

assets and liabilities by a cooperative to the extent that the net amount of the distribution is immediately reinvested in stock of a consolidated bank (and in such case the basis of such stock shall be appropriately reduced by the amount of gain not recognized by reason of this sentence).

(Pub. L. 92-181, title III, § 3.27, as added Pub. L. 100-233, title IV, § 415(2), Jan. 6, 1988, 101 Stat. 1644; amended Pub. L. 100-399, title IV, § 407(g), Aug. 17, 1988, 102 Stat. 1001.)

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-399 substituted “cooperative” for “taxable institution”.

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.

§ 2149. Lending limits

The Farm Credit Administration may not establish lending limits for the consolidated bank with respect to any loans or borrowers that are more restrictive than the combined lending limits that were previously established by the Farm Credit Administration for the constituent banks described in section 413(b) of the Agricultural Credit Act of 1987 (12 U.S.C. 2121 note; Public Law 100-233) with respect to such loans or borrowers.

(Pub. L. 92-181, title III, § 3.28, as added Pub. L. 100-233, title IV, § 415(2), Jan. 6, 1988, 101 Stat. 1644; amended Pub. L. 115-334, title V, § 5411(15), Dec. 20, 2018, 132 Stat. 4680.)

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-334 substituted “the constituent banks described in section 413(b) of the Agricultural Credit Act of 1987 (12 U.S.C. 2121 note; Public Law 100-233)” for “a district bank for cooperatives and the Central Bank for Cooperatives”.

§ 2149a. Repealed. Pub. L. 115-334, title V, § 5411(16), Dec. 20, 2018, 132 Stat. 4680

Section, Pub. L. 92-181, title III, § 3.29, formerly title VII, § 7.5, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1646; renumbered § 3.29, Pub. L. 100-399, title IV, § 408(e), Aug. 17, 1988, 102 Stat. 1001, related to reports by merged banks for cooperatives.

Section was classified to section 2279a-5 of this title prior to renumbering by Pub. L. 100-399.

SUBCHAPTER IV—PROVISIONS APPLICABLE TO TWO OR MORE CLASSES OF INSTITUTIONS OF THE SYSTEM

PART A—FUNDING

§ 2151. Repealed. Pub. L. 115-334, title V, § 5411(17), Dec. 20, 2018, 132 Stat. 4680

Section, Pub. L. 92-181, title IV, § 4.0, Dec. 10, 1971, 85 Stat. 609; Pub. L. 99-205, title I, § 101(1), Dec. 23, 1985, 99 Stat. 1678; Pub. L. 100-233, title II, § 202, Jan. 6, 1988, 101

Stat. 1605; Pub. L. 100-399, title II, § 202, Aug. 17, 1988, 102 Stat. 992, related to the revolving fund in effect immediately before Jan. 6, 1988.

§ 2152. Repealed. Pub. L. 100-233, title II, § 207(a)(1), Jan. 6, 1988, 101 Stat. 1607

Section, Pub. L. 92-181, title IV, § 4.1, as added Pub. L. 99-205, title I, § 104, Dec. 23, 1985, 99 Stat. 1687, contained requirements for purchase of stock and payment of assessments and contribution of capital to Capital Corporation.

A prior section 2152, Pub. L. 92-181, title IV, § 4.1, Dec. 10, 1971, 85 Stat. 609, related to revolving funds and government deposits, prior to repeal, effective thirty days after Dec. 23, 1985, by Pub. L. 99-205, title I, § 101(2), Dec. 23, 1985, 99 Stat. 1678.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF REPEAL

Pub. L. 100-233, title II, § 207(b), Jan. 6, 1988, 101 Stat. 1607, provided that: “The repeals made by subsection (a) [repealing this section and sections 2216 to 2216k, and 2252(a)(8) of this title] shall take effect 15 days after the date of the enactment of this Act [Jan. 6, 1988].”

§ 2153. Power to borrow; issuance of notes, bonds, debentures, and other obligations

Each of the banks of the System, in order to obtain funds for its authorized purposes, shall have power, subject to regulation by the Farm Credit Administration, and subject to the limitations of paragraph (e) of this section, to—

(a) Borrow money from or loan to any other institution of the System, borrow from any commercial bank or other lending institution, issue its notes or other evidence of debt on its own individual responsibility and full faith and credit, and invest its excess funds in such sums, at such times, and on such terms and conditions as it may determine.

(b) Issue its own notes, bonds, debentures, or other similar obligations, fully collateralized as provided in section 2154(c) of this title by the notes, mortgages, and security instruments it holds in the performance of its functions under this chapter in such sums, maturities, rates of interest, and terms and conditions of each issue as it may determine with approval of the Farm Credit Administration.

(c) Join with any or all banks organized and operating under the same subchapter of this chapter in borrowing or in issuance of consolidated notes, bonds, debentures, or other obligations as may be agreed with approval of the Farm Credit Administration.

(d) Join with other banks of the System in issuance of System-wide notes, bonds, debentures, and other obligations in the manner, form, amounts, and on such terms and conditions as may be agreed upon with approval of the Farm Credit Administration. Such System-wide issue by the participating banks and such participations by each bank shall not exceed the limits to which each such bank is subject in the issuance of its individual or consolidated obligations and each such issue shall be subject to approval of the Farm Credit Administration: *Provided, however*, There shall be no issues of System-wide obligations without the concurrence of the boards of directors of each bank and the ap-

proval of the Farm Credit Administration for such issues shall be conditioned on and be evidence of the compliance with this provision.

(e) No bank or banks shall issue notes, bonds, debentures, or other obligations individually or in concert with one or more banks of the System other than through the Federal Farm Credit Banks Funding Corporation under any provision of this chapter except under subsection (a) of this section: *Provided*, That any bank or banks may issue investment bonds or like obligations other than through the Federal Farm Credit Banks Funding Corporation if the interest rate is not in excess of the interest allowable on savings deposits of commercial banks of comparable amounts and maturities under Federal Reserve regulation on its member banks.

(Pub. L. 92-181, title IV, §4.2, Dec. 10, 1971, 85 Stat. 610; Pub. L. 99-205, title II, §205(f)(1), Dec. 23, 1985, 99 Stat. 1705; Pub. L. 100-233, title IV, §418(b), formerly §415(b), Jan. 6, 1988, 101 Stat. 1653, renumbered §418(b), Pub. L. 100-399, title IV, §409(a), Aug. 17, 1988, 102 Stat. 1003; Pub. L. 100-399, title II, §203(e), Aug. 17, 1988, 102 Stat. 993.)

Editorial Notes

AMENDMENTS

1988—Subsec. (d). Pub. L. 100-233 substituted “the boards of directors of each bank” for “the boards of directors of each of the 12 districts and the Central Bank for Cooperatives”.

Subsec. (e). Pub. L. 100-399, §203(e), substituted “System other than through the” for “System other than through their”, and substituted “Federal Farm Credit Banks Funding Corporation” for “fiscal agent” in two places.

1985—Pub. L. 99-205 substituted “regulation by” for “supervision of” in provision preceding subsec. (a).

Subsec. (b). Pub. L. 99-205 substituted references to section “2154(c)” for “2154(b)” and “Farm Credit Administration” for “Governor”.

Subsecs. (c), (d). Pub. L. 99-205 substituted “Farm Credit Administration” for “Governor” wherever appearing.

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.

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.

§ 2154. Capital adequacy of banks and institutions

(a) Minimum levels of capital

The Farm Credit Administration shall cause System institutions to achieve and maintain adequate capital by establishing minimum levels of capital for such System institutions and by using such other methods as the Farm Credit Administration deems appropriate. The Farm Credit Administration may establish such minimum level of capital for a System institution as the Farm Credit Administration, in its discretion, deems to be necessary or appropriate in

light of the particular circumstances of the System institution.

(b) Failure to maintain minimum levels; directives; plans for achieving minimum levels; proposals affecting compliance

(1) Failure of a System institution to maintain capital at or above its minimum level as established under subsection (a) may be deemed by the Farm Credit Administration, in its discretion, to constitute an unsafe and unsound practice within the meaning of this chapter.

(2) In addition to, or in lieu of, any other action authorized by law, including paragraph (1), the Farm Credit Administration may issue a directive to a System institution that fails to maintain capital at or above its required level as established under subsection (a). Such directive may require the System institution to submit and adhere to a plan acceptable to the Farm Credit Administration describing the means and timing by which the System institution shall achieve its required capital level, but may not require merger or consolidation without a majority vote of the voting stockholders or the contributors to the guaranty fund of the institution.

(3) The Farm Credit Administration may consider such System institution's progress in adhering to any plan required under paragraph (2) whenever such System institution, or an affiliate thereof, seeks the requisite approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede such System institution's progress in achieving its minimum capital level. The Farm Credit Administration may deny such approval where it determines that such proposal would adversely affect the ability of the System institution to comply with such plan.

(c) Enhancement of capital adequacy of banks

Each bank shall have on hand at the time of issuance of any note, bond, debenture, or other similar obligation and at all times thereafter maintain, free from any lien or other pledge, notes and other obligations representing loans made under this chapter or real or personal property acquired in connection with loans made under this chapter, obligations of the United States or any agency thereof direct or fully guaranteed, other bank assets (including marketable securities) approved by the Farm Credit Administration, or cash, in an aggregate value equal to the total amount of notes, bonds, debentures, or other similar obligations outstanding for which the bank is primarily liable.

(Pub. L. 92-181, title IV, §4.3, Dec. 10, 1971, 85 Stat. 611; Pub. L. 99-205, title I, §101(3), Dec. 23, 1985, 99 Stat. 1678; Pub. L. 100-233, title III, §304, title VIII, §§804(a)(3), 805(q), Jan. 6, 1988, 101 Stat. 1621, 1715, 1716; Pub. L. 100-399, title VII, §702(b), Aug. 17, 1988, 102 Stat. 1006.)

Editorial Notes

AMENDMENTS

1988—Subsec. (b)(2). Pub. L. 100-233, §804(a)(3), struck out subpar. (A) designation and struck out subpar. (B) which read as follows: “Any directive issued under this paragraph, including plans submitted pursuant thereto, shall be enforceable under the provisions of section 2267

of this title to the same extent as an effective and outstanding order issued under section 2261 of this title that has become final.”

Subsec. (c). Pub. L. 100-233, §805(q), which directed the amendment of subsec. (c) by substituting “direct or fully guaranteed” for “direct of fully guaranteed” was repealed by Pub. L. 100-399, §702(b). See Construction of 1988 Amendment note below.

Pub. L. 100-233, §304, amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: “Each bank shall have on hand at the time of issuance of any long-term notes, bonds, debentures, or other similar obligations and at all times thereafter maintain, free from any lien or other pledge, notes and other obligations representing loans made under the authority of this chapter, obligations of the United States or any agency thereof direct or fully guaranteed, other readily marketable securities approved by the Farm Credit Administration, or cash, in an aggregate value equal to the total amount of long-term notes, bonds, debentures, or other similar obligations outstanding for which the bank is primarily liable.”

1985—Pub. L. 99-205 substituted “Capital adequacy of banks and associations” for “Aggregate of obligations; collateral” in section catchline.

Subsec. (a). Pub. L. 99-205 amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: “No issue of long-term notes, bonds, debentures, or other similar obligations by a bank or banks shall be approved in an amount which, together with the amount of other bonds, debentures, long-term notes, or other similar obligations issued and outstanding, exceeds twenty times the capital and surplus of all the banks which will be primarily liable on the proposed issue, or such lesser amount as the Farm Credit Administration shall establish by regulation.”

Subsecs. (b), (c). Pub. L. 99-205 added subsec. (b) and redesignated former subsec. (b) as (c).

Statutory Notes and Related Subsidiaries

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.

CONSTRUCTION OF 1988 AMENDMENT

Pub. L. 100-399, title VII, §702(b), Aug. 17, 1988, 102 Stat. 1006, provided that section 805(q) of Pub. L. 100-233, cited as a credit to this section, is repealed and that subsec. (c) of this section shall be applied and administered as if such section had not been enacted.

MINIMUM CAPITAL ADEQUACY STANDARDS

Pub. L. 100-233, title III, §301(a), Jan. 6, 1988, 101 Stat. 1608, as amended by Pub. L. 100-399, title III, §301(a), Aug. 17, 1988, 102 Stat. 993, provided that:

“(1) IN GENERAL.—

“(A) ESTABLISHMENT.—Within 120 days after the date of the enactment of this Act [Jan. 6, 1988], the Farm Credit Administration shall issue regulations under section 4.3(a) of the Farm Credit Act of 1971 (12 U.S.C. 2154(c) [12 U.S.C. 2154(a)]) that establish minimum permanent capital adequacy standards for Farm Credit System institutions.

“(B) BASIS FOR ESTABLISHMENT.—The standards established under subparagraph (A) shall apply to an institution based on the financial statements of the institution prepared in accordance with generally accepted accounting principles.

“(C) RATIO OF CAPITAL TO ASSETS.—The standards established under subparagraph (A) shall specify fixed percentages representing the ratio of permanent capital of the institution to the assets of the institution, taking into consideration relative risk factors as determined by the Farm Credit Administration.

“(D) PHASE-IN PERIOD.—The standards established under subparagraph (A) shall be phased in during the 5-year period beginning on the date of the enactment of this Act [Jan. 6, 1988].

“(2) EMERGENCY POWER NOT AVAILABLE.—The Farm Credit Administration shall not invoke the emergency provisions of section 5.17(c)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2251(c)(2) [12 U.S.C. 2252(c)(2)]) with respect to the issuance of the regulations required under paragraph (1)(A).

“(3) PROHIBITIONS DURING TRANSITION PERIOD.—During the 5-year period specified in paragraph (1)(D), the Farm Credit Administration shall not initiate any receivership, conservatorship, liquidation, or enforcement action against any System institution certified to issue preferred stock under section 6.27 of the Farm Credit Act of 1971 (as added by section 201 of this Act) [12 U.S.C. 2278b-7], solely because of the failure of such institution to meet minimum permanent capital adequacy standards unless such action is recommended or concurred in by the Farm Credit System Assistance Board established under section 6.0 of such Act (as added by section 201 of this Act) [former 12 U.S.C. 2278a].

“(4) PERMANENT CAPITAL.—For purposes of this subsection, the term ‘permanent capital’ has the same meaning given that term in section 4.3A(a)(1) of the Farm Credit Act of 1971 [12 U.S.C. 2154a(a)(1)].”

