

2278a-9(e)(3) of this title, on the payment of principal due under paragraph (1)(C), or on the payment of an assessment due under subsection (c)(5)(B),", struck out "of the interest" after "the amount" in two places, and substituted "bank" for "institution" wherever appearing, in cl. (i), struck out "of interest" after "the full amount", and substituted "defaulting bank" for "defaulting institution" and "any uncollected amount" for "such uncollected interest", and in cl. (iii), substituted "allocated to other System banks in accordance with the allocation mechanism applicable under this chapter to the particular defaulted obligation." for "added to the amount of interest due from remaining System institutions, under subsection (c), and each remaining System institution, subject to the special rule provided in subsection (c)(2)(D), shall pay to the Trust Fund a proportion of the uncollected interest equal to—

"(I) the amount of the performing loan volume of the institution (based on the average loan volume for the preceding year); divided by

"(II) the total performing loan volume of the System."

Subsec. (d)(3)(B). Pub. L. 102-552, §306(1)(B), inserted heading and struck out former heading "Principal".

Subsec. (d)(3)(C). Pub. L. 102-552, §306(1)(C), substituted "banks" for "institutions" wherever appearing in heading and text, "bank" for "institution", and "any amounts" for "the amount of any interest".

Subsec. (d)(4)(A). Pub. L. 102-552, §306(2)(A), inserted "or section 2278a-9(e)(3)(A) of this title".

Subsec. (d)(4)(B)(i). Pub. L. 102-552, §306(2)(B)(i), inserted heading and struck out former heading "Interest payments", substituted "bank" for "institution" wherever appearing, and inserted "on the payment of principal or interest due under subparagraphs (B) and (C) of section 2278a-9(e)(3) of this title, on the payment of principal due under paragraph (1)(C), or on the payment of an assessment due under subsection (c)(5)(B),".

Subsec. (d)(4)(B)(ii). Pub. L. 102-552, §306(2)(B)(ii), inserted heading and struck out former heading "Principal payments".

Subsec. (e). Pub. L. 102-552, §305(3), added subsec. (e). 1988—Subsec. (c)(2)(D). Pub. L. 100-399, §201(q), substituted "Farm Credit Banks" for "Federal intermediate credit banks and Federal land banks".

Pub. L. 100-399, §201(p), inserted "and Federal land banks" after "credit banks" and struck out "production credit" before "associations".

Subsec. (c)(5)(B). Pub. L. 100-399, §201(r)(1), substituted "payments under this paragraph" for "interest payments".

Pub. L. 100-399, §201(r)(2), substituted "referred to in subsection (d)(1)(E)" for "issued under subsection (d)(1)(C)".

Subsec. (c)(5)(C)(i). Pub. L. 100-399, §201(r)(1), substituted "payments under this paragraph" for "interest payments".

Subsec. (d). Pub. L. 100-399, §201(s), inserted "; defaults" after "principal" in heading.

Subsec. (d)(1)(C). Pub. L. 100-399, §201(t), in introductory provisions substituted "issued to provide assistance under section 410(c) of the Agricultural Credit Act of 1987 and section 2162(c) of this title, or issued to provide funds to cover the expenses of the Assistance Board under section 2278a-7(a) of this title," for "referred to in section 410(c) of the Agricultural Credit Act of 1987," and "such obligation" for "such principal", in cl. (i) substituted "institution" for "bank", and in cl. (ii) substituted "institutions" for "banks".

Subsec. (d)(1)(D). Pub. L. 100-399, §201(q), substituted "Farm Credit banks" for "Federal intermediate credit banks and Federal land banks".

Pub. L. 100-399, §201(p), inserted "and Federal land banks" after "credit banks" and struck out "production credit" before "associations".

Subsec. (d)(1)(E). Pub. L. 100-399, §201(u), substituted "subparagraphs (B) and (C)" for "subparagraph (B)".

Subsec. (d)(3)(A)(i), (iii). Pub. L. 100-399, §201(v), substituted "subsection (c)" for "this subsection".

Subsec. (d)(3)(B)(iii). Pub. L. 100-399, §201(w), inserted "is prohibited from redeeming or" after "If such institution".

Subsec. (d)(4)(B)(iii). Pub. L. 100-399, §201(x), substituted "section 2277a-9(c)(2)(B) of this title" for "section 2277a-9 of this title".

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 201(q) of Pub. L. 100-399 effective immediately after amendment made by section 401 of Pub. L. 100-233, which was effective 6 months after Jan. 6, 1988, and amendment by section 201(p), (r)-(x) of 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 of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2278b-7. Preferred stock

(a) Issuance

(1) In general

Each System institution that is certified under section 2278a-4 of this title may issue a special class of preferred stock only in an amount, and subject to such terms and conditions, as authorized by the Assistance Board.

(2) Dividends

(A) In general

Except as provided in subparagraph (B), dividends shall not be payable on stock issued under this section.

(B) Exception

Stock issued under this section shall be issued under such terms and conditions as to enable the Secretary of the Treasury, with respect to any of such stock the Secretary purchases under section 2278b-6(d)(3)(B)(iii) of this title, and the Farm Credit System Insurance Corporation, with respect to any of such stock that the Insurance Corporation purchases or otherwise acquires under section 2278b-6(d)(3)(B)(iii) of this title or section 2278b-6(d)(4)(B)(ii) of this title, to establish for such stock a stated dividend rate equal to the current market yield on outstanding, marketable obligations of the United States with maturities of 30 years, plus a premium to reflect the cost of capital for institutions in financial distress.

