

ligations, or Systemwide obligations through a fiscal agent or agents, by negotiation, offer, bid, syndicate sale, and to deliver such obligations by book entry, wire transfer, or such other means as may be appropriate.

(b) Through December 31, 1992, each bank of the System, in addition to purchasing obligations as authorized by this chapter, may, with the prior approval of the Farm Credit Administration and subject to such conditions as it may establish, (1) reduce the cost of its borrowings by doing one or more of the following: (A) contracting with a third party, or an entity that is established as a limited purpose System institution under section 2211 of this title and that is not to be included in the combined financial statements of other System institutions, with respect to the payment of interest on the bank's obligations and the obligations of other banks incurred before January 1, 1985, in consideration of the payment of market interest rates on such obligations, plus a premium, or (B) for the period July 1, 1986, through December 31, 1992, capitalizing interest costs on obligations incurred before January 1, 1985, in excess of the estimated interest costs on an equivalent amount of Farm Credit System obligations at prevailing market rates on such obligations of similar maturities as of October 21, 1986, or (C) taking other similar action; and (2) amortize, over a period of not to exceed 20 years, the capitalization of the premium, capitalization of interest expense, or like costs of any action taken under clause (1).

(Pub. L. 92-181, title IV, §4.8, Dec. 10, 1971, 85 Stat. 612; Pub. L. 99-509, title I, §1034, Oct. 21, 1986, 100 Stat. 1878; Pub. L. 100-233, title II, §205(a), Jan. 6, 1988, 101 Stat. 1607.)

#### AMENDMENTS

1988—Subsec. (b). Pub. L. 100-233 substituted “December 31, 1992” for “December 31, 1988” in two places.

1986—Pub. L. 99-509 designated existing provisions as subsec. (a) and added subsec. (b).

### § 2160. Federal Farm Credit Banks Funding Corporation

#### (a) Establishment

There is hereby established the Federal Farm Credit Banks Funding Corporation (hereinafter in this section referred to as the “Corporation”), which shall be an institution of the Farm Credit System.

#### (b) Duties

The Corporation—

(1) shall issue, market, and handle the obligations of the banks of the Farm Credit System, and interbank or intersystem flow of funds as may from time to time be required;

(2) acting for the banks of the Farm Credit System, subject to approval of the Farm Credit Administration, shall determine the amount, maturities, rates of interest, terms, and conditions of participation by the several banks in each issue of joint, consolidated, or System-wide obligations; and

(3) shall exercise such other powers as were provided to the predecessor Federal Farm Credit Banks Funding Corporation in accordance with its charter issued under section 2211 of this title, in effect immediately before January 6, 1988.

#### (c) Officers and committees

##### (1) Designation

The board of directors may designate such officers and committees for such terms and such purposes as may be agreed on by the board.

##### (2) Issuance of obligations

When appropriate to the board's functions under this section, a committee of the board of directors of the Corporation, or representatives thereof, may act on behalf of the board in connection with the issuance of joint, consolidated, and System-wide obligations.

#### (d) Board of directors

##### (1) Composition

The board of directors shall be composed of nine voting members and one nonvoting member, as follows:

(A) Four voting members shall be current or former directors of the System banks elected by the shareholders of the Corporation.

(B) Three voting members shall be chief executive officers or presidents of System banks elected by the shareholders of the Corporation.

(C) Two voting members shall be appointed by the members elected under subparagraphs (A) and (B) after the elected members have received recommendations for such appointments from, and consulted with, the Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System. The appointed members shall be selected from United States citizens—

(i) who are not borrowers from, shareholders in, or employees or agents of any System institution, who are not affiliated with the Farm Credit Administration, and who are not actively engaged with a bank or investment organization that is a member of the Corporation's selling group for System-wide securities; and

(ii) who are experienced or knowledgeable in corporate and public finance, agricultural economics, and financial reporting and disclosure.

(D) The president of the Corporation shall serve as a nonvoting member of the board.

In selecting candidates under subparagraphs (A) and (B), due consideration shall be given to choosing individuals knowledgeable in agricultural economics, public and corporate finance, and financial reporting and disclosure.

#### (2) Non-voting representatives

##### (A) Assistance Board

During the period in which the Assistance Board is in existence, the board of directors of the Assistance Board shall designate one of its directors to serve as a non-voting representative to the board of directors of the Corporation.

##### (B) Meetings

The person designated by the Assistance Board under subparagraph (A) may attend and participate in all deliberations of the board of directors of the Corporation.

**(C) Termination of Assistance Board**

After termination of the Assistance Board, neither the Assistance Board nor its successor, the Farm Credit System Insurance Corporation, shall have any representation on the board of directors of the Corporation.

