

fied 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”.

Subsec. (b). Pub. L. 100-399, §408(t), substituted “subsections (b) and (c)” for “subsections (b), (c), and (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.

#### PART E—TAXATION OF MERGER TRANSACTIONS

### § 2279g. Transactions to accomplish mergers exempt from certain State taxes

No State or political subdivision thereof may treat the merger or consolidation of two or more

institutions of the Farm Credit System under this subchapter or title IV of the Agricultural Credit Act of 1987 as resulting in a change of ownership of any property owned by any of such merging or consolidating institutions, for purposes of any law of such State or political subdivision providing for reassessment of property on the occurrence of a change of ownership or imposing a tax on the ownership or transfer of property.

(Pub. L. 92-181, title VII, §7.14, as added Pub. L. 100-399, title IV, §408(u), Aug. 17, 1988, 102 Stat. 1003.)

#### REFERENCES IN TEXT

The Agricultural Credit Act of 1987, referred to in text, is Pub. L. 100-233, Jan. 6, 1988, 101 Stat. 1568, as amended. Title IV of that Act amended this chapter. For complete classification of this Act to the Code see Short Title of 1988 Amendment note set out under section 2001 of this title and Tables.

#### EFFECTIVE DATE

Section 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 an Effective Date of 1988 Amendment note under section 2002 of this title.

## SUBCHAPTER VIII—AGRICULTURAL MORTGAGE SECONDARY MARKET

### § 2279aa. Definitions

For purposes of this subchapter:

#### (1) Agricultural real estate

The term “agricultural real estate” means—

(A) a parcel or parcels of land, or a building or structure affixed to the parcel or parcels, that—

(i) is used for the production of one or more agricultural commodities or products; and

(ii) consists of a minimum acreage or is used in producing minimum annual receipts, as determined by the Corporation; or

(B) a principal residence that is a single family, moderate-priced residential dwelling located in a rural area, excluding—

(i) any community having a population in excess of 2,500 inhabitants; and

(ii) any dwelling, excluding the land to which the dwelling is affixed, with a value exceeding \$100,000 (as adjusted for inflation).

#### (2) Board

The term “Board” means—

(A) the interim board of directors established in section 2279aa-2(a) of this title; and

(B) the permanent board of directors established in section 2279aa-2(b) of this title;

as the case may be.

#### (3) Certified facility

The term “certified facility” means—

(A) an agricultural mortgage marketing facility that is certified under section 2279aa-5 of this title; or

(B) the Corporation and any affiliate thereof.

**(4) Corporation**

The term “Corporation” means the Federal Agricultural Mortgage Corporation established in section 2279aa-1 of this title.

**(5) Guarantee**

The term “guarantee” means the guarantee of timely payment of the principal and interest on securities representing interests in, or obligations backed by, pools of qualified loans, in accordance with this subchapter.

**(6) Interim board**

The term “interim board” means the interim board of directors established in section 2279aa-2(a) of this title.

**(7) Originator**

The term “originator” means any Farm Credit System institution, bank, insurance company, business and industrial development company, savings and loan association, association of agricultural producers, agricultural cooperative, commercial finance company, trust company, credit union, or other entity that originates and services agricultural mortgage loans.

**(8) Permanent board**

The term “permanent board” means the permanent board of directors established in section 2279aa-2(b) of this title.

**(9) Qualified loan**

The term “qualified loan” means an obligation—

(A)(i) that is secured by a fee-simple or leasehold mortgage with status as a first lien, on agricultural real estate located in the United States that is not subject to any legal or equitable claims deriving from a preceding fee-simple or leasehold mortgage; (ii) of—

(I) a citizen or national of the United States or an alien lawfully admitted for permanent residence in the United States; or

(II) a private corporation or partnership whose members, stockholders, or partners holding a majority interest in the corporation or partnership are individuals described in subclause (I); and

(iii) of a person, corporation, or partnership that has training or farming experience that, under criteria established by the Corporation, is sufficient to ensure a reasonable likelihood that the loan will be repaid according to its terms;

(B) that is the portion of a loan guaranteed by the Secretary of Agriculture pursuant to the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), except that—

(i) subsections (b) through (d) of section 2279aa-6 of this title, and sections 2279aa-8 and 2279aa-9 of this title, shall not apply to the portion of a loan guaranteed by the Secretary or to an obligation, pool, or security representing an interest in or obligation backed by a pool of obligations relating to the portion of a loan guaranteed by the Secretary; and

(ii) the portion of a loan guaranteed by the Secretary shall be considered to meet all standards for qualified loans for all purposes under this chapter; or

(C) that is a loan, or an interest in a loan, for an electric or telephone facility by a cooperative lender to a borrower that has received, or is eligible to receive, a loan under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.).

