan.

Each farmer-borrower shall be entitled to one vote. The arbitrator shall establish record dates and other procedures for conducting the referendum. The Federal Intermediate Credit Bank of Jackson, the Farm Credit Bank of Texas, and their affiliated associations shall cooperate in the conduct of the referendum, as determined necessary by the Arbitrator.

“(ii) DISCLOSURE.—The arbitrator shall send to farmer-borrowers eligible to vote under this subparagraph, with their ballot, a statement describing the potential consequences to the farmer-borrowers, and to the associations from which they borrow, of voting to charter an agricultural credit association and setting forth factors that farmer-borrowers should consider relevant to the choice between credit delivery through the current association structure and the chartering of an agricultural credit association. The arbitrator shall develop the disclosure materials in cooperation with the Farm Credit Administration and ensure that the materials are not inconsistent with applicable laws and regulations.

“(iii) TABULATION OF RESULTS.—The results of the vote under this subparagraph shall be compiled separately for production credit association farmer-borrowers and Federal land bank association farmer-borrowers in each of the following seven geographic areas:

“(I) The area served by the Federal Land Bank Association of South Mississippi.

“(II) The area served by the Federal Land Bank Association of North Mississippi.

“(III) The area served by the Federal Land Bank Association of South Alabama.

“(IV) The area served by the Federal Land Bank Association of North Alabama.

“(V) The area served by the Federal Land Bank Association of South Louisiana.

“(VI) The area served by both the Federal Land Bank Association of North Louisiana and the First South Production Credit Association.

“(VII) The area served by both the Federal Land Bank Association of North Louisiana and the Northwest Louisiana Production Credit Association.

“(iv) PUBLICATION OF RESULTS.—The results of the vote under this subparagraph, as tabulated by the American Arbitration Association, shall be made promptly available to the public in a manner determined appropriate by the Farm Credit Administration.

“(G) IMPLEMENTATION.—Not later than 10 days after the date of the receipt of the results of the referendum conducted under subparagraph (F), the Farm Credit Administration shall issue such charters or charter amendments and take such other regulatory actions as may be necessary to implement the merger or mergers as provided for under the certified plan. In this regard, the Farm Credit Administration shall—

“(i) issue a charter or charter amendment and take any such other regulatory actions as may be necessary to provide for the establishment of an agricultural credit association in each of the geographic areas described in subparagraph (F)(iii) where a majority of the farmer-borrowers of both the production credit association and the Federal land bank association voted under subparagraph (F)(i) that they preferred to have credit delivered through an agricultural credit association (which charter shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations); and

“(ii) not issue a charter or charter amendment or take any such other regulatory action to provide for the establishment of an agricultural credit association in any of the geographic areas described in subparagraph (F)(iii) where less than a majority of the farmer-borrowers of the production credit association or the Federal land bank association voted in the referendum under subparagraph (F)(i) that they preferred to have credit delivered through an agricultural credit association (provided that the charter of any remaining association in such geographic area shall be subject to change thereafter in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and any applicable regulations).

“(H) FACILITATION.—

“(i) IN GENERAL.—Beginning on the date of the issuance of an order by the Farm Credit Administration under paragraph (1)(D), the Farm Credit System Insurance Corporation shall expend amounts from the Farm Credit Insurance Fund to the extent necessary to facilitate the merger prescribed in the plan.

“(ii) MAINTENANCE OF BOOK VALUE.—Assistance provided by the Corporation under this subparagraph shall be in amounts not to exceed that required to maintain book value per share of stockholders' equity at the same value reflected on the most recent audited financial statements of the Federal Intermediate Credit Bank of Jackson and the Farm Credit Bank of Texas prior to or effective with the date of the merger.

“(iii) OTHER ASSISTANCE.—Until the expiration of 5 years from the effective date of a merger authorized by this subsection, or the final resolution of any litigation against the Federal Intermediate Credit Bank of Jackson or any of its stockholders pending on the date of the enactment of this subsection [Oct. 28, 1992], whichever is later, the Corporation shall guarantee prompt payment of any loss experienced by the merged bank, which loss is caused by the failure of any association-stockholder of the merged bank that was a stockholder of the Federal Intermediate Credit Bank of Jackson immediately prior to the merger, or any successor to the association, to pay when due any obligation of principal or inter-

est owed by the association or its successor to the resulting bank.

“(iv) TERMS AND CONDITIONS.—Assistance provided by the Corporation under this subparagraph shall be on such terms and conditions as the Corporation deems appropriate to facilitate the merger.

