

lish prudent operating practices at the institution and to return the institution to a sound financial condition.

**(b) Suspension of assistance**

**(1) Notification**

The Assistance Board shall promptly notify the Farm Credit Administration of any action taken by the Assistance Board under subsection (a)(9).

**(2) Enforcement**

The Farm Credit Administration may use any of its enforcement powers, with respect to any institution to which the Assistance Board has provided assistance or has certified the institution to issue preferred stock under section 2278b-7 of this title, to obtain the compliance of the institution with the terms or conditions governing the use of financial assistance provided under this subchapter.

**(c) Undated letters of resignation**

The Assistance Board shall not, for any reason, request or require any member of the board of directors of any System institution to submit to the Assistance Board an undated letter of resignation. Immediately after January 6, 1988, the Assistance Board shall destroy all such letters over which it has control.

**(d) Reports**

During the 5-year period beginning on January 6, 1988, the Assistance Board, in coordination with the Financial Assistance Corporation, shall report annually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the extent to which System institutions translate the savings in the cost of the operations of such institutions due to the Federal assistance provided to the System under this subchapter into lower interest rates charged to System borrowers or enhanced financial solvency of such institutions.

(Pub. L. 92-181, title VI, §6.6, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1589; amended Pub. L. 100-399, title II, §201(f)-(i), Aug. 17, 1988, 102 Stat. 991; Pub. L. 101-624, title XVIII, §1843(a)(2), Nov. 28, 1990, 104 Stat. 3836.)

AMENDMENTS

1990—Subsec. (a)(8)(B). Pub. L. 101-624 struck out before semicolon at end “notwithstanding the authority of the Farm Credit Administration to approve such matters”.

1988—Subsec. (a)(8)(B). Pub. L. 100-399, §201(f), struck out “under sections 2226 and 2252(a)(15) of this title” after “such matters”.

Subsec. (a)(9). Pub. L. 100-399, §201(g), struck out “may” before “suspend”.

Subsec. (b)(1). Pub. L. 100-399, §201(h), substituted “(a)(9)” for “(a)(8)”.

Subsec. (b)(2). Pub. L. 100-399, §201(i), struck out “the appropriate provision of” after “stock under”.

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.

**§ 2278a-7. Administration**

**(a) Expenses**

The Financial Assistance Corporation shall pay the necessary and reasonable administrative

expenses of the Assistance Board from funds in the Assistance Fund established in section 2278b-5 of this title.

**(b) Interim funding**

Before the availability of funding from the Assistance Fund, the Assistance Board may use the revolving fund established under section 2151 of this title. Such amounts used shall be repaid to the revolving fund out of the Assistance Fund within the same fiscal year that such funds were received by the Assistance Board.

**(c) Assistance operations**

The Farm Credit Administration shall provide such personnel and facilities to the Assistance Board as the Farm Credit Administration considers are necessary to avoid unnecessary duplication and waste.

**(d) Access to FCA documents**

The Assistance Board shall have access to all reports of examination and supervisory documents of the Farm Credit Administration, and relevant supporting material, for the purpose of carrying out the special powers of the Assistance Board under section 2278a-6 of this title, under such terms and conditions, acceptable to the Farm Credit Administration Board, as are necessary and appropriate to protect the confidentiality of the documents and materials.

(Pub. L. 92-181, title VI, §6.7, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591; amended Pub. L. 100-399, title II, §201(j), Aug. 17, 1988, 102 Stat. 991.)

AMENDMENTS

1988—Subsec. (d). Pub. L. 100-399 substituted “material,” for “material” and “under such terms and conditions, acceptable” for “under terms and conditions that are acceptable”.

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.

**§ 2278a-8. Limitation of powers**

**(a) Purposes**

The powers of the Assistance Board under this subchapter shall be exercised only for the purposes specified in this subchapter and shall not be exercised in a manner that would result in the Assistance Board supplanting the Farm Credit System lending institutions as the primary providers of credit and other financial services to farmers, ranchers, and the cooperatives of such.

**(b) Prohibition**

The powers of the Assistance Board under this subchapter shall not include the management, administration, or disposition of any loans or other assets owned by other System institutions, or the providing of technical assistance or other related services to other System institutions in connection with the administration of loans owned by such other institutions.

