

members and patrons. The Congress also finds that consumer and other types of self-help cooperatives have been hampered in their formation and growth by lack of access to adequate cooperative credit facilities and lack of technical assistance. Therefore, the Congress finds a need for the establishment of a National Consumer Cooperative Bank which will make available necessary financial and technical assistance to cooperative self-help endeavors as a means of strengthening the Nation's economy.

(Pub. L. 95-351, §2, Aug. 20, 1978, 92 Stat. 499.)

SHORT TITLE OF 1989 AMENDMENT

Pub. L. 101-206, §1, Dec. 7, 1989, 103 Stat. 1832, provided that: "This Act [amending section 3014 of this title] may be cited as the 'National Consumer Cooperative Bank Amendments of 1989'."

SHORT TITLE OF 1981 AMENDMENT

Pub. L. 97-35, title III, §390, Aug. 13, 1981, 95 Stat. 433, provided that: "This subtitle [subtitle C (§§390-396) of title III of Pub. L. 97-35, enacting sections 3017a, 3026, and 3051 of this title; amending sections 3011 to 3015, 3017, 3018, 3019, 3024, 3025, 3042, and 3043 of this title, section 5315 of Title 5, Government Organization and Employees, and sections 856, 867, and 868 of former Title 31, Money and Finance; and enacting provisions set out as notes under sections 3011 to 3015, 3017, 3017a, 3019, 3025, and 3026 of this title] may be cited as the 'National Consumer Cooperative Bank Act Amendments of 1981'."

SHORT TITLE

Pub. L. 95-351, §1, Aug. 20, 1978, 92 Stat. 499, provided: "That this Act [enacting this chapter and amending section 5315 of Title 5, Government Organization and Employees, and sections 856, 867, and 868 of former Title 31, Money and Finance] may be cited as the 'National Consumer Cooperative Bank Act'."

SUBCHAPTER I—ESTABLISHMENT AND OPERATION

§ 3011. Creation and charter; principal office; venue; purposes

The Congress of the United States hereby creates and charters a body corporate to be known as the National Consumer Cooperative Bank (hereinafter in this chapter referred to as the "Bank"). The Bank shall have perpetual existence unless and until its charter is revoked or modified by Act of Congress. The right to revise, amend, or modify the charter of the Bank is specifically and exclusively reserved to the Congress. The principal office of the Bank shall be in Washington, District of Columbia, and, for the purpose of venue, shall be considered a resident thereof. It shall make loans and offer its services throughout the United States, its territories and possessions, and in the Commonwealth of Puerto Rico. The Bank shall—

- (1) encourage the development of new and existing cooperatives eligible for its assistance by providing specialized credit and technical assistance;
- (2) maintain broad-based control of the Bank by its voting stockholders;
- (3) encourage broad-based ownership, control, and active participation by members in eligible cooperatives;
- (4) assist in improving the quality and availability of goods and services to consumers; and

(5) encourage ownership of its equity securities by cooperatives and others as provided in section 3014 of this title, so that the date when all of the Bank's class A stock owned by the United States has been fully redeemed (the "Final Government Equity Redemption Date") occurs as early as practicable.

(Pub. L. 95-351, title I, §101, Aug. 20, 1978, 92 Stat. 499; Pub. L. 97-35, title III, §396(b), Aug. 13, 1981, 95 Stat. 439.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 95-351, Aug. 20, 1978, 92 Stat. 499, known as the National Consumer Cooperative Bank Act, which enacted this chapter, amended section 5315 of Title 5, Government Organization and Employees, and sections 856, 867, and 868 of former Title 31, Money and Finance, and enacted provisions set out as a note under section 3001 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3001 of this title and Tables.

AMENDMENTS

1981—Pub. L. 97-35 substituted provisions respecting creation, and denomination of the National Consumer Cooperative Bank, for provisions respecting creation, denomination, and status of the National Consumer Cooperative Bank.

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-35, title III, §396(i), Aug. 13, 1981, 95 Stat. 441, provided that: "The amendments made by subsections (b) through (h) [amending this section, sections 3014, 3017, 3018, 3024, and 3043 of this title, section 5315 of Title 5, Government Organization and Employees, and sections 856, 867, and 868 of former Title 31, Money and Finance] shall take effect on the day after the Final Government Equity Redemption Date [Dec. 31, 1981]." For definition of "Final Government Equity Redemption Date", see section 396(a) of Pub. L. 97-35, set out as a note under section 3012 of this title.

FINAL GOVERNMENT EQUITY REDEMPTION DATE ESTABLISHED

For establishment of Final Government Equity Redemption Date as Dec. 31, 1981, see section 3026 of this title and notes set out under that section.

