

sibility as provided in subsection (a) of this section, 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.)

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).

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; additional powers

(a) 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.

(b) Through December 31, 1992, each bank of the System, in addition to purchasing obligations as authorized by this chapter, may, with the prior approval of the Farm Credit Administration and subject to such conditions as it may establish, (1) reduce the cost of its borrowings by doing one or more of the following: (A) contracting with a third party, or an entity that is established as a limited purpose System institution under section 2211 of this title and that is not to be included in the combined financial statements of other System institutions, with respect to the payment of interest on the bank's obligations and the obligations of other banks incurred before January 1, 1985, in consideration of the payment of market interest rates on such obligations, plus a premium, or (B) for the period July 1, 1986, through December 31, 1992, cap-