§ 2154a. Capitalization of System institutions

(a) Definitions

As used in this section:

(1) Permanent capital

The term “permanent capital” means—

(A) current year retained earnings;
(B) allocated and unallocated earnings (which, in the case of earnings allocated in any form by a System bank to any association or other recipient and retained by the bank, shall be considered, in whole or in part, permanent capital of the bank or of any such association or other recipient as provided under an agreement between the bank and each such association or other recipient);

(C) all surplus (less allowances for losses);
(D) stock issued by a System institution, except—

(i) stock that may be retired by the holder of the stock on repayment of the holder's loan, or otherwise at the option or request of the holder; or

(ii) stock that is protected under section 2162 of this title or is otherwise not at risk; and

(E) any other debt or equity instruments or other accounts that the Farm Credit Administration determines appropriate to be considered permanent capital.

(2) Stock

The term “stock” means voting and non-voting stock (including preferred stock), equivalent contributions to a guaranty fund, participation certificates, allocated equities, and other forms and types of equities.

(b) Adoption of bylaws

Subject to approval by shareholders under subsection (c)(2), each bank and association shall adopt bylaws, developed by its board of directors, that provide for the capitalization of the institution in accordance with subsection (c)(1).

(c) Requirements of bylaws**(1) In general**

Notwithstanding any other provision of this chapter, the bylaws adopted under subsection (b)—

(A) shall provide for such classes, par value, and amounts of the stock of the institution, the manner in which such stock shall be issued, transferred, and retired, and the payment of dividends and patronage refunds, as determined appropriate by the Board of Directors, subject to this section;

(B) may provide for the charging of loan origination fees as determined appropriate by the Board of Directors;

(C) shall enable the institution to meet the capital adequacy standards established under the regulations issued under section 2154(a) of this title;

(D) shall provide for the issuance of voting stock, which may only be held by—

(i) borrowers who are farmers, ranchers, or producers or harvesters of aquatic products, and cooperative associations eligible to borrow from System institutions under this chapter;

(ii) persons and entities eligible to borrow from the banks for cooperatives, as described in section 2124(c)(ii) of this title;

(iii) in the case of a Central Bank for Cooperatives, other banks for cooperatives; and

(iv) in the case of banks other than banks for cooperatives, System associations;

(E) shall require that—

(i) as a condition of borrowing from or through the institution, any borrower who is entitled to hold voting stock or participation certificates shall, at the time a loan is made, acquire voting stock or participation certificates in an amount not less than \$1,000 or 2 percent of the amount of the loan, whichever is less; and

(ii) within 2 years after the loan of a borrower is repaid in full, any voting stock held by the borrower be converted to non-voting stock;

(F) may provide that persons who are not borrowers from the institution may hold nonvoting stock of the institution;

(G) shall require that any holder of voting stock issued before the adoption of bylaws under this section exchange a portion of such stock for new voting stock;

(H) do not need to provide for maximum or minimum standards of borrower stock ownership based on a percentage of the loan of the borrower, except as otherwise provided in this section;

(I) shall permit the retirement of stock at the discretion of the institution if the institution meets the capital adequacy standards established under section 2154(a) of this title; and

(J) shall permit stock to be transferable.

(2) Effective date

The bylaws adopted by the board of directors of a System institution under subsection (b)

shall take effect only on approval of a majority of the stockholders of such institution present and voting, or voting by written proxy, at a duly authorized stockholders' meeting.

(d) Reduction of capital**(1) General rule**

Except as provided in paragraph (2), the board of directors of a System institution may not reduce the permanent capital of the institution through the payment of patronage refunds or dividends, or the retirement of stock if, after or due to such action, the permanent capital of the institution would thereafter fail to meet the minimum capital adequacy standards established under section 2154(a) of this title.

(2) Exceptions

Paragraph (1) shall not apply to the payment of noncash patronage refunds by any institution exempt from Federal income tax if the entire refund paid qualifies as permanent capital. Notwithstanding paragraph (1), any System institution subject to Federal income tax may pay patronage refunds partially in cash as long as the cash portion of the refund is the minimum amount required to qualify the refund as a deductible patronage distribution for Federal income tax purposes and the remaining portion of the refund paid qualifies as permanent capital.

(e) Compliance

The Farm Credit Administration may issue a directive that requires compliance with subsection (d), to the board of directors of any System institution that fails to comply therewith.

(f) Loans designated for sale or sold into secondary market**(1) In general**

Subject to paragraph (2) and notwithstanding any other provision of this section, the bylaws adopted by a bank or association under subsection (b) may provide—

(A) in the case of a loan made on or after February 10, 1996, that is designated, at the time the loan is made, for sale into a secondary market, that no voting stock or participation certificate purchase requirement shall apply to the borrower for the loan; and

(B) in the case of a loan made before February 10, 1996, that is sold into a secondary market, that all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.

(2) Applicability

Notwithstanding any other provision of this section, in the case of a loan sold to a secondary market under subchapter VIII, paragraph (1) shall apply regardless of whether the bank or association retains a subordinated participation interest in a loan or pool of loans or contributes to a cash reserve.

(3) Exception**(A) In general**

Subject to subparagraph (B) and notwithstanding any other provision of this section,

if a loan designated for sale under paragraph (1)(A) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the voting stock or participation certificate purchase requirement that would otherwise apply to the loan in the absence of a bylaw provision described in paragraph (1)(A) shall be effective.

(B) Retirement

The bylaws adopted by a bank or association under subsection (b) may provide that if a loan described in subparagraph (A) is sold into a secondary market after the end of the 180-day period described in the subparagraph, all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.

(g) Construction

This section shall not be construed to affect the provisions of this chapter that confer on System institutions a lien on borrower stock or other equities and the privilege to retire or cancel such stock or other equities for application against the indebtedness on a defaulted or restructured loan.

(h) Controlling authority

To the extent that any provision of this section is inconsistent with any other provision of this chapter (other than section 2162 of this title), the provision of this section shall control.

(Pub. L. 92-181, title IV, § 4.3A, as added Pub. L. 100-233, title III, § 301(b), Jan. 6, 1988, 101 Stat. 1608; amended Pub. L. 100-399, title III, § 301(b)-(f), Aug. 17, 1988, 102 Stat. 994; Pub. L. 102-552, title I, § 101, Oct. 28, 1992, 106 Stat. 4103; Pub. L. 104-105, title II, § 206, Feb. 10, 1996, 110 Stat. 173; Pub. L. 110-234, title V, § 5403(b), May 22, 2008, 122 Stat. 1154; Pub. L. 110-246, § 4(a), title V, § 5403(b), June 18, 2008, 122 Stat. 1664, 1916.)

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.

AMENDMENTS

2008—Subsec. (c)(1)(D)(ii) to (iv). Pub. L. 110-246, § 5403(b), added cl. (ii) and redesignated former cls. (ii) and (iii) as (iii) and (iv), respectively.

1996—Subsecs. (f) to (h). Pub. L. 104-105 added subsec. (f) and redesignated former subsecs. (f) and (g) as (g) and (h), respectively.

1992—Subsec. (a)(1). Pub. L. 102-552 amended par. (1) generally. Prior to amendment, par. (1) read as follows: “The term ‘permanent capital’ means current year retained earnings, allocated and unallocated earnings, all surplus (less allowances for losses), and stock issued by a System institution, except stock that—

“(A) may be retired by the holder thereof on repayment of the holder’s loan, or otherwise at the option or request of the holder; or

“(B) is protected under section 2162 of this title or is otherwise not at risk.”

1988—Subsec. (a)(1)(B). Pub. L. 100-399, § 301(b), substituted “section 2162 of this title” for “section 4.9B”.

Subsec. (c)(1)(D)(i). Pub. L. 100-399, § 301(c)(1), substituted “producers or” for “producers, or”.

Subsec. (c)(1)(G). Pub. L. 100-399, § 301(c)(2), substituted “voting stock issued” for “stock issued”.

Subsec. (c)(1)(H). Pub. L. 100-399, § 301(d), inserted “, except as otherwise provided in this section” after “the borrower”.

Subsec. (c)(1)(I). Pub. L. 100-399, § 301(e), struck out “standards issued under” after “established under”.

Subsec. (d)(1). Pub. L. 100-399, § 301(f), struck out “and in section 2162 of this title” after “paragraph (2)” and “or allocated equities” after “retirement of stock”.

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 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.

§ 2155. Liability of banks; United States not liable

(a) Joint and several liability of banks

(1) Each bank of the System shall be fully liable on notes, bonds, debentures, or other obligations issued by it individually, and shall be liable for the interest payments on long-term notes, bonds, debentures, or other obligations issued by other banks operating under the same subchapter of this chapter.

(2)(A) Each bank shall also be primarily liable for the portion of any issue of consolidated or System-wide obligations made on its behalf and be jointly and severally liable for the payment of any additional sums as called upon by the Farm Credit Administration in order to make payments of interest or principal which any bank primarily liable therefor shall be unable to make.

(B) Such calls first shall be made on all non-defaulting banks in proportion to each such bank’s proportionate share of the aggregate available collateral held by all such banks.

(C) For purposes of this paragraph, the term “available collateral” means the amount (determined at the close of the last calendar quarter ending before such call) by which a bank’s collateral as described in section 2154 of this title exceeds the collateral required to support the bank’s outstanding notes, bonds, debentures, and other similar obligations.

(D) If the Farm Credit Administration makes any such call and the available collateral of all such banks does not fully satisfy the liability necessitating such calls, such calls shall be made on all nondefaulting banks in proportion to each such bank’s remaining assets.

(E) Any System bank that, pursuant to a call by the Farm Credit Administration, makes a payment of principal or interest to the holder of any consolidated or System-wide obligation issued on behalf of another System bank shall be subrogated to all rights of the holder against such other bank to the extent of such payment.

(F) On making such a call with respect to obligations issued on behalf of a System bank, the Farm Credit Administration shall appoint a re-

ceiver for the bank, which shall expeditiously liquidate or otherwise wind up the affairs of the bank.

(b) Resolutions as to liability; execution of obligations

Each bank participating in an issue shall by appropriate resolution undertake such responsibility as provided in subsection (a), and in the case of consolidated or System-wide obligations shall authorize the execution of such long-term notes, bonds, debentures, or other obligations on its behalf. When a consolidated or System-wide issue is approved, the notes, bonds, debentures, or other obligations shall be executed and the banks shall be liable thereon as provided herein.

(c) United States liability

The United States shall not be liable or assume any liability directly or indirectly thereon.

(d) Insurance Fund called on before invoking joint and several liability

Beginning 5 years after January 6, 1988, the Farm Credit Administration shall not call on any System institution to satisfy the liability of the institution on any joint, consolidated, or System-wide obligation participated in by the institution or with respect to which the institution is primarily, or jointly and severally, liable, before the Farm Credit Insurance Fund is exhausted, even if the Fund is only able to make a partial payment because of insufficient amounts in the Fund.

(Pub. L. 92-181, title IV, § 4.4, Dec. 10, 1971, 85 Stat. 611; Pub. L. 99-205, title I, § 101(4), title II, § 205(f)(2), Dec. 23, 1985, 99 Stat. 1679, 1706; Pub. L. 100-233, title II, § 207(c), title III, § 303, Jan. 6, 1988, 101 Stat. 1608, 1620; Pub. L. 100-399, title III, § 303, Aug. 17, 1988, 102 Stat. 995.)

Editorial Notes

AMENDMENTS

1988—Subsec. (a). Pub. L. 100-233, § 303(a), amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: “Each bank of the System shall be fully liable on notes, bonds, debentures, or other obligations issued by it individually, and shall be liable for the interest payments on long-term notes, bonds, debentures, or other obligations issued by other banks operating under the same subchapter of this chapter. Each bank shall also be primarily liable for the portion of any issue of consolidated or System-wide obligations made on its behalf and be jointly and severally liable for the payment of any additional sums as called upon by the Farm Credit Administration in order to make payments of interest or principal which any bank primarily liable therefor shall be unable to make. Such calls shall be made first upon the other banks operating under the same subchapter of this chapter as the defaulting bank, and second upon banks operating under other subchapters of this chapter, taking into consideration the capital, surplus, bonds, debentures, or other obligations which each may have outstanding at the time of such assessment.”

Subsec. (c). Pub. L. 100-233, § 207(c), redesignated subsec. (d) as (c), and struck out former subsec. (c) which provided that for purposes of this part, the term “bank” included the Capital Corporation.

Subsec. (d). Pub. L. 100-399 redesignated subsec. (e) as (d).

Pub. L. 100-233, § 207(c), redesignated subsec. (d) as (c).
Subsec. (e). Pub. L. 100-399 redesignated subsec. (e) as (d).

Pub. L. 100-233, § 303(b), added subsec. (e).

1985—Subsec. (b). Pub. L. 99-205, § 205(f)(2), substituted “execution of” for “Governor to execute” in first sentence and struck out “by the Governor” after “shall be executed” in second sentence.

Subsecs. (c), (d). Pub. L. 99-205, § 101(4), added subsec. (c) and redesignated former subsec. (c) as (d).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

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

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.

§ 2156. Repealed. Pub. L. 100-233, title II, § 204(b), Jan. 6, 1988, 101 Stat. 1607

Section, Pub. L. 92-181, title IV, § 4.5, Dec. 10, 1971, 85 Stat. 611; Pub. L. 96-592, title IV, § 401, Dec. 24, 1980, 94 Stat. 3446; Pub. L. 99-205, title II, § 205(f)(3), Dec. 23, 1985, 99 Stat. 1706, provided for establishment of a finance committee for banks organized and operated under subchapters I, II, and III of this chapter. See section 2160 of this title.

§ 2157. Bonds as investments

The bonds, debentures, and other similar obligations issued under the authority of this chapter shall be lawful investments for all fiduciary and trust funds and may be accepted as security for all public deposits.

(Pub. L. 92-181, title IV, § 4.6, Dec. 10, 1971, 85 Stat. 612.)

§ 2158. Purchase and sale by Federal Reserve System

Any member of the Federal Reserve System may buy and sell bonds, debentures, or other similar obligations issued under the authority of this chapter and any Federal Reserve bank may buy and sell such obligations to the same extent and subject to the same limitations placed upon the purchase and sale by said banks of State, county, district, and municipal bonds under section 355 of this title.

(Pub. L. 92-181, title IV, § 4.7, Dec. 10, 1971, 85 Stat. 612.)