§ 3012. General corporate powers

The Bank shall have the power to make and service loans, commitments for credit, guarantees, furnish financially related services, technical assistance and the results of research, issue its obligations within the limitations imposed by section 3017 of this title in such amounts, at such times, and on such terms as the Bank may determine, and to exercise the other powers and duties prescribed in this chapter, and shall have the power to—

- (1) operate under the direction of its Board of Directors;
- (2) adopt, alter, and use a corporate seal, which shall be judicially noted;
- (3) elect by its Board of Directors a president, one or more vice presidents, a secretary, a treasurer, and provide for such other officers, employees, and agents as may be necessary, and define their duties in accordance with regulations and standards adopted by the Board, and require surety bonds or make other provisions against losses occasioned by acts of employees;
- (4) prescribe by its Board of Directors its by-laws not inconsistent with law, which shall es-

establish the terms of office and the procedure for election of elective members; provide in a manner not inconsistent with this chapter for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; and prescribe the manner in which its officers, employees, and agents are elected or selected, its property acquired, held and transferred, its loans, commitments, other financial assistance, guarantees and appraisals may be made, its general business conducted, and the privilege granted it by law exercised and enjoyed;

(5) enter into contracts and make advance, progress, or other payments with respect to such contracts, without regard to the provisions of section 3324(a) and (b) of title 31;

(6) sue and be sued in its corporate name and complain and defend, in any court of competent jurisdiction, State or Federal;

(7) acquire, hold, lease, mortgage, or dispose of, at public or private sale, real and personal property and sell or exchange any securities or obligations, and otherwise exercise all the usual incidents of ownership of property necessary or convenient to its business: *Provided*, That any such acquisition or ownership of real property shall not deprive a State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights of the inhabitants of such property under Federal, State, or local laws;

(8) obtain insurance against loss in connection with property and other assets;

(9) modify or consent to the modification with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which it is a party or has an interest pursuant to this chapter;

(10) utilize and act through any Federal, State, or local public agency or instrumentality, or private agency or organization, with the consent of the agency or organization concerned, and contract with such agency, instrumentality, or organization for furnishing or receiving technical services and benefits of research, services, funds or facilities; and make advance, progress, or other payments with respect to such contracts without regard to section 3324(a) and (b) of title 31;

(11) within the limitations of section 3017 of this title, borrow money and issue notes, bonds and debentures or other obligations individually or in concert with other financial institutions, agencies or instrumentalities, of such character and such terms and conditions and at rates of interest as may be determined;

(12) issue certificates of indebtedness to its stockholders or members and pay interest on funds left with the Bank, and accept grants or interest free temporary use of funds made available to it;

(13) participate with one or more other financial institutions, agencies, instrumentalities, or foundations in loans or guarantees under this chapter on terms as may be agreed upon;

(14) accept guarantees from other agencies for which loans made by the Bank may be eligible;

(15) establish one or more branch offices and one or more advisory councils in connection with any such branch offices, as may from time to time be authorized by the Board of Directors;

(16) buy and sell obligations of, or insured by, the United States or any agency or instrumentalities thereof, or securities backed by the full faith and credit of any such agency or instrumentality and, after the final Government Equity Redemption Date, make such other investments as may be authorized by the Board of Directors;

(17) approve the salary scale of officers and employees of the Bank, in accordance with regulations and standards adopted by the Board of Directors, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5 relating to classification and General Schedule pay rates, but, except as otherwise provided in this chapter, the General Schedule pay rates shall be applicable until all class A stock held by the Secretary of the Treasury has been retired; and

(18) have such other incidental powers as may be necessary or expedient to carry out its duties under this chapter.

In determining whether a public offering is taking place for the purpose of the Securities Act of 1933 [15 U.S.C. 77a et seq.], there shall be excluded from consideration all class B and class C stock purchases which took place prior to August 13, 1981.

(Pub. L. 95-351, title I, §102, Aug. 20, 1978, 92 Stat. 500; Pub. L. 97-35, title III, §394(d)(1), Aug. 13, 1981, 95 Stat. 436.)

REFERENCES IN TEXT

The Securities Act of 1933, referred to in text, is act May 27, 1933, ch. 38, title I, 48 Stat. 74, as amended, which is classified generally to subchapter I (§77a et seq.) of chapter 2A of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see section 77a of Title 15 and Tables.

CODIFICATION

In pars. (5) and (10), "section 3324(a) and (b) of title 31" substituted for "section 3648 of the Revised Statutes [31 U.S.C. 529]" 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.

AMENDMENTS

1981—Pub. L. 97-35 substituted provisions relating to a public offering for purposes of the Securities Act of 1933, for provisions setting forth criteria for the term "exempt securities".

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-35, title III, §394(d)(2), Aug. 13, 1981, 95 Stat. 436, provided that: "The amendment made by paragraph (1) [amending this section] shall take effect on the day after the Final Government Equity Redemption Date [Dec. 31, 1981]." See section 396(a) of Pub. L. 97-35 set out below.