“(I) SAFETY AND SOUNDNESS.—

“(i) IN GENERAL.—Except as provided in clause (ii), if at any time prior to the completion of the merger required under this subsection the Farm Credit Administration determines that the Federal Intermediate Credit Bank of Jackson is being operated in an unsafe or unsound manner (as determined in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.)), the Farm Credit Administration, after consultation with the respective boards of directors of the affected banks and taking into consideration the purposes of this subsection, may require the Federal Intermediate Credit Bank of Jackson to merge with a Farm Credit Bank, subject to such terms and conditions as the Farm Credit Administration may prescribe. The Farm Credit System Insurance Corporation shall expend amounts in the Farm Credit Insurance Fund to the extent necessary to facilitate the merger prescribed under this subparagraph, including the provision of assistance as provided in section 5.61(a)(2)(A)(iii) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)(2)(A)(iii)), on such terms and conditions as the Corporation deems appropriate.

“(ii) ARBITRATED MERGER.—If at any time after the Farm Credit Administration issues an order under paragraph (1)(D), but prior to the completion of the merger required under this subsection, the Farm Credit Administration determines that the Federal Intermediate Credit Bank of Jackson is being operated in an unsafe or unsound manner (as determined in accordance with the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.)), the Farm Credit Administration shall, after consultation with the boards of directors of the Federal Intermediate Credit Bank of Jackson and the Farm Credit Bank of Texas, take such action as it deems necessary pursuant to the authorities provided under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) to return the operation of the Federal Intermediate Credit Bank of Jackson to a safe and sound condition, pending the completion of the merger under paragraph (2).

“(J) MERGER PLAN FOR AGRICULTURAL CREDIT ASSOCIATIONS.—In any of the States of Alabama, Louisiana, or Mississippi where all of the associations are chartered as agricultural credit associations, the boards of directors of each such association in each State are encouraged to submit to the farmer-borrowers of each such association for their approval a plan for merging the associations into one statewide agricultural credit association, in accordance with the applicable provisions of the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.).

“(K) DEFINITIONS.—As used in this paragraph:

“(i) AGRICULTURAL CREDIT ASSOCIATION.—The term ‘agricultural credit association’ means an association having the same authorities, attributes, and obligations as, and for all purposes an agricultural credit association resulting from the implementation of the plan under this paragraph shall be deemed to be, an association resulting from the merger of a production credit association and a Federal land bank association under section 7.8 of the Farm Credit Act of 1971 (12 U.S.C. 2279c–1).

“(ii) FARMER-BORROWER.—The term ‘farmer-borrower’ means a borrower from a Farm Credit System association in the State of Alabama, Louisiana, or Mississippi who holds voting stock, or is eligible to hold voting stock, in the association or a stockholder in any such association.

“(3) REVIEW.—

“(A) IN GENERAL.—Actions and determinations of the arbitrator, the Farm Credit Administration, or the Farm Credit System Insurance Corporation pursuant to this subsection shall not be subject to judicial review except as provided in this paragraph, nor shall they be subject to the requirements of subchapter II of chapter 5 or chapter 7 of title 5, United States Code.

“(B) AGENCY DETERMINATIONS.—

“(i) IN GENERAL.—Any petition for review of a determination or other action of the Farm Credit Administration or the Farm Credit System Insurance Corporation under this subsection shall be filed in the United States Court of Appeals for the District of Columbia Circuit not later than 10 days after the determination, or the petition shall be barred. The court shall have exclusive jurisdiction to determine the proceeding in accordance with standard procedures as supplemented by procedures hereinafter provided and no other district court or court of appeals of the United States shall have jurisdiction over any such challenge in any proceeding instituted prior to, on, or after the date of enactment of this subsection. The review of any determination or action of the Farm Credit Administration or the Farm Credit System Insurance Corporation under this subsection shall be based on the examination of all of the information before the Farm Credit Administration or the Farm Credit System Insurance Corporation, as the case may be, at the time the determination was made. The court reviewing the determination or action shall not enter a stay or order of mandamus unless the court has determined, after notice and a hearing before a panel of the court, that the agency action complained of was arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

“(ii) PROCEDURES.—Notwithstanding any other provision of law, the court may set rules governing the procedures of any such proceeding that set page limits on briefs and time limits for filing briefs and motions and other actions that are shorter than the limits specified in the Federal Rules of Civil or Appellate Procedure.

“(iii) EXPEDITED REVIEW.—Any such proceeding before the court shall be assigned for hearing and completed at the earliest possible date, and shall be expedited in every way. The court shall render its final decision relative to any challenge not later than 50 days from the date the challenge is brought unless the court determines that a longer period of time is required to satisfy the requirements of the Constitution.

“(C) ARBITRATOR DETERMINATIONS.—

“(i) IN GENERAL.—Except as otherwise provided in this paragraph, any petition for review of a determination or other action of the arbitrator named under paragraph (2) shall be filed in accordance with the United States Arbitration Act (9 U.S.C. 1 et seq.). Such Act shall apply to the arbitration conducted pursuant to paragraph (2) to the same extent as if the arbitration were established in a contract evidencing a transaction in commerce between the Federal Intermediate Credit Bank of Jackson and the Farm Credit Bank of Texas.