(3) Voting rights

A holder of stock issued under this subsection shall have no voting rights with respect to the stock.

(b) Purchase

The Financial Assistance Corporation shall purchase shares of stock issued by certified System institutions under subsection (a) to the extent that the issuance of such stock is approved by the Assistance Board.

(Pub. L. 92-181, title VI, §6.27, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1602; amended Pub. L. 100-399, title II, §201(y)-(aa), Aug. 17, 1988, 102 Stat. 992.)

AMENDMENTS

1988—Subsec. (a)(1). Pub. L. 100-399, §201(y), struck out "(a) or (b)" after "section 2278a-4".

Subsec. (a)(2)(B). Pub. L. 100-399, §201(z), substituted "Farm Credit System Insurance Corporation" for "Reserve Account Board" and "Insurance Corporation purchases" for "Board purchases".

Subsec. (b). Pub. L. 100-399, §201(aa), substituted "subsection (a)" for "subsections (a) and (b)".

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.

§ 2278b-8. Payments**(a) In general**

Beginning in fiscal year 1989, the Secretary of the Treasury shall reimburse the Financial Assistance Corporation for any amounts such Corporation pays in interest charges under section 2278b-6(c) of this title during fiscal year 1988, and thereafter the Secretary shall pay the Financial Assistance Corporation any amounts due from the Secretary to such Corporation under section 2278b-6(c) of this title.

(b) Authorization of appropriations

There is authorized to be appropriated to the Secretary of the Treasury such sums on an annual basis as may be necessary to carry out this part.

(Pub. L. 92-181, title VI, § 6.28, as added Pub. L. 100-233, title II, § 201, Jan. 6, 1988, 101 Stat. 1603; amended Pub. L. 100-399, title II, § 201(bb), Aug. 17, 1988, 102 Stat. 992; Pub. L. 102-552, title III, § 304(b), Oct. 28, 1992, 106 Stat. 4114.)

AMENDMENTS

1992—Subsecs. (b), (c). Pub. L. 102-552 redesignated subsec. (c) as (b) and struck out former subsec. (b) which read as follows:

“(b) REPAYMENT OF INTEREST PAID BY SECRETARY OF THE TREASURY.—

“(1) IN GENERAL.—Any amounts paid into the Assistance Fund by the Secretary of the Treasury pursuant to subsection (a) of this section exceeding \$2,000,000,000 shall be repaid by System institutions in accordance with a schedule to be established by the Farm Credit Administration Board.

“(2) ALLOCATION.—Until such repayment is completed, each System institution shall pay a proportionate share of the amount due under paragraph (1) equal to—

“(A) the amount of the performing loan volume of the institution, determined in accordance with section 2278b-6(c)(2)(D) of this title (based on the average loan volume for the preceding year); divided by

“(B) the total performing loan volume of the System for the preceding year.”

1988—Subsec. (b)(2). Pub. L. 100-399 in introductory provision substituted “paragraph (1) equal” for “this paragraph” and in subpar. (A) substituted “section 2278b-6(c)(2)(D) of this title” for “subsection (c)(1)(D) of this section”.

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.

§ 2278b-9. One-time stock purchase**(a) Amount of stock purchase****(1) In general**

Except as provided in paragraphs (2) and (3), for the purpose of obtaining funds for the Trust Fund, each System institution shall purchase from the Financial Assistance Corporation stock issued in accordance with section 2278b-3 of this title in an amount equal to the amount by which the unallocated retained

earnings of the institution (after taking into account any funds received by the institution under section 2278a-9(c) of this title) exceeds—

(A) in the case of a System bank, 5 percent of assets; or

(B) in the case of a production credit association or a Federal land bank association, 13 percent of assets.

(2) Reallocation

The district board of a district, subject to the unanimous consent of the bank and associations in the district that would be affected by the reallocation, may reallocate the amount of stock required to be purchased by banks and associations in the district under paragraph (1) to equitably reflect the ability of the banks and associations to pay, except that—

(A) the total amount of stock purchased by banks and associations in the district under this paragraph shall equal the total amount of stock required to be purchased by the banks and associations under paragraph (1); and

(B) the board may not impair the stock of an association in carrying out this paragraph; and

(C) a district board's authority to reallocate stock purchases under this paragraph shall be limited to reallocation among like associations of the amount of stock required to be purchased by such associations; reallocation of the amount of stock required to be purchased by production credit associations among such associations and the district Federal intermediate credit bank; and reallocation of the amount of stock required to be purchased by Federal land bank associations among such associations and the district Federal land bank. Other reallocations than those enumerated above shall not be permitted.

(3) Periodic purchases

(A) Notwithstanding any other provision of this section, the Financial Assistance Corporation shall establish a program under which System institutions shall purchase, as debt obligations are issued under section 2278b-6(a) of this title, stock of the Corporation in amounts described in this paragraph.

(B) The program shall provide, with respect to each issuance of debt obligations under section 2278b-6(a) of this title, that each System institution originally required to purchase stock under paragraph (1), or the successor thereto, shall purchase Corporation stock in an amount determined by multiplying the amount of stock such institution was originally required to purchase under that paragraph by a percentage equal to the percentage which the amount of the issuance bears to \$4,000,000,000.

(C) The Financial Assistance Corporation shall promptly rescind purchases of stock of the Corporation made under paragraph (1) or (2) by System institutions and refund to such institutions, or their successors, the purchase price for the stock, except that, with respect to each issuance of debt obligations that occurs before October 1, 1988, the Corporation