**(e) Transitional authority**

Until a majority of the voting members of the board of directors of the Corporation is elected, which shall occur as soon as is practicable after January 6, 1988—

(1) the finance committee established under section 2156<sup>1</sup> of this title in effect before January 6, 1988, and the fiscal agency established under section 2160<sup>1</sup> of this title in effect before January 6, 1988, shall continue to operate as if this section had not been enacted; and

(2) the board of directors of the predecessor Federal Farm Credit Banks Funding Corporation shall be the board of directors of the Financial Assistance Corporation.

**(f) Succession****(1) Assets and liabilities**

The Corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor Federal Farm Credit Banks Funding Corporation (hereinafter referred to in this subsection as “the predecessor corporation”) chartered under this chapter, or any court, succeed to the assets of and assume all debts, obligations, contracts, and other liabilities of the predecessor corporation, matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

**(2) Contracts**

The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Corporation.

**(3) Stock**

The stock of the predecessor corporation issued before January 6, 1988, shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into stock of the Corporation established by this section.

**(4) Taxation**

The succession to assets, assumption of liabilities, conversion of obligations, instruments, and stock, and effectuation of any other transaction by the Corporation to carry out this subsection shall not be treated as a taxable event under the laws of any State or political subdivision thereof.

(Pub. L. 92-181, title IV, §4.9, Dec. 10, 1971, 85 Stat. 612; Pub. L. 100-233, title II, §204(a), Jan. 6,

1988, 101 Stat. 1605; Pub. L. 100-399, title II, §203(a)-(d), Aug. 17, 1988, 102 Stat. 992, 993; Pub. L. 102-552, title V, §507, Oct. 28, 1992, 106 Stat. 4131.)

## REFERENCES IN TEXT

January 6, 1988, referred to in subsecs. (e) and (f)(3), was in the original “the enactment of this section”, “the date of the enactment of this section”, and “such date of enactment”, which were translated as meaning the date of enactment of Pub. L. 100-233, which amended this section generally, to reflect the probable intent of Congress.

Section 2156 of this title, referred to in subsec. (e)(1), was repealed by Pub. L. 100-233, title II, §204(b), Jan. 6, 1988, 101 Stat. 1607.

For text of section 2160 of this title in effect before January 6, 1988, referred to in subsec. (e)(1), see 1988 Amendment note below.

## AMENDMENTS

1992—Subsec. (d)(2). Pub. L. 102-552 amended par. (2) generally. Prior to amendment, par. (2) read as follows: “(A) ASSISTANCE BOARD.—During the period in which the Assistance Board is in existence, the board of directors of the Assistance Board shall designate one of its directors to serve as a nonvoting representative to the board of directors of the Corporation.

“(B) INSURANCE CORPORATION.—After such period, the board of directors of the Farm Credit System Insurance Corporation may designate one of its directors to serve as a nonvoting representative to the board of directors of the Corporation.

“(C) MEETINGS.—The persons so designated by the Assistance Board and by the Farm Credit System Insurance Corporation may attend and participate in all deliberations of the board of directors of the Corporation.”

1988—Pub. L. 100-233 amended section generally. Prior to amendment, section read as follows: “A fiscal agency shall be established by the banks for such of their functions relating to the issuance, marketing, and handling of their obligations, and interbank or intersystem flow of funds as may from time to time be required.”

Subsec. (b)(3). Pub. L. 100-399, §203(b), inserted “predecessor Federal Farm Credit Banks” before “Funding Corporation”.

Subsec. (d)(2)(B), (C). Pub. L. 100-399, §203(c), substituted “directors of the Corporation” for “directors of the Federal Farm Credit Banks Funding Corporation”.

Subsec. (e). Pub. L. 100-399, §203(d), amended subsec. (e) generally. Prior to amendment, subsec. (e) read as follows: “Until a quorum of the board of directors of the Corporation is elected or appointed, the finance committee established under section 2156 of this title in effect before January 6, 1988, and the fiscal agency established under section 2160 of this title in effect before January 6, 1988, shall continue to operate as if this section had not been enacted.”

Subsec. (f). Pub. L. 100-399, §203(a), added subsec. (f).

## 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.

**§ 2161. Repealed. Pub. L. 100-399, title I, § 101(a), Aug. 17, 1988, 102 Stat. 989**

Section, Pub. L. 92-181, title IV, §4.9A, as added Pub. L. 99-205, title I, §105, Dec. 23, 1985, 99 Stat. 1687, authorized a central reserve for Farm Credit System.

## EFFECTIVE DATE OF REPEAL

Repeal effective immediately after enactment of Pub. L. 100-233, approved Jan. 6, 1988, see section 1001(a) of

<sup>1</sup> See References in Text note below.