**(10) State**

The term “State” has the meaning given such term in section 2277a of this title.

(Pub. L. 92-181, title VIII, §8.0, as added Pub. L. 100-233, title VII, §702, Jan. 6, 1988, 101 Stat. 1686; amended Pub. L. 100-399, title VI, §601(a), Aug. 17, 1988, 102 Stat. 1005; Pub. L. 101-624, title XVIII, §1839, Nov. 28, 1990, 104 Stat. 3834; Pub. L. 104-105, title I, §§101, 102, 108(c)(1), 109(b)(1), Feb. 10, 1996, 110 Stat. 163-165; Pub. L. 110-234, title V, §5406(a), May 22, 2008, 122 Stat. 1158; Pub. L. 110-246, §4(a), title V, §5406(a), June 18, 2008, 122 Stat. 1664, 1920.)

## REFERENCES IN TEXT

The Consolidated Farm and Rural Development Act, referred to in par. (9)(B), is title III of Pub. L. 87-128, Aug. 8, 1961, 75 Stat. 307, as amended, which is classified principally to chapter 50 (§1921 et seq.) of Title 7, Agriculture. For complete classification of this Act to the Code, see Short Title note set out under section 1921 of Title 7 and Tables.

The Rural Electrification Act of 1936, referred to in par. (9)(C), is act May 20, 1936, ch. 432, 49 Stat. 1363, which is classified generally to chapter 31 (§901 et seq.) of Title 7, Agriculture. For complete classification of this Act to the Code, see section 901 of Title 7 and Tables.

## CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

## AMENDMENTS

2008—Par. (9)(C). Pub. L. 110-246, §5406(a), added subpar. (C).

1996—Par. (1)(B)(ii). Pub. L. 104-105, §101, substituted “, excluding the land to which the dwelling is affixed, with a value” for “with a purchase price”.

Par. (3)(A). Pub. L. 104-105, §102(1), substituted “an agricultural mortgage marketing” for “a secondary marketing agricultural loan”.

Par. (3)(B). Pub. L. 104-105, §102(2), struck out “, but only with respect to qualified loans described in paragraph (9)(B)” after “thereof”.

Par. (9)(B)(i). Pub. L. 104-105, §§108(c)(1), 109(b)(1), substituted “(d)” for “(f)” and “2279aa-8” for “2279aa-7, 2279aa-8,”.

1990—Par. (3). Pub. L. 101-624, §1839(a), amended par. (3) generally. Prior to amendment, par. (3) read as follows: “The term ‘certified facility’ means a secondary marketing agricultural loan facility that is certified under section 2279aa-5 of this title.”

Par. (9). Pub. L. 101-624, §1839(b), amended par. (9) generally. Prior to amendment, par. (9) read as follows: “The term ‘qualified loan’ means an obligation that—

“(A) is secured by a fee-simple or leasehold mortgage with status as a first lien on agricultural real estate located in the United States that is not subject to any legal or equitable claims deriving from a preceding fee-simple or leasehold mortgage;

“(B) is an obligation of—

“(i) a citizen or national of the United States or an alien lawfully admitted for permanent residence in the United States; or

“(ii) a private corporation or partnership whose members, stockholders, or partners holding a majority interest in the corporation or partnership are individuals described in clause (i); and

“(C) is an obligation of a person, corporation, or partnership that has training or farming experience that, under criteria established by the Corporation, is sufficient to ensure a reasonable likelihood that the loan will be repaid according to its terms.”