§ 2159. Purchase and sale of obligations

Each bank of the System may purchase its own obligations and the obligations of other banks of the System and may provide for the sale of obligations issued by it, consolidated obligations, or Systemwide obligations through a fiscal agent or agents, by negotiation, offer, bid, syndicate sale, and to deliver such obligations by book entry, wire transfer, or such other means as may be appropriate.

(Pub. L. 92-181, title IV, § 4.8, Dec. 10, 1971, 85 Stat. 612; Pub. L. 99-509, title I, § 1034, Oct. 21, 1986, 100 Stat. 1878; Pub. L. 100-233, title II, § 205(a), Jan. 6, 1988, 101 Stat. 1607; Pub. L. 115-334, title V, § 5411(18), Dec. 20, 2018, 132 Stat. 4680.)

Editorial Notes**AMENDMENTS**

2018—Pub. L. 115-334 struck out subsec. (a) designation before “Each bank” and struck out subsec. (b) which described conditions under which each bank of the System could reduce the cost of its borrowings and amortize certain capitalizations through Dec. 31, 1992.

1988—Subsec. (b), Pub. L. 100-233 substituted “December 31, 1992” for “December 31, 1988” in two places.

1986—Pub. L. 99-509 designated existing provisions as subsec. (a) and added subsec. (b).

§ 2160. Federal Farm Credit Banks Funding Corporation

(a) Establishment

There is hereby established the Federal Farm Credit Banks Funding Corporation (hereinafter in this section referred to as the “Corporation”), which shall be an institution of the Farm Credit System.

(b) Duties

The Corporation—

(1) shall issue, market, and handle the obligations of the banks of the Farm Credit System, and interbank or intersystem flow of funds as may from time to time be required;

(2) acting for the banks of the Farm Credit System, subject to approval of the Farm Credit Administration, shall determine the amount, maturities, rates of interest, terms, and conditions of participation by the several banks in each issue of joint, consolidated, or System-wide obligations; and

(3) shall exercise such other powers as were provided to the predecessor Federal Farm Credit Banks Funding Corporation in accordance with its charter issued under section 2211 of this title, in effect immediately before January 6, 1988.

(c) Officers and committees

(1) Designation

The board of directors may designate such officers and committees for such terms and such purposes as may be agreed on by the board.

(2) Issuance of obligations

When appropriate to the board's functions under this section, a committee of the board of directors of the Corporation, or representatives thereof, may act on behalf of the board in connection with the issuance of joint, consolidated, and System-wide obligations.

(d) Board of directors

(1) Composition

The board of directors shall be composed of nine voting members and one nonvoting member, as follows:

(A) Four voting members shall be current or former directors of the System banks elected by the shareholders of the Corporation.

(B) Three voting members shall be chief executive officers or presidents of System banks elected by the shareholders of the Corporation.

(C) Two voting members shall be appointed by the members elected under subparagraphs

(A) and (B) after the elected members have received recommendations for such appointments from, and consulted with, the Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System. The appointed members shall be selected from United States citizens—

(i) who are not borrowers from, shareholders in, or employees or agents of any System institution, who are not affiliated with the Farm Credit Administration, and who are not actively engaged with a bank or investment organization that is a member of the Corporation's selling group for System-wide securities; and

(ii) who are experienced or knowledgeable in corporate and public finance, agricultural economics, and financial reporting and disclosure.

(D) The president of the Corporation shall serve as a nonvoting member of the board.

(2) Considerations

In selecting candidates under subparagraphs (A) and (B) of paragraph (1), due consideration shall be given to choosing individuals knowledgeable in agricultural economics, public and corporate finance, and financial reporting and disclosure.

(3) Representation of board

The Farm Credit System Insurance Corporation shall not have representation on the board of directors of the Corporation.

(e) Succession

(1) Assets and liabilities

The Corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor Federal Farm Credit Banks Funding Corporation (hereinafter referred to in this subsection as “the predecessor corporation”) chartered under this chapter, or any court, succeed to the assets of and assume all debts, obligations, contracts, and other liabilities of the predecessor corporation, matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

(2) Contracts

The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Corporation.

(3) Stock

The stock of the predecessor corporation issued before January 6, 1988, shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into stock of the Corporation established by this section.

(4) Taxation

The succession to assets, assumption of liabilities, conversion of obligations, instru-

ments, and stock, and effectuation of any other transaction by the Corporation to carry out this subsection shall not be treated as a taxable event under the laws of any State or political subdivision thereof.

(Pub. L. 92-181, title IV, § 4.9, Dec. 10, 1971, 85 Stat. 612; Pub. L. 100-233, title II, § 204(a), Jan. 6, 1988, 101 Stat. 1605; Pub. L. 100-399, title II, § 203(a)-(d), Aug. 17, 1988, 102 Stat. 992, 993; Pub. L. 102-552, title V, § 507, Oct. 28, 1992, 106 Stat. 4131; Pub. L. 115-334, title V, § 5411(19), Dec. 20, 2018, 132 Stat. 4681.)

Editorial Notes

REFERENCES IN TEXT

January 6, 1988, referred to in subsec. (e)(3), was in the original “the date of the enactment of this section”, which was translated as meaning the date of enactment of Pub. L. 100-233, which amended this section generally, to reflect the probable intent of Congress.

AMENDMENTS

Subsec. (d)(2). Pub. L. 115-334, § 5411(19)(A), designated concluding provisions of subsec. (d)(1) as par. (2), inserted heading, inserted “of paragraph (1)” after “(A) and (B)”, and struck out former par. (2) which related to Assistance Board non-voting representatives and post-termination representation on the board of directors of the Corporation.

Subsec. (d)(3). Pub. L. 115-334, § 5411(19)(A)(i), added par. (3).

Subsecs. (e), (f). Pub. L. 115-334, § 5411(19)(B), (C), redesignated subsec. (f) as (e) and struck out former subsec. (e) which set out transitional authority until a majority of the voting members of the board of directors of the Corporation was elected.

1992—Subsec. (d)(2). Pub. L. 102-552 amended par. (2) generally. Prior to amendment, par. (2) read as follows:

“(A) ASSISTANCE BOARD.—During the period in which the Assistance Board is in existence, the board of directors of the Assistance Board shall designate one of its directors to serve as a nonvoting representative to the board of directors of the Corporation.

“(B) INSURANCE CORPORATION.—After such period, the board of directors of the Farm Credit System Insurance Corporation may designate one of its directors to serve as a nonvoting representative to the board of directors of the Corporation.

“(C) MEETINGS.—The persons so designated by the Assistance Board and by the Farm Credit System Insurance Corporation may attend and participate in all deliberations of the board of directors of the Corporation.”

1988—Pub. L. 100-233 amended section generally. Prior to amendment, section read as follows: “A fiscal agency shall be established by the banks for such of their functions relating to the issuance, marketing, and handling of their obligations, and interbank or intersystem flow of funds as may from time to time be required.”

Subsec. (b)(3). Pub. L. 100-399, § 203(b), inserted “predecessor Federal Farm Credit Banks” before “Funding Corporation”.

Subsec. (d)(2)(B), (C). Pub. L. 100-399, § 203(c), substituted “directors of the Corporation” for “directors of the Federal Farm Credit Banks Funding Corporation”.

Subsec. (e). Pub. L. 100-399, § 203(d), amended subsec. (e) generally. Prior to amendment, subsec. (e) read as follows: “Until a quorum of the board of directors of the Corporation is elected or appointed, the finance committee established under section 2156 of this title in effect before January 6, 1988, and the fiscal agency established under section 2160 of this title in effect before January 6, 1988, shall continue to operate as if this section had not been enacted.”

Subsec. (f). Pub. L. 100-399, § 203(a), added subsec. (f).

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.

§ 2161. Repealed. Pub. L. 100-399, title I, § 101(a), Aug. 17, 1988, 102 Stat. 989

Section, Pub. L. 92-181, title IV, § 4.9A, as added Pub. L. 99-205, title I, § 105, Dec. 23, 1985, 99 Stat. 1687, authorized a central reserve for Farm Credit System.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF REPEAL

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

§ 2162. Protection of borrower stock

(a) Retirement of stock

Notwithstanding any other section of this chapter, each institution of the Farm Credit System, when retiring eligible borrower stock in accordance with this chapter, shall retire such stock at par value.

(b) Certain powers not affected

This section does not affect the authority of any institution of the Farm Credit System—

(1) to retire or cancel borrower stock at par value for application against a loan in default;

(2) to cancel borrower stock at par value under section 2202b of this title; or

(3) to apply, against any outstanding indebtedness to a System association arising out of or in connection with a liquidation referred to in subsection (d)(2), the par value of borrower stock frozen in such liquidation.

(c) Inability to retire stock at par value

(1) In general

If an institution is unable to retire eligible borrower stock at par value due to the liquidation of the institution, the Farm Credit System Insurance Corporation, acting as receiver, shall retire such stock at par value as would have been retired in the ordinary course of business of the institution.

(2) Funding

The Farm Credit System Insurance Corporation shall use such funds from the Farm Credit Insurance Fund as are sufficient to carry out this section.

(d) Definitions

For purposes of this section:

(1) Borrower stock

The term “borrower stock” means voting and nonvoting stock, equivalent contributions to a guaranty fund, participation certificates, allocated equities, and other similar equities that are subject to retirement under a revolving cycle issued by any System institution and held by any person other than any System institution.

(2) Eligible borrower stock

The term “eligible borrower stock” means borrower stock that—

(A) is outstanding on January 6, 1988;
 (B) is issued or allocated after January 6, 1988, but prior to the earlier of—

(i) in the case of each bank and association, the date of approval, by the stockholders of such bank or association, of the capitalization requirements of the institution in accordance with section 2154a of this title; or

(ii) the date that is 9 months after January 6, 1988;

(C) was, after January 1, 1983, but before January 6, 1988, frozen by an institution that was placed in liquidation; or

(D) was retired at less than par value by an institution that was placed in liquidation after January 1, 1983, but before January 6, 1988.

(3) Institution

The term “institution” means a bank or association chartered under this chapter.

(4) Par value

The term “par value” means—

(A) in the case of stock, par value;

(B) in the case of participation certificates and other equities and interests not described in subparagraph (C), face or equivalent value; or

(C) in the case of participation certificates and allocated equities subject to retirement under a revolving cycle but that a System institution elects to retire out of order for application against a loan in default or otherwise as provided in this chapter, par or face value discounted, at a rate determined by the institution, to reflect the present value of the equity or interest as of the date of such retirement.

(Pub. L. 92-181, title IV, § 4.9A, as added Pub. L. 100-233, title I, § 101, Jan. 6, 1988, 101 Stat. 1572; amended Pub. L. 100-399, title I, § 101(b)-(d), Aug. 17, 1988, 102 Stat. 989; Pub. L. 115-334, title V, § 5411(20), Dec. 20, 2018, 132 Stat. 4681.)

Editorial Notes

PRIOR PROVISIONS

A prior section 4.9A of Pub. L. 92-181, which authorized a central reserve for Farm Credit System, was classified to section 2161 of this title and was repealed by Pub. L. 100-399, § 101(a).

AMENDMENTS

2018—Subsec. (c). Pub. L. 115-334 inserted par. (1) designation and heading before “If an institution”, substituted “the Farm Credit System Insurance Corporation, acting as receiver,” for “the receiver of the institution” and “business of the institution.” for “business of the institution, and—”, added par. (2), and struck out former pars. (1) and (2) which read as follows:

“(1) during the 5-year period beginning on January 6, 1988, the Assistance Board shall direct the Financial Assistance Corporation to provide the receiver with sufficient funds to enable the receiver to carry out this subsection; and

“(2) after such 5-year period, the Farm Credit System Insurance Corporation shall provide the receiver with sufficient funds from the Farm Credit Insurance Fund to enable the receiver to carry out this subsection.”

1988—Subsec. (a). Pub. L. 100-399, § 101(b), struck out provision that an institution whose capital stock is im-

paired coordinate retirement of stock under this section with the activities of the Assistance Board and the Financial Assistance Corporation.

Subsec. (c). Pub. L. 100-399, § 101(c), inserted “stock” in subsec. heading and amended text generally. Prior to amendment, text read as follows: “If an institution is unable to retire eligible borrower stock at par value due to the freezing of such stock during a liquidation of the institution, the receiver of the institution shall retire such stock at par value as would have been retired in the ordinary course of business of the institution and the Financial Assistance Corporation, on request of the Assistance Board, shall provide the receiver with sufficient funds to enable the receiver to carry out this subsection.”

Subsec. (d)(2)(B). Pub. L. 100-399, § 101(d), in introductory provision substituted “issued or allocated” for “required to be purchased, and is purchased, as a condition of obtaining a loan made” and in cl. (i) substituted “section 2154a of this title” for “section 4.9B”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

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

PART B—DISSOLUTION

Editorial Notes

CODIFICATION

Pub. L. 100-233, title IV, § 418(a)(1), formerly § 415(a)(1), Jan. 6, 1988, 101 Stat. 1653, renumbered § 418(a)(1), Pub. L. 100-399, title IV, § 409(a), Aug. 17, 1988, 102 Stat. 1003, substituted “Dissolution” for “Dissolution and merger” as part B heading.

§§ 2181, 2182. Repealed. Pub. L. 100-233, title IV, § 418(a)(2), (3), formerly § 415(a)(2), (3), Jan. 6, 1988, 101 Stat. 1653; renumbered § 418(a)(2), (3), Pub. L. 100-399, title IV, § 409(a), Aug. 17, 1988, 102 Stat. 1003

Section 2181, Pub. L. 92-181, title IV, § 4.10, Dec. 10, 1971, 85 Stat. 612; Pub. L. 96-592, title IV, § 402, Dec. 24, 1980, 94 Stat. 3446, related to merger of similar banks.

Section 2182, Pub. L. 92-181, title IV, § 4.11, Dec. 10, 1971, 85 Stat. 612; Pub. L. 99-205, title II, § 205(f)(4), Dec. 23, 1985, 99 Stat. 1706, related to board of directors for merged bank.

§ 2183. Dissolution; voluntary or involuntary liquidation; mergers; receiverships or conservators

(a) Voluntary liquidation; consent of Farm Credit Administration; rules and regulations; minimization of adverse effect; voluntary merger; mandatory merger on failure to comply or meet obligations

No institution of the System shall go into voluntary liquidation without the consent of the Farm Credit Administration and with such consent may liquidate only in accordance with regulations prescribed by the Farm Credit Administration. In the case of a voluntary liquidation of an association, such regulations, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution. The Farm Credit Administration Board

may require an association to merge with another association whenever it determines, with the concurrence of the board of the supervising bank, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this chapter.