"FINAL GOVERNMENT EQUITY REDEMPTION DATE" DEFINED

Pub. L. 97-35, title III, §396(a), Aug. 13, 1981, 95 Stat. 439, provided that: "For purposes of this subtitle [see Short Title of 1981 Amendment note set out under section 3001 of this title], the term 'Final Government Equity Redemption Date' shall have the same meaning

given such term in section 101(5) of the National Consumer Cooperative Bank Act (12 U.S.C. 3011(5)).”

§ 3013. Board of Directors

(a) Composition; term of office; removal by President

The Bank shall be governed by a Board of Directors (hereinafter in this chapter referred to as the “Board”) which shall consist of 15 members. All members shall serve for a term of 3 years. After the expiration of the term of any member, such member may continue to serve until his successor has been elected or has been appointed and qualified. Any member appointed by the President may be removed for cause by the President.

(b) Appointment by President; election by stockholders

(1) The President shall appoint, by and with the advice and consent of the Senate—

(A) one member who shall be selected from among proprietors of small business concerns, as defined under section 632 of title 15, which are manufacturers or retailers;

(B) one member who shall be selected from among the officers of the agencies and departments of the United States; and

(C) one member who shall be selected from among persons having extensive experience in the cooperative field representing low-income cooperatives eligible to borrow from the Bank.

(2) Twelve members of the Board shall be elected by the holders of class B stock and class C stock in accordance with the provisions of subsection (d) of this section and the bylaws of the Bank.

(c) Resignations; continuances; completion of term; committee representation

(1) On the day after the Final Government Equity Redemption Date, all members of the Board of Directors of the Bank who were appointed by the President shall resign, except that—

(A) the member who shall have been appointed by the President from among proprietors of small business concerns, and

(B) one member who shall be designated by the President and who shall have been appointed by the President from among the officers and employees of the agencies and departments of the United States Government,

may continue to serve until their successors have been appointed and qualified.

(2) Any member of the Board of Directors of the Bank who was elected by the holders of class B or class C stock before the Final Government Equity Redemption Date shall serve the remainder of the term for which such member was elected.

(3) Any member appointed pursuant to subsection (b)(1) of this section shall be entitled to sit on any committee of the Board, but not more than one member so appointed may sit on any one committee.

(d) Elections; nominations by cooperative classes; vacancies filled; representation requirements

(1) All elections of members of the Board by the holders of class B stock and class C stock

shall be conducted in accordance with the bylaws of the Bank. Such bylaws shall conform to the requirements of this section. Nominations for such elections shall be made by the following classes of cooperatives: (A) housing, (B) consumer goods, (C) low-income cooperatives, (D) consumer services, and (E) all other eligible cooperatives.

(2)(A) Vacant shareholder directorships shall be filled so that at any time when there are three or more shareholder directors on the Board, there shall be at least one director representing each of the following classes of cooperatives: (i) housing cooperatives, (ii) low-income cooperatives, and (iii) consumer goods and services cooperatives.

(B) Each nominee for a shareholder directorship of a particular class shall have at least three years experience as a director or senior officer in the class of cooperatives to be represented.

(C) No one class of cooperatives specified in paragraph (1) shall be represented on the Board by more than three directors.

(e) Terms; officer of Bank not to serve as director; notice requirements of Bank and voting shareholders

No director shall be eligible to be elected for more than two consecutive full three-year terms. No officer of the Bank shall be eligible to serve simultaneously as a director on the Board of the Bank. The Bank shall give adequate advance notice to all voting stockholders of nominees and of the procedures for nominating other candidates. Each voting stockholder shall make the information required in this paragraph available to its members.

(f) Annual election of chairman and vice chairman and selection of secretary; eligibility; establishment of Bank policies and direction of management

The Board shall annually elect from among its members a chairman and vice chairman and select a secretary who need not be a member. The Board shall establish the policies of the Bank governing its funding, lending, and other financial and technical assistance, and shall direct the management of the Bank.

(g) Conduct of meetings; rules governing

The Board shall meet at least quarterly. Its meeting shall be open to members or representatives of all eligible cooperatives and other eligible organizations, as observers only, and to persons or representatives of groups who identify their interest in the Bank and who are invited to attend a meeting, subject to such rules as the Board may establish for the conduct of such meetings. Those rules shall include the manner of giving notice of meetings, the procedure for the conduct of meetings, the manner of submitting topics for the agenda, the allocation of time of presentations, and debate. The chairman, when sustained by the majority of the Board present, may adjourn the open meeting into an executive session on motion of the chairman, any Board member, or at the request of any applicant, borrower, officer, or employee when the matter under discussion involves an application, a loan, a personnel action, or other matter