

enable such stockholders to make an informed decision as to the advisability of establishing a new association.

(D) Special stockholders' meeting

(i) Timing of meeting

The special stockholders' meeting to consider the petition shall be held within 60 days after the filing of the petition.

(ii) Approval

If, at the special stockholders' meeting, a majority of the stockholders of the current association who would be served by the new association approve, by voting in person or by proxy, the establishment of the separate association, the Farm Credit Administration shall, within 30 days of such vote, issue a charter to the new association and amend the charter of the current association to reflect the territory to be served by the new association.

(Pub. L. 92-181, title VII, §7.9, as added Pub. L. 100-233, title IV, §416, Jan. 6, 1988, 101 Stat. 1648; amended Pub. L. 100-399, title IV, §408(n), (o), Aug. 17, 1988, 102 Stat. 1002.)

AMENDMENTS

1988—Subsec. (a)(1). Pub. L. 100-399, §408(n)(1), substituted "this chapter" for "section 2252(a)(2) of this title".

Subsec. (a)(4). Pub. L. 100-399, §408(n)(5), redesignated par. (5) as (4).

Pub. L. 100-399, §408(n)(2), inserted reference to section 2279f-1 of this title.

Subsec. (a)(5). Pub. L. 100-399, §408(n)(5), redesignated par. (6) as (5). Former par. (5) redesignated (4).

Pub. L. 100-399, §408(n)(3), substituted "or" for "and".

Subsec. (a)(6). Pub. L. 100-399, §408(n)(5), redesignated par. (7) as (6). Former par. (6) redesignated (5).

Pub. L. 100-399, §408(n)(4), substituted "section 2279f" for "section 2279f-1".

Subsec. (a)(7). Pub. L. 100-399, §408(n)(5), redesignated par. (7) as (6).

Subsec. (b)(2). Pub. L. 100-399, §408(o), struck out comma before "shall not take effect" and substituted "such banks or" for "such".

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.

SUBPART 4—TERMINATION AND DISSOLUTION OF INSTITUTIONS

AMENDMENTS

1988—Pub. L. 100-399, title IV, §408(m), Aug. 17, 1988, 102 Stat. 1002, redesignated subpart 3 as 4.

§ 2279d. Termination of System institution status

(a) Conditions

A System institution may terminate the status of the institution as a System institution if—

(1) the institution provides written notice to the Farm Credit Administration Board not later than 90 days prior to the proposed termination date;

(2) the termination is approved by the Farm Credit Administration Board;

(3) the appropriate Federal or State authority grants approval to charter the institution

as a bank, savings and loan association, or other financial institution;

(4) the institution pays to the Farm Credit Assistance Fund, as created under section 2278b-5 of this title, if the termination is prior to January 1, 1992, or pays to the Farm Credit Insurance Fund, if the termination is after such date, the amount by which the total capital of the institution exceeds, 6 percent of the assets;

(5) the institution pays or makes adequate provision for payment of all outstanding debt obligations of the institution;

(6) the termination is approved by a majority of the stockholders of the institution voting, in person or by written proxy, at a duly authorized stockholders' meeting, held prior to giving notice to the Farm Credit Administration Board; and

(7) the institution meets such other conditions as the Farm Credit Administration Board by regulation considers appropriate.

(b) Effect

On termination of its status as a System institution—

(1) the Farm Credit Administration Board shall revoke the charter of the institution; and

(2) the institution shall no longer be an instrumentality of the United States under this chapter.

(Pub. L. 92-181, title VII, §7.10, as added Pub. L. 100-233, title IV, §416, Jan. 6, 1988, 101 Stat. 1650.)

PART C—APPROVAL OF DISCLOSURE INFORMATION AND ISSUANCE OF CHARTERS BY THE FARM CREDIT ADMINISTRATION BOARD

§ 2279e. Approval of disclosure information and issuance of charters

(a) Disclosure of information

(1) Approval of plan

With respect to any plan of merger, transfer of lending authority, dissolution, or termination, prior to submission to the voters (voting stockholders and, where required, contributors to guaranty funds) of the institutions involved, such plan shall be submitted to the Farm Credit Administration Board, together with all information that is to be distributed to the voters with respect to the contemplated action, including an enumerated statement of the anticipated benefits and potential disadvantages of such action.

(2) Notice of approval

On notification that the Farm Credit Administration Board has approved such plan for submission to the stockholders, or after 60 days of no action on the plan by the Board, the submitting institutions may submit the plan, together with the disclosure information, to the voters for the prescribed vote.