“(ii) PROCEDURES.—Notwithstanding the United States Arbitration Act (9 U.S.C. 1 et seq.), any petition for review of a determination or other action of the arbitrator under this subsection shall be filed not later than 10 days after the determination, or the petition shall be barred. The court specified under such Act shall have exclusive jurisdiction to determine the proceeding in accordance with the applicable procedures under such Act, as supplemented by procedures hereinafter provided, and no other district court shall have jurisdiction over any such challenge in any

such proceeding. Notwithstanding any other provision of law, the court may set rules governing the procedures of any such proceeding that set page limits on briefs and time limits for filing briefs and motions and other actions that are shorter than the limits specified in the United States Arbitration Act or the Federal Rules of Civil or Appellate Procedure [28 U.S.C. App.].

“(iii) EXPEDITED REVIEW.—Any such proceeding before the court shall be assigned for hearing and completed at the earliest possible date, and shall be expedited in every way. The court shall render its final decision relative to any challenge as soon as possible in accordance with the United States Arbitration Act (9 U.S.C. 1 et seq.), or not later than 30 days from the date the challenge is brought, whichever is sooner, unless the court determines that a longer period of time is required to satisfy the requirements of the Constitution.”

§ 2012. Board of directors

Each Farm Credit 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 I, §1.4, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622; amended Pub. L. 100-399, title IV, §401(c), Aug. 17, 1988, 102 Stat. 995.)

Editorial Notes

PRIOR PROVISIONS

A prior section 2012, Pub. L. 92-181, title I, §1.4, Dec. 10, 1971, 85 Stat. 584; Pub. L. 96-592, title I, §101, Dec. 24, 1980, 94 Stat. 3437; Pub. L. 99-205, title II, §205(d)(1), Dec. 23, 1985, 99 Stat. 1703; Pub. L. 100-233, title VII, §705(a), title VIII, §802(b), Jan. 6, 1988, 101 Stat. 1706, 1710; Pub. L. 100-399, title VI, §604, Aug. 17, 1988, 102 Stat. 1006, related to corporate existence and general corporate powers, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1988—Pub. L. 100-399 struck out “from its voting stockholders” after “shall elect”.

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.

§ 2013. General corporate powers

Each Farm Credit Bank 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 the usual incidents of ownership of real and personal property necessary or convenient to its business;

(6) make, participate in, and discount loans, make commitments for credit, accept advance payments, and provide services as authorized in this chapter, and charge fees for such;

(7) operate under the direction of its board of directors;

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

(9) prescribe, by its board of directors, its bylaws that shall be consistent with law, and that shall provide for—

(A) the classes of its stock and the manner in which such stock shall be issued, transferred, and retired; and

(B) the manner in which it is to—

- (i) select officers, employees, and agents;
- (ii) acquire, hold, and transfer property;
- (iii) make loans and discounts;
- (iv) conduct general business; and
- (v) exercise and enjoy the privileges granted to it by law;

(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, terms, conditions, and rates of interest as may be determined as provided for in this chapter;

(11) purchase nonvoting stock in, or pay in surplus to, and accept deposits of securities or funds from associations in its district, and pay interest on such funds;

(12) participate with—

(A) one or more other Farm Credit Banks in loans under this subchapter on such terms as may be agreed on among such banks;

(B) one or more other Farm Credit System institutions in loans made under this subchapter or other subchapters of this chapter on the basis prescribed in section 2206 of this title; and

(C) lenders that are not Farm Credit System institutions in loans that the bank is authorized to make under this subchapter;

(13) approve the salary scale of the officers and employees of the associations in its district and supervise the exercise by such associations of the functions vested in or delegated to them;

(14) deposit the securities and current funds of the bank with any member bank of the Federal Reserve System or any insured State non-member bank (within the meaning of section 1813 of this title) and pay fees and receive interest on such as may be agreed, and when designated for that purpose by the Secretary of the Treasury, such bank—

(A) shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary;

(B) may be employed as a fiscal agent of the Government; and

(C) shall perform all such reasonable duties as a depository of public money or financial agent of the Government as may be required of such bank;

except that no Government funds deposited under the provisions of this paragraph shall be invested in loans or bonds or other obligations of the bank;

(15) buy and sell obligations of, or insured by, the United States or any agency thereof, or securities backed by the full faith and credit of any such agency, and make other investments as may be authorized under regulations issued by the Farm Credit Administration;

(16) sell to lenders that are not Farm Credit System institutions interests in loans, and buy from and sell to Farm Credit System institutions interests in loans and other extensions of credit, and nonvoting stock as may be authorized under regulations issued by the Farm Credit Administration;