(b) Appointment of conservator or receiver; grounds; action for removal; stay of actions or proceedings

The Farm Credit Administration Board may appoint a conservator or receiver for any System institution on the determination by the Farm Credit Administration Board that one or more of the following exists, or is occurring, with respect to the institution: (1) insolvency, in that the assets of the institution are less than its obligations to its creditors and others, including its members; (2) substantial dissipation of assets or earnings due to any violation of law, rules, or regulations, or to any unsafe or unsound practice; (3) an unsafe or unsound condition to transact business; (4) willful violation of a cease and desist order that has become final; (5) concealment of books, papers, records, or assets of the institution or refusal to submit books, papers, records, or other material relating to the affairs of the institution for inspection to any examiner or to any lawful agent of the Farm Credit Administration; (6) the institution is unable to timely pay principal or interest on any insured obligation (as defined in section 2277a(3) of this title) issued by the institution. The Farm Credit Administration Board shall have exclusive power and jurisdiction to appoint a conservator or receiver, and such receiver or conservator, after the 5-year period beginning on January 6, 1988, shall be the Farm Credit System Insurance Corporation. If the Farm Credit Administration Board determines that a ground for the appointment of a conservator or receiver as herein provided exists, the Farm Credit Administration Board may appoint ex parte and without notice a conservator or receiver for the institution. In the event of such appointment, the institution, within thirty days thereafter, may bring an action in the United States district court for the judicial district in which the home office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration Board to remove such conservator or receiver, and the court shall on the merits, dismiss such action or direct the Farm Credit Administration Board to remove such conservator or receiver. On the commencement of such an action, the court having jurisdiction of any other action or enforcement proceeding authorized under this chapter to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.

(c) Involuntary liquidation; rules and regulations; minimization of adverse effect

In the case of an involuntary liquidation of an association, regulations of the Farm Credit Administration, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution.

(Pub. L. 92-181, title IV, § 4.12, Dec. 10, 1971, 85 Stat. 612; Pub. L. 99-205, title I, § 102, title II, § 205(f)(5), title III, § 305, Dec. 23, 1985, 99 Stat. 1679, 1706, 1708; Pub. L. 100-233, title III, § 306, title IV, § 418(a)(4), formerly § 415(a)(4), § 431(g), title VIII, § 805(r), Jan. 6, 1988, 101 Stat. 1622, 1653, 1660, 1716, renumbered § 418(a)(4), Pub. L. 100-399, title IV, § 409(a), Aug. 17, 1988, 102 Stat. 1003; Pub. L. 100-399, title IX, § 901(f), Aug. 17, 1988, 102 Stat. 1007.)

Editorial Notes

AMENDMENTS

1988—Subsec. (a). Pub. L. 100-399, § 901(f), substituted “board of the supervising bank” for “district board”.

Pub. L. 100-233, § 415(a)(4), struck out third sentence which provided that Associations may voluntarily merge with other like associations upon the vote of a majority of each of their stockholders present and voting or voting by written proxy at duly authorized meetings, and with the approval of the supervising bank and the Farm Credit Administration, and substituted “Board may require an association to merge with another association” for “may require such merger” in fourth sentence.

Subsec. (b). Pub. L. 100-233, § 431(g), substituted “Farm Credit Administration Board” for “Farm Credit Administration” wherever appearing other than in cl. (5).

Pub. L. 100-233, § 306, added cl. (6) and inserted “, and such receiver or conservator, after the 5-year period beginning on January 6, 1988, shall be the Farm Credit System Insurance Corporation” before the period at end of second sentence.

Pub. L. 100-233, § 805(r), substituted “court shall” for “court, shall”.

1985—Subsec. (a). Pub. L. 99-205, § 205(f)(5), substituted “Farm Credit Administration” for “Federal Farm Credit Board” in last sentence.

Pub. L. 99-205, § 305(a), inserted after first sentence a sentence requiring the regulations, in the case of a voluntary liquidation of an association, to direct the supervising bank to institute appropriate measures to minimize the adverse effect of the liquidation on borrowers whose loans are purchased by or otherwise transferred to another System institution.

Subsec. (b). Pub. L. 99-205, § 102, in revising subsec. (b), substituted expanded provisions respecting appointment of conservator or receiver for former provision, which read as follows: “Upon default of any obligation by any institution of the System, such institution may be declared insolvent and placed in the hands of a conservator or a receiver appointed by the Governor and the proceedings thereon shall be in accordance with regulations of the Farm Credit Administration regarding such insolvencies.”

Subsec. (c). Pub. L. 99-205, § 305(b), added subsec. (c).

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.

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.

§ 2184. Communications with stockholders

(a) Provision of stockholder lists

(1) In general

A Farm Credit System bank or association shall provide to a stockholder of the bank or

association a current list of stockholders of the bank or association not later than 7 calendar days after the date on which the bank or association receives a written request for the stockholder list from the stockholder.

(2) Conditions

As a condition of providing a stockholder list under paragraph (1), the bank or association may require that the stockholder agree and certify in writing that the stockholder will—

(A) use the list exclusively for communicating with stockholders for permissible purposes; and

(B) not make the list available to any person, other than the stockholder's attorney or accountant, without first obtaining the written consent of the institution.

(b) Alternative communications

(1) Request to issue

As an alternative to receiving a list of stockholders, a stockholder may request the institution to mail or otherwise furnish to each stockholder a communication for a permissible purpose on behalf of the requesting stockholder.

(2) When permissible

Alternative communications may be used, at the discretion of the requesting stockholder, if the requester agrees to defray the reasonable costs of the communication. If the requester decides to exercise this option, the institution shall provide the requester with a written estimate of the costs of handling and mailing the communication as soon as is practicable after receipt of the stockholder's request to furnish the communication.

(Pub. L. 92-181, title IV, § 4.12A, as added Pub. L. 100-233, title IV, § 420, Jan. 6, 1988, 101 Stat. 1653; amended Pub. L. 115-334, title V, § 5411(21), Dec. 20, 2018, 132 Stat. 4681.)

Editorial Notes

AMENDMENTS

2018—Subsec. (a)(1). Pub. L. 115-334 added par. (1) and struck out former par. (1). Prior to amendment, text read as follows: “Within 7 days after receipt of a written request by a stockholder, a bank for cooperatives, Federal land bank association, or production credit association shall provide a current list of its stockholders to such requesting stockholder.”

PART C—RIGHTS OF BORROWERS; LOAN RESTRUCTURING

Editorial Notes

CODIFICATION

Pub. L. 100-233, title VIII, § 804(b), Jan. 6, 1988, 101 Stat. 1715, substituted “Rights of Borrowers; Loan Restructuring” for “Rights of Applicants” as part C heading.

§ 2199. Disclosure

(a) In general

In accordance with regulations of the Farm Credit Administration, qualified lenders shall provide to borrowers, for all loans that are not

subject to the Truth in Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure not later than the time of the loan closing, of—

(1) the current rate of interest on the loan;

(2) in the case of an adjustable or variable rate loan, the amount and frequency by which the interest rate can be increased during the term of the loan or, if there are no such limitations, a statement to that effect, and the factors (including the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by the qualified lender in determining adjustments to the interest rate;

(3) the effect, as shown by a representative example or examples, of any loan origination charges or purchases of stock or participation certificates on the effective rate of interest;

(4) any change in the interest rate applicable to the borrower's loan, and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate;

(5) except with respect to stock guaranteed under section 2162 of this title, a statement indicating that stock that is purchased is at risk; and

(6) a statement indicating the various types of loan options available to borrowers, with an explanation of the terms and borrowers' rights that apply to each type of loan.

(b) Differential interest rates

A qualified lender offering more than one rate of interest to borrowers shall, at the request of a borrower of a loan—

(1) provide a review of the loan to determine if the proper interest rate has been established;

(2) explain to the borrower in writing the basis for the interest rate charged; and

(3) explain to the borrower in writing how the credit status of the borrower may be improved to receive a lower interest rate on the loan.

(Pub. L. 92-181, title IV, § 4.13, as added Pub. L. 99-205, title III, § 301(b), Dec. 23, 1985, 99 Stat. 1707; amended Pub. L. 100-233, title I, §§ 103, 109, Jan. 6, 1988, 101 Stat. 1579, 1584; Pub. L. 104-105, title II, § 207, Feb. 10, 1996, 110 Stat. 173.)

Editorial Notes

REFERENCES IN TEXT

The Truth in Lending Act, referred to in subsec. (a), is title I of Pub. L. 90-321, May 29, 1968, 82 Stat. 146, which is classified generally to subchapter I (§ 1601 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

PRIOR PROVISIONS

A prior section 4.13 of Pub. L. 92-181, title IV, Dec. 10, 1971, 85 Stat. 613, was renumbered section 4.13B by Pub. L. 99-205, title III, § 301(a), Dec. 23, 1985, 99 Stat. 1707, and is classified to section 2201 of this title.

AMENDMENTS

1996—Subsec. (a)(4). Pub. L. 104-105 inserted before semicolon at end “, and notice to the borrower of a

change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate”.

1988—Pub. L. 100-233, §109, designated existing provisions as subsec. (a), inserted heading, and added subsec. (b).

Pub. L. 100-233, §103, amended section generally, substituting introductory provisions and cls. (1) to (6) for former subsecs. (a) and (b).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

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

§ 2200. Access to documents and information

In accordance with regulations of the Farm Credit Administration, qualified lenders shall provide their borrowers, at the time of execution of loans, copies of all documents signed by the borrower and at any time thereafter, on a borrower's request, copies of all documents signed or delivered by the borrower and at any time, on request, a copy of the institution's articles of incorporation or charter and bylaws and copies of each appraisal of the borrower's assets made or used by the qualified lender.

(Pub. L. 92-181, title IV, §4.13A, as added Pub. L. 99-205, title III, §301(b), Dec. 23, 1985, 99 Stat. 1707; amended Pub. L. 100-233, title I, §104, Jan. 6, 1988, 101 Stat. 1579.)

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-233 substituted “qualified lenders” for “System institutions” and inserted “and copies of each appraisal of the borrower's assets made or used by the qualified lender” before period at end.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

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

§ 2201. Notice of action on application

(a) Loan applications

Each qualified lender to which a person has applied for a loan shall provide the person with prompt written notice of—

- (1) the action on the application;
- (2) if the loan applied for is reduced or denied, the reasons for such action; and
- (3) the applicant's right to review under section 2202 of this title.

(b) Distressed loans

Each qualified lender that has a distressed loan outstanding that is subject to restructuring requirements under this chapter shall provide, in accordance with regulations prescribed by the Farm Credit Administration, the borrower with prompt written notice of—

- (1) any action taken with respect to restructuring the loan under section 2202a of this title;

(2) if restructuring is denied, the reasons for such action; and

(3) the borrower's right to review under section 2202 of this title.

(Pub. L. 92-181, title IV, §4.13B, formerly §4.13, Dec. 10, 1971, 85 Stat. 613, renumbered §4.13B and amended Pub. L. 99-205, title III, §§301(a), 302, Dec. 23, 1985, 99 Stat. 1707, 1708; Pub. L. 100-233, title I, §105, Jan. 6, 1988, 101 Stat. 1579.)

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-233 amended section generally. Prior to amendment, section read as follows: “Every applicant for a loan from an institution of the System shall be entitled to prompt written notice of action on his application, and, if the loan applied for is reduced or denied, the reason for such action, and of the applicant's right to review under section 2202 of this title.”

1985—Pub. L. 99-205, §302, provided for a “written” notice and for the applicant's right to review under section 2202 of this title.

Statutory Notes and Related Subsidiaries

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.

§ 2202. Reconsideration of actions

(a) Credit review committees

(1) In general

The board of directors of each qualified lender shall establish one or more credit review committees, which shall include farmer board representation.

(2) Membership

In no case shall a loan officer involved in the initial decision on a loan serve on the credit review committee when the committee reviews such loan.

(b) Review of decisions

(1) Denials or reductions

Any applicant for a loan from a qualified lender that has received a written notice issued under section 2201 of this title of a decision to deny or reduce the loan applied for may submit a written request, not later than 30 days after receiving a notice denying or reducing the amount of the loan application, to obtain a review of the decision before the credit review committee.

(2) Denials of restructuring

A borrower of a loan from a qualified lender that has received notice, under section 2201 of this title, of a decision to deny loan restructuring with respect to a loan made to the borrower, if the borrower so requests in writing within 7 days after receiving such notice, may obtain a review of such decision in person before the credit review committee.

(c) Personal appearance

An applicant for a loan or for restructuring, who is entitled to and has requested a review under this section, may appear in person before the credit review committee, and may be accom-

panied by counsel or by any other representative of such person's choice, to seek a reversal of the decision on the application under review.

(d) Independent appraisal

(1) In general

An appeal filed with a credit review committee under this section may include, as a part of the request for a review of the decision filed under subsection (b)(1) or (2), a request for an independent appraisal, by an accredited appraiser, of any interests in property securing the loan (other than the stock or participation certificates of the qualified lender held by the borrower).

(2) Arrangement and cost

Within 30 days after a request for an appraisal under paragraph (1), the credit review committee shall present the borrower with a list of three appraisers approved by the appropriate qualified lender from which the borrower shall select an appraiser to conduct the appraisal the cost of which shall be borne by the borrower, and shall consider the results of such appraisal in any final determination with respect to the loan.

(3) Copy to borrower

A copy of any appraisal made under this subsection shall be provided to the borrower.

(4) Additional collateral

An independent appraisal shall be permitted if additional collateral for a loan is demanded by the qualified lender when determining whether to restructure the loan.

(e) Notification of applicant

Promptly after a review by the credit review committee, the committee shall notify the applicant or borrower, as the case may be, in writing of the decision of the committee and the reasons for the decision.

(Pub. L. 92-181, title IV, §4.14, Dec. 10, 1971, 85 Stat. 613; Pub. L. 99-205, title III, §303, Dec. 23, 1985, 99 Stat. 1708; Pub. L. 100-233, title I, §106, title VIII, §805(s), Jan. 6, 1988, 101 Stat. 1580, 1716; Pub. L. 100-399, title I, §103, title VII, §702(b), Aug. 17, 1988, 102 Stat. 990, 1006.)

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-233, §805(s), which directed amendment of this section by substituting “committees” for “committee(s)”, “2201” for “2199”, and “review” for “reviews”, was repealed by Pub. L. 100-399, §702(b). See Construction of 1988 Amendment note below.

