

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.

§ 2277a-8. Conduct of corporate affairs; examination of System institutions

(a) Conduct of corporate affairs

(1) Fair administration

The Board of Directors shall administer the affairs of the Corporation fairly and impartially and without discrimination.

(2) Obligations and expenses

The Board of Directors shall determine and prescribe the manner in which the obligations of the Corporation may be incurred and the expenses of the Corporation may be allowed and paid.

(3) Use of mails

The Corporation may use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government.

(4) Use of information

The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Federal Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out this part.

(5) Use of Farm Credit Administration personnel

To the extent practicable, the Corporation shall use the personnel and resources of the Farm Credit Administration to minimize duplication of effort and to reduce costs.

(b) Examination of System institutions

(1) Examination authority

(A) In general

If the Board of Directors considers it necessary to examine an insured System bank, a production credit association, an association making direct loans under the authority provided under section 2279b of this title, or any System institution in receivership, the Board may, using Farm Credit Administration examiners, conduct the examination using reports and other information on the System institution prepared or held by the Farm Credit Administration. Notwithstanding any other provision of this chapter, on cancellation of the charter of a System institution, the Corporation shall have authority to examine the system¹ institution in receivership. An examination shall be performed at such intervals as the Corporation shall determine.

(B) Request for additional examination or other information

If the Board determines that such reports or information are not adequate to enable the Corporation to carry out the duties of the Corporation under this subsection, the Board shall request the Farm Credit Admin-

istration to examine or to obtain other information from or about the System institution and provide to the Corporation the resulting examination report or such other information.

(2) Appointment of examiners

If the Farm Credit Administration informs the Corporation that the Farm Credit Administration is unable to comply with a request made under paragraph (1)(B) with respect to a System institution, the Board may appoint examiners to examine the institution.

(3) Powers and report

Each examiner appointed under paragraph (2) shall make such examination of the affairs of the System institution as the Board may direct, and shall make a full and detailed report of the examination to the Corporation.

(4) Appointment of claim agents

The Board of Directors of the Corporation shall appoint claim agents who may investigate and examine all claims for insured obligations.

(c) Oath, affirmations, and testimony

In connection with examinations under this section, the Corporation or its designated representatives may administer oaths and affirmations, and may examine, take, and preserve testimony under oath, as to any matter with respect to the affairs of any such institution.

(d) Cooperation with FCA examiners

The examiners appointed by the Board of Directors shall cooperate to the maximum extent possible with examiners of the Farm Credit Administration to minimize duplication of effort and minimize costs.

(Pub. L. 92-181, title V, §5.59, as added Pub. L. 100-233, title III, §302, Jan. 6, 1988, 101 Stat. 1615; amended Pub. L. 101-220, §6(b)(3), Dec. 12, 1989, 103 Stat. 1880; Pub. L. 102-552, title II, §203, title V, §513(a), Oct. 28, 1992, 106 Stat. 4106, 4133; Pub. L. 104-105, title II, §216, Feb. 10, 1996, 110 Stat. 179.)

Editorial Notes

AMENDMENTS

1996—Subsec. (b)(1)(A). Pub. L. 104-105 inserted at end “Notwithstanding any other provision of this chapter, on cancellation of the charter of a System institution, the Corporation shall have authority to examine the system institution in receivership. An examination shall be performed at such intervals as the Corporation shall determine.”

1992—Pub. L. 102-552, §513(a)(1), substituted “System institutions” for “insured System banks” in section catchline.

Subsec. (a)(5). Pub. L. 102-552, §203, added par. (5).

Subsec. (b). Pub. L. 102-552, §513(a)(2), added subsec. (b) and struck out former subsec. (b) which read as follows: “(b) EXAMINATION OF INSURED SYSTEM BANKS.—

“(1) APPOINTMENT OF EXAMINERS.—The Board of Directors may appoint examiners who may, on behalf of the Corporation, examine any insured System bank, any production credit association, any other association making direct loans under authority provided under section 2279b of this title, and any System institution in receivership, if in the judgment of the Board of Directors an examination of the institution is necessary.

¹ So in original. Probably should be capitalized.

“(2) POWERS AND REPORT.—Each examiner may make a thorough examination of all affairs of the institution, and shall make a full and detailed report of the condition of the institution to the Corporation.

“(3) APPOINTMENT OF CLAIM AGENTS.—The Board of Directors, in like manner, shall appoint claim agents who may investigate and examine all claims for insured obligations.”