(17) conduct studies and make and adopt standards for lending;

(18) delegate to associations such functions as the bank determines appropriate;

(19) amend and modify loan contracts, documents, and payment schedules, and release, subordinate, or substitute security for any of such items;

(20) for loans made by the bank, require associations to endorse notes and other obligations of borrowers from the bank;

(21) exercise through the board of directors or authorized officers, employees, or agents of the bank, all such incidental powers as may be necessary or expedient to carry on the business of the bank;

(22) accept contributions to the capital of the bank from associations and account for such in accordance with generally accepted accounting principles, except as may be authorized by the Farm Credit Administration;

(23) as may be authorized by the board of directors of the bank, agree with other Farm Credit System institutions to share loan and other losses, whether to protect against capital impairment or for any other purpose; and

(24) operate as an originator and become certified as a certified facility under subchapter VIII.

(Pub. L. 92-181, title I, §1.5, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1623; amended Pub. L. 100-399, title IV, §401(d), Aug. 17, 1988, 102 Stat. 995; Pub. L. 104-105, title II, §201, Feb. 10, 1996, 110 Stat. 172.)

Editorial Notes

PRIOR PROVISIONS

A prior section 2013, Pub. L. 92-181, title I, §1.5, Dec. 10, 1971, 85 Stat. 585; Pub. L. 96-592, title I, §102, Dec. 24, 1980, 94 Stat. 3437; Pub. L. 99-205, title II, §205(d)(2), (3), title VI, §601, Dec. 23, 1985, 99 Stat. 1703, 1711; Pub. L. 100-233, title VIII, §802(c), Jan. 6, 1988, 101 Stat. 1710, related to land bank stock, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1996—Par. (13). Pub. L. 104-105 struck out “, and the appointment and compensation of the chief executive officer thereof,” after “in its district”.

1988—Par. (9). Pub. L. 100-399, §401(d)(1), amended par. (9) generally. Prior to amendment, par. (9) read as follows: “prescribe by its board of directors—

“(A) the bylaws of such bank that shall not be inconsistent with law, providing for the classes of the stock of the bank and the manner in which such stock shall be issued, transferred, and retired;

“(B) the officers, employees, and agents of the bank as provided for;

“(C) the property of the bank acquired, held, and transferred;

“(D) the loans and discounts made by the bank;

“(E) the general business conducted by the bank; and

“(F) the privileges granted to the bank by law exercised and enjoyed;”.

Par. (11). Pub. L. 100-399, §401(d)(2), substituted “of securities or” for “or securities of”.

Par. (12)(B), (C). Pub. L. 100-399, §401(d)(3), struck out “participate with” before “one or more” in subpar. (B) and “participate with” before “lenders that” in subpar. (C).

Par. (14). Pub. L. 100-399, §401(d)(4), substituted “(within the meaning of section 1813 of this title)” for “as defined in section 1813 of this title”.

Par. (18). Pub. L. 100-399, §401(d)(5), struck out “Federal land bank” after “delegate to”.

Par. (22). Pub. L. 100-399, §401(d)(6), substituted “in accordance with generally accepted accounting principles, except as may be authorized by the Farm Credit Administration;” for “as authorized by the Farm Credit Administration; and”.

Par. (23). Pub. L. 100-399, §401(d)(7), struck out “and approved by the Farm Credit Administration Board” after “of the bank” and substituted “purpose; and” for “purpose.”

Par. (24). Pub. L. 100-399, §401(d)(8), added par. (24).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1996 AMENDMENT

Pub. L. 104-105, title III, §302, Feb. 10, 1996, 110 Stat. 185, provided that: “Except as otherwise provided in this Act, this Act [see Short Title of 1996 Amendment note set out under section 2001 of this title] and the amendments made by this Act shall become effective on the date of enactment [Feb. 10, 1996].”

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.

§ 2014. Farm Credit Bank capitalization

In accordance with section 2154a of this title, the Farm Credit Banks 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 I, §1.6, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1624.)

Editorial Notes

PRIOR PROVISIONS

A prior section 2014, Pub. L. 92-181, title I, §1.6, Dec. 10, 1971, 85 Stat. 585; Pub. L. 96-592, title I, §103, Dec. 24,

1980, 94 Stat. 3438, related to real estate mortgage loans, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

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.

§ 2015. Lending authority

(a) Real estate loans and related assistance

(1) Real estate loans

The Farm Credit Banks may make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by the Farm Credit Administration, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, for a term of not less than 5 nor more than 40 years.

(2) Financial assistance

The Farm Credit Banks may provide and extend financial assistance to, and discount for, or purchase from, a 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, as authorized under section 2279b(a) of this title.