Pub. L. 100-233, §106, amended section generally. Prior to amendment, section read as follows: “The board of directors of each Farm Credit System institution shall establish one or more credit review committee(s), which shall include farmer board representation. [sic] Any loan applicant who has received written notice, under section 2199 of this title, of a decision to deny or reduce the loan applied for, if the applicant so requests in writing within thirty days after receiving such notice, may obtain a review of such decision in person before the credit review committee. When a loan applicant requests review of an adverse credit decision, a majority of persons serving on such reviews committee must be persons who were not involved in making the adverse decision. Promptly

after any such review, the applicant shall be notified in writing of the credit review committee's decision and the reasons therefor.”

Subsec. (b)(1). Pub. L. 100-399, §103(a), substituted “before the” for “by a”.

Subsec. (d)(1). Pub. L. 100-399, §103(b), inserted “or (2)”.

1985—Pub. L. 99-205, in amending section generally, substituted provisions respecting reconsideration of action on loan application for prior reconsideration provisions which read as follows: “Any applicant who has reason to believe that the action on his application by an association failed to take into account facts pertinent to his application, or has misinterpreted or failed to properly apply the applicable law or rules and regulations governing his application, may, if he so requests in writing within thirty days of the date of that notice, request an informal hearing on his application and the action of the association in reduction or denial thereof, or the reason for such action, in person before the loan committee or officer or employee thereof authorized to act on applications under section 2033(11) or 2093(18) of this title. Promptly after such a hearing, he shall be notified of the decision upon reconsideration and the reasons therefor.”

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.

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.

CONSTRUCTION OF 1988 AMENDMENT

Pub. L. 100-399, title VII, §702(b), Aug. 17, 1988, 102 Stat. 1006, provided that section 805(s) of Pub. L. 100-233, cited as a credit to this section, is repealed and that this section shall be applied and administered as if such section had not been enacted.

§ 2202a. Restructuring distressed loans

(a) Definitions

As used in this part and section 2219a of this title:

(1) Application for restructuring

The term “application for restructuring” means a written request—

(A) from a borrower for the restructuring of a distressed loan in accordance with a preliminary restructuring plan proposed by the borrower as a part of the application;

(B) submitted on the appropriate forms prescribed by the qualified lender; and

(C) accompanied by sufficient financial information and repayment projections, where appropriate, as required by the qualified lender to support a sound credit decision.

(2) Cost of foreclosure

The term “cost of foreclosure” includes—

(A) the difference between the outstanding balance due on a loan made by a qualified lender and the liquidation value of the loan, taking into consideration the borrower's repayment capacity and the liquidation value of the collateral used to secure the loan;

(B) the estimated cost of maintaining a loan as a nonperforming asset;

(C) the estimated cost of administrative and legal actions necessary to foreclose a loan and dispose of property acquired as the result of the foreclosure, including attorneys' fees and court costs;

(D) the estimated cost of changes in the value of collateral used to secure a loan during the period beginning on the date of the initiation of an action to foreclose or liquidate the loan and ending on the date of the disposition of the collateral; and

(E) all other costs incurred as the result of the foreclosure or liquidation of a loan.

(3) Distressed loan

The term "distressed loan" means a loan that the borrower does not have the financial capacity to pay according to its terms and that exhibits one or more of the following characteristics:

(A) The borrower is demonstrating adverse financial and repayment trends.

(B) The loan is delinquent or past due under the terms of the loan contract.

(C) One or both of the factors listed in subparagraphs (A) and (B), together with inadequate collateralization, present a high probability of loss to the lender.

(4) Foreclosure proceeding

The term "foreclosure proceeding" means—

(A) a foreclosure or similar legal proceeding to enforce a lien on property, whether real or personal, that secures a non-accrual or distressed loan; or

(B) the seizing of and realizing on nonreal property collateral, other than collateral subject to a statutory lien arising under subchapter I or II, to effect collection of a non-accrual or distressed loan.

(5) Loan

(A) In general

Subject to subparagraph (B), the term "loan" means a loan made to a farmer, rancher, or producer or harvester of aquatic products, for any agricultural or aquatic purpose and other credit needs of the borrower, including financing for basic processing and marketing directly related to the borrower's operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products.

(B) Exclusion for loans designated for sale into secondary market

(i) In general

Except as provided in clause (ii), the term "loan" does not include a loan made on or after February 10, 1996, that is designated, at the time the loan is made, for sale into a secondary market.

(ii) Unsold loans

(I) In general

Except as provided in subclause (II), if a loan designated for sale under clause (i) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the provisions of this section and sections 2202, 2202b, 2202d, and 2219a of this title that

would otherwise apply to the loan in the absence of the exclusion described in clause (i) shall become effective with respect to the loan.

(II) Later sale

If a loan described in subclause (I) is sold into a secondary market after the end of the 180-day period described in subclause (I), subclause (I) shall not apply with respect to the loan beginning on the date of the sale.

(6) Qualified lender

The term "qualified lender" means—

(A) a System institution that makes loans (as defined in paragraph (5)) except a bank for cooperatives; and

(B) each bank, institution, corporation, company, union, and association described in section 2015(b)(1)(B) of this title but only with respect to loans discounted or pledged under section 2015(b)(1) of this title.

(7) Restructure and restructuring

The terms "restructure" and "restructuring" include rescheduling, reamortization, renewal, deferral of principal or interest, monetary concessions, and the taking of any other action to modify the terms of, or forbear on, a loan in any way that will make it probable that the operations of the borrower will become financially viable.

(b) Notice

(1) In general

On a determination by a qualified lender that a loan made by the lender is or has become a distressed loan, the lender shall provide written notice to the borrower that the loan may be suitable for restructuring, and include with such notice—

(A) a copy of the policy of the lender established under subsection (g) that governs the treatment of distressed loans; and

(B) all materials necessary to enable the borrower to submit an application for restructuring on the loan.

(2) Notice before foreclosure

Not later than 45 days before any qualified lender begins foreclosure proceedings with respect to a loan outstanding to any borrower, the lender shall notify the borrower that the loan may be suitable for restructuring and that the lender will review any such suitable loan for restructuring, and shall include with such notice a copy of the policy and the materials described in paragraph (1).

(3) Limitation on foreclosure

No qualified lender may foreclose or continue any foreclosure proceeding with respect to any distressed loan before the lender has completed any pending consideration of the loan for restructuring under this section.

(c) Meetings

On determination by a qualified lender that a loan made by the lender is or has become a distressed loan, the lender shall provide a reasonable opportunity for the borrower thereof to personally meet with a representative of the lender—

(1) to review the status of the loan, the financial condition of the borrower, and the suitability of the loan for restructuring; and

(2) with respect to a loan that is in non-accrual status, to develop a plan for restructuring the loan if the loan is suitable for restructuring.

(d) Consideration of applications

(1) In general

When a qualified lender receives an application for restructuring from a borrower, the qualified lender shall determine whether or not to restructure the loan, taking into consideration—

(A) whether the cost to the lender of restructuring the loan is equal to or less than the cost of foreclosure;

(B) whether the borrower is applying all income over and above necessary and reasonable living and operating expenses to the payment of primary obligations;

(C) whether the borrower has the financial capacity and the management skills to protect the collateral from diversion, dissipation, or deterioration;

(D) whether the borrower is capable of working out existing financial difficulties, reestablishing a viable operation, and repaying the loan on a rescheduled basis; and

(E) in the case of a distressed loan that is not delinquent, whether restructuring consistent with sound lending practices may be taken to reasonably ensure that the loan will not become a loan that it is necessary to place in nonaccrual status.

(2) Applications not required for restructuring plans

This section shall not prevent a qualified lender from proposing a restructuring plan for an individual borrower in the absence of an application for restructuring from the borrower.

(e) Restructuring

(1) In general

If a qualified lender determines that the potential cost to such qualified lender of restructuring the loan in accordance with a proposed restructuring plan is less than or equal to the potential cost of foreclosure, the qualified lender shall restructure the loan in accordance with the plan.

(2) Computation of cost of restructuring

In determining whether the potential cost to the qualified lender of restructuring a distressed loan is less than or equal to the potential cost of foreclosure, a qualified lender shall consider all relevant factors, including—

(A) the present value of interest income and principal forgone by the lender in carrying out the restructuring plan;

(B) reasonable and necessary administrative expenses involved in working with the borrower to finalize and implement the restructuring plan;

(C) whether the borrower has presented a preliminary restructuring plan and cash-flow analysis taking into account income from all sources to be applied to the debt and all assets to be pledged, showing a rea-

sonable probability that orderly debt retirement will occur as a result of the proposed restructuring; and

(D) whether the borrower has furnished or is willing to furnish complete and current financial statements in a form acceptable to the institution.

(f) Least cost alternative

If two or more restructuring alternatives are available to a qualified lender under this section with respect to a distressed loan, the lender shall restructure the loan in conformity with the alternative that results in the least cost to the lender.

(g) Restructuring policy

(1) Establishment

Each bank board of directors shall develop a policy within 60 days after January 6, 1988, that is consistent with this section, to govern the restructuring of distressed loans. Such policy shall constitute the restructuring policy of each qualified lender within the district.

(2) Contents of policy

The policy established under paragraph (1) shall include an explanation of—

(A) the procedure for submitting an application for restructuring; and

(B) the right of borrowers with distressed loans to seek review by a credit review committee in accordance with section 2202 of this title of a denial of an application for restructuring.

(3) Submission of policy to FCA

Each bank board shall submit the policy of the district governing the treatment of distressed loans under this section to the Farm Credit Administration. Notwithstanding the duty imposed by the preceding sentence, the other duties imposed by this section shall take effect on January 6, 1988.

(h) Compliance

The Farm Credit Administration may issue a directive requiring compliance with any provision of this section to any qualified lender that fails to comply with such provision.

(i) Permitted foreclosures

This section shall not be construed to prevent any qualified lender from enforcing any contractual provision that allows the lender to foreclose a loan, or from taking such other lawful action as the lender deems appropriate, if the lender has reasonable grounds to believe that the loan collateral will be destroyed, dissipated, consumed, concealed, or permanently removed from the State in which the collateral is located.

(j) Application of section

The time limitation prescribed in subsection (b)(2), and the requirements of subsection (c), shall not apply to a loan that became a distressed loan before January 6, 1988, if the borrower and lender of the loan are in the process of negotiating loan restructuring with respect to the loan.

(k) Assistance in restructuring

Each Farm Credit Bank, on request of any association, may assist the association in restructuring loans under this section.

(Pub. L. 92–181, title IV, §4.14A, as added Pub. L. 100–233, title I, §102(a), Jan. 6, 1988, 101 Stat. 1574; amended Pub. L. 100–399, title I, §102(a)–(f), Aug. 17, 1988, 102 Stat. 990; Pub. L. 104–105, title II, §208(a), Feb. 10, 1996, 110 Stat. 173; Pub. L. 115–334, title V, §5411(22), Dec. 20, 2018, 132 Stat. 4681.)

Editorial Notes

AMENDMENTS

2018—Subsec. (a). Pub. L. 115–334, §5411(22)(A)(i), inserted “and section 2219a of this title” after “this part” in introductory provisions.

Subsec. (a)(5)(B)(ii)(I). Pub. L. 115–334, §5411(22)(A)(ii), struck out “2202c,” after “2202b.”

Subsecs. (h) to (j). Pub. L. 115–334, §5411(22)(B), (C), re-designated subsecs. (i) to (k) as (h) to (j), respectively, and struck out former subsec. (h). Prior to amendment, text of subsec. (h) read as follows: “During the 5-year period beginning on January 6, 1988, each qualified lender shall submit semiannual reports to the Farm Credit Administration containing—

“(1) the results of the review of distressed loans of the lender; and

“(2) the financial effect of loan restructurings and liquidations on the lender.”

Subsecs. (k), (l). Pub. L. 115–334, §5411(22)(C), (D), re-designated subsec. (l) as (k) and struck out “production credit” after “request of any”. Former subsec. (k) re-designated (j).

1996—Subsec. (a)(5). Pub. L. 104–105 designated existing provisions as subpar. (A), inserted subpar. heading, substituted “Subject to subparagraph (B), the term” for “The term”, and added subpar. (B).

1988—Subsec. (a). Pub. L. 100–399, §102(a), struck out “(other than in sections 2205 and 2206 of this title)” after “in this part”.

Subsec. (a)(6)(B). Pub. L. 100–399, §102(b), substituted “section 2015(b)(1)(B) of this title” for “section 2074(a)(2) of this title” and “section 2015(b)(1) of this title” for “section 2074(a) of this title”.

Subsec. (e)(1). Pub. L. 100–399, §102(c), substituted “cost to such qualified” for “cost to a qualified”.

Subsec. (g)(1). Pub. L. 100–399, §102(d), substituted “bank” for “farm credit district”.

Subsec. (g)(3). Pub. L. 100–399, §102(e), substituted “bank board” for “district board”.

Subsec. (l). Pub. L. 100–399, §102(f), substituted “Farm Credit Bank” for “Federal intermediate credit bank”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 102(b), (f) of 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, and amendment by section 102(a), (c)–(e) of 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 of Pub. L. 100–399, set out as a note under section 2002 of this title.

SENSE OF CONGRESS

Pub. L. 100–233, title I, §102(b), Jan. 6, 1988, 101 Stat. 1579, provided that: “It is the sense of Congress that the banks and associations (except banks for cooperatives) operating under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) should administer distressed loans to farmers with the objective of using the loan guarantee programs of the Farmers Home Administration and other loan restructuring measures, including participation in interest rate buy-down programs that are Federally or State funded, and other Federal and State sponsored financial assistance programs that offer relief to financially distressed farmers, as alternatives to foreclosure, considering the availability and appropriateness of such programs on a case-by-case basis.”

§ 2202b. Effect of restructuring on borrower stock

(a) Farm Credit Bank

If a Farm Credit Bank forgives and writes off, under section 2202a of this title, any of the principal outstanding on a loan made to any borrower, the Federal land bank association of which the borrower is a member and stockholder shall cancel the same dollar amount of borrower stock held by the borrower in respect of the loan, up to the total amount of such stock, and, to the extent provided for in the bylaws of the bank relating to its capitalization, the bank shall retire an equal amount of stock owned by the Federal land bank association.

(b) Production credit association

If a production credit association forgives and writes off, under section 2202a of this title, any of the principal outstanding on a loan made to any borrower, the association shall cancel the same dollar amount of borrower stock held by the borrower in respect of the loan, up to the total amount of such stock.

