

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.

§ 2161. Repealed. Pub. L. 100-399, title I, § 101(a), Aug. 17, 1988, 102 Stat. 989

Section, Pub. L. 92-181, title IV, § 4.9A, as added Pub. L. 99-205, title I, § 105, Dec. 23, 1985, 99 Stat. 1687, authorized a central reserve for Farm Credit System.

EFFECTIVE DATE OF REPEAL

Repeal effective immediately after enactment of Pub. L. 100-233, approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

§ 2162. Protection of borrower stock

(a) Retirement of stock

Notwithstanding any other section of this chapter, each institution of the Farm Credit System, when retiring eligible borrower stock in accordance with this chapter, shall retire such stock at par value.

(b) Certain powers not affected

This section does not affect the authority of any institution of the Farm Credit System—

- (1) to retire or cancel borrower stock at par value for application against a loan in default;
- (2) to cancel borrower stock at par value under section 2202b of this title; or
- (3) to apply, against any outstanding indebtedness to a System association arising out of or in connection with a liquidation referred to in subsection (d)(2), the par value of borrower stock frozen in such liquidation.

(c) Inability to retire stock at par value

(1) In general

If an institution is unable to retire eligible borrower stock at par value due to the liquidation of the institution, the Farm Credit System Insurance Corporation, acting as receiver, shall retire such stock at par value as would have been retired in the ordinary course of business of the institution.

(2) Funding

The Farm Credit System Insurance Corporation shall use such funds from the Farm Credit Insurance Fund as are sufficient to carry out this section.

(d) Definitions

For purposes of this section:

(1) Borrower stock

The term “borrower stock” means voting and nonvoting stock, equivalent contributions to a guaranty fund, participation certificates, allocated equities, and other similar equities that are subject to retirement under a revolving cycle issued by any System institution and held by any person other than any System institution.

(2) Eligible borrower stock

The term “eligible borrower stock” means borrower stock that—

- (A) is outstanding on January 6, 1988;
- (B) is issued or allocated after January 6, 1988, but prior to the earlier of—
 - (i) in the case of each bank and association, the date of approval, by the stock-

holders of such bank or association, of the capitalization requirements of the institution in accordance with section 2154a of this title; or

(ii) the date that is 9 months after January 6, 1988;

(C) was, after January 1, 1983, but before January 6, 1988, frozen by an institution that was placed in liquidation; or

(D) was retired at less than par value by an institution that was placed in liquidation after January 1, 1983, but before January 6, 1988.

(3) Institution

The term “institution” means a bank or association chartered under this chapter.

(4) Par value

The term “par value” means—

- (A) in the case of stock, par value;
- (B) in the case of participation certificates and other equities and interests not described in subparagraph (C), face or equivalent value; or
- (C) in the case of participation certificates and allocated equities subject to retirement under a revolving cycle but that a System institution elects to retire out of order for application against a loan in default or otherwise as provided in this chapter, par or face value discounted, at a rate determined by the institution, to reflect the present value of the equity or interest as of the date of such retirement.

(Pub. L. 92-181, title IV, § 4.9A, as added Pub. L. 100-233, title I, § 101, Jan. 6, 1988, 101 Stat. 1572; amended Pub. L. 100-399, title I, § 101(b)-(d), Aug. 17, 1988, 102 Stat. 989; Pub. L. 115-334, title V, § 5411(20), Dec. 20, 2018, 132 Stat. 4681.)

PRIOR PROVISIONS

A prior section 4.9A of Pub. L. 92-181, which authorized a central reserve for Farm Credit System, was classified to section 2161 of this title and was repealed by Pub. L. 100-399, § 101(a).

AMENDMENTS

2018—Subsec. (c). Pub. L. 115-334 inserted par. (1) designation and heading before “If an institution”, substituted “the Farm Credit System Insurance Corporation, acting as receiver,” for “the receiver of the institution” and “business of the institution.” for “business of the institution, and—”, added par. (2), and struck out former pars. (1) and (2) which read as follows:

“(1) during the 5-year period beginning on January 6, 1988, the Assistance Board shall direct the Financial Assistance Corporation to provide the receiver with sufficient funds to enable the receiver to carry out this subsection; and

“(2) after such 5-year period, the Farm Credit System Insurance Corporation shall provide the receiver with sufficient funds from the Farm Credit Insurance Fund to enable the receiver to carry out this subsection.”

1988—Subsec. (a). Pub. L. 100-399, § 101(b), struck out provision that an institution whose capital stock is impaired coordinate retirement of stock under this section with the activities of the Assistance Board and the Financial Assistance Corporation.

Subsec. (c). Pub. L. 100-399, § 101(c), inserted “stock” in subsec. heading and amended text generally. Prior to amendment, text read as follows: “If an institution is unable to retire eligible borrower stock at par value due to the freezing of such stock during a liquidation

of the institution, the receiver of the institution shall retire such stock at par value as would have been retired in the ordinary course of business of the institution and the Financial Assistance Corporation, on request of the Assistance Board, shall provide the receiver with sufficient funds to enable the receiver to carry out this subsection."