(b) Intermediate credit

(1) In general

The Farm Credit Banks are authorized to make loans and extend other similar financial assistance to and to discount for or purchase from—

(A) any production credit association, or

(B) any national bank, State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, credit union, or any association of agricultural producers engaged in the making of loans to farmers and ranchers, and any corporation engaged in the making of loans to producers or harvesters of aquatic products,

any note, draft, or other obligation with the institution's endorsement or guarantee, the proceeds of which note, draft, or other obligation have been advanced to persons and for purposes eligible for financing by production credit associations as authorized by this chapter.

(2) Participation with other entities

The Farm Credit Banks may participate with one or more production credit associations or other Farm Credit Banks in the making of loans to eligible borrowers and may participate with one or more other Farm Credit System institutions in loans made under this subchapter or other subchapters of this chapter on the basis prescribed in section 2206 of this title.

(3) Limitations on extension of financial services

(A) General rule

No paper shall be purchased from or discounted for, and no loans shall be made or

other similar financial assistance extended by a Farm Credit Bank to any entity identified in paragraph (1)(B) of this subsection if the amount of such paper added to the aggregate liabilities of such entity, whether direct or contingent (other than bona fide deposit liabilities), exceeds ten times the paid-in and unimpaired capital and surplus of such entity or the amount of such liabilities permitted under the laws of the jurisdiction creating such institution, whichever is the lesser.

(B) Limitation on national bank

It shall be unlawful for any national bank which is indebted to any Farm Credit Bank, on paper discounted or purchased under paragraph (1), to incur any additional indebtedness, if by virtue of such additional indebtedness its aggregate liabilities direct or contingent, will exceed the limitation described in subparagraph (A).

(4) FCA regulations

(A) In general

All of the loans, financial assistance, discounts and purchases authorized by this subsection shall be subject to regulations of the Farm Credit Administration and shall be secured by collateral, if any, as may be required in such regulations.

(B) Requirement of regulations

The regulations shall assure that such loans, financial assistance, discounts, and purchases are available on a reasonable basis to any financing institution authorized to receive such services under paragraph (1)(B) of this subsection, and that—

(i) is significantly involved in lending for agricultural or aquatic purposes;

(ii) demonstrates a continuing need for supplementary sources of funds to meet the credit requirements of its agricultural or aquatic borrowers;

(iii) has limited access to national or regional capital markets; and

(iv) does not use such services to expand its financing activities to persons and for purposes other than those authorized under subchapter II.

(C) Fees

The regulations may authorize a Farm Credit Bank to charge reasonable fees for any commitment to extend service under this section to such a financing institution.

(D) Subsidiaries and affiliates

For purposes of this subsection, a financing institution together with the subsidiaries and affiliates of such may be considered as one, but such determination to consider such institution together with the subsidiaries and affiliates of such as one shall be made in the first instance by the bank and in the event of a denial by the bank of its services to a financial institution, then by the Farm Credit Administration on a case-by-case basis with due regard to the total relationship of the financing institution, its subsidiaries, and affiliates.

(5) Effective date

Nothing in this section shall require termination of discount relationships in existence on December 24, 1980.

(Pub. L. 92-181, title I, §1.7, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1625; amended Pub. L. 100-399, title IV, §401(e), (f), Aug. 17, 1988, 102 Stat. 995, 996.)

Editorial Notes**CODIFICATION**

In subsec. (b)(5), “December 24, 1980” substituted for “the effective date of the Farm Credit Act Amendments of 1980”.

PRIOR PROVISIONS

A prior section 2015, Pub. L. 92-181, title I, §1.7, Dec. 10, 1971, 85 Stat. 585; Pub. L. 96-592, title I, §104, Dec. 24, 1980, 94 Stat. 3438; Pub. L. 99-509, title I, §1033(a), Oct. 21, 1986, 100 Stat. 1877, related to interest rates and other charges, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1988—Subsec. (a). Pub. L. 100-399, §401(e), inserted in heading “and related assistance” and amended text generally. Prior to amendment, text read as follows: “The Farm Credit Banks are authorized to make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by the Farm Credit Administration, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, for a term of not less than 5 nor more than 40 years.”

Subsec. (b)(2). Pub. L. 100-399, §401(f)(1), struck out provision that banks may own and lease or lease with an option to purchase to persons eligible for assistance under this subchapter, equipment needed in the operations of such persons.

Subsec. (b)(3). Pub. L. 100-399, §401(f)(2), substituted in heading “services” for “assistance” and in subpar. (B) “described in subparagraph (A)” for “herein contained”.

Subsec. (b)(4)(A). Pub. L. 100-399, §401(f)(3), substituted “subsection” for “section”.

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.

