

ance of any loan made to the borrower by any amount that exceeds the regularly scheduled principal installment payment (when due and payable), unless—

- (1) the borrower sells or otherwise disposes of part or all of the collateral; or
- (2) the parties agree otherwise in a written agreement entered into by the parties.

(c) Nonenforcement

After a borrower has made all accrued payments of principal, interest, and penalties with respect to a loan made by a qualified lender, the lender shall not enforce acceleration of the borrower's repayment schedule due to the borrower having not timely made one or more principal or interest payments.

(d) Placing loans in nonaccrual status

(1) Notification

If a qualified lender places any loan in nonaccrual status, the lender shall document such change of status and promptly notify the borrower thereof in writing of such action and the reasons therefor.

(2) Review of denial

If the borrower was not delinquent in any principal or interest payment under the loan at the time of such action and the borrower's request to have the loan placed back into accrual status is denied, the borrower may obtain a review of such denial before the appropriate credit review committee under section 2202 of this title.

(3) Application

This subsection shall only apply if a loan being placed in nonaccrual status results in an adverse action being taken against the borrower.

(Pub. L. 92-181, title IV, §4.14D, as added Pub. L. 100-233, title I, §107, Jan. 6, 1988, 101 Stat. 1581.)

§ 2202e. Waiver of mediation rights by borrowers

No System institution may make a loan secured by a mortgage or lien on agricultural property to a borrower on the condition that the borrower waive any right under the mediation program of any State.

(Pub. L. 92-181, title IV, §4.14E, as added Pub. L. 100-233, title V, §511, Jan. 6, 1988, 101 Stat. 1664; amended Pub. L. 103-354, title II, §282(f)(2), Oct. 13, 1994, 108 Stat. 3235.)

AMENDMENTS

1994—Pub. L. 103-354 struck out “agricultural loan” before “mediation program”.

PART D—ACTIVITIES OF INSTITUTIONS OF THE SYSTEM

CODIFICATION

Pub. L. 100-233, title VIII, §805(t)(1), Jan. 6, 1988, 101 Stat. 1716, added part D heading.

§ 2203. Nomination of association directors; representative selection of nominees

Each production credit association and each Federal land bank association shall elect a nominating committee by vote of the stockhold-

ers at the annual meeting to serve for the following year. Each nominating committee shall review lists of farmers from the association territory, determine their willingness to serve, and submit for election a slate of eligible candidates which shall include at least two nominees for each elective office to be filled. In doing so, the committee shall endeavor to assure representation to all sections of the association territory and as nearly as possible to all types of agriculture practiced within the area. Employees of the association shall not be eligible to be nominated, elected, or serve as a member of the board. Nominations shall also be accepted from the floor. Members of the board are not eligible to serve on the nominating committee. Regulations of the Farm Credit Administration governing the election of bank directors shall similarly assure a choice of two nominees for each elective office to be filled and that the bank board represent as nearly as possible all types of agriculture in the district.

(Pub. L. 92-181, title IV, §4.15, Dec. 10, 1971, 85 Stat. 613; Pub. L. 100-399, title IX, §901(g), Aug. 17, 1988, 102 Stat. 1007.)

AMENDMENTS

1988—Pub. L. 100-399 substituted “bank directors” for “district directors” and “bank board” for “district board”.

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.

§ 2204. Repealed. Pub. L. 102-552, title V, § 508, Oct. 28, 1992, 106 Stat. 4132

Section, Pub. L. 92-181, title IV, §4.16, Dec. 10, 1971, 85 Stat. 613, prohibited tax-exempt guarantees.

§ 2205. Interest rates

Interest rates on loans from institutions of the Farm Credit System shall not be subject to any interest rate limitation imposed by any State constitution or statute or other laws. Such limitation is preempted for purposes of this chapter. Interest rates on loans made by agricultural credit corporations organized in conjunction with cooperative associations for the purpose of financing the ordinary crop operations of the members of such associations or other producers and eligible to discount with the Federal intermediate credit banks and Farm Credit Banks shall be exempt from any interest rate limitation imposed by any State constitution or statute or other laws which are hereby preempted for purposes of this chapter.

(Pub. L. 92-181, title IV, §4.17, as added Pub. L. 96-592, title IV, §403, Dec. 24, 1980, 94 Stat. 3446; amended Pub. L. 99-205, title II, §205(f)(6), Dec. 23, 1985, 99 Stat. 1706; Pub. L. 99-509, title I, §1035, Oct. 21, 1986, 100 Stat. 1878; Pub. L. 100-399, title IX, §901(h), Aug. 17, 1988, 102 Stat. 1007.)

AMENDMENTS

1988—Pub. L. 100-399 substituted “and Farm Credit Banks” for “pursuant to section 2074 of this title”.

