

(May 20, 1936, ch. 432, title IV, §402, as added Pub. L. 92-12, §2, May 7, 1971, 85 Stat. 30.)

EFFECTIVE DATE

Section effective May 7, 1971, see section 7 of Pub. L. 92-12, set out as a note under section 921a of this title.

§ 943. Special provisions governing telephone bank as a Federal agency until conversion of ownership, control, and operation

Until the ownership, control, and operation of the telephone bank is converted as provided in section 950(a) of this title and not thereafter—

(a) Supervision and direction of Secretary of Agriculture; free postage and priority of debts restrictions

the telephone bank shall be an agency of the United States and shall be subject to the supervision and direction of the Secretary of Agriculture (hereinafter called the Secretary): *Provided, however,* That the telephone bank shall at no time be entitled to transmission of its mail free of postage, nor shall it have the priority of the United States in the payment of debts out of bankrupt, insolvent, and decedents' estates;

(b) Use of facilities and services of employees of Secretary of Agriculture

in order to perform its responsibilities under this subchapter, the telephone bank may partially or jointly utilize the facilities and the services of employees of the Secretary, without cost to the telephone bank;

(c) Wholly owned Government corporation

the telephone bank shall be subject to the provisions of chapter 91 of title 31, in the same manner and to the same extent as if it were included in the definition of "wholly owned Government corporation" as set forth in section 9101 of title 31;

(d) Appointment and compensation of personnel

the telephone bank may without regard to the civil service¹ classification laws appoint and fix the compensation of such officers and employees of the telephone bank as it may deem necessary;

(e) Tort claims and litigation

the telephone bank shall be subject to the provisions of sections 517, 519, and 2679 of title 28.

(May 20, 1936, ch. 432, title IV, §403, as added Pub. L. 92-12, §2, May 7, 1971, 85 Stat. 31; amended Pub. L. 103-354, title II, §235(a)(9), Oct. 13, 1994, 108 Stat. 3221.)

CODIFICATION

In subsec. (c), "chapter 91 of title 31" and "section 9101 of title 31" substituted for "the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.)" and "section 101 of said Act (31 U.S.C. 846)", respectively, on authority of Pub. L. 97-258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

¹ So in original. The word "and" probably should appear after "civil service".

AMENDMENTS

1994—Subsec. (b). Pub. L. 103-354 substituted "Secretary" for "Rural Electrification Administration or of any other agency of the Department of Agriculture".

EFFECTIVE DATE

Section effective May 7, 1971, see section 7 of Pub. L. 92-12, set out as a note under section 921a of this title.

§ 944. Governor of telephone bank; functions, powers, and duties

Subject to the provisions of section 950 of this title, the Secretary shall designate an official of the Department of Agriculture who shall serve as the chief executive officer of the telephone bank (herein called the Governor of the telephone bank). Except as to matters specifically reserved to the Telephone Bank Board in this subchapter, the Governor of the telephone bank shall exercise and perform all functions, powers, and duties of the telephone bank.

(May 20, 1936, ch. 432, title IV, §404, as added Pub. L. 92-12, §2, May 7, 1971, 85 Stat. 31; amended Pub. L. 103-354, title II, §235(a)(10), Oct. 13, 1994, 108 Stat. 3221.)

AMENDMENTS

1994—Pub. L. 103-354 substituted "the Secretary shall designate an official of the Department of Agriculture who" for "the Administrator of the Rural Electrification Administration".

EFFECTIVE DATE

Section effective May 7, 1971, see section 7 of Pub. L. 92-12, set out as a note under section 921a of this title.

§ 944a. Publication of rural telephone bank policies and regulations

Notwithstanding the exemption contained in section 553(a)(2) of title 5, the Governor of the telephone bank shall cause to be published in the Federal Register, in accordance with section 553 of title 5, all rules, regulations, bulletins, and other written policy standards governing the operation of the telephone bank's programs relating to public property, loans, grants, benefits, or contracts. After September 30, 1988, the telephone bank may not deny a loan or advance to, or take any other adverse action against, any applicant or borrower for any reason which is based upon a rule, regulation, bulletin, or other written policy standard which has not been published pursuant to such section.

(Pub. L. 100-203, title I, §1414, Dec. 22, 1987, 101 Stat. 1330-27.)

CODIFICATION

Section was enacted as part of the Agricultural Reconciliation Act of 1987 and as part of the Omnibus Budget Reconciliation Act of 1987, and not as part of the Rural Electrification Act of 1936 which comprises this chapter.

§ 945. Board of directors

(a) In general

The management of the telephone bank, within the limitations prescribed by law, shall be vested in a board of directors (in this subchapter referred to as the "Telephone Bank Board").

(b) Membership

The Telephone Bank Board shall consist of thirteen individuals, as follows:

(1) Presidential appointees

The President shall appoint seven individuals to serve on the Telephone Bank Board who shall serve at the pleasure of the President—

(A) five of whom shall be officers or employees of the Department of Agriculture and not officers or employees of the Secretary; and

(B) two of whom shall be from the general public and not officers or employees of the Federal Government.