§ 2016. Interest rates and other charges**(a) In general**

Loans and discounts made by a Farm Credit Bank shall bear such rate or rates of interest or discount, and be on such terms and conditions, as may be determined by the board of directors of the bank from time to time.

(b) Setting rates and charges

In setting rates and charges, it shall be the objective to provide the types of credit needed by eligible borrowers at the lowest reasonable costs on a sound business basis taking into consider-

ation the cost of money to the bank, necessary reserve and expenses of the bank and associations, and providing services to members. The loan documents or discounting and financing agreements, may provide for the interest rate or rates to vary from time to time during the repayment period of the loan or agreement.

(Pub. L. 92-181, title I, §1.8, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1626; amended Pub. L. 100-399, title IV, §401(g), Aug. 17, 1988, 102 Stat. 996.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 2016, Pub. L. 92-181, title I, §1.8, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §105, Dec. 24, 1980, 94 Stat. 3438, related to eligibility, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1988—Subsec. (a). Pub. L. 100-399 substituted “such rate or rates of interest or discount, and be” for “interest at a rate or rates, and”.

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.

§ 2017. Eligibility

The credit and financial services authorized in this subchapter may be made available to persons who are or become stockholders or members of the bank or associations in the district, and who are—

- (1) bona fide farmers, ranchers, or producers or harvesters of aquatic products;
- (2) persons furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs; or
- (3) owners of rural homes.

(Pub. L. 92-181, title I, §1.9, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1626.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 2017, Pub. L. 92-181, title I, §1.9, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §106, Dec. 24, 1980, 94 Stat. 3438; Pub. L. 100-233, title IV, §426, title VIII, §802(d), Jan. 6, 1988, 101 Stat. 1657, 1710; Pub. L. 100-399, title IV, §412, title VII, §701, Aug. 17, 1988, 102 Stat. 1004, 1006, related to security, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

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.

§ 2018. Security; terms**(a) Real estate loans****(1) Maximum level of loans****(A) In general**

Real estate mortgage loans originated by a Farm Credit Bank, or in which a Farm Credit Bank participates in with a lender that is not a System institution, shall not exceed 85 percent of the appraised value of the real estate security, except as provided for in subparagraphs (C) and (D).

(B) Regulation

The Farm Credit Administration may, by regulation, require that loans not exceed 75 percent of the appraised value of the real estate security.

(C) Guaranteed loans

If the loan is guaranteed by Federal, State, or other governmental agencies, the loan may not exceed 97 percent of the appraised value of the real estate security, as may be authorized under regulations of the Farm Credit Administration.

(D) Private mortgage insurance

A loan on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of such 85 percent is covered by the insurance.

(2) Security

All loans originated or participated in by a bank under this section shall be secured by first liens on interests in real estate of such classes as may be prescribed by regulations of the Farm Credit Administration.

(3) Value of security

To adequately secure the loan, the value of security shall be determined by appraisal under standards prescribed by the bank in accordance with regulations of the Farm Credit Administration.

(4) Additional security

Additional security for any loan may be required by the bank to supplement real estate security. Credit factors, other than the ratio between the amount of the loan and the security value, shall be given due consideration.

(b) Intermediate credit

Loans, other than real estate loans, and discounts made under the provisions of this subchapter shall be repayable in not more than 7 years (15 years if made to producers or harvesters of aquatic products) from the time that such are made or discounted by the Farm Credit Bank, except that the Board of Directors, under regulations of the Farm Credit Administration, may approve policies permitting loans, advances, or discounts (other than those made to producers or harvesters of aquatic products) to be repayable in not more than 10 years from the time that such are made or discounted by such bank.

(Pub. L. 92-181, title I, §1.10, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1627;

amended Pub. L. 100-399, title IV, §401(h), (i), Aug. 17, 1988, 102 Stat. 996; Pub. L. 104-105, title II, §§202, 203, Feb. 10, 1996, 110 Stat. 172.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 2018, Pub. L. 92-181, title I, §1.10, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §107, Dec. 24, 1980, 94 Stat. 3438, related to purposes, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1996—Subsec. (a)(1)(A). Pub. L. 104-105, §202(b), substituted “subparagraphs (C) and (D)” for “paragraphs (2) and (3)”.

Subsec. (a)(1)(D). Pub. L. 104-105, §202(a), added subpar. (D).

Subsec. (a)(5). Pub. L. 104-105, §203, struck out heading and text of par. (5). Text read as follows: “Each Farm Credit Bank shall require a financial statement from each borrower at least once every 3 years, or during such shorter period of time as may be required under regulations of the Farm Credit Administration.”

1988—Subsec. (a)(2). Pub. L. 100-399, §401(h)(1), substituted “prescribed by regulations of” for “approved by”.

Subsec. (a)(3). Pub. L. 100-399, §401(h)(2), substituted “under standards” for “under appraisal standards” and “in accordance with regulations of” for “and approved by”.

