

erating under the same subchapter 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 vote of the stockholders of each bank voting, in person or by proxy, at a duly authorized stockholders' meeting, with each association having a number of votes equal to the number of such association's 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.

**(b) Powers and capitalization**

Sections 2279a-2 and 2279a-3 of this title shall apply to banks merged under this section.

**(c) Board of directors**

**(1) In general**

After a merger under subsection (a), a board of directors shall be created for the resulting bank.

**(2) Composition**

The board shall be composed of—

- (A) two directors elected by each of the bank boards, with at least one such director from each bank being elected by the eligible stockholders of, or subscribers to, the guaranty fund of the merging banks; and
- (B) one outside director elected by the directors elected under subparagraph (A).

**(3) Outside director**

**(A) Qualifications**

The outside director elected under paragraph (2)(B) shall be experienced in financial services and credit, and within the 2-year period prior to such election, shall not have been a borrower from, shareholder in, or director, officer, employee, or agent of any institution of the Farm Credit System.

**(B) Failure to elect**

If the other members of the board fail to elect an outside director, the Farm Credit Administration Board shall appoint a qualified person to serve on the board of directors until such member is so elected.

**(4) Bylaws**

Notwithstanding paragraph (2), the bylaws of the merged bank may, with the approval of the Farm Credit Administration, provide for a different number of directors to be selected in a different manner, except that the bylaws shall provide for at least one outside director.

(Pub. L. 92-181, title VII, §7.12, as added Pub. L. 100-233, title IV, §416, Jan. 6, 1988, 101 Stat. 1652; amended Pub. L. 100-399, title IV, §408(q), (r), Aug. 17, 1988, 102 Stat. 1002, 1003.)

AMENDMENTS

1988—Subsec. (b). Pub. L. 100-399, §408(q), substituted "Powers and capitalization" for "Procedures" in heading and, in amending text generally, substituted "Sections 2279a-2 and 2279a-3 of this title" for "The provisions of sections 2279a-2 through 2279a-4 of this title".

Subsec. (c)(2)(B). Pub. L. 100-399, §408(r), substituted "directors" for "members".

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.

**§ 2279f-1. Merger of similar associations**

**(a) In general**

Associations may voluntarily merge with other like associations if the plan of merger is approved by—

- (1) the Farm Credit Administration Board;
- (2) the respective Boards of Directors of the associations involved;
- (3) a majority vote of the stockholders of each association voting, in person or by proxy, at a duly authorized stockholders' meeting; and
- (4) the Farm Credit Banks involved.

**(b) Procedures**

The provisions of subsections (b) and (c) of section 2279c-1 of this title shall apply to associations merged under this section.

(Pub. L. 92-181, title VII, §7.13, as added Pub. L. 100-233, title IV, §416, Jan. 6, 1988, 101 Stat. 1653; amended Pub. L. 100-399, title IV, §408(s), (t), Aug. 17, 1988, 102 Stat. 1003.)

AMENDMENTS

1988—Subsec. (a)(4). Pub. L. 100-399, §408(s), substituted "the Farm Credit Banks involved" for "the Farm Credit Bank".

Subsec. (b). Pub. L. 100-399, §408(t), substituted "subsections (b) and (c)" for "subsections (b), (c), and (d)".

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.

PART E—TAXATION OF MERGER TRANSACTIONS

**§ 2279g. Transactions to accomplish mergers exempt from certain State taxes**

No State or political subdivision thereof may treat the merger or consolidation of two or more institutions of the Farm Credit System under this subchapter or title IV of the Agricultural Credit Act of 1987 as resulting in a change of ownership of any property owned by any of such merging or consolidating institutions, for purposes of any law of such State or political subdivision providing for reassessment of property on the occurrence of a change of ownership or imposing a tax on the ownership or transfer of property.

(Pub. L. 92-181, title VII, §7.14, as added Pub. L. 100-399, title IV, §408(u), Aug. 17, 1988, 102 Stat. 1003.)

REFERENCES IN TEXT

The Agricultural Credit Act of 1987, referred to in text, is Pub. L. 100-233, Jan. 6, 1988, 101 Stat. 1568, as amended. Title IV of that Act amended this chapter. For complete classification of this Act to the Code see Short Title of 1988 Amendment note set out under section 2001 of this title and Tables.