1986—Pub. L. 99-509 substituted first two sentences for former first sentence which read as follows: “Inter-

est rates on loans from institutions of the Farm Credit System shall be determined with the approval of, as provided in section 2252(a)(5) of this title, the Farm Credit Administration as provided in this chapter, notwithstanding any interest rate limitation imposed by any State constitution or statute or other laws which are hereby preempted for purposes of this chapter.”

1985—Pub. L. 99-205 inserted “, as provided in section 2252(a)(5) of this title,” after “with the approval of” in first sentence.

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 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.

§ 2206. Participation loans

Notwithstanding any other provisions of this chapter, the terms of any loan participated in by two or more Farm Credit System institutions operating under different subchapters of this chapter, including provisions for capitalization of the portion of the loan participated in by each institution, shall be as may be agreed upon among such institutions and authorized under regulations issued by the Farm Credit Administration, except that for purposes of determining borrower eligibility, membership, term, amount, loan security, and purchase of stock or participation certificates by the borrower, the provisions of law applicable to the loan shall be the provisions in the subchapter under which the institution that originates the loan operates.

(Pub. L. 92-181, title IV, § 4.18, as added Pub. L. 96-592, title IV, § 403, Dec. 24, 1980, 94 Stat. 3446; amended Pub. L. 99-205, title II, § 205(f)(7), Dec. 23, 1985, 99 Stat. 1706.)

AMENDMENTS

1985—Pub. L. 98-205 inserted “under regulations issued” after “authorized”.

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.

§ 2206a. Authority of Farm Credit Banks and direct lender associations to participate in loans to similar entities for risk management purposes

(a) Definitions

As used in this section:

(1) Participate and participation

The terms “participate” and “participation” shall have the meaning provided in section 2122(11)(B)(iii) of this title.

(2) Similar entity

The term “similar entity” means a person that—

(A) is not eligible for a loan from the Farm Credit Bank or association; and

(B) has operations that are functionally similar to a person that is eligible for a loan

from the Farm Credit Bank or association in that the person derives a majority of the income of the person from, or has a majority of the assets of the person invested in, the conduct of activities that are functionally similar to the activities that are conducted by an eligible person.

(b) Loan participation authority

Notwithstanding any other provision of this chapter, any Farm Credit Bank or direct lender association chartered under this chapter may participate in any loan of a type otherwise authorized under subchapter I or II made to a similar entity by any person in the business of extending credit, except that a Farm Credit Bank or direct lender association may not participate in a loan under this section if—

(1) the participation would cause the total amount of all participations by the Farm Credit Bank or association under this section involving a single credit risk to exceed 10 percent (or the applicable higher lending limit authorized under regulations issued by the Farm Credit Administration if the stockholders of the respective Farm Credit Bank or association so approve) of the total capital of the Farm Credit Bank or association;

(2) the participation by the Farm Credit Bank or association would equal or exceed 50 percent of the principal of the loan or, when taken together with participations in the loan by other Farm Credit System institutions, would cause the cumulative amount of the participations by all Farm Credit System institutions in the loan to equal or exceed 50 percent of the principal of the loan;

(3) the participation would cause the cumulative amount of participations that the Farm Credit Bank or association has outstanding under this section to exceed 15 percent of the total assets of the Farm Credit Bank or association; or

(4) the loan is of the type authorized under section 2019(b) or 2075(a)(2) of this title.

(Pub. L. 92-181, title IV, § 4.18A, as added Pub. L. 103-376, § 5, Oct. 19, 1994, 108 Stat. 3498; Pub. L. 107-171, title V, § 5401(b), May 13, 2002, 116 Stat. 349.)

AMENDMENTS

2002—Subsec. (a)(1). Pub. L. 107-171, § 5401(b)(1), substituted “2122(11)(B)(iii) of this title” for “2122(11)(B)(iv) of this title”.

Subsec. (c). Pub. L. 107-171, § 5401(b)(2), struck out heading and text of subsec. (c). Text read as follows:

“(1) IN GENERAL.—With respect to a similar entity that is eligible to borrow from a bank for cooperatives under subchapter III of this chapter, the authority of a Farm Credit Bank or association to participate in a loan to the entity under this section shall be subject to the prior approval of the bank for cooperatives having, at the time the loan is made, the greatest loan volume in the State in which the headquarters office of the similar entity is located.

“(2) TERMS AND CONDITIONS.—Approval under paragraph (1) may be granted on an annual basis and under such terms and conditions as may be agreed on between the Farm Credit Bank or association, as the case may be, and the bank for cooperatives granting the approval.

“(3) APPROVAL BY SUPERVISING FARM CREDIT BANK.—An association may not participate in a loan to a simi-