Subsec. (b). Pub. L. 100-399, §401(i), substituted “harvesters of aquatic products) from” for “harvester of aquatic products) from”.

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.

§ 2019. Purposes for extensions of credit**(a) Agricultural or aquatic purposes****(1) In general**

Loans made by a Farm Credit Bank to farmers, ranchers, and producers or harvesters of aquatic products may be for any agricultural or aquatic purpose and other credit needs of the applicant, including financing for basic processing and marketing directly related to the applicant's operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products, except that the operations of the applicant shall supply some portion of the total processing or marketing for which financing is extended.

(2) Limitation on loans for basic processing and marketing operations

The aggregate of the financing provided by any Farm Credit Bank for basic processing and marketing directly related to the operations of farmers, ranchers, and producers or harvesters of aquatic products, if the operations of the applicant supply less than 20 per-

cent of the total processing or marketing for which financing is extended, shall not exceed 15 percent of the total of all outstanding loans of such bank.

(b) Rural housing financing

(1) In general

Loans and discounts may be made to rural residents for rural housing financing under regulations of the Farm Credit Administration.

(2) Limitations

Rural housing financed under this subchapter shall be for single-family, moderate-priced dwellings and their appurtenances not inconsistent with the general quality and standards of housing existing in, or planned or recommended for, the rural area where it is located, except that a Farm Credit Bank may not at any one time have a total amount of loans outstanding for such rural housing to persons other than farmers or ranchers in amounts exceeding 15 percent of the total of all loans outstanding in such bank.

(3) Rural areas

For rural housing purposes under this section the term “rural areas” shall not be defined to include any city or village having a population in excess of 2,500 inhabitants.

(c) Farm-related services

(1) In general

Loans to persons furnishing farm-related services to farmers and ranchers directly related to their on-farm operating needs may be made for the necessary capital structures and equipment and initial working capital for such services.

(2) Facilities

The banks may own and lease, or lease with option to purchase, to persons eligible for credit under this subchapter or subchapter II, equipment or facilities needed in the operations of such persons.

(Pub. L. 92-181, title I, §1.11, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1627; amended Pub. L. 100-399, title IV, §401(j), Aug. 17, 1988, 102 Stat. 996; Pub. L. 101-624, title XVIII, §1832(a), Nov. 28, 1990, 104 Stat. 3832; Pub. L. 102-237, title V, §502(a), Dec. 13, 1991, 105 Stat. 1868.)

Editorial Notes

PRIOR PROVISIONS

A prior section 2019, Pub. L. 92-181, title I, §1.11, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §108, Dec. 24, 1980, 94 Stat. 3438, related to services related to borrower's operations, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

1991—Subsec. (a). Pub. L. 102-237 made technical amendments to headings of subsec. (a) and pars. (1) and (2).

1990—Subsec. (a). Pub. L. 101-624 designated existing provisions as par. (1), inserted heading, substituted “some portion” for “at least 20 percent, or such larger percent as may be required by the board of directors of the bank under regulations of the Farm Credit Administration,” and added par. (2).

1988—Subsec. (c)(2). Pub. L. 100-399 substituted “this subchapter or subchapter II, equipment or facilities” for “this subchapter, facilities”.

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.

§ 2020. Related services

(a) In general

The Farm Credit Banks may provide technical assistance to borrowers, members, and applicants from the bank and associations in the district, including persons obligated on paper discounted by the bank, and may make available to them at their option such financial related services appropriate to their on-farm and aquatic operations as determined to be feasible by the board of directors of the bank, under regulations of the Farm Credit Administration.

(b) Authority to pass along cost of insurance premiums

(1) In general

Each Farm Credit Bank may assess each production credit association, other association making direct loans under the authority provided under section 2279b of this title, and other financing institution described in section 2015(b)(1)(B) of this title in the district in which the bank is located to cover the costs of making premium payments under part E of subchapter V.

(2) Computation

The assessment on any association or other financing institution described in paragraph (1) for any period shall be computed in an equitable manner, as determined by the Corporation.

(Pub. L. 92-181, title I, §1.12, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1628; amended Pub. L. 100-399, title IV, §401(k), Aug. 17, 1988, 102 Stat. 996; Pub. L. 101-220, §6(b)(1), (2), Dec. 12, 1989, 103 Stat. 1880; Pub. L. 104-105, title II, §215(a)(2)(C), Feb. 10, 1996, 110 Stat. 176; Pub. L. 107-171, title V, §5403(a)(2)(A), May 13, 2002, 116 Stat. 350; Pub. L. 110-234, title V, §5401(a), May 22, 2008, 122 Stat. 1154; Pub. L. 110-246, §4(a), title V, §5401(a), June 18, 2008, 122 Stat. 1664, 1915.)