(c) Retention of stock

Notwithstanding subsections (a) and (b), the borrower shall be entitled to retain at least one share of stock to maintain the borrower’s membership and voting interest in the association.

(Pub. L. 92–181, title IV, §4.14B, as added Pub. L. 100–233, title I, §102(a), Jan. 6, 1988, 101 Stat. 1577; amended Pub. L. 100–399, title I, §102(g), Aug. 17, 1988, 102 Stat. 990.)

Editorial Notes

AMENDMENTS

1988—Subsec. (a). Pub. L. 100–399 substituted in subsec. heading “Farm Credit Bank” for “Federal land bank” and in text “a Farm Credit Bank” for “a Federal land bank” and “, to the extent provided for in the bylaws of the bank relating to capitalization, the bank shall” for “the Federal land bank shall”.

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.

§ 2202c. Repealed. Pub. L. 115–334, title V, § 5411(23), Dec. 20, 2018, 132 Stat. 4682

Section, Pub. L. 92–181, title IV, §4.14C, as added Pub. L. 100–233, title I, §102(a), Jan. 6, 1988, 101 Stat. 1578; amended Pub. L. 100–399, title I, §102(h), Aug. 17, 1988, 102 Stat. 990, related to review of restructuring denials and establishment of a National Special Asset Council.

§ 2202d. Protection of borrowers who meet all loan obligations

(a) Foreclosure prohibited

A qualified lender may not foreclose on any loan because of the failure of the borrower thereof to post additional collateral, if the borrower has made all accrued payments of principal, interest, and penalties with respect to the loan.

(b) Prohibition against required principal reduction

A qualified lender may not require any borrower to reduce the outstanding principal balance of any loan made to the borrower by any amount that exceeds the regularly scheduled principal installment payment (when due and payable), unless—

- (1) the borrower sells or otherwise disposes of part or all of the collateral; or
- (2) the parties agree otherwise in a written agreement entered into by the parties.

(c) Nonenforcement

After a borrower has made all accrued payments of principal, interest, and penalties with respect to a loan made by a qualified lender, the lender shall not enforce acceleration of the borrower's repayment schedule due to the borrower having not timely made one or more principal or interest payments.

(d) Placing loans in nonaccrual status**(1) Notification**

If a qualified lender places any loan in nonaccrual status, the lender shall document such change of status and promptly notify the borrower thereof in writing of such action and the reasons therefor.

(2) Review of denial

If the borrower was not delinquent in any principal or interest payment under the loan at the time of such action and the borrower's request to have the loan placed back into accrual status is denied, the borrower may obtain a review of such denial before the appropriate credit review committee under section 2202 of this title.

(3) Application

This subsection shall only apply if a loan being placed in nonaccrual status results in an adverse action being taken against the borrower.

(Pub. L. 92-181, title IV, § 4.14D, as added Pub. L. 100-233, title I, § 107, Jan. 6, 1988, 101 Stat. 1581.)

§ 2202e. Waiver of mediation rights by borrowers

No System institution may make a loan secured by a mortgage or lien on agricultural property to a borrower on the condition that the borrower waive any right under the mediation program of any State.

(Pub. L. 92-181, title IV, § 4.14E, as added Pub. L. 100-233, title V, § 511, Jan. 6, 1988, 101 Stat. 1664; amended Pub. L. 103-354, title II, § 282(f)(2), Oct. 13, 1994, 108 Stat. 3235.)

Editorial Notes**AMENDMENTS**

1994—Pub. L. 103-354 struck out “agricultural loan” before “mediation program”.

PART D—ACTIVITIES OF INSTITUTIONS OF THE SYSTEM**Editorial Notes****CODIFICATION**

Pub. L. 100-233, title VIII, § 805(t)(1), Jan. 6, 1988, 101 Stat. 1716, added part D heading.

§ 2203. Nomination of association directors; representative selection of nominees

Each production credit association and each Federal land bank association shall elect a nominating committee by vote of the stockholders at the annual meeting to serve for the following year. Each nominating committee shall review lists of farmers from the association territory, determine their willingness to serve, and submit for election a slate of eligible candidates which shall include at least two nominees for each elective office to be filled. In doing so, the committee shall endeavor to assure representation to all sections of the association territory and as nearly as possible to all types of agriculture practiced within the area. Employees of the association shall not be eligible to be nominated, elected, or serve as a member of the board. Nominations shall also be accepted from the floor. Members of the board are not eligible to serve on the nominating committee. Regulations of the Farm Credit Administration governing the election of bank directors shall similarly assure a choice of two nominees for each elective office to be filled and that the bank board represent as nearly as possible all types of agriculture in the district.

(Pub. L. 92-181, title IV, § 4.15, Dec. 10, 1971, 85 Stat. 613; Pub. L. 100-399, title IX, § 901(g), Aug. 17, 1988, 102 Stat. 1007.)

Editorial Notes**AMENDMENTS**

1988—Pub. L. 100-399 substituted “bank directors” for “district directors” and “bank board” for “district board”.

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.

§ 2204. Repealed. Pub. L. 102-552, title V, § 508, Oct. 28, 1992, 106 Stat. 4132

Section, Pub. L. 92-181, title IV, § 4.16, Dec. 10, 1971, 85 Stat. 613, prohibited tax-exempt guarantees.

§ 2205. Interest rates

Interest rates on loans from institutions of the Farm Credit System shall not be subject to any interest rate limitation imposed by any State constitution or statute or other laws. Such limitation is preempted for purposes of this chapter. Interest rates on loans made by agricultural credit corporations organized in conjunction with cooperative associations for the purpose of financing the ordinary crop operations of the members of such associations or other producers and eligible to discount with the Farm Credit Banks shall be exempt from any interest rate limitation imposed by any State constitution or statute or other laws which are hereby preempted for purposes of this chapter.

(Pub. L. 92-181, title IV, § 4.17, as added Pub. L. 96-592, title IV, § 403, Dec. 24, 1980, 94 Stat. 3446; amended Pub. L. 99-205, title II, § 205(f)(6), Dec.

23, 1985, 99 Stat. 1706; Pub. L. 99-509, title I, § 1035, Oct. 21, 1986, 100 Stat. 1878; Pub. L. 100-399, title IX, § 901(h), Aug. 17, 1988, 102 Stat. 1007; Pub. L. 115-334, title V, § 5411(24), Dec. 20, 2018, 132 Stat. 4682.)

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-334 struck out “Federal intermediate credit banks and” before “Farm Credit Banks”.

1988—Pub. L. 100-399 substituted “and Farm Credit Banks” for “pursuant to section 2074 of this title”.

1986—Pub. L. 99-509 substituted first two sentences for former first sentence which read as follows: “Interest rates on loans from institutions of the Farm Credit System shall be determined with the approval of, as provided in section 2252(a)(5) of this title, the Farm Credit Administration as provided in this chapter, notwithstanding any interest rate limitation imposed by any State constitution or statute or other laws which are hereby preempted for purposes of this chapter.”

1985—Pub. L. 99-205 inserted “, as provided in section 2252(a)(5) of this title,” after “with the approval of” in first sentence.

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 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.

§ 2206. Participation loans

Notwithstanding any other provisions of this chapter, the terms of any loan participated in by two or more Farm Credit System institutions operating under different subchapters of this chapter, including provisions for capitalization of the portion of the loan participated in by each institution, shall be as may be agreed upon among such institutions and authorized under regulations issued by the Farm Credit Administration, except that for purposes of determining borrower eligibility, membership, term, amount, loan security, and purchase of stock or participation certificates by the borrower, the provisions of law applicable to the loan shall be the provisions in the subchapter under which the institution that originates the loan operates.

(Pub. L. 92-181, title IV, § 4.18, as added Pub. L. 96-592, title IV, § 403, Dec. 24, 1980, 94 Stat. 3446; amended Pub. L. 99-205, title II, § 205(f)(7), Dec. 23, 1985, 99 Stat. 1706.)

Editorial Notes

AMENDMENTS

1985—Pub. L. 98-205 inserted “under regulations issued” after “authorized”.

Statutory Notes and Related Subsidiaries

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.

§ 2206a. Authority of Farm Credit Banks and direct lender associations to participate in loans to similar entities for risk management purposes

(a) Definitions

As used in this section:

(1) Participate and participation

The terms “participate” and “participation” shall have the meaning provided in section 2122(11)(B)(iii) of this title.

(2) Similar entity

The term “similar entity” means a person that—

(A) is not eligible for a loan from the Farm Credit Bank or association; and

(B) has operations that are functionally similar to a person that is eligible for a loan from the Farm Credit Bank or association in that the person derives a majority of the income of the person from, or has a majority of the assets of the person invested in, the conduct of activities that are functionally similar to the activities that are conducted by an eligible person.

(b) Loan participation authority

Notwithstanding any other provision of this chapter, any Farm Credit Bank or direct lender association chartered under this chapter may participate in any loan of a type otherwise authorized under subchapter I or II made to a similar entity by any person in the business of extending credit, except that a Farm Credit Bank or direct lender association may not participate in a loan under this section if—

(1) the participation would cause the total amount of all participations by the Farm Credit Bank or association under this section involving a single credit risk to exceed 10 percent (or the applicable higher lending limit authorized under regulations issued by the Farm Credit Administration if the stockholders of the respective Farm Credit Bank or association so approve) of the total capital of the Farm Credit Bank or association;

(2) the participation by the Farm Credit Bank or association would equal or exceed 50 percent of the principal of the loan or, when taken together with participations in the loan by other Farm Credit System institutions, would cause the cumulative amount of the participations by all Farm Credit System institutions in the loan to equal or exceed 50 percent of the principal of the loan;

(3) the participation would cause the cumulative amount of participations that the Farm Credit Bank or association has outstanding under this section to exceed 15 percent of the total assets of the Farm Credit Bank or association; or

(4) the loan is of the type authorized under section 2019(b) or 2075(a)(2) of this title.

(Pub. L. 92-181, title IV, § 4.18A, as added Pub. L. 103-376, § 5, Oct. 19, 1994, 108 Stat. 3498; Pub. L. 107-171, title V, § 5401(b), May 13, 2002, 116 Stat. 349.)

Editorial Notes**AMENDMENTS**

2002—Subsec. (a)(1). Pub. L. 107-171, § 5401(b)(1), substituted “2122(11)(B)(iii) of this title” for “2122(11)(B)(iv) of this title”.

Subsec. (c). Pub. L. 107-171, § 5401(b)(2), struck out heading and text of subsec. (c). Text read as follows:

“(1) IN GENERAL.—With respect to a similar entity that is eligible to borrow from a bank for cooperatives under subchapter III of this chapter, the authority of a Farm Credit Bank or association to participate in a loan to the entity under this section shall be subject to the prior approval of the bank for cooperatives having, at the time the loan is made, the greatest loan volume in the State in which the headquarters office of the similar entity is located.

“(2) TERMS AND CONDITIONS.—Approval under paragraph (1) may be granted on an annual basis and under such terms and conditions as may be agreed on between the Farm Credit Bank or association, as the case may be, and the bank for cooperatives granting the approval.

“(3) APPROVAL BY SUPERVISING FARM CREDIT BANK.—An association may not participate in a loan to a similar entity under this section without the approval of the supervising Farm Credit Bank of the association.”

§ 2207. Young, beginning, and small farmers and ranchers

(a) Under policies of the Farm Credit Bank board, each association shall prepare a program for furnishing sound and constructive credit and related services to young, beginning, and small farmers and ranchers. Such programs shall assure that such credit and services are available in coordination with other institutions of the Farm Credit System serving the territory and with other governmental and private sources of credit. Each program shall be subject to review and approval by the supervising bank.

(b) The Farm Credit Bank for each district shall annually obtain from associations under its supervision reports of activities under programs developed pursuant to subsection (a) and progress toward program objectives. On the basis of such reports, the bank shall provide to the Farm Credit Administration an annual report summarizing the operations and achievements in its district under such programs.

(Pub. L. 92-181, title IV, § 4.19, as added Pub. L. 96-592, title IV, § 403, Dec. 24, 1980, 94 Stat. 3446; amended Pub. L. 100-399, title IX, § 901(i), (j), Aug. 17, 1988, 102 Stat. 1007; Pub. L. 115-334, title V, § 5411(25), Dec. 20, 2018, 132 Stat. 4682.)

Editorial Notes**AMENDMENTS**

2018—Subsec. (a). Pub. L. 115-334 struck out “district” before “Farm Credit Bank board” and “Federal land bank association and production credit” before “association shall prepare” and substituted “institutions” for “units”.

1988—Subsec. (a). Pub. L. 100-399, § 901(i), inserted “Farm Credit Bank” after “district”.

Subsec. (b). Pub. L. 100-399, § 901(j), substituted “The Farm Credit Bank for each district” for “The Federal land bank and the Federal intermediate credit bank for each district”, “under its supervision” for “under their supervision”, “subsection (a)” for “subsection (a) of this section”, “the bank shall” for “the banks shall”, “an annual report” for “a joint annual report”, and “achievements in its district” for “achievements in their district”.

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.

§ 2208. Prohibition against use of signed ballots

In any election or merger vote, or other proceeding subject to a vote of the stockholders (or subscribers to the guaranty fund of a bank for cooperatives), conducted by a lending institution of the Farm Credit System, the institution—

(1) may not use signed ballots; and

(2) shall implement measures to safeguard the voting process for the protection of the right of stockholders (or subscribers) to a secret ballot.

(Pub. L. 92-181, title IV, § 4.20, as added Pub. L. 96-592, title IV, § 403, Dec. 24, 1980, 94 Stat. 3447; amended Pub. L. 100-233, title IV, § 425, Jan. 6, 1988, 101 Stat. 1657.)

Editorial Notes**AMENDMENTS**

1988—Pub. L. 100-233 amended section generally. Prior to amendment, section read as follows: “The provisions of (1) section 2074 of this title authorizing the Federal intermediate credit banks to lend to or discount paper for other financial institutions, and (2) section 2128(b) of this title authorizing the financing of certain domestic or foreign entities in connection with the import or export activities of cooperatives which are borrowers from the banks for cooperatives, shall expire on September 30, 1990, unless extended by Act of Congress prior to that date. Any contract or agreement entered into under the authority of either provision prior to its expiration shall remain in full force and effect notwithstanding such expiration.”

