

for charges for association losses in excess of reserves and surpluses.

(Pub. L. 92-181, title II, §2.6, as added Pub. L. 101-624, title XVIII, §1833(2), Nov. 28, 1990, 104 Stat. 3832.)

#### PRIOR PROVISIONS

A prior section 2.6 of Pub. L. 92-181 was renumbered section 2.7 and is classified to section 2077 of this title.

#### EFFECTIVE DATE

Section effective Jan. 7, 1988, see section 1861(d) of Pub. L. 101-624, set out as an Effective Date of 1990 Amendment note under section 2001 of Title 7, Agriculture.

### § 2077. Taxation

Each production credit association and its obligations are instrumentalities of the United States and as such any and all notes, debentures, and other obligations issued by such associations 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 II, §2.7, formerly §2.6, as added Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1633; amended Pub. L. 100-399, title IV, §401(r), Aug. 17, 1988, 102 Stat. 998; renumbered §2.7, Pub. L. 101-624, title XVIII, §1833(1), Nov. 28, 1990, 104 Stat. 3832.)

#### PRIOR PROVISIONS

A prior section 2077, Pub. L. 92-181, title II, §2.6, Dec. 10, 1971, 85 Stat. 595; Pub. L. 96-592, title II, §206, Dec. 24, 1980, 94 Stat. 3442; Pub. L. 99-205, title II, §205(e)(7), (8), Dec. 23, 1985, 99 Stat. 1704; Pub. L. 100-233, title VIII, §§802(k), 805(f), Jan. 6, 1988, 101 Stat. 1711, 1715, related to net earnings, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

A prior section 2078, Pub. L. 92-181, title II, §2.7, Dec. 10, 1971, 85 Stat. 597; Pub. L. 99-205, title II, §205(e)(9), Dec. 23, 1985, 99 Stat. 1704, related to distribution of assets on liquidation, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

A prior section 2079, Pub. L. 92-181, title II, §2.8, Dec. 10, 1971, 85 Stat. 597; Pub. L. 100-399, title IX, §901(a), Aug. 17, 1988, 102 Stat. 1007, related to taxation, prior to the general amendment of this subchapter by Pub. L. 100-233, §401.

#### AMENDMENTS

1988—Pub. L. 100-399 substituted “interest,” for “interest” and inserted “, except that interest on such obligations shall be subject to Federal income taxation in the hands of the holder”.

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by 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, see section 1001(b) of Pub. L. 100-399, set out as a note under section 2002 of this title.

#### EFFECTIVE DATE

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1622, provided that this section is effective 6 months after Jan. 6, 1988.

## PART B—FEDERAL LAND BANK ASSOCIATIONS

### CODIFICATION

Pub. L. 100-233, title IV, §401, Jan. 6, 1988, 101 Stat. 1634, substituted “Federal Land Bank Associations” for “Production Credit Associations” as part B heading.

### § 2091. Organizations; articles; charters; powers of the Farm Credit Administration

#### (a) Charter

Each Federal land bank association shall continue as a federally chartered instrumentality of the United States.

#### (b) Organization

##### (1) In general

A Federal land bank association may be organized by any group of 10 or more persons desiring to borrow money from a Farm Credit Bank under section 2015(a) of this title, including persons to whom the Farm Credit Bank has made a loan directly or through an agent and has taken as security real estate located in the territory proposed to be served by the association.

##### (2) Articles of association

###### (A) Description of territory

The articles of association shall describe the territory within which the association proposes to carry on its operations.

###### (B) Submission to FCB

Proposed articles shall be forwarded to the Farm Credit Bank for the district, accompanied by an agreement to subscribe on behalf of the association for stock in accordance with the bylaws of the Farm Credit Bank.

###### (C) Stock purchase

Association stock may be paid for by surrendering for cancellation stock in the bank held by a borrower and the issuance of an equivalent amount of stock to such borrower in the association.

###### (D) Statement

The articles shall be accompanied by a statement signed by each of the members of the proposed association establishing—

- (i) the individual's eligibility and request for a Farm Credit Bank loan;
- (ii) that the real estate with respect to which the individual desires the loan for is not being served by another Federal land bank association; and
- (iii) that the individual is or will become a stockholder in the proposed association.

###### (E) Submission to FCA

A copy of the articles of association shall be forwarded to the Farm Credit Administration with the recommendations of the bank concerning the need for the proposed association in order to adequately serve the credit needs of eligible persons in the proposed territory and a statement as to whether or not the territory includes any territory described in the charter of another Federal land bank association.

##### (3) Denials of charters

The Farm Credit Administration for good cause shown may deny the charter applied for.