Subsec. (d)(2)(B). Pub. L. 100-399, §101(d), in introductory provision substituted "issued or allocated" for "required to be purchased, and is purchased, as a condition of obtaining a loan made" and in cl. (i) substituted "section 2154a of this title" for "section 4.9B".

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 B—DISSOLUTION

CODIFICATION

Pub. L. 100-233, title IV, §418(a)(1), formerly §415(a)(1), Jan. 6, 1988, 101 Stat. 1653, renumbered §418(a)(1), Pub. L. 100-399, title IV, §409(a), Aug. 17, 1988, 102 Stat. 1003, substituted "Dissolution" for "Dissolution and merger" as part B heading.

§§ 2181, 2182. Repealed. Pub. L. 100-233, title IV, §418(a)(2), (3), formerly §415(a)(2), (3), Jan. 6, 1988, 101 Stat. 1653; renumbered §418(a)(2), (3), Pub. L. 100-399, title IV, §409(a), Aug. 17, 1988, 102 Stat. 1003

Section 2181, Pub. L. 92-181, title IV, §4.10, Dec. 10, 1971, 85 Stat. 612; Pub. L. 96-592, title IV, §402, Dec. 24, 1980, 94 Stat. 3446, related to merger of similar banks.

Section 2182, Pub. L. 92-181, title IV, §4.11, Dec. 10, 1971, 85 Stat. 612; Pub. L. 99-205, title II, §205(f)(4), Dec. 23, 1985, 99 Stat. 1706, related to board of directors for merged bank.

§ 2183. Dissolution; voluntary or involuntary liquidation; mergers; receiverships or conservators

(a) Voluntary liquidation; consent of Farm Credit Administration; rules and regulations; minimization of adverse effect; voluntary merger; mandatory merger on failure to comply or meet obligations

No institution of the System shall go into voluntary liquidation without the consent of the Farm Credit Administration and with such consent may liquidate only in accordance with regulations prescribed by the Farm Credit Administration. In the case of a voluntary liquidation of an association, such regulations, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution. The Farm Credit Administration Board may require an association to merge with another association whenever it determines, with the concurrence of the board of the supervising bank, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this chapter.

(b) Appointment of conservator or receiver; grounds; action for removal; stay of actions or proceedings

The Farm Credit Administration Board may appoint a conservator or receiver for any Sys-

tem institution on the determination by the Farm Credit Administration Board that one or more of the following exists, or is occurring, with respect to the institution: (1) insolvency, in that the assets of the institution are less than its obligations to its creditors and others, including its members; (2) substantial dissipation of assets or earnings due to any violation of law, rules, or regulations, or to any unsafe or unsound practice; (3) an unsafe or unsound condition to transact business; (4) willful violation of a cease and desist order that has become final; (5) concealment of books, papers, records, or assets of the institution or refusal to submit books, papers, records, or other material relating to the affairs of the institution for inspection to any examiner or to any lawful agent of the Farm Credit Administration; (6) the institution is unable to timely pay principal or interest on any insured obligation (as defined in section 2277a(3) of this title) issued by the institution. The Farm Credit Administration Board shall have exclusive power and jurisdiction to appoint a conservator or receiver, and such receiver or conservator, after the 5-year period beginning on January 6, 1988, shall be the Farm Credit System Insurance Corporation. If the Farm Credit Administration Board determines that a ground for the appointment of a conservator or receiver as herein provided exists, the Farm Credit Administration Board may appoint ex parte and without notice a conservator or receiver for the institution. In the event of such appointment, the institution, within thirty days thereafter, may bring an action in the United States district court for the judicial district in which the home office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration Board to remove such conservator or receiver, and the court shall on the merits, dismiss such action or direct the Farm Credit Administration Board to remove such conservator or receiver. On the commencement of such an action, the court having jurisdiction of any other action or enforcement proceeding authorized under this chapter to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.

(c) Involuntary liquidation; rules and regulations; minimization of adverse effect

In the case of an involuntary liquidation of an association, regulations of the Farm Credit Administration, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution.

(Pub. L. 92-181, title IV, §4.12, Dec. 10, 1971, 85 Stat. 612; Pub. L. 99-205, title I, §102, title II, §205(f)(5), title III, §305, Dec. 23, 1985, 99 Stat. 1679, 1706, 1708; Pub. L. 100-233, title III, §306, title IV, §418(a)(4), formerly §415(a)(4), §431(g), title VIII, §805(r), Jan. 6, 1988, 101 Stat. 1622, 1653, 1660, 1716, renumbered §418(a)(4), Pub. L. 100-399, title IV, §409(a), Aug. 17, 1988, 102 Stat. 1003; Pub. L. 100-399, title IX, §901(f), Aug. 17, 1988, 102 Stat. 1007.)