1988—Par. (9)(B)(ii). Pub. L. 100-399 substituted “hold- ing” for “hold” and struck out “and” before “are”.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

#### 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.

#### STATEMENT OF PURPOSE

Pub. L. 100-233, title VII, §701, Jan. 6, 1988, 101 Stat. 1686, provided that: “It is the purpose of this subtitle [subtitle A (§§701-705) of title VII of Pub. L. 100-233, enacting this subchapter, amending sections 2012, 2033, 2072, and 2093 of this title and section 9105 of Title 31, Money and Finance, and enacting provisions set out as a note below]—

“(1) to establish a corporation chartered by the Federal Government;

“(2) to authorize the certification of agricultural mortgage marketing facilities by the corporation;

“(3) to provide for a secondary marketing arrangement for agricultural real estate mortgages that meet the underwriting standards of the corporation—

“(A) to increase the availability of long-term credit to farmers and ranchers at stable interest rates;

“(B) to provide greater liquidity and lending capacity in extending credit to farmers and ranchers; and

“(C) to provide an arrangement for new lending to facilitate capital market investments in providing long-term agricultural funding, including funds at fixed rates of interest; and

“(4) to enhance the ability of individuals in small rural communities to obtain financing for moderate-priced homes.”

#### GAO STUDIES

Pub. L. 100-233, title VII, §704, Jan. 6, 1988, 101 Stat. 1706, as amended by Pub. L. 100-399, title VI, §603, Aug. 17, 1988, 102 Stat. 1006, directed Comptroller General of United States to conduct studies of (1) implementation of amendments made by subtitle A (§§701-705) of title VII of Pub. L. 100-233 (which enacted this subchapter and amended sections 2012, 2033, 2072, and 2093 of this title and section 9105 of Title 31, Money and Finance) by Federal Agricultural Mortgage Corporation and effect of operations of Corporation on producers, Farm Credit System, and other lenders, and capital markets, (2) feasibility and appropriateness of promoting establishment of a secondary market for securities representing interests in, or obligations backed by, pools of agricultural real estate loans for which a guarantee had not been provided by Federal Agricultural Mortgage Corporation, and (3) feasibility of expanding authority granted under amendments made by such subtitle A to authorize sale of securities based on or backed by a trust or pool consisting of loans made to farm-related and rural small businesses, and required,

not later than Jan. 6, 1990, Comptroller General to transmit to Congress a report on the studies, including therein such recommendations for administrative action and legislation as might be appropriate.

#### PART A—ESTABLISHMENT AND ACTIVITIES OF FEDERAL AGRICULTURAL MORTGAGE CORPORATION

#### § 2279aa-1. Federal Agricultural Mortgage Corporation

##### (a) Establishment

###### (1) In general

There is hereby established a corporation to be known as the Federal Agricultural Mortgage Corporation, which shall be a federally chartered instrumentality of the United States.

###### (2) Institution within Farm Credit System

The Corporation shall be an institution of the Farm Credit System.

###### (3) Liability

###### (A) Corporation

The Corporation shall not be liable for any debt or obligation of any other institution of the Farm Credit System.

###### (B) System institutions

The Farm Credit System and System institutions (other than the Corporation) shall not be liable for any debt or obligation of the Corporation.

##### (b) Duties

The Corporation shall—

(1) in consultation with originators, develop uniform underwriting, security appraisal, and repayment standards for qualified loans;

(2) determine the eligibility of agricultural mortgage marketing facilities to contract with the Corporation for the provision of guarantees for specific mortgage pools;

(3) provide guarantees for the timely repayment of principal and interest on securities representing interests in, or obligations backed by, pools of qualified loans; and

(4) purchase qualified loans and issue securities representing interests in, or obligations backed by, the qualified loans, guaranteed for the timely repayment of principal and interest.

(Pub. L. 92-181, title VIII, §8.1, as added Pub. L. 100-233, title VII, §702, Jan. 6, 1988, 101 Stat. 1687; amended Pub. L. 104-105, title I, §103, Feb. 10, 1996, 110 Stat. 163.)

#### AMENDMENTS

1996—Subsec. (b)(4). Pub. L. 104-105 added par. (4).

#### § 2279aa-2. Board of directors

##### (a) Interim board

###### (1) Number and appointment

Until the permanent board of directors established in subsection (b) of this section first meets with a quorum of its members present, the Corporation shall be under the management of an interim board of directors composed of 9 members appointed by the President within 90 days after January 6, 1988, as follows: