

Subsec. (d)(4)(B)(iii). Pub. L. 100-399, §201(x), substituted "section 2277a-9(c)(2)(B) of this title" for "section 2277a-9 of this title".

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 201(q) of 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, and amendment by section 201(p), (r)-(x) of 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 of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2278b-7. Preferred stock

(a) Issuance

(1) In general

Each System institution that is certified under section 2278a-4 of this title may issue a special class of preferred stock only in an amount, and subject to such terms and conditions, as authorized by the Assistance Board.

(2) Dividends

(A) In general

Except as provided in subparagraph (B), dividends shall not be payable on stock issued under this section.

(B) Exception

Stock issued under this section shall be issued under such terms and conditions as to enable the Secretary of the Treasury, with respect to any of such stock the Secretary purchases under section 2278b-6(d)(3)(B)(iii) of this title, and the Farm Credit System Insurance Corporation, with respect to any of such stock that the Insurance Corporation purchases or otherwise acquires under section 2278b-6(d)(3)(B)(iii) of this title or section 2278b-6(d)(4)(B)(ii) of this title, to establish for such stock a stated dividend rate equal to the current market yield on outstanding, marketable obligations of the United States with maturities of 30 years, plus a premium to reflect the cost of capital for institutions in financial distress.

(3) Voting rights

A holder of stock issued under this subsection shall have no voting rights with respect to the stock.

(b) Purchase

The Financial Assistance Corporation shall purchase shares of stock issued by certified System institutions under subsection (a) to the extent that the issuance of such stock is approved by the Assistance Board.

(Pub. L. 92-181, title VI, §6.27, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1602; amended Pub. L. 100-399, title II, §201(y)-(aa), Aug. 17, 1988, 102 Stat. 992.)

AMENDMENTS

1988—Subsec. (a)(1). Pub. L. 100-399, §201(y), struck out "(a) or (b)" after "section 2278a-4".

Subsec. (a)(2)(B). Pub. L. 100-399, §201(z), substituted "Farm Credit System Insurance Corporation" for "Reserve Account Board" and "Insurance Corporation purchases" for "Board purchases".

Subsec. (b). Pub. L. 100-399, §201(aa), substituted "subsection (a)" for "subsections (a) and (b)".

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.

§ 2278b-8. Payments

(a) In general

Beginning in fiscal year 1989, the Secretary of the Treasury shall reimburse the Financial Assistance Corporation for any amounts such Corporation pays in interest charges under section 2278b-6(c) of this title during fiscal year 1988, and thereafter the Secretary shall pay the Financial Assistance Corporation any amounts due from the Secretary to such Corporation under section 2278b-6(c) of this title.

(b) Authorization of appropriations

There is authorized to be appropriated to the Secretary of the Treasury such sums on an annual basis as may be necessary to carry out this part.

(Pub. L. 92-181, title VI, §6.28, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1603; amended Pub. L. 100-399, title II, §201(bb), Aug. 17, 1988, 102 Stat. 992; Pub. L. 102-552, title III, §304(b), Oct. 28, 1992, 106 Stat. 4114.)

AMENDMENTS

1992—Subsecs. (b), (c). Pub. L. 102-552 redesignated subsec. (c) as (b) and struck out former subsec. (b) which read as follows:

"(b) REPAYMENT OF INTEREST PAID BY SECRETARY OF THE TREASURY.—

"(1) IN GENERAL.—Any amounts paid into the Assistance Fund by the Secretary of the Treasury pursuant to subsection (a) of this section exceeding \$2,000,000,000 shall be repaid by System institutions in accordance with a schedule to be established by the Farm Credit Administration Board.

"(2) ALLOCATION.—Until such repayment is completed, each System institution shall pay a proportionate share of the amount due under paragraph (1) equal to—

"(A) the amount of the performing loan volume of the institution, determined in accordance with section 2278b-6(c)(2)(D) of this title (based on the average loan volume for the preceding year); divided by

"(B) the total performing loan volume of the System for the preceding year."

1988—Subsec. (b)(2). Pub. L. 100-399 in introductory provision substituted "paragraph (1) equal" for "this paragraph" and in subpar. (A) substituted "section 2278b-6(c)(2)(D) of this title" for "subsection (c)(1)(D) of this section".

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.

§ 2278b-9. One-time stock purchase

(a) Amount of stock purchase

(1) In general

Except as provided in paragraphs (2) and (3), for the purpose of obtaining funds for the Trust Fund, each System institution shall purchase from the Financial Assistance Corporation stock issued in accordance with section 2278b-3 of this title in an amount equal to the amount by which the unallocated retained

earnings of the institution (after taking into account any funds received by the institution under section 2278a-9(c) of this title) exceeds—

(A) in the case of a System bank, 5 percent of assets; or

(B) in the case of a production credit association or a Federal land bank association, 13 percent of assets.