§ 2209. Repealed. Pub. L. 115-334, title V, § 5403, Dec. 20, 2018, 132 Stat. 4675

Section, Pub. L. 92-181, title IV, § 4.21, as added Pub. L. 100-399, title IV, § 414, Aug. 17, 1988, 102 Stat. 1004; amended Pub. L. 102-552, title V, § 509, Oct. 28, 1992, 106 Stat. 4132, related to maximum amount of compensation of bank directors.

PART E—SERVICE ORGANIZATIONS**Editorial Notes****CODIFICATION**

Pub. L. 100-233, title VIII, § 805(t)(2), Jan. 6, 1988, 101 Stat. 1716, redesignated part D as E.

§ 2211. Establishment

Any bank of the Farm Credit System, or two or more of such banks acting together, may organize a corporation or corporations for the purpose of performing functions and services for or on behalf of the organizing bank or banks that the bank or banks may perform pursuant to this chapter: *Provided*, That a corporation so organized shall have no authority either to extend credit or provide insurance services for borrowers from Farm Credit System institutions, nor shall it have any greater authority with respect to functions and services than the orga-

nizing bank or banks possess under this chapter. The organizing bank or banks shall apply for a Federal charter for the corporation by forwarding to the Farm Credit Administration a statement of the need for the corporation and proposed articles specifying in general terms the objectives for which the corporation is formed, the powers to be exercised by it in carrying out the functions and services, and the territory it is to serve. The Farm Credit Administration for good cause may deny the charter applied for. Upon the approval of articles by the Farm Credit Administration and the issuance of a charter, the corporation shall become as of such date a federally chartered body corporate and an instrumentality of the United States.

(Pub. L. 92-181, title IV, § 4.25, as added Pub. L. 96-592, title IV, § 404, Dec. 24, 1980, 94 Stat. 3447; amended Pub. L. 99-205, title II, § 205(f)(8), Dec. 23, 1985, 99 Stat. 1706.)

Editorial Notes

AMENDMENTS

1985—Pub. L. 99-205 struck out “the Governor of” before “the Farm Credit Administration” in second sentence and substituted “Farm Credit Administration” for “Governor” in third and fourth sentences.

Statutory Notes and Related Subsidiaries

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.

§ 2212. Powers of Farm Credit Administration

The Farm Credit Administration shall have power, under rules and regulations prescribed by the Farm Credit Administration, to provide for the organization of any corporation chartered under this part and the territory within which its operations may be carried on, and to approve amendments consistent with this chapter to charters or articles of service corporations.

(Pub. L. 92-181, title IV, § 4.26, as added Pub. L. 96-592, title IV, § 404, Dec. 24, 1980, 94 Stat. 3447; amended Pub. L. 99-205, title II, § 205(f)(9), Dec. 23, 1985, 99 Stat. 1706; Pub. L. 100-233, title VIII, § 802(s), Jan. 6, 1988, 101 Stat. 1712.)

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-233 struck out “or by prescribing in the terms of the charter or by approval of the bylaws of the corporation” after second reference to Farm Credit Administration, substituted “approve amendments consistent with this chapter to charters or articles of service corporations” for “direct at any time such changes in its charter as the Farm Credit Administration finds necessary for the accomplishment of the purposes of this chapter”, and struck out last sentence which read as follows: “The powers of the Farm Credit Administration to provide for the organization of any corporation chartered under this part include, but are not limited to approval of—

- “(1) corporate title;
- “(2) general corporate powers;
- “(3) eligibility for membership on, and the powers, composition, selection, terms, and compensation of the board of directors;
- “(4) classes, issuance, value, and retirement of stock;

- “(5) sources of operating funds;
- “(6) dissolution, liquidation, and distribution of assets on liquidation; and
- “(7) application and distribution of earnings.”

1985—Pub. L. 99-205 substituted “Farm Credit Administration” for “Governor” in heading and wherever appearing in text, and substituted “the Federal Credit Administration” for “he” before “finds necessary” in first sentence.

Statutory Notes and Related Subsidiaries

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.

§ 2213. Regulation and examination

The corporations organized under this part shall be institutions of the Farm Credit System and shall be subject to the same regulation and examination by the Farm Credit Administration as are the organizing bank or banks under this chapter.

(Pub. L. 92-181, title IV, § 4.27, as added Pub. L. 96-592, title IV, § 404, Dec. 24, 1980, 94 Stat. 3447; amended Pub. L. 99-205, title II, § 205(f)(10), Dec. 23, 1985, 99 Stat. 1706; Pub. L. 100-233, title VIII, § 802(t), Jan. 6, 1988, 101 Stat. 1712.)

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-233 substituted “Regulation” for “Supervision” in section catchline.

1985—Pub. L. 99-205 substituted “regulation” for “supervision”.

Statutory Notes and Related Subsidiaries

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.

§ 2214. State laws

State and other laws shall apply to corporations organized pursuant to this part to the same extent such laws would apply to the organizing banks engaged in the same activity in the same jurisdiction: *Provided, however*, That to the extent that sections 2023, 2098, and 2134 of this title may exempt banks or associations of the Farm Credit System from taxation, such exemptions, other than with respect to franchise taxes, shall not extend to corporations organized pursuant to this part.

(Pub. L. 92-181, title IV, § 4.28, as added Pub. L. 96-592, title IV, § 404, Dec. 24, 1980, 94 Stat. 3448; amended Pub. L. 100-399, title IX, § 901(k), Aug. 17, 1988, 102 Stat. 1007; Pub. L. 102-237, title V, § 502(g), Dec. 13, 1991, 105 Stat. 1869.)

Editorial Notes

AMENDMENTS

1991—Pub. L. 102-237 made technical amendment to reference to section 2098 of this title to reflect change in reference to corresponding section of original act.

1988—Pub. L. 100-399 inserted “or associations” and substituted “2023, 2098,” for “2055, 2079,”.

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.

§ 2214a. “Bank” defined

In this part, the term “bank” includes each association operating under subchapter II.

(Pub. L. 92-181, title IV, § 4.28A, as added Pub. L. 104-105, title II, § 209, Feb. 10, 1996, 110 Stat. 174.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 4.28A of title IV of Pub. L. 92-181, which provided for chartering of Farm Credit System Capital Corporation by Farm Credit Administration and revoked charter of Farm Credit System Capital Corporation which had been issued under part D of this subchapter, was classified to section 2216 of this title, prior to repeal by Pub. L. 100-233, title II, § 207(a)(3), Jan. 6, 1988, 101 Stat. 1607.

PART D1—FARM CREDIT SYSTEM CAPITAL CORPORATION **§§ 2216 to 2216k. Repealed. Pub. L. 100-233, title II, § 207(a)(3), Jan. 6, 1988, 101 Stat. 1607**

Section 2216, Pub. L. 92-181, title IV, § 4.28A, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1680, provided for chartering of Farm Credit System Capital Corporation by Farm Credit Administration and revoked charter of Farm Credit System Capital Corporation which had been issued under part D of this subchapter.

Section 2216a, Pub. L. 92-181, title IV, § 4.28B, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1680, set out purposes of Capital Corporation.

Section 2216b, Pub. L. 92-181, title IV, § 4.28C, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1680, provided for Board of Directors of Capital Corporation.

Section 2216c, Pub. L. 92-181, title IV, § 4.28D, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1682, provided for compensation of members of Board of Directors of Capital Corporation.

Section 2216d, Pub. L. 92-181, title IV, § 4.28E, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1682, authorized Board of Directors of Capital Corporation to adopt rules.

Section 2216e, Pub. L. 92-181, title IV, § 4.28F, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1682, provided for selection of chief executive officer of Capital Corporation.

Section 2216f, Pub. L. 92-181, title IV, § 4.28G, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1682, enumerated corporate powers of Capital Corporation.

Section 2216g, Pub. L. 92-181, title IV, § 4.28H, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1685, provided for succession of Capital Corporation.

Section 2216h, Pub. L. 92-181, title IV, § 4.28I, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1685, set out provisions limiting powers of Capital Corporation.

Section 2216i, Pub. L. 92-181, title IV, § 4.28J, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1686, set out authority of Secretary of the Treasury.

Section 2216j, Pub. L. 92-181, title IV, § 4.28K, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1687, provided for initial capitalization of Capital Corporation.

Section 2216k, Pub. L. 92-181, title IV, § 4.28L, as added Pub. L. 99-205, title I, § 103, Dec. 23, 1985, 99 Stat. 1687, provided for tax status of consolidated obligations.

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

Repeal effective 15 days after Jan. 6, 1988, see section 207(b) of Pub. L. 100-233, set out as a note under section 2152 of this title.

PART F—SALE OF INSURANCE**Editorial Notes****CODIFICATION**

Pub. L. 100-399, title VII, § 702(c), Aug. 17, 1988, 102 Stat. 1006, redesignated part G as F.

Pub. L. 100-233, title VIII, § 805(u), Jan. 6, 1988, 101 Stat. 1716, redesignated part E as G.

§ 2218. Lines of insurance**(a) Regulatory authorization**

(1) The regulations of the Farm Credit Administration governing financially related services that the banks and associations of the Farm Credit System may provide under subchapters I and II of this chapter may authorize the sale to any member of or borrower from any such bank or association, on an optional basis, of credit or term life and credit disability insurance appropriate to protect the loan commitment in the event of death or disability of the debtors and other insurance necessary to protect the member's farm or aquatic unit, but limited to, hail and multiple-peril crop insurance, title insurance, and insurance to protect the facilities and equipment of aquatic borrowers. A member or borrower shall have the option, without coercion from the bank or association of such member or borrower, to accept or reject such insurance.

(2) In making insurance available through private insurers, the banks shall approve the programs of more than two insurers for each type of insurance offered in the district, if more than two insurers for each type of insurance have proposed programs to a bank that will, in all likelihood, have long-term viability and meet the requirements of subsection (b)(2)(D). The banks may provide comparative information relating to costs and quality of approved programs and the financial conditions of approved companies. Associations shall offer at least two insurers for each program from among those approved by the Farm Credit Banks, if at least two insurers have been approved in accordance with this paragraph.

(b) Contents of regulations

Such regulations shall provide that—

(1) in any case in which insurance is required as a condition for a loan or other financial assistance from a bank or association, notice be given that it is not necessary to purchase the insurance from the bank or association and that the borrower has the option of obtaining the insurance elsewhere;

(2) such insurance services may be offered only if—

(A) the bank or association has the capacity to render insurance service under this chapter in an effective and efficient manner;

(B) there exists the probability that any insurance program under this chapter will generate sufficient revenue to cover all costs;

(C) rendering insurance service will not have an adverse effect on the bank's or association's credit or other operations;

(D) the insurance program has been approved by the bank or association from among specific programs made available to it by insurers—

(i) meeting reasonable financial and quality of service standards; and

(ii) licensed under State law to do business in the State; and

(E) in making insurance available through approved insurers, the board of directors of the association or bank selects and offers at least two approved insurers for each type of insurance made available to the members and borrowers, if at least two insurers have been approved in accordance with subsection (a)(2); and

(3) no bank or association shall directly or indirectly discriminate in any manner against any agent, broker, or insurer that is not affiliated with such bank or association, or against any party who purchases insurance through any such nonaffiliated insurance agent, broker, or insurer.

(c) Continuation of existing coverage

Notwithstanding any provision of this section to the contrary, any bank or association that on December 24, 1980, is offering insurance coverages not authorized by this section may continue to sell such coverages for a period of not more than one year from such date and may continue to service such coverages until their expiration.

(Pub. L. 92-181, title IV, § 4.29, as added Pub. L. 96-592, title IV, § 404, Dec. 24, 1980, 94 Stat. 3448; amended Pub. L. 100-233, title IV, § 422(a), Jan. 6, 1988, 101 Stat. 1655; Pub. L. 100-399, title IV, § 411, Aug. 17, 1988, 102 Stat. 1003; Pub. L. 101-624, title XVIII, § 1834, Nov. 28, 1990, 104 Stat. 3833.)

Editorial Notes

AMENDMENTS

1990—Subsec. (a)(2). Pub. L. 101-624, § 1834(1), inserted “, if more than two insurers for each type of insurance have proposed programs to a bank that will, in all likelihood, have long-term viability and meet the requirements of subsection (b)(2)(D)” before period at end of first sentence, and “, if at least two insurers have been approved in accordance with this paragraph” before period at end of third sentence.

Subsec. (b)(2)(E). Pub. L. 101-624, § 1834(2), inserted before semicolon at end “, if at least two insurers have been approved in accordance with subsection (a)(2)”.

1988—Subsec. (a). Pub. L. 100-233, § 422(a)(1), designated existing provisions as par. (1), struck out “of this Act” to conform to style of original enactment, resulting in no change in text, inserted “or borrower from” before “any such bank”, inserted provision at end giving a member or borrower the option, without

coercion from the bank or association of such member or borrower, to accept or reject such insurance, and added par. (2).

Subsec. (a)(1). Pub. L. 100-399, § 411(a), substituted “subchapters I and II of this chapter” for “sections 2019, 2033, 2076, and 2097 of this title”.

Subsec. (a)(2). Pub. L. 100-399, § 411(b), substituted “Farm Credit Banks” for “Federal intermediate credit banks”.

Subsec. (b)(2). Pub. L. 100-233, § 422(a)(2), redesignated cls. (i) to (iii) as subpars. (A) to (C), respectively, and added subpars. (D) and (E).

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.

CONTINUATION OF PROGRAM

Pub. L. 100-233, title IV, § 422(b), Jan. 6, 1988, 101 Stat. 1656, provided that: “Notwithstanding the amendments made to section 4.29 [12 U.S.C. 2218] by subsection (a), any insurance program offered by any bank or association of the Farm Credit System on the date of the enactment of this Act [Jan. 6, 1988] that does not meet the requirements of section 4.29, as so amended, may be continued until July 1, 1988.”

PART G—MISCELLANEOUS

Editorial Notes

CODIFICATION

Pub. L. 100-399, title VII, § 702(c), Aug. 17, 1988, 102 Stat. 1006, redesignated part H as G.

Pub. L. 100-233, title VIII, § 805(u), Jan. 6, 1988, 101 Stat. 1716, redesignated part F as H.

§ 2219. Limitation on separate sale

If real property is acquired by any institution of the Farm Credit System through foreclosure, no institution of the Farm Credit System shall sell the surface rights to that real property to any person unless the institution also sells all mineral rights to that real property to that person.

(Pub. L. 92-181, title IV, § 4.35, as added Pub. L. 99-205, title III, § 306, Dec. 23, 1985, 99 Stat. 1709.)