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

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-220 effective for insurance premiums due to the Farm Credit System Insurance Corporation under this chapter on or after Jan. 1, 1990, based on the loan volume of each bank for each calendar year beginning with calendar year 1989, and effective for the calculation of the initial premium payment required under section 2277a-5(c) of this title, see section 6(c) of Pub. L. 101-220, set out as a note under section 2020 of this title.

§ 2277a-9. Insurance Fund

(a) Establishment

There is hereby established a Farm Credit Insurance Fund (hereinafter referred to in this section as the “Insurance Fund”) for insuring the timely payment of principal and interest on insured obligations. The assets in the Fund shall be held by the Corporation for the uses and purposes of the Corporation.

(b) Amounts in Fund

The Corporation shall deposit in the Insurance Fund all premium payments received by the Corporation under this part.

(c) Uses of Fund

(1) Mandatory use

Beginning January 1, 1993, the Corporation shall expend amounts in the Insurance Fund to the extent necessary to insure the timely payment of interest and principal on insured obligations.

(2) Other mandatory uses

Beginning January 1, 1993, the Corporation shall use amounts in the Insurance Fund to ensure the retirement of eligible borrower stock at par value under section 2162 of this title.

(3) Permissive uses

The Corporation may expend amounts in the Insurance Fund to carry out section 2277a-10 of this title and to cover the operating costs of the Corporation.

(4) Corporate payment or refunds

The Corporation shall make all payments and refunds required to be made by the Corporation under this part from amounts in the Insurance Fund.

(Pub. L. 92-181, title V, §5.60, as added Pub. L. 100-233, title III, §302, Jan. 6, 1988, 101 Stat. 1616; amended Pub. L. 100-399, title III, §302(j)-(l), Aug. 17, 1988, 102 Stat. 994; Pub. L. 101-624, title XVIII, §1836(a), Nov. 28, 1990, 104 Stat. 3833; Pub. L. 115-334, title V, §5411(38), Dec. 20, 2018, 132 Stat. 4683.)

Editorial Notes

AMENDMENTS

2018—Subsec. (b). Pub. L. 115-334, §5411(38)(A), struck out par. (2) designation and heading before “The Corporation” and struck out par. (1) which provided for transfer of amounts in the revolving fund into the Farm Credit Insurance Fund, with exception for transactions before Jan. 6, 1988.

Subsec. (c)(2). Pub. L. 115-334, §5411(38)(B), substituted “Insurance Fund to ensure” for “Insurance Fund to—

“(A) satisfy System institution defaults through the purchase of preferred stock or other payments as provided for in section 2278b-6(d)(3) of this title; and

“(B) ensure”.

1990—Subsec. (c)(1), (2). Pub. L. 101-624 substituted “January 1, 1993” for “5 years after the date of the enactment of this part” in par. (1) and for “5 years after the date of enactment of this part” in par. (2).

1988—Subsec. (b)(1). Pub. L. 100-399, §302(j), struck out “(in effect immediately before January 6, 1988)” after “section 2151 of this title”.

Subsec. (b)(2). Pub. L. 100-399, §302(k), substituted “The” for “Beginning 5 years after January 6, 1988, the”.

Subsec. (c)(2)(B). Pub. L. 100-399, §302(l), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “ensure the retirement of borrower stock at par value and participation certificates or other similar equities at face value as provided for under section 2162(c)(2) of this title.”

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

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

§ 2277a-10. Powers of Corporation with respect to troubled insured System banks

(a) Authority to provide assistance

(1) Stand-alone assistance

The Corporation, in its sole discretion and on such terms and conditions as the Board of Directors may prescribe, may make loans to, purchase the assets or securities of, assume the liabilities of, or make contributions to, any insured System bank if such action is taken—

(A) to prevent the placing of the bank in receivership;

(B) to restore the bank to normal operation; or

(C) to reduce the risk to the Corporation posed by the bank when severe financial conditions threaten the stability of a significant number of insured System banks or of insured System banks possessing significant financial resources.

(2) Facilitation of mergers or consolidation

(A) In general

To facilitate a merger or consolidation of a qualifying insured System bank, the sale of assets of such insured System bank to another insured System bank, the assumption of such insured System bank's liabilities by such other insured System bank, or the acquisition of the stock of such insured System bank by such other insured System bank, the Corporation, in its sole discretion