**(2) Reallocation**

The district board of a district, subject to the unanimous consent of the bank and associations in the district that would be affected by the reallocation, may reallocate the amount of stock required to be purchased by banks and associations in the district under paragraph (1) to equitably reflect the ability of the banks and associations to pay, except that—

(A) the total amount of stock purchased by banks and associations in the district under this paragraph shall equal the total amount of stock required to be purchased by the banks and associations under paragraph (1); and

(B) the board may not impair the stock of an association in carrying out this paragraph; and

(C) a district board's authority to reallocate stock purchases under this paragraph shall be limited to reallocation among like associations of the amount of stock required to be purchased by such associations; reallocation of the amount of stock required to be purchased by production credit associations among such associations and the district Federal intermediate credit bank; and reallocation of the amount of stock required to be purchased by Federal land bank associations among such associations and the district Federal land bank. Other reallocations than those enumerated above shall not be permitted.

**(3) Periodic purchases**

(A) Notwithstanding any other provision of this section, the Financial Assistance Corporation shall establish a program under which System institutions shall purchase, as debt obligations are issued under section 2278b-6(a) of this title, stock of the Corporation in amounts described in this paragraph.

(B) The program shall provide, with respect to each issuance of debt obligations under section 2278b-6(a) of this title, that each System institution originally required to purchase stock under paragraph (1), or the successor thereto, shall purchase Corporation stock in an amount determined by multiplying the amount of stock such institution was originally required to purchase under that paragraph by a percentage equal to the percentage which the amount of the issuance bears to \$4,000,000,000.

(C) The Financial Assistance Corporation shall promptly rescind purchases of stock of the Corporation made under paragraph (1) or (2) by System institutions and refund to such institutions, or their successors, the purchase price for the stock, except that, with respect to each issuance of debt obligations that occurs before October 1, 1988, the Corporation

shall deduct from any refund due any System institution, and retain, the amount payable by such institution.

**(b) Computations**

For purposes of subsection (a), the unallocated retained earnings and assets of a System institution shall be computed in accordance with generally accepted accounting principles on the basis of the financial statement of the institution on December 31, 1986.

**(c) Notice**

(1) Within 15 days after the retirement of the obligations of the Capital Corporation under section 2278a-9 of this title—

(A) the Financial Assistance Corporation shall notify each System institution of the amount of stock such institution is required to purchase under subsection (a); or

(B) in the case of a district in which the district board has reallocated the stock purchase requirement in accordance with subsection (a)(2), the district board shall notify each System institution in the district of the amount of stock such institution is required to purchase under subsection (a).

(2) Not later than 15 days before each issuance of debt obligations under section 2278b-6(a) of this title occurring after September 30, 1988, the Financial Assistance Corporation shall notify each System institution required to purchase Corporation stock under subsection (a)(3) of the amount of the stock it is required to purchase.

**(d) Institution requirements after notice**

Within 15 days after a System institution is notified of the amounts due under subsection (c), the institution shall purchase from the Financial Assistance Corporation the amount of stock required to be purchased by the institution under this section. No further stock purchases, obligations, or assessments shall be required beyond that provided in section 2278b-6 of this title and this section.

**(e) Jurisdiction over actions**

Notwithstanding any other provision of law, the United States district court for the District of Columbia shall have exclusive jurisdiction over any action brought under or arising out of this section. No suit or proceeding shall be maintained for the recovery of any amount of stock alleged to have been erroneously or illegally purchased, and no suit or proceeding shall be maintained to enjoin or otherwise prevent or impede the giving of notice or the purchase of stock required under this section, unless the amount of stock required to be purchased under this section has been purchased and paid for in full.

(Pub. L. 92-181, title VI, § 6.29, as added Pub. L. 100-233, title II, § 201, Jan. 6, 1988, 101 Stat. 1603; amended Pub. L. 100-460, title VI, § 646, Oct. 1, 1988, 102 Stat. 2266.)

AMENDMENTS

1988—Subsec. (a)(1). Pub. L. 100-460, § 646(1), substituted “paragraphs (2) and (3)” for “paragraph (2)” in introductory provisions.

Subsec. (a)(3). Pub. L. 100-460, § 646(2), added par. (3).

Subsec. (c). Pub. L. 100-460, § 646(3), (4), designated existing provisions as par. (1), redesignated former pars.

(1) and (2) as subpars. (A) and (B), respectively, and added par. (2).

#### EFFECTIVE DATE OF 1988 AMENDMENTS

Pub. L. 101-220, §7(a), Dec. 12, 1989, 103 Stat. 1881, and Pub. L. 101-239, title I, §1006(a), Dec. 19, 1989, 103 Stat. 2109, provided that: "Notwithstanding any other provision of law, the amendments to section 6.29 of the Farm Credit Act of 1971 (12 U.S.C. 2278b-9) made by section 646 of the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1989 (Public Law 100-460; 102 Stat. 2266) shall be effective on October 1, 1992."