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

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

§ 2219a. Right of first refusal

(a) General rule

Agricultural real estate that is acquired by an institution of the System as a result of a loan foreclosure or a voluntary conveyance by a borrower (hereinafter in this section referred to as the “previous owner”) who, as determined by the institution, does not have the financial resources to avoid foreclosure (hereinafter in this section referred to as “acquired real estate”) shall be subject to the right of first refusal of the previous owner to repurchase or lease the property, as provided in this section.

(b) Application of right of first refusal to sale of property**(1) Election to sell and notification**

Within 15 days after an institution of the System first elects to sell acquired real estate, or any portion of such real estate, the institution shall notify the previous owner by certified mail of the owner's right—

(A) to purchase the property at the appraised fair market value of the property, as established by an accredited appraiser; or

(B) to offer to purchase the property at a price less than the appraised value.

(2) Eligibility to purchase

To be eligible to purchase the property under paragraph (1), the previous owner must, within 30 days after receiving the notice required by such paragraph, submit an offer to purchase the property.

(3) Mandatory sale

An institution of the System receiving an offer from the previous owner to purchase the property at the appraised value shall, within 15 days after the receipt of such offer, accept such offer and sell the property to the previous owner.

(4) Permissive sale

An institution of the System receiving an offer from the previous owner to purchase the property at a price less than the appraised value may accept such offer and sell the property to the previous owner. Notice shall be provided to the previous owner of the acceptance or rejection of such offer within 15 days after the receipt of such offer.

(5) Rejection of offer of previous owner**(A) Duties of institution**

An institution of the System that rejects an offer from the previous owner to purchase the property at a price less than the appraised value may not sell the property to any other person—

(i) at a price equal to, or less than, that offered by the previous owner; or

(ii) on different terms and conditions than those that were extended to the previous owner,

without first affording the previous owner an opportunity to purchase the property at such price or under such terms and conditions.

(B) Notice

Notice of the opportunity in subparagraph (A) shall be provided to the previous owner by certified mail, and the previous owner shall have 15 days in which to submit an offer to purchase the property at such price or under such terms and conditions.

(c) Application of right of first refusal to leasing of property**(1) Election to lease and notification**

Within 15 days after an institution of the System first elects to lease acquired real estate, or any portion of such real estate, the institution shall notify the previous owner by certified mail of the owner's right—

(A) to lease the property at a rate equivalent to the appraised rental value of the property, as established by an accredited appraiser; or

(B) to offer to lease the property at a rate that is less than the appraised rental value of the property.

(2) Eligibility to lease

To be eligible to lease the property under paragraph (1), the previous owner must, within 15 days after receiving the notice required by such paragraph, submit an offer to lease the property.

(3) Mandatory lease

An institution of the System receiving an offer from the previous owner to lease the property at a rate equivalent to the appraised rental value of the property shall, within 15 days after the receipt of such offer, accept such offer and lease the property to the previous owner unless the institution determines that the previous owner—

(A) does not have the resources available to conduct a successful farming or ranching operation; or

(B) cannot meet all of the payments, terms, and conditions of such lease.

(4) Permissive lease

An institution of the System receiving an offer from the previous owner to lease the property at a rate that is less than the appraised rental value of the property may accept such offer and lease the property to the previous owner.

(5) Notice to previous owner

An institution of the System receiving an offer from the previous owner to lease the property at a rate less than the appraised rental value of the property shall notify the previous owner of its acceptance or rejection of the offer within 15 days after the receipt of such offer.

(6) Rejection of offer of previous owner**(A) Duties of institution**

An institution of the System rejecting an offer from the previous owner to lease the property at a rate less than the appraised rental value of the property may not lease the property to any other person—

(i) at a rate equal to or less than that offered by the previous owner; or

(ii) on different terms and conditions than those that were extended to the previous owner,

without first affording the previous owner an opportunity to lease the property at such rate or under such terms and conditions.

(B) Notice

Notice of the opportunity described in subparagraph (A) shall be given to the previous owner by certified mail, and the previous owner shall have 15 days after the receipt of such notice in which to agree to lease the property at such rate or under such terms and conditions.

(d) Public offerings**(1) Notification of previous owner**

If an institution of the System elects to sell or lease acquired property or a portion thereof through a public auction, competitive bidding process, or other similar public offering, the institution shall notify the previous owner, by certified mail, of the availability of the property. Such notice shall contain the minimum amount, if any, required to qualify a bid as acceptable to the institution and any terms and conditions to which such sale or lease will be subject.

(2) Priority

If two or more qualified bids in the same amount are received by the institution under paragraph (1), such bids are the highest received, and one of the qualified bids is offered by the previous owner, the institution shall accept the offer by the previous owner.

(3) Nondiscrimination

No institution of the System may discriminate against a previous owner in any public auction, competitive bidding process, or other similar public offering of property acquired by the institution from such person.

(e) Term or condition

For the purposes of this section, financing by a System institution shall not be considered to be a term or condition of a sale of acquired real estate.

(f) Financing

Notwithstanding any other provision of this section, a System institution shall not be required to provide financing to the previous owner in connection with the sale of acquired real estate.

(g) Mailing of notice

Notwithstanding any other provision of this section, each certified mail notice requirement in this section shall be fully satisfied by mailing one certified mail notice to the last known address of the previous owner.

(h) State laws

The rights provided in this section shall not diminish any such right of first refusal under the law of the State in which the property is located.

(i) Applicability

This section shall not apply to a bank for co-operatives.

(Pub. L. 92-181, title IV, § 4.36, as added Pub. L. 99-205, title III, § 306, Dec. 23, 1985, 99 Stat. 1709; amended Pub. L. 100-233, title I, § 108, Jan. 6, 1988, 101 Stat. 1582; Pub. L. 100-399, title I, § 104, Aug. 17, 1988, 102 Stat. 990.)

Editorial Notes**AMENDMENTS**

1988—Pub. L. 100-233 amended section generally. Prior to amendment, section read as follows: “No institution of the Farm Credit System shall sell any real property that previously served as security for a loan in a tract larger than a normal family size farm in the vicinity of the property for less than the amount it can receive from the Capital Corporation.”

Subsec. (b)(2). Pub. L. 100-399, § 104(a), substituted “30” for “15”.

Subsec. (b)(3). Pub. L. 100-399, § 104(b), substituted “15” for “30”.

Subsec. (g). Pub. L. 100-399, § 104(c), substituted “previous owner” for “former borrower”.

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.

EFFECTIVE DATE

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

§ 2219b. Application of uninsured accounts**(a) In general**

Money of a borrower held by a Farm Credit System institution in an uninsured voluntary or involuntary account as authorized under regulations issued by the Farm Credit Administration (as in effect immediately before January 6, 1988), including all such other accounts known as “advanced payment accounts” or “future prepayment accounts” shall, in the event the institution is placed in liquidation, be immediately applied as payment against the indebtedness of any outstanding loans of such borrower.

(b) Regulations

The Farm Credit Administration shall promulgate regulations—

(1) that define the term “uninsured voluntary or involuntary account”; and

(2) to otherwise effectively carry out this section.

(Pub. L. 92-181, title IV, § 4.37, as added Pub. L. 100-233, title I, § 110, Jan. 6, 1988, 101 Stat. 1585.)

Editorial Notes**CODIFICATION**

Another section 4.37 of Pub. L. 92-181 was renumbered section 4.38 and is classified to section 2219c of this title.

§ 2219c. Affirmative action

All institutions of the Farm Credit System with more than 20 employees shall establish and maintain an affirmative action program plan that applies the affirmative action standards otherwise applied to contractors of the Federal Government.

(Pub. L. 92-181, title IV, § 4.38, formerly § 4.37, as added Pub. L. 100-233, title IV, § 427, Jan. 6, 1988, 101 Stat. 1657; renumbered § 4.38, Pub. L. 100-399, title IV, § 413, Aug. 17, 1988, 102 Stat. 1004; amended Pub. L. 115-334, title V, § 5411(26), Dec. 20, 2018, 132 Stat. 4682.)

Editorial Notes**AMENDMENTS**

2018—Pub. L. 115-334 substituted “All” for “The Assistance Board established under section 2278a of this title and all”.

§ 2219d. Encouragement of conservation practices

At the time a System institution or an agricultural mortgage loan originator (as defined in section 2279aa of this title) approves a loan made to a borrower that, in the opinion of the institution or originator, would be ineligible for a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) by reason of subtitle B or C of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.), the institution or originator, as the case may be, shall encourage the borrower to contact the Department of Agriculture Soil Conservation Service to obtain information about soil conservation methods and practices.

(Pub. L. 92-181, title IV, § 4.39, formerly § 4.38, as added Pub. L. 100-233, title IV, § 428, Jan. 6, 1988, 101 Stat. 1658; renumbered § 4.39, Pub. L. 100-399, title IV, § 413, Aug. 17, 1988, 102 Stat. 1004; amended Pub. L. 115-334, title V, § 5411(27), Dec. 20, 2018, 132 Stat. 4682.)

Editorial Notes

REFERENCES IN TEXT

The Consolidated Farm and Rural Development Act, referred to in text, is title III of Pub. L. 87-128, Aug. 8, 1961, 75 Stat. 307, which is classified principally to chapter 50 (§1921 et seq.) of Title 7, Agriculture. For complete classification of this Act to the Code, see Short Title note set out under section 1921 of Title 7 and Tables.

The Food Security Act of 1985, referred to in text, is Pub. L. 99-198, Dec. 23, 1985, 99 Stat. 1354. Subtitles B and C of title XII of the Food Security Act are classified generally to subchapters II (§3811 et seq.) and III (§3821 et seq.), respectively, of chapter 58 of Title 16, Conservation. For complete classification of this Act to the Code, see Short Title of 1985 Amendment note set out under section 1281 of Title 7 and Tables.

AMENDMENTS

2018—Pub. L. 115-334 substituted “section 2279aa of this title)” for “section 2279aa(7) of this title)”.

§ 2219e. Liability for making criminal referrals

(a) In general

Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, that discloses to a Government authority information proffered in good faith that may be relevant to a possible violation of any law or regulation shall not be liable to any person under any law of the United States or any State—

- (1) for the disclosure; or
- (2) for any failure to notify the person involved in the possible violation.

(b) No prohibition on disclosure

Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, may disclose information to a Government authority that may be relevant to a possible violation of any law or regulation.

(Pub. L. 104-105, title II, § 221, Feb. 10, 1996, 110 Stat. 184.)

Editorial Notes

CODIFICATION

Section was enacted as part of the Farm Credit System Reform Act of 1996, and not as part of the Farm Credit Act of 1971 which comprises this chapter.

SUBCHAPTER V—FARM CREDIT ADMINISTRATION ORGANIZATION

Editorial Notes

CODIFICATION

Pub. L. 100-399, title IX, §901(o), (p), Aug. 17, 1988, 102 Stat. 1008, struck out “DISTRICT AND” before “FARM” in subchapter heading and struck out part A heading “District Organization”.

PART A—District Organization

§ 2221. Transferred

Editorial Notes

CODIFICATION

Section, Pub. L. 92-181, title V, § 5.0, Dec. 10, 1971, 85 Stat. 614; Pub. L. 96-592, title V, § 501, Dec. 24, 1980, 94 Stat. 3448; Pub. L. 99-205, title II, § 205(g)(1), Dec. 23, 1985, 99 Stat. 1706; Pub. L. 100-233, title VIII, § 805(v), Jan. 6, 1988, 101 Stat. 1716; Pub. L. 100-399, title IX, § 901(q), (r), Aug. 17, 1988, 102 Stat. 1008, which related to creation of districts, was transferred to section 1.2(b) of Pub. L. 92-181 by section 901(r) of Pub. L. 100-399 and is classified to section 2002(b) of this title.

§§ 2222 to 2227. Repealed. Pub. L. 100-399, title IV, § 409(d), Aug. 17, 1988, 102 Stat. 1003

Sections 2222 to 2227 were directed to be repealed by Pub. L. 100-233, title IV, § 418(c), formerly § 415(c), Jan. 6, 1988, 101 Stat. 1653, renumbered § 418(c), Pub. L. 100-399, title IV, § 409(a), Aug. 17, 1988, 102 Stat. 1003, which was repealed by section 409(c) of Pub. L. 100-399, title IV, Aug. 17, 1988, 102 Stat. 1003.

Section 409(c) of Pub. L. 100-399 provided in part that section 418(c) of Pub. L. 100-233 is repealed and that this chapter shall be applied and administered, and the amendments by sections 430 and 802(u) of Pub. L. 100-233 (amending sections 2226 and 2223, respectively, of this title) shall take effect, as if such section 418(c) had not been enacted.

Section 2222, Pub. L. 92-181, title V, § 5.1, Dec. 10, 1971, 85 Stat. 614; Pub. L. 99-205, title II, § 205(g)(2), Dec. 23, 1985, 99 Stat. 1707, related to district boards of directors, membership, eligibility, and terms.

Section 2223, Pub. L. 92-181, title V, § 5.2, Dec. 10, 1971, 85 Stat. 614; Pub. L. 96-592, title V, § 502, Dec. 24, 1980, 94 Stat. 3449; Pub. L. 99-205, title II, § 205(g)(3), (4), title VI, § 607, Dec. 23, 1985, 99 Stat. 1707, 1712; Pub. L. 100-233, title VIII, § 802(u), Jan. 6, 1988, 101 Stat. 1712, related to nomination and election of district directors.

Section 2224, Pub. L. 92-181, title V, § 5.3, Dec. 10, 1971, 85 Stat. 615, related to functions of district directors.

Section 2225, Pub. L. 92-181, title V, § 5.4, Dec. 10, 1971, 85 Stat. 615, related to district board officers.

Section 2226, Pub. L. 92-181, title V, § 5.5, Dec. 10, 1971, 85 Stat. 616; Pub. L. 100-233, title IV, § 430, Jan. 6, 1988, 101 Stat. 1658, related to compensation of district boards.

Section 2227, Pub. L. 92-181, title V, § 5.6, Dec. 10, 1971, 85 Stat. 616; 1978 Reorg. Plan No. 2, § 102, 43 F.R. 36037, 92 Stat. 3784; Pub. L. 99-205, title II, § 205(g)(5), Dec. 23, 1985, 99 Stat. 1707, related to powers of district farm credit board.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF REPEAL

Repeal effective immediately after amendments made by section 401 of Pub. L. 100-233, which were effec-