(Pub. L. 92-181, title VI, §6.8, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591.)

**§ 2278a-9. Succession****(a) Assets and liabilities**

On the issuance by the Farm Credit Administration of the charter for the Assistance Board under this part, the Assistance Board shall succeed to the assets of and assume all debts, obligations, contracts, and other liabilities of the Capital 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 Capital Corporation.

**(b) Contracts**

The existing contractual obligations, security instruments, and title instruments of the Capital Corporation shall, by operation of law and without any further action by the Farm Credit Administration, the Capital Corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Assistance Board chartered under this part.

**(c) Adjustment of assessments**

Not later than 15 days after the issuance of the charter of the Assistance Board, the Board shall retire all debt and equity obligations issued to any System institution under section 2216f(a)(14) or 2216g<sup>1</sup> of this title (as in effect immediately before January 6, 1988) at the book value of such obligations (determined as of January 6, 1988) and shall pay such amounts to the holders of such debt and equity obligations.

**(d) Surplus funds**

To the extent that, on the extinguishing of liabilities assumed by the Assistance Board under this section, and on full performance or other final disposition of contract obligations of the Assistance Board, there remain surplus funds attributable to such obligations or contracts, the Assistance Board shall distribute such surplus funds among the System institutions that contributed funds to the Capital Corporation on the basis of the relative amount of funds so contributed by each institution.

**(e) Preservation agreements****(1) Transfer of obligations**

Notwithstanding any other provision of this chapter or the terms and conditions of the Thirty-Seven Banks Capital Preservation Agreement, the Federal Land Banks Capital Preservation Agreement, the Federal Intermediate Credit Banks Capital Preservation Agreement, and the Banks for Cooperatives Loss Sharing Agreement—

(A) at the time the receiving bank receives funds from the Financial Assistance Corporation in an equal and equivalent amount in accordance with this subsection, any amounts received by, or that remain accrued to, any System bank in accordance with the activation of any such agreement for the calendar quarter ending on September 30, 1986, shall be—

- (i) repaid to the contributing bank by the bank that received such payments; or
- (ii) cancelled;

(B) on the date the Financial Assistance Corporation is chartered, the accounts payable of each contributing bank under such agreements for the calendar quarter ending on September 30, 1986, shall, by operation of law and without any further action by such contributing bank, any other bank, or any court, become and be converted into accounts payable of the Financial Assistance Corporation to each receiving bank under such agreement for such calendar quarter in the same amounts as previously carried on the books of each such receiving bank; and

(C) on the date the Financial Assistance Corporation is chartered, the accounts receivable of each receiving bank under such agreements for the calendar quarter ending September 30, 1986, shall, by operation of law and without any further action by such receiving bank or any other bank, or any court, become and be converted into accounts receivable to such receiving bank from the Financial Assistance Corporation, in the same amount as previously carried on the books of such receiving bank and such receivables shall, for all financial reporting purposes, be accounted for as an asset on the books of such receiving bank in accordance with generally accepted accounting practices.

**(2) Payments to receiving banks**

(A) Not later than 30 days after the first issuance of obligations by the Financial Assistance Corporation in accordance with section 2278b-6 of this title, the Corporation shall pay to each receiving bank such sums as are necessary to permit each receiving bank to repay, in accordance with paragraph (1), the amounts each such receiving bank received under any such agreement.

(B) The accruals shall be paid by the Corporation to each receiving bank for the actual net loan charge-offs recorded on the books of each such bank before January 1, 1993, not previously paid by the contributing banks.

**(3) Debt obligations****(A) Issuance**

For the purpose of obtaining funds to carry out this subsection, the Financial Assistance Corporation shall issue debt obligations under section 2278b-6 of this title. Such obligations shall be subject to the terms and conditions of such section, except as provided for in this paragraph.

**(B) Payment of interest**

During each year of the 15-year period of such obligation issued pursuant to subparagraph (A), the banks operating under this chapter shall pay to the Financial Assistance Corporation, at such times as the Corporation shall determine, an amount equal to the entire amount of interest due on such obligation. Each bank shall pay a proportion of such interest equal to—

- (i) the average accruing loan volume of the bank during the year preceding the year of such payment; divided by
- (ii) the average accruing loan volume of all of the banks of the System for the same period.

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