

books of the bank, and any other remaining surplus shall be paid to the holders of outstanding voting stock. If it should become necessary to use any surplus or reserves to pay any liabilities or to retire any capital stock, unallocated reserves or surplus, allocated reserves and surplus shall be exhausted in accordance with rules prescribed by the Farm Credit Administration.

(Pub. L. 92-181, title III, §3.12, Dec. 10, 1971, 85 Stat. 608; Pub. L. 99-205, title II, §205(e)(9), Dec. 23, 1985, 99 Stat. 1705; Pub. L. 100-233, title VIII, §805(o), Jan. 6, 1988, 101 Stat. 1716.)

#### AMENDMENTS

1988—Pub. L. 100-233 inserted “the” before “Farm Credit Administration”.

1985—Pub. L. 99-205 struck out “, any stock held by the Governor of the Farm Credit Administration at par” before “, and all nonvoting stock at par”, and struck out “stock held by the Governor of the Farm Credit Administration,” before “and voting stock pro rata” in first sentence.

#### EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

### § 2134. Taxation

Each bank for cooperatives and its obligations are instrumentalities of the United States and as such any and all notes, debentures, and other obligations issued by such bank shall be exempt, both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any State, territorial, or local taxing authority, except that interest on such obligations shall be subject to Federal income taxation in the hands of the holder.

(Pub. L. 92-181, title III, §3.13, Dec. 10, 1971, 85 Stat. 608; Pub. L. 99-205, title II, §205(e)(10), Dec. 23, 1985, 99 Stat. 1705; Pub. L. 100-233, title VIII, §805(p), Jan. 6, 1988, 101 Stat. 1716.)

#### AMENDMENTS

1988—Pub. L. 100-233 inserted before period at end “, except that interest on such obligations shall be subject to Federal income taxation in the hands of the holder”.

1985—Pub. L. 99-205 struck out last two sentences relating to exemption of banks for cooperatives and their property, franchises, capital, reserves, surplus, other funds, and income from Federal and non-Federal taxation except for Federal income taxation of interest on obligations of such banks and for Federal and non-Federal taxation of real and tangible personal property of such banks to same extent as similar property is taxed, and making such exemption provisions applicable only for any year or part thereof in which stock in such banks was held by the Governor of the Farm Credit Administration.

#### EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-205 effective thirty days after Dec. 23, 1985, see section 401 of Pub. L. 99-205, set out as a note under section 2001 of this title.

#### PART B—UNITED AND NATIONAL BANKS FOR COOPERATIVES

### § 2141. Charter, powers, and operation

#### (a) Charter

The National Bank for Cooperatives or the United Bank for Cooperatives, as the case may

be (hereinafter in this part referred to as the “consolidated bank”), established under section 413 of the Agricultural Credit Act of 1987, shall be a federally chartered instrumentality of the United States and an institution of the Farm Credit System.

#### (b) Powers

The consolidated bank and the board of directors of such bank shall have all of the powers, rights, responsibilities, and obligations of the district banks for cooperatives and the Central Bank for Cooperatives and the boards of directors of such banks, except as otherwise provided for in this chapter.

#### (c) Operation

The consolidated bank shall be organized and operated on a cooperative basis.

(Pub. L. 92-181, title III, §3.20, as added Pub. L. 100-233, title IV, §415(2), Jan. 6, 1988, 101 Stat. 1642; amended Pub. L. 100-399, title IV, §407(a), (b), Aug. 17, 1988, 102 Stat. 1000.)

#### REFERENCES IN TEXT

Section 413 of the Agricultural Credit Act of 1987, referred to in subsec. (a), is section 413 of Pub. L. 100-233, as amended, which is set out as a note under section 2121 of this title.

#### AMENDMENTS

1988—Subsec. (a). Pub. L. 100-399, §407(a), struck out “in this section” after “referred to” and inserted “, established under section 413 of the Agricultural Credit Act of 1987,” before “shall”.

Subsec. (b). Pub. L. 100-399, §407(b), inserted “except” before “as otherwise”.

#### 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.

### § 2142. Board of directors provisions

#### (a) Initial board of directors

The initial board of directors of a consolidated bank shall include the members of the boards of directors of the farm credit districts who were elected by voting stockholders of the constituent district banks for cooperatives (as such banks existed on January 6, 1988) and who shall serve out the terms for which they were elected.

#### (b) Permanent board of directors

##### (1) Composition

The permanent board of directors of a consolidated bank shall consist of—

(A) three members, elected by the voting stockholders of the consolidated bank, from each of the farm credit districts that had been served by constituent banks, as such districts existed on January 6, 1988, at least one of whom, from each such district, shall be a farmer;

(B) one member elected by the voting stockholders of each district bank for cooperatives that is not a constituent of the consolidated bank; and

(C) one member appointed by the members chosen under subparagraphs (A) and (B) who shall not be a stockholder or borrower of a