Editorial Notes

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub.

L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

PRIOR PROVISIONS

A prior section 2020, Pub. L. 92-181, title I, §1.12, Dec. 10, 1971, 85 Stat. 586; Pub. L. 96-592, title I, §109, Dec. 24, 1980, 94 Stat. 3439, related to loans through associations or agents, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

AMENDMENTS

2008—Subsec. (b). Pub. L. 110-246, §5401(a), designated first sentence as par. (1), inserted heading, added par. (2), and struck out former second sentence which related to computation of the assessment on the same basis as is used to compute the premium payment and provided formula to calculate a maximum amount.

2002—Subsec. (b)(1). Pub. L. 107-171, §5403(a)(2)(A)(i), inserted “and Government Sponsored Enterprise-guaranteed loans (as defined in section 2277a-4(a)(4) of this title) provided for in paragraph (4)” after “government-guaranteed loans (as defined in section 2277a-4(a)(3) of this title) provided for in paragraph (3)”.

Subsec. (b)(4). Pub. L. 107-171, §5403(a)(2)(A)(ii)–(iv), added par. (4).

1996—Pub. L. 104-105, §215(a)(2)(C), which directed amendment of “section 1.12(b)”, without specifying the name of the Act being amended, was executed to this section, which is section 112 of the Farm Credit Act of 1971, to reflect the probable intent of Congress.

Subsec. (b)(1). Pub. L. 104-105, §215(a)(2)(C)(i), inserted “(as defined in section 2277a-4(a)(3) of this title)” after “government-guaranteed loans”.

Subsec. (b)(3). Pub. L. 104-105, §215(a)(2)(C)(i), inserted “(as so defined)” after “government-guaranteed loans” in subpars. (A) and (B).

1989—Subsec. (b). Pub. L. 101-220, §6(b)(1), inserted “, other association making direct loans under the authority provided under section 2279b of this title,” after “production credit association”.

Subsec. (b)(1). Pub. L. 101-220, §6(b)(2)(A), inserted “funded by or” before “discounted with” and “excluding the guaranteed portions of government-guaranteed loans provided for in paragraph (3),” and struck out “and” after “multiplied by 0.0015;”.

Subsec. (b)(2). Pub. L. 101-220, §6(b)(2)(B), inserted “funded by or” before “discounted with” and substituted “0.0025; and” for “0.0025.”

Subsec. (b)(3). Pub. L. 101-220, §6(b)(2)(C), added par. (3).

1988—Subsec. (a). Pub. L. 100-399 designated existing provision as subsec. (a), inserted heading, substituted “directors of the bank” for “directors of each district bank”, and added subsec. (b).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment 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, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-171, title V, §5403(b), May 13, 2002, 116 Stat. 351, provided that: “The amendments made by this section [amending this section and sections 2277a-4 and 2277a-5 of this title] shall apply with respect to determinations of premiums for calendar year 2002 and for any succeeding calendar year, and to certified statements with respect to such premiums.”

EFFECTIVE DATE OF 1989 AMENDMENT

Pub. L. 101-220, §6(c), Dec. 12, 1989, 103 Stat. 1880, provided that: “The amendments made by subsections (a) and (b) [amending sections 2020, 2277a-4, 2277a-8, and 2277a-10 of this title] shall be effective for insurance

premiums due to the Farm Credit System Insurance Corporation under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) on or after January 1, 1990, based on the loan volume of each bank for each calendar year beginning with calendar year 1989, and shall be effective for the calculation of the initial premium payment required under section 5.56(c) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-5(c)).”

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.

§ 2021. Loans through associations or agents

(a) In general

The Farm Credit Banks shall, except as otherwise herein provided, make loans of the type authorized under section 2015(a) of this title through a Federal land bank association chartered to serve the territory in which the real estate of the borrower is located.

(b) No active association

If there is no active association chartered to serve territory where the real estate is located, the bank may make the loan directly or through such bank or trust company or savings or other financial institution as such bank may designate.

(c) Purchase of stock required

When the loan is not made through a Federal land bank association, the applicant shall purchase stock in the bank in accordance with the capitalization requirements provided for in the bylaws of the bank.

(Pub. L. 92-181, title I, §1.13, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1628.)

Editorial Notes

PRIOR PROVISIONS

A prior section 1.13 of Pub. L. 92-181 was classified to section 2031 of this title prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

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.

§ 2022. Liens on stock

The Farm Credit Banks shall have a first lien on the stock or participation certificates it issues for the payment of any liability of the stockholders to the bank.

(Pub. L. 92-181, title I, §1.14, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1629.)

Editorial Notes

PRIOR PROVISIONS

A prior section 1.14 of Pub. L. 92-181 was classified to section 2032 of this title prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

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.