(2) Cooperative members

The cooperative-type entities, and organizations controlled by such entities, that hold class B or class C stock shall elect three individuals to serve on the Telephone Bank Board for a term of two years, by a plurality vote of the stockholders voting in the election.

(3) Commercial members

The commercial-type entities, and the organizations controlled by such entities, that hold class B or class C stock shall elect three individuals to serve on the Telephone Bank Board for a term of two years, by a plurality vote of the stockholders voting in the election.

(c) Elections**(1) Validity**

An election under paragraph (2) or (3) of subsection (b) of this section shall not be considered valid unless a majority of the stockholders eligible to vote in the election have voted in the election.

(2) Balloting

Balloting in an election under paragraph (2) or (3) of subsection (b) of this section shall be conducted by mail pursuant to the procedures authorized in the bylaws of the telephone bank.

(3) No cumulative voting

Cumulative voting shall not be permitted in any election under paragraph (2) or (3) of subsection (b) of this section.

(d) Compensation**(1) In general**

Except as provided in paragraph (2), each member of the Telephone Bank Board shall receive \$100 per day for each day or part thereof, not to exceed fifty days per year, spent in the performance of their official duties, and shall be reimbursed for travel and other expenses in such manner and subject to such limitations as the Telephone Bank Board may prescribe.

(2) Exceptions

The five members of the Telephone Bank Board appointed under subsection (b)(1)(A) of this section shall not receive compensation by reason of their service on the Telephone Bank Board.

(e) Succession

A member of the Telephone Bank Board may serve after the expiration of the term of office of such member until the successor for such member has taken office.

(f) Chairperson

The members of the Telephone Bank Board shall elect one of such members to be the Chairperson of the Board, in accordance with the bylaws of the telephone bank. The Chairperson shall preside at all meetings of the Board and may vote on a matter before the Board unless the vote would result in a tie vote on the matter.

(g) Bylaws

The Telephone Bank Board shall prescribe bylaws, not inconsistent with law, regulating the manner in which the telephone bank's business shall be conducted, its directors and officers elected, its stock issued, held, and disposed of, its property transferred, its bylaws amended, and the powers and privileges granted to it by law exercised and enjoyed.

(h) Meetings

The Telephone Bank Board shall meet at such times and places as it may fix and determine, but shall hold at least four regularly scheduled meetings a year, and special meetings may be held on call in the manner specified in the bylaws of the telephone bank.

(i) Annual report

The Telephone Bank Board shall make an annual report to the Secretary for transmittal to the Congress on the administration of this subchapter and any other matters relating to the effectuation of the policies of this subchapter, including recommendations for legislation.

(j) Open meetings

For purposes of section 552b of title 5, the Telephone Bank Board shall be treated as an agency within the meaning of subsection (a)(1) of such section.

(May 20, 1936, ch. 432, title IV, § 405, as added Pub. L. 92-12, § 2, May 7, 1971, 85 Stat. 32; amended Pub. L. 93-32, § 4, May 11, 1973, 87 Stat. 70; Pub. L. 101-624, title XXIII, § 2363(a), (b)(1), (c), Nov. 28, 1990, 104 Stat. 4042-4044; Pub. L. 103-354, title II, § 235(a)(7), Oct. 13, 1994, 108 Stat. 3221.)

AMENDMENTS

1994—Subsec. (b)(1)(A). Pub. L. 103-354 substituted “Secretary” for “Rural Electrification Administration”.

1990—Pub. L. 101-624, § 2363(a), substituted “Board of directors” for “Telephone Bank Board” in section catchline.

Subsecs. (a) to (f). Pub. L. 101-624, § 2363(a), struck out subsecs. (a) to (f) and inserted new subsecs. (a) to (f): in subsec. (a) struck out provisions relating to size of board, in subsec. (b) substituted provisions relating to size of board and to appointment and election of all board members for provisions naming Administrator of Rural Electrification Administration and Governor of Farm Credit Administration to board, and authorizing presidential appointment of 5 other members, in subsec. (c) substituted provisions relating to election of 6 cooperative and commercial members for provisions authorizing presidential appointment of initial 6 cooperative and commercial members, in subsec. (d) substituted provisions relating to compensation for provisions relating to interim election of 6 cooperative and commercial members, in subsec. (e) substituted provisions relating to succession for provisions relating to regular election of 6 cooperative and commercial members, and in subsec. (f) substituted provisions relating

to chairperson for provisions relating to service after expiration of term, compensation and expenses.

Subsecs. (g) to (i). Pub. L. 101-624, § 2363(b)(1), inserted headings.