(b) Notice of reasons for disapproval

If the Farm Credit Administration Board disapproves the plan for submission to the stockholders, notification to the submitting institutions shall specify the reasons for the determination by the Board. If such plan is determined to be inadequate, it shall not be submitted to the voters for a vote.

(c) Federal charter

Each plan of merger or transfer of lending authority may include a proposed new or revised Federal charter for the merged or transferee entity. The Farm Credit Administration Board shall issue such charter on the approval of the plan, as prescribed in this subchapter, unless the Board determines that the charter submitted is not consistent with this chapter.

(Pub. L. 92-181, title VII, § 7.11, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1651; amended Pub. L. 100-399, title IV, § 408(p), Aug. 17, 1988, 102 Stat. 1002; Pub. L. 102-237, title V, § 502(n), Dec. 13, 1991, 105 Stat. 1870.)

AMENDMENTS

1991—Subsec. (a)(2). Pub. L. 102-237 substituted “60 days” for “30 days”.

1988—Subsec. (a)(1). Pub. L. 100-399 substituted “transfer of lending authority” for “transfer or assignment of lending authority” and “the institutions involved” for “such institutions”.

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 D—MERGERS OF LIKE ENTITIES

§ 2279f. Merger of similar banks**(a) In general**

Banks organized or operating under this chapter may merge with banks in other districts operating under the same subchapter if the plan of merger is approved by—

- (1) the Farm Credit Administration Board;
- (2) the respective Boards of Directors of the banks involved;

(3) a majority vote of the stockholders of each bank voting, in person or by proxy, at a duly authorized stockholders' meeting, with each association having a number of votes equal to the number of such association's voting stockholders; and

(4) in the case of a bank for cooperatives, a majority of the total equity interests in such merging bank for cooperatives (including allocated, but not unallocated, surplus and reserves) held by those stockholders or subscribers to the guaranty fund of the bank voting.

(b) Powers and capitalization

Sections 2279a-2 and 2279a-3 of this title shall apply to banks merged under this section.

(c) Board of directors**(1) In general**

After a merger under subsection (a) of this section, a board of directors shall be created for the resulting bank.

(2) Composition

The board shall be composed of—

(A) two directors elected by each of the bank boards, with at least one such director from each bank being elected by the eligible stockholders of, or subscribers to, the guaranty fund of the merging banks; and

(B) one outside director elected by the directors elected under subparagraph (A).

(3) Outside director**(A) Qualifications**

The outside director elected under paragraph (2)(B) shall be experienced in financial services and credit, and within the 2-year period prior to such election, shall not have been a borrower from, shareholder in, or director, officer, employee, or agent of any institution of the Farm Credit System.

(B) Failure to elect

If the other members of the board fail to elect an outside director, the Farm Credit Administration Board shall appoint a qualified person to serve on the board of directors until such member is so elected.

(4) Bylaws

Notwithstanding paragraph (2), the bylaws of the merged bank may, with the approval of the Farm Credit Administration, provide for a different number of directors to be selected in a different manner, except that the bylaws shall provide for at least one outside director.

(Pub. L. 92-181, title VII, § 7.12, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1652; amended Pub. L. 100-399, title IV, § 408(q), (r), Aug. 17, 1988, 102 Stat. 1002, 1003.)

AMENDMENTS

1988—Subsec. (b). Pub. L. 100-399, § 408(q), substituted “Powers and capitalization” for “Procedures” in heading and, in amending text generally, substituted “Sections 2279a-2 and 2279a-3 of this title” for “The provisions of sections 2279a-2 through 2279a-4 of this title”.

Subsec. (c)(2)(B). Pub. L. 100-399, § 408(r), substituted “directors” for “members”.

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.

§ 2279f-1. Merger of similar associations**(a) In general**

Associations may voluntarily merge with other like associations if the plan of merger is approved by—

- (1) the Farm Credit Administration Board;
- (2) the respective Boards of Directors of the associations involved;

(3) a majority vote of the stockholders of each association voting, in person or by proxy, at a duly authorized stockholders' meeting; and

- (4) the Farm Credit Banks involved.

(b) Procedures

The provisions of subsections (b) and (c) of section 2279c-1 of this title shall apply to associations merged under this section.

(Pub. L. 92-181, title VII, § 7.13, as added Pub. L. 100-233, title IV, § 416, Jan. 6, 1988, 101 Stat. 1653; amended Pub. L. 100-399, title IV, § 408(s), (t), Aug. 17, 1988, 102 Stat. 1003.)

AMENDMENTS

1988—Subsec. (a)(4). Pub. L. 100-399, § 408(s), substituted “the Farm Credit Banks involved” for “the Farm Credit Bank”.