Pub. L. 100-460, title VI, §646, Oct. 1, 1988, 102 Stat. 2266, provided that the amendment made by that section is effective Oct. 1, 1989.

#### PAYMENTS TO FARM CREDIT SYSTEM INSTITUTIONS FOR PURCHASES OF FINANCIAL ASSISTANCE CORPORATION STOCK

Pub. L. 101-239, title I, §1006(b), Dec. 19, 1989, 103 Stat. 2109, directed Financial Assistance Corporation to pay, out of Financial Assistance Corporation Trust Fund established under section 2278b-5(b) of this title, to each of institutions of Farm Credit System that purchased stock in Financial Assistance Corporation under section 2278b-9 of this title, four annual payments, required the annual payments to be made available as soon as practicable after October 1 of each of calendar years 1989 through 1992, established method of calculating payments, and provided that payments be made available to such institutions in an amount equal to total amount of annual payments to be made available times the ratio of the amount of stock each institution purchased divided by \$177,000,000.

Similar provisions were contained in Pub. L. 101-220, §7(b), Dec. 12, 1989, 103 Stat. 1881.

#### § 2278b-10. Exemption from taxation

##### (a) Assets

The Financial Assistance Corporation, and the capital, reserves, and surplus thereof, and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation, except taxes on real estate held by the Financial Assistance Corporation to the same extent, according to its value, as other similar property held by other persons is taxed.

##### (b) Obligations

The notes, bonds, debentures, and other obligations issued by the Financial Assistance Corporation shall be accorded the same tax treatment as System-wide obligations.

(Pub. L. 92-181, title VI, §6.30, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1604.)

#### § 2278b-11. Termination

##### (a) Financial Assistance Corporation

The Financial Assistance Corporation and the authority provided to such Corporation by this part shall terminate on the complete discharge by the Financial Assistance Corporation of its responsibilities under section 2278a-9(e) of this title and subsections (c) through (g) of section 2278b-6 of this title with regard to repayments by System institutions, but in no event later than 2 years following the maturity and full payment of all debt obligations issued under section 2278b-6(a) of this title.

##### (b) Accounts

Simultaneously with the termination of the Financial Assistance Corporation as provided in

subsection (a), any funds in the accounts established under section 2278b-5 of this title shall be transferred to the Insurance Fund established under section 2277a-9 of this title.

(Pub. L. 92-181, title VI, §6.31, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1605; amended Pub. L. 102-552, title III, §307(b), Oct. 28, 1992, 106 Stat. 4116.)

#### AMENDMENTS

1992—Subsec. (a). Pub. L. 102-552 substituted "terminate on the complete discharge by the Financial Assistance Corporation of its responsibilities under section 2278a-9(e) of this title and subsections (c) through (g) of section 2278b-6 of this title with regard to repayments by System institutions, but in no event later than 2 years following" for "terminate on".

#### SUBCHAPTER VII—RESTRUCTURING OF SYSTEM INSTITUTIONS

#### CODIFICATION

Pub. L. 100-399, title IV, §408(a), Aug. 17, 1988, 102 Stat. 1001, substituted "RESTRUCTURING OF" for "MERGERS OF" in subchapter heading.

#### PART A—MERGER OF BANKS WITHIN A DISTRICT

##### § 2279a. Power to merge

The banks within a district may merge into a single entity (hereinafter in this subchapter referred to as a "merged bank") if the plan of merger is approved by—

- (1) the Farm Credit Administration Board;
- (2) the respective boards of directors of the banks involved;
- (3) a majority of the stockholders of each bank voting, in person or by proxy, at a duly authorized stockholders' meeting with each association entitled to cast a number of votes equal to the number of its voting stockholders; and

- (4) in the case of a bank for cooperatives, a majority of the total equity interests in such merging bank for cooperatives (including allocated, but not unallocated, surplus and reserves) held by those stockholders or subscribers to the guaranty fund of the bank voting.

(Pub. L. 92-181, title VII, §7.0, as added Pub. L. 100-233, title IV, §416, Jan. 6, 1988, 101 Stat. 1645; amended Pub. L. 100-399, title IV, §408(b), Aug. 17, 1988, 102 Stat. 1001.)

#### AMENDMENTS

1988—Pub. L. 100-399 substituted "The banks" for "Two or more banks" in introductory provisions, and in par. (3) substituted "with each association entitled to cast a number of votes equal to the number of its voting" for "in accordance with the provisions of section 2223(c) of this title relating to the casting of votes by".

#### 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.

##### § 2279a-1. Board of directors

Each merged bank shall elect a board of directors of such number, for such term, in such manner, and with such qualifications, as may be re-