Subsec. (j). Pub. L. 101-624, § 2363(c), added subsec. (j). 1973—Subsec. (e). Pub. L. 93-32 substituted provisions directing that the cooperative-type entities and organizations holding class B and class C stock, voting as a separate class, elect three directors to represent their class by a majority of the stockholders voting in such class and that the commercial-type entities and organizations holding class B and class C stock, voting as a separate class, elect three directors to represent their class by a majority of the stockholders voting in such class, for provisions that three directors be elected from among the directors, managers, and employees of cooperative-type entities and organizations controlled by such entities holding class B or class C stock and that three directors be elected from among the directors, managers, and employees of commercial-type entities and organizations controlled by such entities holding class B or class C stock, and inserted provisions prohibiting cumulative voting.

EFFECTIVE DATE OF 1973 AMENDMENT

Amendment by Pub. L. 93-32 effective May 11, 1973, see section 12 of Pub. L. 93-32, set out as an Effective Date note under section 930 of this title.

EFFECTIVE DATE

Section effective May 7, 1971, see section 7 of Pub. L. 92-12, set out as a note under section 921a of this title.

TERMINATION OF REPORTING REQUIREMENTS

For termination, effective May 15, 2000, of provisions in subsec. (i) of this section relating to transmittal of annual report to Congress, see section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance, and page 45 of House Document No. 103-7.

§ 946. Capitalization

(a) Federal and borrower subscriptions; Federal limitation; report to President, transmittal to Congress; net collection proceeds

The telephone bank's capital shall consist of capital subscribed by the United States, by borrowers from the telephone bank, by corporations and public bodies eligible to become borrowers from the telephone bank, and by organizations controlled by such borrowers, corporations, and public bodies. Beginning with the fiscal year 1971 and for each fiscal year thereafter but not later than fiscal year 1991, the United States shall furnish capital for the purchase of class A stock and there are hereby authorized to be appropriated such amounts, not to exceed \$30,000,000 annually, for such purchase until such class A stock shall equal \$600,000,000: *Provided*, That on or before July 1, 1975, the Secretary shall make a report to the President for transmittal to the Congress on the status of capitalization of the telephone bank by the United States with appropriate recommendations. As used in this section and section 931 of this title, the term "net collection proceeds" shall be deemed to mean payments from and after July 1, 1969, of principal and interest on loans heretofore or hereafter made under section 922 of this title, less an amount representing interest payable to the Secretary of the Treasury on loans to the Secretary for telephone purposes.

(b) Stock classification; voting stock; one vote rule

The capital stock of the telephone bank shall consist of three classes, class A, class B, and

class C, the rights, powers, privileges, and preferences of the separate classes to be as specified, not inconsistent with law, in the bylaws of the telephone bank. Class B and class C stock shall be voting stock, but no holder of said stock shall be entitled to more than one vote, nor shall class B and class C stockholders, regardless of their number, which are owned or controlled by the same person, group of persons, firm, association, or corporation, be entitled in any event to more than one vote.

(c) Class A stock; issuance to Secretary of Agriculture and redemption; cumulative return

Class A stock shall be issued only to the Secretary on behalf of the United States in exchange for capital furnished to the telephone bank pursuant to subsection (a) of this section, and such class A stock shall be redeemed and retired by the telephone bank as soon as practicable after September 30, 1995, but not to the extent that the Telephone Bank Board determines that such retirement will impair the operations of the telephone bank: *Provided*, That the minimum amount of class A stock that shall be retired each year after said date shall equal the amount of class B stock sold by the telephone bank during such year. Class A stock shall be entitled to a return, payable from income, at the rate of 2 per centum per annum on the amounts of said class A stock actually paid into the telephone bank. Such return shall be cumulative and shall be payable annually into miscellaneous receipts of the Treasury.

(d) Class B stock; borrowers as holders; dividend prohibition; patronage refunds

Class B stock shall be held only by recipients of loans under section 948 of this title. Borrowers receiving loan funds pursuant to section 948(a)(1) or (2) of this title shall be required to invest in class B stock 5 per centum of the amount of loan funds so provided, by paying an amount equal to 5 per centum of the amount of each loan advance, at the time of such advance. No dividends shall be payable on class B stock. All holders of class B stock shall be entitled to patronage refunds in class B stock under terms and conditions to be specified in the bylaws of the telephone bank.

(e) Class C stock; borrowers as purchasers; dividends

Class C stock shall be available for purchase and shall be held only by borrowers, or by corporations and public bodies eligible to borrow under section 948 of this title, or by organizations controlled by such borrowers, corporations and public bodies, and shall be entitled to dividends in the manner specified in the bylaws of the telephone bank. Such dividends shall be payable only from income and, until all class A stock is retired, shall not exceed the current average rate payable on its telephone debentures.

(f) Special fund equivalents

If a firm, association, corporation, or public body is not authorized under the laws of the jurisdiction in which it is organized to acquire stock of the telephone bank, the telephone bank shall, in lieu thereof, permit such organization to pay into a special fund of the telephone bank